

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

1. We have audited the accompanying Statement of Consolidated Financial Results ("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") for the half-year ended September 30, 2012 being submitted by the Company pursuant to Clause 41 of the Listing Agreements with the Stock Exchanges. This Statement comprises the audited consolidated financial results of the Group for the half year ended September 30, 2012 as well as the unaudited results of the Group for the quarter ended September 30, 2012. The figures in the columns headed "Quarter ended September 30, 2012" for the Group have been derived after considering the Statement of Unaudited Financial Results for the quarter ended June 30, 2012 (the "June 2012 Quarter Statement"). The June 2012 Quarter Statement was subjected to our review in terms of our report dated July 24, 2012. The Statement has been prepared on the basis of the related interim consolidated financial statements, which is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to express an opinion on the Statement, 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 notified under the Companies (Accounting Standards) Rules, 2006 and other accounting principles generally accepted in India.
2. We conducted our audit of the Statement 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 Statement is free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the Statement. 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 Statement. We believe that our audit provides a reasonable basis for our opinion.
3. The Statement reflects the Revenues of ₹ 3,811.92 lakhs and Profit after Tax of ₹ 1,381.17 lakhs for the half year ended September 30, 2012 relating to four subsidiaries whose results have been audited by other auditors. Accordingly, our opinion on the Statement in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of such other auditors which have been furnished to us.



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4. The Statement includes Revenues of ₹ 0.48 lakhs and Loss after tax of ₹ (126.24) lakhs for the half year ended September 30, 2012, in respect of one subsidiary, which have been consolidated on the basis of unaudited Financial Information available with the Company's Management. The Statement also includes Revenues of ₹ 1,131.00 lakhs and Profit after Tax of ₹ 76.31 lakhs for the half year ended September 30, 2012, being the aggregate of the Group's proportionate share in one Jointly Controlled Entity, which have been consolidated on the basis of unaudited Financial Information available with the Company's Management.
5. A) In our opinion and to the best of our information and according to the explanations given to us, the Statement:
- a. This Statement includes the results of the following entities:
 - (i) IL&FS Investment Managers Limited – Holding Company
 - (ii) IL&FS Asian Infrastructure Managers Limited – Subsidiary
 - (iii) IL&FS Urban Infrastructure Managers Limited – Subsidiary
 - (iv) IL&FS Investment Advisors LLC – Subsidiary
 - (v) IIML Advisors LLC – Subsidiary
 - (vi) IIML Asset Advisors Private Limited – Subsidiary
 - (vii) Saffron Investment Trust – Subsidiary
 - (viii) IL&FS Milestone Realty Advisors Private Limited – Jointly Controlled Entity
 - (ix) Standard Chartered IL&FS Management (Singapore) Pte. Limited – Jointly Controlled Entity
 - b. is presented in accordance with the requirements of Clause 41 of the Listing Agreements with the Stock Exchanges; and
 - c. read with our comments in paragraph 3 above and subject to our comments in paragraph 4 above, gives a true and fair view of the net profit and other financial information of the Group as at and for the half-year ended September 30, 2012.
- B) Based on our audit of information in the column headed "Half year ended September 30, 2012" and our review of the June 2012 Quarter Statement, and read together with our comments in paragraph 3 above and subject to our comments in paragraph 4 above, nothing has come to our attention that causes us to believe that the information in the columns headed "Quarter ended September 30, 2012" for the Group, prepared in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 and other recognised accounting practices and policies, does not contain the information required to be disclosed in terms of Clause 41 of the Listing Agreements with Stock Exchanges, including the manner in which it is to be disclosed, or that it contains any material misstatement



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6. Further, we also report that we have traced the number of shares as well as the percentage 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 from the details furnished by the Management and the particulars relating to undisputed investor complaints from the details furnished by the Registrars.

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Registration No. 117366W)



Kalpesh J. Mehta
Partner
(Membership No.48791)

MUMBAI, October 26, 2012
KJM/NDU

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

PART I
STATEMENT OF CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2012

Particulars	(₹ in lakhs)					
	Quarter Ended 30.09.2012	Quarter Ended 30.06.2012	Quarter Ended 30.09.2011	Half Year Ended 30.09.2012	Half Year Ended 30.09.2011	Year Ended 31.03.2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)
1) (a) Income from Operations	5,440.97	5,434.49	5,236.25	10,875.46	10,225.95	21,258.76
(b) Other Operating Income	201.86	261.49	204.01	463.35	384.05	798.09
Total income from operations (net)	5,642.83	5,695.98	5,440.26	11,338.81	10,610.00	22,056.85
2) Expenses :						
(a) Employee benefits expense	1,375.14	1,445.45	1,306.85	2,820.59	2,603.69	5,255.21
(b) Depreciation / Amortisation expense	660.65	633.55	552.79	1,294.20	1,120.47	2,329.40
(c) Legal and Professional expense	292.13	326.77	342.17	618.90	687.21	1,361.26
(d) Sub-advisory Fees	331.33	376.70	335.37	708.03	667.17	1,439.50
(e) Other expense	670.36	535.40	452.81	1,205.76	981.22	2,165.11
Total Expenses	3,329.61	3,317.87	2,989.99	6,647.48	6,059.76	12,550.48
3) Profit from Operations before Other Income, Finance costs and Exceptional Items (1-2)	2,313.22	2,378.11	2,450.27	4,691.33	4,550.24	9,506.37
4) Other Income	40.87	125.65	18.64	166.52	158.02	413.30
5) Profit from ordinary activities before Finance costs and Exceptional Items (3+4)	2,354.09	2,503.76	2,468.91	4,857.85	4,708.26	9,919.67
6) Finance costs	73.20	85.26	100.85	158.45	193.40	388.25
7) Profit from ordinary activities after Finance costs but before Exceptional Items (5-6)	2,280.89	2,418.50	2,368.06	4,699.40	4,514.86	9,531.42
8) Exceptional Items	-	-	-	-	-	-
9) Profit from ordinary activities before tax (7+8)	2,280.89	2,418.50	2,368.06	4,699.40	4,514.86	9,531.42
10) Tax expense	540.85	597.96	554.36	1,138.81	972.30	2,150.40
11) Net Profit from ordinary activities after tax (9-10)	1,740.04	1,820.54	1,813.70	3,560.59	3,542.56	7,381.02
12) Extraordinary Item (net of tax expense)	-	-	-	-	-	-
13) Net Profit for the period (11-12)	1,740.04	1,820.54	1,813.70	3,560.59	3,542.56	7,381.02
14) Share of profit/(loss) of associate	-	-	-	-	-	-
15) Minority Interest	6.58	6.47	6.66	13.05	13.55	27.75
16) Net Profit after taxes, minority interest and share of profit/(loss) of associates (13+14+15)	1,733.46	1,814.07	1,807.04	3,547.54	3,529.01	7,353.27
17) Paid-up equity share capital (Shares of Face Value of ₹ 2/- each)	4,175.53	4,165.71	4,147.86	4,175.53	4,147.86	4,165.71
18) Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year						19,170.59
19) Earnings Per Share (₹) (before and after extra ordinary items) (Face value of ₹ 2/- each)						
– Basic (Not Annualised)	0.83	0.87	0.88	1.70	1.71	3.56
– Diluted (Not Annualised)	0.83	0.87	0.87	1.70	1.70	3.54

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PART II
A) PARTICULARS OF SHAREHOLDING
1) Public shareholding

(a) Number of shares

103,711,225

103,219,975

102,327,475

103,711,225

102,327,475

103,219,975

(b) Percentage of shareholding

49.68

49.56

49.34

49.68

49.34

49.56
2) Promoters and Promoter Group Shareholding
a) Pledged / Encumbered

- Number of shares

-

-

-

-

-

- Percentage of shares

-

-

-

-

-

(as a % of the total shareholding of Promoter and Promoter Group)

- Percentage of shares

-

-

-

-

-

(as a % of the total share capital of the company)

b) Non - encumbered

- Number of shares

105,055,435

105,055,435

105,055,435

105,055,435

105,055,435

105,055,435

- Percentage of shares

100

100

100

100

100

100

(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)

50.32

50.44

50.66

50.32

50.66

50.44

	Particulars	3 months ended 30.09.2012
B)	Investor Complaints	
	Pending at the beginning of the quarter	-
	Received during the quarter	24
	Disposed of during the quarter	24
	Remaining unresolved at the end of the quarter	-

Consolidated Statement of Assets and Liabilities

Particulars	As at Year Ended 30/09/2012	As at Year Ended 31/03/2012
	Audited	Audited
A) EQUITY AND LIABILITIES		
1. Shareholders' Funds:		
a) Share Capital	4,175.53	4,165.71
b) Reserves and surplus	23,193.29	19,170.59
c) Money received against share warrants	-	-
Sub-total - Shareholders' funds	27,368.82	23,336.30
2. Share application money pending allotment	-	-
3. Minority interest	328.47	315.42
4. Non-current liabilities		
a) Long-term borrowings	-	2,557.83
b) Deferred tax liabilities (net)	172.44	164.31
c) Other long-term liabilities	15.73	23.64
d) Long-term provisions	439.55	381.05
Sub-total - Non-current liabilities	627.72	3,126.83
5. Current liabilities		
a) Current maturity of Long-term borrowings	4,479.25	3,580.96
b) Trade payables	3,169.46	2,345.41
c) Other current liabilities	1,139.70	1,856.73
d) Short-term provisions	569.63	4,987.18
Sub-total - Current liabilities	9,358.04	12,770.28
TOTAL - EQUITY AND LIABILITIES	37,683.05	39,548.83

B) ASSETS		
1. Non - current assets	IL&FS Investment Managers Limited	
a) Fixed assets	15,857.33	16,497.02
b) Goodwill on consolidation	-	-
c) Non-current investments	1,100.01	769.07
d) Deferred tax assets (net)	201.90	174.26
e) Long-term loans and advances	2,026.57	4,402.60
f) Other non-current assets	1,315.48	1,602.63
Sub-total - Non-current assets	20,501.29	23,445.58
2. Current assets		
a) Current investments	3,175.76	3,950.41
b) Trade receivables	6,202.76	4,126.39
c) Cash and cash equivalents	3,787.39	6,035.08
d) Current portion of Long-term Loans and advances	2,665.00	300.00
e) Short-term loans and advances	752.52	1,287.01
f) Other current assets	598.33	404.36
Sub-total - Current assets	17,181.76	16,103.25
TOTAL - ASSETS	37,683.05	39,548.83

NOTES:

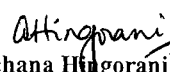
- 1) The aforesaid consolidated financial results of IL&FS Investment Managers Limited (the "Company"), its subsidiaries and jointly controlled entities (together constituting the "Group") for the half year ended September 30, 2012 have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on October 26, 2012. The results for the half year ended is subject to audit by the statutory auditor of the Company
- 2) The Consolidated Financial Statements are prepared in accordance with the principals and procedures set out in Accounting Standard (AS 21) on "Consolidated Financial Statements" and Accounting Standard (AS 27) on "Financial Reporting of Interests in Joint Ventures"
- 3) 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"
- 4) Tax expense for the half year ended September 30, 2012 is net of deferred tax asset of ₹ 22.38 lakhs (corresponding previous period ₹ 32.21 lakhs)
- 5) During the quarter ended September 30, 2012, the Company has allotted 491,250 equity shares on exercise of the options granted under the Employee Stock Option Plans
- 6) The summarized 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

(₹ in lakhs)

Particulars	Quarter Ended 30.09.2012 (Unaudited)	Quarter Ended 30.06.2012 (Unaudited)	Quarter Ended 30.09.2011 (Unaudited)	Half Year Ended 30.09.2012 (Audited)	Half Year Ended 30.09.2011 (Audited)	Year Ended 31.03.2012 (Audited)
Revenue	2,370.96	2,521.37	2,622.64	4,892.33	4,727.14	10,261.86
Profit before tax	1,439.39	1,424.05	1,331.02	2,863.44	2,335.67	5,756.40
Profit after tax	998.60	1,000.62	943.72	1,999.22	1,628.41	4,104.29

- 7) Figures for the previous period / year have been regrouped and rearranged wherever considered necessary

By Order of the Board


Archana Hugorani
Chief Executive Officer & Executive Director

Mumbai, October 26, 2012

