IL&FS INVESTMENT ADVISORS LLC

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

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IL&FS INVESTMENT ADVISORS LLC

CORPORATE DATA

		Date of appointment
DIRECTORS:	Rubina **Toorawa**	31 January 2006
	Sudesh **Basanta Lala**	31 January 2006
	Shahzaad Shiraz **Dalal**	31 January 2006
	Manoj Yeshwant **Borkar**	31 January 2006
	Mohan Roy **Lawrence**	26 March 2009

REGISTERED OFFICE:	IFS Court TwentyEight Cybercity Ebene MAURITIUS
BRANCH REGISTERED OFFICE:	PO BOX 340508 AG Tower (Silver) 12F&G Jumeirah Lake Towers Dubai,UAE
ADMINISTRATOR: AND SECRETARY	International Financial Services Limited IFS Court TwentyEight Cybercity Ebene MAURITIUS
AUDITORS:	Deloitte 7th Floor, Raffles Tower 19, Cybercity Ebene MAURITIUS
BANKER:	HSBC Bank (Mauritius) Limited 6th Floor, HSBC Centre 18, Cybercity Ebene MAURITIUS

IL&FS INVESTMENT ADVISORS LLC

COMMENTARY OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2015

The directors present their report and the audited financial statements of IL&FS Investment Advisors LLC (the "Company") for the year ended 31 March 2015.

PRINCIPAL ACTIVITY

The principal activity of the Company is to provide investment management/advisory services to IL&FS India Realty Fund LLC ("Fund I"), Tara India Fund III, LLC ("Tara III"), IL & FS India Realty Fund II LLC ("Fund II"), Milestone Investment Advisors LLC ("MIAL"), K2 Property Limited ("K2"), Saffron India Real Estate Fund I ("SIREF I"), Tara India Fund IV LLC ("Tara IV") and the Special Purpose Vehicles of Fund I, Fund II and Tara III. It also acts as coordinator to Yatra Capital Limited.

RESULTS

The results for the year are shown in the Statement of Profit or Loss and Other Comprehensive Income and related notes.

DIRECTORS

The present membership of the Board is set out on page 2.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which present fairly the financial position, financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors have confirmed that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, **Deloitte**, have indicated their willingness to continue in office until the next Annual Meeting.

CERTIFICATE FROM THE SECRETARY UNDER SECTION 166 (d) OF THE MAURITIUS COMPANIES ACT 2001

We certify to the best of our knowledge and belief that we have filed with the Registrar of Companies all such returns as are required of **IL&FS Investment Advisors LLC** under the Mauritius Companies Act 2001 during the financial year ended 31 March 2015.

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For International Financial Services Limited
Secretary

Registered Office:

IFS Court
TwentyEight
Cybercity
Ebene
Mauritius

Date: 30 April 2015

Deloitte.

7th floor, Raffles Tower
19 Cybercity
Ebène 72201
Mauritius

Independent Auditors' Report to the shareholder of IL&FS Investment Advisors LLC

This report is made solely to the Company's shareholder, as a body, in accordance with the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's shareholder those matters we are required to state to the shareholder in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the Financial Statements

We have audited the financial statements of **IL&FS Investment Advisors LLC** set out on pages 6 to 41 which comprise the statement of financial position at 31 March 2015 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibilities for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Category 1 Global Business Licence companies as described in note 3(a). They are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements set out on pages 6 to 41 give a true and fair view in all material respects of the financial position of **IL&FS Investment Advisors LLC** at 31 March 2015 and of its financial performance and cash flows for the year then ended in accordance with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Category 1 Global Business Licence companies as described in note 3(a).

Basis of preparation

Without modifying our opinion, we draw attention to note 3(a) to the financial statements, which describes the basis of preparation of the financial statements in accordance with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Category 1 Global Business Licence companies.

Report on other legal requirements

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or interests in, the company other than in our capacity as auditor;
- except for the matter referred to above, we have obtained all information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the company as far as appears from our examination of those records.

Deloitte

Deloitte
Chartered Accountants

30 APR 2015

Twaleb Butonkee, FCA
Licensed by FRC

IL&FS INVESTMENT ADVISORS LLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2015

	Notes	31 March 2015 USD	31 March 2014 USD
INCOME			
Management and advisory fees	3 (m)	**23,747,638**	25,642,552
Other operating income		**247,839**	46,053
Fee income		**37,705**	41,308
Forex gain		-	21,638
		24,033,182	25,751,551
EXPENSES			
Advisory fees		**11,805,829**	14,173,654
Amortization of intangible asset	7	**2,965,348**	2,965,349
Staff costs		**2,219,732**	2,462,946
Impairment of goodwill		**1,774,619**	-
Other expenses		**663,846**	651,958
Legal and professional fees		**489,459**	540,135
Depreciation		**55,225**	57,673
Interest on loan		-	81,754
		19,974,058	20,933,469
Profit before taxation		**4,059,124**	4,818,082
Taxation	5	**(214,250)**	(196,156)
Profit and total comprehensive income for the year		**3,844,874**	4,621,926

The notes on pages 10 to 40 form an integral part of these financial statements

IL&FS INVESTMENT ADVISORS LLC

STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2015

	Notes	31 March 2015 USD	31 March 2014 USD
ASSETS			
Non-current assets			
Available-for-sale investments	6	**2,004**	2,004
Intangible assets	7	**23,260,761**	26,576,109
Goodwill	8	**-**	1,774,619
Property, plant and equipment	9	**273,098**	317,056
		23,535,863	28,669,788
Current assets			
Trade and other receivables	10	**13,108,118**	16,036,017
Cash and cash equivalents	11	**2,185,877**	552,550
		15,293,995	16,588,567
Total assets		**38,829,858**	45,258,355
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	12	**57,000**	57,000
Redeemable participating shares	13	**1,000**	1,000
Retained earnings		**33,815,820**	32,470,946
Total equity		**33,873,820**	32,528,946
Non-current liabilities			
Provisions	14	**598,753**	485,309
		598,753	485,309
Current liabilities			
Trade and other payables	15	**4,271,806**	12,195,197
Taxation	5	**85,479**	48,903
		4,357,285	12,244,100
Total equity and liabilities		**38,829,858**	45,258,355

Approved by the Board of Directors and authorised for issue on **30 April 2015**.

Director **Director**

The notes on pages 10 to 40 form an integral part of these financial statements.

IL&FS INVESTMENT ADVISORS LLC

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2015

	Note	Stated Capital USD	Redeemable Participating Shares USD	Retained Earnings USD	Total USD
As at 1 April 2013		57,000	1,000	29,849,020	29,907,020
Profit for the year and total comprehensive income		-	-	4,621,926	4,621,926
Payment of dividend	18	-	-	(2,000,000)	(2,000,000)
As at 31 March 2014		57,000	1,000	32,470,946	32,528,946
As at 1 April 2014		**57,000**	**1,000**	**32,470,946**	**32,528,946**
Profit for the year and total comprehensive income		**-**	**-**	**3,844,874**	**3,844,874**
Payment of dividend	**18**	**-**	**-**	**(2,500,000)**	**(2,500,000)**
At 31 March 2015		**57,000**	**1,000**	**33,815,820**	**33,873,820**

The notes on pages 10 to 40 form an integral part of these financial statements.

IL&FS INVESTMENT ADVISORS LLC

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2015

	Notes	31 March 2015 USD	31 March 2014 USD
Cash flows from operating activities			
Profit before taxation		**4,059,124**	4,818,082
Exchange difference		**26**	(84)
Interest on loan		-	81,754
Interest income		-	(1)
Amortization of intangible assets	7	**2,965,348**	2,965,349
Impairment of goodwill		**1,774,619**	-
Depreciation	9	**55,225**	57,673
Reversal of provision for doubtful debts		**(8,063)**	(118)
Profit on disposal of asset		-	(3,432)
Working capital adjustments:			
Decrease / (increase) in trade and other receivables		**2,935,962**	(4,846,937)
Increase in provisions		**113,444**	123,287
Increase/ (decrease) in trade and other payables		**(7,923,391)**	1,908,989
Cash inflows from operating activities		**3,972,294**	5,104,562
Interest received		-	1
Payment of tax		**(177,674)**	(215,253)
Net cash flows from operating activities		**3,794,620**	4,889,310
Cash flows from investing activities			
Payment for purchase of property, plant and equipment	9	**(11,293)**	(19,297)
Proceeds on disposal of property, plant and equipment		-	3,651
Receipt on distribution from Trust		**350,000**	500,000
Net cash generated in investing activities		**338,707**	484,354
Cash flows from financing activities			
Interest on loan		-	(81,754)
Repayment of loan		-	(5,000,000)
Payment of dividend	18	**(2,500,000)**	(2,000,000)
Net cash used in financing activities		**(2,500,000)**	(7,081,754)
Net increase / (decrease) in cash and cash equivalents		**1,633,327**	(1,708,090)
Cash and cash equivalents at beginning of the year		**552,550**	2,260,640
Cash and cash equivalents at end of the year		**2,185,877**	552,550

The notes on pages 10 to 40 form an integral part of these financial statements.

1. GENERAL

The Company was incorporated in Mauritius under the Mauritius Companies Act 2001 on 31 January 2006 as a private company with liability limited by shares and holds a Category 1 Global Business Licence issued by the Financial Services Commission. The Company has its registered office and its principal place of business is at IFS Court, TwentyEight, Cybercity, Ebene, Mauritius.

The Company has a branch office in the Dubai Multi Commodity Centre, one of the Free Trade Zones in Dubai.

The principal activity of the Company is to provide investment management/advisory services to Fund I, Tara III, Fund II, MIAL, K2, SIREF I, Tara IV and the Special Purpose Vehicles of Fund I, Fund II and Tara III. In addition, it also acts as coordinator for Yatra Capital Limited.

These separate financial statements of the Company are expressed in United States dollars ("USD"). The Company's functional currency is the USD, the currency of the primary economic environment in which the Company operates.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Company has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 April 2014. The application of these new and revised standards and interpretations has not resulted in major changes to the Company's accounting policies.

2.1 New and revised IFRSs applied affecting disclosures in the financial statements

Impact of the application of IFRS 10

The directors have assessed the effect of the adoption of IFRS 10 (Consolidated Financial Statements) during the year and have determined that the Company has control over Saffron Investment Trust, incorporated in Mauritius, since the Company is the sole beneficiary of the Trust. Under IFRS 10, the Company is required to prepare consolidated financial statements. However, the Company has opted not to consolidate Saffron Investment Trust on the basis of the exemption available to Companies holding Category 1 Global Business Licence under the Mauritius Companies Act 2001.

2.2 Revised standards applied with no material effect on the financial statements

The following relevant new and revised standards and interpretations have been applied in these financial statements. Their application has not had any significant impact on the amounts reported and/or disclosures in these financial statements but may impact the accounting for future transactions or arrangements.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("CONTINUED")

2.2 Revised standards applied with no material effect on the financial statements ("continued")

IAS 27	Separate Financial Statements - Amendments for investment entities
IAS 32	Financial Instruments: Presentation - Amendments to application guidance on the offsetting of financial assets and financial liabilities
IAS 36	Impairment of Assets - Amendments arising from recoverable amount disclosures for Non-Financial Assets
IAS 39	Financial Instruments: Recognition and measurement - Amendments for novations of derivatives
IFRS 10	Consolidated Financial Statements - Amendments for investment entities

2.3 New and revised Standards in issue but not yet effective

At the date of authorisation of these financial statements, the following relevant IFRSs and IFRICs were in issue but effective on annual periods beginning on or after the respective dates as indicated:

IAS 1	Presentation of financial statements – Amendments resulting from disclosure initiative (effective 1 January 2016)
IAS 16	Amendments resulting from Annual Improvements 2010-2012 Cycle (proportionate restatement of accumulated depreciation on revaluation) (effective 1 July 2014)
IAS 16	Amendments regarding the clarification of acceptable methods of depreciation and amortization (effective 1 January 2016)
IAS 16	Amendments bringing bearer plants into the scope of IAS 16 (effective 1 January 2016)
IAS 24	Related Party Disclosures - Amendments resulting from Annual Improvements 2010-2012 Cycle (management entities) (effective 1 July 2014)
IAS 38	Amendments resulting from Annual Improvements 2010-2012 Cycle (proportionate restatement of accumulated depreciation on revaluation) (effective 1 July 2014)
IAS 38	Amendments regarding the clarification of acceptable methods of depreciation and amortization (effective 1 January 2016)
IAS 39	Financial Instruments: Recognition and Measurement - Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of a portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception (effective 1 January 2018)

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

2.3 New and revised Standards in issue but not yet effective (continued)

IFRS 7	Financial Instruments: Disclosures - Amendments resulting from September 2014 Annual Improvements to IFRSs (effective 1 January 2016)
IFRS 7	Financial Instruments: Disclosures - Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9 (effective 1 January 2018)
IFRS 7	Financial Instruments: Disclosures - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures (effective 1 January 2018)
IFRS 9	Financial Instruments - Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition (effective 1 January 2018)
IFRS 12	Disclosures of Interests in Other Entities - Amendments regarding the application of the consolidation exception (effective 1 January 2016)
IFRS 13	Fair Value Measurement - Amendments resulting from Annual Improvements 2010-2012 Cycle (short-term receivables and payables) (effective 1 July 2014)
IFRS 13	Fair Value Measurement - Amendments resulting from Annual Improvements 2011-2013 Cycle (scope of the portfolio exception in paragraph 52) (effective 1 July 2014)
IFRS 15	Revenue from Contracts with customers – Application of the standard is mandatory for annual reporting periods starting from 1 January 2017 onwards

The directors anticipate that these amendments will be applied in the financial statements for the annual periods beginning on the respective dates as indicated above. The directors have not yet assessed the potential impact of the application of these amendments.

3. SIGNIFICANT ACCOUNTING POLICIES

These separate financial statements have been prepared in accordance with and comply with International Financial Reporting Standards ("IFRS"). The preparation of financial statements in accordance with IFRS requires the directors to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. A summary of the more important accounting policies, which have been applied consistently, is set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation

The Company is the holder of a Category 1 Global Business Licence and in accordance with the Fourteenth Schedule of the Mauritius Companies Act, Section 12, and the Company may not prepare group financial statements as it is a wholly owned subsidiary of a company incorporated outside Mauritius. The basis of preparation of these financial statements complies with International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board (IASB), except for Consolidated Financial Statements. Investments of the Company have been classified as Available for Sale ("AFS") under IAS 39. The financial statements have been prepared on a historical cost and the going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future.

(b) Investments

Investments of the Company are intended to be held for an indefinite period of time and are classified as available-for-sale. These are included in non-current assets unless management has expressed its intention of holding the investment for less than twelve months from the reporting period, in which case they are included in current assets.

Management decides the appropriate classification of its investments at the time of the purchase and re-evaluates the classification on a regular basis.

All purchases and sales of investments are recognized on the trade date, which is the date that the Company commits to purchase or sell the assets. The available-for-sale financial assets do not have a quoted market price in an active market and their fair value cannot be reliably measured and in that respect they are measured at cost less any identified impairment losses at the end of each reporting period.

(c) Intangible assets

The intangible assets have been acquired during the business combination of 2010. They have been recognized separately from goodwill and recognized at their fair value at acquisition date. Subsequent to initial recognition, the intangible assets are reported at cost less accumulated amortization and impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period with the effect of any changes in estimate being accounted for on a prospective basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Intangible assets (continued)

Management and advisory contracts acquired by the Company are amortised on a straight line basis over the estimated useful life of such contracts as follows:

Category of Asset	**Estimated Useful Life from date of contract (in years)**
Management and advisory contracts	8 to 17 years

The intangible asset will be derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain/loss arising from the derecognition of the intangible asset will be recognized in the statement of profit or loss and other comprehensive income.

(d) Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Acquisition-related costs are generally recognized in statement of profit or loss and other comprehensive income as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in statement of profit or loss and other comprehensive income as a bargain purchase gain.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Business combination (continued)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When a business combination is achieved in stages, the Company's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date (i.e. the date when the Company obtains control) and the resulting gain or loss, if any, is recognized in statement of profit or loss and other comprehensive income.

Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to statement of profit or loss and other comprehensive income where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

(e) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the acquisition date of the business less accumulated impairment losses, if any. For the purpose of impairment testing, goodwill is allocated to each of the Company's cash generating units that is expected to benefit from synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit of loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is charged so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method as follows:-

Category of Asset	Estimated Useful Life (in years)
Freehold building	15
Motor Vehicles	4
Furniture	3-5
Office Equipment	3-5
Computer equipment	3-5
Freehold improvements	2-3

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Any item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

(g) Foreign currencies

The financial statements are presented in USD which is also the currency of the primary economic environments in which the Company operates (functional currency). At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Taxation

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Taxation (continued)

Deferred tax (continued)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax recognized in the statement of profit or loss and other comprehensive income except when they relate to items that are recognized in the other comprehensive income or directly related in equity.

(i) Loans and receivables

Loans and receivables (including trade and other receivables, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment. An allowance for doubtful receivables is made when there is objective evidence that the Company will not be able to collect all amounts due according to original terms of receivables. Bad debts are written off when identified.

(j) Stated capital

Ordinary shares are classified as equity. Redeemable participating shares are redeemable at the option of the issuer and are shown as equity until the obligation to redeem such shares arises, at which time they will be classified as liabilities.

(k) Payables

Payables are recognized initially at fair value and subsequently stated at amortised cost. The difference between the proceeds and the amount payable is recognized over the period of the payable using the effective interest method.

(l) Cash and cash equivalents

Cash comprises cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Revenue recognition

Management/advisory fees are recognized on the accrual basis unless collectibility is in doubt. Revenue from time and material contracts is recognized at the contractual rates. The management/advisory fees are calculated based on the terms specified in the management agreements and advisory agreements.

(n) Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(o) Expense recognition

All expenses are accounted for in the statement of profit or loss and other comprehensive income on the accrual basis.

(p) Related parties

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

(q) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial Assets

Financial assets are classified into the following categories: financial assets 'at fair value through profit or loss' ("FVTPL"), 'held-to-maturity' investments, 'available-for-sale' ("AFS") financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

<u>Effective interest method</u>

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

<u>Loans and receivables</u>

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

<u>Available-for-sale financial assets</u>

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity or (c) financial assets at fair value through profit or loss.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments that are measured at cost less any identified impairment losses at the end of each reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Financial instruments (continued)

Financial Assets (continued)

Available-for-sale financial assets (continued)

Purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

Impairment

At the end of each reporting period, the Company reviews the carrying amount of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, and the carrying amount of the asset is reduced to its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-discount that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset is estimated to be less than its carrying amount, an impairment loss is recognized immediately in statement of profit or loss and other comprehensive income, unless the asset is carried at a revalued amount in which case the impairment loss is treated as a revaluation decrease.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Financial instruments (continued)

Financial Assets (continued)

<u>Derecognition of financial assets</u>

The Company derecognises a financial asset when the contractual rights to cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collaterised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity in recognized profit or loss.

On derecognition of a financial asset other than in its entirety, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

Financial Liabilities and equity instruments

<u>Classification as debt or equity</u>

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

<u>Equity instruments</u>

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting of all its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Financial instruments (continued)

Financial Liabilities and equity instruments (continued)

Financial liabilities

Financial liabilities are classified as either financial liabilities at 'FVTPL' or other financial liabilities.

Other financial liabilities

Other financial liabilities (including trade and other payables) are subsequently measured at amortised cost using effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

(s) Interest expense

Interest on borrowings is recognized in the statement of profit or loss and other comprehensive income in the period in which they are incurred. Transaction costs incurred for the borrowing are amortised over the tenor of the borrowing.

(t) Derivative financial instruments

The Company enters into derivative financial instrument to manage its exposure to foreign exchange risk including forward contracts. Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their value at the end of each reporting period. The resulting gain or loss is recognized in the statement of profit or loss and other comprehensive income.

(u) Staff end-of-service benefits

Provision is made for end-of-service benefits payable to the staff employed in Dubai at the reporting date in accordance with the local labour laws. This is in relation to the benefits paid by Dubai branch to its employees when the latter leaves after successfully completing the stipulated years of service in the employment contract.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Company's accounting policies, which are described in note 3, the directors are required to exercise judgement and also to use estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ as a result of changes in these estimates.

Estimations and assumptions that have a significant effect on the amounts recognized in the financial statements include:

Determination of functional currency

The determination of functional currency of the Company is critical since recording of transactions and exchange differences arising are dependent on the functional currency selected. As described in Note 3, the directors have considered those factors and have determined that the functional currency of the Company is the USD.

Impairment of goodwill and intangibles

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As of 31 March 2015, the carrying amount was nil after an impairment loss of **USD1,774,619** (2014: nil). Details of the impairment loss are set out in note 8.

The value in use for intangibles requires an estimation of future cash flows which involves the calculation of management and advisory fees based on a percentage of capital raised by K2 and any future funds for which the company would act as investment advisor. The directors believe that the intangibles are not subject to impairment in value at the end of the reporting period on the basis that the Company will continue to earn management fees from such funds. The directors believe that the targeted capital to be raised by the new funds will be achievable and future economic benefits will accrue to the company.

In making an assessment whether the intangible assets are impaired, the directors have determined that there has been no change in the useful lives of the intangible assets based on current information relating to counterparts within the same industry. Also based on mutual agreement, the Company, SIREF I and K2 have agreed to lower management fees and at the same time the Company has negotiated for a quicker return of cash via an incentive fee payable by K2 and SIREF I based on amount of cash generated by the portfolio investments of the latters over a specific period of time. The company is also in the process of launching a new fund to replace K2 which will generate additional management fees and based on the assessment of the discounted future cashflows, the directors believe that the intangibles with a carrying value of **USD23,260,761** have not been subject to impairment at the end of reporting period on the basis that the Company will be earning management fees at the end of each reporting period.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Useful lives of intangible assets

The useful lives of the management and advisory contracts are principally based on the funds with finite lives the Company has acquired following the amalgamation. The Company reviews the estimated useful lives of the intangible assets at the end of each reporting period.

Useful lives of property, plant and equipement

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted on a prospective basis.

Doubtful debt provisions

Management regularly undertakes a review of the amounts of loans and receivables owed to the branch either from third parties or from related parties and assesses the likelihood of non-recovery. Such assessment is based upon the age of the debts, historic recovery rates and assessed creditworthiness of the debtor. Based on the assessment assumptions are made as to the level of provisioning required.

Staff end-of-service gratuity

The branch computes the provision for the liability to staff end-of-service gratuity stated at 31 March 2015 **USD598,753** (2014:USD485,309), assuming that all employees were to leave as of the reporting date. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite effects.

5. TAXATION

Income tax

The Company under current laws and regulations is liable to pay income tax at a rate of 15%. However, the Company is entitled to a tax credit equivalent to the higher of actual foreign tax suffered or 80% of Mauritius tax payable in respect of its foreign source income thus reducing its maximum effective tax rate to 3%.

The Company has received a certificate from the Mauritian authorities and believes such certification is determinative of its resident status for treaty purposes. The tax residence certificate is renewable each year provided some undertakings / provisions are observed. For the period under review, the Company holds a valid Tax Residence Certificate.

No Mauritian capital gains tax is payable on profits arising from sale of securities, and any dividends and redemption proceeds paid by the Company to its Shareholder will be exempt from any Mauritian withholding tax. There has been no impact on the net book value of property, plant and equipment following the review of useful lives.

(i) Tax expense

	2015	2014
	USD	USD
Current tax	**214,250**	181,811
Under provision in previous year	-	14,345
	214,250	196,156

(ii) Tax liability/(asset)

	2015	2014
	USD	USD
Balance at beginning of the year	**48,903**	68,000
Payment	**(177,674)**	(215,253)
Charge for the year	**214,250**	181,811
Under provision in previous year	-	14,345
Balance at end of the year	**85,479**	48,903

5. TAXATION (CONTINUED)

(iii) Tax reconciliation

	2015 USD	2014 USD
Profit before taxation	**4,059,124**	4,818,082
Tax rate at 15%	**608,869**	722,712
Tax effect of		
-Distribution from Trust not credited to income statement	**52,500**	75,000
-Taxable proceeds not credited to income statement	**10,500**	11,460
-Non taxable income	**(52,500)**	(77,105)
-Unauthorised deduction	**291,525**	14,850
-Deferred tax asset not recognized	**160,352**	162,136
-Foreign tax credit	**(856,996)**	(727,242)
-Under provision in previous year	**-**	14,345
Tax expense	**214,250**	196,156

6. AVAILABLE-FOR-SALE INVESTMENTS

Name of company	Country of Incorporation	% Holding	Principal activity	2015 USD	2014 USD
AT COST					
IL&FS India Realty Fund LLC	Mauritius	100% of the Class C shares	Fund	**1,000**	1,000
Tara India Fund III, LLC	Mauritius	100% of the Class C and Class D shares	Fund	**2**	2
IL & FS India Realty Fund II LLC	Mauritius	100% of the Class C shares	Fund	**1,000**	1,000
Tara Feeder Fund Limited	Jersey	2 Management shares	Fund	**2**	2
				2,004	2,004

The available-for-sale investments are stated at cost since they represent management shares which are not entitled to a share of net assets on winding up of the funds but to a return of nominal capital only and are also not subject to constant fair valuation.

7. INTANGIBLE ASSETS

	2015 USD	2014 USD
Management and Advisory Contracts	**23,260,761**	26,576,109

The initial amount recognized as intangibles represented the fair value of the management and advisory contracts acquired by the Company in respect of K2 and SIREF I, pursuant to the amalgamation with Saffron Capital Advisors Limited ("SCAL") and Saffron Capital Securities Limited ("SCSL") with the Company was USD35.2M.

The intangible assets are amortised over the remaining estimated useful life of such contracts. The useful lives of the management and advisory contracts of K2 and SIREF I had initially been estimated at 16 years and 8 years respectively on the basis of the life of the funds which are limited life entities.

Due to divestment of K2 planned in the short term, Yatra Capital Limited will launch a new fund in FY 2016 to replace K2. The recoverable amount of the intangible assets is dependent on the successful launch of the new fund. The directors believe that the targeted capital to be raised by the new funds will be achievable and future economic benefits will accrue to the Company based on steps taken by the Management towards appointment of appropriate placement agencies and legal counsel and formation of the structures in raising new funds. On the basis that the Company will continue to earn management fee income from the new funds in addition to the management fee income from K2 and SIREF I, the Management has determined that the carrying value of the intangible assets is fully recoverable and therefore no impairment of the intangible assets is required following the proposed divestment of K2.

	2015 USD	2014 USD
Cost		
Balance at beginning of year	**37,200,000**	37,700,000
Receipt on distribution from Trust	**(350,000)**	(500,000)
Balance at end of year	**36,850,000**	37,200,000
Amortization		
Balance at beginning of year	**10,623,891**	7,658,542
Charge for the year	**2,965,348**	2,965,349
Balance at end of year	**13,589,239**	10,623,891
Carrying amount at end of year	23,260,761	26,576,109

Included in the initial cost of intangible assets of USD38,700,000 was an amount of USD3,500,000 which represented the contribution that the Company made in Saffron Investment Trust. The Company is the sole beneficiary of Saffron Investment Trust which is incorporated in Mauritius. The capital contribution is of indefinite life and is not subject to amortization. During the year, the Company received a distribution of USD350,000 (2014: USD500,000) from the Trust and the residual amount of contribution held in the Trust amounted to USD1,650,000 (2014: USD2,000,000) at end of the year. The principal object of the Trust is to hold assets for the beneficiary.

8. GOODWILL

	2015 USD	2014 USD
Goodwill on amalgamation at cost	**1,774,619**	1,774,619
Accumulated impairment loss	**(1,774,619)**	-
	-	1,774,619

	2015 USD	2014 USD
Cost		
Balance at beginning of the year	**1,774,619**	1,774,619
Impairment losses		
Impairment loss recognized in the year	**(1,774,619)**	-

Goodwill is not amortized but is reviewed for impairment at least annually. Goodwill has been allocated to K2 Property Limited and Saffron India Real Estate Fund I representing the Company's cash-generating units. Cash generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the units may be impaired.

For the financial year ended 31 March 2015, the future cash flows expected from K2 and SIREF I have been determined to be less than expected given (i) a reduction in percentage of management fees earned by the Company and (ii) reduced size of portfolio of investments of K2 & SIREFI managed by the Company post divestments.

Based on the aforementioned, management fees from both funds are expected to be lower in the coming years. Accordingly, an impairment loss of USD1,774,619 has been recognized in the Company's books.

IL&FS INVESTMENT ADVISORS LLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015

9. PROPERTY, PLANT AND EQUIPMENT

	Freehold Building	Freehold improvements	Computer Equipment	Office Equipment	Furniture	Motor Vehicles	Total
	USD	USD	USD	USD	USD	USD	USD
AT COST							
Balance as at 1 April 2013	340,320	162,131	46,832	28,154	43,536	233,852	854,825
Additions	-	-	10,282	9,015	-	-	19,297
Disposals	-	-	-	(735)	-	(6,567)	(7,302)
Reclassification	-	-	-	15,184	(15,184)	-	-
Exchange difference	111	53	(3)	-	9	109	279
At 31 March 2014	340,431	162,184	57,111	51,618	28,361	227,394	867,099
Balance as at 1 April 2014	340,431	162,184	57,111	51,618	28,361	227,394	867,099
Additions	-	-	4,654	-	6,639	-	11,293
Exchange difference	(37)	(18)	(5)	(5)	1	(26)	(90)
At 31 March 2015	340,394	162,166	61,760	51,613	35,001	227,368	878,302
DEPRECIATION							
At 1 April 2013	51,167	162,131	46,832	28,154	30,174	180,800	499,258
Charge for the year	22,692	-	3,950	5553	-	25,478	57,673
Reclassification	-	-	-	1,815	(1,815)	-	-
Disposals	-	-	-	(735)	-	(6,317)	(7,052)
Exchange difference	17	53	14	18	2	60	164
At 31 March 2014	73,876	162,184	50,796	34,805	28,361	200,021	550,043
At 1 April 2014	73,876	162,184	50,796	34,805	28,361	200,021	550,043
Charge for the period	22,691	-	7,807	5,954	561	18,212	55,225
Exchange difference	(9)	(18)	(4)	(4)	(4)	(25)	(64)
At 31 March 2015	96,558	162,166	58,599	40,755	28,918	218,208	605,204
NET BOOK VALUE							
At 31 March 2015	**243,836**	**-**	**3,161**	**10,858**	**6,083**	**9,160**	**273,098**
At 31 March 2014	266,555	-	6,315	16,813	-	27,373	317,056

10. (I) TRADE RECEIVABLES

	2015 USD	2014 USD
Management fees IL&FS India Realty Fund LLC	**6,223,125**	8,298,624
Management fees Tara India Fund III, LLC	**4,237,729**	5,305,236
Branch trade receivable	**1,786,857**	924,497
Management fees Tara India Fund IV LLC	**23,893**	-
Incentive fees receivable from Saffron India Real Estate Fund I	**17,652**	-
Advisory fees Standard Chartered IL&FS Management Singapore Pte Ltd ("SCB")	-	451,785
	12,289,256	14,980,142

The receivable period is on average from 3 months to one year and no interest is charged on the trade receivables. The limits and scoring attributed to the above debtors are reviewed periodically.

Ageing of receivables that are past due but not impaired

	31 March 2015 USD	31 March 2014 USD
Less than 90 days	**2,266,424**	2,836,412
91-120 days	**631,732**	758,854
121-180 days	**1,010,090**	1,681,876
More than 180 days	**8,381,010**	9,703,000
	12,289,256	14,980,142

The directors believe that no provision for doubtful debts is required to be made since the amounts owed to the Company are from funds under its management/advisory and is bound to be recovered since the Company has investment management agreements/advisory agreements with such entities. The Company has not recognized any allowance for doubtful debts because there has not been a significant change in the credit quality and the amounts are considered recoverable.

II) OTHER RECEIVABLES

	2015 USD	2014 USD
Other receivables	**382,695**	706,012
Advance to Milestone Investment Advisors LLC ("MIAL")	**200,000**	200,000
Other branch receivables	**159,573**	140,415
Prepayments	**76,594**	9,448
	818,862	1,055,875
Total Trade and Other Receivables	**13,108,118**	16,036,017

The advance to MIAL is unsecured, interest free and is repayable on demand.

II) OTHER RECEIVABLES (CONTINUED)

Other Receivables that are past due and provided for

	31 March 2015 USD	31 March 2014 USD
Other Receivables	**117,441**	97,476
Provision for doubtful debts	**34,673**	(42,736)
	152,114	54,740

A reconciliation of the movements in the doubtful debt provision account is as follows:

	2015 USD	2014 USD
Opening balance	**42,736**	42,854
Provisions no longer required	**(8,063)**	(118)
Closing balance	**34,673**	42,736

An analysis of trade and other receivables considered being impaired due to non-recovery or perceived difficulty in recovery is as follows:

	31 March 2015 USD	31 March 2014 USD
Gross value	**34,673**	42,736
Provision	**(34,673)**	(42,736)
Carrying value	-	-

11. CASH AND CASH EQUIVALENTS

	2015 USD	2014 USD
Cash at bank	**2,183,869**	552,348
Cash in hand	**2,008**	202
	2,185,877	552,550

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015

12. STATED CAPITAL

	Number	2015 USD	2014 USD
57,000 Ordinary Shares of USD1 each	**57,000**	**57,000**	57,000

The ordinary shares provide the rights to receive distribution and payments on winding up of the Company and voting rights. Each ordinary share of the Company entitles the holder the right to vote on any matter to be considered by the shareholders generally. All the ordinary shares are held by the holding company, IL&FS Investment Managers Limited ("IIML").

13. REDEEMABLE PARTICIPATING SHARES

	2015 USD	2014 USD
100,000 redeemable participating shares of USD0.01 each issued on 20 April 2006	**1,000**	1,000

The redeemable participating shares carry voting rights and are entitled to proceeds on redemption and distributions. As per the Company's Constitution, the redeemable participating shares are redeemable at the option of Company. All the redeemable participating shares are held by the holding company, IL&FS Investment Managers Limited, India.

14. PROVISIONS

	2015 USD	2014 USD
Provision for staff end of service gratuity	**598,753**	485,309

The branch financial statements comprise of a provision on account of staff end-of-service gratuity.

15. (I) TRADE PAYABLES

	2015 USD	2014 USD
Advisory fees payable to IL&FS Investment Managers Limited	**2,600,000**	9,419,997
Advisory fees payable to IIML Asset Advisors Ltd	**344,173**	823,246
	2,944,173	10,243,243

The advisory fees are payable quarterly in arrears to IL&FS Investment Managers Limited and IIML Asset Advisors Limited pursuant to an Advisory Agreement and the outstanding advisory fees do not carry any interest.

15.(II) OTHER PAYABLES

	2015 USD	2014 USD
Management fees received in advance	**201,628**	468,169
Other provisions - Branch	**406,719**	791,082
Other payables	**699,736**	686,203
Audit fees accrued	**19,550**	6,500
	1,327,633	1,951,954

The amounts due are unsecured, interest free and payable on demand.

Total Trade and Other Payables	**4,271,806**	12,195,197

16. FINANCIAL INSTRUMENTS

16.1 Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. As part of its capital risk management policies the Company reviews the capital structure to ensure that it has an appropriate portion of net debt to equity.

The capital structure of the Company consists of redeemable participating shares, stated capital and retained earnings.

Fair values

The carrying amounts of trade and other receivables, cash and cash equivalents, trade and other payables approximate their fair values.

16. 2 Categories of financial instruments

	2015 USD	2014 USD
Financial assets		
Trade and other receivables	**12,965,612**	15,957,812
Cash and cash equivalents	**2,185,877**	552,550
Available for sale financial assets	**2,004**	2,004
	15,153,493	16,512,366
Financial liabilities		
Provisions and trade and other payables	**4,070,178**	11,727,028

16 FINANCIAL INSTRUMENTS (CONTINUED)

16.3 Price risk

The Company has invested in the management shares of Tara Feeder Fund Limited and other classes of shares in Fund I, Tara III and Fund II. The shares of the investee companies are held for strategic rather than trading purposes and are carried at cost as the fair values are not available.

16.4 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a policy of only dealing with credit counterparties as a mean of mitigating the risk of financial loss from defaults. The carrying amount of trade receivables represents the maximum credit exposure and at the end of the reporting period was as follows:

	2015 USD	2014 USD
Trade receivables	**12,289,256**	14,980,142

The receivables consist of amounts owed to the Company from funds under its management/advisory and are bound to be recovered since the Company has investment management agreements /advisory agreements with such entities.

At the end of the year, the details of the trade receivables were as follows:

	2015 USD	2014 USD
Management fees IL&FS India Realty Fund LLC	**50.64%**	55.40%
Management fees Tara India Fund III LLC	**34.48%**	35.42%
Branch trade receivables	**14.54%**	6.17%
Management fees Tara India Fund IV LLC	**0.19%**	-
Incentive fees receivable from Saffron India Real Estate Fund I	**0.15%**	-
Advisory fees SCB	**-**	3.01%
	100.00%	100.00%

16 FINANCIAL INSTRUMENTS (CONTINUED)

16.4 Credit risk (continued)

The credit risk on the above amounts due is limited since the amounts owed to the Company are from funds under its management/advisory and is bound to be recovered since the Company has investment management agreements/advisory agreements with the above entities. The Company does not hold any collateral over these balances. The Company has not recognized any allowance for doubtful debts because there has not been a significant change in the credit quality and the amounts are considered recoverable.

16.5 Interest rate risk

The Company is not exposed to interest rate risk as the Company does not have any interest bearing financial assets or liabilities.

16.6 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company maintains sufficient cash to address any liquidity risk that may arise.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

16 FINANCIAL INSTRUMENTS (CONTINUED)

Maturity profile of financial liabilities

2015

	Interest rate	1-3 months USD	3 months to 1 year USD	1-5 years USD	Total USD
Non- interest bearing instruments		**3,017,095**	**1,053,083**	**-**	**4,070,178**
		3,017,095	**1,053,083**	**-**	**4,070,178**

2014

	Interest rate	1-3 months USD	3 months to 1 year USD	1-5 years USD	Total USD
Non- interest bearing instruments		4,051,849	7,675,179	-	11,727,028
		4,051,849	7,675,179	-	11,727,028

16.7 Foreign currency risk

The Company's financial assets and liabilities are denominated in USD and most transactions are made in USD. However, the Company receives management fee income from K2 Property Limited, a Euro fund in Euros on a half yearly basis in advance whilst the reporting currency of the Company is in USD. The transactions of the Dubai branch are undertaken in UAE Dirhams. The Company is therefore exposed in movement of the USD/AED exchange rate.

16 FINANCIAL INSTRUMENTS (CONTINUED)

16.7 Foreign currency risk (continued)

Currency profile

The Company's financial assets and liabilities is summarised as follows:

	Financial Assets 2015 USD	**Financial Liabilities 2015 USD**	Financial Assets 2014 USD	Financial Liabilities 2014 USD
UAE Dirhams	**2,219,139**	**406,719**	78,925	791,082
United State Dollars	**12,934,354**	**3,663,459**	16,433,441	10,935,946
	15,153,493	**4,070,178**	16,512,366	11,727,028

Directors have set up a policy to require management of foreign exchange risk against their functional currency. The Company is required to cover its entire foreign exchange risk exposure. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

Foreign currency sensitivity analysis

The following table details the Company's sensitivity to a 5% increase and decrease in the US Dollar ("USD") against Arab Emirates Dirham ("AED"). 5% is used as sensitivity rate as it represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in currency rates. A positive number below indicates an increase in profit or other equity where the USD weakens 5% against the Euro and AED. For a 5% strengthening of the USD against the Euro and AED, there would be an equal and opposite impact on the profit or other equity, and the balances below would be negative.

	AED IMPACT	
	2015 USD	2014 USD
Profit or Loss	**90,621**	(35,608)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015

17 RELATED PARTY TRANSACTIONS

The Company is a wholly owned subsidiary of IL&FS Investment Managers Limited ("IIML"), which is the holding company.

During the year, the Company transacted with related parties. Details of the nature, volume of transactions and balances with the related parties are as follows:

A

Name of Related Party	Relationship	Nature of transactions		31 March 2015 USD	31 March 2014 USD
IL&FS Investment Managers Limited	Shareholder/ Advisor	Advisory fees	Opening Balance	**(9,419,997)**	(6,280,665)
			Payable during the year	**(10,400,003)**	(12,560,000)
			Payments during the year	**17,220,000**	9,420,668
			Closing balance	**(2,600,000)**	(9,419,997)
		Dividend		**2,500,000**	2,000,000
IIML Asset Advisors Limited	Advisor	Advisory fees	Opening Balance	**(823,246)**	(1,329,021)
			Payable during the year	**(1,413,551)**	(1,613,655)
			Payments during the year	**1,892,624**	2,119,430
			Closing balance	**344,173**	(823,246)
Saffron Investment Trust	Beneficiary as per Trust's deed	Receipt on distribution from Trust		**350,000**	500,000
IL&FS Maritime International FZE	Fellow subsidiary	Consultancy services		**83,324**	96,405
IL&FS Energy Development Company Ltd	Fellow subsidiary	Consultancy services		**179,882**	540,000
IL&FS Engineering Construction Co Ltd	Associate	Consultancy services		**-**	210,000
Elsamex S.A	Fellow subsidiary	Consultancy services		**-**	180,000
IL&FS Global Pte Limited	Fellow subsidiary	Consultancy services		**1,111,273**	-

17. RELATED PARTY TRANSACTIONS (CONTINUED)

B

As of 31 March 2015, the following significant balances were held with related parties:

		31 March 2015 USD	31 March 2014 USD
Included in other receivables			
IL&FS Investment Managers Limited	Shareholder	**7,180**	3,241
IL&FS Milestone Realty Advisors Pvt Ltd	Joint Venture-Indirect	**3,763**	-
IL&FS Energy Development Company Ltd	Fellow Subsidiary	**7,453**	2,421
IL&FS Financial Services Ltd	Fellow Subsidiary	-	1,741
Included in other payables			
IL&FS Investment Managers Ltd	Shareholder	**51,790**	33,023

C

	31 March 2015 USD	31 March 2014 USD
Compensation of key management personnel		
Short term benefits	1,642,408	1,641,513
Post-employment benefits	81,485	81,441

18. DIVIDEND

During the year, the Company declared dividend of USD25 (2014: USD20) per share amounting to USD2,500,000 (2014: USD2,000,000) to its Redeemable Participating Shareholder which was paid on 23 January 2015 (2014: 26 March 2014).

19. CONTINGENT LIABILITIES

	2015 USD	2014 USD
Bankers' letters of guarantee (Branch)	**4,519**	4,519