

**FIFTH ANNUAL TRUSTEE REPORT TO THE UNIT HOLDERS OF
IL&FS MUTUAL FUND (IDF)**

Dear Unitholders,

We have pleasure in presenting the 5th (Fifth) Annual Report of the Schemes of IL&FS Mutual Fund (IDF) for the year ended March 31, 2018, along with the Audited Financial Statements of the Schemes

The Mutual Fund received registration from Securities & Exchange Board of India (SEBI) on February 1, 2013, with IL&FS Infra Asset Management Limited (“the AMC”) as the Investment Manager, and commenced its operations

(1) BRIEF BACKGROUND OF TRUST, SPONSOR, TRUSTEE COMPANY AND ASSET MANAGEMENT COMPANY

(a) IL&FS INFRASTRUCTURE DEBT FUND (IDF):

IL&FS Mutual Fund (IDF) (“the Mutual Fund” or “the Infrastructure Debt Fund”) has been constituted as a Trust on January 21, 2013 in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) with IL&FS Investment Managers Limited as the Sponsor and IL&FS AMC Trustee Limited as the Trustee. The Trust Deed was amended and restated on September 5, 2013 and further amended on January 16, 2017. The Trust Deed has been registered under the Indian Registration Act, 1908. SEBI on February 1, 2013 registered IL&FS Mutual Fund (IDF) under Registration No. MF/072/13/02

(b) SPONSOR:

IL&FS Investment Managers Limited (IIML) is the Sponsor of IL&FS Mutual Fund (IDF)

Established in 1989, IL&FS Investment Managers Limited (IIML) has been an early and in many instances, the first investor across various sectors such as Telecom, City Gas Distribution, Shipyards, Retail, and Media. IIML is one of India’s largest private equity fund management companies and has raised and managed over US\$ 3.5 billion on behalf of leading Indian and International Institutions

IIML has been an active investor in the Indian market with aggregate investment experience spanning nearly two decades and across industry sectors. IIML’s experience covers the entire Private Equity life cycle – right from raising funds, investing, monitoring and planning exits



IIML has a diversified portfolio with a vast experience in managing funds across all the sectors and business cycles. However, broadly IIML's focus can be categorised into a) Infrastructure b) Real Estate and c) Growth Private Equity i.e. manufacturing, technology, retail, media, agriculture & consumer services etc

IIML recognised that Indian infrastructure requirements are humungous and thus over the last decade, IIML has managed 3 infrastructure focused funds and presently manages investments in the sector through the SCI Asia Infrastructure Fund, a joint venture fund in partnership with Standard Chartered Bank. In all, IIML has undertaken 31 infrastructure investments aggregating over ₹ 26 billion and is presently invested across transportation, maritime, power, city gas distribution, agri-warehousing, container logistics and waste management sectors

(c) THE TRUSTEE:

IL&FS AMC Trustee Limited, the Trustee Company is a Public Limited Company incorporated under the Companies Act, 1956 on December 4, 2012 and at present having its registered office at The IL&FS Financial Centre, 7th Floor, Plot C-22, G Block, Bandra Kurla Complex, Bandra East, Mumbai- 400051, India. The Original Trust Deed between the parties was registered on January 21, 2013 and was amended and restated on September 5, 2013 and further amended on January 16, 2017. The Trustee, through its Board of Directors, shall discharge its obligations as Trustee of the IL&FS Mutual Fund (IDF). The Trustee ensures that the transactions entered into by the AMC are in accordance with the SEBI Regulations and will also review the activities carried on by the AMC. IL&FS AMC Trustee Limited is a wholly owned subsidiary of IL&FS Investment Managers Limited. IL&FS Investment Managers Limited holds 100% of the share capital of IL&FS AMC Trustee Limited along with 6 nominee shareholders

DIRECTORS OF IL&FS AMC TRUSTEE LIMITED

Mr Arun K Saha	Associate Director
Mr Chitranjan Kahlon	Independent Director
Mr Balasubramanian Narasimhan	Independent Director
Mr Ranjan Dhawan	Independent Director

Independent Directors in terms of SEBI (Mutual Funds) Regulations, 1996





(d) **ASSET MANAGEMENT COMPANY (AMC):**

IL&FS Infra Asset Management Limited (IIAML) is a Public Limited Company incorporated under the Companies Act, 1956 on January 8, 2013 and at present having its Registered Office at "The IL&FS Financial Center, 7th Floor, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400051". IL&FS AMC Trustee Limited (Trustee Company) and IL&FS Infra Asset Management Limited (IIAML) have executed the Investment Management Agreement (IMA) on January 21, 2013 whereby the Trustee Company appointed IIAML as the Asset Management Company of the IL&FS Mutual Fund (IDF)

This IMA was Amended and Restated on September 5, 2013 and further amended on January 16, 2017. IIAML is a subsidiary of IL&FS Investment Managers Limited. IL&FS Investment Managers Limited along with 6 nominee shareholders holds 86.61% and LIC of India holds 7.72% of IIAML's share capital. Whereas, General Insurance Corporation of India, United India Insurance Company Limited and National Insurance Co Ltd holds 1.89% each of IIAML's share capital

DIRECTORS OF IL&FS INFRA ASSET MANAGEMENT LIMITED

Mr Ramesh Chander Bawa	Associate Director
Mr Milind Patel*	Associate Director
Mr Rajesh Kotian	Associate Director
Mr R. S. Reddy	Independent Director
Mr Pradip Roy	Independent Director
Mr Kartik Ganapathy	Independent Director
Mr K N Prithviraj	Independent Director
Mrs Nalini M Ratnam**	Nominee Director from LIC

Note: *Mr Milind Patel resigned w.e.f. March 31, 2018

**Mrs Nalini M Ratnam joined w.e.f. July 27, 2017

(2) **Investment Objectives of the Schemes:**

In June 2013, the First Scheme, IL&FS Infrastructure Debt Fund - Series 1-A, 1-B and 1-C, having specified maturity of 5, 7 and 10 years was launched and the Private Placement Offer was closed in December 2013 with a total corpus of ₹ 750 crore

In March 2014, the Second Scheme, IL&FS Infrastructure Debt Fund - Series 2-A, 2-B and 2-C having specified maturity of 5, 8 and 12 years was launched and the Private Placement Offer was closed in April 2015 with a total corpus of ₹ 575 crores

IL&FS Infrastructure Debt Fund - Series 3-A having specified maturity of 5 years was launched through Private Placement Offer and the scheme was closed in January 2018 with a corpus of ₹ 140 crore. Currently the Fund is in the process of fund raising for seven year closed ended scheme

The investment objective of the above Scheme/s is to generate income and capital appreciation by investing primarily in infrastructure debt instruments as permitted by SEBI from time to time. There is no assurance or guarantee that the objective of the Scheme will be realised

(3) Basis and Policy of Investment Underlying the Scheme:

Pursuant to SEBI Circular No. MSD/ Cir-6/73/2000 dated July 27, 2000, the Asset Management Company has set up an Investment Committee with two Directors, Chief Executive Officer (CEO), Chief Investment Officer (CIO) and IL&FS Group - Chief Credit and Risk Management Officer as its members. The Investment Committee meets at suitable intervals to consider, review and approve the Investment proposals. A comprehensive investment policy to identify, select and invest in infrastructure has been laid down by the AMC

The price and redemption value of the units, and income from them, can go up as well as down with the fluctuations in the market value of its underlying investments

(4) Scheme Performance, Future Outlook, Operations of the Schemes and Investor Services:

Till date, IL&FS IDF has launched Schemes as mentioned below:

- (a) **IL&FS Infrastructure Debt Fund – Series 1A, 1B and 1C** - with minimum tenure of 5, 7 and 10 years respectively. These schemes got the highest rating of IND AAAidf-mf by India Ratings and CARE AAA (MF-IDF) by CARE. The total corpus raised was ₹ 750 crore and as on March 31, 2018 with net earnings from investment, the corpus has risen to ₹ 1,159 crore. The performance of these schemes since inception is given below:

Scheme Name	Last 1 year		Last 3 year		Last 5 year		Since inception	
	Scheme return	Bench mark *	Scheme return	Bench mark *	Scheme return	Bench mark *	Scheme return	Bench mark *
IIDF Series - 1A	11.95%	5.11%	11.37%	8.36%	NA	NA	10.97%	9.85%
IIDF Series - 1B	11.84%	5.11%	11.26%	8.36%	NA	NA	11.09%	9.85%
IIDF Series - 1C	12.71%	5.11%	11.60%	8.36%	NA	NA	11.22%	9.85%

* **Benchmark** – Crisil Composite Bond Fund Index

IDF scheme return is net of 1.44% expenses and benchmark return is on a gross basis (IIDF - IL&FS Infrastructure Debt Fund)



- (b) **IL&FS Infrastructure Debt Fund – Series 2-A, 2-B and 2-C** - with minimum tenure of 5, 8 and 12 years respectively. The schemes have been rated IND AAAidf-mf by India Ratings. These schemes were closed on April 17, 2015 for aggregate amount of ₹ 575 crore and has called 70% of the commitment amount as of March 31, 2018
- (c) **IL&FS Infrastructure Debt Fund – Series 3-A** - with minimum tenure of 5 years. The scheme got the highest rating of IND AAAidf-mf by India Ratings and CARE AAA (MF-IDF) by CARE. The scheme closed on January 31, 2018 for aggregate amount of ₹ 140 crore and as on March 31, 2018 with net earnings from investment, the corpus has risen to ₹ 142.30 crore

(d) **Future Outlook:**

The Indian economy has showcased robust growth in the last decade - GDP has grown at a CAGR of 7%. Economic growth is expected to be supported by higher consumer spending, growth in industrial and services sectors and a stable domestic savings rate. This will be further catalyzed by the continuing reform programme across the country's economic, financial and social policies, namely enhancement of the financial sector growth, openness to trade, rural-urban migration, capital formation, education and focus on environment

Investment in Infrastructure development is a key enabler for sustaining the growth momentum of the emerging economies like India. The strong growth of the Indian economy over the past 2 decades has been possible primarily because of growth in Infrastructure linked investment

In line with the usual funding pattern for Infrastructure projects, about 2/3rd of the investment by the private sector is estimated to be debt funded, which would significantly increase the demand for long term Infrastructure debt in the coming years. Historically, a major portion of debt funding for Infrastructure projects has been through commercial banks and specialised Non-Banking Finance Companies (NBFCs focussed on infrastructure finance). The NBFCs in turn primarily depend on bank funding for meeting their funding requirements

Given the importance of the Infrastructure sector in the economic growth of the country and the constraints in meeting the financing requirements from the traditional sources such as banks and NBFCs, it is imperative that effective steps are taken for channelling long term pools of capital from alternative sources such as provident and pension funds, insurance companies, etc. into Infrastructure sector

Banks are facing huge asset liability mismatch due to funding of long term finance through short term deposits. Concerns have also been expressed about banks due diligence and credit appraisal of infrastructure projects. The Non-Performing Assets (NPAs) and the restructured assets in this segment have increased quite substantially of late

Given the specialized nature of infrastructure project structuring, due diligence and monitoring there is a need for specialized financial intermediaries/asset managers having the necessary skills and experience of making investments in Infrastructure assets

The Infrastructure Debt Funds (IDF's) provide an alternative financial intermediation mechanism for infrastructure financing and investment. IDF's makes debt investments in Infrastructure projects and companies. IDF's also take out / re-finance banks' exposure to the infrastructure projects

Till the pension and insurance sector develop the expertise to finance domestic infrastructure debt they will need to be supported by intermediation vehicle like IDFs, who have the required expertise to invest in infrastructure sector

(e) Investor Services:

As stipulated under SEBI circular no. Cir/IMD/DF/2/2010 dated May 13, 2010, there were no investor complaints received during the period April 2017 to March 2018. The report as stipulated by SEBI is provided under **Annexure 1**

(5) Significant Accounting Policies:

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes. The Accounting policies are in accordance with Securities and Exchange Board of India (Mutual Funds) Regulations 1996

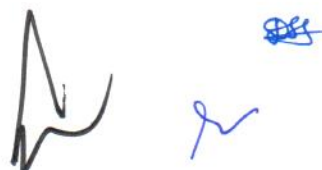
(6) Unclaimed Dividends & Redemptions as on March 31, 2018:

The Scheme/s launched are close ended Scheme with investors having a minimum investment horizon of 5 years and has not yet declared any dividend till date. Hence, there are no instances of unclaimed Dividends and Redemptions as on March 31, 2018

(7) Statutory Information:

IL&FS Financial Services Limited (IFIN), the erstwhile Sponsor, has made an initial contribution of ₹ 5,00,000/- for setting up the Fund

Full Annual Report shall be put on the website (www.ilfsinfrafund.com) and shall be available for inspection at the Head Office of the Fund. On written request, present and prospective unitholder/investors can obtain copy of the trust deed, the full annual report of the Fund / AMC at a price and the text of the relevant scheme



(8) Acknowledgements:

We wish to thank the unit holders of the Fund for their overwhelming response and support throughout the year and also extend gratitude to the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI), the Association of Mutual Funds in India (AMFI) and the Financial Intelligence Unit (FIU) for the guidance provided by them. Further, we would also like to take this opportunity to express our appreciation towards the Registrar and Transfer Agent, Fund Accountant, Custodian, Banker/s, Auditors, Distributor/s and all Service Provider/s for their support. Further we wish to express our gratitude towards Sponsor to the Fund for their continued trust and support. Lastly, we would like to place on record our appreciation of the contribution made by the dedicated and committed team of employees of IL&FS Infra Asset Management Limited

We look forward to your continued support and assure you of our commitment to quality products and services from the Mutual Fund

For and on behalf of the Board of **IL&FS AMC Trustee Limited**
(Trustee to IL&FS Mutual Fund (IDF))



Arun K Saha
Chairman



B Narasimhan
Director

Date: April 26, 2018
Place: Mumbai

Redressal of Complaints received during		2017-2018									
Name of the Mutual Fund		IL&FS Mutual Fund (IDF)									
Total Number of Folios		74									
Complaint code	Type of complaint#	(a) No. of complaints pending at the beginning of the year	(b) No of complaints received during the year	Action on (a) and (b)							
				Resolved			Non Actionable*		Pending		
				Within 30 days	30-60 days	60-180 days	Beyond 180 days	0-3 months	3-6 months	6-9 months	9-12 months
I A	Non receipt of Dividend on Units	0	0	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of Dividend	0	0	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	0	0	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	0	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	0	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	0	0	0	0	0	0	0	0	0	0
II C	Data corrections in Investor details	0	0	0	0	0	0	0	0	0	0
II D	Non receipt of Annual Report/Abridged Summary	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	0	0	0	0	0	0	0	0	0
III B	Unauthorized switch between Schemes	0	0	0	0	0	0	0	0	0	0
III C	Deviation from Scheme attributes	0	0	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	0	0	0	0	0	0	0	0	0	0
IV	Others **	0	0	0	0	0	0	0	0	0	0

including against its authorized persons/ distributors/ employees. etc.

*Non actionable means the complaint that are incomplete / outside the scope of the mutual fund

** If others include a type of complaint which is more than 10% of overall complaint, provide that reason separately

Example : Complaint number from I A to III E is :1000 and Others alone is 500 and transmission linked complaints (within others) are 200 then provide Transmission as separate reason (V) along with all other parameters

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF IL&FS AMC TRUSTEE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **IL&FS MUTUAL FUND (IDF) – IL&FS Infrastructure Debt Fund Series 3A, a CLOSED ENDED DEBT SCHEME** (the "Scheme") which comprise the Balance Sheet as at 31 March 2018, the Revenue Account and Cash Flow Statement for the period from 01 February 2018 to 31 March 2018 and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Managements of IL&FS AMC Trustee Limited (the "Trustee") and IL&FS Infra Asset Management Limited (the "AMC") are responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Scheme in accordance with accounting policies and standards as specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended (the "SEBI Regulations") and in accordance with the accounting principles generally accepted in India. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the SEBI Regulations for safeguarding the assets of the scheme 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the SEBI Regulations, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the SEBI Regulations. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 control relevant to the Scheme'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 Scheme's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the 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 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 SEBI Regulations 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 Scheme as at 31 March 2018

(b) in the case of the Revenue Account, of the Surplus of the Scheme for the period 01 February 2018 to 31 March 2018 and

(c) in the case of the Cash Flow Statement, of the cash flows of the Scheme for the period 01 February 2018 to 31 March 2018.

Report on Regulatory Requirements

1. As required by SEBI Regulation 55 and Clause 5 of the Eleventh Schedule to the SEBI Regulations, we report that:

(a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) The Balance Sheet, the Revenue Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account of the Scheme.

(c) The financial statements have been prepared in accordance with accounting policies and standards as specified in the Ninth Schedule of the SEBI Regulations.



2. As required by clause 2 (ii) of Eighth Schedule of the SEBI Regulations, we report that, Non - traded securities as on 31 March 2018 have been valued following the "Principles of Fair Valuation" approved by the Board of Directors of the Trustee and the AMC, at the face value or at their effective yield as determined appropriate by the Investment Manager. In our opinion, these valuations are fair and reasonable.

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



Pallavi A. Gorakshakar
Partner
(Membership No. 105035)


MUMBAI, 26 April 2018
PG/PA-2018

IL&FS Mutual Fund (IDF) - IL&FS Infrastructure Debt Fund Series 3A		
Balance Sheet as at March 31, 2018		
Particulars	Notes	Amount ₹
		As at March 31, 2018
Liabilities		
Unit capital	3	1,400,000,000
Reserves and surplus	4	23,012,925
Current liabilities and provisions	5	2,054,904
Total		1,425,067,829
Assets		
Investments	6	1,382,558,000
Other Current assets	7	42,509,829
Total		1,425,067,829

See accompanying notes 1 to 26 forming part of the financial statements


In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants



Pallavi A. Gorakshakar
Partner
Mumbai, April 26, 2018

For IL&FS Infra Asset Management Limited




Pradip Roy
Director
DIN: 00026457



Jignesh Shah
CEO

For IL&FS AMC Trustee Limited



Rajesh Kotian
Director
DIN: 02283475

Arun K Saha
Director
DIN: 00002377

B Narasimhan
Director
DIN: 06360390




Neelesh Vernekar
Fund Manager

IL&FS Mutual Fund (IDF) - IL&FS Infrastructure Debt Fund Series 3A		
Revenue Account		
Particulars	Notes	Amount ₹
		For the Period February 1 2018 to March 31, 2018
Income and gains		
Interest income	8	26,268,222
Other income	9	188,151
Total		26,456,373
Expenses and losses		
Investment Management fees		2,821,452
GST on Investment Management fees		507,861
Trusteeship fees		22,827
Investor Education and Awareness Expenses (Refer Note 2(h))		45,654
Custody Charges		11,551
Other Operating expenses		14,103
Audit Fees		20,000
		3,443,448
Less: Expenses recoverable from the Asset Management Company		-
Total		3,443,448
Net Surplus for the period transferred to Revenue Reserve		23,012,925
Refer note 14 for the total income and expenditure expressed as a percentage of the Average daily net assets		

See accompanying notes 1 to 26 forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants



Pallavi A. Gorakshakar
Partner
Mumbai, April 26, 2018

For IL&FS Infra Asset Management Limited


Pradip Roy
Director
DIN: 00026457


Rajesh Kotian
Director
DIN: 02283475

For IL&FS AMC Trustee Limited


Arun K Saha
Director
DIN: 00002377


B Narasimhan
Director
DIN: 06360390


Jignesh Shah
CEO


Neelesh Vernekar
Fund Manager

IL&FS Mutual Fund (IDF) - IL&FS Infrastructure Debt Fund Series 3A		
Cash flow statement		
Particulars		Amount ₹
		For the Period February 1 2018 to March 31, 2018
A. Cashflow from Operating Activities		
Surplus for the period		23,012,925
Adjustment for:-		
Interest Income		(26,268,222)
Change in assets and liabilities:		
Adjustments for:-		
Increase in current liabilities and provisions		2,020,039
Increase in investments		(1,382,558,000)
Increase in other current assets		(12,816,224)
Cash used in Operations	(A)	(1,396,609,482)
B Cashflow from Investing activities		
Interest received		5,612,589
Net cash generated from investing activities	(B)	5,612,589
B Cashflow from financing activities		
Units issued		1,400,000,000
Net cash generated from financing activities	(C)	1,400,000,000
Net increase in cash and cash equivalents	(A+B)	9,003,107
Cash and cash equivalents at the end of the period		9,003,107
Note		
Cash and bank balance as per Note No 7		9,307,869
Less:- Cash and bank balance earmarked for Investor Education and Awareness		34,865
Less:- Cash and bank balance earmarked for Collateralised Borrowing and Lending Obligation ("CBLO")		269,897
Cash & Cash Equivalent as per AS 3 Cash Flow Statements		9,003,107

See accompanying notes 1 to 26 forming part of the financial statements
In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants



Pallavi A. Gorakshakar
Partner
Mumbai, April 29, 2016

For IL&FS Infra Asset Management Limited



Pradip Roy
Director
DIN: 00026457



Rajesh Kotian
Director
DIN: 02283475



Arun K Saha
Director
DIN: 00002377



B Narasimhan
Director
DIN: 06360390



Jignesh Shah
CEO



Neelesh Vernekar
Fund Manager

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(1) Background

IL&FS Mutual Fund (IDF) ('the Fund') has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 with IL&FS Financial Services Limited ("IFIN") as the Sponsor, IL&FS Infra Asset Management Limited as the Investment Manager and IL&FS AMC Trustee Limited as the Trustee. The Trust Deed has been registered under the Indian Registration Act, 1908 on January 21, 2013 and amended through Deed of amendment on September 5, 2013. The Investment Management Agreement between IL&FS Infra Asset Management Limited (the AMC), IL&FS AMC Trustee Limited (the Trustee) and the trust was executed on January 21, 2013 and amended on September 5, 2013. The Fund has been registered with SEBI on February 1, 2013 under Registration Code MF/072/13/02. With effect from January 1, 2017, sponsor of the Fund was changed from IFIN to IL&FS Investment Managers Limited ("IIML"), consequently Trust Deed and Investment Management Agreement were amended on January 16, 2017

IL&FS Infrastructure Debt Fund Series 3A is a closed ended Scheme for 5 Years. The scheme was launched in January, 2018 and units were allotted on February 01, 2018. Units are having face value of ₹ 1,000,000 and are fully paid-up. The units are listed on the National Stock Exchange of India on February 7, 2018

The Investment objective of the scheme is to generate income and capital appreciation by investing primarily in infrastructure debt instruments as permitted by SEBI from time to time

(2) Significant accounting policies

a) Basis of preparation of financial statements

The financial statements are prepared and presented under the historical cost convention, as modified for investments which are stated at fair value at the balance sheet date, on accrual basis of accounting and in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) SEBI Regulations, 1996 as amended (the "SEBI Regulations")

b) Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP), which requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

Any revision to accounting estimates is recognized prospectively in current and future periods.



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e) **Investments**

(i) Basis of accounting

- Transactions for purchase and sale of investments are recorded on trade date. The cost of investments includes all costs incurred in acquiring the investments and incidental to acquisition of investments. Any front end-discount on privately placed investments is reduced from the cost of such investments.
- Broken period interest paid/received is not included in the cost of purchase of investments.

(ii) Valuation

- Investments for the purpose of valuation are classified as traded and non-traded in accordance with the provisions of the SEBI Regulations. Investments are valued following the “Principles of Fair Valuation” approved by the Trustees and AMC.

i. Debt, Money Market and related securities-All debt, money market and related securities with residual maturity ≤ 60 days:-

All traded investments are valued at price derived from the weighted average Yield to Maturity (YTM) of the traded security for the day. All non-traded investments are valued at amortised price which is computed on straight line basis using the last valuation price so long as their valuation remains within $\pm 0.10\%$ band of the price derived from the reference rate provided by CRISIL Limited (CRISIL) and ICRA Management Consulting Services Ltd (IMACS). In case of amortized value falling outside the above band, the YTM of the asset is adjusted in order to bring the price within the $\pm 0.10\%$ band with suitable justification.

ii. Debt, Money Market and related securities -All debt, money market and related securities with residual maturity > 60 days :-

All debt, money market and related securities with residual maturity > 60 days. All traded and non-traded investments are valued at average of scrip level prices provided by CRISIL & IMACS for individual securities. In case CRISIL & IMACS are unable to provide Scrip level prices for the investments due to unavailability of market inputs such as - trades, polls and primary issuances for securities, the securities will be valued at face value or at their effective yield, as determined appropriate by the Investment Manager.

iii. Investment in Reverse Repo, Collateralised Borrowings and Lending Obligations (CBLO) and Bills Rediscounting (BRDS):

Investment in Reverse Repo's, CBLO's and BRDS are valued at cost plus accrued interest.

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d) Revenue recognition

Interest income is recorded on a period proportionate basis

Profit or loss on sale / redemption of investments represents sale proceeds less weighted average cost and is recognised on a trade date basis

Transfer of Investments from one scheme to another scheme shall be made as per the valuation policy in conformity with the investment objective of the scheme to which such transfer has been made

e) Unrealised appreciation/depreciation on investments

Net unrealized appreciation/depreciation in value of investments is determined for each investments, wherein the cost is compared with the fair value and the resultant appreciation is disclosed under appropriation account and any depreciation is charged to the revenue account

f) Expenses

The total expense ratio charged to scheme are within the limits prescribed under Regulation 52 of the SEBI Regulations.

All expenses identifiable with any particular scheme are accounted on an accrual basis. Expenses not identifiable with any particular scheme are generally allocated to the schemes in proportion to the number of folios in the schemes or Average Assets under management (AAUM), whichever is more appropriate

g) Computation of Net Asset Value (NAV)

The NAV of a scheme is computed separately for units issued under the various options of the relevant plans of the IL&FS Infrastructure Debt Fund Series 3A, although the corresponding scheme's investments and other net assets are managed as a single portfolio. For computing the NAV for various plans/options, daily income earned, including realized and unrealized gains or losses in the value of investments and expenses incurred by the corresponding scheme are allocated to the plans/options in proportion to the net assets of each plan/option

h) Investor Education and Awareness Expenses

In compliance with SEBI Circular No. CIR/IMD/DF/21/2012 dated September 13, 2012; the scheme has charged 0.02 % of daily net assets within the maximum limit of total expense ratio as per the SEBI Regulations for investor education and awareness initiatives. Pursuant to the letter dated January 8, 2016, issued by SEBI to AMFI mandating all members to transfer 50% of the Investor Education and Awareness fund balance as at March 31, 2016 and from April 1, 2016 onwards, 50% of the 0.02% of daily net assets aside by the Mutual fund, the fund has transferred 50% of the additions for current period to AMFI. The balance amounts are utilized towards investor education and awareness initiative taken by the Mutual Fund/AMC. Allocation for utilization is done in different schemes based on the available balance in each scheme.

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Movement for the Period 01 February 2018 to March 31, 2018 is as follows:

(Amount ₹)

IL&FS Infrastructure Debt Fund	For the Period 01 February 2018 to March 31, 2018			
	Opening balance	Additions	Utilisation/ Transfer to AMFI	Closing balance
Series 3A	-	45,654	10,788	34,865

*The closing balance is earmarked with designated bank account in name of Fund. (Refer Note 5 and Note 7). Pending transfer to Investor Education and Awareness Fund, the amount is included in the operating account.

i) Load

Pursuant to SEBI circular no SEBI/IMD/CIR NO .4/168230/09 dated June 30, 2009, no entry load is charged

j) New Fund Offer

New fund offer expenses for IL&FS Infrastructure Debt Fund Series 3A have been borne by the AMC

Am



3 Unit Capital

IL&FS Infrastructure Debt Fund Particulars	Series 3A	
	As at March 31, 2018	
	Units Nos.	Amount ₹
Initial Capital Issued and subscribed:		
Units of ₹ 1,000,000		
Direct Plan - Growth	980.00	980,000,000
Direct Plan - Dividend	20.00	20,000,000
Regular Plan - Growth	400.00	400,000,000
Paid-Up:		
Direct Plan - Growth Face Value ₹ 1,000,000		
Units at beginning of the period	-	-
Money called during the period	980.00	980,000,000
Units outstanding at end of the period	980.00	980,000,000
Regular Plan - Growth Face Value ₹ 1,000,000		
Units at beginning of the period	-	-
Money called during the period	400.00	400,000,000
Units outstanding at end of the period	400.00	400,000,000
Direct Plan - Dividend Face Value ₹ 1,000,000		
Units at beginning of the period	-	-
Money called during the period	20.00	20,000,000
Units outstanding at end of the period	20.00	20,000,000
Unit Capital at the end of the period	1,400	1,400,000,000




4 Reserves and surplus

Amount ₹

IL&FS Infrastructure Debt Fund	Series 3A
Particulars	As at March 31, 2018
Revenue Reserve	
At the beginning of the period	-
Transferred to Revenue account	-
Surplus transferred from Revenue account	23,012,925
At the end of the period	23,012,925
Total	23,012,925
Reserves and surplus for each option:-	
Direct Plan - Growth	16,109,048
Direct Plan - Dividend	6,575,121
Regular Plan - Growth	328,756
Total	23,012,925

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5 Current liabilities and provisions

Amount ₹

IL&FS Infrastructure Debt Fund	Series 3A
Particulars	As at March 31, 2018
Creditors for	
-Investment Management fee payable	1,607,021
-Trustee fee payable	13,002
-Custodian Fees payable	
-Other payable *	27,994
Income received in advance	174,521
Investor Education and Awareness (Refer Note 2(h))	34,865
Statutory dues	197,501
Total	2,054,904

* Other payable includes audit fees, internal audit fees and custody fees outstanding as at 31 March 2018

6 Investments

Amount ₹

IL&FS Infrastructure Debt Fund	Series 3A	
	As at March 31, 2018	
Particulars	Cost	Market / Fair Value
Non Convertible Debentures Listed On Recognised Stock Exchange	457,000,000	457,000,000
Non Convertible Debentures-Privately Placed	925,558,000	925,558,000
Total	1,382,558,000	1,382,558,000

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7 Other Current assets

Amount ₹

IL&FS Infrastructure Debt Fund	Series 3A
Particulars	As at March 31, 2018
Balances with a bank in current account* [@] (Refer Note 2(h))	9,307,869
Interest /redemption premium accrued but not due on Investment in Non Convertible Debentures	27,701,033
Collateralised Borrowing and Lending Obligations (CBLO)**	5,500,927
Total	42,509,829

[@] Includes earmarked balance in CBLO account place with CCIL as margin for dealing in CBLO

* Certain bank accounts of the Scheme are held in the name of the Fund.

** CBLO is registered in the name of the Fund.

8 Interest Income

Amount ₹

IL&FS Infrastructure Debt Fund	Series 3A
Particulars	For the Period 01 February 2108 to March 31, 2018
On Investment in Non Convertible Debentures	25,140,981
On Reverse Repo/CBLO	1,127,241
Total	26,268,222

9 Other Income

Amount ₹

IL&FS Infrastructure Debt Fund	Series 3A
Particulars	For the Period 01 February 2108 to March 31, 2018
Upfront fee	75,000
Advisory and Other Fees	113,151
Total	188,151




(10) Investment Management fees

The Scheme has paid or provided for investment management fees in accordance with the agreement with the AMC as amended from time to time and the Scheme Information Documents read with Statement of Additional Information. For the current period, the Scheme has accrued Investment Management Fees at the rate of 1.21% (excluding GST) for Direct Plan (Growth & Dividend Payout) and 1.30% (excluding GST) for Regular Plan (Growth) of average daily net assets as follows:

(Amount in ₹)

Infrastructure Debt Fund Series	Average Net Assets for the Period 01 February 2018 to March 31, 2018	Management Fees for the Period 01 February 2018 to March 31, 2018
Series 3A- Direct Growth	988,498,720	1,936,374
Series 3A- Direct Dividend Payout	20,173,443	39,518
Series 3A- Regular Growth	403,435,621	845,560
Total	1,412,107,784	2,821,452

(11) Trusteeship fees

The schemes have paid or provided for trustee fees in accordance with the agreement with the Trustee as amended from time to time and the Scheme Information Documents read with Statement of Additional Information. The Trustee is entitled to receive such fee up to an annual rate of 0.01% of the scheme's average daily net assets.

(12) Custodian fees

HDFC Bank Limited provides custodian services to the schemes for which it receives custodian fees as per the terms of the custodian agreement.

(13) Other Expenses

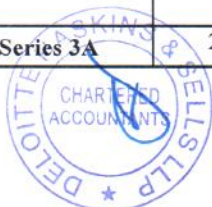
Other expenses consist of internal audit fees, bank charges and CCIL charges, SEBI charges, etc.

(14) Income/Expenditure

The total income and expenditure as a percentage of the Average daily net assets are as follows:-

For the period February 1, 2018 to March 31, 2018

Infrastructure Debt Fund	Income			Expense Ratio		
	(Amount ₹)	Avg AUM	(Annualised)	(Amount ₹)	Avg AUM	(Annualised)
Series 3A	26,456,373	1,412,107,784	11.59%	3,443,448	1,412,107,784	1.51%



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(15) **Income tax**

No income tax provision has been made as the schemes qualify as a recognized Mutual Fund under section 10 (23D) of the Income-tax Act, 1961 and the Direct Tax Laws (Amendment) Act, 1988.

(16) **Net Asset Value per unit**

(Amount ₹)

Infrastructure Fund	Debt	Plan	Face Value	As at March 31, 2018
Series 3A- Direct		Growth	1,000,000	1016484.7452
		Dividend Pay-out	1,000,000	1016484.7452
Series 3A- Regular		Growth	1,000,000	1016320.4563

(17) Portfolio holding as at period end are as follows:

As at March 31, 2018

IL&FS Infrastructure Debt Fund	Series 3A		
	Particulars	Fair value (Amount ₹)	% to Net Assets
Non Convertible Debentures Listed On Recognised Stock Exchange			
Infrastructure Sector			
Bhilwara Green Energy Limited	150,000,000	10.54%	32.82%
IL&FS Solar Power Limited	230,000,000	16.16%	50.33%
IL&FS Wind Energy Limited	77,000,000	5.41%	16.85%
A	457,000,000	32.11%	100.00%
Non Convertible Debentures Privately Placed			
Infrastructure Sector			
AMRI Hospitals Limited	280,000,000	19.68%	30.25%
AD Hydro Power Limited	287,558,000	20.21%	31.07%
Babcock Borsig Limited	146,000,000	10.26%	15.77%
Bhilangana Hydro Power Limited	207,000,000	14.55%	22.36%
Janaadhar Private Limited	5,000,000	0.35%	0.54%
B	925,558,000	65.04%	100.00%
Total Investment	1,382,558,000	97.16%	
Net Current Assets	40,454,925	2.84%	
Net Assets	1,423,012,925	100.00%	

(18) **Aggregate value of purchases and sales**

The aggregate value of investments purchased and sold (including redeemed) during the period and expressed as percentage of daily average net assets are as follows:

For the Period from 01 February 2018 to March 31, 2018

(Amount ₹)

IL&FS Infrastructure Debt Fund	Aggregate value of Purchase (Amount ₹)	Percentage of Average Net Assets	Aggregate value of Sales/Redemptions (Amount ₹)	Percentage of Average Net Assets
Series 3A	1,582,558,000	112.07%	200,000,000	14.16%



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(19) Aggregate Fair value of Non-Traded Investments

The aggregate fair value of non-traded investments, valued in 'good faith' by the Investment Manager on the basis of the valuation principles laid down by SEBI as follows: -

(Amount ₹)

Infrastructure Debt Fund	As at March 31, 2018
Series 3A	1,382,558,000

(20) Investment in the Securities of the Sponsors and Group Companies of the Sponsors

During the period, the Company has made following investment in the securities of group companies of the sponsors.

(Amount ₹)

Infrastructure Debt Fund	Particulars	Fair Value
Series 3A	Non-Convertible Debentures of IL&FS Wind Energy Limited	77,000,000
Series 3A	Non-Convertible Debentures of IL&FS Solar Power Limited	230,000,000

(21) There are no unpaid redemption and unclaimed dividend as at March 31, 2018.

(22) (a) There are no unit holders holding over 50% of the net assets in the Schemes as at the Balance Sheet dates.

(b) There are no amounts to be disclosed as required under SEBI Regulation 25 (11) as the Schemes have not made any investments in the Companies or their Subsidiaries which have invested more than 5% of the Net Asset Value for the period February 1, 2018 to March 31, 2018.

(23) Related party disclosure and disclosure under regulation 25(8) of SEBI Regulations

Related party disclosures pursuant to Accounting Standard 18 "Related Party disclosure" issued by the ICAI and disclosure under regulation 25(8) of SEBI Regulations are made as under:

a) The following are the related parties by control with whom transaction have been entered during the period:

- Investment Manager:- IL&FS Infra Asset Management Limited
- Trustee:- IL&FS AMC Trustee Limited
- Sponsor:- IL&FS Investment Managers Limited

(Amount ₹)

IL&FS Infrastructure Debt Fund Series	Series 3A
Particulars	For the Period February 1, 2018 to March 31, 2018
Management fees	2,821,452
Trusteeship fees	22,827



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b) Period-end payables/Receivables:

(Amount ₹)

IL&FS Infrastructure Debt Fund Series	Series 3A
Particulars	As At March 31, 2018
Payable	
Management fees payable	1,607,021
Trusteeship fees payable	13,002

(24) Contingent Liabilities details are as under

(Amount ₹)

Details	March 31, 2018
Underwriting Commitment	Nil
Uncalled liability on partly paid-up shares	Nil
Investment Commitment	NIL

(25) **Segment reporting**

The Mutual fund is engaged in business of investing amounts received from investors as unit capital, in accordance with their investment objectives to generate returns. The Investment objective of the scheme is to generate income and capital appreciation by investing primarily in infrastructure debt. Since there is only one business segment and no geographical segments, the segmental reporting disclosures as required by Accounting Standard - 17 "Segment Reporting" have not been made.

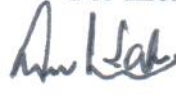
(10) As this is the first financial statement of the scheme since the date of commencement, there are no comparative figures

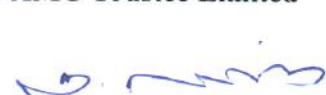
For IL&FS Infra Asset Management Limited


Pradip Roy
Director
DIN: 00026457



Rajesh Kotian
Director
DIN: 02283475

For IL&FS AMC Trustee Limited


Arun K Saha
Director
DIN: 00002377


B Narasimhan
Director
DIN: 06360390


Jignesh Shah
CEO


Neelesh Vernekar
Fund Manager

Mumbai, April 26, 2018

