

Deloitte Haskins & Sells LLP

Chartered Accountants
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IL&FS URBAN INFRASTRUCTURE MANAGERS LIMITED.

Report on the Financial Statements

We have audited the accompanying financial statements of **IL&FS URBAN INFRASTRUCTURE MANAGERS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.



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We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by Section 143 (3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.



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- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Bhavani Balasubramanian

Bhavani Balasubramanian
Partner
(Membership No. 22156)

CHENNAI, April 25, 2015



Deloitte Haskins & Sells LLP

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in Paragraph 1 under "Report on Other Legal and Regulatory Requirements" section of our aforesaid Report of even date)

- (i) Having regard to the nature of the Company's business/activities/results during the year, Clauses 3(ii), 3(v), 3(vi), 3(ix) and 3(xi) of Paragraph 3 of the Order are not applicable in the current year.
- (ii) In respect of its fixed assets;
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchases of fixed assets and the rendering of services. During the course of our audit, we have not observed any major weaknesses in such internal control system.
- (v) According to the information and explanations given to us, in respect of Statutory dues;
 - (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Service Tax, Cess and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.



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- (c) There are no dues of Income-tax, Service Tax and Cess which have not been deposited as at March 31, 2015 on account of disputes.
- (d) There are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.
- (vi) The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (vii) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.
- (viii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)



Bhavani Balasubramanian
Partner
(Membership No. 22156)

CHENNAI, April 25, 2015

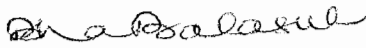


IL&FS URBAN INFRASTRUCTURE MANAGERS LIMITED
BALANCE SHEET AS AT MARCH 31, 2015


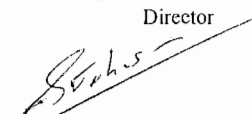
| Particulars | Note No | Amount (₹) | | | |
|---|---------|--------------------|--------------------|--------------------|--------------------|
| | | As at 31-Mar-15 | As at 31-Mar-15 | As at 31-Mar-14 | As at 31-Mar-14 |
| EQUITY AND LIABILITIES | | | | | |
| Shareholders' Funds | | | | | |
| Share Capital | 2 | 10,000,000 | | 10,000,000 | |
| Reserves and Surplus | 3 | 139,558,556 | 149,558,556 | 128,788,084 | 138,788,084 |
| Non-Current Liabilities | | | | | |
| Long-term provisions | 4 | | 1,155,434 | | 1,567,363 |
| Current Liabilities | | | | | |
| Trade payables | 5 | 34,220,553 | | 41,742,344 | |
| Other current liabilities | 6 | 1,715,602 | | 4,188,786 | |
| Short-term provisions | 7 | 12,078,432 | 48,014,587 | 12,022,392 | 57,953,522 |
| Total | | | 198,728,577 | | 198,308,969 |
| ASSETS | | | | | |
| Non-Current Assets | | | | | |
| Fixed assets (net) | | | | | |
| Tangible assets | 8 | 1,911,264 | | 2,644,647 | |
| Intangible assets | | 4,274 | | 86,151 | |
| Deferred tax assets (net) | 9 | 15,074,764 | | 1,906,652 | |
| Long-term loans and advances | 10 | 13,675,796 | 30,666,098 | 25,961,379 | 30,598,829 |
| Current Assets | | | | | |
| Trade receivables | 11 | 70,030,907 | | 126,652,405 | |
| Cash and cash equivalents | 12 | 87,809,596 | | 30,994,203 | |
| Short-term loans and advances | 13 | 2,231,926 | | 3,693,335 | |
| Other current assets | 14 | 7,990,050 | 168,062,479 | 6,370,197 | 167,710,140 |
| Total | | | 198,728,577 | | 198,308,969 |
| See accompanying notes forming part of the financial statements | | | | | |

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board


Bhavani Balasubramanian
Partner


Director


Director

Chief Executive Officer

Place : Chennai
Date : April 25, 2015

Place : Mumbai
Date : April 17, 2015



IL&FS URBAN INFRASTRUCTURE MANAGERS LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

Amount (₹)

| | Note | For the year ended 31-Mar-15 | For the year ended 31-Mar-14 |
|---|------|---------------------------------|---------------------------------|
| Revenue : | | | |
| Revenue from operations | 15 | 144,280,799 | 172,779,965 |
| Other income | 16 | 8,093,181 | 3,196,442 |
| Total Revenue | | 152,373,980 | 175,976,407 |
| Expenses: | | | |
| Employee benefits expense | 17 | 44,288,522 | 40,850,874 |
| Depreciation and amortization expense | 8 | 1,361,180 | 1,695,517 |
| Other expenses | 18 | 75,086,118 | 69,245,739 |
| Total expenses | | 120,735,820 | 111,792,130 |
| Profit Before Tax | | 31,638,160 | 64,184,277 |
| Tax expense/ (benefits) : | | | |
| Current tax | | 22,000,000 | 21,050,000 |
| Deferred tax | | (13,168,112) | (164,535) |
| Profit for the year | | 22,806,272 | 43,298,812 |
| Earnings per equity share (of Rs 10/- each) : | | | |
| Basic & Diluted | | 22.81 | 43.30 |
| See accompanying notes forming part of the financial statements | | | |

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board

Bhavana Balasubramanian

Bhavana Balasubramanian
Partner

Atyogam
Director

N. Barla
Director

Shobha
Chief Executive Office

Place : Chennai
Date : April 25, 2015

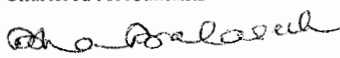
Place : Mumbai
Date : April 17, 2015



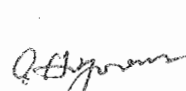
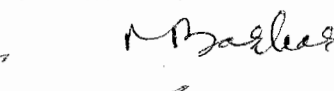
IL&FS URBAN INFRASTRUCTURE MANAGERS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

| Particulars | For the year ended 31-Mar-15 | Amount (₹) For the year ended 31-Mar-14 |
|---|---------------------------------|---|
| (A) CASH FLOW FROM OPERATING ACTIVITIES | | |
| PROFIT BEFORE TAX | 31,638,160 | 64,184,277 |
| Adjustments for: | | |
| Depreciation and amortization expense | 1,361,180 | 1,695,517 |
| Interest Income | (2,075,548) | (3,137,649) |
| Provision for Bad & Doubtful Debts | 41,303,615 | - |
| (Loss) / Profit on sale of Fixed assets | (356,079) | 7,150 |
| | | |
| Operating Profit / (loss) before working capital changes | <u>71,871,328</u> | <u>62,749,295</u> |
| Changes in working capital | | |
| Adjustment for (increase) / decrease in operating assets : | | |
| Trade Receivables | 15,317,883 | (68,209,820) |
| Other Current Assets | (1,669,279) | (3,306,980) |
| Short Term Loans & Advances | 1,461,409 | (2,072,034) |
| Long Term Loans & Advances | 646,800 | (665,394) |
| | | |
| Adjustment for increase / (decrease) in operating liabilities : | | |
| Trade Payables | (7,521,791) | 22,416,311 |
| Other Current Liabilities | (2,473,184) | 1,210,112 |
| Short Term Provisions | (280,260) | (37,335) |
| Long Term Provisions | (411,929) | 157,749 |
| Cash generated from operations | <u>76,940,977</u> | <u>12,241,904</u> |
| Net Income tax paid | (10,361,217) | (29,214,160) |
| Net Cashflow from operating activities | A <u>66,579,760</u> | (16,972,256) |
| (B) CASH FLOW FROM INVESTING ACTIVITIES | | |
| Interest Income | 2,124,974 | 3,316,393 |
| Capital expenditure on Fixed Assets including capital advance | (779,537) | (1,183,700) |
| Proceeds from sale of Fixed Assets | 589,696 | 95,900 |
| Net Cashflow from investing activities | B <u>1,935,133</u> | 2,228,593 |
| (C) CASH FLOW FROM FINANCING ACTIVITIES | | |
| Dividend (including dividend tax) | (11,699,500) | (11,699,500) |
| Net Cashflow used in financing activities | C <u>(11,699,500)</u> | (11,699,500) |
| (D) Net Decrease in Cash and Cash Equivalents (A+B+C) | | |
| | 56,815,393 | (26,443,163) |
| | | |
| Cash and Cash Equivalent at the beginning of the year | 30,994,203 | 57,437,366 |
| Cash and Cash Equivalent at the end of the year | 87,809,596 | 30,994,203 |
| Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 12 | <u>56,815,393</u> | <u>26,443,163</u> |

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants


Bhavani Balasubramanian
Partner

For and on behalf of the Board

 Director
 Director
Chief Executive Officer

Place : Chennai
Date : April 15, 2015

Place : Mumbai
Date : April 17, 2015



Notes forming part of the financial statements for the year ended March 31, 2015

The Company functions as the Asset Manager for the Pooled Municipal Debt Obligations (PMDO) Facility. The objective of the PMDO Facility is to provide long tenure term loans to meet the debt requirements of urban infrastructure projects across cities in India. Accordingly, the Company is in the business of providing asset management and advisory services

1) Significant Accounting Policies

a) Basis of preparation of Financial Statements

The Financial Statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act 2013. The financial statements have been prepared on accrual basis under the historical cost convention. The Accounting Policies adopted in the preparation of the Financial Statements are consistent with those followed in the previous year

The preparation of Financial Statements requires the Management to make certain estimates and assumptions considered in the reported amounts of Assets and Liabilities (including Contingent Liabilities) as on the date of the Financial Statements and the reported Income and Expenses during the reporting period. The Management believes that the estimates used in preparation of the Financial Statements are prudent and reasonable. Actual results could differ from these estimates. Any changes in such estimates are recognized prospectively

b) Fixed Assets (Tangible and Intangible) and Depreciation/Amortization

Fixed Assets have been capitalized at cost of acquisition and other incidental expenses

Depreciation on fixed asset is provided pro-rata from the date on which asset is ready to be put to use for its intended purpose on Straight-Line Method based on the estimated useful life of the assets, which are as follows :

| Category of Asset | Estimated Useful Life (in years) |
|----------------------------|-------------------------------------|
| Tangible Fixed Assets : | |
| Furniture and Fixtures | 5 |
| Data Processing Equipments | 3 |
| Office Equipments | 4 |
| Lease hold improvement | Over the lease period |
| Intangible Fixed Assets : | |
| Computer Software | 3 |



As per Companies Act 2013, depreciation of fixed assets has to be provided based on estimated useful life as per Schedule II of the Companies Act 2013. However, there are certain categories of assets where Company has been providing accelerated depreciation based on the estimated useful life which is different than those mentioned in Schedule II of Companies Act 2013. Pursuant to the foregoing, it is proposed to continue with the existing policy of accelerated depreciation on following category of assets :

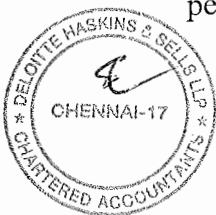
- (i) Mobile Phones 100% during the year of capitalization due to extensive usage and technological obsolescence
- (ii) Furniture and Fixtures as per current policy of 5 years as against the useful life of 10 years provided in the Companies Act 2013
- (iii) Office equipment as per current policy of 4 years as against the useful life of 5 years provided in the Companies Act 2013
- (iv) Depreciate individual assets costing ₹ 5,000 or less in the year of capitalization under all the categories of assets

c) Impairment of Assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognized for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss, except in case of revalued assets

d) Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating lease. Lease rental expenses in respect of operating leases is equated over the lease period



e) Revenue Recognition

- i) Income from upfront fee is recognized at rates agreed upon with borrowers on execution of loan documents between PMDO lenders and its borrower
- ii) Asset Management Fee is recognized when it is reasonably certain that the revenue will flow to the Company at rates agreed upon with borrowers of PMDO Facility , on the outstanding loan balance, over the term of funding
- iii) Consultancy fee and Professional fee are recognized when it is reasonably certain that the revenue will flow to the Company at the rates agreed upon
- iv) Interest income on fixed deposits is accrued proportionately based on period for which the same is placed

f) Employee Benefits

- i) The Company's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees
- ii) The Company has taken group gratuity cum life assurance scheme with Life Insurance Corporation of India for gratuity payable to the employees. Incremental liability based on actuarial valuation as per the projected unit credit method as at the reporting date, is charged as expenses in the Statement of Profit and Loss
- iii) The leave balance is classified as short term and long term based on the leave policy. The leave encashment liability for the expected leave to be encashed has been measured on actual components eligible for leave encashment and expected leave to be availed is valued based on the total cost to the Company. The Short term and Long term leave have been valued on actuarial basis as per the projected unit credit method

g) Taxation

Tax Expense comprises of Current Tax and net changes in Deferred Tax Assets or Liability during the year. Current Tax is measured at the amount of tax payable in respect of taxable income for the year in accordance with the Income tax Act, 1961 enacted in India

Deferred Tax Assets and Liabilities are recognised for the future tax consequences of timing differences arising from differences in accounting policies as per the accounts drawn up under the Companies Act, 2013 and the Income tax Act, 1961. Deferred Tax Assets and Liabilities other than on carry forward losses and unabsorbed depreciation under tax laws are recognised when it is reasonably certain that there will be future taxable income. Deferred



Tax Asset on carry forward losses and unabsorbed depreciation, if any, are recognised when it is virtually certain that there will be future taxable profit

Deferred Tax Assets and Liabilities are measured using substantively enacted tax rates. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the Statement of Profit and Loss in the period of substantive enactment of the change

h) Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event and it is probable that the outflow of resources would be required to settle the obligation, and in respect of which a reliable estimate can be made. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimates. A Contingent Liability is disclosed unless the possibility of an outflow of resources embodying the economic benefits is remote. Contingent Assets are neither recognised nor disclosed in the financial statements

i) Cash flow Statements

i) Cash flows are reported using the indirect method, whereby profit/(loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information

ii) Cash comprises cash on hand. Cash Equivalents are cheque on hand, balances in bank current account and demand deposits

j) Earnings Per Share

In determining earnings per share, the Company considers the net profit after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date



Notes to Accounts

Note 2 : Share Capital

| Particulars | As at 31-Mar-15 ₹ | As at 31-Mar-14 ₹ |
|--|-------------------------|-------------------------|
| Authorised | | |
| 2,000,000 Equity Shares of ₹ 10 each (Previous Year : 2,000,000 Equity Shares of ₹ 10 each) | 20,000,000 | 20,000,000 |
| Issued, Subscribed & Paid-up | | |
| 1,000,000 Equity Shares of ₹ 10 each Fully paid up | 10,000,000 | 10,000,000 |
| The above Shares are held by IL&FS Investment Managers Limited and its nominees (No change from the previous year) | | |
| The number of equity shares outstanding at the beginning and at the end of the year are same | | |
| The Company has only one class of equity shares having a par value of ₹ 10/-. Each holder is entitled to one vote per equity share. | | |
| Dividend proposed by the Board of Directors is subject to the approval of the shareholders at the Annual General Meeting. The amount of Dividend proposed to be distributed to the equity shareholders is ₹ 100.00 lakhs and the related amount per equity share is ₹ 10 (Previous year ₹ 100.00 lakhs of dividend was distributed) | | |
| | 10,000,000 | 10,000,000 |

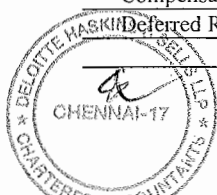
Note 3 : Reserves & Surplus

| Particulars | As at 31-Mar-15 ₹ | As at 31-Mar-14 ₹ |
|--|-------------------------|-------------------------|
| General Reserve | | |
| Opening Balance | 8,785,027 | 4,385,027 |
| Add: Appropriation from Profit and Loss Account | - | 4,400,000 |
| Less : Utilised during the year | - | - |
| Balance at the end of the year | 8,785,027 | 8,785,027 |
| Surplus in Statement of Profit & Loss | | |
| Opening Balance | 120,003,057 | 92,803,745 |
| Add: Profit for the year | 22,806,272 | 43,298,812 |
| Less : Appropriation for Dividend (including Dividend tax) | 12,035,800 | 11,699,500 |
| Less : Transfer to General Reserve | - | 4,400,000 |
| Closing Balance | 130,773,529 | 120,003,057 |
| | 139,558,556 | 128,788,084 |

Note 4 : Long Term Provisions

Long Term provision consists of provision for amounts due to be settled beyond twelve months after the balance sheet date :

| Particulars | As at 31-Mar-15 ₹ | As at 31-Mar-14 ₹ |
|--|-------------------------|-------------------------|
| Provision for employee benefits : | | |
| Compensated Absences | 1,037,003 | 1,294,889 |
| Deferred Rent | 118,431 | 272,474 |
| | 1,155,434 | 1,567,363 |



Disclosure as required under Accounting Standard – 15 on “Employee Benefits” is as under:

a) Defined Contribution Plan

The Company has recognized Rs. 626,593/- (Previous year Rs 618,149/-) in the Statement of Profit and Loss under Company’s Contribution to Provident Fund, which is maintained with the office of Regional Provident Fund Commissioner and Rs. 583,175/- (Previous year Rs. 581,543/-) on contribution to Superannuation Fund maintained with Life Insurance Corporation of India.

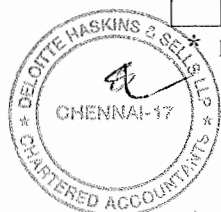
b) Defined Benefit Plans -

The Company operates funded post retirement defined benefit plans for gratuity, details of which are as follows:

(Amount in ₹)

| Employee Defined Benefit Plans | | For the Year Ended March 31, 2015 | For the Year Ended March 31, 2014 |
|--------------------------------|---|---|---|
| I. Assumptions: | | | |
| | Discount Rate | 8.25% | 8.25% |
| | Rate of Return on Plan Assets | 9.00% | 9.00% |
| | Salary Escalation | 6.50% | 6.50% |
| | Attrition Rate | 3.00% | 3.00% |
| | Mortality Table | Indian Assured Lives mortality (2006-2008) ultimate | Indian Assured Lives mortality (2006-2008) ultimate |
| A | Net (Liability)/Asset recognized in the Balance Sheet | As at March 31, 2015 | As at March 31, 2014 |
| | Present value of obligation | 2,697,186 | 2,183,169 |
| | Fair value of plan assets | 2,294,455 | 2,402,268 |
| | Net (Liability)/Asset | (402,731) | 219,099 |
| B | Expense recognized in the Statement of Profit and Loss | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
| | Current service cost | 656,493 | 158,809 |
| | Interest cost | 170,025 | 144,424 |
| | Expected return on plan assets | (217,504) | (167,285) |
| | Actuarial Losses | 149,523 | 201,750 |
| | Adjustments on opening balance of Assets | (136,707) | - |
| | Total expense* | 621,830 | 337,698 |

* Included as part of contribution to Provident & other funds in note 18 – employee benefits expenses



| C | Change in present value of Obligation | Year Ended March 31, 2015 | Year Ended March 31, 2014 |
|---|--|------------------------------|------------------------------|
| | Present value of defined benefit obligation as at the beginning of the year | 2,183,169 | 1,750,591 |
| | Current service cost | 656,493 | 158,809 |
| | Interest cost | 170,025 | 144,424 |
| | Actuarial (gain) /Loss | (67,981) | 129,345 |
| | Benefits paid during the year | (244,520) | - |
| | Present value of defined benefit obligation as at the end of the year | 2,697,186 | 2,183,169 |
| D | Table of Fair value of Plan Assets | As at March 31, 2015 | As at March 31, 2014 |
| | Plan assets at the beginning of the year | 2,402,268 | 1,428,976 |
| | Adjustments on opening balance | 136,707 | - |
| | Expected return on plan assets | 217,504 | 167,285 |
| | Actuarial losses | (217,504) | (72,405) |
| | Contributions by employer | - | 878,412 |
| | Benefits paid during the year | (244,520) | - |
| | Plan assets at the end of the year | 2,294,455 | 2,402,268 |

Estimate of amount of contribution in the immediate next year: ₹. 202,765
(As at 31 March 2014: ₹.171,400)

In the absence of detailed information regarding Plan assets which is funded with Life Insurance Corporation of India, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed. The details of experience adjustments arising on account of plan assets and liabilities as required by paragraph 120(n)(ii) of AS 15 (Revised) on "Employee Benefits" are not readily available in the valuation report and hence, are not furnished.



c) Defined Benefit Plans - Long Term compensated Absences

The assumptions used for computing the long term accumulated compensated absences on actuarial basis are as follows

| Assumptions: | Year Ended March 31, 2015 | Year Ended March 31, 2014 |
|-------------------|--|--|
| Discount Rate | 8.25% | 8.25% |
| Attrition Rate | 3.00% | 3.00% |
| Salary Escalation | 6.50% | 6.50% |
| Mortality Table | Indian Assured Lives mortality (2006-2008) ultimate | Indian Assured Lives mortality (2006-2008) ultimate |

Note 5 : Trade Payables

| Particulars | As at 31-Mar-15 ₹ | As at 31-Mar-14 ₹ |
|----------------|-------------------------|-------------------------|
| Trade payables | 34,220,553 | 41,742,344 |
| | 34,220,553 | 41,742,344 |

Note 6 : Other Current Liabilities

| Particulars | As at 31-Mar-15 ₹ | As at 31-Mar-14 ₹ |
|--------------------|-------------------------|-------------------------|
| Statutory Payments | 1,004,786 | 3,999,132 |
| Deferred rent | 308,085 | 189,654 |
| Gratuity Payable | 402,731 | - |
| | 1,715,602 | 4,188,786 |

Note 7: Short Term Provisions :

Short Term provision consists of provision for amounts due to be settled within twelve months after the balance sheet date :

| Particulars | As at 31-Mar-15 ₹ | As at 31-Mar-14 ₹ |
|--|-------------------------|-------------------------|
| Provision for Compensated Absences | 42,632 | 322,892 |
| Proposed dividend | 10,000,000 | 10,000,000 |
| Dividend distribution tax on proposed dividend | 2,035,800 | 1,699,500 |
| | 12,078,432 | 12,022,392 |



Note 8 : Fixed Assets

| Details | Gross Block | | | | Accumulated Depreciation | | | Net Block | |
|--|-----------------------------------|-------------------------------|-------------------------------|----------------------------------|----------------------------------|---------------------------------|-------------------------------|----------------------------------|---------------------------------|
| | Balance as at 1-Apr-14 | Additions | Disposals | Balance as at 31-Mar-15 | Balance as at 1-Apr-14 | Depreciation for the year | On disposals | Balance as at 31-Mar-15 | Balance as at 31-Mar-15 |
| | | | | | | | | | |
| Tangible Assets | | | | | | | | | |
| Furniture and Fixtures (Previous year) | 546,974 (565,124) | - - | 330,594 (18,150) | 216,380 (546,974) | 492,491 (449,829) | 26,356 (58,017) | 320,416 (15,355) | 1,198,431 (492,491) | 17,949 (54,483) |
| Office Equipments (Previous year) | 4,913,322 (4,389,491) | 416,257 (822,829) | 2,595,183 (298,998) | 2,734,396 (4,913,322) | 3,702,269 (3,160,259) | 569,968 (772,108) | 2,377,328 (230,098) | 1,894,909 (3,702,269) | 839,487 (1,211,053) |
| Leasehold improvements (Previous year) | 4,666,885 (4,666,885) | - - | 1,522,038 - | 3,144,847 (4,666,885) | 3,693,984 (3,290,854) | 403,130 (403,130) | 1,522,037 - | 2,575,077 (3,693,984) | 569,770 (972,901) |
| Computers (Previous year) | 1,898,843 (1,703,975) | 363,280 (351,258) | 592,850 (156,390) | 1,669,273 (1,898,843) | 1,492,633 (1,368,870) | 279,849 (248,798) | 587,267 (125,035) | 1,185,215 (1,492,633) | 484,058 (406,210) |
| Total (Previous Year) | 12,026,024 (11,325,475) | 779,537 (1,174,087) | 5,040,665 (473,538) | 7,764,896 (12,026,024) | 9,381,377 (8,269,812) | 1,279,303 (1,482,053) | 4,807,048 (370,488) | 5,853,632 (9,381,377) | 1,911,264 (2,644,647) |
| Intangible Assets | | | | | | | | | |
| Computer software | 1,486,826 | - | - | 1,486,826 | 1,400,675 | 81,877 | - | 1,482,552 | 4,274 |
| Total (Previous Year) | 1,486,826 (1,477,213) | - (9,613) | - - | 1,486,826 (1,486,826) | 1,400,675 (1,187,211) | 81,877 (213,464) | - - | 1,482,552 (1,400,675) | 4,274 (86,131) |
| Grand Total (Previous Year) | 13,512,850 (12,802,688) | 779,537 (1,183,700) | 5,040,665 (473,538) | 9,251,722 (13,512,850) | 10,782,052 (9,437,023) | 1,361,180 (1,695,517) | 4,807,048 (370,488) | 7,336,184 (10,782,052) | 1,915,538 (2,730,798) |



Note 9 : Deferred Tax Asset :

Deferred Tax provision has been made in accordance with the requirements under the Accounting Standard - 22 "Accounting for Taxes on Income"

- (i) During the current year ended March 31, 2015 the timing difference has resulted in a net deferred tax credit of ₹ 13,168,112/-
- (ii) The net deferred tax asset recognized in the accounts as of March 31, 2015 are as follows:

The deferred tax asset recognized in the accounts as of March 31, 2015 is as follows:

| Particulars | As at 31-Mar-15 ₹ | As at 31-Mar-14 ₹ |
|--|-------------------------|-------------------------|
| On difference between book balance and tax balance of fixed assets | 1,185,135 | 1,231,826 |
| Compensated Absences | 350,288 | 524,889 |
| Deferred Rent | 138,383 | 149,937 |
| Provision for Bad & Doubtful Debts | 13,400,958 | - |
| | 15,074,764 | 1,906,652 |

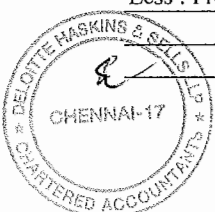
Note 10 : Long Term Loans and advances (Unsecured and considered Good) :

Long Term Loans and advances consist of amounts expected to be realized beyond twelve months of the Balance Sheet date :

| Particulars | As at 31-Mar-15 ₹ | As at 31-Mar-14 ₹ |
|--|-------------------------|-------------------------|
| Security Deposits | 2,370,860 | 2,964,540 |
| Loans and advances to Employees | 754,800 | 807,920 |
| Advance Income tax (net of provisions) | 10,550,136 | 22,188,919 |
| | 13,675,796 | 25,961,379 |

Note 11 : Trade receivables

| Particulars | As at 31-Mar-15 ₹ | As at 31-Mar-14 ₹ |
|---|-------------------------|-------------------------|
| Outstanding for a period exceeding six months from the date they were due for payment | | |
| Secured and Considered good | 27,659,670 | 78,098,468 |
| Doubtful | 28,240,778 | - |
| | 55,900,448 | 78,098,468 |
| Less : Provision for bad and doubtful debts | 28,240,778 | |
| | 27,659,670 | 78,098,468 |
| Outstanding for less than 6 months from the date they are due for payment | | |
| Secured and Considered good | 42,371,237 | 48,553,937 |
| Doubtful | 13,062,837 | - |
| | 55,434,074 | 48,553,937 |
| Less : Provision for bad and doubtful debts | 13,062,837 | |
| | 42,371,237 | 48,553,937 |
| | 70,030,907 | 126,652,405 |



Note 12 : Cash and cash equivalents

| Particulars | As at 31-Mar-15 ₹ | As at 31-Mar-14 ₹ |
|--|-------------------------|-------------------------|
| (a) Cash on hand | 3,462 | 12,728 |
| (b) Balances with banks | | |
| i) In Current Accounts | 68,420,277 | 8,662,125 |
| ii) In Deposit Accounts less than 12 months maturity | 19,385,857 | 22,319,350 |
| | 87,809,596 | 30,994,203 |

13 Short Term Loans and advances (Unsecured and considered Good) :

Short Term Loans and advances consist of amounts expected to be realized within twelve months of the Balance Sheet date :

| Particulars | As at 31-Mar-15 ₹ | As at 31-Mar-14 ₹ |
|---------------------------------|-------------------------|-------------------------|
| Service Tax Credit Receivable | 1,697,765 | 3,144,223 |
| Prepaid expenses | 352,499 | 277,817 |
| Gratuity fund (net) | - | 219,099 |
| Loans and advances to Employees | 181,662 | 52,196 |
| | 2,231,926 | 3,693,335 |

Note 14 : Other Current Assets

| Particulars | As at 31-Mar-15 ₹ | As at 31-Mar-14 ₹ |
|--|-------------------------|-------------------------|
| Interest Accrued But Not Due on Fixed Deposits | 563,299 | 612,725 |
| Contractually Re-imbursable expenses | 5,583,251 | 5,541,494 |
| Other recoverables | 1,843,500 | 215,978 |
| | 7,990,050 | 6,370,197 |



Note 15 : Revenue from Operations

Revenue from operations comprises of

| Particulars | For the year ended | For the year ended |
|-----------------------|--------------------|--------------------|
| | 31-Mar-15 | 31-Mar-14 |
| | ₹ | ₹ |
| Asset Management Fees | 141,969,337 | 149,771,065 |
| Upfront Fees | 1,736,462 | - |
| Professional Fees | 575,000 | 23,008,900 |
| | 144,280,799 | 172,779,965 |

Note 16 : Other Income

| Particulars | For the year ended | For the year ended |
|---|--------------------|--------------------|
| | 31-Mar-15 | 31-Mar-14 |
| | ₹ | ₹ |
| Interest Income - From Bank Deposits | 2,075,548 | 3,137,649 |
| Profit on sale of assets | 364,567 | - |
| Provision no longer required written back | 5,601,957 | - |
| Miscellaneous Inome | 51,109 | 58,793 |
| | 8,093,181 | 3,196,442 |

Note 17 : Employee Benefits Expenses

| Particulars | For the year ended | For the year ended |
|---|--------------------|--------------------|
| | 31-Mar-15 | 31-Mar-14 |
| | ₹ | ₹ |
| Salaries, Bonus & Allowances | 40,754,653 | 37,753,425 |
| Contribution to Provident & other funds | 1,831,598 | 1,546,242 |
| Staff welfare expenses | 1,702,271 | 1,551,207 |
| | 44,288,522 | 40,850,874 |

Note 18 : Other Expenses

| Particulars | For the year ended | For the year ended |
|---|--------------------|--------------------|
| | 31-Mar-15 | 31-Mar-14 |
| | ₹ | ₹ |
| Brand Value subscription charges | 1,759,764 | 1,463,945 |
| Electricity and Water Charges | 950,677 | 883,964 |
| Rent | 7,957,533 | 5,543,738 |
| Repairs and Maintenance - Machinery | 1,273,837 | 1,839,975 |
| Insurance | 52,027 | 31,370 |
| Rates and Taxes | 858,163 | 266,447 |
| Postage and Telecommunication | 692,990 | 647,846 |
| Travelling and Conveyance | 8,332,698 | 6,364,418 |
| Printing and Stationery | 251,614 | 270,900 |
| Business Promotion Expenses | 1,174,749 | 484,583 |
| Legal and Professional Expenses | 7,068,137 | 32,932,736 |
| Advisory Fees | - | 15,000,000 |
| Payment to auditors (refer note no 24) | 501,100 | 481,698 |
| General Expenses | 2,563,646 | 2,689,889 |
| Membership fees | 337,080 | 337,080 |
| Provision for Bad & Doubtful Debts | 41,303,615 | - |
| Loss on fixed assets written off | 8,488 | 7,150 |
| | 75,086,118 | 69,245,739 |



19. According to the records available with the Company, there were no dues to Micro and Small Enterprises under the Micro, Small and Medium Enterprises Development Act 2006. Hence disclosures, if any, relating to amounts unpaid as at the year-end together with the interest paid / payable as required under the said Act have not been given.

20. The company is in the business of providing fund management and advisory services. As such, there are no separate reportable business segments or geographical segment as per Accounting Standard 17 on "Segment Reporting". It is considered appropriate by the Management to have a single segment i.e. "Fund Management and other related service"

21. **Related Party Transactions**

a) Details of Related Parties :-

| | Holding Company | March 31, 2015 | March 31, 2014 |
|----|---|---------------------------|---------------------------|
| 1 | IL&FS Investment Managers Limited | √ | √ |
| | Ultimate Holding Company | | |
| 1 | Infrastructure Leasing & Financial Services Limited | √ | √ |
| | Fellow Subsidiaries (i.e Subsidiaries of Ultimate Holding Company) | | |
| 1 | IL&FS Security Services Limited | √ | √ |
| 2 | IL&FS Technology Services Limited | √ | √ |
| 3 | Integrated Waste Management & Urban Services Company (Tamil Nadu) Limited* | | √ |
| 4 | Vanish Nimay Infraprojects Limited | √ | √ |
| 5 | IL&FS Environmental Infrastructure and Services Limited | √ | √ |
| 6 | East Delhi Waste Processing Company Private Limited | √ | √ |
| 7 | Gujarat International Finance Tec-City Company Limited | √ | √ |
| 9 | IL&FS Financial Services Limited | √ | √ |
| 10 | IL&FS Trust Company Limited | √ | √ |
| 11 | Livia India Limited | √ | - |
| 12 | RDF Power Projects Limited | √ | - |
| | Key Managerial Person | | |
| 1 | Mr Shashi Johnson , Chief Executive Officer – on deputation from IL&FS Financial Services Limited | √ | - |

* Merged with IL&FS Environmental Infrastructure and Services Limited w e f Mar 1, 2015



b) Details of related party transactions and outstanding balances as at March 31, 2015:

(i) Holding company

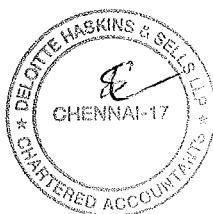
(Amount in ₹)

| Name of the Entity | Nature of Transaction | Amount (Year ended March 31, 2015/ March 31, 2014) | Outstanding Balance as at March 31, 2015/ March 31, 2014) |
|--------------------------------------|-----------------------|--|--|
| IL&FS Investment Managers Limited | Dividend payable/paid | 10,000,000 (10,000,000) | Nil (Nil) |

(ii) Ultimate Holding company

(Amount in ₹)

| Name of the Entity | Nature of Transaction | Amount (Year ended March 31, 2015/ March 31, 2014) | Outstanding Balance as at March 31, 2015/ March 31, 2014) |
|---|----------------------------|--|--|
| Infrastructure Leasing and Financial Services Limited | <u>Expenditure</u> | | |
| | Rent and Maintenance | 1,048,320 (1,157,520) | 242,899 Cr (777,834)Cr |
| | Deputation cost | 1,250,000 (8,131,164) | |
| | Brand Subscription Fees | 1,759,764 (1,463,945) | |
| | Car Parking Charges | 46,333 (Nil) | |
| | Guest house Charges | 30,000 (Nil) | |



(iii) Fellow Subsidiaries

(Amount in ₹)

| Name of the Entity | Nature of Transaction | Amount Year ended March 31, 2015/ March 31, 2014) | Outstanding Balance as at March 31, 2015/ March 31, 2014) |
|---|---|--|--|
| IL&FS Security Services Limited | Professional Charges | 15,000 (25,000) | Nil (Nil) |
| IL&FS Technology Services Limited | <u>Expenditure</u> Service Charges | 107,520 (430,080) | Nil (Nil) |
| Vanch Nimay Infraprojects Limited | Income from Fund Management | 1,035,290 (1,650,992) | Nil (2,491) Dr |
| IL&FS Environmental Infrastructure and Services Limited * | <u>Income</u> Fund Management Fee | 7,290,225 (7,240,154) | 8,348,627 Dr (13,454,139)Cr |
| | <u>Expenditure</u> Consultancy Fees | Nil (31,500,000) | |
| | Transfer of Fixed Assets | 8,136 (Nil) | |
| | Transfer of Deposits | 435,960 (Nil) | |
| East Delhi Waste Processing Company Private Limited | Income from Fund Management | 11,714,607 (13,496,484) | 5,344,675 Dr (47,025) Dr |
| Gujarat International Finance Tec-City Company Limited | Income from Fund Management | 4,177,600 (9,170,445) | Nil (415,840) Dr |
| IL&FS Financial Services Limited | <u>Expenditure</u> Guest house Charges | 6,000 (Nil) | 20,322,186 Cr (15,168,600)Cr |
| | Advisory Charges | Nil (15,000,000) | |
| | Deputation cost | 13,509,258 (Nil) | |



| Name of the Entity | Nature of Transaction | Amount (Year ended March 31, 2015/ March 31, 2014) | Outstanding Balance as at March 31, 2015/ March 31, 2014) |
|-----------------------------|------------------------------|--|--|
| IL&FS Trust Company Limited | <u>Expenditure</u> | | |
| | Professional Fees | 425,000 (Nil) | 688,269 Cr (Nil) |
| | Reimbursement of expenditure | 1,413,901 (Nil) | |
| Expenses Off P&L items | 846,227 (Nil) | | |
| Livia India Limited | <u>Expenditure</u> | | |
| | Professional Fees | 357,651 (Nil) | 366,095 Cr (Nil) |
| RDF Power Projects Limited | Income from Fund Management | 9,899,647 (8,106,882) | 14,774,790 Dr (33,774,016) Cr |
| | Professional fees | 375,000 (20,625,000) | |

1. Related Party transactions are as identified by the management and relied upon by the auditors
2. Corresponding previous year figures are given in brackets

**With effect from Mar 1, 2015 , Integrated Waste Management & Urban Services Company (Tamil Nadu) Ltd (IWMUST) was merged with IL&FS Environmental Infrastructure and Services Limited(IEISL) . Accordingly transactions for the year ended March 31, 2015 i.e income earned from IWMUST of ₹ 2,688,296 (PY - ₹ 2,855,626) and expenditure incurred of ₹ Nil (PY - ₹ 19,000,000) has been grouped under IEISL along with receivables as at March 31, 2015 for ₹ 3,266,370 (PY - ₹ 976,097).*

(iv) Deputation charges incurred in the current year towards Key Managerial Person amounting to ₹ 6,750,000/- (Previous year - ₹ Nil)



22. Operating lease

The Company has entered into Operating Lease arrangements towards use of office facility. The minimum future payments during non-cancellable periods under the foregoing arrangements in the aggregate for each of the following periods are as follows.

(Amount in ₹)

| Particulars | For the year ended March 31, 2015 | For the year ended March 31, 2014 |
|--|--------------------------------------|--------------------------------------|
| Operating Lease Rentals payable: | | |
| Not later than one year | 3,542,984 | 3,270,511 |
| Later than one year and not later than 5 years | 1,361,954 | 4,691,680 |
| Later than five years | Nil | Nil |
| Operating lease rentals recognized during the year | 3,365,338 | 2,926,811 |

23. Earnings per share

| Particulars | Year ended March 31, 2015 | Year ended March 31, 2014 |
|--|------------------------------|------------------------------|
| Net profit after Tax (₹) | 22,806,272 | 43,298,512 |
| Weighted average number of equity shares used in computing earnings per share (Nos.) | 1,000,000 | 1,000,000 |
| Basic & diluted earnings per share (₹) | 22.81 | 43.30 |
| Nominal value per share (₹) | 10 | 10 |



24. Amount paid / payable to the statutory auditors

(Amount in ₹)

| Particulars | Year ended March 31,2015 | Year ended March 31,2014 |
|---------------------------------|-----------------------------|-----------------------------|
| Audit Fee | 500,000 | 400,000 |
| Tax Audit Fee | - | 75,000 |
| Out of Pocket expenses / Levies | 1,100 | 6,698 |

25. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board

Atthigman
Director

N. Sankar
Director

S. S. S.
Chief Executive Officer

Place: Mumbai

Dated: April 17, 2015

