

**INDEPENDENT AUDITORS' REPORT
TO THE BOARD OF DIRECTORS OF
IL&FS INVESTMENT MANAGERS LIMITED**

A] Audit Report on the Consolidated Financial Results for the six months ended September 30, 2014 ("Half Yearly Consolidated Financial Results")

1. We have audited the Half Yearly Consolidated Financial Results reflected under column titled "Half Year Ended 30.09.2014 (Audited)" and the related Notes contained in the accompanying "Statement of Consolidated Financial Results for the Quarter and Half Year Ended September 30, 2014" ("the Statement") of **IL&FS INVESTMENT MANAGERS LIMITED** ("the Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group") being submitted by the Company pursuant to the requirement of Clause 41 of the Listing Agreements with the Stock Exchanges, except for the disclosures referred to in Part D – Select Information below.
2. The Half Yearly Consolidated Financial Results have been prepared on the basis of the related interim consolidated financial statements, which are the responsibility of the Company's Management and have been approved by the Board of Directors. Our responsibility is to express an opinion on the Half Yearly Consolidated Financial Results, based on our audit of the related interim consolidated financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard (AS-25) on Interim Financial Reporting specified under the Companies Act, 1956 (which are deemed to be applicable as per Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014) and other accounting principles generally accepted in India.
3. We conducted our audit of the Half Yearly Consolidated Financial Results 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 Half Yearly Consolidated Financial Results are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the Half Yearly Consolidated Financial Results. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall presentation of the Half Yearly Consolidated Financial Results. We believe that our audit provides a reasonable basis for our opinion.
4. We did not audit the interim financial results of three subsidiaries included in the Half Yearly Consolidated Financial Results, whose interim financial results reflect total assets of Rs. 27,181.61 lakhs as at September 30, 2014, total revenues of Rs. 6,797.17 lakhs and total profit after tax of Rs. 1,244.29 lakhs for the half year ended September 30, 2014, as considered in the consolidated financial results. These interim financial results have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Half Yearly Consolidated Financial Results in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of the other auditors.

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5. The Half Yearly Consolidated Financial Results also include the interim financial results of one Jointly Controlled Entity which has not been audited by its auditor, whose interim financial results reflect total assets of Rs. 1,475.46 lakhs as at September 30, 2014, total revenue of Rs. 476 lakhs and total loss of Rs. 9.75 lakhs for the half year ended September 30, 2014 as considered in the Half Yearly Consolidated Financial Results. These interim financial results have been certified by the Management of the entity and, our opinion on the Half Yearly Consolidated Financial Results, in so far as it relates to amounts included in respect of this entity, is based solely on such unaudited interim financial results. Any adjustment to these interim financial results could have consequential effects on the Half Yearly Consolidated Financial Results. However, the size of the entity in the context of the Group is not material. Our report is not qualified in respect of this matter.
6. In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors referred to in paragraph 4 above and read with our comments in paragraph 5 above, the Half Yearly Consolidated Financial Results:
 - (i) include the results of the entities stated in paragraph 14 below.
 - (ii) are presented in accordance with the requirements of Clause 41 of the Listing Agreements with the Stock Exchanges to the extent applicable; and
 - (iii) give a true and fair view in conformity with the accounting principles generally accepted in India of the net profit and other financial information of the Group for the six months ended September 30, 2014.

B] Limited Review Report on the Consolidated Financial Results for the quarter ended September 30, 2014 ("Quarterly Consolidated Financial Results")

7. We have reviewed the Quarterly Consolidated Financial Results reflected under the column titled "Quarter Ended 30.09.2014 (Unaudited)" and the related Notes contained in the accompanying "Statement of Consolidated Financial Results for the Quarter and Half Year Ended September 30, 2014" ("the Statement") of **IL&FS INVESTMENT MANAGERS LIMITED** ("the Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group"), being submitted by the Company pursuant to the requirement of Clause 41 of the Listing Agreements with the Stock Exchanges, except for the disclosures referred to in Part D – Select Information below.
8. The Quarterly Consolidated Financial Results are the responsibility of the Company's Management and have been approved by the Board of Directors. Our responsibility is to issue a report on the Quarterly Consolidated Financial Results based on our review.

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9. We conducted our review of the Quarterly Consolidated Financial Results in accordance with the Standard on Review Engagements (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Quarterly Consolidated Financial Results are free of material misstatement. A review is limited primarily to inquiries of the Company's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.
10. The Quarterly Consolidated Financial Results include the results of the entities stated in paragraph 14 below.
11. We did not review the interim financial results of three subsidiaries included in the Quarterly Consolidated Financial Results, whose interim financial results reflect total assets of Rs. 27,181.61 lakhs as at September 30, 2014, total revenues of Rs. 3,396.04 lakhs and total profit after tax of Rs. 605.47 lakhs for the quarter ended September 30, 2014, as considered in the Quarterly Consolidated Financial Results. These interim financial results have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Quarterly Consolidated Financial Results in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of the other auditors.
12. The Quarterly Consolidated Financial Results include the interim financial results of one Jointly Controlled Entity which has not been reviewed by its auditor, whose interim financial results reflect total assets of Rs. 1,475.46 lakhs as at September 30, 2014, total revenue of Rs. 252.18 lakhs and total profit of Rs. 42.96 lakhs for the quarter ended September 30, 2014, as considered in the Quarterly Consolidated Financial Results. These interim financial results have been certified by the Management of the entity and, our opinion on the Quarterly Consolidated Financial Results, in so far as it relates to amounts included in respect of this entity, is based solely on such unaudited interim financial results. Any adjustment to these interim financial results could have consequential effects on the Quarterly Consolidated Financial Results. However, the size of the entity in the context of the Group is not material. Our report is not qualified in respect of this matter.
13. Based on our review conducted as stated above, and based on the consideration of the reports of the other auditors referred to in paragraph 11 above and read with our comments described in paragraph 12 above, nothing has come to our attention that causes us to believe that the Quarterly Consolidated Financial Results, prepared in accordance with the Accounting Standards specified under the Companies Act, 1956 (which are deemed to be applicable as per Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014) and other accounting principles generally accepted in India, have not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreements with the Stock Exchanges, including the manner in which it is to be disclosed, or that they contain any material misstatement.

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C] List of Consolidating Entities

14. The Statement includes the results of the following entities:

- i) IL&FS Investment Managers Limited
- ii) IL&FS Asian Infrastructure Managers Limited
- iii) IL&FS Urban Infrastructure Managers Limited
- iv) IL&FS Investment Advisors LLC
- v) IIML Advisors LLC
- vi) IIML Asset Advisors Limited
- vii) Saffron Investment Trust
- viii) IIML Fund Managers (Singapore) Pte. Ltd.
- ix) IL&FS Milestone Realty Advisors Private Limited
- x) Standard Chartered IL&FS Management (Singapore) Pte. Limited

D] Select Information

15. Further, we also report that we have traced the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding and the number of shares as well as the percentage of shares pledged / encumbered and non-encumbered in respect of the aggregate amount of promoters and promoter group shareholding, in terms of Clause 35 of the Listing Agreements with the Stock Exchanges and the particulars relating to the investor complaints for the quarter ended September 30, 2014 of the Statement, from the details furnished by the Management and Registrars respectively.

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

Kalpesh J. Mehta
Partner
(Membership No.48791)

MUMBAI, November 05, 2014
KJM/RND

IL&FS INVESTMENT MANAGERS LIMITED
Registered Office: The IL&FS Financial Centre, C-22, 'G' Block
Bandra-Kurla Complex, Bandra (East), Mumbai 400 051

STATEMENT OF CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2014

PART I

Particulars	(₹ in Lakhs)					
	Quarter Ended 30.09.2014	Quarter Ended 30.06.2014	Quarter Ended 30.09.2013	Half Year Ended 30.09.2014	Half Year Ended 30.09.2013	Year Ended 31.03.2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)
1) (a) Income from Operations	4,552.92	4,395.88	5,225.18	8,948.80	10,266.04	20,822.07
(b) Other Operating Income	114.82	178.60	176.67	293.42	397.34	636.55
Total income from operations (net)	4,667.74	4,574.48	5,401.85	9,242.22	10,663.38	21,458.62
2) Expenses :						
(a) Employee benefits expense	1,162.34	1,542.85	1,596.62	2,705.19	3,117.56	6,122.22
(b) Depreciation and Amortisation expense	482.09	464.35	491.44	946.44	927.37	1,895.54
(c) Legal and Professional expense	283.61	257.47	415.15	541.08	706.15	1,483.43
(d) Sub-advisory Fees	142.33	140.91	132.65	283.24	337.59	688.20
(e) Other expense	743.99	531.87	515.24	1,275.86	991.13	1,946.40
Total Expenses	2,814.36	2,937.45	3,151.10	5,751.81	6,079.80	12,135.79
3) Profit from Operations before Other Income, Finance costs and Exceptional Items (1-2)	1,853.38	1,637.03	2,250.75	3,490.41	4,583.58	9,322.83
4) Other Income	193.74	500.55	420.74	694.29	638.48	829.56
5) Profit from Ordinary Activities before Finance costs and Exceptional Items (3+4)	2,047.12	2,137.58	2,671.49	4,184.70	5,222.06	10,152.39
6) Finance costs	-	-	30.42	-	72.47	77.90
7) Profit from Ordinary Activities after Finance costs but before Exceptional Items (5-6)	2,047.12	2,137.58	2,641.07	4,184.70	5,149.59	10,074.49
8) Exceptional Items	-	-	-	-	-	-
9) Profit from Ordinary Activities before tax (7+8)	2,047.12	2,137.58	2,641.07	4,184.70	5,149.59	10,074.49
10) Tax expense	461.75	599.42	687.93	1,061.17	1,354.05	2,788.16
11) Net Profit from Ordinary Activities after tax (9-10)	1,585.37	1,538.16	1,953.14	3,123.53	3,795.54	7,286.33
12) Extraordinary Item (net of tax expense)	-	-	-	-	-	-
13) Net Profit for the period (11-12)	1,585.37	1,538.16	1,953.14	3,123.53	3,795.54	7,286.33
14) Share of profit/(loss) of associate	-	-	-	-	-	-
15) Minority Interest	0.72	4.30	10.18	5.02	17.63	37.60
16) Net Profit after taxes, minority interest and share of profit/(loss) of associates (13+14-15)	1,584.65	1,533.86	1,942.96	3,118.51	3,777.91	7,248.73
17) Paid-up equity share capital (Shares of Face Value of ₹ 2/- each)	6,280.85	6,272.04	4,181.43	6,280.85	4,181.43	6,272.04
18) Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year						26,361.99
19) Earnings Per Share (₹) (before and after Extraordinary Item) (Face Value of ₹ 2/- each)						
- Basic (Not Annualised)	0.50	0.49	0.62	0.99	1.21	2.31
- Diluted (Not Annualised)	0.50	0.49	0.62	0.99	1.21	2.31

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PART II : Select Information for the Quarter and Half Year ended September 30, 2014

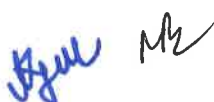
Particulars	Quarter Ended 30.09.2014 (Audited)	Quarter Ended 30.06.2014 (Unaudited)	Quarter Ended 30.09.2013 (Audited)	Half Year Ended 30.09.2014 (Audited)	Half Year Ended 30.09.2013 (Audited)	Year Ended 31.03.2014
A) PARTICULARS OF SHAREHOLDING						
1) Public shareholding						
(a) Number of shares	155,699,588	155,258,963	103,505,975	155,699,588	103,505,975	155,258,963
(b) Percentage of shareholding	49.58	49.51	49.51	49.58	49.51	49.51
2) Promoters and Promoter Group Shareholding						
(a) Pledged/Encumbered						
– Number of shares	158,333,152	158,333,152	105,555,435	158,333,152	105,555,435	158,333,152
– Percentage of shares (as a % of the total shareholding of the Promoter and Promoter Group)	100	100	100	100	100	100
– Percentage of shares (as a % of the total share capital of the Company)	50.42	50.49	50.49	50.42	50.49	50.49
b) Non-encumbered						
– Number of shares	-	-	-	-	-	-
– Percentage of shares (as a % of the total shareholding of the Promoter and Promoter Group)	-	-	-	-	-	-
– Percentage of shares (as a % of the total share capital of the Company)	-	-	-	-	-	-

Particulars	3 months ended 30.09.2014
B) INVESTOR COMPLAINTS	
Pending at the beginning of the quarter	-
Received during the quarter	26
Disposed of during the quarter	26
Remaining unresolved at the end of the quarter	-

Consolidated Statement of Assets and Liabilities

(₹ in Lakhs)

Particulars	As at 30.09.2014 Audited	As at 31.03.2014 Audited
A) EQUITY AND LIABILITIES		
1. Shareholders' Funds:		
a) Share Capital	6,280.85	6,272.04
b) Reserves and surplus	30,086.30	26,361.99
c) Money received against share warrants	-	-
Sub-total - Shareholders' funds	36,367.15	32,634.03
2. Share application money pending allotment		
3. Minority interest	361.70	356.68
4. Non-current liabilities		
a) Long-term borrowings	-	-
b) Deferred tax liabilities (net)	94.23	114.48
c) Other long-term liabilities	-	-
d) Long-term provisions	560.59	500.65
Sub-total - Non-current liabilities	654.82	615.13



Particulars	As at 30.09.2014	As at 31.03.2014
	Audited	Audited
5. Current liabilities		
a) Current maturity of Long-term borrowings	-	-
b) Trade payables	2,414.02	3,231.66
c) Other current liabilities	420.02	615.14
d) Short-term provisions	627.53	5,356.66
Sub-total - Current liabilities	3,461.57	9,203.46
TOTAL - EQUITY AND LIABILITIES	40,845.24	42,809.30
B) ASSETS		
1. Non - current assets		
a) Fixed assets	14,674.85	15,205.68
b) Goodwill on consolidation	-	-
c) Non-current investments	3,514.57	3,511.79
d) Deferred tax assets (net)	274.29	192.31
e) Long-term loans and advances	762.16	852.66
f) Other non-current assets	554.32	673.42
Sub-total - Non-current assets	19,780.19	20,435.86
2. Current assets		
a) Current investments	1,795.60	4,425.29
b) Trade receivables	12,770.96	11,750.73
c) Cash and cash equivalents	3,956.03	2,310.54
d) Current portion of Long-term Loans and advances	432.40	1,100.00
e) Short-term loans and advances	1,936.80	2,538.04
f) Other current assets	173.26	248.84
Sub-total - Current assets	21,065.05	22,373.44
TOTAL - ASSETS	40,845.24	42,809.30

NOTES:

- The aforesaid consolidated financial results of IL&FS Investment Managers Limited (the "Company"), its subsidiaries and jointly controlled entities (together constituting the "Group") for the half year ended September 30, 2014 have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on November 5, 2014. The results for the half year ended September 30, 2014 is subjected to audit by the Statutory Auditors of the Company
- The Consolidated Financial Statements are prepared in accordance with the principles and procedures set out in Accounting Standard (AS 21) on "Consolidated Financial Statements" which consists of the accounts of the Company, its subsidiaries i.e. IL&FS Asian Infrastructure Managers Limited, IL&FS Urban Infrastructure Managers Limited, IIML Asset Advisors Limited, IL&FS Investment Advisors LLC, Saffron Investment Trust, IIML Advisors LLC and IIML Fund Managers (Singapore) Pte Limited which are based on their respective audited accounts and investments in jointly controlled entities i.e. IL&FS Milestone Realty Advisors Private Limited which is based on audited accounts and Standard Chartered IL&FS Management (Singapore) Pte Ltd which is based on management accounts, have been accounted for by using the proportionate consolidation method in accordance with Accounting Standard (AS 27) on "Financial Reporting of Interests in Joint Ventures"
- The Group is in the business of providing asset management and other related service. As such, there are no separate reportable business or geographical segments as per Accounting Standard 17 on "Segment Reporting"
- During the quarter ended September 30, 2014 the Company allotted 440,625 equity shares on exercise of options granted under the Employees Stock Options Plan
- Tax expense for the half year ended September 30, 2014 is net of deferred tax credit of ₹ 104.57 lakhs (Previous period ₹ 41.04 lakhs)



- 6) The summarised standalone audited financial results of the Company are as below. The detailed standalone audited financial results of the Company are available on the Company's website www.iimlindia.com

Particulars	(₹ in lakhs)					
	Quarter Ended 30.09.2014 (Unaudited)	Quarter Ended 30.06.2014 (Unaudited)	Quarter Ended 30.09.2013 (Unaudited)	Half Year Ended 30.09.2014 (Audited)	Half Year Ended 30.09.2013 (Audited)	Year Ended 31.03.2014 (Audited)
Revenue	2,377.30	2,459.40	2,640.97	4,836.70	5,499.05	11,511.63
Profit before tax	1,483.23	1,796.25	1,866.25	3,279.48	3,601.95	7,635.59
Profit after tax	1,071.00	1,314.66	1,324.26	2,385.66	2,538.03	5,376.19

- 7) The figures for the current quarter and the corresponding quarter in the previous year are the balancing figures between the audited figures in respect of the half year ended September 30, and the unaudited published figures for the quarter ended June 30, which were subjected to a limited review
- 8) Figures for the previous periods / year have been regrouped and rearranged wherever considered necessary

By Order of the Board


Mumbai, November 5, 2014


Archana Hingorani
Chief Executive Officer & Executive Director