

STANDING TALL



Annual Report 2009

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CORPORATE INFORMATION



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
	Dr Archana Hingorani Chief Executive Officer & 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		



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

REGISTERED OFFICE

Aum Plaza, 1st Floor, No. 76, 3rd Cross
 Residency Road, Bengaluru 560 025, India

OTHER OFFICES

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

REGISTRARS & SHARE TRANSFER AGENTS



The robust domestic consumption has been the major contributor to the continued significant growth in our economy. As and when the world economy recovers, we shall witness a faster growth

The financial year that has just gone by has seen extreme upheaval in the world financial markets. The problem had its origins in the relaxed monetary policies and low interest rates prevailing in the United States for over a decade. The lax monetary policy was accompanied by extreme latitude in the supervision of banks. The net result was a significant under-pricing of risk and excessive leveraging. In due course, the contagion had spread to the European markets as well

Several economists had been warning the investing community about the developing crisis in the sub-prime mortgages. Yet, when the storm arrived in the June - September Quarter of 2008, the intensity of the disturbance took everyone by surprise. Practically, all the developed economies as well as several not-so-developed ones, have gone into recession, and Governments across the world as well as the IMF have been forced into unprecedented emergency measures. The rate of decline has come down but the revival is yet to come

Our national economy, despite its integration with the global economy, has largely escaped the fury, primarily because of the prudent and conservative policies followed by the principal financial regulator. Although the external sector of the economy has been deeply affected by the global developments, the robust domestic consumption has been the major contributor to the continued significant growth in our economy. Investment in Industry has continued despite the severe constraints imposed upon the flow of financial credit. Therefore, as and when the world economy recovers, we shall witness a faster growth

The Company has been able to continue its planned growth in the funds under management which has now reached US\$2.5 billion. We have been able to continue our investment activity, though at a slower pace than before, and the quality and valuation of the deals have improved because of the slowdown

The return of a stable Government following the elections, promises concerted action upon various fronts to restore our growth impetus. We look forward with confidence and optimism on continued, profitable growth for the Company

With best wishes

S M Datta
June 5, 2009



“ Accept the challenges
so that you may feel
the exhilaration of victory ”
- GENERAL GEORGE S. PATTON



In a capital starved country like ours, significant value creation opportunities continue to exist for a PE play. The focus for us is on asset creation and not just financial engineering

It is said that change is the only constant. A point which could not have been brought out more forcefully than during the financial year 2009. We saw the financial landscape change beyond recognition in this one year, with some of the blue-blood brand names in the United States struggling to survive and other less fortunate ones relegated to the textbooks

Shockwaves arising from these developments permeated across countries and industries and the world of Private Equity (PE) was no exception. Limited Partner defaults, hitherto a rarity, increased in frequency; new fund commitments did not materialize, and investment managers were under pressure to realize and return capital. As economies begin to recover, which we believe they will during the course of the present financial year, the PE industry in the developed countries will need to introspect and re-examine the Western model of PE investment, a model characterized by generating incremental returns through disproportionate leverage. Clearly, the Institutional investors who have suffered during this period will be resolute in their demand for de-leveraging and risk averseness, at least for the short to medium term

The nature of PE investing in India has, however, a completely different tone. The focus of PE investments in India is on funding growth ambitions, on asset creation and not merely on asset acquisition, on financial engineering and on 'flipping' investments, as is the case, more often than not, in developed economies. The reason is simple – India still remains a capital starved country and we are only beginning to scratch the surface in so far as industrial, social and infrastructure development is concerned. We therefore see significant investment and value creation opportunities across all sectors of the economy. In infrastructure itself, for instance, our country can absorb an investment of over a trillion dollars in the next 10 years and our new Infrastructure Fund, which has a target size of \$800 million pales in comparison

Having said that, we recognize that we are passing through exceptional times – Deal velocity has come down significantly in India as well, with investments worth a little over \$500 million consummated during the quarter ending March 2009, compared to \$3.9 billion invested during the same period last year, as some foreign managed funds pulled out while others suspended investing activity. It is here that we see a clear opportunity for an Indian fund house like ours

Undoubtedly, we will face a multitude of challenges in coming times – funding requirements of our investee companies, working with them to re-gain margins, strengthening management teams and charting the course for the future. Just like change, growth is the other constant and we will also have to work to expand the scope and size of our practice as well. I am confident that as a team we are well placed and better organized than ever before to take on these challenges for the next year

With best wishes

Shahzaad Dalal
May 20, 2009



A pessimist sees difficulty in every opportunity.
An optimist sees opportunity in every difficulty.

- WINSTON CHURCHILL





We have been through multiple business and fund cycles. As a result, despite a more challenging macro economic environment, we have been able to maintain high growth trajectory

This has indeed been a year of contradictions. While the world around us became a far more challenging place, fraught with uncertainty, insecurity and unpredictability, our business practice grew to become more substantial; our revenues more visible; our profitability more sizable; and our financials more secure

One of the most satisfying accomplishments of the last financial year has been with respect to new fund establishment. In an environment marked by failed fund raisings, we attained Final Close for the second Real Estate Fund at the US\$ 895 mn mark, well above the Fund's cover size and our expectations. Many of our institutional fund investors reposed faith in our abilities and, despite the turbulent times, reaffirmed their commitment in the new fund; for this I am thankful to them

The new Private Equity Fund – Tara India Fund III, also attained its Final Close during the year at US\$ 225 mn. This was below our initial target and expectations. However, this fund raise expanded the depth of our investor base and provided us valuable learnings with respect to leveraging alternate fund raising channels. We will mine the access to this diversified investor base and exploit these alternative mediums in the near future for our new fund offerings, which will be on the anvil

These new funds have provided us with significant revenue ramp up. Our consolidated revenue now stands at Rs 1,642 mn compared to Rs 601 mn just two years ago. Likewise our consolidated profits have increased from Rs 182 mn in FY2007 to Rs 622 mn in FY2009, an 85% compounded annual growth rate

The new funds have helped us cross the US\$ 2.5 billion funds under management mark, compared to less than a billion, three years ago. As we grow from strength to strength, the need to stay focused on certain fundamentals which have helped us grow to this level is paramount, more so in these challenging times. One, work closely with our investments and help walk them through this difficult business cycle. Second, foster an exceptional level of two-way communication with our investors, understanding their expectations and providing them with a clear outlook on investment performance. Third, continue to leverage IL&FS for sponsorship, sectoral expertise and deal sourcing. The change in our corporate logo and its closer alignment with the IL&FS Group identity is a continuum of this strategy

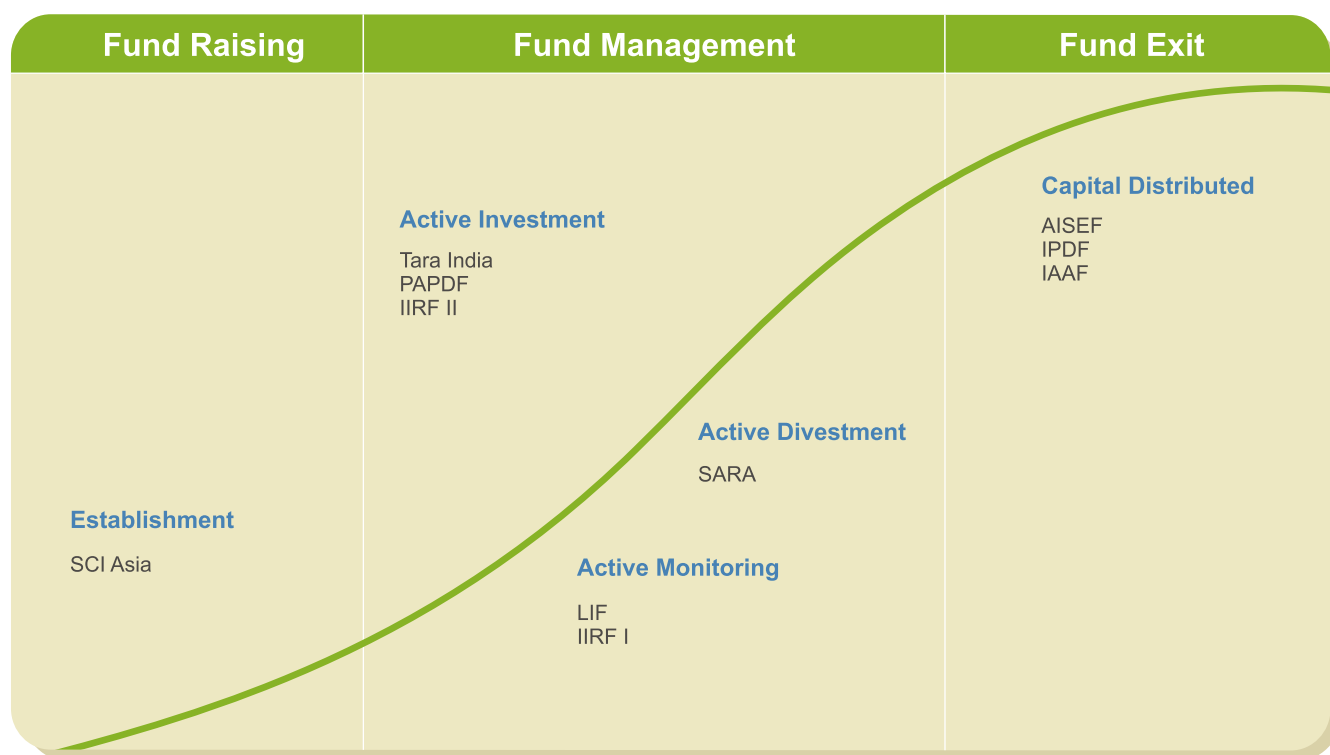
Our Company has been through two business and three fund cycles, a unique experience for an Indian fund manager. We will build upon our experience, our network and our parentage to continue to grow our business. Our proprietary access to deal flow, our excellent Limited Partner relations, support of key stakeholders and our team's rich experience has and will continue to stand us in good stead. As we begin to grow our business across a much larger geographic footprint, we look forward to your continued support in forging this global practice

With best wishes

Archana Hingorani
May 25, 2009

“ To keep a lamp burning,
we have to keep putting oil in it. ”
- MOTHER TERESA





		Fund	Vintage	Size (US\$ mn)	Focus Area
Exited	AISEF	AIG Indian Sectoral Equity Fund	1996	91	Growth Capital / Infrastructure
	IAAF	India Auto Ancillary Fund	1998	15	Venture Capital
	IPDF	India Project Development Fund	2000	16	Infrastructure
Under Active Management	IIRF II	IL&FS India Realty Fund II	2007	895	Real Estate
	Tara India	Tara India Fund III	2007	225	Growth Capital
	IIRF I	IL&FS India Realty Fund I	2006	525	Real Estate
	PAPDF	Pan Asia Project Development Fund	2006	45	Early Stage Infrastructure
	LIF	Leverage India Fund	2004	153	Growth Capital
	SARA	South Asian Regional Apex Fund	1995	25	Venture Capital
Fund Raising	SCI Asia	Standard Chartered IL&FS Asia Infrastructure Growth Fund	2008	800	Infrastructure

PERFORMANCE PARAMETERS

Financial Highlights	FY2005	FY2006	FY2007	FY2008	FY2009
Total Income	180.8	253.4	502.9	825.5	1,009.4
Total Operating Costs	76.6	121.6	211.1	398.3	428.0
PBT	83.7	107.6	267.2	423.7	578.1
PAT	52.2	71.5	173.0	280.4	366.4
PAT Margin (%)	28.9	28.2	34.4	34.0	36.3
EPS*	1.5	2.0	4.4	7.2	9.2
Networth	229.9	261.4	398.4	594.3	634.8
Dividend	30%	35%	40%	55%	70%

Rs million

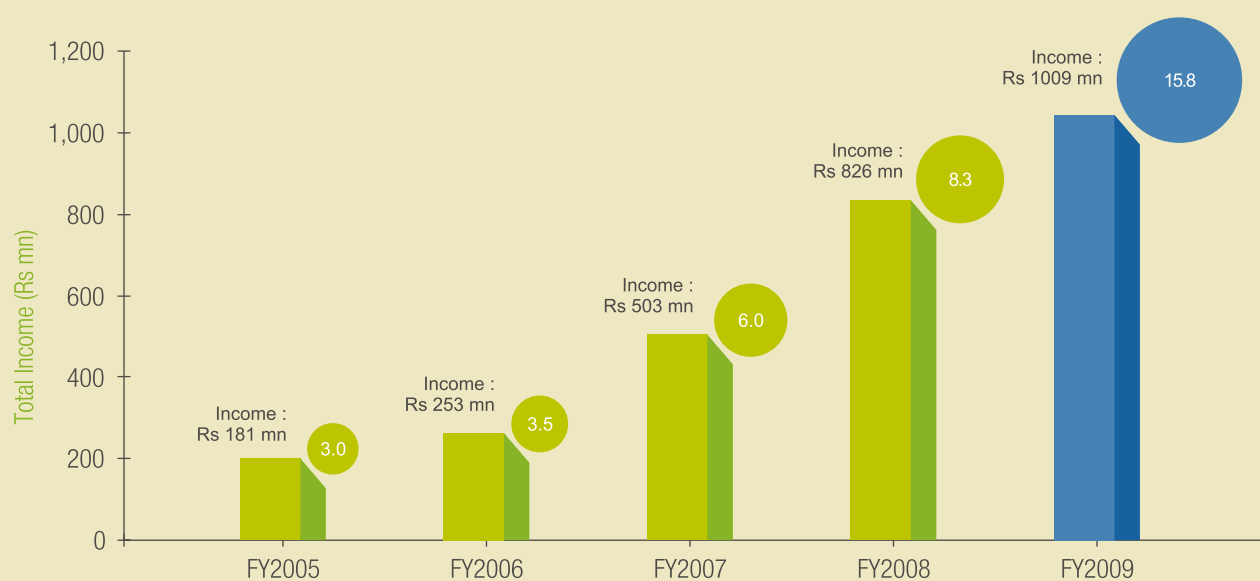
*Adjusted for 1:2 Bonus Issuances in FY2007 and FY2009

Consolidated Financials	FY2007	FY2008	FY2009
Total Income	601.1	1,057.3	1,641.6
PAT	182.2	319.6	621.9

Rs million

Revenue - Dividend Curve

High revenue growth matched by increasing dividend paid out



Figures within the circle signify the dividend paid out in Rs per share; adjusted for 1:2 bonus issuances in FY2007 and FY2009



DB HOSPITALITY PRIVATE LIMITED



The hospitality sector in India has been growing at a fast pace in the last few years, with the market more than doubling during the period 2004-2008 to Rs 187 billion. Going forward, the demand for hotel rooms is expected to grow at 11% p.a. across business destinations till 2013. IIML recognized this growth potential and invested Rs 1,000 million in DB Hospitality, the hospitality arm of the Mumbai based Dynamic Balwas (DB) Group

DB Hospitality's decades-long experience in the industry reflects in the operational metrics of its two existing hotels viz. Le Royal Meridien, Mumbai and Le Meridian, Ahmedabad. These two well-established properties have provided a head start to DB Hospitality to explore other micro-markets in India. Currently, DB Hospitality is constructing three new five star hotel properties in Pune, Goa and South Mumbai. These properties, to be operated by the internationally renowned Hyatt group, are expected to capture around 10% of the share in their respective markets

In recent times, several major global hotel chains including Marriott International, Shangri-La, Four Seasons and Hilton have announced investment plans in India, on the back of which the sector is expected to witness a period of sustained expansion and consolidation. Having entered the Company at its point of growth inflection, IIML continues to support the Company's future growth plans and partner it in its value creation endeavours

DEN NETWORKS LIMITED



The television industry is the largest segment in the media sector. Today, television reaches out to almost 120 million households, twice the reach of the print medium. India's 80 million Cable and Satellite (C&S) households make it the third largest cable market in the world after China and the US. However, despite the large number of C&S households in India, the industry is a marginal player on a global scale

IIML recognized that, with the digitization of cable distribution and consolidation of local cable operators, the C&S industry is undergoing a structural change. Cable infrastructure companies with a strong professional and leadership team are expected to be the largest beneficiaries of this structural change. IIML mined its existing relationship to identify an investment opportunity in this sector and invested Rs 2,000 million in DEN Networks Limited

DEN Networks is a cable infrastructure company that is leveraging on the strength of its promoters, the large market potential, the disaggregated market share and a strong business model to create a pan India presence. DEN has registered high growth and scalability in operations and has over 10 million analog subscribers in a short span since its inception. DEN now has a dominant market share in some of its key markets

As the digital cable distribution market grows on the back of a favorable regulatory scenario, operator economics and inclusion of value added services, IIML will work closely with the Company to further scale up its reach, enhance its depth of services and create value for its investors

KONASEEMA GAS POWER LIMITED



Despite ranking fifth in the world in terms of total installed power generation capacity, India has among the lowest per capita power consumption of 689 kWh, nearly a fourth of the world average. Severe shortage of power continues to exist despite growth in generation and capacity additions. The power supply situation is characterized by shortages both in terms of demand during peak time and overall energy supply, which has grown over time

With the emergence of a clear regulatory framework, post enactment of The Electricity Act, 2003, IIML sought to catalyze the development of this key sector. IIML identified and invested in the development of an upcoming power project Konaseema Gas Power Limited (KGPL) through the India Project Development Fund (IPDF) in May 2004. The project envisaged development of a 445 MW natural gas based combined cycle power plant in the State of Andhra Pradesh. The investment in KGPL funded its project development activities, on completion of which IPDF exited from the investment, generating a return of 21% p.a. (in US dollar terms) for its investors

With successful completion of project development activities, IIML leveraged its relationship with the project sponsors and invested again in March 2006 through the Leverage India Fund (LIF). This second round investment by IIML funded the project construction stage. IIML then worked closely with the Company to attract next round investment in the Company from a large foreign institutional investor

The project commenced production in February 2009, sourcing its gas requirements from the natural gas fields located in the Krishna Godavari basin. With the 445 MW Phase 1 of the project operational, IIML continues to work with the Company for expanding the production capacity of the Company to 1,265 MW

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 Third Annual Report with the Audited Financials of the Company for the year ended March 31, 2009

FINANCIAL ACHIEVEMENTS AND DIVIDEND

	For the year ended March 31, 2009 (Rs Million)	For the year ended March 31, 2008 (Rs Million)
Total Income	1009.39	825.54
Profit before Taxation	578.09	423.73
Provision for Taxation	211.72	143.39
Net Profit after Taxation	366.37	280.34
Balance of Profit brought forward	126.38	46.72
Profit available for appropriation	492.75	327.06
Appropriations :		
General Reserve	37.00	30.00
Dividend (inclusive of dividend tax)	325.84	170.68
Balance carried to Balance Sheet	129.91	126.38

DIVIDEND

During the year, your Company achieved a net profit after tax of Rs 366.37 million. Your Directors recommend a dividend of Rs 7/- per share. The total amount of dividend is Rs 325.84 million (inclusive of dividend tax of Rs 47.33 million)

REVIEW OF OPERATIONS

The year under review was marked by an environment of uncertainty. Implications of the financial crisis, which originated in the United States, reverberated across the globe. The Indian economy was also exposed to a deteriorating business environment and saw contraction in corporate earnings

Despite this challenging operating environment, your Company was able to exhibit a strong growth, with Gross Income increasing 22% on a year-on-year basis to Rs 1.01 billion during the present year. Increased revenues during the year were driven by the successful fund raising for the second Real Estate Fund - the IL&FS India Realty Fund II and the new Private Equity fund - Tara India Fund III

With increase in Operating Expenses being limited to 7% on a year-on-year basis, Profit after tax increased 31% to Rs 366.37 million

FUTURE OUTLOOK

From a macro business environment perspective, early signs of economic revival are visible. Your Company expects that with improvement in business confidence and revival of demand, opportunities to invest into and divest from investee companies will increase during the next financial year. On the back of two successful fund raisings during the year, your Company has a sizeable corpus of investable funds, which it will seek to prudently deploy during the next financial year

From an operating perspective, your Company now has approximately \$2.5 billion under its management. With revenues being a function of the funds under its management, your Company has revenue growth visibility for the next financial year

DIRECTORS' REPORT

DIRECTORS

Mr Shahzaad Dalal and Mr S M Datta retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offer themselves for re-appointment. During the year Mr Shahzaad Dalal resigned and ceased to be the Managing Director of the Company with effect from January 1, 2009. Mr Dalal continues to be a Non Executive Vice Chairman of the Company. Dr Archana Hingorani was appointed as the Chief Executive Officer and Executive Director of the Company with effect from January 19, 2009. During the year Mr Pradip Roy resigned and ceased to be a Director of the Company with effect from April 28, 2008

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 13,262,407 Equity Shares as Bonus Shares in the ratio of one Bonus Share for every two existing Equity Shares held by the members 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 2008-09, 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. 47/24/2009-CL-III dated February 24, 2009, 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(iii) and 8(iv) respectively, of Schedule 13 B 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

DIRECTORS' REPORT

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

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 22, 2009

S M DATTA
Chairman

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the Financial Year 2008-2009

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 2,400,000/- for the Financial Year 2008-2009								
1	Archana Hingorani	43	CEO & Executive Director	41,753,939	B.A.(Economics), MBA	24	01.12.2002	Infrastructure Leasing & Financial Services Limited
2	Alok Bhargava	47	Executive Director	13,440,457	PGDM (Finance), BE (Textile)	23	21.11.2007	Infrastructure Leasing & Financial Services Limited
3	Manoj Borkar	44	Chief Financial Officer	15,590,725	B.Com, ACA	21	01.04.2000	Infrastructure Leasing & Financial Services Limited
4	Mark Silgado	51	Chief Operating Officer	14,100,334	B.A., MBA, PGDBA	27	03.07.2006	IndusInd Bank Limited
5	Guhan Subramaniam	55	Senior Vice President	10,314,832	B.A.(Economics), MBA	30	01.12.2000	BPL Telecom Limited
6	Krishna Kumar	37	Senior Vice President	19,808,036	B.Com, MMM	17	01.04.2002	Infrastructure Leasing & Financial Services Limited
7	Sunil Diwakar	46	Senior Vice President	8,436,746	B.E. (Mechanical), MT, PGDMM	24	16.09.2004	Self Employed
8	Saleh Afimiwalla	39	Senior Vice President	8,511,026	BE (Electronics), MMS (Finance)	14	18.06.2007	Barclays Bank Plc
9	Sanjay Mitra	36	Vice President	7,262,866	M.Com, ACS, ICWA	13	01.05.2001	Larsen & Toubro Limited
10	Jaydeep Bakshi	38	Vice President	7,063,234	MMS (Finance), BE (Construction)	15	29.11.2006	Shringar Cinemas Limited
11	Rajiv Maheshwari	43	Vice President	6,427,235	BA(Hons), MFC	13	21.11.2005	ICICI Bank Limited
12	Conrad Fernandes	42	Vice President	4,083,074	B. Com, FCA, CISA (Grad)	17	21.01.2008	Bharti Airtel Limited
13	L Mohan Roy	40	Vice President	4,742,256	MBA(Finance), BE (Mechanical)	14	12.09.2005	Canbank Venture Capital Fund Ltd.
14	Vinod Thomas	39	Vice President	5,678,727	MBA (Finance), B.Tech (Civil)	16	19.06.2006	Government of India
15	Bina Trivedi	43	Vice President	5,669,190	B.Com, CA	15	15.09.2006	Planet Diamond Tools, USA
16	Rajesh Adhikary	39	Asst. Vice President	5,961,420	CFA, PGDBA, BE (Civil)	15	01.11.2006	Bennett Coleman & Co. Limited
17	Parag Baduni	35	Asst. Vice President	5,987,391	MBA (Finance), BSc (Hons)	11	01.04.2005	IL&FS Education & Technology Services Ltd.
18	Kamalesh Sarangi	37	Asst. Vice President	4,197,868	PGDM (Finance & Marketing), BE (Chemical Engg)	14	19.06.2006	ICICI Bank Ltd.
19	Rahul Mehta	31	Senior Manager	3,303,287	MBA, BE (Civil)	7	24.10.2007	GE Capital Services India Ltd.
20	Raj Sekhar Ghosh	29	Senior Manager	2,481,941	Master in City Planning & B.Architect	3	06.02.2007	Colliers International (India) Property Services Pvt. Ltd.
21	Lalita Jagtiani	41	Manager	4,329,723	BA	17	01.04.2002	Infrastructure Leasing & Financial Services Limited
22	Ranjita Deo	28	Manager	2,562,985	MBA (Finance)	7	25.09.2006	Bennett Coleman & Co. 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 2008-2009								
23	*Shahzaad Dalal	50	Vice Chairman & Managing Director	30,578,146	B.Com, MBA	28	01.04.2002	Infrastructure Leasing & Financial Services Limited
24	*Rahul Shah	46	Senior Vice President	11,374,618	B.Com, ACA	23	26.11.1996	Self Employed
25	*Rajnish Rastogi	37	Asst. Vice President	613,522	CFA, PGDBA, MBA (Finance), B. Tech (Electrical Engg)	12	24.07.2006	CRISIL

Note:
1. None of the employees is a relative of any Director
2. 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
3. Policy with Life Insurance Corporation of India has been taken to cover the liability of payment of Gratuity to employees

Place: Mumbai
Date: April 22, 2009

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 of the Company 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 the Holding and Subsidiary Companies of the Company

During the year 2008-2009, the Company had a Bonus issue of one Bonus Share for every two existing Equity Shares held by the members. Accordingly the unexercised Options in the above schemes 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 2008-2009, the Compensation Committee of the Company did not grant any Options under the above schemes

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

ESOP 2003			
(1)	Options granted till date	:	1,802,510 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	:	5,042 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, 2009	:	Nil Options

Annexure to the Directors' Report

ESOP 2004			
(1)	Options granted till date	:	3,375,000 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	:	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	:	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	:	196,263 Options
(10)	Options available for Grant in future	:	17,457 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, 2009	:	Nil Options

ESOP 2006			
(1)	Options granted till date	:	3,337,500 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	:	579,750 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	:	105,000 Options
(7)	Variation of terms of Options	:	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	:	1,469,048 Options
(10)	Options available for Grant in future	:	250,500 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 2006 during the financial year ended March 31, 2009	:	Nil Options

Annexure to the Directors' Report

The Diluted Earnings Per Share pursuant to issue of shares on exercise of Options calculated in accordance with Accounting Standard 20 is Rs 9.01

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 8,744,243/- which would have reduced the Profit before Tax of the Company by Rs 8,744,243/- and the Basic and Diluted Earnings Per Share would have reduced to Rs 8.89 and Rs 8.80 respectively

The Company has not granted any Options under ESOP 2003, ESOP 2004 and ESOP 2006 during the year and hence the Weighted Average Exercise Price and the Weighted Average Fair Value of the Options granted during the year in case of ESOP 2003, ESOP 2004 and ESOP 2006 is Nil

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 Grant Date. The Options can be exercised at any time upto 4 years from the vesting date

Considering above the average life of option period 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, 2009 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 22, 2009

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

The global financial crisis, which started with the collapse of the sub-prime debt market in the United States of America (USA), gained momentum and rapidly spread to impact the manufacturing and service sectors on a global level. Despite coordinated action by Central Banks across the World, the contagion spread during the course of the financial year ended 2009. Most of the major global economies went into recession, with major consuming countries like USA witnessing negative growth and increased unemployment levels

The Indian economy also felt the full impact of the global economic slowdown during the course of the year, more particularly during the last two quarters of the financial year. In October 2008, industrial output contracted for the first time in 13 years and by February 2009 exports had fallen by 21.7% on a year on year basis, the steepest drop in 18 years, hit by sliding demand in India's main US and European markets

Declining private investment, dwindling capital inflows, shrinking foreign exchange reserves, weakening exports, and a depreciating rupee, coupled with terror attacks in Mumbai led to business confidence hitting new lows in India

The world of Private Equity (PE) has been no less impacted. With liquidity drying up, raising fresh capital, testing in the best of times, became immensely challenging. As the year went by, some PE funds were even faced with capital call defaults. The listed markets, one of the best sources of exit for PE investments, mirrored the gloomy global macro economic environment and Initial Public Offerings (IPO) all but froze during the year. With capital expansion plans being shelved, Private Equity transactions in India fell 23% during the calendar year 2008 from a peak of US\$ 14 billion invested in 2007

More importantly, investee companies of Funds managed by the Company also faced a multiplicity of business issues, be it in relation to drop in exports, fall in traffic, foreign exchange losses, increasing debt or aborted IPOs. As we move into the new financial year, managing and nurturing investee companies in a harsh business environment will be the biggest challenge faced by PE fund managers

Analysis of Performance for the year ended March 2009

Business Review

In an environment marked by uncertainty, the Company's income profile has emerged as its key strength. Company's operating income is derived from Management Fee charged to Funds under its management. This Fee, based on a predefined percentage of the fund corpus, is an annuity in nature. The Company therefore has, despite the business turmoil, high stability on its future operating income

Revenue growth however is a function of fresh funds raised by the Company and it is imperative that the Company constantly strives towards increasing its assets under management. Further to the same, the financial year ended March 2009 saw the Company attaining Final Close for two of its funds - IL&FS India Realty Fund II (IIRF II) and Tara India Fund III. The IL&FS India Realty Fund II attracted commitments aggregating US\$ 895 mn, significantly higher than its predecessor fund, IIRF I, which had a corpus of US\$ 525 mn. Tara India Fund III had a Final Close at US\$ 225 mn, lower than its targeted corpus of US\$ 400 mn but higher than its predecessor fund, Leverage India Fund, which had a corpus of US\$ 153 mn

Both these new funds were raised in a challenging international environment. Notwithstanding the flight of capital from 'Emerging Markets' like India, the Company was able to attract large global institutional investors in both funds. IIRF II emerged as one of the largest Real Estate funds in India, with IIRF I investors reaffirming their commitment in IIRF II as well, a clear reflection of the Company's recognized investment capabilities

The Pan Asian Infrastructure Fund, being jointly raised by IL&FS with Standard Chartered Bank, also attained its First Close. The Infrastructure Fund, which has a target corpus of US\$ 800 mn, had already attracted commitments of US\$ 601 mn

The Company now has approximately \$ 2.5 billion under its management and therefore has revenue growth visibility for the next financial year

The Company was also successful in fully divesting from all its investments made under the India Auto Ancillary Fund (IAAF) during the financial year. With this, the Company has consolidated its distinguished track record of fully divesting from three PE funds, arguably a unique experience in the India PE landscape

In terms of funds deployment, the Company invested / committed investment across 5 companies in the infrastructure / private equity space and across 8 investments in real estate

Whilst the investee companies faced business challenges during the year, leading to lower than expected profitability, most of them have been able to weather the turmoil and are set to emerge stronger when the business cycle improves. However, as valuation metrics of comparable companies in the listed markets continue to suffer, the valuation of our investee companies is significantly lower than expectation. The Company did not therefore consummate as many exits as otherwise it would have done from the matured part of its portfolio. The financial year ended March 2009 therefore saw only two exits

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

The Company's income from fund management increased to Rs 932.04 mn, compared from Rs 753.74 mn in the previous financial year

Inclusive of income from investments of Rs 38.26 mn and Other Income of Rs 39.08 mn, the Gross Income for financial year 2008-09 was Rs 1.01 bn, compared to Rs 825.54 mn in the previous year

Operating expenses of the Company for the year were Rs 427.96 mn, compared to Rs 398.31 mn in the previous year

As a result, Profit before tax for the year was Rs 578.09 mn, compared to Rs 423.73 mn for the previous year

Outlook for Financial Year 2009-2010

The unprecedented deterioration in the global business environment during the course of the financial year ended March 2009 has been met with unparalleled action by Governments and Central Banks across the globe. Leading global players including USA and China have announced multi-trillion dollar packages to ease liquidity and jumpstart their economies

The Indian Government has also announced three stimulus packages since December 2008, to boost investment and spending. These packages provide for enhanced credit availability, reduction in service tax and excise duty, and increased availability of funds for infrastructure spending. The Reserve Bank of India has also cut interest rates progressively, relaxed restrictions in external commercial borrowings and taken measures to increase availability of credit for exporters and for the housing sector. While it is early to predict the outcome of the fiscal measures being taken, these measures are, at the least, first steps in the right direction

There are, however, a multitude of challenges facing the Government and the Industry. Export demand stagnation, higher fiscal deficit, credit availability and negligible foreign capital inflows are outstanding issues, on the back of which GDP growth for the financial year ending March 2010 may remain depressed. However, 'green shoots' of recovery are already being seen in USA and United Kingdom as also in certain sectors in the Indian economy. As the full impact of the programs outlined by various Governments plays out, economic revival, especially for countries like India, which continue to have a strong domestic demand, may be faster than expected

Active asset management is the key to retaining and building value in our investee companies in the present environment. The Company will therefore focus on handholding and guiding its investee companies and closely monitoring investments for any early signs of stress

The Company expects that with the revival of listed markets, the financial year ending March 2010 will provide exit opportunities for its listed portfolio as well as liquidity opportunities for investee companies whose IPOs had been held back during the previous financial year

With funds available for investment through the recently raised funds spanning Private Equity, Real Estate and Infrastructure, the Company will look at deploying funds into companies looking at growth capital at attractive entry valuations

Business Segment and Human Resources

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

The Company has built a strong Investment Team and has grown its staff strength in line with the growth of its assets under management. The Team is now aligned along three broad verticals - Private Equity, Real Estate and Infrastructure, to provide greater investment focus. Due to its deep local knowledge and relationships, the Team has been able to create and structure proprietary investment opportunities with companies that possess the best potential for growth

During the year, the Company focused in developing its staff competencies in line with its maturing investment portfolio. Investment monitoring and handholding would be key to realizing value, especially during these challenging times, and the Team has been strengthened by the addition of Asset, Risk and Compliance Managers in order to ensure the same

The Company will continue to follow the international best practices of employee remuneration and incentivization in order to retain and attract the best of available talent

The Company presently has 50 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 8 Directors including a Non-Executive Chairman, a Non-Executive Vice Chairman, Two Executive Directors and Four Non-Executive Directors.
- 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, 2009. The meetings were held during the year on April 1, 2008, April 24, 2008, July 21, 2008, October 20, 2008 and January 19, 2009
- 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 number 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	13	-
Mr Bansi S Mehta	NED	5	5	Yes	16	9 (Out of the above, 4 are in the capacity of Chairman)
Mr Arun K Saha	NED	5	5	Yes	25	8 (Out of the above, 3 are in the capacity of Chairman)
Mr Vibhav Kapoor	NED	5	5	Yes	9	-
Mr Shahzaad Dalal # (Vice Chairman)	NED	5	5	Yes	39	9 (Out of the above, 4 are in the capacity of Chairman)
Dr Archana Hingorani #	ED	5	4	Yes	22	4
Mr Alok Bhargava	ED	5	5	Yes	3	2

Mr Pradip Roy resigned as Director of the Company with effect from April 28, 2008

Mr Shahzaad Dalal resigned and ceased to be the Managing Director of the Company with effect from January 1, 2009. Mr Dalal continues to be a Non Executive Vice Chairman of the Company. Dr Archana Hingorani was appointed as the Chief Executive Officer and Executive Director of the Company with effect from January 19, 2009

@ ED Executive Director, NED Non-Executive Director

* The other directorships include 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 two Non-Executive Directors
- (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 the 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, 2009 on April 24, 2008, July 21, 2008, October 20, 2008 and January 19, 2009 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 Banshi Mehta, Chairman	4	4
Mr Vibhav Kapoor	4	4
Mr Pradip Roy *	1	1

* Mr Pradip Roy ceased to be a member of the Committee consequent upon his ceasing to be a Director of the Company with effect from April 28, 2008

(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 caliber management talent by valuing their performance on the basis of their contribution
- (3) The Compensation Committee met three times during the financial year ended March 31, 2009 on April 24, 2008, May 19, 2008 and October 20, 2008 and all the members of the Committee attended the same

CORPORATE GOVERNANCE REPORT

- (4) Details of Remuneration paid to the Wholetime Directors during the year 2008-2009:

Name of the Director	Salary (Rs)	Perquisites (Rs)	Total (Rs)
Mr Shahzaad Dalal *	29,842,673	735,473	30,578,146
Dr Archana Hingorani	41,650,000	103,939	41,753,939
Mr Alok Bhargava	11,961,667	1,478,790	13,440,457

* The above details of the remuneration paid to Mr Shahzaad Dalal are from April 1, 2008 till the date of his being in the employment of the Company as Managing Director i.e. upto December 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 and Mr Alok Bhargava includes Rs 11,050,000/-, Rs 29,440,000/- and Rs 3,000,000/- paid to them as Performance Related Pay respectively

The Remuneration paid to the Wholetime 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 2008-2009, the Company did not grant any stock options

- (5) Details of payment made to the Non-Executive Directors during the financial year 2008-2009:

The Company does not pay any remuneration to the Non-Executive Directors of the Company except commission and sitting fees for attending the Board meetings 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 2008-2009, the Non-Executive Directors were paid sitting fees of Rs 20,000/- each for attending the Board Meetings, the Audit Committee Meetings and the Compensation Committee Meetings and Rs 2,000/- each for attending the Shareholders' / Investors' Grievance Committee Meetings

Details of Commission for the financial year 2008-2009 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	2,700,000/-
Mr Ravi Parthasarathy	1,200,000/-
Mr Bansi Mehta	700,000/-
Mr Arun Saha	700,000/-
Mr Vibhav Kapoor	700,000/-

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 except to Mr Shahzaad Dalal, as remuneration in his capacity as Executive Director of the Company, upto December 31, 2008 as disclosed in Clause D(4) above

CORPORATE GOVERNANCE REPORT

- (6) Details of Options granted to Non-Executive Directors during the year and shares held by them as on March 31, 2009

No Options were granted by the Company during the year to Non Executive Directors

The shareholding of the Non Executive Directors as on March 31, 2009 :

Name of the Director	Shareholding as on March 31, 2009
Mr S M Datta	555,000
Mr Ravi Parthasarathy	281,250
Mr Bansi Mehta	442,500
Mr Arun Saha	142,500
Mr Vibhav Kapoor	117,000
Mr Shahzaad Dalal	509,623

(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 the Employee Stock Option Schemes
- (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	21	21
Mr S M Datta	21	21

- (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 Member	Number of Meetings held	Number of Meetings Attended
Mr Manoj Borkar, Chairman	41	41
Mr Sanjay Mitra	41	41

CORPORATE GOVERNANCE REPORT

(F) GENERAL BODY MEETINGS

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

Date	Time	Location	Special Resolutions passed
June 26, 2008	11.30 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. Revision in slab of the Consolidated Salary of Dr Archana Hingorani, Executive Director of the Company 3. Appointment and Remuneration of Mr Alok Bhargava as Executive Director of the Company 4. Issue of Bonus Shares
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

(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

(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 Chief Executive Officer forms part of the Annual Report
- (5) The Chief Executive Officer 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) The composition of the Board of Directors of the Company does not conform to the requirements of the Listing Agreement and the composition of the Audit Committee of the Company does not conform to the requirements of Section 292A of the Companies Act, 1956 and the Listing Agreement. This is as a result of cessation of Mr Pradip Roy, Non Executive Independent Director of the Company, as the Director of the Company with effect from April 28, 2008 and his consequent cessation as member of the Audit Committee of the Company. The composition of the Board of Directors of the Company does not satisfy the criteria of one third independent directors and the composition of Audit Committee of the Company does not satisfy the criteria of minimum three directors as members and two third of the members as independent directors. Consequently the quorum at the Audit

CORPORATE GOVERNANCE REPORT

Committee meetings, after the cessation of Mr Pradip Roy, did not have minimum two independent directors. The Company has already initiated the process and hopes to appoint an independent director at the earliest

- (7) Some of the Independent Directors of the Company have been Directors of the Company in excess of nine years
- (8) The Company does not send any half-yearly report to the members
- (9) 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
- (10) 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, its shareholding pattern and presentation made to analysts 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, 2009		
Category	No. of shares	% of holding
Body Corporates	23,114,745	58.09
Foreign Institutional Investors	1,042,279	2.62
Foreign Mutual Fund	805,743	2.03
Mutual Fund	182,236	0.46
Government Nominees	75	0.00
Banks	1,369	0.00
Clearing Members	4,008	0.01
Individuals	14,616,408	36.74
Trusts	20,358	0.05
Total	39,787,221	100.00

Stock Market Price Data for the year 2008-2009 on the Bombay Stock Exchange Limited		
Month	High	Low
April 2008	279.00	219.05
May 2008	324.00	250.00
June 2008	280.00	201.05
July 2008	238.00	138.00
August 2008	155.00	129.05
September 2008	163.80	94.00
October 2008	116.00	68.00
November 2008	91.00	68.00
December 2008	130.00	70.10
January 2009	132.00	100.30
February 2009	108.90	92.50
March 2009	94.95	76.45

CORPORATE GOVERNANCE REPORT

Registrar and Share Transfer Agents:

Link Intime India Private Limited
(formerly Intime Spectrum Registry Limited)
C-13, Pannalal Silk Mills Compound, L.B.S. Marg
Bhandup (West)
Mumbai 400 078
Tel No: 022 2596 3838
Fax No: 022 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: 022 2659 3531
Fax No: 022 2653 2494

Members' correspondence should be addressed to:

Link Intime India Private Limited
(formerly Intime Spectrum Registry Limited)
C-13, Pannalal Silk Mills Compound, L.B.S. Marg
Bhandup (West)
Mumbai 400 078
Tel No: 022 2596 3838
Fax No: 022 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, 2009 ninety five percent (95%) of shares were held in dematerialised form

CODE OF CONDUCT CERTIFICATE

I, Archana Hingorani, Chief Executive Officer & Executive 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

Archana Hingorani
Chief Executive Officer & Executive Director

Place: Mumbai
Date: April 22, 2009

AUDITORS' CERTIFICATE

TO THE MEMBERS OF IL&FS INVESTMENT MANAGERS LIMITED

1. We have examined the compliance of conditions of corporate governance by **IL&FS INVESTMENT MANAGERS LIMITED** ("the Company") for the year ended March 31, 2009 as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges.
2. 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.
3. Attention is invited to paragraph G(6) of the Corporate Governance Report in respect of non compliance of Listing Agreement and section 292A of the Companies Act, 1956 relating to minimum independent directors on the Board and Audit committee.
4. 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 subject to paragraph 3 above, the Company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement.
5. 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 22, 2009

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, 2009, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, 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 (the Order) issued by the Central Government of India in terms of sub section (4A) of Section 227 of the Companies Act, 1956, we enclose 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 above, we report that:
 - (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 comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956.
 - (e) Attention is invited Note 8(ii) of Schedule 13 regarding remuneration to Whole Time Directors aggregating to Rs. 17,129,730/- which is in excess of the limits specified in Section 198 of the Companies Act, 1956 for which the Company is in the process of obtaining necessary approval from the Central Government.
 - (f) On the basis of the written representations received from the directors as on March 31, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as at March 31, 2009 from being appointed as a director in term of clause (g) of sub section 1 of Section 274 of the Companies Act, 1956.
 - (g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read alongwith our observation in paragraph 4(e) above and other notes to 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, 2009;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Deloitte Haskins & Sells
Chartered Accountants

A. B. JANI
Partner

(Membership No. 46488)

Mumbai, April 22, 2009

Annexure to the Auditors' Report

Re: IL&FS INVESTMENT MANAGERS LIMITED

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

- (i) The nature of the Company's activities is such that clauses (ii), (viii), (x), (xii), (xiii), (xiv), (xv), (xvii), (xix) and (xx) of Companies (Auditor's Report) Order, 2003 (the order) are not applicable to the Company for the year.
- (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 Company has not disposed off a substantial part of fixed assets during the year.
- (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 paragraph 4 (iii) (a) to (g) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and for the sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the Company.
- (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 the Order is not applicable.
- (vi) The Company has not accepted any deposits from the public.
- (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) In respect of statutory dues:
- (a) In our opinion and according to the information given to us, the Company has generally 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 other material statutory dues with the appropriate authorities during the year. According to the information and explanations given to us, there were no undisputed amounts payable on account of the above dues, outstanding as at March 31, 2009 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, details of disputed Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax and Cess which have not been deposited as on March 31, 2009 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	200.92	2002 - 2007	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 22, 2009

BALANCE SHEET

AS AT MARCH 31, 2009

	Schedules	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	397,892,210	265,268,140
Stock Options Outstanding		9,158,940	9,158,940
Reserves and Surplus	2	227,736,320	319,830,766
		634,787,470	594,257,846
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	3	130,748,795	127,318,395
Less: Depreciation and Amortisation		122,862,842	121,778,500
Net Block		7,885,953	5,539,895
Add: Capital Work-in-Progress (Intangible asset - software)		-	2,444,280
		7,885,953	7,984,175
Investments	4	403,451,804	215,319,527
Deferred Tax Asset (net) (Refer note 4 of Schedule 13)		4,857,000	16,175,000
Current Assets, Loans and Advances			
Sundry Debtors	5	163,302,436	382,112,303
Cash and Bank Balances	6	102,517,345	166,734,323
Loans and Advances	7	477,138,149	188,635,193
		742,957,930	737,481,819
Less: Current Liabilities and Provisions	8		
Current Liabilities		159,030,377	173,953,639
Provisions		365,334,840	208,749,036
		524,365,217	382,702,675
Net Current Assets		218,592,713	354,779,144
		634,787,470	594,257,846
Significant Accounting Policies and Notes to the Accounts	13		

Schedules 1 to 13 annexed hereto form part of the Balance Sheet and Profit and Loss Account

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

A. B. JANI
Partner

Place : Mumbai
Date : April 22, 2009

For and on behalf of the Board

S M Datta
Chairman

Archana Hingorani
CEO & Executive Director

Manoj Borkar
Chief Financial Officer

Sanjay Mitra
Company Secretary

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED MARCH 31, 2009

	Schedules	For the year ended March 31, 2009 Rupees	For the year ended March 31, 2008 Rupees
INCOME			
Income from Fund Management and Advisory Services	9	932,044,768	753,741,110
Income from Investments/Loans	10	38,265,088	69,165,475
Other Income (Refer note 8(vi) of Schedule 13)		39,078,944	2,635,147
		1,009,388,800	825,541,732
EXPENSES			
Staff Expenses	11	286,212,000	269,828,651
Operating Expenses	12	141,753,457	128,484,004
Depreciation and Amortisation		3,332,305	3,497,371
		431,297,762	401,810,026
Profit before Tax		578,091,038	423,731,706
Provision for Tax			
- Current Tax		196,000,000	141,000,000
- Deferred Tax (Asset) / Liability (net) (Refer note 4 of Schedule 13)		11,318,000	(2,013,000)
- Fringe Benefits Tax		4,400,000	4,400,000
Profit after Tax		366,373,038	280,344,706
Balance brought forward from previous year		126,384,202	46,719,380
		492,757,240	327,064,086
Less: Appropriations :			
Transferred to General Reserve		37,000,000	30,000,000
Proposed Dividend		278,510,547	145,886,477
Tax on Dividend		47,332,867	24,793,407
		362,843,414	200,679,884
Balance carried to Balance Sheet		129,913,826	126,384,202
Earnings Per Share (Refer note 9 of Schedule 13) (Equity shares, Face value Rs.10/- each)			
Basic		9.21	7.21
Diluted		9.01	7.01
Significant Accounting Policies and Notes to the Accounts	13		

Schedules 1 to 13 annexed hereto form part of the Balance Sheet and Profit and Loss Account

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

A. B. JANI
Partner

Place : Mumbai
Date : April 22, 2009

For and on behalf of the Board

S M Datta
Chairman

Archana Hingorani
CEO & Executive Director

Manoj Borkar
Chief Financial Officer

Sanjay Mitra
Company Secretary

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2009

	Particulars	March 31, 2009 Rupees		March 31, 2008 Rupees
A	CASH FLOW FROM OPERATING ACTIVITIES			
	PROFIT BEFORE TAX	578,091,038		423,731,706
	Adjustment for:			
	Depreciation and Amortisation	3,332,305	3,497,371	
	Leave Encashment	472,957	10,221,768	
	Employee stock based Compensation	-	1,637,870	
	Debts / Advances written off	201,702	8,942,331	
	Provision for share in loss in partnership firm	5,669,207	7,350,410	
	Provision for diminution in value of investment	7,246,898	-	
	Excess of cost over fair value	2,664,440	-	
	Dividend from Long Term Investment	-	(5,866,818)	
	Interest Income	(11,852,034)	(11,474,693)	
	Profit on sale of Long Term Investments	-	(44,709,370)	
	Profit on sale of Fixed Assets (net)	(20,497)	(53,867)	
		7,714,978		(30,454,998)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	585,806,016		393,276,708
	Decrease / (Increase) in trade and other receivables	218,809,867		(140,158,620)
	Decrease / (Increase) in Current Investments	(187,342,415)		(144,000,333)
	Decrease / (Increase) in Advances	(26,030,652)		(18,684,583)
	(Decrease) / Increase in trade and other payables	(16,364,043)		105,974,871
	Cash Flow after Working Capital Changes	574,878,773		196,408,043
	Income Tax Paid (Net)	(212,390,912)		(149,640,568)
	NET CASH GENERATED FROM OPERATING ACTIVITIES (A)	362,487,861		46,767,475
B	CASH FLOW FROM INVESTING ACTIVITIES			
	Purchase of Fixed Assets / Capital Advances	(3,592,278)		(4,613,974)
	Proceeds from sale of Fixed Assets	378,692		187,143
	Purchase of Long Term Investments	(10,701,200)		(1,876,712)
	Proceeds from sale of Long Term Investments	-		50,599,370
	Inter Corporate Deposits	(200,000,000)		-
	(Increase) in Other Deposits / Loans	(52,100,000)		(4,700,000)
	Dividend Income	-		5,866,818
	Interest received	8,549,049		8,617,960
	NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES (B)	(257,465,737)		54,080,605
C	CASH FLOW FROM FINANCING ACTIVITIES			
	Proceeds from Issuance of Share Capital	-		84,561,505
	Dividend paid	(169,239,102)		(119,003,664)
	NET CASH (USED IN) / GENERATED FROM FINANCING ACTIVITIES (C)	(169,239,102)		(34,442,159)
D	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	(64,216,978)		66,405,921
	Cash and cash equivalents at the beginning of the year	166,734,323		100,328,402
	Cash and cash equivalents at the end of the year	102,517,345		166,734,323
		(64,216,978)		66,405,921
	Significant Accounting Policies and Notes to the Accounts Schedule 13			

Schedules 1 to 13 annexed hereto form part of the Balance Sheet and Profit and Loss Account

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

A. B. JANI
Partner

Place : Mumbai
Date : April 22, 2009

For and on behalf of the Board

S M Datta
Chairman

Archana Hingorani
CEO & Executive Director

Manoj Borkar
Chief Financial Officer

Sanjay Mitra
Company Secretary

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	As at March 31, 2009 Rupees	As at March 31, 2008 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		
39,787,221 Equity Shares of Rs. 10/- each fully paid-up (Previous year 26,524,814 Equity Shares of Rs. 10/- each fully paid-up)	397,872,210	265,248,140
Add : Forfeited shares	20,000	20,000
	397,892,210	265,268,140
Note: Of the above (a) 13,262,407 Equity Shares of Rs. 10/- each were allotted during the the year as fully paid-up Bonus Shares by capitalisation of Securities Premium Account. (b) 7,930,449 Equity Shares of Rs. 10/- each were allotted as fully paid-up Bonus Shares in financial year 2006-07 by way of capitalisation of General Reserve, Profit and Loss Account and Securities Premium Account. (c) 21,011,087 (Previous year 13,770,275) Equity Shares of Rs. 10/- each fully paid-up are held by Infrastructure Leasing & Financial Services Limited, the Holding Company.		
SCHEDULE 2 : RESERVES AND SURPLUS		
Securities Premium Account		
Balance as per previous Balance Sheet	138,446,564	59,702,709
Add: Received upon issuance of shares	-	78,743,855
Less: Capitalised for Issue of Bonus Shares	132,624,070	-
	5,822,494	138,446,564
General Reserve		
Balance as per previous Balance Sheet	55,000,000	25,000,000
Add: Transferred from Profit and Loss Account	37,000,000	30,000,000
	92,000,000	55,000,000
Balance in Profit and Loss Account	129,913,826	126,384,202
	227,736,320	319,830,766

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

SCHEDULE 3 : FIXED ASSETS

(Rupees)

Description of Assets	GROSS BLOCK (AT COST)				DEPRECIATION / AMORTISATION				NET BLOCK	
	Cost as on 01.04.2008	Additions/ Adjustments	Deductions/ Adjustments	Cost as on 31.03.2009	Up to 31.03.2008	For the Year	Deductions/ Adjustments	Up to 31.03.2009	As at 31.03.2009	As at 31.03.2008
Tangible Assets										
Furniture and Fixtures	5,649,904	1,498,560	(1,669,699)	5,478,765	2,979,347	924,475	(1,332,402)	2,571,420	2,907,345	2,670,557
Office Equipments	1,232,562	424,669	(229,820)	1,427,411	1,208,441	353,728	(229,805)	1,332,364	95,047	24,121
Vehicles	53,913	25,660	(53,913)	25,660	44,547	12,199	(52,844)	3,902	21,758	9,366
Computers	5,219,274	1,016,714	(652,726)	5,583,262	3,442,889	1,206,470	(632,912)	4,016,447	1,566,815	1,776,385
Total (A)	12,155,653	2,965,603	(2,606,158)	12,515,098	7,675,224	2,496,872	(2,247,963)	7,924,133	4,590,965	4,480,429
Intangible Assets										
Computer Software	2,063,231	3,070,955	-	5,134,186	1,003,765	835,433	-	1,839,198	3,294,988	1,059,466
Business Know-how, Management and Advisory Contracts	113,099,511	-	-	113,099,511	113,099,511	-	-	113,099,511	-	-
Total (B)	115,162,742	3,070,955	-	118,233,697	114,103,276	835,433	-	114,938,709	3,294,988	1,059,466
Total (A+B)	127,318,395	6,036,558	(2,606,158)	130,748,795	121,778,500	3,332,305	(2,247,963)	122,862,842	7,885,953	5,539,895
Previous Year	124,626,816	3,773,974	(1,082,395)	127,318,395	119,230,248	3,497,371	(949,119)	121,778,500		
Capital Work-in-Progress (Intangible asset - software)									-	2,444,280
								Total	7,885,953	7,984,175

**SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED MARCH 31, 2009**

	Number*	Face Value	As at March 31, 2009 Rupees	As at March 31, 2008 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	2,341,837	10	23,418,370	23,417,770
	(2,341,777)			
IL&FS Urban Infrastructure Managers Ltd	1,000,000	10	10,000,000	499,400
	(49,940)			
IL&FS Investment Advisors LLC	56,997	USD 1	855,190	855,190
	(18,999)			
IL&FS Singapore Asset Management Company Pte. Ltd	25,500	USD 1	1,035,300	1,035,300
	(25,500)			
- Joint Ventures				
IL&FS Milestone Realty Advisors Private Ltd	80,000	10	800,000	800,000
	(80,000)			
- Others				
Avantika Gas Ltd	8,250	10	82,500	82,500
	(8,250)			
Sub Total (A)			36,191,360	26,690,160
- 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	41,412
	(1,020)			
Sub Total (C)			41,412	41,412
- Units of Venture Fund (Unquoted)				
South Asian Regional Apex Fund	3,599	5,000	16,622,500	16,622,500
	(3,599)			
Leverage India Fund	100	1,000	100,000	100,000
	(100)			
Infrastructure Leasing & Financial Services Realty Fund	500	100	50,000	50,000
	(500)			
Urjankur Nidhi Trust	1,000	100	100,000	-
TARA India Fund III Trust	50	10,000	500,000	-
IFIN Realty Trust	10	10,000	100,000	-
TARA India Fund III Domestic Trust	500	1,000	500,000	-
Sub Total (D)			17,972,500	16,772,500

* Figures in brackets indicate that of previous year

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

SCHEDULE 4 (contd.)	Number*	Face Value	As at March 31, 2009 Rupees	As at March 31, 2008 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)			74,516,798	63,815,598
Less: Provision for diminution in value of investment (G)			7,246,898	-
Total (H) = (F-G)			67,269,900	63,815,598
CURRENT NON-TRADE INVESTMENTS				
(Refer note 10 of Schedule 13)				
- Units of Mutual Fund				
Morgan Stanley Mutual Fund - Growth Plan (Previous year : Quoted)	249,011	10	10,386,520	10,386,520
	(249,011)			
Birla Sun Life Cash Plus - Instl. Prem. - Daily Dividend - Reinvestment	Nil	10	-	36,152,861
	(3,608,250)			
ICICI Prudential Liquid Plan Institutional Plus - Daily Dividend Option - Reinvest Dividend	Nil	10	-	9,676,837
	(816,507)			
Reliance Monthly Interval Fund - Series I-Institutional Dividend Plan	Nil	10	-	32,989,753
	(3,296,340)			
UTI Liquid Cash Plan Institutional - Daily Income Option - Re-Investment	Nil	1,000	-	27,199,834
	(26,681)			
SBI Premier Liquid Fund - Institutional - Daily Dividend	Nil	1,000	-	35,098,124
	(3,498,442)			
Birla Sun Life Savings Fund - Instl. - Daily Dividend - Reinvestment	3,248,891	10	32,511,006	-
	(Nil)			
Reliance Medium Term Fund-Daily Dividend Plan	847,207	10	14,483,428	-
	(Nil)			
Kotak Floater Long Term - Daily Dividend	4,426,816	10	44,621,421	-
	(Nil)			
Reliance Money Manager Fund-Institutional Option - Daily Dividend Plan	12,514	1,000	12,527,815	-
	(Nil)			
Tata Floater Fund - Daily Dividend	2,001,442	10	20,085,671	-
	(Nil)			
JP Morgan India Treasury Fund - Super Inst. Daily Div Plan - Reinvestment	5,598,868	10	56,038,514	-
	(Nil)			
IDFC Money Manager Fund - Tp - Super Inst Plan C - Daily Dividend	5,435,695	10	54,365,107	-
	(Nil)			
Fidelity Ultra Short Term Debt Fund Institutional - Daily Dividend	3,810,547	10	38,114,999	-
	(Nil)			
ICICI Prudential Flexible Income Plan Premium - Daily Dividend	5,269,009	10	55,711,863	-
	(Nil)			
Total Current Investments (I)			338,846,344	151,503,929

* 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 FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

SCHEDULE 4 (contd.)	Number*	Face Value	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
Less: Excess of cost over fair value (J)			2,664,440	-
TOTAL (H + I - J)			403,451,804	215,319,527
			403,451,804	215,319,527
Aggregate book value of quoted investments			-	10,386,520
Aggregate market value of quoted investments			-	12,201,539
Aggregate book value of unquoted investments			403,451,804	204,933,008

	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
SCHEDULE 5 : SUNDRY DEBTORS (Unsecured, considered good)		
Outstanding for more than six months	-	37,954,877
Other Debts	163,302,436	344,157,426
	163,302,436	382,112,303

SCHEDULE 6 : CASH AND BANK BALANCES		
Cash in hand	52,590	52,939
Cheques on Hand	210,227	-
Balance with Scheduled Banks		
- in Current Accounts (including in unclaimed dividend accounts)	16,254,528	6,781,384
- in Fixed Deposit	86,000,000	159,900,000
	102,517,345	166,734,323

SCHEDULE 7 : LOANS AND ADVANCES (Unsecured unless otherwise stated, considered good)		
Inter-Corporate Deposit to holding company	200,000,000	-
Interest Accrued but not due	13,260,801	9,957,817
Advance Tax (net of provision)	31,008,014	23,736,989
Advances Recoverable in cash or in kind or for value to be received (Secured to the extent of Rs.1,047,311/-, Previous year Rs. 864,689/-) (Refer note 7(d) of Schedule 13)	207,285,207	154,940,387
Other Current Assets (Refer policy A (k) of Schedule 13)	25,584,127	-
	477,138,149	188,635,193

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
SCHEDULE 8 : CURRENT LIABILITIES AND PROVISIONS		
A. Current Liabilities		
Sundry Creditors (MSM undertakings)	-	-
Sundry Creditors (other than MSM undertakings) (Refer note 15 of Schedule 13)	149,186,778	148,966,134
Amounts to be Credited to Investor Education and Protection Fund - Unclaimed Dividend (Refer note 5 of Schedule 13)	7,412,578	5,971,797
Other Liabilities	2,431,021	19,015,708
Total (A)	159,030,377	173,953,639
B. Provisions		
Provision for Tax (net of advance tax)	2,921,768	7,641,658
Provision for share in loss in partnership firm (Refer Schedule 4)	13,019,617	7,350,410
Proposed Dividend	278,510,547	145,886,477
Tax on Proposed Dividend	47,332,867	24,793,407
Provision for Leave Encashment	23,550,041	23,077,084
Total (B)	365,334,840	208,749,036
Total (A+B)	524,365,217	382,702,675
SCHEDULE 9 : INCOME FROM FUND MANAGEMENT AND ADVISORY SERVICES	For the year ended March 31, 2009 Rupees	For the year ended March 31, 2008 Rupees
Fees from Fund Management and Advisory Services	932,044,768	753,741,110
	932,044,768	753,741,110
SCHEDULE 10: INCOME FROM INVESTMENTS/ LOANS		
Dividend Income on:		
-Long-term trade Investments	-	5,866,818
-Current non-trade Investments	26,413,054	7,114,594
Profit on sale of Long-term trade Investments	-	44,709,370
Interest Income on:		
- Fixed Deposits	4,170,169	3,111,192
- Other Deposits/ Loans	7,681,865	8,363,501
(Tax deducted at source Rs. 2,613,955/-, Previous year Rs. 689,756/-)		
	38,265,088	69,165,475
SCHEDULE 11: STAFF EXPENSES		
Salaries and Allowances	241,603,221	230,242,687
Contribution to Provident Fund and other Funds	34,342,751	30,502,957
Staff Welfare Expenses	10,266,028	7,445,137
Amortisation of stock based compensation	-	1,637,870
	286,212,000	269,828,651

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED MARCH 31, 2009

	For the year ended March 31, 2009 Rupees	For the year ended March 31, 2008 Rupees
SCHEDULE 12: OPERATING EXPENSES		
Rent	34,456,998	26,944,762
Rates and Taxes	673,752	1,180,903
Electricity and Water Charges	1,394,255	1,500,656
Postage and Telecommunication	2,998,447	3,504,071
Printing and Stationery	1,158,034	1,419,964
Travelling and Conveyance	23,770,528	26,001,866
Debts/Advances Written Off	201,702	8,942,331
Insurance	3,641,396	3,388,052
Repairs and Maintenance-Others	3,823,376	2,828,404
Legal and Professional Expenses	27,195,837	15,103,786
Directors Sitting Fees	984,000	986,000
Provision for diminution in value of investment	7,246,898	-
Excess of cost over fair value	2,664,440	-
Underwriting and Placement Fees	1,281,672	5,424,890
Loss on sale of Current non-trade Investments	-	37,875
Provision for share of loss in partnership firm	5,669,207	7,350,410
Miscellaneous Expenses (Refer note 8(v) of Schedule 13)	24,592,915	23,870,034
	141,753,457	128,484,004

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

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 pursuant to Companies (Accounting Standard) Rules, 2006. 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 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

Intangible Assets include business know how, value of Management and 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 FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

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 as the leave benefit is of a short term nature

g) Taxation

Income tax comprises the current tax, fringe benefits 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

k) Placement Fees Expense

Placement Fees payable to the Arranger of Fund are recognized over the life of the managed scheme

B. NOTES TO ACCOUNTS

1) Outstanding Commitments on Capital Account

(Amount Rupees)		
	March 31, 2009	March 31, 2008
Estimated amount of contracts remaining to be executed on capital account (intangible asset - software) not provided for (net of advances paid amounting to Rs Nil, Previous Year Rs 2,444,280/-)	NIL	560,000

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

2) Contingent Liabilities

Claims against the Company not acknowledged as debts:

(Amount Rupees)

	March 31, 2009	March 31, 2008
<u>Income Tax Demands</u> The Company has preferred appeals against the income tax demands and the same are pending with CIT (Appeals)	35,604,531	29,510,777

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	196,263	24.00	2,048,798	79.98
Granted during the year	Nil	-	Nil	-
Forfeited during the year	Nil	-	Nil	-
Exercised during the year	Nil	-	Nil	-
Lapsed during the year	Nil	-	105,000	82.00
Granted and outstanding at the end of the year	196,263	24.00	1,943,798	79.87
Vested and Exercisable at the end of the year	196,263	24.00	1,465,298	77.72

* 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 Nil (Previous Year Rs 1,637,870/-) is charged to the Profit and Loss account for the year
- d) No Options were granted during the year and hence calculation of the weighted average Fair Value of Options granted during the year (based on the calculation of external valuers using Black Scholes Model) is not applicable
- 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 8,744,243/- which would have reduced the Profit before Tax of the Company by Rs 8,744,243/- and the Basic and Diluted EPS would have reduced to Rs 8.89 and Rs 8.80 respectively

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

- f) No Options were exercised during the year and hence calculation of the weighted average Market Price at the date of exercise, for options during the year is not applicable
- g) The range of Exercise Price for Stock Options outstanding as at March 31, 2009 is Rs 24/- to Rs 96/- and the weighted average remaining contractual life is 3.2 years

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) Deferred 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, 2009 the timing difference has resulted in a net deferred tax liability of Rs 11,318,000/-
- b) The deferred tax asset recognised in the accounts as of March 31, 2009 are as follows:

Nature of Timing Differences	March 31, 2008 Asset/(Liability) Rs.	Adjusted/Added during the year Rs.	March 31, 2009 Asset/(Liability) Rs.
Net Depreciation	8,091,000	(1,540,300)	6,550,700
Retirement Benefits	8,084,000	(1,081,655)	7,002,345
Placement Fees	-	(8,696,045)	(8,696,045)
Total	16,175,000	(11,318,000)	4,857,000

- 5) Unclaimed dividend of Rs. 7,412,578/- relates to the period from FY 2001-2002 to FY 2007-2008. During the year, an amount of Rs. 653,128/- has been transferred to Investor Education and Protection Fund pertaining to FY 2000-2001

- 6) Derivative Instruments

- a) The Company has following derivative instruments outstanding:

Forward Exchange Contracts :	March 31, 2009 US\$ 3,000,000 (Sell) Rs. 150,670,000 (Buy)	March 31, 2008 US\$ 250,000 (Sell) Rs. 10,500,000 (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 0.25 mn	12.96 mn

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

7) Related Party Transactions

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

Sr.No.	HOLDING COMPANY	March 31, 2009	March 31, 2008
1	Infrastructure Leasing & Financial Services Limited	✓	✓

Sr.No.	SUBSIDIARIES	March 31, 2009	March 31, 2008
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	✓	✓

Sr.No.	FELLOW SUBSIDIARIES*	March 31, 2009	March 31, 2008
1	IL&FS Ecosmart Limited	✓	✓
2	IL&FS Education & Technology Services Limited	✓	✓
3	IL&FS Financial Services Limited	✓	✓
4	IL&FS Property Management & Services Limited	✓	✓
5	IL&FS Securities Services Limited	✓	✓
6	IL&FS Transportation Networks Limited	✓	✓
7	IL&FS Waste Management & Urban Services Limited	✓	✓

* As certified by holding company and with whom transactions done during the year

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, 2009
Infrastructure Leasing & Financial Services Limited	Rent	26,866,571	Nil
		(19,785,610)	(Nil)
	Underwriting Fees	Nil	Nil
		(5,424,890)	(Nil)
	Advisory Fees	4,439,510	Nil
		(50,000,200)	(50,000,200)
	Term Deposits placed	200,000,000	200,000,000
		(Nil)	(Nil)
	Interest income on Term Deposits	1,968,219	Nil
		(Nil)	(Nil)
	Sale of Investments	Nil	Nil
		(26,996,625)	(Nil)
	Sale / Transfer of Asset	181,150	Nil
		(Nil)	(Nil)
	Sundry Creditor	Nil	Nil
		(Nil)	(63,380)
	Sundry Advances	Nil	13,708,784
		(Nil)	(Nil)

(Figures in brackets represent previous year transactions)

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

ii) Transactions with subsidiaries

Name of the Entity	Nature of Transaction	Amount of Transaction	Outstanding Balance As on March 31, 2009
IL&FS Urban Infrastructure Managers Limited	Investment	9,500,000	10,000,000
		(Nil)	(499,400)
IL&FS Asian Infrastructure Managers Limited	Investment	Nil	23,418,370
		(Nil)	(23,417,770)
	Fund Management Fee	13,500,000	Nil
		(13,500,000)	(Nil)
	Sundry Advances	Nil	148,252
		(Nil)	(Nil)
IL&FS Investment Advisors LLC	Investment	Nil	900,200
		(Nil)	(900,200)
	Fund Management Fee	610,126,241	161,711,115
		(278,906,663)	(257,739,602)
	Sundry Advances	Nil	32,936
		(Nil)	(1,679,146)
IL&FS Singapore Asset Management Pte Limited	Investment	Nil	1,076,712
		(1,076,712)	(1,076,712)
	Fund Management Fee	7,098,375	Nil
		(3,996,000)	(Nil)
	Sundry Advances	Nil	251,377
		(Nil)	(157,913)

(Figures in brackets represent previous year transactions)

iii) Transactions with fellow subsidiaries

Name of the Entity	Nature of Transaction	Amount of Transaction	Outstanding Balance As on March 31, 2009
IL&FS Property Management & Services Limited	Operating Expenses	402,416	29,039
		(1,369,883)	(Nil)
	Purchase of Assets	Nil	Nil
		(240,831)	(Nil)
IL&FS Education & Technology Services Limited	Operating Expenses	601,552	498,744
		(1,280,849)	(300,000)
	Purchase of Assets	Nil	Nil
		(127,489)	(Nil)
	Advances	Nil	106,200
		(Nil)	(11,794)
IL&FS Financial Services Limited	Fee Income	Nil	Nil
		(4,907,184)	(Nil)
	Legal & Professional	2,200,000	Nil
		(Nil)	(Nil)
	Purchase of Assets	Nil	Nil
		(10,744)	(Nil)

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

Name of the Entity	Nature of Transaction	Amount of Transaction	Outstanding Balance As on March 31, 2009
IL&FS Financial Services Limited	Underwriting Fees	1,281,672	1,210,936
		(Nil)	(Nil)
	Placement Fees	5,000,000	Nil
		(Nil)	(Nil)
	Advances	Nil	9,902
		(Nil)	(2,759,515)
IL&FS Securities Services Limited	Custody Charges	24,164	11,710
		(Nil)	(Nil)
IL&FS Ecosmart Limited	Advances	Nil	73,903
		(Nil)	(32,116)
IL&FS Transportation Networks Limited	Advances	Nil	5,995
		(Nil)	(22,914)
	Creditors	Nil	8,000
		(Nil)	(Nil)
IL&FS Waste Management & Urban Services Limited	Advances	Nil	14,197
		(Nil)	(Nil)

(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 (Upto December 31, 2008)
Dr Archana Hingorani	CEO & Executive Director
Mr Alok Bhargava	Executive Director
Mrs Nafisa Dalal	Spouse of Mr Shahzaad Dalal

	For the year ended	March 31, 2009 Rs	March 31, 2008 Rs
(i)	Remuneration	85,772,542	33,643,778
(ii)	Balance Premises Deposit (Maximum amount outstanding during the year is Rs. 12,500,000/- Previous Year Rs.12,500,000/-)	Nil	12,500,000
(iii)	Rent for Premises Occupied	1,755,000	420,000

d) Transaction with IVC Welfare Trust

Nature of Transaction	Amount in Rupees
Interest Income	7,638,650
	(8,304,399)
Repayment of Loan	16,100,000
	(34,388,350)
Disbursement of Loan	68,200,000
	(34,000,000)
Balance Loan Recoverable (including interest)	171,926,660
	(117,404,605)

(Figures in brackets represent previous year transactions)

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

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, 2009 Rs	March 31, 2008 Rs
(i)	Managerial Remuneration:*		
	(a) Remuneration to Whole Time Directors:		
	Salary including performance related pay	77,778,792	28,574,624
	Perquisites	2,318,202	1,292,159
	Contribution to Provident Fund and other fund	5,675,548	3,776,995
		85,772,542	33,643,778
	(b) Remuneration to Non-Whole Time Director:		
	Sitting fee	984,000	986,000
	Commission	6,000,000	4,500,000
	(c) Computation of net profit in accordance with Section 349 and other Sections of the Companies Act, 1956 in respect of Remuneration payable to Directors (including Whole Time Directors)		
	Profit before Tax	578,091,038	423,731,706
	Add: Managerial Remuneration *	85,772,542	
	Directors' sitting fee	984,000	
	Commission to Non-Whole Time Directors	6,000,000	
	Provision for losses relating to investment	15,580,545	
		108,337,087	46,480,188
	Net Profit as per Section 198	686,428,125	470,211,894
	Maximum permissible remuneration computed @ 10% of Net Profit payable to Whole Time Directors	68,642,812	47,021,189
	Commission payable to Non-Whole Time Directors		
	Maximum Commission payable to Non-Whole Time Directors computed @ 1% of Net Profit	6,864,281	4,702,119
	Commission payable restricted to	6,000,000	4,500,000

*Note :

- 1 The above includes Performance Related Pay (PRP) to Whole Time Directors on payment basis as the provision for PRP for the year is on aggregate basis for all employees and individual amounts are yet to be determined by the Compensation Committee of the Board
 - 2 The above payment does not include contribution to gratuity funds as the same is determined on an actuarial basis for the Company and the amount is not determinable on an individual basis
 - 3 The above excludes gratuity paid on final settlement to the retiring Managing Director
- (ii) The remuneration to the Whole Time Directors include Rs 17,129,730/- (Previous Year - Nil) which is in excess of the limit specified in Section 198 of the Companies Act, 1956. The Company is in the process of obtaining approval from the Central Government for the aforesaid

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

		For the year ended	
		March 31, 2009 Rs	March 31, 2008 Rs
(iii)	Expenditure in foreign currency (on accrual basis) on:		
	(a) Travelling	3,839,198	7,502,402
	(b) Conference and Seminar	3,601,114	1,499,600
	(c) Books and Periodicals	171,022	91,334
	(d) Legal and Professional fees	2,705,892	1,810,622
	(e) Subscription to Clubs and Association	1,374,400	-
	(f) Business Promotion expenses	-	98,419
(iv)	Earnings in Foreign Currency (on accrual basis) on:		
	Income from Fund Management	623,328,478	314,022,663
(v)	Miscellaneous Expenses includes commission to non whole time directors, advertisement expenses, service promotion expenses, subscription to clubs/association, general office expenses, payment to auditors and loss on foreign exchange fluctuation		
	(a) Amounts paid/payable to the Auditors:		
	Audit Fee	750,000	750,000
	Tax Audit Fee	200,000	200,000
	Other services including Company law matters	901,000	875,695
	Out of Pocket Expenses	1,230	Nil
	Excluding Service Tax of Rs. 99,155/- (Previous Year: Rs 219,823/-)		
	(b) Loss on foreign exchange fluctuation aggregating Rs Nil/- (Previous Year Rs. 3,513,162/-)		
(vi)	Other Income includes Rs. 23,447,124/- (Previous Year: Nil) on account of foreign exchange gain, profit on sale of fixed assets Rs.20,497/- (Previous Year Rs.53,867/-) and recovery of fund setup expenses Rs. 9,609,676/- (Previous Year: Nil)		

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, 2009	March 31, 2008
(a)	Profit After Tax (Rs)	366,373,038	280,334,706
(b)	Weighted Average Number of Equity Shares in calculating Basic EPS	39,787,221	38,880,338
	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)	869,885	1,106,456
	Weighted Average Number of Equity Shares in calculating Diluted EPS	40,657,106	39,986,794
(i)	Nominal Value per share (Rs)	10.00	10.00
(ii)	Basic Earnings per share (Rs)	9.21	7.21
(iii)	Diluted Earnings per share (Rs)	9.01	7.01

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

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

Scheme Name	Opening Balance	Purchased (including Dividend)	Sold	Closing Balance
Birla Sun Life Cash Plus - Institutional Premium - Daily Dividend - Reinvestment	3,608,250.068	3,639,602.226	7,247,852.294	-
Birla Sun Life Savings Fund - Institutional - Daily Dividend - Reinvestment	-	5,747,192.550	2,498,301.156	3,248,891.394
Birla Sun Life Short Term Fund - Institutional Daily Dividend	-	5,572,824.288	5,572,824.288	-
DWS Money Plus Fund - Institutional Daily Dividend Plan	-	4,041,505.255	4,041,505.255	-
Fidelity Cash Fund (Institutional) - Daily Dividend	-	9,051,976.571	9,051,976.571	-
Fidelity Ultra Short Term Debt Fund Institutional - Daily Dividend	-	5,510,122.345	1,699,575.106	3,810,547.238
HDFC Cash Management Fund - Savings Plan - Daily Dividend Reinvestment	-	3,291,267.656	3,291,267.656	-
HDFC Cash Management Fund -Treasury Advantage Plan - Wholesale - Daily Dividend Option : Reinvestment	-	4,908,299.910	4,908,299.910	-
ICICI Prudential Flexible Income Plan Premium - Daily Dividend	-	5,269,008.645	-	5,269,008.645
ICICI Prudential Liquid Plan Institutional Plus - Daily Dividend Option - Reinvest Dividend	816,507.392	6,267,281.972	7,083,789.364	-
IDFC Cash Fund - Institutional Plan B - Daily Dividend	-	3,308,296.723	3,308,296.723	-
IDFC Money Manager Fund - Treasury Plan - Institutional Plan B - Daily Dividend	-	5,392,379.611	5,392,379.611	-
IDFC Money Manager Fund - Super Inst Plan C - Daily Dividend	-	5,435,695.376	-	5,435,695.376
J P Morgan India Liquid Fund	-	1,998,772.635	1,998,772.635	-
JP Morgan India Treasury Fund - Super Institutional Daily Dividend Plan - Reinvestment	-	7,634,050.012	2,035,181.632	5,598,868.379
Kotak Flexi Debt Scheme - Daily Dividend	-	3,649,091.036	3,649,091.036	-
Kotak Flexi Debt Scheme - Institutional - Daily Dividend	-	8,276,981.195	8,276,981.195	-
Kotak Floater Long Term - Daily Dividend	-	5,528,028.387	1,101,212.326	4,426,816.061
Kotak Liquid (Institutional) - Daily Dividend	-	5,829,883.361	5,829,883.361	-
LIC MF Liquid Fund - Dividend Plan	-	1,639,631.830	1,639,631.830	-
LICMF Income Plus Fund - Daily Dividend Plan	-	5,863,371.327	5,863,371.327	-

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

Scheme Name	Opening Balance	Purchased (including Dividend)	Sold	Closing Balance
Reliance Fixed Horizon Fund - X - Series 13 - Super Institutional Dividend Plan	-	3,400,965.407	3,400,965.407	-
Reliance Fixed Horizon Fund - XII - Series 14 - Super Institutional Dividend Plan	-	3,475,980.730	3,475,980.730	-
Reliance Liquid Fund - Treasury Plan - Institutional Option - Daily Dividend Option	-	5,325,331.730	5,325,331.730	-
Reliance Liquid Plus Institutional Plan - Daily Dividend Reinvestment	-	56,390.830	56,390.830	-
Reliance Medium Term Fund - Daily Dividend Plan	-	6,611,565.855	5,764,358.824	847,207.031
Reliance Money Manager Fund - Institutional Option - Daily Dividend Plan	-	12,513.594	-	12,513.594
Reliance Monthly Interval Fund - Series I - Institutional Dividend Plan	3,296,339.666	103,095.994	3,399,435.660	-
SBI Premier Liquid Fund - Institutional - Daily Dividend	3,498,442.426	56,090.749	3,554,533.175	-
Tata Floater Fund - Daily Dividend	-	7,293,399.630	5,291,957.588	2,001,442.042
Tata Liquid Super High Investment Fund - Daily Dividend	-	106,405.673	106,405.673	-
Tempelton India Ultra Short Bond Fund - Institutional Plan	-	2,913,732.074	2,913,732.074	-
UTI Liquid Cash Plan Institutional - Daily Income Option - Re-Investment	26,681.003	8,221.174	34,902.177	-
UTI Liquid Plus Fund Institutional Plan - Daily Dividend Reinvest	-	56,492.845	56,492.845	-

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

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" is as under:

a) The Company has recognised Rs. 8,793,833/- (Previous Year - Rs 6,431,671/-) in Profit and Loss Account under Company's Contribution to Provident Fund, which is maintained with the office of Regional Provident Fund Commissioner

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

I. Assumptions:	March 31, 2009	March 31, 2008
Discount Rate	7.50%	8.00%
Rate of Return on Plan Assets	8.00%	8.00%
Salary Escalation	4.00%	6.00%
Mortality Table	LIC (1994-96)	LIC (1994-96)
II. Table Showing Change in Benefit Obligation:		
Liability at the beginning of the year	38,618,405	17,083,340
Interest Cost	2,459,292	1,434,970
Current Service Cost	4,418,124	2,176,510
Past Service Cost (Non Vested Benefit)	-	-
Past Service Cost (Vested Benefit)	-	-
Liability Transfer In	294,269	3,977,890
Liability Transfer Out	-	-
Benefit Paid	(24,590,769)	(253,846)
Actuarial (gain)/loss on obligations	9,373,335	14,199,541
Liability at the end of the year	30,572,656	38,618,405
III. Tables of Fair value of Plan Assets:		
Fair Value of Plan Assets at the beginning of the year	35,143,384	17,830,999
Expected Return on Plan Assets	2,938,611	2,212,797
Contributions	13,884,637	11,799,882
Transfer from other Company	294,269	3,977,890
Transfer to other Company	-	-
Benefit Paid	(24,590,769)	(253,846)
Actuarial gain/(loss) on Plan Assets	93,379	(424,338)
Fair Value of Plan Assets at the end of the year	27,763,511	35,143,384
Total Actuarial Gain/(Loss) To Be recognised	(9,279,956)	(14,623,879)
IV. Actual Return on Plan Assets:		
Expected Return on Plan Assets	2,938,611	2,212,797
Actuarial gain/(loss) on Plan Assets	93,379	(424,338)
Actual Return on Plan Assets	3,031,990	1,788,459
V. Amount Recognised in the Balance Sheet:		
Liability at the end of the year	30,572,656	38,618,405
Fair Value of Plan Assets at the end of the year	27,763,511	35,143,384
Difference	(2,809,145)	(3,475,021)
Unrecognised Past Service Cost	-	-
Amount Recognised in the Balance Sheet	(2,809,145)	(3,475,021)

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

VI. Expenses Recognised in the Income Statement:	March 31, 2009	March 31, 2008
Current Service Cost	4,418,124	2,176,510
Interest Cost	2,459,292	1,434,970
Expected Return on Plan Assets	(2,938,611)	(2,212,797)
Net Actuarial (Gain)/Loss To Be Recognised	9,279,956	14,623,879
Past Service Cost (Non Vested Benefit) Recognised	-	-
Past Service Cost (Vested Benefit) Recognised	-	-
Expense Recognised in P & L	13,218,761	16,022,562
VII. Balance Sheet Reconciliation		
Opening Net Liability	3,475,021	(747,659)
Expense as above	13,218,761	16,022,562
Transfer from other Company	294,269	-
Employers Contribution	13,590,368	11,799,882
Amount Recognised in Balance Sheet	2,809,145	3,475,021
VIII. Description of Plan Assets	% Invested	% Invested
Insurer Managed Funds	100%	100%
IX. Experience Adjustment		March 31, 2009
Experience Adjustment on Liability		6,461,619
Experience Adjustment on Asset		93,379
X. Other Details		
The Employer's best estimate of the contributions expected to be paid to the plan during the next year Rs. 2,580,552/-		
The estimates of future salary increase considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors. The above information is certified by the actuary and relied upon by the Auditors		

- 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. 16,414,655/-
- (ii) Later than one year and not later than five years - Rs. 32,086,863/-
- (iii) Later than five years - Rs. Nil

During the current year ended March 31, 2009 the lease payments recognised in the Profit and Loss account for the aforesaid arrangement amounts to Rs 23,267,027/-

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

Jointly Controlled Entity (Incorporated in India)	Percentage of ownership interest	
	March 31, 2009	March 31, 2008
IL&FS Milestone Realty Advisors Private Limited	40.00%	40.00%

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, 2009 Rs	March 31, 2008 Rs
Assets	37,069,492	55,587,635
Liabilities	30,425,347	54,337,295

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

For the year ended	March 31, 2009 (Rs)	March 31, 2008 (Rs)
Income	41,118,980	25,375,000
Expenses (including tax)	35,725,175	24,924,660

- 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
- 16) Figures for the previous year have been regrouped and rearranged wherever considered necessary

Schedules 1 to 13 annexed hereto form part of the Balance Sheet and Profit and Loss Account

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

A. B. JANI
Partner

Place : Mumbai
Date : April 22, 2009

S M Datta
Chairman

Manoj Borkar
Chief Financial Officer

For and on behalf of the Board

Archana Hingorani
CEO & Executive 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	:	L65999MH1986PLC147981			
	State Code	:	11			
	Balance Sheet Date	:	31.03.2009			
II.	Capital raised during the year (Amount in Rs. Thousand)					
	Public Issue	:	Nil (Nil)	Right Issue	:	Nil (Nil)
	Bonus Issue	:	Nil (Nil)	Private Placement	:	Nil (8,155)
III.	Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)					
	Total Liabilities	:	634,787 (594,258)	Assets	:	634,787 (594,258)
	Sources of Funds					
	Paid up Capital	:	397,892 (265,268)	Reserves & Surplus	:	227,736 (319,831)
	Secured Loans	:	Nil (Nil)	Unsecured Loans	:	Nil (Nil)
	Application of Funds					
	Net Fixed Assets	:	7,886 (7,984)	Investments	:	403,452 (215,320)
	Net Current Assets	:	223,450 (370,954)	Miscellaneous Expenditure	:	Nil (Nil)
	Accumulated Losses	:	Nil (Nil)			
IV.	Performance of company (Amount in Rs. Thousands)					
	Turnover	:	1,009,389 (825,542)	Expenditure	:	431,298 (401,810)
	Profit/Loss Before Tax	:	578,091 (423,732)	Profit/Loss after tax	:	366,373 (280,345)
	Basic Earning per Shares	:	9.21 (7.21)	Dividend rate %	:	70% (55%)
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

ARCHANA HINGORANI
CEO & Executive Director

MANOJ BORKAR
Chief Financial Officer

SANJAY MITRA
Company Secretary

Place : Mumbai
Date : April 22, 2009

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-09	31-Mar-09	31-Mar-09	31-Mar-09
1	Reporting Currency	USD	USD	INR	INR
2	Exchange Rate	50.95	50.95	1.00	1.00
3	Capital	2,649,433	2,955,100	45,918,370	10,000,000
4	Reserves	705,746	329,637,685	5,662,032	1,573,945
5	Total Assets	4,327,202	640,569,040	51,986,347	31,503,042
6	Total Liabilities	972,023	307,976,255	405,945	19,929,097
7	Investment Other than Investment in Subsidiary	-	102,104	45,826,790	-
8	Turnover	20,590,364	1,246,487,560	25,548,823	33,534,860
9	Profit before Taxation	25,390	279,265,211	3,246,364	1,996,389
10	Provision for Taxation	-	8,405,145	213,000	98,178
11	Profit after Taxation	25,390	270,860,066	3,033,364	1,898,211
12	Proposed Dividend	-	-	-	-
13	Country	Singapore	Mauritius	India	India

Notes :

The Ministry of Corporate Affairs, Government of India has vide its letter no. 47/24/2009-CL-III dated February 24, 2009 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 Company's Subsidiaries under the terms of the aforesaid exemption

For and on behalf of the Board

S M DATTA
Chairman

ARCHANA HINGORANI
CEO & Executive Director

MANOJ BORKAR
Chief Financial Officer

SANJAY MITRA
Company Secretary

Place : Mumbai
Date : April 22, 2009



CONSOLIDATED FINANCIAL STATEMENTS

Auditors' Report

TO THE BOARD OF DIRECTORS OF IL&FS INVESTMENT MANAGERS LIMITED

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, 2009, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, annexed thereto and have been prepared by the Management on the basis of separate financial statement and other financial information regarding components. 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 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 presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of three subsidiaries, whose financial statements reflect total assets of Rs. 511,953,086/- as at March 31, 2009, total revenues of Rs. 576,518,134/- and cash flows amounting to Rs. 139,714,482/- for the year ended on that date as considered in the consolidated financial statements. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion, insofar as they relate to the amounts included in respect of these three subsidiaries, is 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 on Consolidated Financial Statements and Accounting Standard 27 on Financial Reporting of Interests in Joint Ventures notified under the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the component in respect of the subsidiaries referred to in paragraph 3 above, and to the best of our information and according to the 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 state of affairs of the Group as at March 31, 2009;
 - (b) In the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
 - (c) In the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For Deloitte Haskins & Sells
Chartered Accountants

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

Mumbai, April 22, 2009

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2009

	Schedules	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	397,892,210	265,268,140
Stock Options Outstanding		9,158,940	9,158,940
Reserves and Surplus	2	494,167,155	409,780,241
Minority Interest		26,857,619	25,096,308
Deferred Tax Liability (net) (Refer note 3 of Schedule 13)		1,847,600	863,800
		929,923,524	710,167,429
APPLICATION OF FUNDS			
Fixed Assets	3		
Gross Block		927,081,986	839,529,814
Less: Depreciation and Amortisation		518,627,523	302,846,831
Net Block		408,454,463	536,682,983
Capital Work-in-Progress (Intangible asset - software)		225,855	2,670,135
		408,680,318	539,353,118
Investments	4	413,185,416	228,920,801
Deferred Tax Asset (net) (Refer note 3 of Schedule 13)		5,093,875	16,197,500
Current Assets, Loans and Advances			
Sundry Debtors	5	4,346,215	133,171,149
Cash and Bank Balances	6	272,696,358	211,528,801
Loans and Advances	7	543,833,033	240,500,160
		820,875,606	585,200,110
Less: Current Liabilities and Provisions	8		
Current Liabilities		344,988,639	458,396,722
Provisions		372,923,052	201,107,378
		717,911,691	659,504,100
Net Current Assets		102,963,915	(74,303,990)
		929,923,524	710,167,429
Significant Accounting Policies and Notes to the Accounts	13		

Schedules 1 to 13 annexed hereto form part of the Balance Sheet and Profit and Loss Account

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

A. B. JANI
Partner

Place : Mumbai
Date : April 22, 2009

For and on behalf of the Board

S M Datta
Chairman

Archana Hingorani
CEO & Executive Director

Manoj Borkar
Chief Financial Officer

Sanjay Mitra
Company Secretary

CONSOLIDATED PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED MARCH 31, 2009

	Schedules	For the year ended March 31, 2009 Rupees	For the year ended March 31, 2008 Rupees
INCOME			
Income from Fund Management and Advisory Services	9	1,539,352,584	989,831,732
Income from Investments / Loans	10	42,231,685	61,094,793
Other Income (Refer note 7 of Schedule 13)		60,026,431	6,387,060
		1,641,610,700	1,057,313,585
EXPENSES			
Staff Expenses	11	317,229,429	277,438,578
Operating Expenses	12	260,326,817	212,072,993
Depreciation and Amortisation		218,028,655	102,014,722
		795,584,901	591,526,293
Profit before Tax		846,025,799	465,787,292
Provision for Tax			
- Current Tax		205,871,105	143,041,268
- Deferred Tax Liability/(Asset) (net) (Refer note 3 of Schedule 13)		12,087,425	(1,139,200)
- Fringe Benefit Tax		4,686,874	4,488,400
Profit after Tax		623,380,395	319,396,824
Add: Share of Profit of Associate		-	2,495,280
Less: Minority Interest		1,497,560	2,258,585
Profit available for appropriations		621,882,835	319,633,519
Less: Appropriations :			
Transferred to General Reserve		37,000,000	30,000,000
Proposed Dividend		278,510,547	145,886,477
Tax on Dividend		47,332,867	24,793,407
Balance carried to Balance Sheet		259,039,421	118,953,635
Earnings Per Share (Refer note 8 of Schedule 13) (Equity shares, Face value Rs. 10 each)			
Basic		15.63	8.22
Diluted		15.30	7.99
Significant Accounting Policies and Notes to the Accounts	13		

Schedules 1 to 13 annexed hereto form part of the Balance Sheet and Profit and Loss Account

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

A. B. JANI
Partner

Place : Mumbai
Date : April 22, 2009

For and on behalf of the Board

S M Datta
Chairman

Archana Hingorani
CEO & Executive Director

Manoj Borkar
Chief Financial Officer

Sanjay Mitra
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2009

	For the year ended	March 31, 2009 Rupees		March 31, 2008 Rupees
A	CASH FLOW FROM OPERATING ACTIVITIES			
	PROFIT BEFORE TAX	846,025,799		465,787,292
	Adjustment for:			
	Depreciation and Amortisation	218,028,655	102,014,722	
	Leave Encashment	1,028,939	10,221,768	
	Employee Compensation	-	1,637,870	
	Debts / Advances written off	201,702	11,025,157	
	Provision for share in loss in partnership firm	5,669,207	7,350,410	
	Provision for diminution in value of investments	7,246,898	-	
	Excess of cost over fair value	2,664,440	-	
	Dividend from Long Term Investment	-	(4,156,818)	
	Interest Income	(12,824,422)	(12,280,198)	
	Foreign Exchange (gain) / loss	(79,028,437)	5,941,559	
	Profit on sale of Long Term Investments	-	(35,324,684)	
	Profit on sale of Fixed Assets	(20,497)	(53,867)	
		142,966,485		86,375,919
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	988,992,284		552,163,211
	Decrease / (Increase) in trade and other receivables	128,824,934	(82,412,172)	
	Decrease / (Increase) in Current Investments	(192,853,949)	(171,345,832)	
	Decrease / (Increase) in Advances	(25,533,735)	(47,370,891)	
	(Decrease) / Increase in trade and other payables	(114,848,864)	253,635,404	
	Cash Flow after Working Capital Changes	784,580,670		504,669,720
	Income Tax Paid (Net)	(222,943,762)		(160,802,675)
	NET CASH GENERATED FROM OPERATING ACTIVITIES (A)	561,636,908		343,867,045
B	CASH FLOW FROM INVESTING ACTIVITIES			
	Purchase of Fixed Assets / Capital Advances	(87,714,050)		(291,169,868)
	Proceeds from sale of Fixed Assets	378,692		187,143
	Purchase of Investments	(1,322,004)		(40,130)
	Proceeds from sale of Investments	-		50,524,986
	Inter Corporate Deposits	(200,000,000)		-
	Increase in Deposits / Loans	(52,100,000)		(4,700,000)
	Dividend received from Associate	-		1,710,000
	Dividend Income from others	-		4,156,818
	Interest received	9,527,113		9,643,530
	NET CASH USED IN INVESTING ACTIVITIES (B)	(331,230,249)		(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	(169,239,102)		(119,003,664)
	NET CASH USED IN FINANCING ACTIVITIES (C)	(169,239,102)		(31,070,001)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2009

	For the year ended	March 31, 2009 Rupees		March 31, 2008 Rupees
D	NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	61,167,557		83,109,523
	Cash and cash equivalents at the beginning of the year	211,528,801		128,419,278
	Cash and cash equivalents at the end of the year	272,696,358		211,528,801
		61,167,557		83,109,523
	Significant Accounting Policies and Notes to the Accounts Schedule 13			

Schedules 1 to 13 annexed hereto form part of the Balance Sheet and Profit and Loss Account

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

A. B. JANI
Partner

Place : Mumbai
Date : April 22, 2009

For and on behalf of the Board

S M Datta
Chairman

Manoj Borkar
Chief Financial Officer

Archana Hingorani
CEO & Executive Director

Sanjay Mitra
Company Secretary

**SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET
AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED MARCH 31, 2009**

	As at March 31, 2009 Rupees	As at March 31, 2008 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		
39,787,221 Equity Shares of Rs. 10/- each fully paid-up (Previous year 26,524,814 Equity Shares of Rs. 10/- each fully paid-up)	397,872,210	265,248,140
Add : Forfeited shares	20,000	20,000
	397,892,210	265,268,140
Note: Of the above (a) 13,262,407 Equity Shares of Rs. 10/- each were allotted during the the year on 26,524,814 Equity Shares as fully paid-up Bonus Shares by capitalisation of Securities Premium. (b) 7,930,449 Equity Shares of Rs. 10/- each were allotted as fully paid-up Bonus Shares in financial year 2006-07 by way of capitalisation of General Reserve, Profit and Loss Account and Securities Premium Account. (c) 21,011,087 (Previous year 13,770,275) Equity Shares of Rs. 10/- each fully paid-up are held by Infrastructure Leasing & Financial Services Limited, the Holding Company		
SCHEDULE 2 : RESERVES AND SURPLUS		
Securities Premium Account		
Balance as per previous Balance Sheet	138,446,564	59,702,709
Add: Received upon issuance of shares	-	78,743,855
Less: Capitalised for Issue of Bonus Shares	132,624,070	-
	5,822,494	138,446,564
General Reserve		
Balance as per previous Balance Sheet	55,000,000	25,000,000
Add: Transferred from Profit and Loss Account	37,000,000	30,000,000
Less: Capitalised for Issue of Bonus Shares	-	-
	92,000,000	55,000,000
Profit and Loss Account		
Balance as per previous Balance Sheet	179,597,085	61,425,264
Add: Transferred from Profit and Loss Account	259,039,421	118,953,635
Less: Opening Reserve Adjustments	-	781,814
	438,636,506	179,597,085
Foreign Currency Translation Adjustment	(42,291,845)	36,736,592
	494,167,155	409,780,241

**SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET
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SCHEDULE 3 : FIXED ASSETS

(Rupees)

Description of Assets	GROSS BLOCK (AT COST)			DEPRECIATION / AMORTISATION				NET BLOCK		
	As at 01.04.2008	Additions/ Adjustments	Deductions/ Adjustments	As at 31.03.2009	Up to 31.03.2008	For the Period	Deductions/ Adjustments	Up to 31.03.2009	As at 31.03.2009	As at 31.03.2008
Tangible Assets										
Furniture and Fixtures	5,689,754	2,333,630	(1,669,699)	6,353,685	2,981,290	1,579,516	(1,332,402)	3,228,404	3,125,281	2,708,464
Office Equipments	1,800,724	887,523	(229,820)	2,458,427	1,281,072	638,862	(229,805)	1,690,129	768,298	519,652
Vehicles	53,913	25,660	(53,913)	25,660	44,547	12,199	(52,844)	3,902	21,758	9,366
Computers	5,219,274	1,345,643	(652,726)	5,912,191	3,442,889	1,242,665	(632,912)	4,052,642	1,859,549	1,776,385
Improvement to Leasehold Property	1,922,848	-	-	1,922,848	57,400	315,700	-	373,100	1,549,748	1,865,448
Total (A)	14,686,513	4,592,456	(2,606,158)	16,672,811	7,807,198	3,788,942	(2,247,963)	9,348,177	7,324,634	6,879,315
Intangible Assets										
Computer Software	2,063,231	3,195,895	-	5,259,126	1,003,765	845,844	-	1,849,609	3,409,517	1,059,466
Business Know-how, Management and Advisory Contracts	113,099,511	-	-	113,099,511	113,099,511	-	-	113,099,511	-	-
Placement Fees	709,461,469	82,231,898	-	791,693,367	180,913,557	213,283,838	-	394,197,395	397,495,972	528,547,912
Total (B)	824,624,211	85,427,793	-	910,052,004	295,016,833	214,129,682	-	509,146,515	400,905,489	529,607,378
Share in Joint Venture (C)	219,090	138,081	-	357,171	22,800	110,031	-	132,831	224,340	196,290
Total (A+B+C)	839,529,814	90,158,330	(2,606,158)	927,081,986	302,846,831	218,028,655	(2,247,963)	518,627,523	408,454,463	536,682,983
Previous Year	550,508,196	290,104,013	(1,082,395)	839,529,814	201,781,228	102,014,722	(949,119)	302,846,831		
Capital Work-in-Progress (Intangible asset - software)									225,855	2,670,135
								Total	408,680,318	539,353,118

**SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET
AND PROFIT AND LOSS ACCOUNT
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	Number*	Face Value	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
SCHEDULE 4 : INVESTMENTS (at cost less provision)				
LONG TERM TRADE INVESTMENTS				
- Unquoted Equity Shares (Fully Paid)				
Avantika Gas Limited	8,250	10	82,500	82,500
	(8,250)			
IL&FS India Realty Fund LLC	100	USD 10	50,950	39,970
	(100)			
IL&FS India Realty Fund II LLC	100,000	USD 0.01	50,950	39,970
	(100,000)			
TARA India Fund III LLC	2	USD 1	102	80
	(2)			
TARA Feeder Fund Limited	2	USD 1	102	80
	(2)			
Sub Total (A)			184,604	162,600
- Units of Venture Fund (Unquoted)				
South Asian Regional Apex Fund	3,599	5,000	16,622,500	16,622,500
	(3,599)			
Leverage India Fund	100	1,000	100,000	100,000
	(100)			
Infrastructure Leasing & Financial Services Realty Fund	500	100	50,000	50,000
	(500)			
Urjankur Nidhi Trust	1,000	100	100,000	-
	(Nil)			
TARA India Fund III Trust	50	10,000	500,000	-
	(Nil)			
IFIN Realty Trust	10	10,000	100,000	-
	(Nil)			
TARA India Fund III Domestic Trust	500	1,000	500,000	-
	(Nil)			
PAN Asia Project Development Fund	1,000	100	100,000	-
	(Nil)			
Sub Total (B)			18,072,500	16,772,500
- Interest in Partnership (Unquoted)				
AMCF India Participations, L.P. ##			20,266,516	20,266,516
Sub Total (C)			20,266,516	20,266,516
Total Long Term Trade Investments (D) = (A+B+C)			38,523,620	37,201,616
Less: Provision for diminution in value of investment (E)			7,246,898	-
Total (F) = (D-E)			31,276,722	37,201,616
CURRENT NON TRADE INVESTMENTS				
- Units of Mutual Fund (Unquoted unless otherwise stated)				
Morgan Stanley Mutual Fund - Growth Plan (Previous year quoted)	249,011	10	10,386,520	10,386,520
	(249,011)			
Birla Sun Life Cash Plus - Instl. Prem. - Daily Dividend - Reinvestment	Nil	10	-	36,152,861
	(3,608,250)			

* 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 FORMING PART OF CONSOLIDATED BALANCE SHEET
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SCHEDULE 4 (contd.)	Number*	Face Value	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
ICICI Prudential Liquid Plan Institutional Plus - Daily Dividend Option - Reinvest Dividend	Nil	10	-	9,676,837
	(816,507)			
Reliance Monthly Interval Fund - Series I - Institutional Dividend Plan	Nil	10	-	32,989,753
	(3,296,340)			
UTI Liquid Cash Plan Institutional - Daily Income Option - Re-Investment	Nil	1,000	-	27,199,834
	(26,681)			
SBI Premier Liquid Fund - Institutional - Daily Dividend	Nil	1,000	-	35,098,124
	(3,498,442)			
Birla Sun Life Savings Fund - Instl. - Daily Dividend - Re-Investment	3,248,891	10	32,511,006	-
	(Nil)			
Reliance Medium Term Fund - Daily Dividend Plan	847,207	10	14,483,428	-
	(Nil)			
Kotak Floater Long Term - Daily Dividend	4,426,816	10	44,621,421	-
	(Nil)			
Reliance Money Manager Fund - Institutional Option - Daily Dividend Plan	12,514	1,000	12,527,815	-
	(Nil)			
Tata Floater Fund - Daily Dividend	2,001,442	10	20,085,671	-
	(Nil)			
JP Morgan India Treasury Fund - Super Inst. Daily Div Plan - Re-Investment	5,598,868	10	56,038,514	-
	(Nil)			
IDFC Money Manager Fund - Tp - Super Inst Plan C - Daily Dividend	5,435,695	10	54,365,107	-
	(Nil)			
Fidelity Ultra Short Term Debt Fund Institutional - Daily Dividend	3,810,547	10	38,114,999	-
	(Nil)			
ICICI Prudential Flexible Income Plan Premium - Daily Dividend	5,269,009	10	55,711,863	-
	(Nil)			
UTI Liquid Cash Plan Institutional - Daily Dividend	Nil	10	-	40,215,256
	(39,448)			
Birla Sun Life Liquid Plus Institutional - Daily Dividend	4,569,572	10	45,726,790	-
	(Nil)			
Total Current Investments (G)			384,573,134	191,719,185
Less: Excess of Cost over fair value (H)			2,664,440	-
TOTAL (F+G-H)			413,185,416	228,920,801

* Figures in brackets indicate that of previous year

**SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET
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	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
SCHEDULE 5 : SUNDRY DEBTORS (Unsecured, considered good)		
Outstanding for more than six months	1,311,356	37,954,877
Other Debts	3,034,859	92,935,240
Share in Joint Venture	-	2,281,032
	4,346,215	133,171,149
SCHEDULE 6 : CASH AND BANK BALANCES		
Cash in hand	63,810	52,939
Cheques on Hand	210,227	-
Balance with Scheduled Banks - in Current Accounts	78,314,889	40,675,912
- in Fixed Deposit	193,969,416	168,267,359
Share in Joint Venture	138,016	2,532,591
	272,696,358	211,528,801
SCHEDULE 7 : LOANS AND ADVANCES (Unsecured unless otherwise stated, considered good)		
Inter-Corporate Deposit to holding company	200,000,000	-
Interest Accrued but not due	13,273,445	9,976,137
Advance Tax (net of provision)	39,847,902	18,790,719
Advances Recoverable in cash or in kind or for value to be received	228,420,425	161,155,582
Other Current Assets	25,584,127	-
Share in Joint Venture	36,707,134	50,577,722
	543,833,033	240,500,160
SCHEDULE 8 : CURRENT LIABILITIES AND PROVISIONS		
A. Current Liabilities		
Sundry Creditors	305,614,152	377,720,170
Fees Received in advance	700,000	-
Amounts to be Credited to Investor Education and Protection Fund - Unclaimed Dividend	7,412,578	5,971,797
Other Liabilities	2,728,293	20,668,260
Share in Joint Venture	28,533,616	54,036,495
Total (A)	344,988,639	458,396,722
B. Provisions		
Provision for Tax (net of advance tax)	9,909,867	-
Provision for share in loss in a partnership firm (refer schedule 4)	13,019,617	7,350,410
Proposed Dividend	278,510,547	145,886,477
Tax on Proposed Dividend	47,332,867	24,793,407
Leave Encashment	24,106,023	23,077,084
Share in Joint Venture	44,131	-
Total (B)	372,923,052	201,107,378
Total (A+B)	717,911,691	659,504,100

**SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET
AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED MARCH 31, 2009**

	For the year ended March 31, 2009 Rupees	For the year ended March 31, 2008 Rupees
SCHEDULE 9 : INCOME FROM FUND MANAGEMENT AND ADVISORY SERVICES		
Fees from Fund Management and Advisory Services	1,498,273,585	964,456,732
Share in Joint Venture	41,078,999	25,375,000
	1,539,352,584	989,831,732
SCHEDULE 10 : INCOME FROM INVESTMENTS/ LOANS		
Dividend Income		
- Long-term trade investments	-	4,156,818
- Current non-trade Investments	29,407,263	9,333,093
Profit on sale of Long-term trade Investments	-	35,324,684
Interest from		
- Fixed Deposits with Banks	5,142,557	3,916,696
- Other Deposits / Loans	7,681,865	8,363,502
	42,231,685	61,094,793
SCHEDULE 11 : STAFF EXPENSES		
Salaries and Allowances	258,648,421	230,242,692
Contribution to Provident Fund & other Funds	34,342,751	30,502,957
Staff Welfare Expenses	10,266,028	7,445,137
Amortisation of stock based compensation	-	1,637,870
Share in Joint Venture	13,972,229	7,609,922
	317,229,429	277,438,578
SCHEDULE 12 : OPERATING EXPENSES		
Rent	47,682,339	27,769,342
Rates & Taxes	1,422,297	1,270,922
Electricity & Water Charges	1,647,996	1,538,008
Postage & Telecommunication	3,341,580	3,556,520
Printing & Stationery	1,632,242	1,496,719
Travelling & Conveyance	27,175,928	26,079,190
Debts/Advances Written Off	201,702	11,025,157
Provision for share in loss in partnership firm	5,669,207	7,350,410
Insurance	4,402,129	3,681,979
Repairs and Maintenance - Others	4,975,840	3,019,286
Advisory Fees	15,032,747	14,341,012
Legal & Professional Expenses	83,151,764	59,786,513
Directors Sitting Fees	1,121,741	1,106,724
Provision for diminution in value of investment	7,246,898	-
Excess of Cost over fair value in current investment	2,664,440	-
Underwriting and Placement Fees	1,281,672	5,424,890
Miscellaneous Expenses (Refer note 6 of Schedule 13)	33,134,180	27,835,583
Share in Joint Venture	18,542,115	16,790,738
	260,326,817	212,072,993

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

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 pursuant to Companies (Accounting Standard) Rules, 2006. 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) 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, 2009
Subsidiaries			
IL&FS Asian Infrastructure Managers Limited	India	23,418,370	51.00
IL&FS Urban Infrastructure Managers Limited	India	10,000,000	100.00
IL&FS Investment Advisors LLC	Mauritius	900,200	100.00
IL&FS Singapore Asset Management Company Pte Limited	Singapore	1,076,712	51.00
Jointly Controlled Entity			
IL&FS Milestone Realty Advisors Private Limited	India	800,000	40.00

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

d) Revenue Recognition

- i) Management fee income on funds under management and advisory fee income are recognised based on contractual arrangements
- ii) Mobilisation Fees / Placement 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 as the leave benefit is of a short term nature

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

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

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 (Amount Rupees)

	March 31, 2009	March 31, 2008
Estimated amount of contracts remaining to be executed on capital account (intangible asset - software) not provided for (net of advances paid amounting to Rs. 264,145/- Previous Year Rs. 2,708,425/-)	264,145	824,145

2) Contingent Liabilities

Claims against the Group not acknowledged as debts:

(Amount Rupees)

Particulars	March 31, 2009	March 31, 2008
Income Tax Demands The Group has preferred appeals against the income tax demands and the same is pending with CIT(Appeal)	35,604,531	29,510,777

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, 2009 the timing difference has resulted in a net deferred tax liability of Rs. 12,087,425/-

b) The deferred tax asset recognised in the accounts as of March 31, 2009 are as follows:

Nature of Timing Differences	March 31, 2008 Asset/(Liability) Rs.	Adjusted during the year Rs.	March 31, 2009 Asset/(Liability) Rs.
Net Depreciation	7,534,600	(1,029,043)	6,505,557
Preliminary Expenses	27,100	(8,087)	19,013
Retirement Benefits	8,084,000	(871,010)	7,212,990
Mobilisation Fee Expense	(13,929,200)	4,951,200	(8,978,000)
Deferred Income	9,993,200	(3,354,280)	6,638,920
Unabsorbed Loss	3,624,000	(3,624,000)	-
Placement Fees	-	(8,696,045)	(8,696,045)
Bonus	-	543,840	543,840
Total	15,333,700	(12,087,425)	3,246,275

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

4) Derivative Instruments

The Group has entered into the following derivative instruments outstanding:

Forward Exchange Contracts :	March 31, 2009 US\$ 3,000,000 (Sell) Rs. 150,670,000 (Buy)	March 31, 2008 US\$ 250,000 (Sell) Rs.10,500,000 (Buy)
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5) Related Party Transactions

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

Sr.No.	HOLDING COMPANY	March 31, 2009	March 31, 2008
1	Infrastructure Leasing & Financial Services Limited	✓	✓

Sr.No.	FELLOW SUBSIDIARIES*	March 31, 2009	March 31, 2008
1	IL&FS Cluster Development Initiative Company Limited	✓	✓
2	IL&FS Ecosmart Limited	✓	✓
3	IL&FS Education & Technology Services Limited	✓	✓
4	IL&FS Financial Services Limited	✓	✓
5	IL&FS Property Management & Services Limited	✓	✓
6	IL&FS Securities Services Limited	✓	✓
7	IL&FS Transportation Networks Limited	✓	✓
8	IL&FS Waste Management & Urban Services Limited	✓	✓
9	IL&FS Water Limited	✓	✓
10	Integrated Waste Management & Urban Services Company (Tamil Nadu) Private Limited	✓	✓

*As certified by holding Company and with whom transactions done during the year

Sr.No.	CO-VENTURER	March 31, 2009	March 31, 2008
1	Proppain Properties Private Limited	✓	✓
2	Lantern Trading and Investment Private Limited	✓	✓

**SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET
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(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, 2009
Infrastructure Leasing & Financial Services Limited	Rent	26,866,571	Nil
		(19,785,610)	(Nil)
	Underwriting Fees	Nil	Nil
		(5,424,890)	(Nil)
	Advisory Fees	4,439,510	Nil
		(50,000,200)	(50,000,200)
	Term Deposits placed	200,000,000	200,000,000
		(Nil)	(Nil)
	Interest Income on Term Deposits	1,968,219	Nil
		(Nil)	(Nil)
	Sale of Investments	Nil	Nil
		(26,996,625)	(Nil)
	Sale/Transfer of Asset	181,150	Nil
		(Nil)	(Nil)
	Sundry Advances	Nil	13,708,784
		(Nil)	(Nil)
	Unsecured Loan taken & Repaid	Nil	Nil
		(20,00,000)	(Nil)
	Interest on Loan paid	Nil	Nil
		(880,274)	(Nil)
	Assets Purchased	237,358	Nil
		(Nil)	(Nil)
	Sundry Creditors	Nil	11,737,008
		(Nil)	(7,523,924)

(Figures in brackets represent previous year transactions)

**SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET
AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED MARCH 31, 2009**

ii) Transactions with fellow subsidiaries

Name of the Entity	Nature of Transaction	Amount of Transaction	Outstanding Balance As on March 31, 2009
IL&FS Property Management Services Limited	Operating Expenses	402,416	29,039
		(1,369,883)	(Nil)
	Purchase of Assets	Nil	Nil
		(240,831)	(Nil)
IL&FS Financial Services Limited	Fee Income	Nil	Nil
		(4,907,184)	(Nil)
	Legal & Professional	4,782,250	Nil
		(8,466,888)	(8,466,888)
	Purchase of Assets	Nil	Nil
		(10,744)	(Nil)
	Underwriting Fees	1,281,672	1,210,936
		(Nil)	(Nil)
	Placement Fees	5,000,000	Nil
		(Nil)	(Nil)
IL&FS Education & Technology Services Limited	Advances	Nil	9,902
		(Nil)	(2,759,515)
	Operating Expenses	601,552	498,744
		(1,280,849)	(300,000)
	Purchase of Assets	Nil	Nil
		(127,489)	(Nil)
	Advances		106,200
			(11,794)
IL&FS Securities Services Limited	Sundry Debtors		66,817
			(Nil)
	Custody Charges	24,164	11,710
		(Nil)	(Nil)
IL&FS Ecosmart Limited	Advances		73,903
			(32,116)
IL&FS Transportation Networks Limited	Advances		5,995
			(22,914)
	Sundry Creditors		20,000
			(Nil)
Integrated Waste Management & Urban Services Company (Tamil Nadu) Private Limited	Income from Fund Management Fee	1,147,654	Nil
		(931,689)	(Nil)
	Sundry Debtors		163,796
			(Nil)
IL&FS Waste Management & Urban Services Ltd	Advances		14,197
			(Nil)
IL&FS Cluster Development Initiative Limited	Sundry Creditors		192,524
			(242,410)
IL&FS Water Limited	Sundry Debtors		138,467
			(Nil)

(Figures in brackets represent previous year transactions)

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

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

Key Management Personnel:

Mr Shahzaad Dalal	Vice Chairman & Managing Director (upto 31st December 2008)
Dr Archana Hingorani	CEO & Executive Director
Mr Alok Bhargava	Executive Director
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, 2009 Rs	March 31, 2008 Rs
(i)	Remuneration	90,772,542	36,643,783
(ii)	Balance Premises Deposit (Maximum amount outstanding during the year is Rs. 12,500,000/- Previous Year Rs.12,500,000/-)	Nil	12,500,000
	Rent for Premises Occupied	1,755,000	420,000

(d) Transaction with IVC Welfare Trust

Nature of Transaction	Amount (Rs.)
Interest Income	7,638,650
	(8,304,399)
Repayment of Loan	16,100,000
	(34,388,350)
Disbursement of Loan	68,200,000
	(34,000,000)
Balance Loan Recoverable (including interest)	171,926,660
	(117,404,605)

(Figures in brackets represent previous year transactions)

- 6) Miscellaneous Expenses includes commission to non whole time directors, advertisement expenses, service promotion expenses, subscription to clubs/association, general office expenses and payment to auditors. Miscellaneous Expenses also include loss on foreign exchange fluctuation aggregating Rs Nil/- (Previous Year Rs. 3,513,162/-)
- 7) Other Income includes Rs. 23,447,124/- (Previous Year: Nil) on account of foreign exchange gain, profit on sale of fixed assets Rs. 20,497/- (Previous Year Rs. 53,867/-) and recovery of fund setup expenses Rs. 9,609,676/- (Previous Year: Nil)
- 8) 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, 2009	March 31, 2008
(a)	Profit After Tax (Rs.)	621,882,835	319,633,519
(b)	Weighted Average Number of Equity Shares in calculating Basic EPS	39,787,221	38,880,338
	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)	869,885	1,106,456
	Weighted Average Number of Equity Shares in calculating Diluted EPS	40,657,106	39,986,794
	(i) Nominal Value per share (Rs.)	10.00	10.00
	(ii) Basic Earnings per share (Rs.)	15.63	8.22
	(iii) Diluted Earnings per share (Rs.)	15.30	7.99

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2009

9) 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"

10) Disclosure as required under Accounting Standard - 15 on "Employee Benefits" is as under:

a) The Group has recognised Rs. 9,100,980/- (Previous Year - Rs 6,431,671/-) in Profit and Loss Account under Company's Contribution to Provident Fund, which is maintained with the office of Regional Provident Fund Commissioner

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

I. Assumptions:	March 31, 2009	March 31, 2008
Discount Rate	7.50%	8.00%
Rate of Return on Plan Assets	8.00%	8.00%
Salary Escalation	4.00%	6.00%
Mortality Table	LIC (1994-96)	LIC (1994-96)
II. Table Showing Change in Benefit Obligation:		
Liability at the beginning of the year	38,618,405	17,083,340
Interest Cost	2,459,292	1,434,970
Current Service Cost	4,418,124	2,176,510
Past Service Cost (Non Vested Benefit)	-	-
Past Service Cost (Vested Benefit)	-	-
Liability Transfer In	294,269	3,977,890
Liability Transfer Out	-	-
Benefit Paid	(24,590,769)	(253,846)
Actuarial (gain)/loss on obligations	9,669,267	14,199,541
Liability at the end of the year	30,868,588	38,618,405
III. Tables of Fair value of Plan Assets:		
Fair Value of Plan Assets at the beginning of the year	35,143,384	17,830,999
Expected Return on Plan Assets	2,950,448	2,212,797
Contributions	14,180,569	11,799,882
Transfer from other Company	294,269	3,977,890
Transfer to other Company	-	-
Benefit Paid	(24,590,769)	(253,846)
Actuarial gain/(loss) on Plan Assets	92,812	(424,338)
Fair Value of Plan Assets at the end of the year	28,070,713	35,143,384
Total Actuarial Gain/(Loss) To Be Recognised	(9,576,455)	(14,623,879)
IV. Actual Return on Plan Assets:		
Expected Return on Plan Assets	2,950,448	2,212,797
Actuarial gain/(loss) on Plan Assets	389,311	(424,338)
Actual Return on Plan Assets	3,339,759	1,788,459
V. Amount Recognised in the Balance Sheet:		
Liability at the end of the year	30,868,588	38,618,405
Fair Value of Plan Assets at the end of the year	28,070,713	35,143,384
Difference	(2,797,875)	(3,475,021)
Unrecognised Past Service Cost	-	-
Amount Recognised in the Balance Sheet	(2,797,875)	(3,475,021)

**SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET
AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED MARCH 31, 2009**

VI. Expenses Recognised in the Income Statement:	March 31, 2009	March 31, 2008
Current Service Cost	4,418,124	2,176,510
Interest Cost	2,459,292	1,434,970
Expected Return on Plan Assets	(2,950,448)	(2,212,797)
Net Actuarial (Gain)/Loss To Be Recognised	9,576,455	14,623,879
Past Service Cost (Non Vested Benefit) Recognised	-	-
Past Service Cost (Vested Benefit) Recognised	-	-
Expense Recognised in P&L	13,503,423	16,022,562
VII. Balance Sheet Reconciliation		
Opening Net Liability	3,475,021	(747,659)
Expense as above	13,503,423	16,022,562
Transfer from other Company	294,269	-
Employers Contribution	13,886,300	11,799,882
Amount Recognised in Balance Sheet	2,797,875	3,475,021
VIII. Description of Plan Assets	% Invested	% Invested
Insurer Managed Funds	100%	100%
IX. Experience Adjustment		March 31, 2009
Experience Adjustment on Liability		6,461,619
Experience Adjustment on Asset		92,812
X. Other Details		
The Employer's best estimate of the contributions expected to be paid to the plan during the next year Rs 2,580,552/- The estimates of future salary increase considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors. The above information is certified by the actuary and relied upon by the Auditors		

- 11) 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. 16,414,655/-
- (ii) Later than one year and not later than five years - Rs. 32,086,863/-
- (iii) Later than five years - Rs. Nil

During the current year ended March 31, 2009 the lease payments recognised in the Profit and Loss account for the aforesaid arrangement amounts to Rs. 23,267,027/-

- 12) Figures for the previous year have been regrouped and rearranged wherever considered necessary

Schedules 1 to 13 annexed hereto form part of the Balance Sheet and Profit and Loss Account

As per our attached report of even date

For Deloitte Haskins & Sells

Chartered Accountants

A. B. JANI

Partner

Place : Mumbai

Date : April 22, 2009

For and on behalf of the Board

S M Datta

Chairman

Archana Hingorani

CEO & Executive Director

Manoj Borkar

Chief Financial Officer

Sanjay Mitra

Company Secretary

NOTICE

Notice is hereby given that the Twenty Third Annual General Meeting of the Members of the Company will be held on Wednesday, July 15, 2009 at 3.00 p.m. at "The Centrum" World Trade Centre, 1st Floor, Cuffe Parade, Mumbai 400 005, to transact the following business:

ORDINARY BUSINESS

- (1) To receive and adopt the Audited Balance Sheet as at March 31, 2009 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, 2009
- (3) To appoint a Director in place of Mr Shahzaad Dalal who retires by rotation and being eligible, has offered himself for re-appointment
- (4) To appoint a Director in place of Mr S M Datta 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

Registered Office:

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

Place : Mumbai
Date : April 22, 2009

By Order of the Board of Directors

SANJAY MITRA
Company Secretary

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 July 3, 2009 to July 15, 2009 (both days inclusive). The Dividend as recommended by the Directors if approved by the shareholders will be payable on or after July 15, 2009
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 2001-2002 is due for transfer to the Investor Education and Protection Fund in August 2009 and the dividend paid for 2002-2003 is due for transfer to the Investor Education and Protection Fund next year
7. The resolutions regarding the re-appointment of Mr Shahzaad Dalal and Mr S M Datta 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 Shahzaad Dalal and Mr S M Datta are being provided:

Mr Shahzaad Dalal : Mr Shahzaad Dalal is a Management Graduate from the Northeast Louisiana University with over 28 years of experience

Mr Shahzaad Dalal has wide experience in Private Equity Business across sectors such as telecom, transport, power and oil and gas as well as emerging areas such as real estate, technology, retail, life sciences and consumer services. Mr Dalal is also on the Boards of various companies to guide their growth plans and other strategic developments

Prior to joining IIML, 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 Dalal is not related to any Director of the Company. As on March 31, 2009 Mr Dalal holds 509,623 Equity Shares in the Company

Other Directorships:

Name of the Company	Position held	Membership of Committees*
ABG Shipyard Limited	Director	Chairman - Share Transfer & Grievance & Finance Committee
Ansal Township Infrastructure Limited	Director	-
Bharat Serums & Vaccines Limited	Director	Member - Audit Committee
Datamatics Technologies Limited	Director	Member - Audit Committee
DEN Networks Limited	Director	Member - Audit Committee
ETL Infrastructure Services Limited	Director	Member - Audit Committee
ibn18 Broadcast Limited	Director	-
IL&FS Energy Development Company Limited	Director	-
IL&FS Financial Services Limited	Director	-

NOTES

Name of the Company	Position held	Membership of Committees*
IL&FS Transportation Networks Limited	Director	-
Indraprastha Gas Limited	Director	Chairman - Audit Committee Chairman - Shareholders' / Investors' Grievance Committee
IPF Online Limited	Director	Chairman - Audit Committee
Shoppers' Stop Limited	Director	Member - Audit Committee
ATS Estates Private Limited	Director	-
Bhartiya Urban Infrastructure & Land Development Co. Private Limited	Director	-
DB Hospitality Private Limited	Director	-
DB Realty Private Limited	Director	-
Development Investment Trustee Company Private Limited	Director	-
GK Industrial Park Pvt Ltd	Director	-
IL&FS Milestone Realty Advisors Private Limited	Director	-
J B SEZ Private Limited	Director	-
Mumbai Business School Private Limited	Director	-
Offbeat Developers Private Ltd	Director	-
QVC Realty Private Limited	Director	-
Runwal Projects Private Limited	Director	-
SARA Fund Trustee Company Private Limited	Director	-
Suyog Realtors Private Limited	Director	-
Zydus BSV Pharma Private Limited	Director	-
Zydus BSV Research & Development Private Limited	Director	-
IL&FS Asian Infrastructure Managers Limited	Alternate Director	-
EBS Worldwide Services Private Limited	Alternate Director	-
AIG Indian Equity Sectoral Fund LLC	Director	-
AIG Indian Equity Advisor LLC	Director	-
IL&FS Investment Advisors LLC	Chairman & Chief Executive Officer	-
IL&FS India Realty Fund LLC	Director	-
IL&FS Singapore Asset Management Company Pte Ltd	Director	-
India Project Development Fund - II LLC	Director	-
UOB IL&FS India Opportunities Fund Limited	Director	-
UOB IL&FS Management Limited	Director	-

Mr S M Datta : Mr S M Datta graduated with Honours in Chemistry from the Presidency College, Kolkata and obtained his Post Graduate Degree in Science & Technology from the Kolkata University. He is a Chartered Engineer, Fellow of The Institution of Engineers (India), Fellow of the Indian Institute of Chemical Engineers, Member of the Society of Chemical Industry (London) and Honorary Fellow of All India Management Association

Mr Datta is a reputed management professional and is on the Board of a number of well-known corporates

Mr Datta was the Chairman of Hindustan Lever Limited as well as of the Unilever Group of Companies in India & Nepal from 1990 to 1996. He is presently the Chairman of a number of companies. He is also a Past President of Associated Chambers of Commerce and Industry, Council of EU Chambers of Commerce in India, the Bombay Chamber of Commerce & Industry and Indian Chemical Manufacturers Association

Mr Datta has vast experience in leading and managing multi-product, multi-cultural companies in the Unilever Group. He also has been mentoring senior managements of both Indian Corporates & MNCs as varied as Venture Capital, Medical, Consumer Electronics, Power, Hospital, Medical Research, Corporate Credit Rating & Home Finance

NOTES

Mr Datta is also the Chairman of the Compensation Committee and a Member of the Shareholders'/Investors' Grievance Committee of the Company and holds 555,000 Equity Shares in the Company as on March 31, 2009

Mr Datta is not related to any Director of the Company

Other Directorships:

Name of the Company	Position held	Membership of Committees*
BOC India Limited	Chairman	Chairman - Audit Committee
Castrol India Limited	Chairman	Chairman - Shareholders' / Investors' Grievance Committee
Peerless Hospitex Hospital & Research Centre Ltd.	Chairman	-
Philips Electronics India Limited	Chairman	-
Reach (Cargo Movers) Pvt. Ltd.	Chairman	-
Tata Trustee Co. Pvt. Ltd.	Chairman	-
Atul Limited	Director	-
Bhoruka Power Corporation Limited	Director	-
Deutsche Postbank Home Finance Ltd	Director	-
Kansai Nerolac Paints Limited	Director	-
Peerless General Finance & Investment Co. Ltd.	Director	Member - Audit Committee
Peerless Hotels Ltd.	Director	-
Rabo India Finance Limited	Director	Member - Audit Committee
Transport Corp of India Limited	Director	Member - Audit Committee
Wockhardt Hospitals Ltd	Director	-
Zodiac Clothing Company Limited	Director	-
Ambit Holdings Pvt Ltd	Director	-
Chandras' Chemical Enterprises (Pvt) Ltd	Director	-

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

Registered Office:

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

Place : Mumbai
Date : April 22, 2009

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 23rd Annual General Meeting of the Company to be held on July 15, 2009 at 3.00 p.m. at "The Centrum", World Trade Centre, 1st Floor, Cuffe Parade, Mumbai 400 005 and at any adjournment thereof

Signed this _____ day of _____ 2009,

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 23rd Annual General Meeting of the Company held on July 15, 2009 at 3.00 p.m. at "The Centrum", World Trade Centre, 1st Floor, Cuffe Parade, Mumbai 400 005

Signature of the Shareholder / Proxy



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

www.iimlindia.com