

Limited Review Report on Unaudited Standalone Financial Results

To:

The Board of Directors of
IL&FS Investment Managers Limited

1. We have reviewed the accompanying statement of unaudited standalone financial results of IL&FS Investment Managers Limited ('the Company') for the quarter ended June 30, 2019 ('the Statement'), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('LODR'). Attention is drawn to the fact that the figures for the quarter ended March 31, 2019 as reported in this Statement are the balancing figures between audited figures in respect of full previous financial year and the published year to date figures up to the end of third quarter of the previous financial year. The figures up to the end of third quarter of the previous financial year had only been reviewed and not subjected to audit.
2. This Statement, which is the responsibility of the Company's Management and approved by its Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 'Interim Financial Reporting' ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis of Modified Conclusion

4. Attention is invited to Note 5 of the accompanying statement of unaudited standalone financial results which describes the situation faced by the Company in view of the ongoing investigation by Serious Fraud Investigation Office of Ministry of Corporate Affairs (SFIO) against Infrastructure Leasing & Financial Services Limited ('IL&FS' or 'the Holding Company'), and its subsidiaries (including the Company). Further, the National Company Law Tribunal (NCLT) has ordered re-opening of books of account of IL&FS and its two subsidiaries (other than this company) for the past financial years referred in the note which has been upheld by the Hon'ble Supreme Court vide its order dated June 4, 2019. In view of the aforesaid ongoing investigations of the entire IL&FS Group (including the Company) by the SFIO and re-opening of accounts of the Holding Company and two fellow subsidiaries, we are unable to comment on the consequential impact thereof on financial results/information contained in the Statement.

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Modified Conclusion

5. Based on our review conducted as above and procedures performed as stated in paragraph 3, except for the matter described in the 'Basis of Modified Conclusion' paragraph above impact whereof, if any, not ascertainable presently, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India and has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI LODR, including the manner in which it is to be disclosed, or that it contains any material misstatement.

Other Matters

6. Attention is invited to Note 6 of the accompanying statement of unaudited standalone financial results regarding likely reduction in the Company's future fee revenue significantly and management's expectations of Company's ability to at least meet its obligations over the next 12 months out of its earnings and liquid assets. As stated therein, the Company's business plans for new fund raise have been kept on hold pending completion of stake sale and while there is material uncertainty with regard to the stake sale, the management believes that use of the 'going concern' assumption for preparation of the standalone financial results is appropriate. Our conclusion is not modified in respect of this matter.
7. The numbers and details pertaining to period(s) i.e. Quarter ended June 30, 2018 and Quarter ended March 31, 2019 have been traced from the review reports of BSR & Associates LLP, Chartered Accountants ('the erstwhile auditors'). Similarly, the numbers and details pertaining to Year ended as at March 31, 2019 and notes related thereto in the Statement have been traced from the Financial Statements of the Company audited by the erstwhile Auditors vide their modified report dated May 30, 2019. Our conclusion is not modified in respect of this matter.

For Khimji Kunverji & Co LLP
(Formerly Khimji Kunverji & Co - FBN 105146W)
Chartered Accountants



Hasmukh Dedhia
Partner (F-033494)

UDIN: 19033494 AAAAHU3433

Mumbai

September 30, 2019



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**STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER
 ENDED JUNE 30, 2019**

(₹ in lakhs)

| | Quarter Ended 30.06.2019 (Unaudited) | Quarter Ended 30.06.2018 (Unaudited) | Quarter Ended 31.03.2019 (Unaudited) (Note 3) | Year Ended 31.03.2019 (Audited) |
|--|--|--|--|---------------------------------------|
| Revenue: | | | | |
| Revenue from Operations | 717.19 | 945.85 | 808.60 | 3,633.77 |
| Other Income | 127.88 | 122.21 | 225.86 | 1,269.06 |
| 1 Total Revenue | 845.07 | 1,068.06 | 1,034.46 | 4,902.83 |
| 2 Expenses: | | | | |
| Employee benefits expense | 278.40 | 481.65 | 431.57 | 2,016.21 |
| Depreciation and amortisation expense | 6.54 | 10.51 | 9.69 | 41.90 |
| Rent expense | 60.72 | 53.64 | 51.35 | 210.13 |
| Legal and Professional expense | 68.40 | 135.79 | 182.43 | 579.10 |
| Other Expenses | 59.26 | 138.45 | 147.03 | 584.18 |
| Total Expenses | 473.32 | 820.04 | 822.07 | 3,431.52 |
| 3 Profit before tax (1-2) | 371.75 | 248.02 | 212.39 | 1,471.31 |
| 4 Tax expense/(benefit): | | | | |
| a) Current tax | - | 59.53 | 110.15 | 371.00 |
| b) Deferred tax | 47.16 | (10.37) | (8.01) | 82.32 |
| Total Net tax expense/ (benefit) | 47.16 | 49.16 | 102.14 | 453.32 |
| 5 Profit after Tax (3-4) | 324.59 | 198.86 | 110.25 | 1,017.99 |
| 6 Other comprehensive income | | | | |
| Items that will not be reclassified to profit or loss: | | | | |
| Actuarial Gain of the defined benefit plans | (3.67) | 53.99 | (1.83) | 82.63 |
| Income tax relating to items that will not be reclassified to profit or loss | 1.07 | (15.72) | 0.54 | (24.06) |
| Total Other Comprehensive Income | (2.60) | 38.27 | (1.29) | 58.57 |
| 7 Total Comprehensive Income (5+6) | 321.99 | 237.13 | 108.96 | 1,076.56 |
| Paid-up Equity Share Capital (Face Value of ₹ 2/- each) | 6,280.85 | 6,280.85 | 6,280.85 | 6,280.85 |
| Other Equity | - | - | - | 5856.24 |
| Earning per equity share (not annualised) | | | | |
| - Basic | 0.10 | 0.06 | 0.04 | 0.32 |
| - Diluted | 0.10 | 0.06 | 0.04 | 0.32 |



NOTES :

- (1) The financial results have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 –Interim Financial Reporting, notified under section 133 of the Companies Act 2013 read with Companies (Indian Accounting Standards) Rules 2015, as amended from time to time and other accounting principles generally accepted in India
- (2) The above standalone financial results for the quarter ended June 30, 2019 along-with comparative quarter have been reviewed by the Audit Committee at its meeting held on September 30, 2019 and subsequently approved by the Board of Directors of the Company at its meeting held September 30, 2019 in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The financial results for the quarter ended June 30, 2019 have been reviewed by the Statutory Auditors of the Company
- (3) Figures for the quarter ended March 31, 2019 are balancing figures between the audited figures in respect of the full financial year ended March 31, and the unaudited published year to date figures upto third quarter ended December 31, which were subjected to a limited review by the Statutory Auditors of the Company
- (4) As per requirements of Indian Accounting Standard (Ind AS) 108 on 'Operating Segments', based on evaluation of financial information for allocation of resources and assessing performance, the Company has identified a single segment i.e. providing asset management services and other related services. As such, there are no separate reportable business or geographical segments as per Ind AS 108 on operating segment
- (5) The Ministry of Corporate Affairs (MCA), Government of India, has vide its letter dated October 1, 2018 initiated investigation by Serious Fraud Investigation Office (SFIO) against Infrastructure Leasing & Financial Services Limited (IL&FS), the Holding Company and its subsidiaries (including the Company) under Section 212(1) of the Companies Act, 2013. As a part of its investigation, SFIO and Enforcement Directorate (ED) has been seeking information from the Company on an ongoing basis. The investigation is in progress and the Company is fully cooperating with the investigation agencies. On December 3, 2018, MCA on the directions of the National Company Law Tribunal, Mumbai (NCLT) has impleaded various Group Companies of IL&FS (which includes the Company) as Respondents to the Petition filed by them on October 1, 2018. Further based on another petition of the MCA under section 130 (1) of the Companies Act, 2013, the NCLT has, on January 1, 2019, ordered re-opening of books of accounts for the past financial year 2012-13 to financial year 2017-18 of 'IL&FS' ('the Ultimate Holding Company'), IL&FS Financial Services Limited ('IFIN' a fellow subsidiary) and IL&FS Transportation Networks Limited ('ITNL' a fellow subsidiary). While the Company, based on its current understanding, believes that the above would not have a material impact on the financial results, the implications, if any, arising from the aforesaid developments would be known only after the aforesaid matters are concluded and hence are not determinable at this stage
- (6) A major portion of the existing funds being managed/advised by the Company are approaching their end of term over the next 12 months which is likely to result in significant reduction in the Company's fee revenue thereafter. Management expects that its future income from existing funds being managed/advised together with liquid assets held by the Company as at June 30, 2019 will be adequately sufficient to meet the Company's existing and future obligations arising over the next 12 months. Management believes that, subject to receipt of necessary Board approvals, the Company has adequate funds to commit seed capital for new fund raise as part of its efforts to increase revenues. Further, NCLAT vide its order dated February 11, 2019 has also classified the Company under the "Green Category" based on a 12 month cash flow solvency test, which enables the Company to continue to meet all its payment obligation (both financial and operational) as and when they become due

Meanwhile, the IL&FS Board has been working on a resolution plan, with a view to enable value preservation for stakeholders of IL&FS Group. The resolution plan, inter alia, involves sale of assets/businesses/companies owned by IL&FS. And in this regard, the IL&FS Board has on December 21, 2018 and September 27, 2019 invited a public Expression of Interest (EoI) for its sale of entire stake in the Company. Accordingly, the Company's plans for new fund raise have been kept on hold pending completion of the stake sale and while there is material uncertainty with regard to the stake sale, management believes that use of the going concern assumption for preparation of these financial results is appropriate

Mumbai, September 30, 2019



By Order of the Board

Director