

**N. M. RAIJI & CO.**  
*Chartered Accountants*  
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Pherozeshah Mehta Road,  
Mumbai-400 001. INDIA  
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**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF IL&FS INFRA ASSET MANAGEMENT LIMITED**

**1. Report on the Financial Statements**

We have audited the accompanying financial statements of **IL&FS INFRA ASSET MANAGEMENT LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

**2. Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



**3. Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

**4. Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;



- b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**5. Report on Other Legal and Regulatory Requirements**


- I. As required by Section 143(3) of the Act, we report that:
  - i. We have sought and obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.
  - ii. In our opinion, proper books of account, as required by law, have been kept by the Company, so far as it appears from our examination of those books.
  - iii. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - iv. In our opinion, the aforesaid financial statements, comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - v. On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the Directors is disqualified, as on 31<sup>st</sup> March, 2016, from being appointed as a director in terms of Section 164 (2) of the Act.
  - vi. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure "A".
  - vii. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:



- (a) The Company does not have any pending litigations which would impact its financial position.
- (b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- (c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

II. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure "B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For N. M. RAIJI & CO.**  
Chartered Accountants  
Firm Registration No. 108296W

  
**VINAY D. BALSE**  
Partner  
Membership No. 39434

Place: Mumbai

Date: April 29, 2016

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS of IL&FS INFRA ASSET MANAGEMENT LIMITED**

(Referred to in paragraph 6 (l) (vi) of our report of even date)

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **IL&FS INFRA ASSET MANAGEMENT LIMITED** ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.


#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

**For N. M. RAIJI & CO.**  
Chartered Accountants  
Firm Registration No. 108296W

  
**VINAY D. BALSE**  
Partner  
Membership No. 39434

Place: Mumbai

Date: April 29, 2016

**ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS of IL&FS INFRA ASSET MANAGEMENT LIMITED**

(Referred to in paragraph 6 (II) of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, according to the practice of the Company, fixed assets are physically verified by the management at reasonable intervals which, in our opinion, is reasonable, considering the size of the company and nature of its business. No material discrepancies were noticed on such verification.
- (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of paragraph 3 of the Order is not applicable.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of paragraph 3 of the Order is not applicable.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 (the "Act"). Accordingly, sub-clauses (a), (b) & (c) of clause (iii) of paragraph 3 of the Order are not applicable.
- (iv) According to the information and explanations given to us, the Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of paragraph 3 of the Order is not applicable.
- (v) To the best of our knowledge and according to the information and explanations given to us, the Company has not accepted any deposits during the year. Therefore, reporting under clause (v) of paragraph 3 of the Order is not applicable.
- (vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) of paragraph 3 of the Order is not applicable.
- (vii) Based on our examination of the books of account and according to the information and explanations given to us,



- (a) the Company has been generally regular in depositing with the appropriate authorities undisputed statutory dues, including Provident Fund, Income-tax, Service Tax, Cess and other statutory dues wherever applicable. There were no undisputed amounts payable in respect of the above statutory dues in arrears as at 31st March, 2016, for a period of more than six months from the date they became payable.
- (b) There are no dues in respect of Income-tax, Service Tax, and Cess which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) The Company has not raised any monies from Government, Financial Institutions and Banks and does not have any outstanding debentures. Therefore, reporting under clause (viii) of paragraph 3 of the Order is not applicable.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of paragraph 3 of the Order is not applicable.
- (x) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The Company does not have any Managing Director and hence reporting under clause (xi) of paragraph 3 of the Order is not applicable.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of paragraph 3 of the Order is not applicable.
- (xiii) To the best of our knowledge and belief and according to the information and explanations given to us, the Company is in compliance with Section 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and hence reporting under clause (xiv) of paragraph 3 of the Order is not applicable.

- (xv) To the best of our knowledge and belief and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.
- (xvi) To the best of our knowledge and belief, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For N. M. RAIJI & CO.**  
Chartered Accountants  
Firm Registration No. 108296W



**VINAY D. BALSE**  
Partner  
Membership No. 39434

Place: Mumbai

Date: April 29, 2016

**IL&FS INFRA ASSET MANAGEMENT LIMITED**  
 CIN U65191MH2013PLC239438  
**BALANCE SHEET**

Particulars	Notes	Amount ₹			
		As at March 31, 2016	As at March 31, 2016	As at March 31, 2015	As at March 31, 2015
<b>EQUITY AND LIABILITIES</b>					
<b>SHAREHOLDERS' FUNDS</b>					
Share Capital	3	193,980,000		193,980,000	
Reserves and Surplus	4	30,032,117	224,012,117	(15,125,244)	178,854,756
<b>NON CURRENT LIABILITIES</b>					
Long-term Provisions	5	1,929,250	1,929,250	1,621,362	1,621,362
<b>CURRENT LIABILITIES</b>					
Trade Payables	6	2,486,322		44,308,872	
Other Current Liabilities	7	1,493,455		1,551,930	
Short-term Provisions	8	1,706,961	5,686,738	2,446,571	48,307,373
<b>TOTAL</b>			<b>231,628,105</b>		<b>228,783,491</b>
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Fixed Assets	9				
Tangible Assets		2,764,552		524,413	
Intangible Assets		172,991		291,948	
Deferred Tax Assets	10	1,334,400		11,129,166	
Long-Term Loans and Advances	11	43,307,820	47,579,763	44,144,378	56,089,905
<b>CURRENT ASSETS</b>					
Trade Receivables	12	14,600,022		17,002,276	
Cash and Cash Equivalents	13	155,329,823		142,604,769	
Short-Term Loans and Advances	14	10,902,002		9,046,705	
Other Current Assets	15	3,216,495	184,048,342	4,039,836	172,693,586
<b>TOTAL</b>			<b>231,628,105</b>		<b>228,783,491</b>

Notes 1 to 24 annexed hereto forms integrated part of Financial Statements

 As per our report of even date attached  
 For N M RAIJI & Co.  
 Chartered Accountants  
 Firm Registration No. 108296W

Viray D Balse  
Partner  
Membership No 39434  
Mumbai, April 29, 2016



For and on Behalf of the Board

Ramesh C Bawa  
Chairman & Director  
DIN: 00040523

Rajesh Kotian  
Director  
DIN: 02283475

Amit Mainkar  
Chief Financial Officer


Dinesh Ladwa  
Company Secretary

**IL&FS INFRA ASSET MANAGEMENT LIMITED**  
 CIN U65191MH2013PLC239438  
**STATEMENT OF PROFIT AND LOSS**

Particulars	Notes	Amount ₹	
		For the year ended March 31, 2016	For the year ended March 31, 2015
<b>REVENUE</b>			
Revenue from Operations	16	136,126,618	95,433,134
Other Income	17	11,009,615	11,863,368
<b>TOTAL</b>		<b>147,136,233</b>	<b>107,296,502</b>
<b>EXPENSES</b>			
Employees Benefit Expenses	18	40,040,194	45,784,683
Operating Expenses	19	38,579,334	31,466,881
Depreciation and Amortization	9	1,008,513	692,460
<b>TOTAL</b>		<b>79,628,041</b>	<b>77,944,024</b>
<b>PROFIT BEFORE TAX</b>		<b>67,508,192</b>	<b>29,352,478</b>
<b>TAX EXPENSES</b>			
Current Tax		13,764,144	5,734,136
Mat Credit		(1,208,079)	(2,221,558)
Deferred Tax		9,794,766	(11,129,166)
		<b>22,350,831</b>	<b>(7,616,588)</b>
<b>PROFIT FOR THE YEAR</b>		<b>45,157,361</b>	<b>36,969,066</b>
<b>EARNINGS PER SHARE (Face Value ₹ 10 per share)</b>			
Basic and Diluted	20	2.33	1.95

Notes 1 to 24 annexed hereto forms integrated part of Financial Statements

As per our report of even date attached  
 For N M RAIJI & Co.  
 Chartered Accountants  
 Firm Registration No. 108296W

  
**Vinay D Balse**  
 Partner

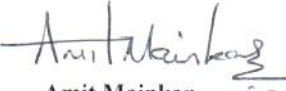
Membership No 39434  
 Mumbai, April 29, 2016



For and on Behalf of the Board

  
**Ramesh C Bawa**  
 Chairman & Director  
 DIN: 00040523

**Rajesh Kotian**  
 Director  
 DIN: 02283475

  
**Amit Mainkar**  
 Chief Financial Officer

  
**Dinesh Ladwa**  
 Company Secretary

**IL&FS INFRA ASSET MANAGEMENT LIMITED**  
 CIN U65191MH2013PLC239438  
**CASH FLOW STATEMENT**

Amount ₹

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit for the period	67,508,192	29,352,478
<b>Adjustments for:</b>		
Depreciation	1,008,513	692,460
Interest Income	(10,844,482)	(11,492,221)
Profit from Sale of Fixed Assets	(12,329)	(147)
Provision for Employee Benefits	(431,722)	335,838
<b>Operating Profit before Working Capital Changes</b>	<b>57,228,172</b>	<b>18,888,408</b>
<b>Adjustments for changes in:</b>		
Decrease in Trade Receivables	2,402,254	802,777
(Decrease) / Increase in Trade Payables	(41,822,550)	38,218,114
Increase in Other Current and Non-Current Assets	(1,221,137)	(37,907,140)
Decrease in Long Term and Other Current Liabilities	(58,475)	(32,929)
	<b>16,528,264</b>	<b>19,969,230</b>
Advance payment of Tax (net of refund)	(12,353,667)	(11,098,515)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>4,174,597</b>	<b>8,870,715</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(3,129,695)	(682,630)
Proceeds from Sale of Fixed Assets	12,329	147
Interest Income received	11,667,823	10,812,611
Fixed Deposits placed during the year	(150,000,000)	(95,000,000)
Fixed Deposits matured during the year	95,000,000	106,900,000
<b>NET (CASH USED IN) / GENERATED FROM INVESTING ACTIVITIES</b>	<b>(46,449,543)</b>	<b>22,030,128</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Shares	-	10,980,000
<b>CASH GENERATED FROM FINANCING ACTIVITIES</b>	<b>-</b>	<b>10,980,000</b>
<b>(D) NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENT</b>	<b>(A+B+C)</b>	<b>41,880,843</b>
Cash and Cash Equivalent at the beginning of the year	47,604,769	5,723,926
Cash and Cash Equivalent at the end of the year	<b>5,329,823</b>	<b>47,604,769</b>
(Refer Note 13)		

Notes 1 to 24 annexed hereto forms integrated part of Financial Statements

As per our report of even date attached  
 For N M RAIJI & Co.  
 Chartered Accountants  
 Firm Registration No. 108296W

Vinay D Balse  
 Partner  
 Membership No 39434  
 Mumbai, April 29, 2016



For and on Behalf of the Board

Ramesh C Bawa  
 Chairman & Director  
 DIN: 00040523

Rajesh Kotian  
 Director  
 DIN: 02283475

Amit Mainkar  
 Chief Financial Officer

Dinesh Ladwa  
 Company Secretary

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****(1) BACKGROUND**

IL&FS Infra Asset Management Limited (the "Company") was incorporated on January 8, 2013, and is a direct subsidiary of IL&FS Financial Services Limited. The Company is registered as an investment manager with the Securities and Exchange Board of India (SEBI) under SEBI (Mutual Funds) Regulations, 1996. The principal business of the Company is to provide management advisory and administrative services to IL&FS Mutual Fund (IDF) (the "Fund") in accordance with the Investment Management Agreement between IL&FS AMC Trustee Limited and the Company, dated January 21, 2013 and amended on September 5, 2013

**(2) SIGNIFICANT ACCOUNTING POLICIES****(a) Basis for preparation of Financial Statements**

The Financial Statements are prepared under the historical cost convention in accordance with the Generally Accepted Accounting Principles in India including the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs). All income and expenditure, having a material bearing on the Financial Statements, are recognized on an accrual basis

The preparation of Financial Statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including Contingent Liabilities), as on the date of the Financial Statements and the reported Income and Expenses during the reporting period. The Management believes that the estimates used in the preparation of the Financial Statements are prudent and reasonable. Actual results could differ from these estimates. Any changes in such estimates are recognized prospectively

**(b) Fixed Assets, Depreciation and Impairment**

- (i) Fixed Assets, including intangible assets, have been capitalised at the cost of acquisition and other incidental expenses
- (ii) Fixed Assets are stated at cost, less accumulated depreciation and impairment losses, if any



- (iii) Fixed Assets are depreciated on the Straight Line Method at the rates and in the manner specified in Schedule II to the Companies Act, 2013, except in the case of certain assets, which are depreciated over a useful life which is shorter than the life prescribed under Schedule II of the Companies Act 2013, based on the Management's estimate of useful life based on their usage:

Asset Type	Useful Life
Data Processing Equipments- Server and Networking	4 years
Specialised Office Equipment	3 years
Mobile Phones, Tablets and Soft Furnishing	year of capitalisation
Lease Improvements	lease period (3 years)

- (iv) Assets costing Rs 5,000 or less, are fully depreciated in the year of capitalisation
- (v) The carrying values of assets of the cash-generating unit, at each balance sheet date, are reviewed for impairment. If any indication of such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognised if carrying value of those assets is higher than the recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to its present value by using a discount factor

(c) **Revenue Recognition**

Revenue is recognized when there is reasonable certainty of its ultimate realization/collection.

Investment management and advisory fee is recognised at specific rates agreed with the relevant schemes, applied on the average daily net assets of each scheme (excluding inter-scheme investments, where applicable, and investments made by the Company in the respective scheme), and are in conformity with the limits specified under SEBI (Mutual Funds) Regulations, 1996, as amended.

Interest income is recorded on an accrual basis.

(d) **Employee benefits**

- (i) Contributions to Provident Fund are charged to the Statement of Profit and Loss as per applicable law/ rules
- (ii) The Company has taken Group Gratuity Scheme for gratuity payable to the eligible employees. Incremental liability based on actuarial valuation as per the projected unit credit method as at the reporting date, is charged to the Statement of Profit and Loss. Actuarial gain or losses are also recognized in the Statement of Profit and Loss



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- (iii) The leave balance has been classified as Short-term and Long-term, based on the best estimates after considering the past trends. The Short-term leave encashment liability for the expected leave to be encashed, has been measured by an actuary on the actual component eligible for leave encashment and the expected Short-term leave to be availed is valued at total cost to the Company. Long-term leave is valued on actuarial basis, determined on the basis of Projected Unit Cost method

(e) **Taxation**

Tax expense comprises of Current Tax and net changes in Deferred Tax Assets or Liabilities during the period. Current Tax is determined at the amount of tax payable in respect of taxable income for the year, as per the Income Tax Act, 1961

Deferred Tax Assets and Liabilities are recognised for the future tax consequences of timing differences arising from differences in accounting policies as per the accounts drawn up under the Companies Act and the Income Tax Act. Deferred Tax Assets in the event of non existence of carry forward losses and unabsorbed depreciation under tax laws are recognised when it is reasonably certain that there will be future taxable income. With regard to carry forward losses and unabsorbed depreciation, Deferred Tax Assets are recognized only when it is virtually certain that there will be future taxable profits. Deferred tax assets and liabilities are measured using substantively enacted tax rates

(f) **Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognised when the Company has a present, legal or constructive obligation as a result of a past event and it is probable that the outflow of resources would be required to settle the obligation, and in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimates at the balance sheet date required to settle the obligation. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimates. A contingent liability is disclosed unless the possibility of an outflow of resources embodying the economic benefits is remote. Contingent Assets are neither recognised nor disclosed in the financial statements

(g) **Cash Flow Statement**

- (i) Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information
- (ii) Cash and Cash Equivalents comprises of Balance in Bank Current Accounts





(h) **Foreign Currency Transactions**

(i) **Foreign Currency Transactions and Balances**

**Initial Recognition**

Foreign currency transactions are recorded at the rate prevailing on the date of the transaction

**Conversion**

Foreign currency monetary items are restated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction

**Exchange Differences**

Exchange differences on foreign currency short-term monetary items are recognised as income or as expenses, as the case may be, in the period in which they arise

(i) **Earnings Per Share**

Basic earnings per share is calculated by dividing the net profit after tax for the period attributable to the equity shareholders of the Company by weighted average number of equity shares outstanding during the period

Diluted earnings per share is calculated by dividing the net profit after tax for the period attributable to the equity shareholders of the Company by weighted average number of equity shares determined by assuming conversion on exercise of conversion rights for all potential dilutive securities

(j) **Preliminary expenses**

Preliminary expenses are written off in the year in which they are incurred.

(k) **Fund Expenses**

Annual recurring expenses related to the schemes of IL&FS Mutual Fund (IDF), which are in excess of internal expense limits, are borne by the Company

The Company also absorbs the expenses relating to the launch of the schemes of IL&FS Mutual Fund (IDF)

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(l) **Distribution Commission**

Distribution Commission on closed ended schemes is expensed out over the tenure of the respective schemes, commencing from the month in which units are allotted

(3) **SHARE CAPITAL**

- (a) The details of the Authorised, Issued, Subscribed and Paid up Share Capital are as below:

(Amount ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Authorised</b> 25,000,000 Equity shares of ₹ 10 per share	<b>250,000,000</b>	<b>250,000,000</b>
<b>Issued, Subscribed and Paid up</b> 19,398,000 Equity shares of ₹ 10 per share fully paid-up	<b>193,980,000</b>	<b>193,980,000</b>

- (b) The Company has one class of equity shares, having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The Shareholders are entitled to dividend declared on proportionate basis. On liquidation of the Company, the Equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholding
- (c) Details of Equity shares held by each shareholder holding more than 5% shares:

Name of the Shareholder	As at March 31, 2016		As at March 31, 2015	
	Number of shares held	% of holding	Number of shares held	% of holding
IL&FS Financial Services Limited	16,800,000	86.61%	16,800,000	86.61%
Life Insurance Corporation of India	1,500,000	7.72%	1,500,000	7.72%
<b>Total</b>	<b>18,300,000</b>	<b>94.33%</b>	<b>18,300,000</b>	<b>94.33%</b>



**(4) RESERVES AND SURPLUS**

The movement in Statement of Profit and Loss is as follows:

(Amount ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
Balance at the beginning of the Year	(15,125,244)	(52,094,310)
Profit for the Year	45,157,361	36,969,066
<b>Total</b>	<b>30,032,117</b>	<b>(15,125,244)</b>

**(5) LONG TERM PROVISIONS**

(Amount ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
For Employee Benefits	1,929,250	1,621,362
<b>Total</b>	<b>1,929,250</b>	<b>1,621,362</b>

**(6) TRADE PAYABLES**

(Amount ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
Trade Payable	2,486,322	44,308,872
<b>Total</b>	<b>2,486,322</b>	<b>44,308,872</b>

According to the records available with the Company, there were no dues to Micro Small Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006. Hence disclosures, if any, relating to amounts unpaid as at the year end, together with the interest paid / payable as required under the said Act have not been given.

**(7) OTHER CURRENT LIABILITIES**

(Amount ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
Statutory Dues	926,529	1,119,548
Other payables	566,926	432,382
<b>Total</b>	<b>1,493,455</b>	<b>1,551,930</b>




**(8) SHORT TERM PROVISIONS**

(Amount ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
For Employee Benefits	1,706,961	2,446,571
<b>Total</b>	<b>1,706,961</b>	<b>2,446,571</b>

(a) Disclosure as required under AS- 15 – “Employee Benefits”:

- (i) The Company has recognized ₹ 735,498/- (Previous year ₹ ₹ 853,670/-) in the Statement of Profit and Loss, towards defined contribution plans in respect of the Company’s Contribution to Provident Fund
- (ii) The Actuarial valuation of the present value of defined benefit obligations was carried out at March 31, 2016. The present value of defined benefit obligations and related service cost were measured using the projected unit credit method

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

I. Assumption	For the year ended March 31, 2016	For the year ended March 31, 2015
Discount Rate	8.04%	8.00%
Salary Escalation	8.50%	6.50%

(Amount ₹)

Reconciliation of Defined Benefit obligation	For the year ended March 31, 2016	For the year ended March 31, 2015
Opening Defined Benefit obligation	2,533,550	1,672,868
Interest Cost	202,684	156,079
Current Service Cost	560,382	431,382
Benefits paid	(440,271)	-
Actuarial (gain) / loss on obligations	(35,443)	393,731
Liability transferred out	-	(120,510)
<b>Closing Defined Benefit obligation</b>	<b>2,820,902</b>	<b>2,533,550</b>

(Amount ₹)

Recognition of Actuarial Gains/Losses	For the year ended March 31, 2016	For the year ended March 31, 2015
Actuarial gain/(loss) on obligation for the year	35,443	(393,731)
Actuarial gain/(loss) on Plan asset for the year	62,147	-
<b>Actuarial gain/(loss) recognized in Statement of Profit and Loss</b>	<b>97,590</b>	<b>(393,731)</b>




(Amount ₹)

Table of Fair Value of Plan Assets	For the year ended March 31, 2016	For the year ended March 31, 2015
Fair value of Plan Assets at the start of the year	1,376,929	--
Expected Return on Plan Assets	110,154	-
Contributions	1,156,621	1,368,319
Benefit paid	(432,692)	-
Actuarial Gains on Plan Assets	62147	8,610
<b>Fair value of Plan Assets at the end of the year</b>	<b>2,273,159</b>	<b>1,376,929</b>

(Amount ₹)

Amount Recognized in the Balance Sheet	As at March 31, 2016	As at March 31, 2015
Present value of benefit/obligations as at the end of the year	2,820,902	25,33,550
Fair value of Plan Assets at the end of the year	2,273,159	1,376,929
Shortfall	544,743	1,156,621
<b>Amount Recognised in Balance Sheet*</b>	<b>544,743</b>	<b>1,156,621</b>

\*Amount includes transfer in / out of ₹ Nil (previous year transfer out of ₹ 120,510/-) from Group Companies on account of transfer of employees

(Amount ₹)

Expenses Recognized in the Statement of Profit and Loss	For the year ended March 31, 2016	For the year ended March 31, 2015
Current Service Cost	560,382	431,382
Net Interest Cost	92,530	156,079
Actuarial (gain) / loss	(97,590)	385,121
<b>Expense Recognized in the Statement of Profit and Loss</b>	<b>555,322</b>	<b>972,582</b>

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## (9) Fixed Assets

Particulars	Gross Block (at Cost)						Accumulated Depreciation			Net Block	
	As at April 1, 2015	Additions	Deletions	As at March 31, 2016	As at April 1, 2015	for the year	Deletions	As at March 31, 2016	As at March 31, 2015	As at March 31, 2015	
<b>TANGIBLE ASSETS</b>											
Data Processing Equipments	1,487,529	597,346	-	2,084,875	1,010,670	486,013	-	1,496,683	588,192	476,859	
Office Equipments	242,624	136,783	15,000	364,407	206,049	98,323	15,000	289,372	75,035	36,575	
Furniture and Fixtures	19,131	1,270,477	-	1,289,608	8,152	148,125	-	156,277	1,133,331	10,979	
Electronic Installations	-	406,439	-	406,439	-	24,234	-	24,234	382,205	-	
Lease Improvement	-	718,650	-	718,650	-	132,861	-	132,861	585,789	-	
<b>Total (A)</b>	<b>1,749,284</b>	<b>3,129,695</b>	<b>15,000</b>	<b>4,863,979</b>	<b>1,224,871</b>	<b>889,556</b>	<b>15,000</b>	<b>2,099,427</b>	<b>2,764,552</b>	<b>524,413</b>	
<b>INTANGIBLE ASSETS</b>											
Licensed Software	451,460	-	-	451,460	159,512	118,957	-	278,469	172,991	291,948	
<b>Total (B)</b>	<b>451,460</b>	<b>-</b>	<b>-</b>	<b>451,460</b>	<b>159,512</b>	<b>118,957</b>	<b>-</b>	<b>278,469</b>	<b>172,991</b>	<b>291,948</b>	
<b>Total (A+B)</b>	<b>2,200,744</b>	<b>3,129,695</b>	<b>15,000</b>	<b>5,315,439</b>	<b>1,384,383</b>	<b>1,008,513</b>	<b>15,000</b>	<b>2,377,896</b>	<b>2,937,543</b>	<b>816,361</b>	
<b>As at March 31, 2015</b>	<b>1,519,097</b>	<b>682,630</b>	<b>983</b>	<b>2,200,744</b>	<b>692,906</b>	<b>692,460</b>	<b>983</b>	<b>1,384,383</b>	<b>816,361</b>		

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**(10) CURRENT AND DEFERRED TAX**

Details of major components of deferred tax assets arising on account of timing differences as on March 31, 2016 are as below:-

(Amount ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Deferred Tax Assets</b>		
Difference between book and tax depreciation	4,915	15,251
Carry forward losses	-	9,543,842
Others (43B payments and preliminary expenses)	1,329,485	1,570,073
<b>Total</b>	<b>1,334,400</b>	<b>11,129,166</b>

**(11) LONG-TERM LOANS AND ADVANCES**

(Amount ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Unsecured, considered good</b>		
Advance Payment of Tax (Net of provision)	6,405,766	7,816,242
Mat Credit Entitlement	3,429,637	2,221,558
Security Deposit	5,500	5,500
Prepaid Expense	10,916	12,670
Others Assets (Refer Note below)	33,456,001	34,088,408
<b>Total</b>	<b>43,307,820</b>	<b>44,144,378</b>

Other Assets includes distribution commission payable on closed ended schemes which are expensed out over the tenure of the schemes from the month in which units are allotted. The unamortized portion to be expensed out in the next year has been disclosed under short-term loans and advances

**(12) TRADE RECEIVABLE**

(Amount ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
<b>Unsecured, Considered good</b>		
Outstanding for less than 6 Months	14,600,022	17,002,276
<b>Total</b>	<b>14,600,022</b>	<b>17,002,276</b>




**(13) CASH AND CASH EQUIVALENTS**

(Amount ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
<u>Balance with Banks</u>		
Balance with Banks In Current Accounts	5,329,823	7,663,868
<u>Other Bank Balance</u>		
Term deposits		
-with less than 12 months maturity	150,000,000	134,940,901
<b>Total</b>	<b>155,329,823</b>	<b>142,604,769</b>

**(14) SHORT-TERM LOANS AND ADVANCES**

(Amount ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
<u>Unsecured Advances, considered good</u>		
CENVAT Input credits	4,513,404	354,693
Prepaid Expenses	2,401,077	2,039,669
Other Assets (Refer Note 11)	3,970,107	5,911,592
<u>Other Advances</u>		
-With Related Party	7,205	-
-With Others	10,209	740,751
<b>Total</b>	<b>10,902,002</b>	<b>9,046,705</b>

**(15) OTHER CURRENT ASSETS**

(Amount ₹)

Particulars	As at March 31, 2016	As at March 31, 2015
Income Accrued but not due on Fixed Deposit	3,216,495	4,039,836
<b>Total</b>	<b>3,216,495</b>	<b>4,039,836</b>

**(16) REVENUE FROM OPERATIONS**

(Amount ₹)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Investment Management Fees – Gross	155,120,502	107,228,669
Less: Service Tax	18,993,884	11,795,535
<b>Total</b>	<b>136,126,618</b>	<b>95,433,134</b>






**(17) OTHER INCOME**

Particulars	(Amount ₹)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Interest Income on Fixed Deposits	10,844,482	11,492,221
Interest Income on Income Tax Refund	152,804	-
Profit on sale of Fixed Assets	12,329	147
Miscellaneous Income	-	371,000
<b>Total</b>	<b>11,009,615</b>	<b>11,863,368</b>

**(18) EMPLOYEES BENEFIT EXPENSE**

Particulars	(Amount ₹)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Salaries and Allowances	37,185,508	41,927,841
Contribution to Provident and Other Funds	2,005,146	2,632,746
Staff Training and Welfare Expenses	849,540	1,224,096
<b>Total</b>	<b>40,040,194</b>	<b>45,784,683</b>

**(19) OPERATING AND ADMINISTRATIVE EXPENSES**

Particulars	(Amount ₹)	
	For the year ended March 31, 2016	For the year ended March 31, 2015
Rent	5,080,971	6,140,821
Electricity Charges	210,952	190,659
Rates & Taxes	1,411,487	1,161,458
Travelling & Conveyance	2,853,385	4,726,483
Legal & Professional Charges	14,122,902	7,329,128
Scheme Administration Expenses	1,811,238	1,690,405
Repairs & Maintenance	394,485	465,147
Insurance Expenses	906,452	800,918
Brand Subscription Charges	1,072,965	1,000,000
Service Charges	4,326,099	4,325,634
Directors Sitting Fees	1,250,000	835,000
Communication Expenses	413,302	588,048
Printing and Stationery	370,752	440,428
Auditors Remuneration	331,678	330,323
Distribution Commission	2,573,892	-
Business Promotion	1,225,789	1,166,900
Miscellaneous Expenses	222,985	275,412
<b>Total</b>	<b>38,579,334</b>	<b>31,466,881</b>




**(20) EARNINGS PER SHARE (EPS)**

In accordance with the Accounting Standard 20 on 'Earning per Share', the Basic Earnings per Share and Diluted Earnings per Share have been computed by dividing the profit for the year by the weighted average number of equity shares as under:

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Profit attributable for Equity Shareholders (₹)	45,157,361	36,969,066
Weighted Average Number of Equity Shares in calculating Basic EPS	193,98,000	189,58,800
Weighted Average Number of Equity Shares in calculating Diluted EPS	193,98,000	189,58,800
Nominal Value per share (₹)	10	10
Basic and Diluted Earnings per share (₹)	2.33	1.95

**(21) RELATED PARTY TRANSACTIONS**

(a) As per the Accounting Standard - 18 on 'Related Party Transactions', the related parties as at March 31, 2016 are as follows:

(i) **Ultimate Holding Company:**

Infrastructure Leasing & Financial Services Limited

(ii) **Holding Company:**

IL&FS Financial Services Limited

(iii) **Mutual Fund Managed by The Company:**

IL&FS Mutual Fund (IDF)

(iv) **Fellow Subsidiaries**

(Entities where the Company has transactions during the period)

IL&FS Securities Services Limited  
 IL&FS Trust Company Limited  
 Livia India Limited (w.e.f. January 30, 2015)  
 IL&FS Academy Of Applied Development  
 IL&FS Urban Infrastructure Limited  
 ISSL CPG BPO Private Limited




- (b) The nature and volume of transactions with the Related parties during the year ended March 31, 2016 are as follows:-

(Amount ₹)

Name of the Related Party	Nature of Transaction	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>Income</b>			
IL&FS Mutual Fund (IDF)	Investment Management Fees	136,126,618	95,433,134
IL&FS Financial Services Limited	Miscellaneous Income	-	371,000
<b>Expenses</b>			
IL&FS Financial Services Limited	Rent	1,708,010	6,140,821
	Service Charges	691,256	716,308
Infrastructure Leasing and Financial Services Limited	Brand Subscription Charges	1,072,965	1,000,000
	Service Charges	28,500	74,000
	Rent	3,372,961	-
IL&FS Securities Services Limited	Accounting Charges	3,718,911	2,878,457
IL&FS Trust Company Limited	Legal and Professional Charges	110,000	210,000
IL&FS Academy Of Applied Development	Staff Training and Welfare Expenses	20,000	-
ISSL CPG BPO Private Limited	Legal and Professional Charges	11,600	-
IL&FS Mutual Fund (IDF)	Scheme Administration Expenses	1,811,238	1,690,405
Livia India Limited	Service Charges	2,200,000	1,555,427
<b>Transaction During the Year</b>			
IL&FS Financial Services Limited	Distribution Commission	-	40,000,000

Name of the Related Party	Particulars	As at March 31, 2016	As at March 31, 2015
<b>Assets</b>			
IL&FS Mutual Fund (IDF)	Trade Receivable	13,667,284	16,785,273
IL&FS Academy Of Applied Development	Trade Receivable	622	-
IL&FS Urban Infrastructure Limited	Trade Receivable	16,061	-
IL&FS Financial Services Limited	Trade Receivable	-	217,003
Infrastructure Leasing and Financial Services Limited	Trade Receivable	22,752	-
	Short-term Loans & Advances	7,205	-
<b>Liabilities</b>			
Infrastructure Leasing and Financial Services Limited	Trade Payable	12,384	2,069
IL&FS Securities Services Limited	Trade Payable	333,891	262,896
IL&FS Mutual Fund (IDF)	Trade Payable	1,347,142	1,306,469
IL&FS Financial Services Limited	Trade Payable	85,149	40,142,122



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**(22) FOREIGN CURRENCY EXPENDITURE**

(Amount ₹)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Travelling Expenses	348,281	212,205
Legal & Professional Charges	3,636,187	-
Business Promotion	110,768	-
<b>Total</b>	<b>4,095,236</b>	<b>212,205</b>

**(23) SEGMENT REPORTING**

The Company acts as the Asset Manager for the schemes of IL&FS Mutual Fund (IDF). As the Company is engaged in one business segment and no geographical segments, the Balance Sheet at March 31, 2016, and the Statement of Profit and Loss for the year ended March 31, 2016 pertain to one business segment

- (24) Previous year figures have been regrouped and / or rearranged wherever necessary, to correspond to figures of the current year

**As per our report of even date attached**
**For N M RAIJI & Co.**

Chartered Accountants

Firm Registration No. 108296W

**For and on behalf of the Board**

**Vinay D Balse**

Partner

Membership No. 39434

Mumbai, April 29, 2016



**Ramesh C Bawa**

Chairman &amp; Director

DIN: 00040523


**Rajesh Kotian**

Director

DIN: 02283475


**Amit Mainkar**

Chief Financial Officer


**Dinesh Ladwa**

Company Secretary