

Independent auditor's report

To
The Board of Directors of
IL&FS Investment Managers Limited

Report on the audit of the Standalone Financial Results

Modified Opinion

1. We have audited the accompanying statement of standalone financial results of IL&FS Investment Managers Limited ("the Company") for the quarter ended 31 March 2022 and the year to date results for the period from 1 April 2021 to 31 March 2022 ("the Statement"), being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").
2. In our opinion and to the best of our information and according to the explanations given to us, , except for the impact of the matters described in the 'Basis for Modified Opinion' paragraph below, the aforesaid Statement:
 - 2.1. are presented in accordance with the requirements of the Listing Regulations in this regard; and
 - 2.2. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian accounting standards ("Ind AS") and other accounting principles generally accepted in India, of the net profit and other comprehensive income and other financial information for the quarter ended 31 March 2022 and the year to date results for the period from 1 April 2021 to 31 March 2022.

Basis for Modified Opinion

3. Attention is invited to Note 4 of the Statement 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. 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 of its subsidiaries by the NCLT, we are unable to comment on the consequential impact(s) upon conclusion of the said investigation and re-opening of the books of account on the standalone annual financial results.
4. We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Results section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.



Material Uncertainty relating to Going Concern

5. Attention is drawn to Note 5 of the Statement regarding reduction in the Company's fee revenue significantly coupled with the lack of any immediate new fund raise resulting in the reduced estimates of future fee revenue, there is material uncertainty of the Company's continuity as going concern. However, considering 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, the management believes that use of the 'going concern' assumption for preparation of the Statement is appropriate. Our opinion is not modified in respect of this matter.

Management's Responsibilities for the Standalone Financial Results

6. The Statement has been prepared on the basis of the standalone annual financial statements. The Company's management and Board of Directors are responsible for the preparation and presentation of the Statement that give a true and fair view of the net profit and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.
7. In preparing the Statement, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
8. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Results

9. Our objectives are to obtain reasonable assurance about whether the Statement is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statement.
10. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
- 10.1. Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 10.2. Obtain an understanding of internal control relevant to the audit in order to design audit



procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion through a separate report on the complete set of standalone financial statements on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.

- 10.3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- 10.4. Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 10.5. Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.
11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other matters

13. The Statement includes the results for the quarter ended 31 March 2022 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

For KKC & Associates LLP
Chartered Accountants
(formerly Khimji Kunverji & Co LLP)
Firm's Registration Number: 105146W/W100621



Hasmukh B. Dedhia
Partner
ICAI Membership No: 033494
UDIN: 22033494AJWIFC2468



Place: Mumbai
Date: 30 May 2022

**Statement on Impact of Audit Qualifications (for audit report with modified opinion)
submitted along-with Standalone Annual Audited Financial Results**

<u>Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2022</u>				
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications) (₹ in lakhs)	Adjusted Figures (audited figures after adjusting for qualifications) (₹ in lakhs)
	1.	Turnover/Total income	2,434.48	Not ascertainable
	2.	Total Expenditure	1,230.50	
	3.	Net Profit/(Loss)	1,249.67	
	4.	Earnings Per Share	0.40	
	5.	Total Assets	10,596.34	
	6.	Total Liabilities	505.02	
	7.	Net Worth	10,091.32	
	8.	Any other financial item(s) (as felt appropriate by the management)	-	
II.	<u>Audit Qualifications :</u>			
	a.	<u>Details of Audit Qualification</u> : Refer below details of qualification as per Audit Report dated May 30, 2022 Attention is invited to Note 4 of the Statement 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 reopening of books of account of IL&FS and its two subsidiaries (other than this company) for the past financial years referred in the note. 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 by the NCLT, we are unable to comment on the consequential impact(s) upon conclusion of the said investigation and re-opening of the books of account on these standalone annual financial results		
	b.	<u>Type of Audit Qualification</u> : Qualified Opinion		
	c.	<u>Frequency of qualification</u> : Appearing for the fourth time		
	d.	<u>For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views</u> : Not applicable		



e.	For Audit Qualification(s) where the impact is not quantified by the auditor :
(i)	Management's estimation on the impact of audit qualification : Unable to estimate impact
(ii)	If management is unable to estimate the impact, reasons for the same : In the absence of any specific findings as on date, the financial impact if any can only be ascertained once the SFIO investigation is completed and the exercise of the restatement of financial statements is completed
(iii)	Auditors' Comments on (i) or (ii) above : No Comments
III.	Signatories :
	 Manoj Borkar Chief Executive Officer & Chief Financial Officer
	 S M Datta Audit Committee Chairman
	Statutory Auditor : For KKC & Associates LLP Chartered Accountants (formerly Khimji Kunverji & Co LLP) FRN: 105146W/W-100621  Hasmukh B. Dedhia Partner Membership No.:033494 
Place :	Mumbai
Date :	May 30, 2022

IL&FS INVESTMENT MANAGERS LIMITED

 Registered Office: The IL&FS Financial Centre, C-22, G Block, Bandra-Kurla Complex,
 Bandra (East), Mumbai 400 051

CIN: L65999MH1986PLC147981. Website: www.iimlindia.com

STATEMENT OF AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2022

(₹ in lakhs)

Particulars	Quarter Ended 31.03.2022 (Refer Note 9)	Quarter Ended 31.12.2021 (Unaudited)	Quarter Ended 31.03.2021 (Refer Note 9)	Year Ended 31.03.2022 (Audited)	Year Ended 31.03.2021 (Audited)
Revenue:					
Revenue from Operations	84.45	96.01	97.00	374.82	738.29
Other Income	1,581.84	381.94	114.76	2,059.66	666.49
1 Total Revenue	1,666.29	477.95	211.76	2,434.48	1,404.78
2 Expenses:					
Employee benefits expense	163.03	168.88	163.92	663.24	831.37
Depreciation and amortisation expense	1.56	2.01	2.28	7.83	7.11
Legal and Professional expense	26.41	23.48	78.00	87.86	243.42
Net loss arising on financial assets designated as at FVTPL	-	-	38.80	-	337.83
Net loss on sale of non-current Investment	-	243.50	-	243.50	12.56
Other Expenses	53.16	49.72	124.37	228.07	414.01
Total Expenses	244.16	487.59	407.37	1,230.50	1,846.30
3 Profit before tax (1-2)	1,422.13	(9.64)	(195.61)	1,203.98	(441.52)
4 Tax expense/(benefit):					
a) Current tax	-	(50.55)	(76.92)	(50.55)	(76.92)
b) Deferred tax	(0.01)	(1.56)	(10.88)	4.86	(83.81)
Total Net tax expense/ (benefit)	(0.01)	(52.11)	(87.80)	(45.69)	(160.73)
5 Profit after Tax (3-4)	1,422.14	42.47	(107.81)	1,249.67	(280.79)
6 Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Actuarial Gain of the defined benefit plans	(6.87)	9.99	14.68	15.68	38.81
Income tax relating to items that will not be reclassified to profit or loss	1.72	(2.52)	(3.70)	(3.95)	(9.77)
Total Other Comprehensive Income	(5.15)	7.47	10.98	11.73	29.04
7 Total Comprehensive Income (5+6)	1,416.99	49.94	(96.83)	1,261.40	(251.75)
Paid-up Equity Share Capital (Face Value of ₹ 2/- each)	6,280.85	6,280.85	6,280.85	6,280.85	6,280.85
Other Equity				3,810.47	3,491.17
Earning per equity share (not annualised)					
- Basic	0.45	0.01	(0.03)	0.40	(0.09)
- Diluted	0.45	0.01	(0.03)	0.40	(0.09)



Statement of Assets and Liabilities

(₹ in lakhs)

Particulars		As at March 31, 2022	As at March 31, 2021
ASSETS			
I	Financial Assets		
(a)	Cash and cash equivalents	1,547.52	772.34
(b)	Bank balance other than (a) above	796.16	292.46
(c)	Trade Receivables	220.40	458.42
(d)	Loans	8.08	9.12
(e)	Investments	7,405.61	8,415.98
(f)	Other financial assets	144.82	71.31
Total Financial Assets		10,122.59	10,019.63
II	Non-financial Assets		
(a)	Income Tax Asset (Net)	57.34	7.42
(b)	Deferred Tax Assets (Net)	32.29	41.09
(c)	Property, Plant and Equipment	11.52	17.70
(d)	Other non-financial Assets	372.60	374.54
Total Non-financial Assets		473.75	440.75
TOTAL ASSETS		10,596.34	10,460.38
LIABILITIES AND EQUITY			
LIABILITIES			
I	Financial Liabilities		
	Trade payables		
	(i) total outstanding dues of micro enterprises and small enterprises	14.45	15.26
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	154.15	190.83
Total Financial Liabilities		168.60	206.09
II	Non-financial Liabilities		
(a)	Employee benefit obligations	57.80	163.10
(b)	Other Non-Financial Liabilities	278.62	319.17
Total Non-financial Liabilities		336.42	482.27
III	Equity		
(a)	Equity Share Capital	6,280.85	6,280.85
(b)	Other Equity	3,810.47	3,491.17
Equity attributable to owners		10,091.32	9,772.02
TOTAL EQUITY AND LIABILITIES		10,596.34	10,460.38



CASH FLOW STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2022

(₹ in lakhs)

	Particulars	Figures for the year ended March 31, 2022	Figures for the year ended March 31, 2021
I.	Cash Flow from Operating Activities		
	Profit Before Tax	1,203.98	(441.52)
	Adjustments For:		
	Items classified as Other Comprehensive income	15.68	38.81
	Depreciation and Amortisation	7.83	7.11
	Provision for Employee Benefits (Net of reversal)	(105.31)	1.71
	Provision for Expected Credit Loss for receivables / financial assets	(25.46)	58.52
	(Gain) / Loss on fair valuation of mutual funds	(12.14)	253.27
	(Gain) / Loss on fair valuation of venture capital funds	(202.02)	84.56
	Provision for diminution in value of Investment	15.22	-
	(Profit) / Loss on sale of non current investments	243.50	12.56
	(Profit) / Loss on sale of current investments	(121.71)	(481.91)
	(Profit) / Loss on sale of Property, Plant and Equipment's (Net)	(0.29)	(0.39)
	Interest Income	(82.19)	(179.13)
	Dividend Income on non-current investment	(1,507.72)	(0.04)
	Operating Profit / (Loss) Before Working Capital Changes	(570.63)	(646.45)
	Changes in working capital:		
	Adjustments for (increase) / decrease in operating assets:		
	Trade Receivables	263.49	(337.36)
	Other Financial Assets	(72.53)	(5.91)
	Other Non-Financial Assets	(11.85)	8.66
	Adjustments for increase / (decrease) in operating liabilities:		
	Trade Payables	(37.49)	52.48
	Other Non-Financial Liabilities	8.76	9.35
	Cash generated from Operations	(420.25)	(919.23)
	Less: Taxes (paid) / refund received (net)	0.62	225.91
	Net Cash generated from / (used in) Operating Activities	(419.63)	(693.32)
II.	Cash Flow from Investing Activities		
	(Purchase) / Sale of venture capital funds (Net)	19.33	116.46
	(Purchase) / Sale of mutual funds (Net)	1,068.21	2,188.26
	Dividend Income Received	1,507.71	-
	(Investment in) / Redemption from Fixed Deposits	(553.00)	470.00
	Purchase of Property, Plant and Equipment's	(1.67)	(15.06)
	Proceeds from Sale of Property, Plant and Equipment's	0.30	0.45
	Interest received	96.03	153.82
	Net Cash generated from Investing Activities	2,136.91	2,913.93
III.	Cash Flow from Financing Activities		
	Dividend Paid	(942.10)	(1,884.20)
	Net Cash generated from / (used in) Financing Activities	(942.10)	(1,884.20)
IV.	Net Increase / (Decrease) in Cash and Cash Equivalents (I+II+III)	775.18	336.41
	Cash and Cash Equivalents at the beginning of the year	772.34	435.93
	Cash and Cash Equivalents at the end of the year	1,547.52	772.34
	Net Increase / (Decrease) in Cash and Cash Equivalents	775.18	336.41



NOTES :

- (1) The financial results have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as per the Companies (Indian Accounting Standards) Rules 2015 notified under Section 133 of the Companies Act, 2013 (CA 2013) and other relevant provisions of the CA 2013 as amended from time to time
- (2) The above standalone financial results for the quarter and year ended March 31, 2022 along-with comparative quarter and year have been reviewed by the Audit Committee and subsequently approved by the Board of Directors of the Company at its meeting held on May 30, 2022 in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The standalone financial results have been audited by the statutory auditors of the company
- (3) 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
- (4) 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
- (5) The term of most of the existing funds being managed / advised by the Company has already been over. Other funds being managed/advised by the company are approaching end of their term in near future which has resulted in significant reduction in the Company's fee revenue. Management expects that its future income from existing funds being managed/advised together with liquid assets held by the Company as at March 31, 2022 will be adequately sufficient to meet the Company's existing and future obligations arising over the next 12 months

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 sale of its 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. Further, with the outbreak of the pandemic the timelines for the sale process have got delayed 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

- (6) The Board of Directors of the Company at its meeting held on February 14, 2022 approved a Scheme of Amalgamation of its two wholly owned subsidiaries IL&FS Asian Infrastructure Managers Limited and IIML Asset Advisors Limited with the Company, subject to approval of shareholders and/or creditors of the respective companies and necessary regulatory approvals. The Appointed Date for the said Scheme of Amalgamation is scheduled to be April 1, 2022
- (7) The Company has considered the possible effects that may arise as a result of the COVID-19 pandemic on its financial statements and business as a whole. There is no impact of COVID-19 on the financial results for the quarter and year ended March 31, 2022



- (8) The Board of Directors, in their meeting held on May 30, 2022 have proposed a final dividend of ₹ 0.40 per equity share amounting to ₹ 1,256.13 lakhs. The proposal is subject to the approval of shareholders at the Annual General Meeting
- (9) The figures for the three months ended March 31, 2022 and March 31, 2021 are the balancing figures between the audited figures with respect to full financial year and the published unaudited year to date figures upto the third quarter of the financial year which were subjected to limited review
- (10) Previous year numbers are regrouped/reclassified wherever necessary



By Order of the Board

A handwritten signature in black ink, appearing to be 'P. B. ...', written over a horizontal line.

Director

Mumbai, May 30, 2022