



The IL&FS Financial Centre
Plot No.C-22, G Block
Bandra-Kurla Complex, Bandra (East)
Mumbai 400 051, India

www.iimlindia.com



IL&FS INVESTMENT
MANAGERS LIMITED

DELIVERING GROWTH



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BOARD OF DIRECTORS

Mr S M Datta
Chairman

Mr Ravi Parthasarathy

Mr Bansi S Mehta

Mr Arun Saha

Mr Vibhav Kapoor

Mr Shahzaad Dalal
Vice Chairman
& Managing Director

Dr Archana Hingorani
Executive Director

Mr Alok Bhargava
Executive Director

COMPANY SECRETARY

Mr Sanjay Mitra

BANKERS

HDFC Bank Limited

AUDITORS

M/s Deloitte Haskins & Sells - Chartered Accountants

INTERNAL AUDITORS

M/s Patel & Deodhar - Chartered Accountants



REGISTERED OFFICE

The IL&FS Financial Centre, Plot No C-22, G Block, Bandra Kurla Complex
Bandra (East), Mumbai 400 051
Tel : + 91 22 2659 3531
Fax : + 91 22 2653 2494

OTHER OFFICES

Aum Plaza, 1st Floor, No 76, 3rd Cross, Residency Road, Bangalore 560 025

REGISTRARS & SHARE TRANSFER AGENTS

Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400 078
Tel : + 91 22 2596 3838
Fax : + 91 22 2594 6969





The Indian economy has demonstrated a sustained growth across many fronts in the last four years, which has attracted great interest in the private equity investment space. The events of the final quarter of FY2008, however, have ruffled the smooth investment climate, which had prevailed earlier. The main reasons for this turbulence are the inflationary pressures arising from the world shortage of food grains and the opportunistic escalation in energy prices, the unexpected turmoil in world financial markets resulting in a depleted global flow of investible funds as well as the rising concern about the climate and the environment

Despite these challenges, the Indian growth story remains intact and the good harvest forecast will reinforce the confidence in the diversified and broad based economic capability of the nation. At the same time, the unexpected financial turmoil has highlighted the need for a pro-active risk management regime for handling private equity investments

Over the last decade, IIML has built up a robust risk management philosophy based on three principles. Firstly, our investment pattern has been based on a deep understanding of the various industry sectors as well as of the inherent capability of the management of investee companies. Secondly, we have learnt to operate in partnership with the company managements with the object of minimizing the risk profile. And, finally, we have optimised our exit from the investments in a timely and productive fashion

The fiduciary nature of our business necessitates a careful identification of the risks at hand. We at IIML have been acutely aware of our responsibility to all stake holders, including the investors in our funds, and we have fashioned our growth strategy to comprehensively address the perceived risk environment. The experience gained over the last two business cycles and the broad based support from the IL&FS group have been of enormous help in this effort. We firmly believe that a voluntary system of pro-active risk management combined with the timely disclosure of key risk factors will help the Indian financial services industry to avert the dangers of excessive regulation

With best wishes

S. M. Datta
April 29, 2008





Notwithstanding the unfolding events of the last quarter, FY2008 will be remembered as the year marked by increasingly larger deals, despite rich valuations. With over twelve years of private equity history, over the last two years, the industry has rapidly moved towards greater granularity, reflecting a maturing phase. Player segmentation by investment size, investment stage, industry focus and type of capital is slowly becoming discernible. While it may be quite some time till leverage buyouts become the norm, the competitive landscape is replete with both large international and domestic players. Resultantly, players are jostling for a unique positioning and of course the all important ability to create inimitable investment opportunities

The emerging chaos in international markets has not bypassed India. While this situation lends itself to creating a buyers market, and is arguably an opportune time for creating value propositions, world events hang heavy on many players and their risk taking ability. This is despite a consensus view that the Indian growth story continues to be sustainable but would be tempered by global developments. To our mind, this puts an 'on-the-ground' savvy domestic fund manager at a considerable advantage, especially one with the ability to use resources and networks to quickly identify and evaluate niche business opportunities

IIML strives to maintain its pioneering position in this well populated and increasingly complex zone by identifying market differentiators rather than following the 'commodity' approach towards capital. A partnership style towards investee companies has resulted in IIML investing across 92 companies over the years. Experience across two business cycles since 1996 has provided IIML rich lessons in not succumbing to the euphoria of growth. Lean cycles have also endowed the team with the ability to manage certain risks preemptively. Consequently, our exit record has also been quite fulfilling and varied. As of date, we have been able to effectuate 34 exits and in total create 45 liquidity events. This solid experience provides us a continuing ability to sustain the business through timely addition of funds under management

Increasing emphasis on risk aversion will be the order of the day in the medium term. Accordingly, future growth will need to be managed through a complex matrix of market, environment and regulatory factors. With every opportunity embedded with challenges, IIML has a multi-pronged approach towards insulating risk. Foremost among these, is the ability to understand businesses and identify new growth areas within this paradigm. Evaluating the long term sustainability and economic stability of the chosen industry is also equally important. Superimposed on these basic principles is the identification of an entrepreneurial and management team that understands the business and has the ability to adapt to changing market scenarios. Last but not the least, is the ability to ensure fair entry valuations that lend themselves to justification even in trying times

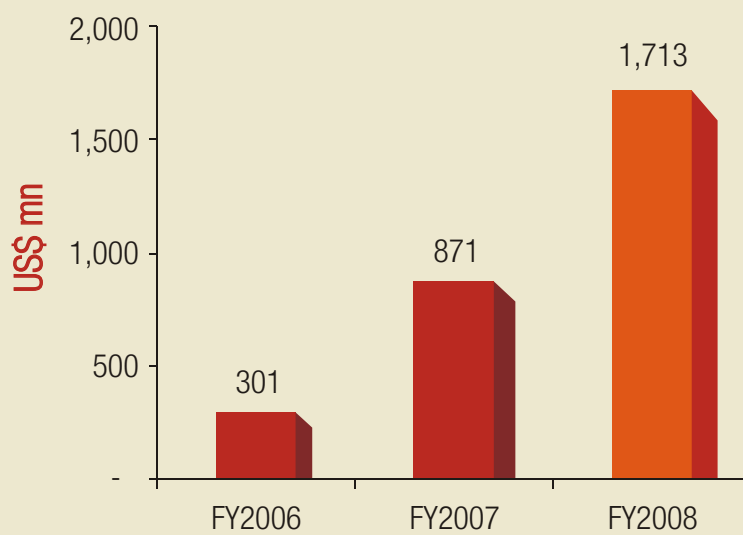
Growth in FY2008 continued the trend set in the previous year. Our revenues grew by 64%, while Profit Before Tax (PBT) has grown at 59% and Profit After Tax (PAT) at 62%. Margins also continued to be healthy at 51% and 34% at the PBT and PAT level respectively. The growth has been essentially achieved on the back of larger successor funds as well as initiating our global partnership platform. Efforts to broaden our investor base and create niche fund management formats will continue to provide continued growth to the business

IIML continues to promote an entrepreneurial culture within its team amidst an institutional format. It is this skill set that has led IIML to complete the fund life cycle for its two funds, the AIG Indian Sectoral Equity Fund and the India Project Development Fund in FY2008, a historical first time event for IIML. A highly motivated and well trained team has prepared us to deliver growth consistently while being able to address concomitant risks

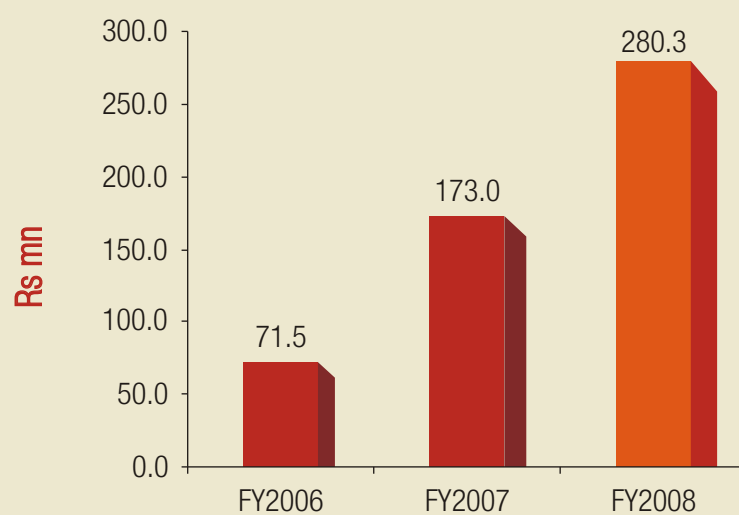
With best wishes

Shahzaad Dalal
May 5, 2008

Assets Under Management



PAT Growth





FY2008 has been the best year thus far for IIML in its fund raising efforts. Total assets under management, raised cumulatively, at the end of March 2008 stood at approximately US\$ 1.7 bn. Last year, we had articulated an emphasis on larger investments. FY2008 saw the average growth private equity deal size move to Rs 753 mn versus Rs 273 mn in FY2007. More importantly, following market trends and the large need for capital across various sectors, IIML has also consciously moved towards a focused investment approach. As a result, our business today is spread across traditional Private Equity, Real Estate and Infrastructure

IIML was considered a pioneer in private equity when it launched its first fund in 1996 i.e. the AIG Indian Sectoral Equity Fund. The Fund now fully exited, is considered one of the top performing funds in the world for its vintage, leading to a successful raise of its second fund in this genre i.e. the Leverage India Fund of US\$ 153 mn. This Fund is partially exited and now in monitoring mode. Current expectations on performance lead us to believe that the returns from this Fund would also be attractive. In FY2008, a third

successor fund i.e. the Tara India Fund III, had its initial close at US\$ 164 mn. A final close expected in the first quarter of FY2009 would enhance the corpus to upwards of US\$ 300 mn

Identifying a new niche in the rapidly evolving real estate sector, IIML was one of the first to raise a US\$ 525 mn in April 2006, with the support of world-class marquee investors including pension funds, foundations and sovereign funds. Many of these investors were making their first foray into India through this Fund. The successful deployment of this Fund i.e. the IL&FS India Realty Fund I, led IIML to raise a second successor Fund i.e. the IL&FS India Realty Fund II in FY2008, with an initial corpus of US\$ 678 mn. This has been IIML's largest single fund raise thus far and is expected to close at upwards of US\$ 750 mn during the first quarter of FY2009

The need for infrastructure growth and related capital expenditure needs no emphasis. Any forum debating the growth sustainability for India amply articulates this need. With IL&FS parentage, a deep knowledge of the large infrastructure canvas and the inherent skill set required to develop and manage infrastructure assets available within the IL&FS family, IIML recently initiated market efforts to raise an Infrastructure Fund. This Fund would create niche investment opportunities in core infrastructure areas, where the available skill sets within the Group would be utilized to manage and develop infrastructure assets. Building on IL&FS business strategy of crossing borders into other Asian regions, this Fund would also seek to identify similar opportunities in the Asian region

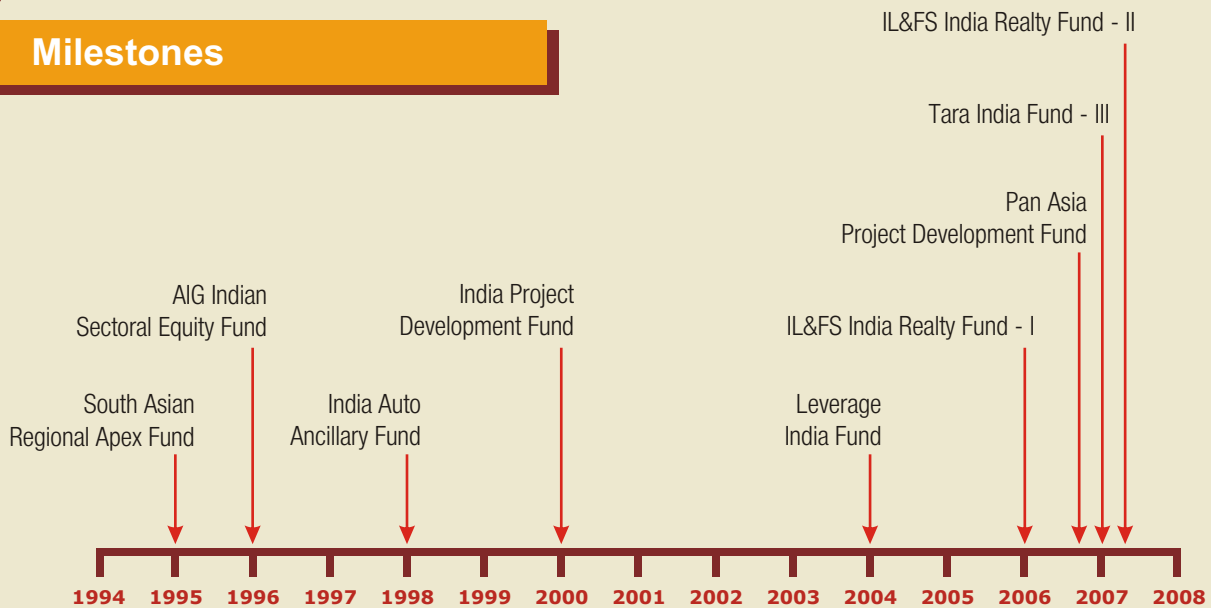
Given this multi regional focus, IIML and IL&FS have partnered with the Standard Chartered Bank to launch the Standard Chartered IL&FS Asia Infrastructure Fund focused on investments in India, China and other Asian nations. The combined investment requirement for just India and China over the next five years is expected to cross US\$ 1 tn. The Fund is targeting a corpus of US\$ 800 mn, to be raised during FY2009

The above three pronged segmentation provides IIML with the ability to create separate niche skills across these spaces and the consequent ability to manage investments in all three genres

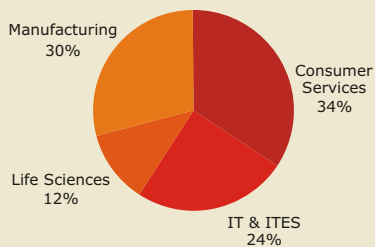
With best wishes

Archana Hingorani
May 8, 2008

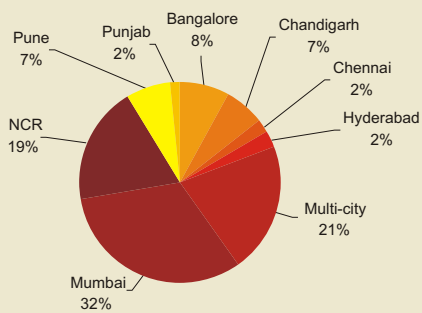
Milestones



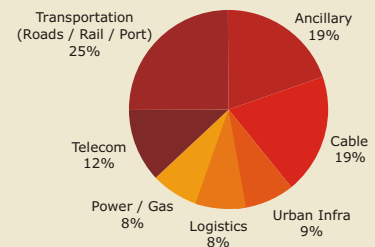
Private Equity 62 Transactions US\$ 220 mn



Real Estate 19 Transactions US\$ 556.2 mn



Infrastructure 28 Transactions US\$ 213 mn





PERFORMANCE PARAMETERS

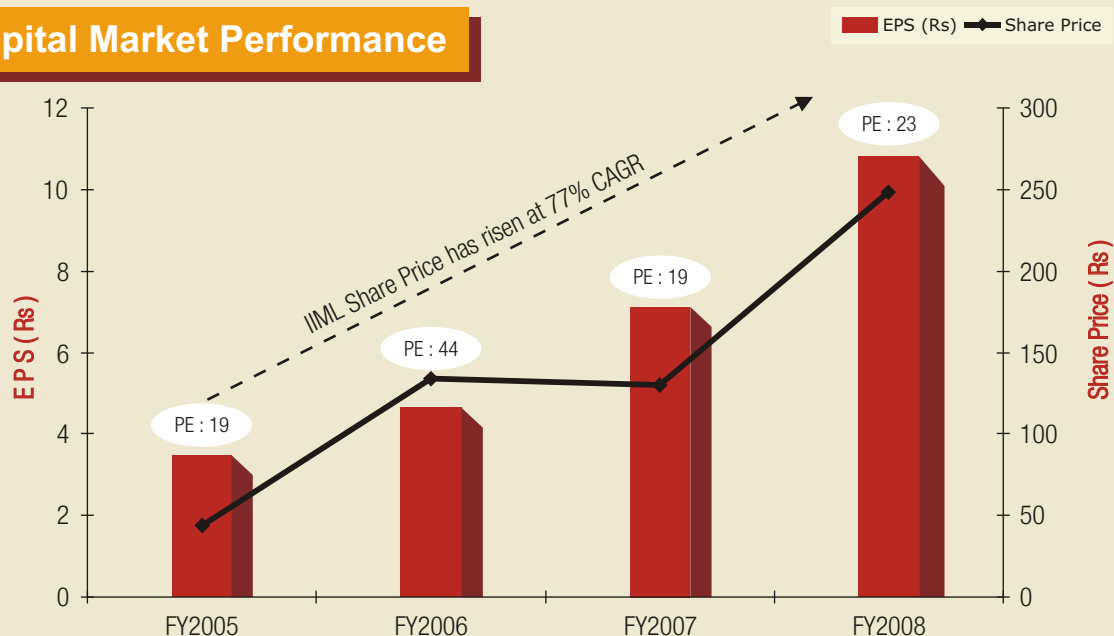
Financial Highlights

Rs. million

	FY2008	FY2007	FY2006	FY2005	FY2004	FY2003
Total Income	825.54	502.93	253.41	180.83	150.08	155.96
Total Operating Costs	398.31	211.12	121.55	76.63	58.38	77.03
PBT	423.73	267.23	107.61	83.71	66.99	50.09
PBT Margin (%)	51.33	53.13	42.46	46.29	44.64	32.12
PAT	280.35	173.01	71.51	52.21	47.67	31.79
PAT Margin (%)	33.96	34.40	28.22	28.87	31.76	20.38
EPS (Basic) Rs	10.82	7.11*	4.63	3.48	3.19	2.17
Networth	594.26	398.39	261.42	229.88	223.84	217.03
Dividend	55%	40%	35%	30%	25%	17%

*Post Bonus Issuance

Capital Market Performance





QVC REALTY LTD

IIML believes that the real estate sector offers high growth opportunities and will grow in tandem with infrastructure development. While such opportunities can be availed of through existing Tier I developers, they come at hefty premiums. Moreover, all existing developers come with legacy systems and processes, thereby creating a need for a professionally owned and managed, development company. Such a strategy allows for investing at cost, earning developers' margins and diversifying single project risk by focusing on a range of projects. The strategy also allows sharing of value created in the development platform in addition to the project returns

Incorporated in January 2007, QVC is India's first venture funded real estate development start up. The Company will develop world-class real estate properties across various destinations in India. The development projects will cover a wide range of residential, commercial office, retail, hospitality, mixed-use and integrated townships. QVC also proposes to provide development advisory services and fee based project development services

To begin with, QVC has been focusing on residential projects and townships. As of date, the Company is developing four projects located in Bangalore and Gurgaon. QVC intends to develop approximately 6 mn square feet cumulatively through these projects. IIML managed IL&FS India Realty Fund - I has incubated the Company through an initial investment of US\$ 100 mn





ARCH PHARMACEUTICALS LTD

The Indian Pharmaceutical Industry has grown from US\$ 5.3 bn to US\$ 13.1 bn between FY2002 and FY2007 and is expected to grow to US\$ 33.4 bn by FY2012. While the pharmaceutical space is exceedingly competitive given product, cost and Intellectual Property Rights challenges, IIML believes that the companies with demonstrated technical and manufacturing capabilities will stand differentiated

IIML has identified such a player in ARCH which has built a reputable clientele through its focus on being the “Non-competing supplier of choice” and an aggressive execution strategy. Its delivery capability relies on a combination of strong Research & Development, capacity expansion and acquisitions

The Company presently has capabilities to manufacture a variety of intermediates and APIs in the growing therapeutic segments like antibiotics, psychotropics, cardiovascular, anti-ulcerants and analgesics. Over the last two years, the Company has grown at an impressive rate of about 50% and is now entering a high growth phase supported by favourable industry parameters and significant demand

IIML managed funds have invested a total of Rs 300 mn in February 2005 and December 2007



ABG SHIPYARD LTD

IIML was amongst the earlier entrants into the shipbuilding industry having spotted a competitive niche and favourable timing for a technically competent Indian shipyard. Internationally, the ship building industry has gradually migrated towards the Indian subcontinent. A continued demand - supply gap, strict enforcement of replacement norms and the labour cost advantage make India the preferred supplier of choice

ABG is a leading private ship builder with pedigreed customer relationships, significant technical expertise and long standing experience in implementation of both foreign and domestic orders. The company has delivered 103 specialized and sophisticated vessels and is further expanding its operations through the organic and inorganic route

In July 2005, IIML lead the private equity investment into ABG. Since then, the company has demonstrated impressive growth in operations as well as shareholder value, registering a growth rate of 81% over the past 3 years. The company had its IPO in December 2005 and today trades at a multiple of 5.4x of the IIML investment





MULTI COMMODITY EXCHANGE OF INDIA LIMITED

On the back of wide ranging capital market reforms, changing market practices and the increased participation of foreign institutional investors, stock markets in India have showed phenomenal growth since the early 1990s

The setting up of the National Stock Exchange in 1992 brought to Indian capital markets several innovations and modern practices and procedures such as nationwide trading network, electronic trading, greater transparency in price discovery and process driven operations that had significant bearing on the exponential growth of the Indian stock markets. In a similar attempt to enhance commodity related trade infrastructure, three national level commodity exchanges were set up in 2003. National commodity exchanges offer efficient price discovery and better risk management facilities for market participants

MCX is an independent, de-mutualized commodity exchange set up to facilitate nationwide online trading, clearing and settlement operations for the commodities market. The company currently offers trading in over 65 commodities, significant in the Indian and global context. MCX is today amongst the top 10 commodity derivatives exchanges in the world, the world's second largest silver exchange and world's third largest gold exchange in terms of the trading volumes. The company currently has operations in 380 cities in India with 1650 members and over 7000 workstations

In November 2007, IIML managed funds participated in the new round of investment sought by MCX. With increased impetus on imparting efficiency to various commodities, MCX is uniquely positioned to gain greater visibility



ibn18 BROADCAST LIMITED

With the Indian economy moving towards enhanced sustainability, consumption growth will be an important source of emerging investment opportunities. In this context, the growing middle class' increased access to electronic media combined with digitization and alternate distribution channels, makes the television medium a growing opportunity

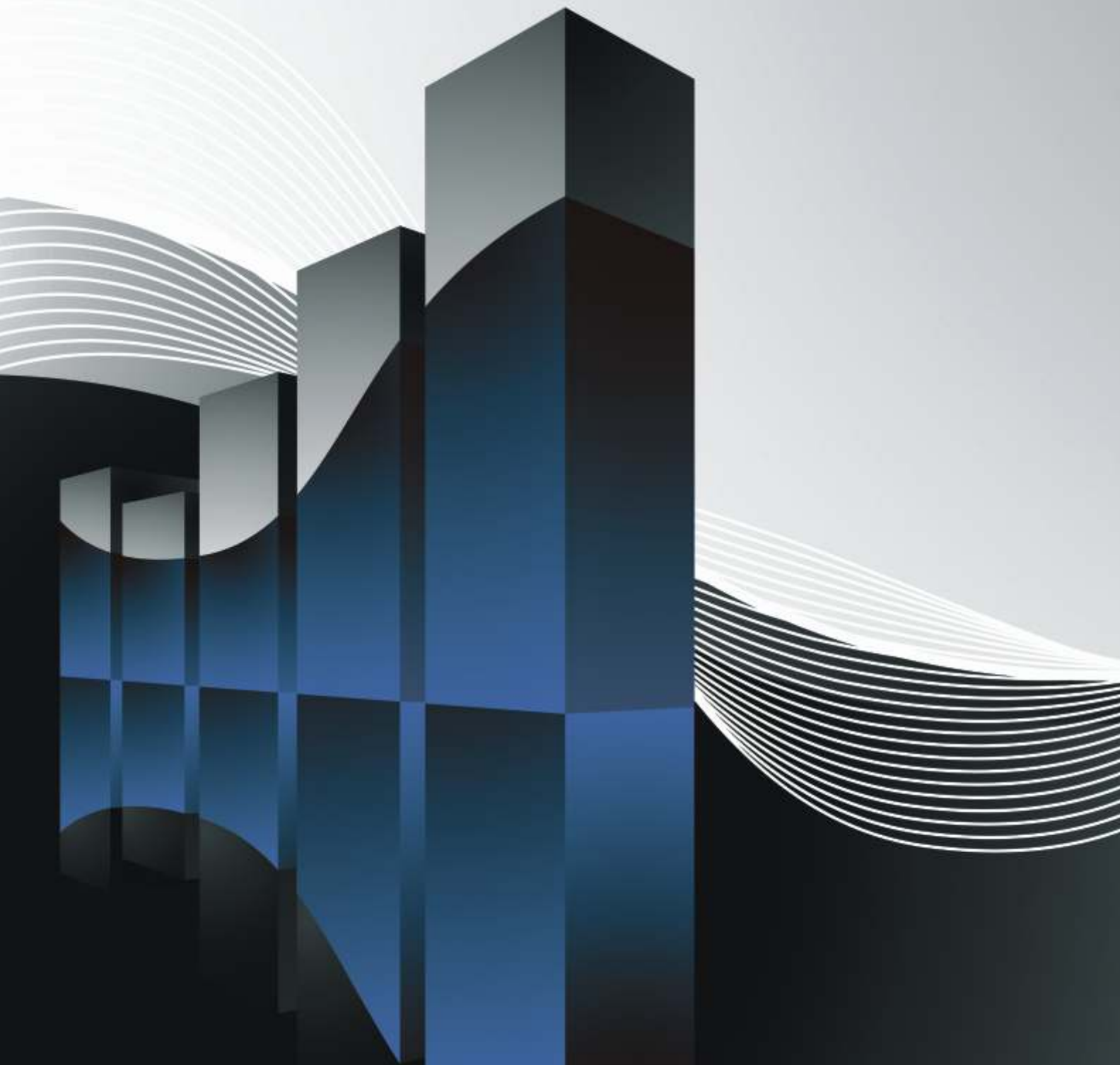
News channels are an attractive segment of the television market, with increasing literacy and economic awareness, resulting in enhanced demand for news and information. This genre is growing exponentially and has become the second largest after entertainment, leading to rapid growth in advertisement and subscription revenues

ibn18 made its debut in December 2005 with the launch of CNN IBN. With a stated intent to fill the large gap between the then leader NDTV and other players, the company today leads in the English news segment and has also forayed into the Hindi news space with IBN7. ibn18 will also house the Network18 Group's entertainment arm called Viacom18, which is a joint venture with the US based media conglomerate Viacom. Viacom18 houses Studio 18, the film production and distribution arm of the Network18 Group and also the channels MTV, VH1 and Nickelodeon

In January 2006, IIML through its Leverage India Fund was the sole private equity investor with an investment of Rs 400 mn. The company debuted on the bourses in February 2007 and today trades at a multiple of 3.4x of the IIML investment



FINANCIAL SECTION



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DIRECTORS' REPORT

To The Members
IL&FS Investment Managers Limited

Your Directors have pleasure in presenting for your consideration and approval the Twenty Second Annual Report with the Audited Financials of the Company for the year ended March 31, 2008

FINANCIAL ACHIEVEMENTS AND DIVIDEND

	For the year ended March 31, 2008 (Rs. Million)	For the year ended March 31, 2007 (Rs. Million)
Total Income	825.54	503.26
Profit before Taxation	423.73	267.23
Provision for Taxation	143.39	94.22
Net Profit after Taxation	280.35	173.01
Balance of Profit brought forward	46.72	16.31*
Profit available for appropriation	327.06	189.32
Appropriations :		
General Reserve	30.00	22.29
Dividend (inclusive of dividend tax)	170.68	120.31
Balance carried to Balance Sheet	126.38	46.72

* Adjusted for an amount of Rs 3.65 million due to capitalization done for Issue of Bonus Shares

DIVIDEND

During the year, your Company achieved a net profit after tax of Rs 280.35 million. Your Directors recommend a dividend of Rs 5.50 per share. The total amount of dividend is Rs 170.68 million (inclusive of dividend tax of Rs 24.79 million)

REVIEW OF OPERATIONS

Income: The income from operations for this year was Rs 753.74 million as compared to Rs 465.14 million in the previous year

Inclusive of Income from Investments of Rs 69.17 million and Other Income of Rs 2.63 million, the Gross Income for Financial Year 2007-08 was Rs 825.54 million against Rs 503.26 million in the previous year

Operating Expenses: The total Operating Expenses for the year were Rs 398.31 million against Rs 211.12 million in the previous year

Profits: The Profit after tax for the year was Rs 280.35 million against Rs 173.01 million in the previous year

DIRECTORS

Mr Arun Saha and Mr Vibhav Kapoor retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offer themselves for re-appointment. During the year Mr Alok Bhargava was appointed as an Executive Director of the Company at the Board Meeting held on January 25, 2008. Since Mr Bhargava was appointed as an Additional Director of the Company he holds office upto the date of the ensuing Annual General Meeting of the Company and being eligible offers himself for appointment. The Company has received a notice under Section 257 of the Companies Act, 1956 proposing appointment of Mr Alok Bhargava as Director of the Company. During the year Mr Rajaraman Viswanathan and Mr Narendra Prasad resigned and ceased to be Directors of the Company with effect from September 4, 2007

DIRECTORS' REPORT

STATUTORY AUDITORS

The Statutory Auditors of the Company M/s Deloitte Haskins & Sells, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and have expressed their willingness to continue as Auditors, if re-appointed, at the ensuing Annual General Meeting

The Company has also received a certificate from M/s Deloitte Haskins & Sells under Section 224(1B) of the Companies Act, 1956 confirming their eligibility for re-appointment

INCREASE IN SHARE CAPITAL

During the year your Company allotted 815,530 Equity Shares on the exercise of Options issued under the Employee Stock Option Plans 2004 & 2006

Further, the Board of Directors of your Company at their meeting held on April 1, 2008 approved the issue of Bonus Shares in the ratio of one Bonus Share for every two existing Equity Shares held by the members of the Company subject to the approval of the members of the Company. The resolution for approval of bonus issue by the members of the Company is being placed before the members in the ensuing Annual General Meeting of the Company

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Report on Corporate Governance along with Management Discussion and Analysis and Auditors' certificate on compliance with the Corporate Governance requirements have been included in this Annual Report as separate sections

SUBSIDIARY COMPANIES

During the year 2007-2008 your Company had the following subsidiaries IL&FS Asian Infrastructure Managers Limited, IL&FS Urban Infrastructure Managers Limited, IL&FS Investment Advisors LLC and IL&FS Singapore Asset Management Company Pte Ltd.

Pursuant to Section 212 of the Companies Act, 1956 the Company had made an application with the Ministry of Corporate Affairs, Government of India and sought exemption from attaching with the Balance Sheet of the Company, the Accounts and other documents of each of the Subsidiary Companies of the Company. The Ministry of Corporate Affairs, Government of India vide its letter no. 47/197/2008-CL-III dated April 23, 2008, has granted the exemption to the Company. In compliance with the terms of said exemption the Company has attached a summary financial statement of each of the Subsidiary Company in compliance with the aforesaid letter of the Ministry of Corporate Affairs

As per Clause 32 of the Listing Agreement the consolidated financial statements of the Company with its Subsidiaries form part of the Annual Report. The copies of the audited annual accounts of the Company's Subsidiaries and other related documents, can also be sought by any member of the Company or its Subsidiaries on making a written request to the Company Secretary in this regard. The Annual Accounts of the Subsidiary Companies are also available for inspection by any investor at the Company's and/or the concerned Subsidiaries' registered office

DEPOSITS

Your Company has not accepted any deposits from the public for the year under consideration

FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars regarding foreign expenditure and earnings appear as Item Nos. 8 (ii) and 8 (iii) respectively, of Schedule 13 to the Notes to the Accounts

Since the Company does not own any manufacturing facility, the other particulars in the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable

PERSONNEL

Your Directors wish to place on record their appreciation of the services rendered by the employees of the Company at all levels. The particulars of the employees as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are set out in the annexure to the Directors' Report

DIRECTORS' REPORT

DETAILS OF EMPLOYEE STOCK OPTION PLANS

The detailed disclosures as per SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 of the ESOP Schemes of the Company are annexed to the Directors' Report

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors wish to state that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) they had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that year;
- (c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) they had prepared the annual accounts on a going concern basis

ACKNOWLEDGEMENT

Relationship with Members, Investors of the funds under management, Reserve Bank of India, Securities and Exchange Board of India, other Regulatory authorities, investee companies and our bankers remained excellent during the year under review. Your Directors are grateful for the support extended by them and look forward to receiving their continued support and encouragement

For and on behalf of the Board

Place : Mumbai
Date : April 24, 2008

S M DATTA
Chairman

Annexure to the Directors' Report

SL	Name	Age (Yrs)	Designation	Remuneration Received (Rs.)	Qualification	Experience (Yrs)	Date of Commencement of employment	Last Employed
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Employees employed throughout the Financial Year and in receipt of remuneration of not less than Rs. 2,40,000 for the Financial Year 2007-2008								
1	Shahzaad Dalal	49	Vice Chairman & Managing Director	18,634,921	B.Com, MBA	27	01.04.2002	Infrastructure Leasing & Financial Services Limited
2	Archana Hingorani	42	Executive Director	13,437,439	B.A.(Economics), MBA	23	01.12.2002	Infrastructure Leasing & Financial Services Limited
3	Manoj Borkar	43	Chief Financial Officer	9,431,629	B.Com, ACA	20	01.04.2000	Infrastructure Leasing & Financial Services Limited
4	Mark Silgado	50	Chief Operating Officer	9,637,438	B.A., MBA, PGDBA	26	03.07.2006	IndusInd Bank Limited
5	Rahul Shah	45	Senior Vice President	7,067,296	B.Com, ACA	22	26.11.1996	Self Employed
6	Guhan Subramaniam	54	Senior Vice President	7,612,358	B.A.(Economics), MBA	29	01.12.2000	BPL Telecom Limited
7	Sunil Diwakar	45	Senior Vice President	6,360,778	B.E. (Mechanical), MT, PGDIM	23	16.09.2004	Self Employed
8	Krishna Kumar	36	Senior Vice President	5,135,302	B.Com, MMM	16	01.04.2002	Infrastructure Leasing & Financial Services Limited
9	Sanjay Mitra	35	Vice President	4,334,837	M.Com, ACS, ICWA	12	01.05.2001	Larsen & Toubro Limited
10	Rajiv Maheshwari	42	Vice President	4,136,568	BA(Hons), MFC	12	21.11.2005	ICICI Property Services (Home Finance)
11	Rajnish Rastogi	36	Asst. Vice President	4,151,951	CFA, PGDBA, MBA (Finance), B. Tech (Electrical Engg)	12	24.07.2006	CRISIL
12	Jaydeep Bakshi	37	Asst. Vice President	3,924,609	MMS (Finance), BE (Construction)	14	29.11.2006	Shringar Cinemas Limited
13	Rajesh Adhikary	38	Asst. Vice President	3,795,188	CFA, PGDBA, BE (Civil)	14	01.11.2006	Bennett Coleman & Co. Limited
14	Parag Baduni	34	Asst. Vice President	3,261,159	MBA (Finance), B.Sc (Hons)	10	01.04.2005	Schoolnet India Limited
15	L Mohan Roy	39	Asst. Vice President	3,202,390	MBA (Finance), BE (Mech)	13	12.09.2005	Canbank Venture Capital Fund Ltd.
16	Bina Trivedi	42	Asst. Vice President	3,181,393	B.Com, CA	14	15.09.2006	Planet Diamond Tools, USA
17	Vinod Thomas	38	Asst. Vice President	2,982,789	MBA (Finance), IIT (Civil Engg)	15	19.06.2006	Government of India
18	Kamalesh Sarangi	36	Asst. Vice President	2,785,073	PGDM (Finance & Marketing), BE (Chemical Engg)	13	19.06.2006	ICICI Bank Ltd.
19	Lalita Jagtiani	40	Asst. Manager	2,705,908	BA	16	01.04.2002	Infrastructure Leasing & Financial Services Limited
Employed for part of the year and in receipt of remuneration of not less than Rs. 200,000/- p.m. for the Financial Year 2007-2008								
20	Alok Bhargava	46	Executive Director	2,359,404	B. Tech, MBA	22	21.11.2007	IL&FS Financial Services Limited
21	*Sanjeev Rastogi	39	Vice President	3,572,356	MBA(Finance), BS(Civil Engg)	12	01.06.2005	Bellagio Realty Pvt. Limited
22	Saleh Afimiwalla	38	Vice President	4,959,186	BE(Electronics),MMS(Finance)	13	18.06.2007	Barclays Bank Plc
23	Conrad Fernandes	41	Vice President	563,579	B. Com, FCA, CISA (Grad.)	16	21.01.2008	Bharti Airtel Limited
24	*Sameer Wagle	35	Asst. Vice President	3,132,583	MBA(PGDM), CFA, BE(Elect)	13	10.10.2005	Orion Capital Singapore Pvt. Ltd.
25	*Amit Saraf	31	Senior Manager	1,944,986	B. Com, ACA, DBF	8	04.07.2004	IL&FS Mutual Fund

Note:

- None of the employees is a relative of any Director
- Remuneration includes Salary, Company's contribution to Provident Fund and Superannuation Fund, Performance Related Pay, House Rent Allowance, Other Allowances, Medical Allowance, Leave Travel Assistance, Leave Encashment, Group Term Insurance, and other perquisites as valued for Income Tax Rules, 1962
- Policy with Life Insurance Corporation of India has been taken to cover the liability of payment of Gratuity to employees

Place: Mumbai

Date: April 24, 2008

* Resigned during the year

For and on behalf of the Board

S M DATTA
Chairman

Annexure to the Directors' Report

Details of Options issued under the Employee Stock Option Plans

The Members of the Company had approved the Employee Stock Option Scheme 2003 ("ESOP 2003") and the Employee Stock Option Scheme 2004 ("ESOP 2004") for granting Options to the Directors and employees of the Company and the Employee Stock Option Scheme 2006 ("ESOP 2006") for granting Options to the Directors and employees of the Company and its Holding and Subsidiary Companies

During the year 2006-2007 the Company had a Bonus issue of one Bonus Share for every two existing Equity Shares held by the members. Accordingly the unexercised Options from the above Options were adjusted so that the total value of the Options remains the same. The disclosures given below are after taking into consideration the enhanced Options under all the schemes

During the financial year 2007-2008, the Compensation Committee of the Company had distributed Options to the Directors and employees of the Company

The particulars of the Options distributed under ESOP 2003, ESOP 2004 and ESOP 2006 during the year based on the enhanced Options are as follows:

ESOP 2003			
(1)	Options granted till date	:	1,201,673 Options
(2)	Pricing Formula	:	The Options have been granted as per the market price on the date of the grant as defined in the SEBI Guidelines
(3)	Options vested during the year	:	Nil Options
(4)	Options exercised during the year	:	Nil Options
(5)	Total number of shares arising as a result of exercise of Options	:	Not Applicable
(6)	Options lapsed during the year	:	Nil Options
(7)	Variation of terms of Options during the year	:	No variations during the year
(8)	Money realised by exercise of Options during the year	:	Not Applicable
(9)	Options vested but yet to be exercised	:	Nil Options
(10)	Options available for Grant in future	:	3,361 Options
(11)	Options granted during the Financial Year	:	Nil Options
(12)	Options granted to Senior Managerial Personnel and employees who received Options amounting to and in excess of 5% of the Options granted under ESOP 2003 during the financial year ended March 31, 2008	:	Nil Options

Annexure to the Directors' Report

ESOP 2004			
(1)	Options granted till date	:	2,250,000 Options
(2)	Pricing Formula	:	Market price on the date of the grant as defined in SEBI Guidelines or such other lower price as per the terms of the scheme
(3)	Options vested during the year	:	164,237 Options
(4)	Options exercised during the year	:	33,395 Options
(5)	Total number of shares arising as a result of exercise of Options	:	33,395 Shares
(6)	Options lapsed during the year	:	Nil Options
(7)	Variation of terms of Options	:	No variations during the year
(8)	Money realised by exercise of Options during the year	:	Rs 1,202,220/-
(9)	Options vested but yet to be exercised	:	130,842 Options
(10)	Options available for grant in future	:	11,638 Options
(11)	Options granted during the Financial Year	:	Nil Options
(12)	Options granted to Senior Managerial Personnel and employees who received Options amounting to and in excess of 5% of the Options granted under ESOP 2004 during the financial year ended March 31, 2008	:	Nil Options

ESOP 2006			
(1)	Options granted till date	:	2,225,000 Options
(2)	Pricing Formula	:	The Options have been granted as per the market price on the date of the grant as defined in the SEBI Guidelines
(3)	Options vested during the year	:	1,375,000 Options
(4)	Options exercised during the year	:	782,135 Options
(5)	Total number of shares arising as a result of exercise of Options	:	782,135 Shares
(6)	Options lapsed during the year	:	77,000 Options
(7)	Variation of terms of Options	:	No variations during the year
(8)	Money realised by exercise of Options during the year	:	Rs 83,359,285/-
(9)	Options vested but yet to be exercised	:	592,865 Options
(10)	Options available for grant in future	:	102,000 Options
(11)	Options granted during the Financial Year	:	570,000 Options
(12)	Options granted to Senior Managerial Personnel and employees who received Options amounting to and in excess of 5% of the Options granted under ESOP 2006 during the financial year ended March 31, 2008	:	Mr Shahzaad Dalal - 100,000 Options Dr Archana Hingorani - 50,000 Options

Annexure to the Directors' Report

None of the Directors of the Company/ Subsidiary Companies of the Company and employees of the Company were granted Options during the year under any of the above ESOP Schemes equal to or exceeding 1% of the issued capital of the Company at the time of grant. The Diluted Earnings Per Share pursuant to issue of shares on exercise of Options calculated in accordance with Accounting Standard 20 is Rs 10.52

The Company calculates the employee compensation cost using the Intrinsic Value of the Options. In the event the Company had used the Fair Value of Options for calculating the employee compensation cost the difference between the employee compensation cost so computed and the employee compensation cost arising out of the Intrinsic Value method would have been Rs 26,927,138/- which would have reduced the Profit before Tax of the Company by Rs 26,927,138/- and the Basic and Diluted Earnings Per Share would have reduced to Rs 10.13 and Rs 9.85, respectively

The Weighted Average Exercise Price for Options granted during the year in case of ESOP 2003 and ESOP 2004 is Nil and in case of ESOP 2006 is Rs 143.65. The Weighted Average Fair Value of the Options granted during the period is Rs 54.80 (calculated by external valuers using Black - Scholes Model)

Method and significant assumptions used to estimate the Fair Value of the Options for ESOP 2003, ESOP 2004 and ESOP 2006:

The Fair Value of Options has been calculated by an independent valuer. The valuation has been done using the Black - Scholes model based on the assumptions, which are as below:

(i) Expected Life of Options:

Expected Life of Options is the period within which the Options are expected to be exercised. The earliest the Options can be exercised is immediately on vesting. All the Options vest at the end of one to three years from the date of Grant. The Options can be exercised at any time upto 4 years from the vesting date

Considering above the average life of option period each for the different set of Options based on the respective vesting period and the exercise period has been assumed as expected life of Options

(ii) Risk free interest rate:

This rate has been assumed at 7.5%

(iii) Share Price:

Share Price is the market price on the National Stock Exchange with reference to the Grant date

(iv) Volatility:

Volatility is calculated based on a period which represents a consistent trend in the price movement after adjusting abnormal events, if any

(v) Expected dividend yield has been calculated as follows :

Dividend per share / Market price of the share on the Grant Date

CERTIFICATE

We have reviewed the Employee Stock Option Plan 2003, Employee Stock Option Plan 2004 and the Employee Stock Option Plan 2006 ("the Plans") and the related records of **IL&FS Investment Managers Limited** ("the Company") as at March 31, 2008 in connection with the issuance of the stock options under the plans.

Based on our review and according to the information and explanations provided to us, we certify that the above Plans have been implemented in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and in accordance with the resolutions of the Company in the general meetings held on July 26, 2003, March 19, 2004 and May 3, 2006.

For Deloitte Haskins & Sells.
Chartered Accountants

A. B. JANI
Partner

(Membership No. 46488)

Mumbai, April 24, 2008

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

The Indian economy has been witnessing a sustained growth of over 8% p.a. during the last few years. With an expanding domestic market and increasing number of opportunities being brought in by the integration of global trade, the Indian industry has risen to the challenge - the challenge to be of world class in terms of scale, reach, technology, branding and innovation

Driven by strong economic parameters, domestic and export demand growth and ambitious expansion plans of Corporate India, the private equity inflows continued to register unprecedented growth. From approximately \$ 1.7 bn in 2004, it is estimated that India has attracted \$ 13.5 bn of private equity funding in 2007, ranking it among the top seven in the world. India has now emerged as the top destination in Asia (excluding Japan and Australia), surpassing China

In India, as in other countries, private equity has played a significant role in nurturing emerging businesses. Private investment is now not only a key driver in the manufacturing and services sectors but is also set to emerge as the key contributor to development of the infrastructure sector

However, despite the large quantum, private equity inflows are still approximately 1% of the country's GDP indicating the tremendous scope for growth, not just on account of the underlying GDP growth but also on account of catch-up to global levels. It is therefore expected that private equity funding levels will accelerate and touch \$ 20 billion by 2010. This represents a significant opportunity for the Company to grow its assets under management

Analysis of Performance for the year ended March 2008

Business Review

Operating income of the Company is a function of the funds under its management and the returns generated by the Company for its funds. The Management Fee, based on a predefined percentage of the fund corpus, provides annuity income to the Company over the investment life of fund. Completion of the fund life or its investment period therefore results in reduced income from Management Fees. The Company therefore endeavors to raise new funds on an ongoing manner. Additionally, the Company is also entitled to a share in the profits of the funds defined as 'Carry' which accrues to the Company at the end of the tenor of the funds

On this front during the financial year the Company initiated efforts to raise its second real estate fund recognizing the strong demand for real estate focussed funding. The Company was able to successfully showcase its strong sourcing and development strengths and its leadership role-play in the sector to international investors, which include marquee institutions and pension funds. The confidence reposed by existing investors resulted in the Company attracting commitments for its Real Estate Fund-II, significantly higher than the Real Estate Fund-I, raised earlier last financial year. The Company is in discussion with a few other investors and endeavors to attain Final Close for the fund shortly

The Company had also initiated efforts to raise a general purpose private equity fund during the previous financial year. The fund raise efforts faced a challenging environment on account of the changes made in the Union Budget 2007 in relation to the tax regime governing venture capital / private equity funds. The Company has however been able to successfully attain First Close of the fund. The new fund - Tara India Fund III, will take advantage of opportunities arising in a spectrum of industries and will build on the experience gained during the predecessor fund, the Leverage India Fund

With the successful initial close of the two funds during the financial year, the Company now has approximately \$ 1.7 billion under its management, making it one of the largest domestic fund management houses in India

Growth in funds under management bears direct correlation to the Company's operating income and the full impact of the two funds raised during the course of the financial year will be felt in the next financial year. Further, building on its traditional strength in the infrastructure space, the Company is looking at expanding its infrastructure portfolio by raising an infrastructure-focussed fund, which is expected to significantly enhance the assets under management

More importantly, the Company was successful in fully divesting from all its investments made under the AIG Indian Sectoral Equity Fund and India Project Development Fund. Both funds have now returned capital and profits to their respective investors. With this, the Company is one of the very few fund companies, which have not only deployed capital across business cycles but also has gone through two fund life cycles. This experience further consolidates the Company's unique standing in the Indian private equity industry

In terms of funds deployment, the Company invested / committed investment across 7 companies in the infrastructure / private equity space and across 10 investments in real estate

Divestment of the Leverage India Fund portfolio gained momentum during the year by sale of 2 investments and partial sale of 4 investments. In total, the Company managed to complete exit from 6 investments across all its funds

The Company now manages a well-balanced portfolio of investments across sectors and expects to realize attractive returns for its fund investors. This would translate into higher fund management capability as well as upside for the Company through share of profits

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

The Company's income from fund management increased to Rs 753.74 mn, compared from Rs 465.14 mn in the previous financial year

Inclusive of income from investments of Rs 69.17 mn and Other Income of Rs 2.63 mn, the Gross Income for financial year 2007-08 was Rs 825.54 mn, compared to Rs 503.26 mn in the previous year

Operating expenses of the Company for the year were Rs 398.31 mn, compared to Rs 211.12 mn in the previous year

As a result, Profit before tax for the year was Rs 423.73 mn, compared to Rs 267.23 mn for the previous year

Outlook for Financial Year 2008-2009

The international business environment, particularly in the US, has been witness to turmoil in recent past. While India is expected to continue to be one of the leading emerging markets, growth may moderate in the short to medium term. This has adversely impacted sentiment in the Indian stock markets. The fall in the stock indices in the last quarter of the financial year represents both an opportunity and challenge for the Company

One of the challenges arises from managing the listed portfolio of our various funds and in providing liquidity, through listing, to the unlisted portfolio. However, the impact on the value of portfolio of funds being managed by the Company is expected to be transient in nature, especially on account of the intrinsic strength of the portfolio companies. The other challenge would be the impact of fund raising efforts of the Company. The Company is however confident that international investors will continue to recognize and appreciate the attractive investment opportunity which India represents. Fund raise efforts of the Company, focussed around the infrastructure space, are therefore expected to bear fruit during the course of the financial year 2009

The opportunity arises from the Company's ability to put funds to work at attractive entry valuations, providing significant returns for its investors. Going forward in this respect, the Company's access to transactions on a proprietary, largely off market basis will be an important differentiator in an increasingly crowded market. It is estimated that there are over 400 firms operating/planning to commence operations in India. These firms represent an estimated \$ 48 billion of capital, which need to be deployed by end-2010. While the private equity requirement is expected to grow substantially in coming years thus absorbing the deployable capital, only a few firms, which have local network and experience, would outpace other players and provide superior returns to their investors

Business Segment and Human Resources

The Company presently operates in one business segment - fund management and other related services

With growth in funds under management, the Company has had a concomitant growth in its staff strength. The Company has focussed on building an experienced investment team and a strong back office support function. Despite the entry of a number of foreign fund managers, the Company has consistently been able to attract the best of talent in the industry while also retaining its key staff members. This has been largely on account of the extensive, hands-on and independent investment exposure provided by the Company as also on account of the profit participation programs which incentivize employees through stock options and share of profits generated by the funds under management. The Company will continue to follow the international best practices in employee remuneration and incentivization

The Company presently has 46 employees

Internal Control Systems

The Company has an adequate system of internal controls to ensure accuracy of accounting records, compliance with all laws and regulations and compliance with all rules, processes and guidelines prescribed by the management

An extensive internal audit is carried out by an independent firm of Chartered Accountants. Post audit reviews are also carried out to ensure follow up on the observations made. The scope of the internal audit is determined by the Audit Committee and the internal audit reports are reviewed by the Audit Committee on a regular basis

CORPORATE GOVERNANCE REPORT

(A) COMPANY PHILOSOPHY

The Company has always been practicing sound Corporate Governance practices and the Management is of the view that a good Corporate Governance policy is one which results in the operations of the Company in a regulated manner and makes management transparent, ethical, accountable and fair resulting in enhanced shareholder value. The Management is pleased to provide a detailed disclosure of specific matters required by the Securities and Exchange Board of India

(B) BOARD OF DIRECTORS

(1) Composition :

- The Board comprises of 9 Directors including a Non-Executive Chairman, a Vice Chairman & Managing Director, Two Executive Directors and Five Non-Executive Directors. One third of the Directors of the Company are independent. The composition of the Board conforms to the requirements of the Listing Agreement
- None of the Directors hold chairmanship of more than 5 committees or membership in more than 10 committees of public limited companies as stipulated in Clause 49 of the Listing Agreement

(2) Board Meetings :

- The Board of Directors met five times during the financial year ended March 31, 2008. The meetings were held during the year on May 1, 2007, July 18, 2007, October 22, 2007, January 25, 2008 and March 19, 2008
- The category of Directors, attendance record of participating Directors at the Board Meetings during the last financial year and the last Annual General Meeting and also the number of companies in which they are directors and no of other committee memberships they hold are as follows :

Name of the Director	Category of Directors @	No. of Board Meetings held	No. of Board Meetings attended	Attendance at last AGM	No. Of other directorships*	No of other Committee Memberships**
Mr S M Datta (Chairman)	NED	5	5	Yes	18	5 (Out of the above 2 are in the capacity of Chairman)
Mr Ravi Parthasarathy	NED	5	5	Yes	16	-
Mr Bansi S Mehta	NED	5	4	Yes	16	9 (Out of the above 4 are in the capacity of Chairman)
Mr Pradip Roy	NED	5	4	No	4	1
Mr Arun K Saha	NED	5	5	Yes	22	10 (Out of the above 5 are in the capacity of Chairman)
Mr Vibhav Kapoor	NED	5	5	Yes	11	2
Mr Shahzaad Dalal	VC MD	5	5	Yes	29	8 (Out of the above 3 are in the capacity of Chairman)
Dr Archana Hingorani	ED	5	5	Yes	20	5
Mr Alok Bhargava #	ED	2	2	N.A.	1	1

Director for part of the year

Mr Alok Bhargava was appointed as an Executive Director of the Company with effect from January 25, 2008

Mr Rajaraman Viswanathan and Mr Narendra Prasad resigned as Directors of the Company with effect from September 4, 2007

@ ED - Executive Director, NED - Non-Executive Director, VC MD - Vice Chairman and Managing Director

* The other directorships includes alternate directorships and directorships in private companies and foreign companies

** The Other Committee Memberships comprises of only two committees Audit Committee & Shareholders' / Investors' Grievance Committee of public limited companies as per Clause 49 of the Listing Agreement

CORPORATE GOVERNANCE REPORT

(C) AUDIT COMMITTEE

- (1) The Audit Committee presently comprises of three Non-Executive Directors. The constitution of the Audit Committee also meets the requirements under Section 292A of the Companies Act, 1956 and the Listing Agreement
- (2) As per the terms of reference specified by the Board, the Audit Committee in addition to acting in accordance with the provisions of Section 292A of the Companies Act, 1956 also oversees the following functions:
 - (a) Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible
 - (b) Recommending the appointment and removal of the Statutory Auditors and the Internal Auditors
 - (c) Reviewing with the Management, Statutory and Internal Auditors, the adequacy of internal control systems
 - (d) Reviewing the adequacy of internal audit function
 - (e) Discussing with Internal Auditors any significant findings and follow up thereon
 - (f) Reviewing with the Management the quarterly unaudited financial statements and annual financial statements before submission to the Board
 - (g) Reviewing the management discussion and analysis of the financial condition and results of operations
 - (h) Financial and accounting practices and policies
 - (i) Compliance with stock exchange and legal requirements concerning financial statements
 - (j) Reviewing the related party transactions
 - (k) Reviewing the financial statements of unlisted subsidiary companies
- (3) The Audit Committee met four times during the financial year ended March 31, 2008 on May 1, 2007, July 18, 2007, October 22, 2007 and January 25, 2008 and the composition and attendance record of the members at the Audit Committee Meetings are as follows:

Name of the Director	Number of Meetings held	Number of Meetings Attended
Mr Bansi Mehta, Chairman	4	4
Mr Vibhav Kapoor	4	3
Mr Pradip Roy	4	3
Mr Rajaraman Viswanathan*	1	0

*Mr Rajaraman Viswanathan was appointed as the member of the Audit Committee by the Board of Directors at their meeting held on May 1, 2007. Mr Viswanathan ceased to be a member of the Committee consequent upon his ceasing to be a Director of the Company with effect from September 4, 2007

CORPORATE GOVERNANCE REPORT

(D) COMPENSATION COMMITTEE

- (1) The Compensation Committee comprises of three Non-Executive Directors. The Committee functions under the Chairmanship of Mr S M Datta. The Committee oversees the following functions:
 - (a) The criteria and quantum of compensation for Wholtime Directors
 - (b) Recruitment of key management employees and their compensation
 - (c) Determination of the annual increments and performance related pay of the employees
 - (d) Administration of the various Employee Stock Option Plans of the Company
- (2) The Company's remuneration policy has been to reward employees based on their level of responsibility, performance and potential. It is aimed at attracting and retaining high calibre management talent by valuing their performance on the basis of their contribution
- (3) The Compensation Committee met four times during the financial year ended March 31, 2008 on May 29, 2007, August 30, 2007, October 22, 2007 and January 25, 2008 and all the members of the Committee attended the same
- (4) Details of Remuneration paid to the Wholtime Directors during the year 2007-2008:

Name of the Director	Salary	Perquisites	Total
Mr Shahzaad Dalal, Vice Chairman & Managing Director	17,925,396	907,636	18,833,032
Dr Archana Hingorani, Executive Director	13,324,968	117,747	13,442,715
* Mr Alok Bhargava, Executive Director	1,101,255	266,776	1,368,031

*The above details of the remuneration paid to Mr Alok Bhargava are from the date of his appointment as Executive Director in the Company i.e. from January 25, 2008 to March 31, 2008

The salary paid to Mr Shahzaad Dalal, Dr Archana Hingorani and Mr Alok Bhargava are inclusive of their retirement benefits and in case of Mr Shahzaad Dalal & Dr Archana Hingorani includes Rs 6,500,000/- and Rs 4,500,000/- paid to them as Performance Related Pay respectively

The Remuneration paid to the Vice Chairman & Managing Director and the Wholtime Directors consists of a fixed salary and a variable bonus depending on the individual and the Company's performance and the annual increments and variable bonus are decided by the Compensation Committee from year to year

During the financial year 2007-2008, Mr Shahzaad Dalal was granted 100,000 Options convertible into 100,000 shares and Dr Archana Hingorani was granted 50,000 Options convertible into 50,000 shares at a grant price of Rs 144/- per share, which are yet to vest in them

All the above options granted to Mr Shahzaad Dalal and Dr Archana Hingorani have a vesting period of one year and can be exercised by them in a period of four years from the date of vesting

CORPORATE GOVERNANCE REPORT

(5) Details of payment made to the Non-Executive Directors during the financial year 2007-2008:

The Company does not pay any remuneration to the Non-Executive Directors of the Company except commission and sitting fees for attending the meetings of the Board and the Committee meetings. They are distributed Stock Options on the basis of their contribution to the Company and based on their tenure as Directors of the Company

During the financial year 2007-2008, the Non-Executive Directors were paid sitting fees of Rs 10,000/- each for attending the Board Meeting and the Audit Committee Meeting held on May 1, 2007 and were paid Rs 20,000/- each for attending each subsequent Board Meeting and Audit Committee Meeting. Further during the financial year 2007-2008, the Non-Executive Directors were paid sitting fees of Rs 20,000/- for attending each Compensation Committee Meeting and Rs 2,000/- for attending each Shareholders'/Investors' Grievance Committee Meeting

Details of Commission for the financial year 2007-2008 to be paid to the Non-Executive Directors of the Company are as below :

Name of the Non-Executive Director	Commission (Rs)
Mr S M Datta	Rs 2,100,000/-
Mr Ravi Parthasarathy	Rs 900,000/-
Mr Banshi Mehta	Rs 500,000/-
Mr Arun Saha	Rs 500,000/-
Mr Vibhav Kapoor	Rs 500,000/-

Such payment of commission has been approved by the members vide Special Resolution passed at the Annual General Meeting of the Company held on August 30, 2007. Besides sitting fees and commission, no other payments have been made to the Non-Executive Directors of the Company during the year

(6) Details of Options granted to Non-Executive Directors during the year and shares held by them as on March 31, 2008

Name	Options Granted during the year	Shareholding as on March 31, 2008
Mr S M Datta	35,000	370,000
Mr Ravi Parthasarathy	35,000	187,500
Mr Banshi Mehta	20,000	295,000
Mr Arun K Saha	20,000	95,000
Mr Vibhav Kapoor	20,000	88,000

The above Options have been granted to the Non-Executive Directors of the Company at the Market Price on the date of the grant as per SEBI Guidelines. All the above Options have a vesting period of one year and can be exercised by the Non-Executive Directors in a period of four years from the date of vesting

(E) SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

(1) The Shareholders'/Investors' Grievance Committee oversees the following functions:

- Issuance of duplicate certificates and rematerialisation of shares
- Redressing grievances received from the investors
- Suggesting measures to improve investor satisfaction
- Allotment of shares upon exercise of options under Employee Stock Option Schemes

CORPORATE GOVERNANCE REPORT

- (2) The Committee presently comprises of Mr Vibhav Kapoor (Chairman) and Mr S M Datta (Member). The attendance at the meetings held during the year is given below :

Name of the Director	Number of Meetings held	Number of Meetings Attended
Mr Vibhav Kapoor, Chairman	14	14
Mr S M Datta	14	14

- (3) Mr Sanjay Mitra, Company Secretary, has been designated as the Compliance Officer
- (4) The shareholders can also register their complaints by sending an email to sanjay.mitra@ilfsindia.com
- (5) The Board at its meeting held on May 1, 2007 approved the constitution of a Share Transfer Committee consisting of officers of the Company as its members for approving transfers and transmission of shares and also name deletion. The Committee presently comprises of Mr Manoj Borkar (Chairman) and Mr Sanjay Mitra (Member). The attendance at the meetings held during the year is given below :

Name of the Director	Number of Meetings held	Number of Meetings Attended
Mr Manoj Borkar, Chairman	29	29
Mr Sanjay Mitra	29	29

(F) GENERAL BODY MEETINGS

- (1) The details of the last three Annual General Meetings are as follows:

Date	Time	Location	Special Resolutions passed
August 30, 2007	10.00 a.m.	Indian Merchants' Chamber, Mumbai	1. Revision in slab of the Consolidated Salary of Mr Shahzaad Dalal, Vice Chairman & Managing Director of the Company 2. Remuneration of Mr Shahzaad Dalal, Vice Chairman & Managing Director of the Company with effect from January 27, 2007 for remainder of his tenure i.e. upto January 26, 2009 3. Appointment and Remuneration of Dr Archana Hingorani as Executive Director of the Company 4. Payment of Commission to Non - Executive Directors of the Company for a period of five years with effect from April 1, 2007 5. Payment to Non - Executive Directors of the Company by Subsidiary Companies of the Company
July 6, 2006	10.00 a.m.	Indian Merchants' Chamber, Mumbai	No Special Resolution was passed
June 24, 2005	11.00 a.m.	World Trade Centre, Mumbai	No Special Resolution was passed

- (2) None of the resolutions approved at the last Annual General Meeting required postal ballot approval. No resolution on matters requiring voting by postal ballot as per Section 192A of the Companies Act, 1956 is placed before the members at the ensuing meeting

CORPORATE GOVERNANCE REPORT

(G) DISCLOSURES

- (1) During the year under review, there were no materially significant transactions of the Company with its Directors, Senior Management and their relatives or the management that had a potential conflict with the interests of the Company at large
- (2) None of the Directors of the Company are related to each other except to the extent that the Directors nominated by Infrastructure Leasing & Financial Services Limited (IL&FS) are also employees of IL&FS
- (3) There were no instances of non-compliance by the Company on any matter related to the capital markets during the last three years
- (4) The Board of Directors of the Company has laid down a Code of Conduct for all its Board Members and senior management of the Company. A declaration of compliance with the Code of Conduct, signed by the Vice Chairman & Managing Director forms part of the Annual Report
- (5) The Vice Chairman & Managing Director and the Chief Financial Officer of the Company have furnished the requisite certificate to the Board of Directors under Clause 49 (V) of the Listing Agreement
- (6) Some of the Independent Directors of the Company have been Directors of the Company in excess of nine years
- (7) The Company does not send any half-yearly report to the members
- (8) The Company does not have a system of peer group evaluation of the Non-Executive Directors and also does not have a system of training the Board members on the business model of the Company
- (9) The Company does not have a Whistle Blower Policy

(H) MEANS OF COMMUNICATION

The Company publishes its quarterly and annual results in newspapers viz. Economic Times (Mumbai & Delhi) and Maharashtra Times (Mumbai). These results are also made available on the website of the Company www.iimlindia.com

The Company has also posted its Code of Conduct for Board of Directors and Senior Management of the Company and its shareholding pattern on its website

(I) SHAREHOLDERS' INFORMATION

The Management Discussion & Analysis forms part of the Annual Report

Stock Code and ISIN Number		
Bombay Stock Exchange Limited	:	511208
The National Stock Exchange of India Limited	:	IVC EQ
ISIN No.	:	INE050B01015

Listing of shares:

The shares of the Company are listed on the following Stock Exchanges:

Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai 400 001

National Stock Exchange of India Limited
Exchange Plaza, Plot No. C/1, G Block
Bandra-Kurla Complex, Bandra (E), Mumbai 400 051

CORPORATE GOVERNANCE REPORT

Shareholding Pattern as on March 31, 2008		
Category	No. of shares	% of holding
Body Corporates	15,288,640	57.64
Foreign Institutional Investors	785,929	2.96
Foreign Mutual Fund	528,202	1.99
Mutual Fund	121,491	0.46
Government Nominees	50	0.00
Banks	690	0.00
Clearing Members	8,185	0.03
Individuals	9,778,055	36.87
Trusts	13,572	0.05
Total	26,524,814	100.00

Stock Market Price Data for the year 2007-2008 on the Bombay Stock Exchange Limited		
Month	High	Low
April 2007	154.40	125.00
May 2007	159.95	138.50
June 2007	157.65	131.60
July 2007	192.40	151.00
August 2007	183.00	153.10
September 2007	278.00	155.55
October 2007	354.10	248.00
November 2007	342.80	261.00
December 2007	446.00	344.00
January 2008	440.00	270.00
February 2008	318.75	235.00
March 2008	268.70	180.05

CORPORATE GOVERNANCE REPORT

Registrar and Share Transfer Agents:

Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound, L.B.S. Marg,
Bhandup (West), Mumbai 400 078
Tel No: 2596 3838
Fax No: 2594 6969

Address for correspondence:

The Company's registered office is situated at
The IL&FS Financial Centre,
Plot No. C-22, G Block, Bandra-Kurla Complex,
Bandra (East), Mumbai 400 051
Tel No: 2659 3531
Fax No: 2653 2494

Members' correspondence should be addressed to:

Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West), Mumbai 400 078
Tel No: 2596 3838
Fax No: 2594 6969

Members holding shares in dematerialised form should address all their correspondence regarding change of address, nomination etc. to their respective Depository Participants

Dematerialisation of shares:

As on 31st March, 2008 ninety four percent (94%) of shares were held in dematerialised form

CODE OF CONDUCT CERTIFICATE

I, Shahzaad Dalal, Vice Chairman & Managing Director of the Company, hereby declare that the Board of Directors have laid down a Code of Conduct for the Board Members and Senior Management of the Company and the Board Members and Senior Management have affirmed compliance with the said Code of Conduct

For IL&FS Investment Managers Limited

Shahzaad Dalal
Vice Chairman & Managing Director

Place: Mumbai
Date: April 24, 2008

AUDITORS' CERTIFICATE

TO THE MEMBERS OF IL&FS INVESTMENT MANAGERS LIMITED

We have examined the compliance of conditions of corporate governance by **IL&FS INVESTMENT MANAGERS LIMITED** ("the Company") for the year ended March 31, 2008 as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Mumbai, April 24, 2008

For Deloitte Haskins & Sells.
Chartered Accountants

A. B. JANI
Partner
(Membership No. 46488)

Auditors' Report

TO THE MEMBERS OF IL&FS INVESTMENT MANAGERS LIMITED

1. We have audited the attached Balance Sheet of IL&FS INVESTMENT MANAGERS LIMITED ("The Company") as at March 31, 2008, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above:
 - (a) we have 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 Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956
 - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2008;
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date
5. According to the information and explanations given to us and on the basis of the written representations from the directors as on March 31, 2008, taken on record by the Board of Directors, we report that none of the directors is disqualified as at March 31, 2008 from being appointed as a director under Section 274 (1) (g) of the Companies Act, 1956.

For Deloitte Haskins & Sells.
Chartered Accountants

A. B. JANI
Partner
(Membership No. 46488)

Mumbai, April 24, 2008

Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

- (i) The nature of the Company's business/ activities during the year is such that clauses (ii), (viii), (x), (xii), (xiii), (xiv), (xv), (xvii), (xix) and (xx) of Companies (Auditor's Report) Order, 2003 (CARO) are not applicable.
- (ii) In respect of its fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a programme of verification, the frequency of which is reasonable. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The fixed assets disposed off during the year, in our opinion do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) According to the information and explanations given to us, the Company has not granted or taken loan to/ from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Accordingly sub clauses (a) to (f) of clause (iii) of CARO are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for purchase of fixed assets and for the sale of services. We have not observed any continuing failure to correct major weaknesses in such internal control systems.
- (v) To the best of our knowledge and belief and according to the information and explanations given to us, there were no contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that needed to be entered into the register maintained under the said section. Accordingly sub clause (b) of clause (v) of CARO is not applicable.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits in terms of provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
- (vii) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (viii) 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, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth Tax, Service Tax, Cess and any other material statutory dues with the appropriate authorities during the year. There were no undisputed amounts payable on account of the above dues, outstanding as at March 31, 2008 for a period of more than six months from the date they became payable.
- (b) Details of disputed Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax and Cess which have not been deposited as on March 31, 2008 on account of dispute is given below:
- | Name of statute | Nature of the dues | Amount (Rs. Lakhs) | Period of which the amount relates | Forum where dispute is pending |
|----------------------|--------------------|--------------------|------------------------------------|--------------------------------|
| Income Tax Act, 1961 | Income Tax | 155.13 | 2002 - 2005 | CIT (Appeals) |
- (ix) According to the information and explanations given to us, the Company has not borrowed from financial institutions and banks.
- (x) To the best of our knowledge and belief and according to the information and explanations given to us there are no term loans availed by the Company during the year.
- (xi) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xii) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company was noticed or reported during the year.

For Deloitte Haskins & Sells.
Chartered Accountants

A. B. JANI
Partner
(Membership No. 46488)

Mumbai, April 24, 2008

BALANCE SHEET

AS AT MARCH 31, 2008

	Schedules	As at March 31, 2008 Rupees	As at March 31, 2007 Rupees
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	265,268,140	257,112,840
Stock Options Outstanding		9,158,940	9,858,720
Reserves and Surplus	2	319,830,766	131,422,089
		594,257,846	398,393,649
APPLICATION OF FUNDS			
Fixed Assets	3		
Gross Block		127,318,395	124,626,816
Less: Depreciation		121,778,500	119,230,248
Net Block		5,539,895	5,396,568
Add: Capital Work-in-Progress (Intangible asset - software)		2,444,280	1,604,280
		7,984,175	7,000,848
Investments	4	215,319,527	75,332,482
Deferred Tax Asset (net) (Refer note 4 of Schedule 13)		16,175,000	14,162,000
Current Assets, Loans and Advances			
Sundry Debtors	5	382,112,303	241,953,683
Cash and Bank Balances	6	166,734,323	100,328,402
Loans and Advances	7	188,635,193	159,453,982
		737,481,819	501,736,067
Less: Current Liabilities and Provisions	8		
Current Liabilities		173,953,639	66,668,125
Provisions		208,749,036	133,169,623
		382,702,675	199,837,748
Net Current Assets		354,779,144	301,898,319
		594,257,846	398,393,649
Significant Accounting Policies and Notes to the Accounts	13		

Schedules 1 to 13 annexed hereto form part of the Financial Statements

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

A. B. JANI
Partner

Place : Mumbai
Date : April 24, 2008

For and on behalf of the Board

S M DATTA
Chairman

SHAHZAAD DALAL
Vice Chairman & Managing Director

SANJAY MITRA
Company Secretary

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED MARCH 31, 2008

	Schedules	For the year ended March 31, 2008 Rupees	For the year ended March 31, 2007 Rupees
INCOME			
Income from Fund Management and Advisory Services	9	753,741,110	465,141,180
Income from Investments/Loans	10	69,165,475	35,831,032
Other Income (Tax deducted at source Rs. Nil, Previous year Rs.29,172/-) (Includes net profit on sales of Fixed Assets Rs.53,867/-, Previous year Rs.329,103 /-) (Refer note 8(iii) on Schedule 13)		2,635,147	2,288,589
		825,541,732	503,260,801
EXPENSES			
Staff Expenses	11	269,828,651	137,187,258
Operating Expenses	12	128,484,004	73,929,094
Depreciation		3,497,371	24,912,032
		401,810,026	236,028,384
Profit before Tax		423,731,706	267,232,417
Provision for Tax			
- Current Tax		141,000,000	96,500,000
- Deferred Tax Asset (net) (Refer note 4 of Schedule 13)		(2,013,000)	(5,030,208)
- Fringe Benefit Tax		4,400,000	2,750,000
Profit after Tax		280,344,706	173,012,625
Balance brought forward from previous year		46,719,380	19,955,635
Less: Capitalised for Issue of Bonus Shares		-	3,647,898
		327,064,086	189,320,362
Less: Appropriations :			
Transferred to General Reserve		30,000,000	22,286,675
Proposed Dividend		145,886,477	102,837,136
Tax on Dividend		24,793,407	17,477,171
Balance carried to Balance Sheet		126,384,202	46,719,380
Earnings Per Share (EPS) (Refer note 9 of Schedule 13) (Equity shares, Face value Rs.10/- each)			
Basic		10.82	7.11
Diluted		10.52	6.75
Significant Accounting Policies and Notes to the Accounts	13		

Schedules 1 to 13 annexed hereto form part of the Financial Statements

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

A. B. JANI
Partner

Place : Mumbai
Date : April 24, 2008

For and on behalf of the Board

S M DATTA
Chairman

SHAHZAAD DALAL
Vice Chairman & Managing Director

SANJAY MITRA
Company Secretary

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2008

	Particulars	March 31, 2008 Rupees		March 31, 2007 Rupees
A	CASH FLOW FROM OPERATING ACTIVITIES			
	PROFIT BEFORE TAX	423,731,706		267,232,417
	Adjustment for:			
	Depreciation	3,497,371	24,912,032	
	Leave Encashment	10,221,768	3,785,173	
	Employee Compensation	1,637,870	9,858,720	
	Debts/ Advances written off	8,942,331	25,165	
	Provision for share in loss in partnership firm	7,350,410	-	
	Dividend from Long Term Investment	(5,866,818)	(7,192,500)	
	Interest Income	(11,474,693)	(7,949,100)	
	Profit on sale of Long Term Investments	(44,709,370)	(3,814,679)	
	Profit on sale of Fixed Assets	(53,867)	(329,103)	19,295,708
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	393,276,708		286,528,125
	Increase in trade and other receivables	(140,158,620)		(214,056,916)
	Decrease / (Increase) in Current Investments	(144,000,333)		10,705,955
	Decrease/(Increase) in Advances	(18,684,583)		17,136,844
	Increase in trade and other payables	105,974,871		28,758,754
	Cash Flow after Working Capital Changes	196,408,043		129,072,762
	Income Tax Paid (Net)	(149,640,568)		(103,797,203)
	NET CASH GENERATED FROM OPERATING ACTIVITIES	46,767,475		25,275,559
B	CASH FLOW FROM INVESTING ACTIVITIES			
	Purchase of Fixed Assets / Capital Advances	(4,613,974)		(3,072,449)
	Proceeds from sale of Fixed Assets	187,143		803,748
	Purchase of Investments	(1,876,712)		(45,216,386)
	Proceeds from sale of Investments	50,599,370		10,683,819
	Increase in Deposits / Loans	(4,700,000)		(54,100,000)
	Dividend Income	5,866,818		7,192,500
	Interest received	8,617,960		4,549,501
	NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES	54,080,605		(79,159,267)
C	CASH FLOW FROM FINANCING ACTIVITIES			
	Proceeds from Issuance of Share Capital	84,561,505		78,882,079
	Dividend paid	(119,003,664)		(62,378,439)
	NET CASH (USED IN) / GENERATED FROM FINANCING ACTIVITIES	(34,442,159)		16,503,640
D	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	66,405,921		(37,380,068)
	Cash and cash equivalents at the beginning of the year	100,328,402		137,708,470
	Cash and cash equivalents at the end of the year	166,734,323		100,328,402
		66,405,921		(37,380,068)
	Significant Accounting Policies and Notes to the Accounts Schedule 13			

Schedules 1 to 13 annexed hereto form part of the Financial Statements

As per our attached report of even date
For Deloitte Haskins & Sells
Chartered Accountants

A. B. JANI
Partner

Place : Mumbai
Date : April 24, 2008

For and on behalf of the Board

S M DATTA
Chairman

SHAHZAAD DALAL
Vice Chairman & Managing Director

SANJAY MITRA
Company Secretary

SCHEDULES

	As at March 31, 2008 Rupees	As at March 31, 2007 Rupees
SCHEDULE 1 : SHARE CAPITAL		
Authorised		
50,000,000 Equity shares of Rs.10/-each	500,000,000	500,000,000
Issued, Subscribed and Paid-up		
26,524,814 Equity shares of Rs. 10/-each fully paid-up (Previous year 25,709,284 Equity shares of Rs. 10/- each fully paid-up) (Of the above 13,770,275 equity shares of Rs. 10/- each fully paid-up are held by Infrastructure Leasing & Financial Services Limited the Holding Company)	265,248,140	257,092,840
Add : Forfeited shares	20,000	20,000
	265,268,140	257,112,840
Note: Of the above 7,930,449 equity shares of Rs. 10/- each were allotted as fully paid-up Bonus Shares by capitalisation of Securities Premium, General Reserve and Profit & Loss Account in financial year 2006-07		
SCHEDULE 2 : RESERVES AND SURPLUS		
Securities Premium Account		
Balance as per previous Balance Sheet	59,702,709	29,056,592
Add: Received upon issuance of shares	78,743,855	59,702,709
Less: Capitalised for Issue of Bonus Shares	-	29,056,592
	138,446,564	59,702,709
General Reserve		
Balance as per previous Balance Sheet	25,000,000	53,775,000
Add: Transferred from Profit and Loss Account	30,000,000	22,286,675
Less: Capitalised for Issue of Bonus Shares	-	46,600,000
Less: Employee Benefits Adjustment (Previous year net of Deferred Tax - Rs. 2,263,793/-)	-	4,461,675
	55,000,000	25,000,000
Profit and Loss Account		
	126,384,202	46,719,380
	319,830,766	131,422,089

SCHEDULES

SCHEDULE 3 : FIXED ASSETS

(Rupees)

Description of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as on 01.04.2007	Additions/ Adjustments	Deductions/ Adjustments	Cost as on 31.03.2008	Up to 31.03.2007	For the Year	Deductions/ Adjustments	Up to 31.03.2008	As At 31.03.2008	As At 31.03.2007
Tangible Assets										
Furniture and Fixtures	4,431,295	1,497,322	(278,713)	5,649,904	2,045,771	1,092,975	(159,399)	2,979,347	2,670,557	2,385,524
Office Equipments	986,667	375,675	(129,780)	1,232,562	686,186	644,456	(122,201)	1,208,441	24,121	300,481
Vehicles	78,527	-	(24,614)	53,913	47,449	15,336	(18,238)	44,547	9,366	31,078
Computers	4,782,816	1,085,746	(649,288)	5,219,274	2,900,045	1,192,125	(649,281)	3,442,889	1,776,385	1,882,771
Total (A)	10,279,305	2,958,743	(1,082,395)	12,155,653	5,679,451	2,944,892	(949,119)	7,675,224	4,480,429	4,599,854
Intangible Assets										
Computer Software	1,248,000	815,231	-	2,063,231	451,286	552,479	-	1,003,765	1,059,466	796,714
Business Know-how, Management and Advisory Contracts	113,099,511	-	-	113,099,511	113,099,511	-	-	113,099,511	-	-
Total (B)	114,347,511	815,231	-	115,162,742	113,550,797	552,479	-	114,103,276	1,059,466	796,714
Total (A+B)	124,626,816	3,773,974	(1,082,395)	127,318,395	119,230,248	3,497,371	(949,119)	121,778,500	5,539,895	5,396,568
Previous Year	122,696,571	3,072,449	(1,142,204)	124,626,816	94,985,775	24,912,032	(667,559)	119,230,248		
Capital Work-in-Progress (Intangible asset - software)									2,444,280	1,604,280
								Total	7,984,175	7,000,848

SCHEDULES

	Number*	FACE VALUE	As at March 31, 2008 Rupees	As at March 31, 2007 Rupees
SCHEDULE 4 : INVESTMENTS (at cost less provision)				
LONG-TERM TRADE INVESTMENTS				
- Unquoted Equity Shares (Fully Paid-up)				
- Subsidiaries				
IL&FS Asian Infrastructure Managers Ltd	2,341,777	10	23,417,770	23,417,770
	(2,341,777)			
IL&FS Urban Infrastructure Managers Ltd	49,940	10	499,400	499,400
	(49,940)			
IL&FS Investment Advisors LLC	19,000	USD 1	855,190	855,190
	(19,000)			
IL&FS Singapore Asset Management Company Pte. Ltd @@	25,500	USD 1	1,035,300	-
	(Nil)			
- Joint Ventures				
IL&FS Milestone Realty Advisors Private Ltd @@	80,000	10	800,000	-
	(Nil)			
- Others				
IL&FS Trust Company Ltd # @	-	100	-	712,500
	(1,425)			
Avantika Gas Ltd	8,250	10	82,500	82,500
	(8,250)			
Sub Total (A)			26,690,160	25,567,360
- Unquoted Redeemable Participating Shares (Fully Paid-up)				
- Subsidiaries				
IL&FS Investment Advisors LLC	100,000	USD 0.01	45,010	45,010
	(100,000)			
Sub Total (B)			45,010	45,010
- Unquoted Preference Shares (Fully Paid-up)				
- Subsidiaries				
IL&FS Singapore Asset Management Company Pte. Ltd @@	1,020	USD 1	41,412	-
	(Nil)			
Sub Total (C)			41,412	-
- Units of Venture Fund (Unquoted)				
South Asian Regional Apex Fund	3,599	5,000	16,622,500	21,800,000
(1,121 Units redeemed during the year)	(4,720)			
Leverage India Fund	100	1,000	100,000	100,000
	(100)			
Infrastructure Leasing & Financial Services Realty Fund	500	100	50,000	50,000
	(500)			
Sub Total (D)			16,772,500	21,950,000

* Figures in brackets indicate that of previous year

Represents Companies under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956

@ Sold during the year

@@ Purchased during the year

SCHEDULES

	Number*	FACE VALUE	As at March 31, 2008 Rupees	As at March 31, 2007 Rupees
- Interest in Partnership (Unquoted)				
AMCF India Participations, L.P. ##			20,266,516	20,266,516
Sub Total (E)			20,266,516	20,266,516
Total Long Term Trade Investments (F) = (A+B+C+D+E)			63,815,598	67,828,886
CURRENT NON-TRADE INVESTMENTS				
(Refer note 10 of Schedule 13)				
- Units of Mutual Fund (Unquoted unless otherwise stated)				
Units of Morgan Stanley Mutual Fund- Growth Plan (Quoted)	249,011	10	10,386,520	-
	(Nil)			
Units of Birla Cash Plus Institutional Prem. - Daily Dividend	3,608,250	10	36,152,861	-
	(Nil)			
Units of ICICI Prudential Liquid Plan Institutional Plus - Daily Dividend	816,507	10	9,676,837	-
	(Nil)			
Reliance Monthly Interval Fund - Series I Institutional Dividend Plan	3,296,340	10	32,989,753	-
	(Nil)			
UTI Liquid Cash Plan Institutional- Daily Income Option	26,681	1,000	27,199,834	-
	(Nil)			
Units of SBI Premium Liquid Fund Institutional - Daily Dividend	3,498,442	1,000	35,098,124	-
	(Nil)			
Units of Tata Liquid Super High Investment Fund - Daily Dividend	-	1,000	-	7,503,596
	(6,733)			
Total Current Investments (G)			151,503,929	7,503,596
TOTAL (F+G)			215,319,527	75,332,482
Aggregate book value of quoted investments			10,386,520	-
Aggregate market value of quoted investments			12,201,539	-
Aggregate book value of unquoted investments			204,933,008	75,332,482

* Figures in brackets indicate that of previous year

Represents the Company's 100% Share in the Limited Partners Capital, where Asia Mezzanine Capital Partners LP have 100% voting rights also refer schedule 8

SCHEDULES

	As at March 31, 2008 Rupees	As at March 31, 2007 Rupees
SCHEDULE 5 : SUNDRY DEBTORS (Unsecured, considered good)		
Outstanding for more than six months	37,954,877	5,864,671
Other Debts	344,157,426	236,089,012
	382,112,303	241,953,683
SCHEDULE 6 : CASH AND BANK BALANCES		
Cash in hand	52,939	79,262
Cheques on Hand	-	36,863
Balance with Scheduled Banks		
-in Current Accounts (including in unclaimed dividend account Rs. 5,971,797/-, Previous year Rs. 4,661,154/-)	6,781,384	10,602,438
-in Fixed Deposit	159,900,000	89,609,839
	166,734,323	100,328,402
SCHEDULE 7 : LOANS AND ADVANCES (Unsecured unless otherwise stated, considered good)		
Interest Accrued but not due	9,957,817	7,101,084
Advance Tax (net)	23,736,989	11,854,763
Advances Recoverable in cash or in kind or for value to be received (Secured to the extent of Rs. 864,689/-, Previous year Rs. 811,174/-) (Refer note 7(c) and 7(d) of Schedule 13)	154,940,387	140,498,135
	188,635,193	159,453,982
SCHEDULE 8 : CURRENT LIABILITIES AND PROVISIONS		
A. Current Liabilities		
Sundry Creditors - Other than MSM Undertakings (Refer note 15 of Schedule 13)	148,966,134	55,150,137
Fees Received in advance	-	-
Amounts to be Credited to Investor Education and Protection Fund		
- Unclaimed Dividend (Refer note 5 of Schedule 13)	5,971,797	4,661,154
Other Liabilities	19,015,708	6,856,834
Total (A)	173,953,639	66,668,125
B. Provisions		
Provision for Tax	7,641,658	-
Provision for share in loss in partnership firm	7,350,410	-
Proposed Dividend	145,886,477	102,837,136
Tax on Proposed Dividend	24,793,407	17,477,171
Provision for Leave Encashment	23,077,084	12,855,316
Total (B)	208,749,036	133,169,623
Total (A+B)	382,702,675	199,837,748

SCHEDULES

	For the year ended March 31, 2008 Rupees	For the year ended March 31, 2007 Rupees
SCHEDULE 9 : INCOME FROM FUND MANAGEMENT & ADVISORY SERVICES		
Fees from Fund Management and Advisory Services	753,741,110	465,141,180
	753,741,110	465,141,180
SCHEDULE 10: INCOME FROM INVESTMENTS/ LOANS		
Dividend Income		
-Long-term trade Investments	5,866,818	7,192,500
-Current non-trade Investments	7,114,594	4,021,769
Profit on sale of Long-term trade Investments	44,709,370	3,814,679
Profit on sale of Current non-trade Investments	-	12,852,984
Interest Income on Deposits/ Loans (Tax deducted at source Rs.689,756/-, Previous year Rs.2,346,097/-)	11,474,693	7,949,100
	69,165,475	35,831,032
SCHEDULE 11: STAFF EXPENSES		
Salaries and Allowances	230,242,687	105,079,712
Contribution to Provident Fund and other Funds	30,502,957	17,421,063
Staff Welfare Expenses	7,445,137	4,827,763
Amortisation of stock based compensation (Refer note 3(c) of Schedule 13)	1,637,870	9,858,720
	269,828,651	137,187,258
SCHEDULE 12: OPERATING EXPENSES		
Rent	26,944,762	16,887,877
Rates and Taxes	1,180,903	2,039,390
Electricity and Water Charges	1,500,656	506,995
Postage and Telecommunication	3,504,071	2,897,697
Printing and Stationery	1,419,964	1,024,021
Travelling and Conveyance	26,001,866	19,920,538
Debts/Advances Written Off	8,942,331	25,165
Insurance	3,388,052	1,573,735
Repairs and Maintenance-Others	2,828,404	3,450,683
Legal and Professional Expenses	15,103,786	7,505,929
Directors Sitting Fees	986,000	607,000
Underwriting and Placement Fees	5,424,890	684,317
Loss on sale of Current non-trade Investments	37,875	-
Provision for share in loss in partnership firm	7,350,410	-
Miscellaneous Expenses (Refer note 8(iv) and 8(v) of Schedule 13) (includes Conference and Seminar Rs. 6,119,855, Subscription & Membership Rs. 1,891,308 etc.)	23,870,034	16,805,747
	128,484,004	73,929,094

SCHEDULES

SCHEDULE 13: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

a) Basis for preparation of Financial Statements

The financial statements are prepared under the historical cost convention in accordance with the applicable Accounting Standards notified under Section 211 (3C) of the Companies Act, 1956. All income and expenditure having material bearing on the financial statements are recognised on an accrual basis

The preparation of financial statements requires the Management to make certain estimates and assumptions 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

b) Revenue Recognition

- i) Management fee income on funds under management and advisory fee income are recognised based on contractual arrangements
- ii) Income from Investment in Units of Private Equity Funds (PEF) is recognised on the basis of income distributed by the respective PEFs
- iii) Dividend income is recognised once the unconditional right to receive dividend is established
- iv) Interest income on fixed deposits is accrued proportionately based on period for which the same is placed

c) Fixed Assets

Fixed Assets are stated 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)
Furniture & Fixtures	5
Computers	3
Office Equipments	4
Vehicles	4
Computer Software	3

All categories of assets costing Rs.5,000/- or less each and mobile phones are written off in the year of capitalisation

Intangible Assets includes business know how, value of Management & Advisory Contracts and related intangible assets acquired by the Company. These Intangible Assets are amortised over the estimated useful life of 5 years on Straight-Line Method

d) Investments

- i) Investments are capitalised at actual cost including costs incidental to acquisition
- ii) Investments are classified as long term or current at the time of making such investments
- iii) Long term investments are individually valued at cost less provision for diminution, other than temporary
- iv) Current investments are valued at lower of cost or fair value, computed scrip-wise

e) Foreign Currency Transactions

- i) Monetary items not covered by Forward Contracts are reported at the closing rate
- ii) Monetary items covered by Forward Contracts are valued at the spot rate at the inception of the transaction. The premia or discount Arising at the inception of such a forward contract is amortised as expense or income over the life of the contract

SCHEDULES

- iii) Non Monetary items which are carried in terms of historical cost denominated in foreign currency at the Balance Sheet date are reported using the exchange rate at the date of the transaction

f) Employee Benefits

- i) Contributions to Provident Fund and Superannuation Fund are charged to the Profit and Loss Account as per applicable law/rules
- 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 to the Profit and Loss Account
- iii) The Company's liability in respect of accumulated leave salary is provided for in the Profit and Loss Account, based on actual leave liability determined at the end of the year

g) Taxation

Income Tax comprises the current tax, fringe benefit tax and net change in the deferred tax asset or liability during the year. Current tax is determined at the amount of tax payable in respect of Taxable income for the period as per the Income Tax Act, 1961

The deferred tax assets and liabilities for the year, arising on account of timing differences, are recognised in the profit and loss account; and the cumulative effect thereof is reflected in the Balance Sheet. Deferred tax assets are recognised subject to Management judgement that realization is reasonable. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the income statement in the year of substantial enactment of change

h) Cash and Cash equivalent

Cash and Cash equivalent comprises cash on hand, demand deposits with banks, short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value

i) 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

j) Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the Company has a present 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 not discounted to their present value and are determined based on the best estimates at the balance sheet date required to settle the obligation. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimation. 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

B. NOTES TO ACCOUNTS

- 1) Outstanding Commitments on Capital Account (Amount Rupees)

	March 31, 2008	March 31, 2007
Estimated amount of contracts remaining to be executed on capital account (intangible asset software) not provided for (net of advances paid amounting to Rs 2,444,280/-, Previous Year Rs 1,604,280/-)	560,000	1,561,289

- 2) Contingent Liabilities:
Claims against the Company not acknowledged as debts: (Amount Rupees)

	March 31, 2008	March 31, 2007
<u>Income Tax Demands</u> The Company has preferred appeals against the foregoing income tax demands	29,510,777	9,936,569

SCHEDULES

3) Employee Stock Option Plan

a) The particulars of the Options distributed under ESOP 2004 and ESOP 2006 are as follows:

Particulars	ESOP 2004	ESOP 2006
Eligibility	Directors & Employees	Directors of the Company and Subsidiary Companies & Employees of the Company
Vesting period for options granted during the year	One year from date of grant	One year to Three year from date of grant
Exercise Period	Four years beginning from date of vesting	Four years beginning from date of vesting
Method of Settlement	Equity	Equity

b) The number and weighted average Exercise Price of Stock Options for ESOP 2004 and ESOP 2006 is as follows:

Particulars	ESOP 2004		ESOP 2006	
	No. of Options	Weighted Average Exercise Price *	No. of Options	Weighted Average Exercise Price *
Authorised to be Granted	2,250,000	-	2,250,000	-
Granted and outstanding at the beginning of the year	164,237	36.00	1,655,000	105.66
Granted during the year	Nil	-	570,000	143.65
Forfeited during the year	Nil	-	Nil	-
Exercised during the year	33,395	36.00	782,135	106.58
Lapsed during the year	Nil	-	77,000	123.82
Granted and outstanding at the end of the year	130,842	36.00	1,365,865	119.97
Vested and Exercisable at the end of the year	130,842	36.00	592,865	106.18

* Determined at the time of grant

- c) The Company calculates the employee compensation cost using the Intrinsic Value of the Options. The Exercise Price of the Options granted is generally based on the Market Price as on the date of the Grant. The Company had issued 164,237 Options at an exercise price lower than the market price and accordingly, the Intrinsic Value of those Options was Rs. 11,496,590/-, which is amortised over the vesting period. Accordingly, an amount of Rs. 1,637,870/- (Previous Year Rs. 9,858,720/-) is charged to the Profit and Loss account for the year
- d) The weighted average Fair Value of the Options granted during the year is Rs. 54.80 (based on the calculation of external valuers using Black Scholes Model)
- e) In the event the Company had used the Fair Value of Options for calculating the employee compensation cost, the employee compensation cost of the Options granted would have been Rs. 28,565,008/- which would have reduced the Profit before Tax of the Company by Rs. 26,927,138/- and the Basic and Diluted EPS would have reduced to Rs. 10.13 and Rs. 9.85, respectively
- f) The weighted average Market Price at the date of exercise, for options during the year is Rs. 333.85
- g) The range of Exercise Price for Stock Options outstanding as at March 31, 2008 is Rs. 36/- to Rs. 144/- and the weighted average remaining contractual life is 4 years

SCHEDULES

Method and significant assumptions used to estimate the Fair Value of the Options for ESOP 2004 and ESOP 2006:

The Fair Value of Options has been calculated by an independent valuer. The valuation has been done using the Black-Scholes model based on the assumptions, which are as below:

- i) Expected Life of Options is the period within which the Options are expected to be exercised. The Options can be exercised immediately on vesting. All the Options vest at the end of one to three years from the date of Grant. The Options can be exercised at any time upto 4 years from the vesting date

Considering above the average life of option period has been assumed as expected life of Options

- ii) Risk free interest rate has been assumed at 7.5%
- iii) Share Price is the market price on the National Stock Exchange with reference to the Grant date
- iv) Volatility is calculated based on period to represent a consistent trend in the price movement after adjusting abnormal events, if any
- v) Expected dividend yield has been calculated as follows:

Dividend per share / Market price of the share on the Grant Date

- 4) Tax provision has been made in accordance with the requirements under the Accounting Standard - 22 "Accounting for Taxes on Income"
 - a) During the current year ended March 31, 2008 the timing difference has resulted in a net deferred tax asset of Rs. 2,013,000/-
 - b) The deferred tax asset recognised in the accounts as of March 31, 2008 are as follows:

Nature of Timing Differences	2007 Asset/(Liability) Rs.	Adjusted during the year Rs.	2008 Asset/(Liability) Rs.
Net Depreciation	10,053,400	(1,962,400)	8,091,000
Retirement Benefits	4,108,600	3,975,400	8,084,000
Total	14,162,000	2,013,000	16,175,000

- 5) Unclaimed dividend of Rs. 5,971,797/- relates to the period from 2000-2001 to 2006-2007. Since no part thereof has remained unpaid or unclaimed for a period of 7 years from the date they became due for payment, there is no amount due for transfer to the Investor Education and Protection Fund during the year. The unpaid or unclaimed dividend for the year 2000-2001 becomes due for payment in September 2008
- 6) Derivative Instruments
 - a) The Company has following derivative instruments outstanding:

Forward Exchange Contracts :	March 31, 2008 US\$ 250,000 (Sell) Rs. 10,500,000 (Buy)	March 31, 2007 US\$ 3,000,000 (Sell) Rs. 135,680,000 (Buy)
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- b) The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	Amount in Foreign Currency	Amount in INR
Receivables	USD 6.19 mn	Rs. 247.24 mn

SCHEDULES

7) Related Party Transactions

(a) As per the Accounting Standard on 'Related Party Disclosure' (AS-18), the related parties are as follows:

	HOLDING COMPANY*	March 31, 2008	March 31, 2007
	Infrastructure Leasing & Financial Services Limited	✓	N/A

	SUBSIDIARIES	March 31, 2008	March 31, 2007
1	IL&FS Urban Infrastructure Managers Limited	✓	✓
2	IL&FS Asian Infrastructure Managers Limited	✓	✓
3	IL&FS Investment Advisors LLC	✓	✓
4	IL&FS Singapore Asset Management Company Pte Limited	✓	N/A

	FELLOW SUBSIDIARIES*	March 31, 2008	March 31, 2007
1	IL&FS Windfarms Limited	✓	N/A
2	IL&FS Financial Services Limited	✓	N/A
3	IL&FS Infrastructure Development Corporation Limited	✓	N/A
4	M P Toll Roads Limited	✓	N/A
5	IL&FS Transportation Networks Limited	✓	N/A
6	IL&FS Property Management & Services Limited	✓	N/A
7	IL&FS Portfolio Management Services Limited	✓	N/A
8	IL&FS Cluster Development Initiative Company Limited	✓	N/A
9	IL&FS Maritime Infrastructure Company Limited	✓	N/A
10	IL&FS Waste Management & Urban Services Limited	✓	N/A
11	IL&FS Water Limited	✓	N/A
12	Tamil Nadu Water Investment Company Limited	✓	N/A
13	IL&FS Securities Services Limited	✓	N/A
14	Chhattisgarh Highway Development Company Limited	✓	N/A
15	Trans Harbour Link Private Limited	✓	N/A
16	IL&FS Energy Development Corporation Limited	✓	N/A
17	IL&FS Education & Technology Services Limited	✓	N/A
18	IL&FS Ecosmart Limited	✓	N/A
19	North Karnataka Expressway Limited	✓	N/A
20	West Gujarat Expressway Limited	✓	N/A
21	IL&FS Hydro Energy Limited	✓	N/A
22	Andhra Pradesh Expressway Limited	✓	N/A
23	Gujarat Road & Infrastructure Company Limited	✓	N/A
24	East Hyderabad Expressway Limited	✓	N/A
25	IL&FS Renewal Energy Limited	✓	N/A
26	IL&FS Wind Power Limited	✓	N/A
27	ITNL Chhattisgarh Road Infrastructure Company Limited	✓	N/A
28	IL&FS Maritime Offshore Pte Limited	✓	N/A
29	Apptex Manpower Development Services Limited	✓	N/A
30	Kanpur Unnao Leather Cluster Development Company Limited	✓	N/A
31	Apptex Marketing Services & Solution Limited	✓	N/A

SCHEDULES

	FELLOW SUBSIDIARIES*	March 31, 2008	March 31, 2007
32	Kanak Resources Management Limited	✓	N/A
33	IL&FS Urban Infrastructure Services Limited	✓	N/A
34	Cross Border Power Transmission Company Private Limited	✓	N/A
35	Integrated Energy & Coal Development Company Private Limited	✓	N/A
36	Integrated Trans Log Development Company Limited	✓	N/A
37	Kolhapur Integrated Cane Processing Company Limited	✓	N/A
38	Unique Waste Processing Company Limited	✓	N/A
39	IL&FS Trust Company Limited #	✓	N/A
40	Elsamex SA	✓	N/A
41	Integrated Waste Management & Urban Services Company (Tamil Nadu) Private Limited	✓	N/A
42	India Auto Ancillary Fund Co	✓	N/A
43	IL&FS Nepal Infrastructure Development Co Pvt Limited	✓	N/A
44	Bastean, S L	✓	N/A
45	Elsamex International, SRL	✓	N/A
46	Grusamar Ingenieria Y Consulting, SL (Grusamar)	✓	N/A
47	Sánchez Marcos Señalización e Imagen, S.A	✓	N/A
48	Proyectos De Gestion Calculo Analysis Y Sistemas S.A	✓	N/A
49	Especialidades En Construccion Y Mantenimiento Integral, SA DE CV	✓	N/A
50	Elsamex India Private Limited	✓	N/A
51	Inversiones Tyndrum S.A	✓	N/A
52	Centro De Investigacion Elipido Sanchez Marcos S.A.	✓	N/A
53	Control 7, S. A	✓	N/A
54	Geotecnia 7, S.A	✓	N/A
55	Mantenimiento Y Conservacion De Vialidades, S.A. DE C.V	✓	N/A
56	ESM Mantenimiento Integral, S.A. DE C.V	✓	N/A
57	Elsamex Portugal S.A	✓	N/A
58	Inteval-Gestao Integral Rodoviaria S.A	✓	N/A
59	Grusamar Albania SHPK	✓	N/A
60	Antenea Seguridad Y Medico Ambienete SA	✓	N/A
61	Ecoasphalt Construction Company Private Limited	✓	N/A
62	Proyectos Y Promociones Inmobiliarias Sanchez Marcos SL	✓	N/A
63	Senalizacion Viales E Imagen, SA	✓	N/A
64	Servicios de Ingenieria y Mantenimiento Canarios, S.A	✓	N/A

* w.e.f 6th July 2007

Associate up to 11th September 2007

SCHEDULES

b) The nature and volume of transactions during the year with the above related parties were as follows:

i) Transactions with holding company

Name of the Entity	Nature of Transaction	Amount of Transaction	Outstanding Balance As on March 31, 2008
Infrastructure Leasing & Financial Services Limited	Rent	19,785,610	Nil
		(13,195,478)	(40,781)
	Underwriting Fees	5,424,890	Nil
		(684,317)	(684,317)
	Advisory Fees (including service tax)	50,000,200	50,000,200
		(Nil)	(Nil)
	Sale of Investments	26,996,625	(Nil)
		(Nil)	(Nil)
	Sundry Creditor		63,380
			(Nil)

ii) Transactions with subsidiaries

Name of the Entity	Nature of Transaction	Amount of Transaction	Outstanding Balance As on March 31, 2008
IL&FS Urban Infrastructure Managers Limited	Investment	Nil	499,400
		(499,400)	(499,400)
IL&FS Asian Infrastructure Managers Limited	Investment	Nil	23,417,770
		(23,417,770)	(23,417,770)
	Fund Management Fee	13,500,000	Nil
		(18,676,926)	(Nil)
IL&FS Investment Advisors LLC	Investment	Nil	900,200
		(900,200)	(900,200)
	Loan given and repaid	Nil	Nil
		(45,032,801)	(Nil)
	Fund Management Fee	278,906,663	257,739,602
		(209,451,204)	(198,070,145)
IL&FS Singapore Asset Management Pte Limited	Investment	1,076,712	1,076,712
		(Nil)	(Nil)
	Fund Management Fee	3,996,000	Nil
		(Nil)	(Nil)

iii) Transactions with associate company

Name of the Entity	Nature of Transaction	Amount of Transaction	Outstanding Balance As on March 31, 2008
IL&FS Trust Company Limited	Dividend Income	1,710,000	Nil
		(997,500)	(Nil)
	Investment	Nil	Nil
		(Nil)	(712,500)

(Figures in brackets represent previous year transactions)

SCHEDULES

iv) Transactions with fellow subsidiaries

Name of the Entity	Nature of Transaction	Amount of Transaction	Outstanding Balance As on March 31, 2008
IL&FS Property Management Services Limited	Operating Expenses	1,369,883	Nil
		(NA)	(NA)
	Purchase of Assets	240,831	Nil
		(NA)	(NA)
IL&FS Education & Technologies Limited	Operating Expenses	1,280,849	300,000
		(NA)	(NA)
	Purchase of Assets	127,489	Nil
		(NA)	(NA)
IL&FS Financial Services Limited	Fee Income	4,907,184	Nil
		(NA)	(NA)
	Purchase of Assets	10,744	Nil
		(NA)	(NA)

(Figures in brackets represent previous year transactions)

c) Transactions with Key Management Personnel together with Relatives of such Personnel

Key Management Personnel:

Mr Shahzaad Dalal	Vice Chairman & Managing Director
Dr Archana Hingorani	Executive Director
Mr Alok Bhargava	Executive Director (joined with effect from January 25, 2008)
Mrs. Nafisa Dalal	Spouse of Mr. Shahzaad Dalal

	For the year ended	March 31, 2008 (Rs)	March 31, 2007 (Rs)
(i)	Remuneration	33,643,778	18,950,179
(ii)	Balance Premises Deposit (Maximum amount outstanding during the year is Rs. 12,500,000/- Previous Year Rs.12,500,000/-)	12,500,000	12,500,000
	Rent for Premises Occupied	420,000	420,000

d) Transaction with IVC Welfare Trust

Nature of Transaction	Amount(Rs.)
Interest Income	8,304,399
	(4,485,894)
Repayment of Loan	34,388,350
	(4,805,060)
Disbursement of Loan	34,000,000
	(58,100,000)
Balance Loan Recoverable	117,404,605
	(109,488,557)

(Figures in brackets represent previous year transactions)

SCHEDULES

- 8) Other information as required pursuant to the provisions in Part II of Schedule VI to the Companies Act 1956, to the extent applicable

		For the year ended	
		March 31, 2008 (Rs)	March 31, 2007 (Rs)
(i)	Managerial Remuneration * :		
(a)	Remuneration to Whole Time Directors:		
	Salary including performance related pay (PRP)	28,574,624	16,251,068
	Perquisites	1,292,159	716,053
	Contribution to Provident Fund and other fund	3,776,995	1,983,058
		33,643,778	18,950,179
(b)	Remuneration to Non Whole Time Director:		
	Sitting fee	986,000	607,000
	Commission	4,500,000	2,000,000
(c)	Computation of net profit in accordance with Section 198 and other Sections of the Companies Act, 1956 in respect of Remuneration payable to Directors (including Whole Time Directors)		
	Profit before Tax	423,731,706	267,232,417
	Add: Managerial Remuneration *	33,643,778	
	Directors' sitting fee	986,000	
	Commission to Non Whole Time Directors	4,500,000	
	Provision for losses relating to investment in partnership firm	7,350,410	
		46,480,188	21,557,179
	Less: Profit on Sale of Assets	53,867	-
	Net Profit as per Section 198	470,158,027	288,789,596
	Maximum permissible remuneration computed @ 10% of Net Profit payable to Whole Time Directors	47,015,803	28,878,960
	Maximum Commission payable to Non Whole Time Directors computed @ 1% of Net Profit	4,701,580	2,887,896
	Commission payable to Non Whole-Time Directors		
	Maximum allowed as per Companies Act, 1956 at 1 %	4,701,580	2,887,896
	Commission payable restricted to	4,500,000	2,000,000
(ii)	Expenditure in foreign currency (on accrual basis) on		
	(a) Travelling	7,502,402	5,133,417
	(b) Conference & Seminar	1,499,600	1,186,505
	(c) Books & Periodicals	91,334	54,401
	(d) Legal & Professional fees	1,810,622	1,637,536
	(e) Business Promotion expenses	98,419	105,343
(iii)	Earnings in Foreign Currency (on accrual basis) on:		
	Income from Fund Management	314,022,663	221,661,301

* Includes PRP to Whole Time director provided in aggregate, which have been disclosed as remuneration on cash basis.

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		For the year ended	
		March 31, 2008 (Rs)	March 31, 2007 (Rs)
(iv)	Miscellaneous Expenses include amounts paid / payable to the Auditors:		
	Audit Fee	750,000	500,000
	Tax Audit Fee	200,000	100,000
	Other services including Company law matters	875,695	522,500
	Out of Pocket Expenses	Nil	14,953
	Service tax of Rs. 219,823/- (Previous year Rs. 137,394/-) has been adjusted against service tax payable on output services		
(v)	Miscellaneous Expenses includes loss on foreign exchange fluctuation aggregating Rs. 3,513,162/- (Previous Year Rs. 856,705/- profit on foreign exchange fluctuation reflected in Other Income)		

9) Earnings Per Share

In accordance with the Accounting Standard on 'Earnings Per Share' (AS-20), the Basic Earnings Per Share and Diluted Earnings Per Share has been computed by dividing the Profit After Tax by the number of equity shares for the respective years as under:

		March 31, 2008 (Rs)	March 31, 2007 (Rs)
(a)	Profit After Tax (Rs)	280,334,706	173,012,625
(b)	Weighted Average Number of Equity Shares in calculating Basic EPS	25,920,225	24,341,974
	Add: Potential Equity Shares on conversion of ESOPs outstanding at the end of the year (weighted average from date of grant for options issued during the year)	737,637	1,307,639
	Weighted Average Number of Equity Shares in calculating Diluted EPS	26,657,863	25,649,613
(i)	Nominal Value per share (Rs)	10.00	10.00
(ii)	Basic Earnings per share (Rs)	10.82	7.11
(iii)	Diluted Earnings per share (Rs)	10.52	6.75

10) The quantitative details of current investment which is treated as stock in trade are:

Particulars	Opening Balance	Purchased (including Dividend received)	Sold	Closing Balance
	(Quantity in Units)			
Reliance Liquid Fund - Cash Plan	Nil	3,382,362.862	3,382,362.862	Nil
Reliance Monthly Interval Fund	Nil	3,788,451.457	3,788,451.457	Nil
Reliance Liquid Fund - Treasury Plan Option	Nil	5,484,079.324	5,484,079.324	Nil
Reliance Monthly Interval Fund – Series – I	Nil	3,296,339.666	Nil	3,296,339.666
Kotak Liquid (Institutional) - Daily Dividend	Nil	2,844,646.688	2,844,646.688	Nil
Fidelity Cash Fund - Institutional - Daily Dividend	Nil	13,885,383.947	13,885,383.947	Nil
ICICI Prudential Institutional Liquid Plan - Daily Div.	Nil	6,171,043.185	6,171,043.185	Nil
ICICI Prudential Liquid Plan Institutional Plus - Daily Dividend Option	Nil	16,412,702.958	15,596,195.958	816,507.000
UTI Liquid Cash Plan - Institutional - Daily Dividend	Nil	35,018.867	8,337.864	26,681.003
Tata Liquid Super High Inv - Daily Dividend	6,732.582	109,152.051	115,884.633	Nil
Birla Cash Plus - Institutional Premium – Daily Div.	Nil	3,608,250.068	Nil	3,608,250.068
SBI PLF - Institutional - Daily Dividend	Nil	7,146,784.589	3,648,342.163	3,498,442.426
Tata Liquidity Management Fund – Daily Dividend	Nil	43,202.431	43,202.431	Nil

SCHEDULES

11) Segment Reporting

The Company is in the business of providing asset management and other related service. As such, there are no separate reportable business segment 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. "Asset Management and other related service"

12) Disclosure as required under Accounting Standard 15 on "Employee Benefits" for Gratuity is as under:

I. Assumptions:	March 31, 2008	March 31, 2007
Discount Rate Previous year	7.50%	7.50%
Rate of Return on Plan Assets Previous year	7.50%	7.50%
Salary Escalation Previous year	6.00%	6.00%
Discount Rate Current year	8.00%	7.50%
Rate of Return on Plan Assets Current year	8.00%	8.00%
Salary Escalation Current year	6.00%	6.00%
II. Table Showing Change in Benefit Obligation:	March 31, 2008	March 31, 2007
Liability at the beginning of the year	17,083,340	10,336,831
Interest Cost	1,434,970	710,039
Current Service Cost	2,176,510	1,092,466
Past Service Cost (Non Vested Benefit)	-	-
Past Service Cost (Vested Benefit)	-	-
Liability Transfer In	3,977,890	-
Liability Transfer Out	-	-
Benefit Paid	(253,846)	(1,962,115)
Actuarial (gain)/loss on obligations	14,199,541	6,906,119
Liability at the end of the year	38,618,405	17,083,340
III. Tables of Fair value of Plan Assets:	March 31, 2008	March 31, 2007
Fair Value of Plan Assets at the beginning of the year	17,830,999	8,036,528
Expected Return on Plan Assets	2,212,797	485,953
Contributions	11,799,882	11,074,723
Transfer from other Company	3,977,890	-
Transfer to other Company	-	-
Benefit Paid	(253,846)	(1,962,115)
Actuarial gain/(loss) on Plan Assets	(424,338)	195,910
Fair Value of Plan Assets at the end of the year	35,143,384	17,830,999
Total Actuarial Gain/(Loss) To Be Recognised	(14,623,879)	(6,710,209)
IV. Actual Return on Plan Assets:	March 31, 2008	March 31, 2007
Expected Return on Plan Assets	2,212,797	485,953
Actuarial gain/(loss) on Plan Assets	(424,338)	195,910
Actual Return on Plan Assets	1,788,459	681,863
V. Amount Recognised in the Balance Sheet:	March 31, 2008	March 31, 2007
Liability at the end of the year	38,618,405	17,083,340
Fair Value of Plan Assets at the end of the year	35,143,384	17,830,999
Difference	(3,475,021)	(747,659)
Unrecognised Past Service Cost	-	-
Amount Recognised in the Balance Sheet ^	(3,475,021)	(747,659)

SCHEDULES

VI. Expenses Recognised in the Income Statement:	March 31, 2008	March 31, 2007
Current Service Cost	2,176,510	1,092,466
Interest Cost	1,434,970	710,039
Expected Return on Plan Assets	(2,212,797)	(485,953)
Net Actuarial (Gain)/Loss To Be Recognised	14,623,879	6,710,209
Past Service Cost (Non Vested Benefit) Recognised	-	-
Past Service Cost (Vested Benefit) Recognised	-	-
Expense Recognised in P& L	16,022,562	8,026,761
VII. Balance Sheet Reconciliation	March 31, 2008	March 31, 2007
Opening Net Liability [^]	(747,659)	2,300,303
Expense as above	16,022,562	8,026,761
Employers Contribution	11,799,882	11,074,723
Amount Recognised in Balance Sheet [^]	3,475,021	(747,659)

[^] The Company had taken an actuarial valuation for the purpose of above disclosure which differs with that of valuation as given by the insurer with whom the liability is funded. The difference was not accounted as prepaid as at March 31, 2007 on ground of prudence

- 13) The Company has entered into Operating Lease arrangements towards provision for vehicles and Business Centre arrangement 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 is as follows:

- (i) Not later than one year Rs. 22,735,741
- (ii) Later than one year and not later than five years Rs. 48,016,608
- (iii) Later than five years Rs. Nil

During the current year ended March 31, 2008 the lease payments recognised in the Profit and Loss account for the aforesaid arrangement amounts to Rs. 17,975,921/-

- 14) The Company has joint control over the following entity as per Accounting Standard 27 (AS-27)

Jointly Controlled Entity (Incorporated in India)	Percentage of ownership interest	
	March 31, 2008	March 31, 2007
IL&FS Milestone Realty Advisors Private Limited	40.00%	N/A

The aggregate amount of assets, liabilities, income and expenditure of the jointly controlled entities, based on audited accounts of the respective entities is as follows:

As at the end of the year	March 31, 2008 (Rs)	March 31, 2007 (Rs)
Assets	55,587,635	N/A
Liabilities	54,337,295	N/A
For the year ended	March 31, 2008 (Rs)	March 31, 2007 (Rs)
Income	25,375,000	N/A
Expenses (including tax)	24,924,660	N/A

SCHEDULES

- 15) On the basis of the information available with the Company there are no suppliers registered under the Micro, Small, Medium Enterprises Development Act, 2006. Hence, information as required by the said Act is not given
- 16) Figures for the previous year have been regrouped and rearranged wherever considered necessary

Schedules 1 to 13 annexed hereto form part of the Financial Statements

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

A. B. JANI
Partner

Place : Mumbai
Date : April 24, 2008

For and on behalf of the Board

S M DATTA
Chairman

SHAHZAAD DALAL
Vice Chairman & Managing Director

SANJAY MITRA
Company Secretary

INFORMATION PURSUANT TO PART IV TO THE COMPANIES ACT, 1956 AS AMENDED TO THE EXTENT APPLICABLE FURNISHED BELOW

(Previous year figures in brackets)

I.	Registration Details					
	Registration No	:	147981	State Code	:	11
	Balance Sheet Date	:	31.03.2008		:	
II.	Capital raised during the year (Amount in Rs. Thousand)					
	Public Issue	:	Nil (Nil)	Right Issue	:	Nil (Nil)
	Bonus Issue	:	Nil (79,304)	Private Placement	:	8,155 (19,179)
III.	Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)					
	Total Liabilities	:	594,258 (398,394)	Total Assets	:	594,258 (398,394)
	Sources of Funds					
	Paid up Capital	:	265,268 (257,113)	Reserves & Surplus	:	319,831 (131,422)
	Secured Loans	:	Nil (Nil)	Unsecured Loans	:	Nil (Nil)
	Application of Funds					
	Net Fixed Assets	:	7,984 (7,001)	Investments	:	215,320 (75,332)
	Net Current Assets	:	354,779 (301,898)	Miscellaneous Expenditure	:	Nil (Nil)
	Accumulated Losses	:	Nil (Nil)			
IV.	Performance of company (Amount in Rs. Thousands)					
	Turnover	:	825,542 (503,261)	Expenditure	:	401,810 (236,028)
	Profit/Loss Before Tax	:	423,732 (267,232)	Profit/Loss after tax	:	280,345 (173,013)
	Basic Earning per Shares	:	10.82 (7.11)	Dividend rate %	:	55 % (40%)
V.	Generic names of three principal products/services of company (as per monetary terms)					
	Item Code No. (ITC Code)	:	Not Applicable			
	Product Description	:	Fund Management Business			

For and on behalf of the Board

S M DATTA
Chairman

SHAHZAAD DALAL
Vice Chairman & Managing Director

SANJAY MITRA
Company Secretary

Place : Mumbai
Date : April 24, 2008

STATEMENT PURSUANT TO EXEMPTION RECEIVED UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

	Name of the Subsidiary Company	IL&FS Singapore Asset Management Company Pte. Limited	IL&FS Investment Advisors LLC	IL&FS Asian Infrastructure Managers Limited	IL&FS Urban Infrastructure Managers Limited
	Financial year ended on	31-Mar-08	31-Mar-08	31-Mar-08	31-Mar-08
1	Reporting Currency	USD	USD	INR	INR
2	Exchange Rate	39.97	39.97	1.00	1.00
3	Capital	1,998,540	799,400	45,918,370	500,000
4	Reserves	553,664	47,629,611	2,628,668	(324,266)
5	Total Assets	4,038,848	512,708,860	57,896,264	17,902,079
6	Total Liabilities	1,486,644	464,279,849	9,349,226	17,726,345
7	Investment Other than Investment in Subsidiary	-	80,100	40,215,256	-
8	Turnover	13,272,158	460,188,280	25,257,188	12,032,380
9	Profit before Taxation	2,324,535	46,132,894	2,779,217	607,375
10	Provision for Taxation	237,901	1,431,285	260,000	563,000
11	Profit after Taxation	2,086,634	44,701,609	2,519,217	44,375
12	Proposed Dividend	-	-	-	-
13	Country	Singapore	Mauritius	India	India

Notes :

The Ministry of Corporate Affairs, Government of India has vide its letter no. 47/197/2008-CL-III dated April 23, 2008 granted exemption under Section 212(8) of the Companies Act, 1956 from attaching to the Balance Sheet of the Company, the Accounts and other documents of its Subsidiary Companies. The above statement has been prepared for each of the Companys' Subsidiaries under the terms of the aforesaid exemption

For and on behalf of the Board

S M DATTA
Chairman

SHAHZAAD DALAL
Vice Chairman & Managing Director

SANJAY MITRA
Company Secretary

Place : Mumbai
Date : April 24, 2008



CONSOLIDATED FINANCIAL STATEMENTS

Auditors' Report

TO THE BOARD OF DIRECTORS OF IL&FS INVESTMENT MANAGERS LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF IL&FS INVESTMENT MANAGERS LIMITED AND ITS SUBSIDIARIES

1. We have audited the attached Consolidated Balance Sheet of IL&FS INVESTMENT MANAGERS LIMITED (the "Company") and its subsidiaries (the "Group") as at March 31, 2008 the consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The consolidated Financial Statements include investments in affiliates accounted for on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) and the jointly controlled entities accounted for in accordance with Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures). These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material aspects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of Rs.516,256,122 as at March 31, 2008, total revenues of Rs.476,673,518 and cash flows amounting to Rs.22,265,470 for the year ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us and in our opinion, insofar as they relate to the amounts included in respect of these two subsidiaries, are solely based on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements), Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) and Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) and on the basis of separate audited financial statements of the Company and the separate audited financial statement of subsidiaries, jointly controlled entity and an associate, which have been included in the consolidated financial statements.
5. Based on our audit and on consideration of reports of other auditors on separate financial statements of the subsidiaries referred to in paragraph 3 above, and to the best of our knowledge and according to the information and explanations given to us, we are of the opinion that the attached consolidated financial statements, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at March 31, 2008.
 - (b) in the case of the Consolidated Profit and Loss Account, of the profit of the Group for the year ended on that date and
 - (c) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

Mumbai, April 24, 2008

For Deloitte Haskins & Sells.
Chartered Accountants

A. B. JANI
Partner
(Membership No. 46488)

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2008

	Schedules	As at March 31, 2008 Rupees	As at March 31, 2007 Rupees
SOURCES OF FUNDS :			
Shareholders' Funds:			
Share Capital	1	265,268,140	257,112,840
Stock Options Outstanding		9,158,940	9,858,720
Reserves and Surplus	2	409,780,241	151,013,009
Minority Interest		25,096,308	22,554,390
		709,303,629	440,538,959
APPLICATION OF FUNDS :			
Fixed Assets	3		
Gross Block		839,529,814	550,508,196
Less: Depreciation		302,846,831	201,781,228
Net Block		536,682,983	348,726,968
Add: Capital Work-in-Progress (Intangible asset - software)		2,670,135	1,604,280
		539,353,118	350,331,248
Investments	4	228,920,801	71,989,991
Deferred Tax Asset (net) (Refer note 3 of Schedule 13)		15,333,700	14,194,500
Current Assets, Loans and Advances			
Sundry Debtors	5	133,171,149	50,758,977
Cash and Bank Balances	6	211,528,801	128,419,278
Loans and Advances	7	240,500,160	161,465,264
		585,200,110	340,643,519
Less: Current Liabilities and Provisions	8		
Current Liabilities		458,396,722	203,450,676
Provisions		201,107,378	133,169,623
		659,504,100	336,620,299
Net Current Assets		(74,303,990)	4,023,220
		709,303,629	440,538,959
Significant Accounting Policies and Notes to the Accounts	13		

Schedules 1 to 13 annexed hereto form part of the Financial Statements

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

A. B. JANI
Partner

Place : Mumbai
Date : April 24, 2008

For and on behalf of the Board

S M DATTA
Chairman

SHAHZAAD DALAL
Vice Chairman & Managing Director

SANJAY MITRA
Company Secretary

CONSOLIDATED PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED MARCH 31, 2008

	Schedules	For the Year ended March 31, 2008 Rupees	For the Year ended March 31, 2007 Rupees
INCOME			
Income from Fund Management and Advisory Services	9	989,831,732	563,794,342
Income from Investments/ Loans	10	61,094,793	35,388,598
Other Income		6,387,060	2,288,589
		1,057,313,585	601,471,529
EXPENSES			
Staff Expenses	11	277,438,578	137,187,260
Operating Expenses	12	212,072,993	84,057,430
Depreciation		102,014,722	107,463,012
		591,526,293	328,707,702
Profit before Tax		465,787,292	272,763,827
Provision for Tax			
- Current Tax		143,041,268	96,863,868
- Deferred Tax Asset (net) (Refer note 3 of Schedule 13)		(1,139,200)	(5,062,708)
- Fringe Benefit Tax		4,488,400	2,750,000
Profit after Tax		319,396,824	178,212,667
Add: Share of Profit of Associate		2,495,280	4,020,108
Less: Minority Interest		2,258,585	53,190
Profit Available for Appropriations		319,633,519	182,179,585
Less: Appropriations :			
Transferred to General Reserve		30,000,000	22,286,675
Proposed Dividend		145,886,477	102,837,136
Tax on Dividend		24,793,407	17,477,171
Balance carried to Balance Sheet		118,953,635	39,578,603
Earnings Per Share (EPS) (Refer note 7 of Schedule 13) (Equity shares, Face value Rs. 10 each)			
Basic		12.33	7.48
Diluted		11.99	7.10
Significant Accounting Policies and Notes to the Accounts	13		

Schedules 1 to 13 annexed hereto form part of the Financial Statements

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

A. B. JANI
Partner

Place : Mumbai
Date : April 24, 2008

For and on behalf of the Board

S M DATTA
Chairman

SHAHZAAD DALAL
Vice Chairman & Managing Director

SANJAY MITRA
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2008

	Particulars	March 31, 2008 Rupees
A	CASH FLOW FROM OPERATING ACTIVITIES	
	PROFIT BEFORE TAX	465,787,292
	Adjustment for:	
	Depreciation	102,014,722
	Leave Encashment	10,221,768
	Employee Compensation	1,637,870
	Debts/ Advances written off	11,025,157
	Provision for share in loss in partnership firm	7,350,410
	Dividend from Long Term Investment	(4,156,818)
	Interest Income	(12,280,198)
	Foreign Exchange Loss	5,941,559
	Profit on sale of Long Term Investments	(35,324,684)
	Profit on sale of Fixed Assets	(53,867)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	552,163,211
	Increase in trade and other receivables	(82,412,172)
	Increase in Current Investments	(171,345,832)
	Increase in Advances	(47,370,891)
	Increase in trade and other payables	253,635,404
	Cash Flow after Working Capital Changes	504,669,720
	Income Tax Paid (Net)	(160,802,675)
	NET CASH GENERATED FROM OPERATING ACTIVITIES	343,867,045
B	CASH FLOW FROM INVESTING ACTIVITIES	
	Purchase of Fixed Assets / Capital Advances	(291,169,868)
	Proceeds from sale of Fixed Assets	187,143
	Purchase of Investments	(40,130)
	Proceeds from sale of Investments	50,524,986
	Increase in Deposits / Loans	(4,700,000)
	Dividend received from Associate	1,710,000
	Dividend Income from others	4,156,818
	Interest received	9,643,530
	NET CASH USED IN INVESTING ACTIVITIES	(229,687,521)
C	CASH FLOW FROM FINANCING ACTIVITIES	
	Proceeds from Issuance of Share Capital	87,933,663
	Proceeds from borrowing	20,000,000
	Repayment of borrowing	(20,000,000)
	Dividend paid	(119,003,664)
	NET CASH USED IN FINANCING ACTIVITIES	(31,070,001)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2008

	Particulars	March 31, 2008 Rupees
D	NET INCREASE IN CASH AND CASH EQUIVALENTS	83,109,523
	Cash and cash equivalents at the beginning of the year	128,419,278
	Cash and cash equivalents at the end of the year	211,528,801
		83,109,523
	Significant Accounting Policies and Notes to the Accounts Schedule 13	

Schedules 1 to 13 annexed hereto form part of the Financial Statements

As per our attached report of even date

For Deloitte Haskins & Sells

Chartered Accountants

A. B. JANI

Partner

Place : Mumbai

Date : April 24, 2008

For and on behalf of the Board

S M DATTA

Chairman

SHAHZAAD DALAL

Vice Chairman & Managing Director

SANJAY MITRA

Company Secretary

Consolidated Financial Statements

SCHEDULES

	As at March 31, 2008 Rupees	As at March 31, 2007 Rupees
SCHEDULE 1 : SHARE CAPITAL		
Authorised		
50,000,000 Equity shares of Rs. 10/- each	500,000,000	500,000,000
Issued, Subscribed and Paid-up		
26,524,814 Equity shares of Rs. 10/- each fully paid-up (Previous year 25,709,284 Equity shares of Rs. 10/- each fully paid-up) (Of the above 13,770,275 equity shares of Rs. 10/- each fully paid-up are held by Infrastructure Leasing & Financial Services Limited the Holding Company)	265,248,140	257,092,840
Add : Forfeited shares	20,000	20,000
	265,268,140	257,112,840
Note: Of the above 7,930,449 equity shares of Rs. 10/- each were allotted as fully paid-up Bonus Shares by capitalisation of Securities Premium, General Reserve and Profit & Loss Account in financial year 2006-07		
SCHEDULE 2 : RESERVES AND SURPLUS		
Securities Premium Account		
Balance as per previous Balance Sheet	59,702,709	29,056,592
Add: Received upon issuance of shares	78,743,855	59,702,709
Less: Capitalised for Issue of Bonus Shares	-	29,056,592
	138,446,564	59,702,709
General Reserve		
Balance as per previous Balance Sheet	25,000,000	53,775,000
Add: Transferred from Profit and Loss Account	30,000,000	22,286,675
Less: Capitalised for Issue of Bonus Shares	-	46,600,000
Less: Employee Benefits Adjustment (Previous year net of Deferred Tax - Rs. 2,263,793)	-	4,461,675
	55,000,000	25,000,000
Profit and Loss Account		
Balance as per previous Balance Sheet	61,425,264	19,955,635
Add: Post Acquisition Share in Reserves of Associate	-	5,538,924
Add: Transferred from Profit and Loss Account	118,953,635	39,578,603
Less: Opening Reserve Adjustments	781,814	-
Less: Capitalised for Issue of Bonus Shares	-	3,647,898
	179,597,085	61,425,264
Foreign Currency Translation Adjustment	36,736,592	4,885,036
	409,780,241	151,013,009

Consolidated Financial Statements
SCHEDULES

SCHEDULE 3 : FIXED ASSETS

(Rupees)

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
Description of Assets	As at 01.04.2007	Additions/ Adjustments	Deductions/ Adjustments	As at 31.03.2008	Up to 31.03.2007	For the Year	Deductions/ Adjustments	Up to 31.03.2008	As At 31.03.2008	As At 31.03.2007
Tangible Assets										
Furniture and Fixtures	4,431,295	1,575,162	(278,713)	5,727,744	2,045,771	1,096,896	(159,399)	2,983,268	2,744,476	2,385,524
Office Equipments	986,667	905,847	(129,780)	1,762,734	686,186	715,109	(122,201)	1,279,094	483,640	300,481
Vehicles	78,527	-	(24,614)	53,913	47,449	15,336	(18,238)	44,547	9,366	31,078
Computers	4,782,816	1,085,746	(649,288)	5,219,274	2,900,045	1,192,125	(649,281)	3,442,889	1,776,385	1,882,771
Improvement to Leasehold Property	-	1,922,848	-	1,922,848	-	57,400	-	57,400	1,865,448	-
Total (A)	10,279,305	5,489,603	(1,082,395)	14,686,512	5,679,451	3,076,866	(949,119)	7,807,198	6,879,315	4,599,854
Intangible Assets										
Computer Software	1,248,000	815,231	-	2,063,231	451,286	552,479	-	1,003,765	1,059,466	796,714
Business Know-how, Management and Advisory Contracts	113,099,511	-	-	113,099,511	113,099,511	-	-	113,099,511	-	-
Placement Fees	425,881,380	283,580,089	-	709,461,469	82,550,980	98,362,577	-	180,913,557	528,547,912	343,330,400
Total (B)	540,228,891	284,395,320	-	824,624,211	196,101,777	98,915,056	-	295,016,833	529,607,378	344,127,114
Share in Joint Venture (C)	-	219,090	-	219,090	-	22,800	-	22,800	196,290	-
Total (A+B+C)	550,508,196	290,104,013	(1,082,395)	839,529,814	201,781,228	102,014,722	(949,119)	302,846,831	536,682,983	348,726,968
Previous Year	122,696,571	428,953,829	(1,142,204)	550,508,196	201,781,228	107,463,102	(667,559)	201,281,228		
Capital Work-in-Progress (Intangible asset - software)										1,604,280
	Total									539,549,408
										350,331,248

Consolidated Financial Statements

SCHEDULES

	As at March 31, 2008 Rupees	As at March 31, 2007 Rupees
SCHEDULE 4 : INVESTMENTS (at cost less provision)		
LONG TERM TRADE INVESTMENTS		
- Unquoted Equity Shares (Fully Paid)		
- Associate		
IL&FS Trust Company Limited @	-	712,500
Add: Post acquisition Share of Reserves of Associate	-	8,561,532
Sub Total (A)	-	9,274,032
- Others		
Avantika Gas Limited	82,500	82,500
IL&FS India Realty Fund LLC	39,970	43,590
IL&FS India Realty Fund II LLC	39,970	-
TARA India Fund III LLC	80	-
TARA Feeder Fund Limited	80	-
Sub Total (B)	162,600	126,090
- Units of Venture Fund (Unquoted)		
South Asian Regional Apex Fund	16,622,500	21,800,000
Leverage India Fund	100,000	100,000
Infrastructure Leasing & Financial Services Realty Fund	50,000	50,000
Sub Total (C)	16,772,500	21,950,000
- Interest in Partnership (Unquoted)		
AMCF India Participations, L.P. ##	20,266,516	20,266,516
Sub Total (D)	20,266,516	20,266,516
Total Long Term Trade Investments (E) = (A+B+C+D)	37,201,616	51,616,638
CURRENT NON TRADE INVESTMENTS		
- Units of Mutual Fund (Unquoted unless otherwise stated)		
Units of Morgan Stanley Mutual Fund- Growth Plan (Quoted)	10,386,520	-
Units of Birla Cash Plus Institutional Prem. - Daily Dividend	36,152,861	-
Units of ICICI Prudential Liquid Plan Institutional Plus - Daily Dividend	9,676,837	-
Reliance Monthly Interval Fund - Series I Institutional Dividend Plan	32,989,753	-
UTI Liquid Cash Plan Institutional- Daily Income Option	27,199,834	-
Units of SBI Premium Liquid Fund Institutional - Daily Dividend	35,098,124	-
Units of Tata Liquid Super High Investment Fund - Daily Dividend	-	7,503,596
Units of UTI Liquid Cash Plan Institutional - Daily Dividend	40,215,256	12,869,757
Total Current Investments (F)	191,719,185	20,373,353
TOTAL (E+F)	228,920,801	71,989,991

@ Sold during the year

Represents the Company's 100% Share in the Limited Partners Capital, where Asia Mezzanine Capital Partners LP have 100% voting rights, also refer schedule 8

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	As at March 31, 2008 Rupees	As at March 31, 2007 Rupees
SCHEDULE 5 : SUNDRY DEBTORS (Unsecured, considered good)		
Outstanding for more than six months	37,954,877	5,864,671
Other Debts	92,935,240	44,894,306
Share in Joint Venture	2,281,032	-
	133,171,149	50,758,977
SCHEDULE 6 : CASH AND BANK BALANCES		
Cash in hand	52,939	79,262
Cheques on Hand	-	36,863
Balance with Scheduled Banks		
-in Current Accounts	40,675,912	13,038,575
-in Fixed Deposit	168,267,359	115,264,578
Share in Joint Venture	2,532,591	-
	211,528,801	128,419,278
SCHEDULE 7 : LOANS AND ADVANCES (Unsecured unless otherwise stated, considered good)		
Interest Accrued but not due	9,976,137	7,339,469
Advance Tax (net)	18,790,719	12,271,312
Advances Recoverable in cash or in kind or for value to be received	161,155,582	141,854,483
Share in Joint Venture	50,577,722	-
	240,500,160	161,465,264
SCHEDULE 8 : CURRENT LIABILITIES AND PROVISIONS		
A. Current Liabilities		
Sundry Creditors	377,720,170	190,728,122
Amounts to be Credited to Investor Education and Protection Fund - Unclaimed Dividend	5,971,797	4,661,154
Other Liabilities	20,668,260	8,061,400
Share in Joint Venture	54,036,495	-
Total (A)	458,396,722	203,450,676
B. Provisions		
Provision for share in loss in partnership firm	7,350,410	-
Proposed Dividend	145,886,477	102,837,136
Tax on Proposed Dividend	24,793,407	17,477,171
Provision for Leave Encashment	23,077,084	12,855,316
Share in Joint Venture	-	-
Total (B)	201,107,378	133,169,623
Total (A+B)	659,504,100	336,620,299

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	For the Year ended March 31, 2008 Rupees	For the Year ended March 31, 2007 Rupees
SCHEDULE 9 : INCOME FROM FUND MANAGEMENT & ADVISORY SERVICES		
Fees from Fund Management and Advisory Services	964,456,732	563,794,342
Share in Joint Venture	25,375,000	-
	989,831,732	563,794,342
SCHEDULE 10 : INCOME FROM INVESTMENTS/ LOANS		
Dividend Income		
-Long-term trade investments	4,156,818	6,195,000
-Current non-trade Investments	9,333,093	4,191,526
Profit on sale of Long-term trade Investments	35,324,684	3,814,679
Profit on sale of Current non-trade Investments	-	12,852,984
Interest Income on Deposits/ Loans	12,280,198	8,334,409
Share in Joint Venture	-	-
	61,094,793	35,388,598
SCHEDULE 11 : STAFF EXPENSES		
Salaries and Allowances	230,242,692	105,079,714
Contribution to Provident Fund & other Funds	30,502,957	17,421,063
Staff Welfare Expenses	7,445,137	4,827,763
Amortisation of stock based compensation	1,637,870	9,858,720
Share in Joint Venture	7,609,922	-
	277,438,578	137,187,260
SCHEDULE 12 : OPERATING EXPENSES		
Rent	27,769,342	16,887,877
Rates & Taxes	1,270,922	2,520,511
Electricity & Water Charges	1,538,008	506,995
Postage & Telecommunication	3,556,520	2,897,697
Printing & Stationery	1,496,719	1,024,021
Travelling & Conveyance	26,079,190	19,920,538
Debts/Advances Written Off	11,025,157	25,165
Provision for share in loss in partnership firm	7,350,410	-
Insurance	3,681,979	1,573,735
Repairs and Maintenance-Others	3,019,286	3,450,683
Legal & Professional Expenses	74,127,525	9,839,624
Directors Sitting Fees	1,106,724	794,750
Underwriting and Placement Fees	5,424,890	8,873,275
Preliminary Expenses	-	147,000
Miscellaneous Expenses	27,835,583	15,595,559
Share in Joint Venture	16,790,738	-
	212,072,993	84,057,430

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SCHEDULE 13: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

a) Basis for preparation of Financial Statements

The Consolidated Financial Statement (CFS) relates to IL&FS Investment Managers Limited (IIML) ("the Holding Company"), its subsidiaries, jointly controlled entities and associates, which constitute the "Group"

The financial statements are prepared under the historical cost convention in accordance with the applicable Accounting Standards notified under Section 211 (3C) of the Companies Act, 1956. All income and expenditure having material bearing on the financial statements are recognized on an accrual basis

The preparation of financial statements requires the Management to make certain estimates and assumptions 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

b) Principles of consolidation

The financial statement of the subsidiary companies used in the consolidation are drawn upto the same reporting date as of the Holding Company. For the purpose of CFS uniform accounting policies are adopted by the Group

The Consolidated financial statements have been prepared on the following basis:

- i) The financial statements of the Group have been consolidated on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Inter-company balances and transactions and unrealised profits or losses have been fully eliminated. For translation of the non-integral foreign operations, both monetary and non-monetary assets and liabilities are translated using closing rate as on the balance sheet date. The income and expenses are translated using the average rate during the year. The resulting exchange difference is accumulated in the foreign currency translation reserve until the disposal of the net investment
- ii) The Financial Statements / information of the jointly controlled entity has been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra group transactions resulting in unrealised profits or loss as per Accounting Standard 27 on 'Financial Reporting of Interest in Joint Venture' using the "proportionate consolidation" method
- iii) The consolidated financial statements include the share of profit /loss of the associate company, which has been accounted as per the 'Equity method' as per which the share of profit of the associate company has been added to the cost of investment. An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture
- iv) Minority interest in the net assets of consolidating subsidiaries consists of the amount of equity attributable to the minority shareholders and share of profit attributable to them

c) The Consolidated Financial Statements present the consolidated accounts of IIML, which consists of the accounts of the Holding Company and of the following subsidiaries, jointly controlled entity and an associate

Name of the Entity	Country of Incorporation and Residence	Amount of Investment	Percentage of Voting power As at March 31, 2008
Subsidiaries			
IL&FS Asian Infrastructure Managers Limited	India	23,417,770	51.00
IL&FS Urban Infrastructure Managers Limited	India	499,400	99.88
IL&FS Investment Advisors LLC	Mauritius	900,200	100.00
IL&FS Singapore Asset Management Company Pte Limited	Singapore	1,076,712	51.00
Associate			
IL&FS Trust Company Limited (upto September 11, 2007)	India	712,500	NIL
Jointly Controlled Entity			
IL&FS Milestone Realty Advisors Private Limited	India	800,000	40.00

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d) Revenue Recognition

- i) Management fee income on funds under management and advisory fee income are recognised based on contractual arrangements
- ii) Mobilisation Fees are recognised over the life of the managed scheme.
- iii) Income from Investment in Units of Private Equity Funds (PEF) is recognised on the basis of income distributed by the respective PEFs
- iv) Dividend income is recognised once the unconditional right to receive dividend is established
- v) Interest income on fixed deposits is accrued proportionately based on period for which the same is placed

e) Fixed Assets

Fixed Assets are stated 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)
Furniture and Fixtures	5
Computers	3
Office Equipments	4
Vehicles	4
Computer Software	3

All categories of assets costing Rs.5,000/- or less each and mobile phones are written off in the year of capitalisation

f) Intangible Assets

Intangible Assets include business know how, value of Management and Advisory Contracts and related intangible assets acquired. These Intangible Assets are amortised over the estimated useful life of 5 years on Straight-Line Method

Placement Fees incurred in the establishment of the Fund are carried as Intangible Assets and are amortised over five years from the commencement date of the Fund to which the placement fee relate

g) Investments

- i) Investments are capitalised at actual cost including costs incidental to acquisition
- ii) Investments are classified as long term or current at the time of making such investments
- iii) Long term investments are individually valued at cost less provision for diminution, other than temporary
- iv) Current investments are valued at lower of cost or fair value, computed scrip-wise

h) Foreign Currency Transactions

- i) Monetary items not covered by Forward Contracts are reported at the closing rate
- ii) Monetary items covered by Forward Contracts are valued at the spot rate at the inception of the transaction. The premia or discount arising at the inception of such a forward contract is amortised as expense or income over the life of the contract
- iii) Non Monetary items which are carried in terms of historical cost denominated in foreign currency at the Balance Sheet date are reported using the exchange rate at the date of the transaction

i) Employee Benefits

- i) Contributions to Provident Fund and Superannuation Fund are charged to the Profit and Loss Account as per applicable law/rules.
- ii) The Holding 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 to the Profit and Loss Account
- iii) The Holding Company's liability in respect of accumulated leave salary is provided for in the Profit and Loss Account, based on actual leave liability determined at the end of the year

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j) Taxation

Income Tax comprises the current tax, fringe benefit tax and net change in the deferred tax asset or liability during the year. Current tax is determined at the amount of tax payable in respect of Taxable income for the period as per the Income-tax Act, 1961

The deferred tax assets and liabilities for the year, arising on account of timing differences, are recognised in the profit and loss account; and the cumulative effect thereof is reflected in the Balance Sheet. Deferred tax assets are recognised subject to Management judgement that realization is reasonable. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the income statement in the year of substantial enactment of change

k) Cash and Cash equivalent

Cash and Cash equivalent comprises cash on hand, demand deposits with banks, short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value

l) Earnings Per Share

In determining earnings per share, the net profit after tax is considered. 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

m) Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when there is a present 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 not discounted to their present value and are determined based on the best estimates at the balance sheet date required to settle the obligation. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimation. 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

B. NOTES TO ACCOUNTS

1) Outstanding Commitments on Capital Account

	March 31, 2008	March 31, 2007
Estimated amount of contracts remaining to be executed on capital account (intangible asset – software) not provided for (net of advances paid amounting to Rs 2,444,280/-, Previous Year Rs 1,604,280/-)	560,000	1,561,289

2) Contingent Liabilities

Claims against the Group not acknowledged as debts:

	March 31, 2008	March 31, 2007
Income Tax Demands	29,510,777	9,936,569
The Group has preferred appeals against the foregoing income tax demands		

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

a) During the current year ended March 31, 2008 the timing difference has resulted in a net deferred tax asset of Rs.1,139,200/- .

b) The deferred tax asset recognized in the accounts as of March 31, 2008 are as follows:

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Nature of Timing Differences	2007 Asset/(Liability) Rs.	Adjusted during the year Rs.	2008 Asset/(Liability) Rs.
Net Depreciation	10,053,400	(2,518,800)	7,534,600
Preliminary Expenses	32,500	(5,400)	27,100
Retirement Benefits *	4,108,600	3,975,400	8,084,000
Mobilisation Fee Expense	-	(13,929,200)	(13,929,200)
Deferred Income	-	9,993,200	9,993,200
Unabsorbed Loss	-	3,624,000	3,624,000
Total	14,194,500	1,139,200	15,333,700

* Previous year amount includes Rs 2,263,793/- created on account of Rs 6,725,468/- charged to opening reserves under transitional provisions of Accounting Standard 15 "Employee Benefits"

4) Derivative Instruments

The Group has entered into the following derivative instruments outstanding:

Forward Exchange Contracts :	March 31, 2008	March 31, 2007
	US\$ 250,000 (Sell)	US\$ 3,000,000 (Sell)
	Rs. 10,500,000 (Buy)	Rs. 135,680,000 (Buy)

5) Related Party Transactions

(a) As per the Accounting Standard on 'Related Party Disclosure' (AS-18), the related parties are as follows:

	HOLDING COMPANY*	March 31, 2008	March 31, 2007
	Infrastructure Leasing & Financial Services Limited	✓	N/A

	SUBSIDIARIES	March 31, 2008	March 31, 2007
1	IL&FS Urban Infrastructure Managers Limited	✓	✓
2	IL&FS Asian Infrastructure Managers Limited	✓	✓
3	IL&FS Investment Advisors LLC	✓	✓
4	IL&FS Singapore Asset Management Company Pte Limited (w.e.f 22nd May, 2007)	✓	N/A

	FELLOW SUBSIDIARIES*	March 31, 2008	March 31, 2007
1	IL&FS Windfarms Limited	✓	N/A
2	IL&FS Financial Services Limited	✓	N/A
3	IL&FS Infrastructure Development Corporation Limited	✓	N/A
4	M P Toll Roads Limited	✓	N/A
5	IL&FS Transportation Networks Limited	✓	N/A
6	IL&FS Property Management & Services Limited	✓	N/A
7	IL&FS Portfolio Management Services Limited	✓	N/A
8	IL&FS Cluster Development Initiative Company Limited	✓	N/A
9	IL&FS Maritime Infrastructure Company Limited	✓	N/A
10	IL&FS Waste Management & Urban Services Limited	✓	N/A
11	IL&FS Water Limited	✓	N/A
12	Tamil Nadu Water Investment Company Limited	✓	N/A
13	IL&FS Securities Services Limited	✓	N/A
14	Chattisgarh Highway Development Company Limited	✓	N/A

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	FELLOW SUBSIDIARIES*	March 31, 2008	March 31, 2007
15	Trans Harbour Link Private Limited	✓	N/A
16	IL&FS Energy Development Corporation Limited	✓	N/A
17	IL&FS Education & Technology Services Limited	✓	N/A
18	IL&FS Ecosmart Limited	✓	N/A
19	North Karnataka Expressway Limited	✓	N/A
20	West Gujarat Expressway Limited	✓	N/A
21	IL&FS Hydro Energy Limited	✓	N/A
22	Andhra Pradesh Expressway Limited	✓	N/A
23	Gujarat Road & Infrastructure Company Limited	✓	N/A
24	East Hyderabad Expressway Limited	✓	N/A
25	IL&FS Renewal Energy Limited	✓	N/A
26	IL&FS Wind Power Limited	✓	N/A
27	ITNL Chhattisgarh Road Infrastructure Company Limited	✓	N/A
28	IL&FS Maritime Offshore Pte Limited	✓	N/A
29	Apptex Manpower Development Services Limited	✓	N/A
30	Kanpur Unnao Leather Cluster Development Company Limited	✓	N/A
31	Apptex Marketing Services & Solution Limited	✓	N/A
32	Kanak Resources Management Limited	✓	N/A
33	IL&FS Urban Infrastructure Services Limited	✓	N/A
34	Cross Border Power Transmission Company Private Limited	✓	N/A
35	Integrated Energy & Coal Development Company Private Limited	✓	N/A
36	Integrated Trans Log Development Company Limited	✓	N/A
37	Kolhapur Integrated Cane Processing Company Limited	✓	N/A
38	Unique Waste Processing Company Limited	✓	N/A
39	IL&FS Trust Company Limited #	✓	N/A
40	Elsamex SA	✓	N/A
41	Integrated Waste Management & Urban Services Company (Tamil Nadu) Private Limited	✓	N/A
42	India Auto Ancillary Fund Co	✓	N/A
43	IL&FS Nepal Infrastructure Development Co Pvt Limited	✓	N/A
44	Bastean, S L	✓	N/A
45	Elsamex International, SRL	✓	N/A
46	Grusamar Ingenieria Y Consulting, SL (Grusamar)	✓	N/A
47	Sánchez Marcos Señalización e Imagen, S.A	✓	N/A
48	Proyectos De Gestion Calculo Analysis Y Sistemas S.A	✓	N/A
49	Especialidades En Construccion Y Mantenimiento Integral, SA DE CV	✓	N/A
50	Elsamex India Private Limited	✓	N/A
51	Inversiones Tyndrum S.A	✓	N/A
52	Centro De Investigacion Elipido Sanchez Marcos S.A.	✓	N/A
53	Control 7, S. A	✓	N/A
54	Geotecnia 7, S.A	✓	N/A
55	Mantenimiento Y Conservacion De Vialidades, S.A. DE C.V	✓	N/A

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	FELLOW SUBSIDIARIES*	March 31, 2008	March 31, 2007
56	ESM Mantenimiento Integral, S.A. DE C.V	✓	N/A
57	Elsamex Portugal S.A	✓	N/A
58	Inteval-Gestao Integral Rodoviaria S.A	✓	N/A
59	Grusamar Albania SHPK	✓	N/A
60	Antenea Seguridad Y Medico Ambieenete SA	✓	N/A
61	Ecoasphalt Construction Company Private Limited	✓	N/A
62	Proyectos Y Promociones Inmobiliarias Sanchez Marcos SL	✓	N/A
63	Senalizacion Viales E Imagen, SA	✓	N/A
64	Servicios de Ingenieria y Mantenimiento Canarios, S.A	✓	N/A

* w..e.f 6th July, 2007

Associate up to 11th September, 2007

	CO-VENTURER**	March 31, 2008	March 31, 2007
1	Propgain Properties Private Limited	✓	N/A
2	Lantern Trading and Investment Private Limited	✓	N/A

** w..e.f 23rd July, 2007

(b) The nature and volume of transactions during the year with the above related parties were as follows:

i) Transactions with holding company

Name of the Entity	Nature of Transaction	Amount of Transaction	Outstanding Balance As on March 31, 2008
Infrastructure Leasing & Financial Services Limited	Rent	19,785,610	Nil
		(13,195,478)	(40,781)
	Underwriting Fees	5,424,890	Nil
		(684,317)	(684,317)
	Advisory Fees (including service tax)	50,000,200	50,000,200
		(Nil)	(Nil)
	Sale of Investments	26,996,625	(Nil)
		(Nil)	(Nil)
	Unsecured Loan taken & Repaid	20,000,000	(Nil)
		(Nil)	(Nil)
	Interest on Loan paid	880,274	(Nil)
		(Nil)	(Nil)
	Sundry Creditor		63,380
			(Nil)

(Figures in brackets represent previous year transactions)

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ii) Transactions with associate company

Name of the Entity	Nature of Transaction	Amount of Transaction	Outstanding Balance As on March 31, 2008
IL&FS Trust Company Limited.	Dividend Income	1,710,000	Nil
		(997,500)	(Nil)
	Investment	Nil	Nil
		(Nil)	(712,500)

iii) Transactions with fellow subsidiaries

Name of the Entity	Nature of Transaction	Amount of Transaction	Outstanding Balance As on March 31, 2008
IL&FS Property Management and Services Limited	Operating Expenses	1,369,883	Nil
		(NA)	(NA)
	Purchase of Assets	240,831	Nil
		(NA)	(NA)
IL&FS Education & Technologies Limited	Operating Expenses	1,280,849	300,000
		(NA)	(NA)
	Purchase of Assets	127,489	Nil
		(NA)	(NA)
IL&FS Financial Services Limited	Fund Management Fee	4,907,184	Nil
		(NA)	(NA)
	Operating Expenses	84,66,888	84,66,888
		(NA)	(NA)
	Purchase of Assets	10,744	Nil
		(NA)	(NA)
Integrated Waste Management & Urban Services Company (Tamil Nadu) Private Limited	Fund Management Fee	931,689	Nil
		(NA)	(NA)
	Other Income (including service tax)	129,015	Nil
		(NA)	(NA)

(Figures in brackets represent previous year transactions)

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(c) Transactions with Key Management Personnel together with Relatives of such Personnel

Key Management Personnel:

Mr. Shahzaad Dalal	Vice Chairman & Managing Director
Dr. Archana Hingorani	Executive Director
Mr. Alok Bhargava	Executive Director (joined with effect from January 25, 2008)
Mr. Pradeep Puri	Managing Director, IL&FS Urban Investment Managers Limited (Resigned with effect from September 8, 2007)
Mr. Ved Prakash Arya	Director and Chief Investment Officer, IL&FS Milestone Realty Advisors Private Limited
Mrs. Nafisa Dalal	Spouse of Mr. Shahzaad Dalal

	For the year ended	March 31, 2008 (Rs)	March 31, 2007 (Rs)
(i)	Remuneration	36,643,783	18,950,181
(ii)	Balance Premises Deposit (Maximum amount outstanding during the year is Rs.12,500,000/- Previous Year Rs.12,500,000/-)	12,500,000	12,500,000
	Rent for Premises Occupied	420,000	420,000

(d) Transaction with IVC Welfare Trust

Nature of Transaction	Amount(Rs.)
Interest Income	8,304,399
	(4,485,894)
Repayment of Loan	34,388,350
	(4,805,060)
Disbursement of Loan	34,000,000
	(58,100,000)
Balance Loan Recoverable	117,404,605
	(109,488,557)

(Figures in brackets represent previous year transactions)

- 6) Miscellaneous Expenses includes loss on foreign exchange fluctuation aggregating Rs. 3,513,162/- (Previous Year Rs. 856,705/- profit on foreign exchange fluctuation reflected in Other Income)
- 7) Earnings Per Share (EPS)

In accordance with the Accounting Standard on 'Earnings Per Share' (AS-20), the Basic Earnings Per Share and Diluted Earnings Per Share has been computed by dividing the Profit After Tax by the number of equity shares for the respective years as under:

		March 31, 2008	March 31, 2007
(a)	Profit After Tax (Rs)	319,633,519	182,179,585
(b)	Weighted Average Number of Equity Shares in calculating Basic EPS	25,920,225	24,341,974
	Add: Potential Equity Shares on conversion of ESOPs outstanding at the end of the year (weighted average from date of grant for options issued during the year)	737,637	1,307,639
	Weighted Average Number of Equity Shares in calculating Diluted EPS	26,657,863	25,649,613
(i)	Nominal Value per share (Rs)	10.00	10.00
(ii)	Basic Earnings per share (Rs)	12.33	7.48
(iii)	Diluted Earnings per share (Rs)	11.99	7.10

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8) Segment Reporting

The Group is in the business of providing asset management and other related service. As such, there are no separate reportable business segment or geographical segment as per Accounting Standard 17 on "Segment Reporting".

9) Disclosure as required under Accounting Standard 15 on "Employee Benefits" for Gratuity is as under:

I. Assumptions:	March 31, 2008	March 31, 2007
Discount Rate Previous year	7.50%	7.50%
Rate of Return on Plan Assets Previous year	7.50%	7.50%
Salary Escalation Previous year	6.00%	6.00%
Discount Rate Current year	8.00%	7.50%
Rate of Return on Plan Assets Current year	8.00%	8.00%
Salary Escalation Current year	6.00%	6.00%
II. Table Showing Change in Benefit Obligation:	March 31, 2008	March 31, 2007
Liability at the beginning of the year	17,083,340	10,336,831
Interest Cost	1,434,970	710,039
Current Service Cost	2,176,510	1,092,466
Past Service Cost (Non Vested Benefit)	-	-
Past Service Cost (Vested Benefit)	-	-
Liability Transfer In	3,977,890	-
Liability Transfer Out	-	-
Benefit Paid	(253,846)	(1,962,115)
Actuarial (gain)/loss on obligations	14,199,541	6,906,119
Liability at the end of the year	38,618,405	17,083,340
III. Tables of Fair value of Plan Assets:	March 31, 2008	March 31, 2007
Fair Value of Plan Assets at the beginning of the year	17,830,999	8,036,528
Expected Return on Plan Assets	2,212,797	485,953
Contributions	11,799,882	11,074,723
Transfer from other Company	3,977,890	-
Transfer to other Company	-	-
Benefit Paid	(253,846)	(1,962,115)
Actuarial gain/(loss) on Plan Assets	(424,338)	195,910
Fair Value of Plan Assets at the end of the year	35,143,384	17,830,999
Total Actuarial Gain/(Loss) To Be Recognised	(14,623,879)	(6,710,209)
IV. Actual Return on Plan Assets:	March 31, 2008	March 31, 2007
Expected Return on Plan Assets	2,212,797	485,953
Actuarial gain/(loss) on Plan Assets	(424,338)	195,910
Actual Return on Plan Assets	1,788,459	681,863
V. Amount Recognised in the Balance Sheet:	March 31, 2008	March 31, 2007
Liability at the end of the year	38,618,405	17,083,340
Fair Value of Plan Assets at the end of the year	35,143,384	17,830,999
Difference	(3,475,021)	(747,659)
Unrecognised Past Service Cost	-	-
Amount Recognised in the Balance Sheet ^	(3,475,021)	(747,659)

Consolidated Financial Statements

SCHEDULES

VI. Expenses Recognised in the Income Statement:	March 31, 2008	March 31, 2007
Current Service Cost	2,176,510	1,092,466
Interest Cost	1,434,970	710,039
Expected Return on Plan Assets	(2,212,797)	(485,953)
Net Actuarial (Gain)/Loss To Be Recognised	14,623,879	6,710,209
Past Service Cost (Non Vested Benefit) Recognised	-	-
Past Service Cost (Vested Benefit) Recognised	-	-
Expense Recognised in P& L	16,022,562	8,026,761
VII. Balance Sheet Reconciliation	March 31, 2008	March 31, 2007
Opening Net Liability^	(747,659)	2,300,303
Expense as above	16,022,562	8,026,761
Employers Contribution	11,799,882	11,074,723
Amount Recognised in Balance Sheet ^	3,475,021	(747,659)

^ The holding company had taken an actuarial valuation for the purpose of above disclosure which differs with that of valuation as given by the insurer with whom the liability is funded. The difference was not accounted as prepaid as at March 31, 2007 on ground of prudence

- 10) The Holding Company has entered into Operating Lease arrangements towards provision for vehicles and Business Centre arrangement 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 is as follows:

- (i) Not later than one year Rs. 22,735,741
- (ii) Later than one year and not later than five years Rs. 48,016,608
- (iii) Later than five years Rs. Nil

During the current year ended March 31, 2008 the lease payments recognised in the Profit and Loss account for the aforesaid arrangement amounts to Rs. 17,975,921/-

- 11) Figures for the previous year have been regrouped and rearranged wherever considered necessary. Since previous year was the first year for presenting the consolidated financial statement, the comparative figures for Cash Flow Statement is not given.

Schedules 1 to 13 annexed hereto form part of the Financial Statements

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

A. B. JANI
Partner

Place : Mumbai
Date : April 24, 2008

For and on behalf of the Board

S M DATTA
Chairman

SHAHZAAD DALAL
Vice Chairman & Managing Director

SANJAY MITRA
Company Secretary

NOTICE

Notice is hereby given that the Twenty Second Annual General Meeting of the Members of the Company will be held on Thursday, June 26, 2008 at 11.30 a.m. at The Walchand Hirachand Hall, Indian Merchants' Chamber, IMC Building, IMC Marg, Churchgate, Mumbai 400 020 to transact the following business:

ORDINARY BUSINESS

- (1) To receive and adopt the Audited Balance Sheet as at March 31, 2008 and the Profit & Loss Account for the year ended as on that date and the Reports of Auditors and Directors thereon
- (2) To declare dividend on Equity Shares for the year ended March 31, 2008
- (3) To appoint a Director in place of Mr Arun Saha who retires by rotation and being eligible, has offered himself for re-appointment
- (4) To appoint a Director in place of Mr Vibhav Kapoor who retires by rotation and being eligible, has offered himself for re-appointment
- (5) To appoint M/s Deloitte Haskins & Sells, Chartered Accountants, as the Statutory Auditors of the Company who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration

SPECIAL BUSINESS

- (6) To consider and if thought fit to pass, with or without modifications, the following resolution as a Special Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310, Schedule XIII to the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 or any modifications thereof and subject to the approval of the Central Government, if required and in partial modification of the Special Resolution no. 9 passed by the members at the Annual General Meeting of the Company held on August 30, 2007 approving the remuneration of Mr Shahzaad Dalal as the Vice Chairman & Managing Director of the Company including the Consolidated Salary of Mr Dalal in the slab of Rs. 400,000/- per month to Rs. 800,000/- per month, consent of the Company be and is hereby accorded to the revision in the slab of the Consolidated Salary of Mr Shahzaad Dalal, Vice Chairman & Managing Director of the Company, with effect from April 1, 2008, to as follows:

Consolidated Salary: Within the limits of Rs. 650,000/- per month to Rs. 2,000,000/- per month, to be determined by the Compensation Committee from time to time

for the remainder of his tenure i.e. upto January 26, 2009 "

"RESOLVED FURTHER THAT the other terms of remuneration of Mr Shahzaad Dalal, Vice Chairman & Managing Director of the Company as approved by the members vide Special Resolution no. 9 passed at the aforesaid Annual General Meeting held on August 30, 2007 shall continue to be in effect"

"RESOLVED FURTHER THAT for the purpose of giving effect to the Resolution, any Director or the Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, usual, expedient and proper"

- (7) To consider and if thought fit to pass, with or without modifications, the following resolution as a Special Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310, Schedule XIII to the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 or any modifications thereof and subject to the approval of the Central Government, if required and in partial modification of the Special Resolution no. 11 passed by the members at the Annual General Meeting of the Company held on August 30, 2007 approving the appointment and remuneration of Dr Archana Hingorani as an Executive Director of the Company including the Consolidated Salary of Dr Hingorani in the slab of Rs. 300,000/- per month to Rs. 600,000/- per month, consent of the Company be and is hereby accorded to the revision in the slab of the Consolidated Salary of Dr Archana Hingorani, Executive Director of the Company, with effect from April 1, 2008, to as follows:

Consolidated Salary: Within the limits of Rs. 450,000/- per month to Rs. 1,500,000/- per month, to be determined by the Compensation Committee from time to time

for the remainder of her tenure i.e. upto July 16, 2011 "

"RESOLVED FURTHER THAT the other terms of appointment and remuneration of Dr Archana Hingorani, Executive Director of the Company as approved by the members vide Special Resolution no. 11 passed at the aforesaid Annual General Meeting held on August 30, 2007 shall continue to be in effect"

NOTICE

"RESOLVED FURTHER THAT for the purpose of giving effect to the Resolution, any Director or the Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, usual, expedient and proper"

- (8) To consider and if thought fit to pass, with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr Alok Bhargava, who was appointed as an Additional Director of the Company and who holds office upto the date of the ensuing Annual General Meeting and being eligible offers himself for appointment, be and is hereby appointed as a Director of the Company, liable to retire by rotation"

- (9) To consider and if thought fit to pass, with or without modifications, the following resolution as a Special Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, Schedule XIII to the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 or any modifications thereof and subject to the approval of the Central Government, if required, the Company hereby approves the appointment and remuneration of Mr Alok Bhargava as a Wholetime Director (designated as an Executive Director) of the Company for a period of five years with effect from January 25, 2008 on the following terms and conditions:

- (a) **Consolidated Salary:** Within the limits of Rs. 300,000/- per month to Rs. 900,000/- per month, to be determined by the Compensation Committee from time to time
- (b) **Perquisites:** In addition to the Consolidated Salary, he shall also be entitled to perquisites which would include accommodation (furnished or otherwise) or house rent allowance in lieu thereof, medical reimbursement for self and family, mediclaim insurance for self and family, personal accident insurance, gas, electricity, soft furnishings, telephone & fax, leave travel allowance for self and family, club fees upto two clubs, use of Company's cars, contribution to provident fund, superannuation fund and gratuity fund, leave encashment, children education expenses and other benefits, amenities and facilities in accordance with the Rules of the Company or as may be approved from time to time by the Compensation Committee
- (c) **Performance Related Pay:** Such remuneration by way of commission or performance based rewards/incentives, in addition to the above salary and perquisites as may be decided by the Compensation Committee from time to time
- (d) **General Conditions:**
- (i) The total remuneration payable to the Executive Director shall not exceed such limits as may be prescribed by the Central Government
 - (ii) The Executive Director shall be entitled to such other privileges, facilities and amenities in accordance with the Company's rules and regulations as may be applicable to other employees of the Company within the overall limits prescribed under the Companies Act, 1956
 - (iii) The terms and conditions of appointment may be varied, altered, increased or enhanced from time to time by the Compensation Committee as it may in its discretion deem fit subject to the limits laid down under applicable provisions of the Companies Act, 1956 and subject to the requisite approvals, if any, being obtained
- (e) **Minimum Remuneration:** Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Wholetime Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration for a period not exceeding three years as provided above or the maximum remuneration payable as per the limits set out in Section II of Part II of Schedule XIII of the Companies Act, 1956, whichever is lower, unless otherwise determined by the Board of Directors or the Compensation Committee, subject to approval of the Central Government, if required"

"RESOLVED FURTHER THAT for the purpose of giving effect to the Resolution, any Director or the Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, usual, expedient and proper"

NOTICE

(10) To consider and if thought fit to pass, with or without modifications, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the recommendation of the Board of Directors (hereinafter referred to as the "Board" which term shall include any Committee(s) which the Board may constitute to exercise powers of the Board including the powers conferred by this resolution) and provisions of the Articles of Association of the Company and subject to the applicable regulations/ guidelines of the Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) and any other appropriate authority, as may be necessary and other statutory approvals, if any, the consent of the members of the Company be and is hereby accorded to the Board to issue and allot 13,262,407 (One Crore Thirty Two Lakhs Sixty Two Thousand Four Hundred and Seven only) Equity Shares of Rs. 10/- (Rupees Ten only) each at par aggregating to Rs. 132,624,070/- (Rupees Thirteen Crores Twenty Six Lakhs Twenty Four Thousand and Seventy only) as Bonus Shares credited as fully paid-up by capitalisation of such of the Company's General Reserve, Profit & Loss Account and the Securities Premium Account, as may be considered necessary in proportion to one Bonus Share for every two existing fully paid Equity Shares to such members holding fully paid-up Equity Shares as per the Register of Equity Shareholders at a date to be determined by the Board of Directors of the Company"

"RESOLVED FURTHER THAT where the proportion of the new Equity Shares to be allotted as Bonus Shares is not in the exact proportion of the holding of existing Equity Shares and results in any member becoming entitled to a fraction of the new Equity Shares to be allotted as Bonus Shares, the Company shall not issue any certificate in respect of such fractional shares but the total number of new Equity Shares representing such fractions shall be allotted by the Board of Directors of the Company to a nominee to be selected by the Board of Directors who on behalf of the existing shareholders shall have the right to be allotted such fractional shares and the Company shall issue in favour of such nominee, such Equity Share certificate or certificates after consolidating all the fractional certificates into a marketable lot and thereafter such Equity Shares shall be sold by such nominee on behalf of the existing shareholders at the prevailing market rate(s) and the net sale proceeds of such shares shall be distributed amongst such members who are entitled to such fractional certificates in proportion to their respective holdings and allotment of fractional certificates therefor"

"RESOLVED FURTHER THAT the Bonus Shares to be issued as fully paid Equity Shares are subject to the Memorandum and the Articles of Association of the Company and shall rank in all respects pari passu to the existing Equity Shares, except such new Equity Shares shall not be entitled to participate in any dividend declared for the financial year ended March 31, 2008"

"RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of the Bonus Shares, the Board of Directors be and are hereby authorised on behalf of the Company to delegate, and to do all such acts, deeds, matters and things as it may at its discretion deem necessary or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in regard to any such issue or allotment as it may in its absolute discretion deem fit"

Registered Office:

The IL&FS Financial Centre
Plot No. C-22, G Block
Bandra-Kurla Complex
Bandra (East), Mumbai 400 051

By Order of the Board of Directors

SANJAY MITRA
Company Secretary

Place : Mumbai
Date : May 6, 2008

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY, TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER

Proxies in order to be effective must be delivered at the Registered Office of the Company at least 48 hours before the time appointed for the meeting

2. The Register of Members and Share Transfer Books of the Company will remain closed from June 20, 2008 to June 26, 2008 (both days inclusive). The Dividend as recommended by the Directors if approved by the shareholders will be payable on or after June 26, 2008
3. Members desiring any information on the business to be transacted at the Annual General Meeting are requested to write to the Company at least 10 days in advance to enable the Management to keep the information, as far as possible, ready at the Meeting
4. Members are requested to bring their copy of the Annual Report to the Annual General Meeting. Members\proxies should bring the attendance slip duly filled in for attending the Meeting
5. Members holding shares in the same set of names under different Ledger Folios are requested to apply for consolidation of such folios along with relevant share certificates to the Company's Registrars. Members are also requested to intimate the Registrar and Transfer Agents of the Company of any change in their registered address. Members holding shares in dematerialised mode should intimate their respective Depository Participants of their change in address
6. As per Section 205C of the Companies Act, 1956 the Company will be obliged to transfer any money lying in the Unpaid Dividend Account, which remains unpaid or unclaimed for a period of seven years, to the credit of the Investor Education and Protection Fund. No claims shall lie against the Company or the Investor Education and Protection Fund in respect of amounts which were unclaimed or unpaid for a period of seven years from the dates that they became due for payment and no payment shall be made in respect of any such claims. Hence, members who have not encashed their dividend should contact the Registrar and Transfer Agents of the Company for the same. Please note that the dividend paid for 2000-2001 is due for transfer to the Investor Education and Protection Fund in September 2008 and the dividend paid for 2001-2002 is due for transfer to the Investor Education and Protection Fund next year
7. The resolutions regarding the re-appointment/ appointment of Mr Arun Saha, Mr Vibhav Kapoor and Mr Alok Bhargava as Directors of the Company are placed before the shareholders. As per Clause 49 of the Listing Agreement with the Stock Exchanges the following particulars of Mr Arun Saha, Mr Vibhav Kapoor and Mr Alok Bhargava are being provided:

Mr Arun Saha: Mr Arun Saha, is Joint Managing Director of Infrastructure Leasing & Financial Services Limited (IL&FS). Mr Saha has been with IL&FS since its inception in 1988 and is presently a member of the Committee of Directors responsible for overseeing the operations of IL&FS. He is also the functional head of Finance, Operations, Credit, Legal, Compliance and Risk Management for the IL&FS Group. Mr Saha is a member of the Institute of Chartered Accountants of India, the Institute of Company Secretaries of India and has also completed an Advanced Management Programme at the Wharton Business School

Mr Saha is not related to any Director of the company except to the extent of his being a nominee director and employee of Infrastructure Leasing & Financial Services Limited (IL&FS) and the other Directors nominated by IL&FS are also employees of IL&FS. As on March 31, 2008 Mr Saha holds 95,000 Equity Shares in the Company

Other Directorships:

Name of the Company	Position held	Membership of Committees*
IL&FS Securities Services Limited	Executive Chairman	Member - Audit Committee
Infrastructure Leasing & Financial Services Limited	Joint Managing Director	-
IL&FS Infrastructure Development Corporation Limited	Director	Chairman - Audit Committee
IL&FS Trust Company Limited	Director	Member - Audit Committee
IL&FS Transportation Networks Limited	Director	Chairman - Audit Committee
IL&FS Property Management & Services Limited	Director	Chairman - Audit Committee
IL&FS Investsmart Limited	Director	-
IL&FS Investsmart Financial Services Limited	Director	-
IL&FS Investsmart Securities Limited	Director	Member - Audit Committee
IL&FS Financial Services Limited	Director	Chairman - Audit Committee
IL&FS Urban Infrastructure Managers Limited	Director	-
IL&FS Technologies Limited	Director	Member - Audit Committee
ORIX Auto Infrastructure Services Limited	Director	Chairman - Audit Committee
Noida Toll Bridge Company Limited	Director	Member - Audit Committee

NOTES

Name of the Company	Position held	Membership of Committees*
UOB IL&FS India Opportunities Fund Limited (Incorporated in Mauritius)	Director	-
IL&FS Maritime Offshore Pte Limited (Incorporated in Singapore)	Director	-
Elsamex SA	Director	-
Elsamex Internacional S.L.	Director	-
Grusamar Ingenieria Y Consulting, S.L.	Director	-
Control 7 S.A.	Director	-
Centro De Investigacion Elpidio Sanchez Marcos S.A.	Director	-
Sanchez Marcos Senalizacion E Imagen, S.A.	Director	-

Mr Vibhav Kapoor: Mr Vibhav Kapoor is a M.B.A. He is currently the Group Chief Investment Officer of Infrastructure Leasing & Financial Services (IL&FS) and is primarily responsible for looking after the overall investments decisions of IL&FS including monitoring, executing trades relating to equity investments and guiding the treasury team in various transactions relating to foreign exchange & money management of IL&FS. He is also actively involved in strategic investment decisions of the IL&FS group

Mr Vibhav Kapoor started his career with Unit Trust of India and was incharge of Corporate Finance and Equity Research. He then worked as Portfolio Manager in the Merchant Banking Division of ANZ Grindlays Bank. He then joined IL&FS as the Managing Director of IL&FS Asset Management Company Limited

Mr Kapoor is also a Member of the Audit Committee and the Chairman of the Shareholders' / Investors' Grievance Committee of the Company and holds 88,000 shares in the Company as on March 31, 2008

Mr Vibhav Kapoor is not related to any Director of the Company except to the extent of his being a nominee director and employee of Infrastructure Leasing & Financial Services Limited (IL&FS) and the other Directors nominated by IL&FS are also employees of IL&FS

Other Directorships:

Name of the Company	Position held	Membership of Committees*
IL&FS Financial Services Limited	Director	Member - Audit Committee
IL&FS Investsmart Limited	Director	Member - Share Transfer and Investor Grievances Redressal Committee
IL&FS Investsmart Financial Services Limited	Director	-
IL&FS Investsmart Securities Limited	Director	-
Sara Fund Trustee Company Private Limited	Director	-
ORIX Auto Infrastructure Services Limited	Director	-
IL&FS Transportation Networks Limited	Director	-
Free Trade Warehousing Pvt Ltd	Director	-
IL&FS Securities Services Limited	Director	-
IL&FS Portfolio Management & Services Limited	Director	-
Essel Sports Private Limited	Director	-

NOTES

Mr Alok Bhargava: Mr Alok Bhargava is a Bachelor of Technology from Indian Institute of Technology (IIT), New Delhi with a Post Graduate Diploma in Management from Indian Institute of Management (IIM), Ahmedabad

He has over 22 years of experience in investment banking, private equity and related financial services with a focus on infrastructure sectors

Over the last 12 years in the IL&FS Group, he has had a variety of job portfolios encompassing project development, private equity, project finance, financial structuring and business development across various Infrastructure sectors both physical and social, and Information Technology

Prior to joining IL&FS, Mr Bhargava was Director, Business Planning, Emerson Electric Company, India. He participated in the establishment of various new Emerson businesses in India through joint ventures with local partners

Prior to joining Emerson, he was Vice President, Merchant Banking, 20th Century Finance Corporation Ltd.

Mr Alok Bhargava is not related to any Directors of the Company and as on March 31, 2008 he holds 7,500 Equity Shares in the Company

Other Directorships:

Name of the Company	Position held	Membership of Committees*
IL&FS Education & Technology Services Limited	Director	Member - Audit Committee

* The Membership of Committees includes only two committees i.e. Audit Committee & Shareholders'/ Investors' Grievance Committee as per Clause 49 of the Listing Agreement

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 6

Mr Shahzaad Dalal was appointed as the Vice Chairman & Managing Director of the Company at the Extraordinary General Meeting of the Company held on March 19, 2004 for a period of five years from January 27, 2004 on a consolidated salary within the limits of Rs. 150,000/- per month to Rs. 400,000/- per month

The Members of the Company at their Annual General Meeting held on August 30, 2007 approved the terms of remuneration of Mr Shahzaad Dalal as Vice Chairman & Managing Director of the Company for the remainder of his tenure i.e. upto January 26, 2009 including the revision in the slab of the consolidated salary of Mr Shahzaad Dalal within the limits of Rs. 400,000/- per month to Rs. 800,000/- per month

The Compensation Committee of the Company had at its meeting held on April 24, 2008 approved the revision in the slab of the consolidated salary of Mr Dalal as the Vice Chairman & Managing Director of the Company with effect from April 1, 2008 to Rs. 650,000/- per month to Rs. 2,000,000/- per month for the remainder of his tenure i.e. upto January 26, 2009

Such a revision in the slab of the consolidated salary of Mr Dalal was also approved by the Board of Directors of the Company at their meeting held on April 24, 2008. Accordingly, the approval of the members is sought by way of the resolution for increase in the slab of the consolidated salary of Mr Dalal. The other terms of remuneration as approved by the members vide Special Resolution no. 9 passed in the aforesaid Annual General Meeting held on August 30, 2007 shall continue to remain in effect and unchanged

Copies of the letter indicating the terms of remuneration of Mr Shahzaad Dalal are available for inspection at the Registered Office of the Company during business hours on all working days till the date of the ensuing Annual General Meeting

The Board of Directors recommend passing of this resolution

None of the Directors of the Company except Mr Shahzaad Dalal are concerned or interested in the resolution

The terms and conditions as set out in Resolution no. 6 and above should also be treated as an abstract and memorandum of interest under Section 302 of the Companies Act, 1956

Item No. 7

Dr Archana Hingorani was appointed as an Executive Director of the Company at the Annual General Meeting of the Company held on August 30, 2007 for a period of five years from July 17, 2006 on a consolidated salary within the limits of Rs. 300,000/- per month to Rs. 600,000/- per month

The Compensation Committee of the Company had at its meeting held on April 24, 2008 approved the revision in the slab of the consolidated salary of Dr Hingorani as an Executive Director of the Company with effect from April 1, 2008 to Rs. 450,000/- per month to Rs. 1,500,000/- per month for the remainder of her tenure i.e. upto July 16, 2011

Such a revision in the slab of the consolidated salary of Dr Hingorani was also approved by the Board of Directors of the Company at their meeting held on April 24, 2008. Accordingly, the approval of the members is sought by way of the resolution for increase in the slab of the consolidated salary of Dr Hingorani. The other terms of remuneration as approved by the members vide Special Resolution no. 11 passed in the aforesaid Annual General Meeting held on August 30, 2007 shall continue to remain in effect and unchanged

Copies of the letter indicating the terms of remuneration of Dr Archana Hingorani are available for inspection at the Registered Office of the Company during business hours on all working days till the date of the ensuing Annual General Meeting

The Board of Directors recommend passing of this resolution

None of the Directors of the Company except Dr Archana Hingorani are concerned or interested in the resolution

The terms and conditions as set out in Resolution no. 7 and above should also be treated as an abstract and memorandum of interest under Section 302 of the Companies Act, 1956

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 8

Mr Alok Bhargava was appointed as an Additional Director of the Company by the Board of Directors of the Company at their meeting held on January 25, 2008. Since Mr Bhargava was appointed as an Additional Director he holds office upto the date of the ensuing Annual General Meeting as per the provisions of Section 260 of the Companies Act, 1956 and Article 137 of the Articles of Association of the Company

The Company has received a notice in writing from a Member under Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director

It is proposed to appoint Mr Alok Bhargava as Director of the Company liable to retire by rotation

The Board of Directors recommend passing of this resolution

None of the Directors of the Company except Mr Alok Bhargava are concerned or interested in the resolution

Item No. 9

Mr Alok Bhargava was appointed by the Board of Directors of the Company at their meeting held on January 25, 2008 as a Wholetime Director (designated as an Executive Director) of the Company for a period of five years with effect from January 25, 2008, subject to the approval of the members. The Compensation Committee of the Board of Directors of the Company had recommended the appointment and approved the remuneration payable to Mr Bhargava

Further the Compensation Committee of the Board of Directors of the Company at its meeting held on April 24, 2008 revised the slab of the consolidated salary of Mr Bhargava as an Executive Director of the Company with effect from April 1, 2008 to Rs. 300,000/- per month to Rs. 900,000/- per month. Such a revision in the slab of the consolidated salary of Mr Bhargava was also approved by the Board of Directors of the Company at their meeting held on April 24, 2008

Accordingly the approval of the members is sought by way of this resolution for appointment and remuneration of Mr Alok Bhargava as a Wholetime Director (designated as an Executive Director) of the Company

Copies of the Letter of appointment regarding his appointment are available for inspection at the Registered Office of the Company during business hours on all working days till the date of the ensuing Annual General Meeting

The Board of Directors recommend passing of this resolution

None of the Directors of the Company except Mr Alok Bhargava are concerned or interested in the resolution

The terms and conditions as set out in Resolution no. 9 and above should also be treated as an abstract and memorandum of interest under Section 302 of the Companies Act, 1956

Item No. 10

The Board of Directors of the Company have approved the issue of Bonus Shares in the proportion of one new Equity Share of Rs. 10/- each fully paid-up for every two of existing Equity Shares of Rs.10/- each as proposed in the resolution. It is therefore proposed that a sum of Rs. 132,624,070/- standing to the credit of Company's General Reserve, Profit & Loss Account and the Securities Premium Account, as may be considered necessary, be capitalised and transferred to the Equity Share Capital Account by issue and allotment of 13,262,407 Equity Shares of Rs. 10/- each fully paid-up by way of Bonus Shares to the Members of the Company holding fully paid-up Equity Shares as per the Register of Equity Shareholders at a date to be determined by the Board of Directors of the Company. The said Bonus Shares, from the date of allotment thereof, shall rank pari passu in all respects with the existing Equity Shares of the Company except that such Bonus Shares shall not be entitled for dividend declared for the year ended March 31, 2008. The approval of the shareholders is being sought as per the provisions of the Articles of Association of the Company

The Directors of the Company may be deemed to be concerned or interested in the proposed resolution to the extent that they would be entitled for Bonus Shares in proportion to their shareholdings in the Company in the same manner as the other shareholders of the Company

**STATEMENT CONTAINING INFORMATION REQUIRED TO BE GIVEN UNDER SCHEDULE XIII AS REQUIRED BY NOTIFICATION
REF. G.S.R. 36(E) DATED JANUARY 16, 2002 ISSUED BY GOVERNMENT OF INDIA, MINISTRY OF LAW, JUSTICE AND
COMPANY AFFAIRS, DEPARTMENT OF COMPANY AFFAIRS, NEW DELHI - FOR ITEM NO. 6**

The Department of Company Affairs has vide notification dated January 16, 2002 amended Schedule XIII to the Companies Act, 1956 revising the limits for payment of managerial remuneration by companies in case of loss or inadequacy of profits. Though it is expected that the Company would make sufficient profits but as a matter of abundant caution the following information as prescribed in the amended Schedule XIII to the Companies Act, 1956 is being provided. However, in the event the remuneration exceeds the limits under Schedule XIII the Company will apply to the Central Government for necessary approval

I. General Information:

The Company is in the business of fund management for private equity funds. The Company was incorporated on 10th February 1986 and commenced business on 6th March 1986. The Company is not a new Company so the date of commencement of activities as per prospectus does not apply. The financial performance of the Company for the year ended March 31, 2008 is as follows:

Total Income	Rs. 825.54 million
Net Profit before Tax	Rs. 423.73 million
Networth	Rs. 594.26 million

The Company does not export any product of the Company. The Company has foreign exchange earnings of Rs. 314.02 million for the services rendered during year ended March 31, 2008. The foreign investment made by the Company during the year was by way of investment made in a subsidiary of the Company

II. Information about the appointee:

Prior to joining the Company Mr Shahzaad Dalal was in charge of the asset management business of the IL&FS Group. He was responsible also for the overall planning and raising of resources for IL&FS and other group companies and project finance for IL&FS sponsored infrastructure projects. Prior to joining IL&FS, Mr Dalal was responsible for structured leasing and hire purchase products, marketing and credit evaluation with ICICI Limited

Mr Shahzaad Dalal is a Management Graduate from the Northeast Louisiana University with over 27 years of experience

During the financial year 2006- 2007 and 2007-2008, Mr Shahzaad Dalal was paid a gross remuneration including contribution to provident fund and superannuation fund of Rs. 12,327,381/- & Rs. 18,833,032/- respectively

Mr Shahzaad Dalal has been a Director of the Company since June 1998. In the Annual General Meeting of the Company held on July 15, 2002 Mr Shahzaad Dalal was appointed as the Executive Vice Chairman of the Company

In the Extraordinary General Meeting of the Company held on March 19, 2004 Mr Dalal was appointed as Vice Chairman and Managing Director of the Company for a period of five years with effect from January 27, 2004. All through his tenure in the Company, Mr Dalal has been closely involved in the investments of the Company and raising of new funds of the Company

In view of his qualifications, experience and expertise Mr Dalal is best suited to his present responsibilities

The proposed remuneration for Mr Shahzaad Dalal is given in Resolution no. 6 placed before the members

Taking into consideration the profile of Mr Dalal, the industry benchmarks, responsibilities, the size of the funds being managed by the Company, the diverse business sectors in which the funds managed by the Company operate in, the remuneration being paid is similar to other persons at similar levels in other companies

Other than rent received from the Company for the premises taken on leave and licence for his accommodation, Mr Shahzaad Dalal does not have any other pecuniary relationship directly or indirectly with the Company other than the remuneration being paid to him

III. Other Information:

The Company's income and profits have grown substantially during the year ended March 31, 2008 on account of augmentation of funds under management. The main income stream for the Company is from management fees received from the funds under its management. The management fee provides a fixed annuity to the Company over the life of the funds and helps to cover its overheads during the normal course of business. The Company has been taking steps to augment the funds under its management in order to improve the profitability of the Company. During the year the Company set up new funds, which resulted in significant increase in income and profits for the Company. The Company is also in the process of further enhancing the funds under its management which it expects will improve its income and profits in the coming years

The 'Abstract' containing details of remuneration of Mr Shahzaad Dalal, Vice Chairman & Managing Director, under Section 302 of the Companies Act, 1956 is contained in the Resolution and the Explanatory Statement no. 6 required under Section 173(2) of the Companies Act, 1956

All the relevant disclosures pertaining to the Directors of the Company and which are required to be disclosed in the Report of the Board of Directors under the heading "Corporate Governance" attached to the annual report has been disclosed therewith

**STATEMENT CONTAINING INFORMATION REQUIRED TO BE GIVEN UNDER SCHEDULE XIII AS REQUIRED BY NOTIFICATION
REF. G.S.R. 36(E) DATED JANUARY 16, 2002 ISSUED BY GOVERNMENT OF INDIA, MINISTRY OF LAW, JUSTICE AND
COMPANY AFFAIRS, DEPARTMENT OF COMPANY AFFAIRS, NEW DELHI - FOR ITEM NO. 7**

The Department of Company Affairs has vide notification dated January 16, 2002 amended Schedule XIII to the Companies Act, 1956 revising the limits for payment of managerial remuneration by companies in case of loss or inadequacy of profits. Though it is expected that the Company would make sufficient profits but as a matter of abundant caution the following information as prescribed in the amended Schedule XIII to the Companies Act, 1956 is being provided. However, in the event the remuneration exceeds the limits under Schedule XIII the Company will apply to the Central Government for necessary approval

I. General Information:

Refer to details under General Information given for Item No. 6

II. Information about the appointee:

Dr Hingorani has over 23 years of experience in the financial services business, teaching and research. She has been with the IL&FS Group for 14 years and has performed a multitude of roles starting off as an economist and moving on to project finance and asset management. Dr Hingorani has worked on some of the pioneering private finance transactions in India and has participated in negotiating and structuring project contracts and agreements to meet international benchmarks. Her focus over the last 12 years has been on private equity fund management. She is one of the founding members of the IL&FS private equity business

Dr Hingorani has been with the Company since 2002 and her focus has been on private equity, project finance and financial structuring, with a specialization in infrastructure, manufacturing and recently in real estate projects

Dr Archana Hingorani is a Bachelor of Arts (Economics) with post-graduate qualifications in Management (MBA) as well as a Ph.D. in Corporate Finance from the University of Pittsburgh, USA

During the financial year 2006-2007 and 2007-2008, Dr Archana Hingorani was paid a gross remuneration including contribution to provident fund and superannuation fund of Rs. 8,466,867/- and Rs. 13,442,715/- respectively

In view of her qualifications, experience and expertise Dr Hingorani is best suited to her present responsibilities

The proposed remuneration for Dr Archana Hingorani is given in Resolution no. 7 placed before the members

Taking into consideration the profile of Dr Hingorani, the industry benchmarks, responsibilities, the size of the funds being managed by the Company, the diverse business sectors in which the funds managed by the Company operate in, the remuneration being paid is similar to other persons at similar levels in other companies

Dr Archana Hingorani does not have any other pecuniary relationship directly or indirectly with the Company other than the remuneration being paid to her

III. Other Information:

Refer to details under Other Information given for Item No. 6

The 'Abstract' containing details of remuneration of Dr Archana Hingorani, Executive Director, under Section 302 of the Companies Act, 1956 is contained in the Resolution and the Explanatory Statement no. 7 required under Section 173(2) of the Companies Act, 1956

All the relevant disclosures pertaining to the Directors of the Company and which are required to be disclosed in the Report of the Board of Directors under the heading "Corporate Governance" attached to the annual report has been disclosed therewith

**STATEMENT CONTAINING INFORMATION REQUIRED TO BE GIVEN UNDER SCHEDULE XIII AS REQUIRED BY NOTIFICATION
REF. G.S.R. 36(E) DATED JANUARY 16, 2002 ISSUED BY GOVERNMENT OF INDIA, MINISTRY OF LAW, JUSTICE AND
COMPANY AFFAIRS, DEPARTMENT OF COMPANY AFFAIRS, NEW DELHI - FOR ITEM NO. 9**

The Department of Company Affairs has vide notification dated January 16, 2002 amended Schedule XIII to the Companies Act, 1956 revising the limits for payment of managerial remuneration by companies in case of loss or inadequacy of profits. Though it is expected that the Company would make sufficient profits but as a matter of abundant caution the following information as prescribed in the amended Schedule XIII to the Companies Act, 1956 is being provided. However, in the event the remuneration exceeds the limits under Schedule XIII the Company will apply to the Central Government for necessary approval

I. General Information:

Refer to details under General Information given for Item No. 6

II. Information about the appointee:

Mr Alok Bhargava is a Bachelor of Technology from Indian Institute of Technology (IIT), New Delhi with a Post Graduate Diploma in Management from Indian Institute of Management (IIM), Ahmedabad

He has over 22 years of experience in investment banking, private equity and related financial services with a focus on infrastructure sectors

Over the last 12 years in the IL&FS Group, he has had a variety of job portfolios encompassing, project development, private equity, project finance, financial structuring and business development across various Infrastructure sectors both physical and social, and Information Technology

During the period November 21, 2007 to January 24, 2008 (period of appointment of Mr Bhargava as an employee of the Company) Mr Alok Bhargava was paid a gross remuneration including contribution to provident fund and superannuation fund of Rs. 991,373/-

In view of his qualifications, experience and expertise Mr Bhargava is best suited to his present responsibilities

The proposed remuneration for Mr Alok Bhargava is given in detail in the resolution placed before the members:

- (a) Consolidated Salary within the limits of Rs. 300,000/- per month to Rs. 900,000/- per month
- (b) Perquisites & allowance including Housing, Medical Reimbursement, Leave Travel allowance, Insurance etc.
- (c) Performance related pay as may be decided by the Compensation Committee from time to time
- (d) Retirement benefits including provident fund, superannuation and gratuity

Taking into consideration the profile of Mr Bhargava, the industry benchmarks, responsibilities, the size of the funds being managed by the Company, the diverse business sectors in which the funds managed by the Company operate in, the remuneration being paid is similar to other persons at similar levels in other companies

Mr Alok Bhargava does not have any other pecuniary relationship directly or indirectly with the Company other than the remuneration being paid to him

III. Other Information:

Refer to details under Other Information given for Item No. 6

The 'Abstract' containing details of remuneration of Mr Alok Bhargava, Wholetime Director, under Section 302 of the Companies Act, 1956 is contained in the Resolution and Explanatory Statement no. 9 required under Section 173(2) of the Companies Act, 1956

All the relevant disclosures pertaining to the Directors of the Company and which are required to be disclosed in the Report of the Board of Directors under the heading "Corporate Governance" attached to the annual report has been disclosed therewith

Registered Office:

The IL&FS Financial Centre
Plot No. C-22, G Block
Bandra-Kurla Complex
Bandra (East), Mumbai 400 051

Place : Mumbai
Date : May 6, 2008

By Order of the Board of Directors

SANJAY MITRA
Company Secretary

PROXY

IL&FS Investment Managers Limited

Regd. Office: The IL&FS Financial Centre, Plot No. C-22, G Block, Bandra-Kurla Complex,
Bandra (East), Mumbai 400 051

Folio No. _____

Client ID No. _____

DP Name _____

DP ID No. _____

I/We _____

of _____

being a member / members of **IL&FS Investment Managers Limited** hereby appoint _____

or failing him/her _____

of _____

as my / our proxy to vote for me / us on my / our behalf at the 22nd Annual General Meeting of the Company to be held on June 26, 2008 at 11.30 a.m. at The Walchand Hirachand Hall, Indian Merchants' Chamber, IMC Building, IMC Marg, Churchgate, Mumbai 400020 and at any adjournment thereof

Signed this _____ day of _____ 2008,

by the said _____

Re.1/-
Revenue
Stamp

Signature

Note: This proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting. The proxy need not be a member of the Company

ATTENDANCE SLIP

IL&FS Investment Managers Limited

Regd. Office: The IL&FS Financial Centre, Plot No. C-22, G Block, Bandra-Kurla Complex,
Bandra (East), Mumbai 400 051

Please complete this Attendance Slip Form and hand it over at the entrance of the place of the meeting

Folio No. _____

Client ID No. _____

DP ID No. _____

Name of the Shareholder / Proxy _____

Address _____

No. of shares held _____

I hereby record my presence at the 22nd Annual General Meeting of the Company held on June 26, 2008 at 11.30 a.m. at The Walchand Hirachand Hall, Indian Merchants' Chamber, IMC Building, IMC Marg, Churchgate, Mumbai 400 020

Signature of the Shareholder / Proxy

