

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 September 30, 2019 and for the year to date period from April 1, 2019 to September 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').
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 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 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.



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, 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.
6. Attention is invited to Note 5 of the Statement 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.

Other Matters

7. The numbers and details pertaining to period(s) i.e. Quarter ended September 30, 2018 and for the year to date period from April 1, 2018 to September 30, 2018 have been traced based on the review reports of BSR & Associates LLP, Chartered Accountants ('the erstwhile auditors'). Similarly, the numbers and details pertaining to Year ended 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 – FRN 105146W)

Chartered Accountants

Hasmukh B. Dedhia

Partner (F-033494)



UDIN: 19033494AAAALF6841

Mumbai

November 12, 2019

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 UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2019

(₹ in lakhs)

	Quarter Ended 30.09.2019 (Unaudited)	Quarter Ended 30.06.2019 (Unaudited)	Quarter Ended 30.09.2018 (Unaudited)	Half Year Ended 30.09.2019 (Unaudited)	Half Year Ended 30.09.2018 (Unaudited)	Year Ended 31.03.2019 (Audited)
Revenue:						
Revenue from Operations	695.62	717.19	977.85	1,412.81	1,923.70	3,633.77
Other Income	137.46	127.88	44.75	265.34	166.96	1,269.06
1 Total Revenue	833.08	845.07	1,022.60	1,678.15	2,090.66	4,902.83
2 Expenses:						
Employee benefits expense	251.84	278.40	453.49	530.24	935.14	2,016.21
Depreciation and amortisation expense	4.81	6.54	10.69	11.35	21.20	41.90
Rent expense	59.28	60.72	52.85	120.00	106.49	210.13
Legal and Professional expense	106.83	68.40	131.50	175.23	267.29	579.10
Other Expenses	54.21	59.26	159.51	113.47	297.96	584.18
Total Expenses	476.97	473.32	808.04	950.29	1,628.08	3,431.52
3 Profit before tax (1-2)	356.11	371.75	214.56	727.86	462.58	1,471.31
4 Tax expense/(benefit):						
a) Current tax	-	-	46.05	-	105.58	371.00
b) Deferred tax	17.64	47.16	(19.25)	64.80	(29.62)	82.32
Total Net tax expense/(benefit)	17.64	47.16	26.80	64.80	75.96	453.32
5 Profit after Tax (3-4)	338.47	324.59	187.76	663.06	386.62	1,017.99
6 Other comprehensive income						
Items that will not be reclassified to profit or loss:						
Actuarial Gain of the defined benefit plans	(9.52)	(3.67)	3.58	(13.19)	57.57	82.63
Income tax relating to items that will not be reclassified to profit or loss	2.25	1.07	(1.05)	3.32	(16.77)	(24.06)
Total Other Comprehensive Income	(7.27)	(2.60)	2.53	(9.87)	40.80	58.57
7 Total Comprehensive Income (5+6)	331.20	321.99	190.29	653.19	427.42	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	6,280.85	6,280.85
Other Equity						5,856.24
Earning per equity share (not annualised)						
- Basic	0.11	0.10	0.06	0.21	0.12	0.32
- Diluted	0.11	0.10	0.06	0.21	0.12	0.32



Statement of Assets and Liabilities

(₹ in lakhs)

Particulars		As at September 30, 2019	As at March 31, 2019
ASSETS			
I	Financial Assets		
(a)	Cash and cash equivalents	718.93	90.21
(b)	Bank balance other than (a) above	1,297.19	1,741.05
(c)	Trade Receivables	-	-
(d)	Loans	11.89	11.63
(e)	Investments	11,067.23	10,636.48
(f)	Other financial assets	85.29	65.76
Total Financial Assets		13,180.53	12,545.13
II	Non-financial Assets		
(a)	Income Tax Asset (Net)	511.97	497.18
(b)	Deferred Tax Assets (Net)	-	54.98
(c)	Property, Plant and Equipment	17.59	26.38
(d)	Other non-financial Assets	311.87	297.85
Total non-financial Assets		841.43	876.39
TOTAL ASSETS		14,021.96	13,421.52
LIABILITIES AND EQUITY			
LIABILITIES			
I	Financial Liabilities		
	Trade payables		
	(i) total outstanding dues of micro enterprises and small enterprises	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	239.63	201.03
Total Financial Liabilities		239.63	201.03
II	Non-financial Liabilities		
(a)	Employee benefit obligations	642.67	694.98
(b)	Other Non-Financial Liabilities	342.88	388.42
(c)	Deferred Tax Liabilities (Net)	6.51	
Total Non-financial Liabilities		992.06	1,083.40
III	Equity		
(a)	Equity Share Capital	6,280.85	6,280.85
(b)	Other Equity	6,509.42	5,856.24
Equity attributable to owners		12,790.27	12,137.09
TOTAL EQUITY AND LIABILITIES		14,021.96	13,421.52



CASH FLOW STATEMENT FOR THE HALF YEAR ENDED

	Particulars	Figures for the period ended September 30, 2019	Figures for the period ended September 30, 2018
I.	Cash Flow from Operating Activities		
	Profit Before Tax	727.85	462.59
	Adjustments For :		
	Depreciation and Amortisation	11.35	21.20
	Provision for Employee Benefits (Net of reversal)	(65.51)	(128.17)
	Provision for Expected Credit Loss for trade receivables	-	(31.05)
	FVTPL of mutual funds	(129.19)	49.78
	FVTPL of venture capital funds	(9.72)	(12.26)
	Profit on sale of mutual funds	(61.41)	(79.96)
	(Profit)/Loss on sale of Property, Plant and Equipment's (Net)	(7.27)	(3.97)
	Interest Income	(40.07)	(9.54)
	Operating Profit Before Working Capital Changes	426.04	268.62
	Changes in working capital:		
	Adjustments for (increase) / decrease in operating assets:		
	Trade Receivables	-	996.79
	Other Financial Assets	(18.82)	(14.35)
	Other Non-Financial Assets	7.03	(48.49)
	Adjustments for increase / (decrease) in operating liabilities:		
	Trade Payables	38.60	8.11
	Other Non-Financial Liabilities	(1.68)	156.17
	Cashflow after working capital changes	451.17	1,366.85
	Less: Taxes paid	(14.78)	(172.25)
	Net Cash generated from Operating Activities	436.39	1,194.60
II.	Cash Flow from Investing Activities		
	Increase/(Decrease) in venture capital funds	(230.42)	1,210.66
	Proceeds from sale of venture capital funds	-	(148.29)
	Fixed Deposit (placed)/redeemed	400.00	(250.00)
	Increase/(Decrease) in mutual funds (Net)	-	111.74
	Capital Expenditure on Property, Plant and Equipment's	7.00	8.65
	Proceeds from Sale of Property, Plant and Equipment's	(2.29)	(8.67)
	Interest received	18.04	8.73
	Inter Corporate Deposits redeemed/(placed)	-	500.00
	Net Cash generated from Investing Activities	192.33	1,432.82
III.	Cash Flow from Financing Activities		
	Dividend Paid	-	(1,884.20)
	Dividend Tax Paid	-	(86.32)
	Net Cash generated from Financing Activities	-	(1,970.52)
III.	Net (Decrease) / Increase in Cash and Cash Equivalent (I+II+III)	628.72	656.90
	Cash and Cash Equivalent at the beginning of the year	90.21	132.03
	Cash and Cash Equivalent at the end of the period	718.93	788.93
	Net (Decrease) / Increase in Cash and Cash Equivalent	628.72	656.90



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 and half year ended September 30, 2019 along-with comparative quarter and half year have been reviewed by the Audit Committee at its meeting held on November 11, 2019 and subsequently approved by the Board of Directors of the Company at its meeting held on November 12, 2019 in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The financial results for the quarter and half year ended September 30, 2019 have been subjected to Limited Review 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) have 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) 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 September 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 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 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) Previous year numbers are regrouped/reclassified wherever necessary

Mumbai, November 12, 2019



By Order of the Board

Director