

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

Dear Unitholders,

We have pleasure in presenting the 6<sup>th</sup> (Sixth) Annual Report of the Schemes of IL&FS Mutual Fund (IDF) for the year ended March 31, 2019, 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, 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 has an 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

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.

**(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, 1<sup>st</sup> 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

<b>DIRECTORS OF IL&amp;FS AMC TRUSTEE LIMITED</b>	
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Dr Malini Shankar*	Associate Director
Mr Balasubramanian Narasimhan	Independent Director
Mr Ranjan Dhawan	Independent Director
Mr Chandrahas Charekar**	Independent Director

\*Appointed w.e.f. October 29, 2018

\*\*Appointed w.e.f. February 6, 2019

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 Centre, 1<sup>st</sup> 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

<b>DIRECTORS OF IL&amp;FS INFRA ASSET MANAGEMENT LIMITED</b>
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Mr Nand Kishore*	Associate Director
Mr Jignesh Shah*	Associate Director

Note: \*Appointed as Chairman w.e.f. October 25, 2018

\*\*Appointed as Managing Director & CEO w.e.f. September 24, 2018

Mr Manish Panchal has been appointed as an Independent Director w.e.f. April 24, 2019

**(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

IL&FS Infrastructure Debt Fund - Series 3-B having specified maturity of 7 years was launched through Private Placement Offer and the scheme was closed in May 2018 with a corpus of ₹ 153 crore

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 Board of Asset Management Company has set up an Investment Committee, which consists of Managing Director & CEO of the Company, Member of Core Operating Committee, IL&FS, Chief Investment Officer (CIO) as its members. The Investment Committee consider, review and approve the Investment proposals and related matters. 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 in securities or fair value

**(4) Scheme Performance, Outlook, Statutory Auditors report, 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. The performance of these schemes since inception is given below as on March 31, 2019:

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	-14.32%	6.72%	2.00%	7.61%	-	-	5.51%	9.26%
IIDF Series - 1B	10.21%	6.72%	10.76%	7.61%	-	-	10.92%	9.26%
IIDF Series - 1C	10.50%	6.72%	11.18%	7.61%	-	-	11.08%	9.26%
IIDF Series - 3A	10.56%	6.72%	-	-	-	-	10.56%	7.73%

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

**Past performance may or may not be sustained in future.** Returns greater than 1 year period are compounded annualized (CAGR)

The above return is net of applicable expenses and benchmark return is on a gross basis (IIDF - IL&FS Infrastructure Debt Fund)

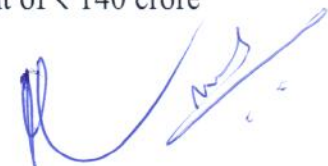
For the Scheme, IL&FS Infrastructure Debt Fund-Series 2, the drawdowns are yet to be completed. Hence, the NAV will be available after the completion of the drawdown

For the Scheme, IL&FS Infrastructure Debt Fund-Series 3B, performance will be provided after completion of one year

***Maturity of IL&FS Infrastructure Debt Fund – Series 1A***

Series 1A completed 5 (five) years of its tenure on April 29, 2019. IL&FS Infrastructure Debt Fund Series 1A was successfully redeemed on its maturity date

- (b) **IL&FS Infrastructure Debt Fund – Series 2-A, 2-B and 2-C** - with minimum tenure of 5, 8 and 12 years respectively. 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, 2019
- (c) **IL&FS Infrastructure Debt Fund – Series 3-A** - with minimum tenure of 5 years. The scheme closed on January 31, 2018 for aggregate amount of ₹ 140 crore



- (d) **IL&FS Infrastructure Debt Fund – Series 3-B** - with minimum tenure of 7 years.  
The scheme closed on May 7, 2018 for aggregate amount of ₹ 153 crore

(e) **Comments on Accounts**

Investors are informed that investment of schemes in IL&FS Wind Energy Limited (IWEL) was due on April 15, 2019 amounting to Rs. 75 crores (Rs. 71.50 crore in Scheme 1A and Rs. 3.50 crore in Scheme 1B). The Board of Directors of Asset Management Company and Trustee Company approved to write off the same as the sale process of IWEL assets was ongoing and it was not possible to recover the amount by April 15, 2019. Also, Scheme 1A was maturing on April 29, 2019 and for the purpose of redemption, these investments were written off and the balance were distributed to the unit holders at applicable NAV. Investors may kindly note that IWEL in other schemes are not yet been written off since the sale of assets is under progress. Detailed explanation is given in note 22 of the financial statements for Series 1 and note 21 for Series 2 and 3

As and when the amount is recovered from the sale of assets of IWEL, the same shall be returned pro-rata to all unitholders of the redeemed scheme

(f) **Current Ratings of IL&FS Schemes:**

Rating letters of Schemes of IL&FS Mutual Fund (IDF) were issued by Rating Agencies i.e. CARE and India Ratings in April 2019. Rating of the Schemes were downgraded, mainly, on account of downgrade of securities and deterioration of the financial profile of IL&FS (Ultimate Holding Company)

Scheme IA	IND BBB idf-mf/ Negative	Rating Watch	CARE A (MF-IDF) (watch with developing implications)
Scheme IB	IND A- idf-mf/ Negative	Rating Watch	CARE A+ (MF-IDF) (watch with developing implications)
Scheme IC	IND A+ idf-mf/ Negative	Rating Watch	
Scheme 2A, 2B, 2C	IND A+ idf-mf/ Negative	Rating Watch	--
Scheme 3A, 3B	IND A+ idf-mf/ Negative	Rating Watch	CARE AA- (MF-IDF) (watch with developing implications)

**(g) Outlook:**

Due to unprecedented action, pursuant to the orders of the National Company Law Tribunal (Mumbai) (“NCLT”) dated October 1, 2018, the Government of India superseded the Board of our ultimate parent company Infrastructure Leasing and Financial Services Limited (“IL&FS”) and nominated new Board Members

The New Board is engaged in evolving a transparent resolution process, while keeping public interest, financial stability, legality, various stakeholder interests (including interests of our joint venture partners) and commercial feasibility in view

The Fund as on March 31, 2019 had a corpus of ₹ 20,903 million across 8 (eight) schemes. The Fund has successfully launched a seven year close ended scheme and raised ₹ 1,530 million from institutional investors during the year in May, 2018 on back of the strong foundation laid by it in the last few years

As per the Asset Divestment Plan of Infrastructure Leasing & Financial Services Limited (IL&FS) (Ultimate Holding Company), the IL&FS Mutual Fund (IDF) business is up for sale alongwith its Holding Company, IIML & its subsidiary businesses

Expression of Interest were invited by the Merchant Bankers appointed for the same and the Company has completed submission of due diligence requirements.

The sale process will be subject to finalization of the transaction structure by IL&FS and receipt of requisite approvals, including, the approval of the Board, approval of the Board of the Directors and shareholders of IIML (as may be required), approvals required under various contracts executed by IIML and /or its subsidiaries and associates and also approvals under applicable law and approval of the NCLT

**(h) 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 2018 to March 2019. 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, 2019:**

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, 2019



(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](http://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 and the text of the relevant scheme

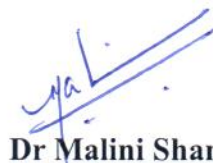
(8) **Acknowledgements:**

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 as well as directions received from Nominee appointed by Ultimate Holding Company (IL&FS) on the Board of Asset Management and Trustee Company

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))



**Dr Malini Shankar**  
Chairperson



**Ranjan Dhawan**  
Director

Date: September 23, 2019  
Place: Mumbai

Redressal of Complaints received during		2018-2019																
Name of the Mutual Fund		IL&FS Mutual Fund (IDF)																
Total Number of Folios		86																
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)				Action on (a) and (b)				Action on (a) and (b)						
				Within 30 days	30-60 days	60-180 days	Beyond 180 days	Non Actionable*	0-3 months	3-6 months	6-9 months	9-12 months	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	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	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	0	0	0	0	0	0	0	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	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	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	0	0	0	0	0	0	0	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	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	0	0	0	0	0	0	0
III A	Wrong switch between Schemes	0	0	0	0	0	0	0	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	0	0	0	0	0	0	0
III C	Deviation from Scheme attributes	0	0	0	0	0	0	0	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	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	0	0	0	0	0	0	0
IV	Others **	0	0	0	0	0	0	0	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 AUDITOR'S REPORT**

To the Board of Directors of IL&FS AMC Trustee Limited

**Report on the Financial Statements**

**1. Qualified Opinion**

We have audited the accompanying financial statements of the following Schemes of **IL&FS Mutual Fund (IDF) – closed ended Debt Schemes** (the "Schemes") which comprise the Balance Sheet as at March 31, 2019, the Revenue Account and the Cash Flow Statement for the year then ended for Series 3A & the Revenue Account and the Cash Flow Statement for the period from May 07, 2018 to March 31, 2019 for Series 3B, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

Name of Schemes
IL&FS Infrastructure Debt Fund Series 3A
IL&FS Infrastructure Debt Fund Series 3B

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid financial statements of the Schemes mentioned above give a true and fair view in conformity with the accounting principles generally accepted in India, including the accounting policies and standards specified in the Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended ( the "SEBI Regulations") :

- a) In the case of the Balance Sheet, of the state of affairs of the schemes as at March 31, 2019
- b) In the case of the Revenue Account, of the Surplus of the schemes for the year ended for Series 3A & for the period from May 07, 2018 to March 31, 2019 for Series 3B and
- c) In the case of the Cash Flow Statement, of the cash flows of the schemes for the year ended for Series 3A & for the period from May 07, 2018 to March 31, 2019 for Series 3B.

**2. Basis for Qualified Opinion**

- a) Schemes have investment in Zero Coupon Bond of IL&FS Wind Energy Limited (IWEL). First tranche of repayment of aforesaid investment was due on April 15, 2019 of Rs. 75,00,00,000 but IWEL has made default in repaying the same. The Board of Directors has written off the aforesaid amount of Rs.75,00,00,000 in Scheme 1A and 1B amounting to Rs. 71,50,00,000 & Rs. 3,50,00,000 respectively. (refer note 21 of the financial statements).
- b) The interest accrued on investments in Zero Coupon Bond of IL&FS Wind Energy Limited (IWEL) has been reversed on 17<sup>th</sup> April 2019 in the respective schemes. This has resulted in excess income accrued for the year ended 31 March 2019 in Scheme 3A by Rs.60,74,133/- and excess income accrued for period ended 31 March 2019 in

Scheme 3B by Rs.98,60,606/- and consequential impact on the NAV of the units of the respective scheme. (refer note 21 of the financial statements).

- c) As per SEBI Regulations there should be minimum 4 directors in Board of Trustee Company of a mutual fund. Further, Two-third of the trustee directors should be independent directors. There were lesser number of Directors in the Board of Trustee from August 24, 2018 to February 06, 2019.  
Also, the number of Independent directors were not as per the prescribed limit of Two-third of the trustee directors from August 24, 2018 to February 06, 2019. (refer to note 22 of the financial statements).
- d) As per SEBI Regulations "the Board of directors of Asset Management Company should have at least fifty percent independent directors". There were lesser number of Independent Directors from November 03, 2018 to March 31, 2019. (refer to note 23 of the financial statements).

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) issued by the Institute of Chartered Accountants of India ('ICAI'). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Schemes in accordance with the Code of Ethics issued by ICAI together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the financial statements.

### 3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

#### Key Audit Matters

#### Auditors Response

##### Existence and Valuation of investments

The investments held by the schemes as on 31 March 2019, mainly comprised of Debt instruments.

There is a risk of existence of investments and that the fair value of investments is not determined appropriately.

Accordingly the existence and valuation of investments is considered as a key audit matter.

We performed the following audit procedures :

- Assessed the design and implementation of controls over existence and valuation of investments.
- Tested the controls set up by Management on sample basis on

existence and valuation of Investments.

- Traced, the quantity held as per books with the confirmation provided by Custodian as of year end.
- Tested the valuation of investments on sample basis as per the investment valuation policy approved by the Trustees and with the SEBI Regulations.

**4. Information other than financial statements and Auditor's report thereon**

The Board of Directors and Management of IL&FS AMC Trustee Limited (the Trustees) and IL&FS Infra Asset Management Limited (the "AMC") are responsible for the other information. The other information comprises the information included in the Trustees Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If based on the work we have performed, we conclude that there is a material misstatement of this information, we are required to report the fact. We have nothing to report in this regard.

**5. Responsibilities of Management for the Financial Statements**

The Board of Directors and Management 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 Schemes in accordance with accounting principles generally accepted in India, including the accounting policies standards specified in the Ninth Schedule to the SEBI Regulations. This responsibility includes maintenance of adequate accounting records in accordance with the SEBI Regulations, the design, implementation and maintenance of adequate internal controls 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.

In preparing the financial statements, management is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management

either intends to liquidate the Schemes or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are also responsible for overseeing the Scheme's financial reporting process.

#### **6. Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- i) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii) Obtain an understanding of internal financial controls relevant to the audit 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 such controls.
- iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- iv) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Schemes to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Schemes to cease to continue as a going concern.
- v) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

*Jm*

We communicate with the Management, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

- i) As required by Regulation 55(4) and clause 5(ii)(2) of the Eleventh Schedule of the SEBI Regulations, we report that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) The financial statements have been prepared in conformity with the accounting policies and standards specified in the Ninth Schedule to the SEBI Regulations;
  - c) 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 Schemes.
- ii) As required by the Eight Schedule of the SEBI Regulations, we report that:
- a) In our opinion, and on the basis of information and explanations given to us, the methods used to value non-traded securities as at March 31, 2019 are in accordance with the SEBI Regulations and other guidelines approved by the Board of Directors of the Trustee and the AMC, and are fair and reasonable.

**8 Other Matters**

The figures of the financial statements for the year ended and as at March 31, 2018 for Scheme 3 A have been audited by another auditor who expressed an unmodified opinion dated April 26, 2018.

For Mukund M. Chitale & Co.  
Chartered Accountants  
Firm Regn. No. 106655W



(S. M. Chitale)  
Partner

M. No. 111383

UDIN : 19111383AAAAFQ1695

Place: Mumbai

Date: 23<sup>rd</sup> September, 2019

IL&FS Mutual Fund (IDF)

Balance Sheet as at March 31, 2019

Particulars	Notes	Series 3A		Series 3B
		As at March 31, 2019	As at March 31, 2018	
<b>Liabilities</b>				
Unit capital	3	1,40,00,00,000	1,40,00,00,000	1,53,00,00,000
Reserves and surplus	4	17,33,93,830	2,30,12,925	14,37,22,683
Current liabilities and provisions	5	58,51,010	20,54,904	61,49,269
<b>Total</b>		<b>1,57,92,44,840</b>	<b>1,42,50,67,829</b>	<b>1,67,98,71,952</b>
<b>Assets</b>				
Investments	6	1,41,33,64,452	1,38,25,58,000	1,57,90,00,000
Other Current assets	7	16,58,80,388	4,25,09,829	10,08,71,952
<b>Total</b>		<b>1,57,92,44,840</b>	<b>1,42,50,67,829</b>	<b>1,67,98,71,952</b>

As per our report attached  
Notes to accounts form an integral part of the  
Financial Statements

1 to 30

For **Mukund M. Chitale & Co.**

For **IL&FS Infra Asset Management Limited**

For **IL&FS AMC Trustee Limited**

Chartered Accountants  
Firm Regn. No. 106655W

**Chitale**

**S.M.Chitale**  
Partner  
M.No. 111383



Date: September 23, 2019  
Place: Mumbai

**N.V.Vernekar**

**Neelesh Vernekar**  
Fund Manager

**Nand Kishore**  
Chairman  
DIN: 08267502

**Jignesh Shah**  
CEO & Managing Director  
DIN: 01587849

**Dr. Malini Shankar Ranjan Bhawan**  
Chairperson  
DIN: 01602529

**Director**  
DIN: 01599161

**IL&FS Mutual Fund (IDF)**  
Revenue Account

IL&FS Mutual Fund (IDF)	Notes	Series 3A		Series 3B		Amount ₹
		For the Period April 2018 to March 31, 2019	For the Period February 1 2018 to March 31, 2018	For the Period May 2018 to March 31, 2019	For the Period May 2018 to March 31, 2019	
<b>Income and gains</b>						
Interest income	8	16,83,74,807	2,62,68,212			16,33,81,365
Other income	9	45,65,510	1,88,151			16,37,046
<b>Total</b>		<b>17,29,40,317</b>	<b>2,64,56,373</b>			<b>16,50,18,411</b>
<b>Expenses and losses</b>						
Investment Management fees		1,84,84,466	28,21,452			1,74,37,500
GST on Investment Management fees		33,27,204	5,07,851			31,38,750
Trusteeship fees		1,49,548	22,827			1,43,889
Investor Education and Awareness Expenses (Refer Note 2(h))		2,99,097	45,654			2,87,791
Custody Charges		64,383	11,551			62,444
Other Operating expenses		1,72,540	14,103			1,59,216
Audit Fees		62,174	20,000			66,138
<b>Total</b>		<b>2,25,59,412</b>	<b>34,43,418</b>			<b>2,12,95,728</b>
Revenue Reserve brought forward		15,03,80,905	2,30,12,925			14,37,22,683
<b>Net Surplus for the period transferred to Revenue Reserve</b>		<b>17,33,93,830</b>	<b>2,30,12,925</b>			<b>14,37,22,683</b>
<b>Refer Note 14 for the total income and expenditure expressed as a percentage of the Average daily net assets</b>						

As per our report attached  
Notes to accounts form an integral part of the Financial Statements 1 to 30

**For Mukund M. Chitale & Co.**  
Chartered Accountants  
Firm Regn. No. 106655W



**S.M.Chitale**  
Partner  
M.No. 111383

Date: September 23, 2019  
Place: Mumbai

**For IL&FS Infra Asset Management Limited**

**Nand Kishore**  
Chairman  
DIN: 08267502

**Jignesh Shah**  
CEO & Managing Director  
DIN: 01587649

**For IL&FS AMC Trustee Limited**

**Dr. Mahesh Shankar**  
Chairperson  
DIN: 01602529

**Ranjan Dhaekar**  
Director  
DIN: 01599161

**N.N.Vernekar**  
Fund Manager

IL&FS Mutual Fund (IDF)  
Cash flow statement

Particulars	Series 3A		Series 3B
	For the Period From April 01, 2018 to March 31, 2019	For the Period From Feb 01, 2018 to March 31, 2018	
<b>A. Cashflow from Operating Activities</b>			
Surplus for the period	15,03,80,905	2,30,12,925	14,37,22,683
Adjustment for:-			
Interest Income	(16,83,74,807)	(2,62,68,222)	(16,31,81,365)
Interest received	12,21,93,330	56,12,589	8,69,42,577
<b>Change in assets and liabilities:</b>			
Adjustments for:-			
Increase in current liabilities and provisions	36,71,886	20,20,039	60,19,539
Increase in investments	(3,08,06,452)	(1,38,25,58,000)	(1,57,90,00,000)
Increase in other current assets	(6,99,22,072)	(1,28,16,224)	(1,10,11,696)
<b>Cash used in Operations</b>	<b>71,42,790</b>	<b>(1,39,09,96,893)</b>	<b>(1,51,67,08,262)</b>
<b>B. Cashflow from Investing activities</b>	0	0	0
<b>Net cash generated from investing activities</b>	-	-	-
<b>C. Cashflow from financing activities</b>			
Units issued	-	1,40,00,00,000	1,53,00,00,000
<b>Net cash generated from financing activities</b>	<b>-</b>	<b>1,40,00,00,000</b>	<b>1,53,00,00,000</b>
<b>Net increase in cash and cash equivalents</b>	<b>71,42,790</b>	<b>90,03,107</b>	<b>1,32,91,738</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>90,03,107</b>	-	-
<b>Cash and cash equivalents at the end of the period</b>	<b>1,61,45,897</b>	<b>90,03,107</b>	<b>1,32,91,738</b>
<b>Note</b>			
Cash and bank balance as per Note No 7	1,67,05,961	93,07,869	1,35,77,240
Less:- Cash and bank balance earmarked for Investor Education and Awareness	1,59,085	34,865	1,29,730
Less:- Cash and bank balance earmarked for Triparty Repo	4,00,979	2,69,897	1,55,772
<b>Cash &amp; Cash Equivalent as per AS 3 Cash Flow Statements</b>	<b>1,61,45,897</b>	<b>90,03,107</b>	<b>1,32,91,738</b>

As per our report attached  
Notes to accounts form an integral part of the Financial Statements 1 to 30

For Mukund M. Chitale & Co.  
Chartered Accountants  
Firm Regn. No. 106655W

**Suitale**

S.M.Chitale  
Partner  
M.No. 111383

Date: September 23, 2019  
Place: Mumbai

For IL&FS Infra Asset Management Limited

Nand Kishore  
Chairman  
DIN: 08267502

Jignesh Shah  
CEO & Managing Director  
DIN: 01583839

**N.V. Venkatar**  
Fund Manager

For IL&FS AMC Trustees Limited

Pr. Malini Shankar  
Chairperson  
DIN: 01602529

Ranjan Dhawan  
Director  
DIN: 01599161





## 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 ₹ 10,00,000 and are fully paid-up. The units are listed on the National Stock Exchange of India on February 07, 2018.

IL&FS Infrastructure Debt Fund Series 3B is a closed ended Scheme for 7 Years. The scheme was launched in April, 2018 and units were allotted on May 07, 2018. This being the first year of operations of the scheme and there are no corresponding figures of previous years in respect of Scheme 3B. Units are having face value of ₹ 10,00,000 and are fully paid-up. The units are listed on the National Stock Exchange of India on May 11, 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.

c) **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  $\leq 60$  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, Triparty Repo and Bills Rediscounting (BRDS):**

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



**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 is 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 investment, 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 (Mutual Funds) SEBI Regulations, 1996.

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 & Series 3B, 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, accordingly the fund has transferred 50% 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.



Movement for the year ended March 31, 2019 is as follows:

(Amount ₹)

Particulars	For the Year ended March 31, 2019			
	Opening balance	Additions	Utilisation/ Transfer to AMFI	Closing balance
Series 3A	34,865	2,99,097	1,48,298	1,85,664
Series 3B*	-	2,87,791	1,29,741	1,58,050

\* For the period from May 07, 2018 to March 31, 2019.

Movement for the year ended March 31, 2018 is as follows:

(Amount ₹)

Particulars	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 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 3B have been borne by the AMC.



3 Unit Capital

Particulars	Series 3A				Series 3B	
	As at March 31, 2019		As at March 31, 2018		As at March 31, 2019	
	Units Nos.	Amount ₹	Units Nos.	Amount ₹	Units Nos.	Amount ₹
<b>Initial Capital Issued and subscribed:</b>						
Units of ₹ 10,00,000	980.00	98,00,00,000	980.00	98,00,00,000	1,470.00	1,47,00,00,000
Direct Plan - Growth	400.00	40,00,00,000	400.00	40,00,00,000	-	-
Regular Plan - Growth	20.00	2,00,00,000	20.00	2,00,00,000	60.00	6,00,00,000
Direct Plan - Dividend						
<b>Paid-Up:</b>						
Direct Plan - Growth Face Value ₹ 10,00,000						
Units at beginning of the period	980.00	98,00,00,000	-	-	-	-
Money called during the period			980.00	98,00,00,000	1,470.00	1,47,00,00,000
Units outstanding at end of the period	980.00	98,00,00,000	980.00	98,00,00,000	1,470.00	1,47,00,00,000
Regular Plan - Growth Face Value ₹ 10,00,000						
Units at beginning of the period	400.00	40,00,00,000.00	-	-	-	-
Money called during the period			400.00	40,00,00,000	-	-
Units outstanding at end of the period	400.00	40,00,00,000	400.00	40,00,00,000	-	-
Direct Plan - Dividend Face Value ₹ 10,00,000						
Units at beginning of the period	20.00	2,00,00,000	-	-	-	-
Money called during the period			20.00	2,00,00,000	60.00	6,00,00,000
Units outstanding at end of the period	20.00	2,00,00,000	20.00	2,00,00,000	60.00	6,00,00,000
<b>Unit Capital at the end of the period</b>	1,400.00	1,40,00,00,000	1,400.00	1,40,00,00,000	1,530.00	1,53,00,00,000



4 Reserves and surplus

IL&FS Mutual Fund (IDF) Particulars	Series 3A		Series 3B	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2019
<b>Revenue Reserve</b>				
At the beginning of the period	2,30,12,925	-	-	-
Transferred to Revenue account	(2,30,12,925)	-	-	-
Surplus transferred from Revenue account	17,33,93,830	2,30,12,925	14,37,22,683	14,37,22,683
<b>At the end of the year</b>	<b>17,33,93,830</b>	<b>2,30,12,925</b>	<b>14,37,22,683</b>	<b>14,37,22,683</b>

Reserves and surplus for each option:-	Series 3A		Series 3B	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2019
Direct Plan - Growth	12,13,75,681	1,61,09,048	13,80,86,499	13,80,86,499
Direct Plan - Dividend	4,95,41,094	65,75,121	56,36,184	56,36,184
Regular Plan - Growth	24,77,055	3,28,756	0	0
<b>Total</b>	<b>17,33,93,830</b>	<b>2,30,12,925</b>	<b>14,37,22,683</b>	<b>14,37,22,683</b>



5 Current liabilities and provisions

IL&FS Mutual Fund (IDF) Particulars	Amount ₹		
	Series 3A As at March 31, 2019	Series 3A As at March 31, 2018	Series 3B As at March 31, 2019
Creditors for			
-Investment Management fee payable	51,07,752	16,07,021	53,35,017
-Trustee fee payable	14,352	13,002	15,287
-Other payable*	1,57,239	27,994	1,52,255
Income received in advance	1,74,400	1,74,521	2,55,548
Investor Education and Awareness (Refer Note 2(h))	1,85,664	34,865	1,58,050
Statutory dues	2,11,603	1,97,501	2,33,112
<b>Total</b>	<b>58,51,010</b>	<b>20,54,904</b>	<b>61,49,269</b>

\*Other payable includes Audit Fee, Internal Audit Fee, Custody Fee & RTA fee etc outstanding as at March 31, 2019



## 6 Investments

Particulars	Amount ₹					
	Series 3A		Series 3A		Series 3B	
	As at March 31, 2019		As at March 31, 2018		As at March 31, 2019	
	Cost	Market / Fair Value	Cost	Market / Fair Value	Cost	Market / Fair Value
IL&FS Mutual Fund (IDF)						
Non Convertible Debentures Listed On Recognised Stock Exchange	45,70,00,000	45,70,00,000	45,70,00,000	45,70,00,000	75,00,00,000	75,00,00,000
Non Convertible Debentures-Privately Placed	95,63,64,452	95,63,64,452	92,55,58,000	92,55,58,000	82,90,00,000	82,90,00,000
<b>Total</b>	<b>1,41,33,64,452</b>	<b>1,41,33,64,452</b>	<b>1,38,25,58,000</b>	<b>1,38,25,58,000</b>	<b>1,57,90,00,000</b>	<b>1,57,90,00,000</b>





7 Other Current assets

IL&FS Mutual Fund (IDF) Particulars	Series 3A		Series 3B
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019
Balances with a bank in current account*@(Refer Note 2(h))	1,67,05,961	93,07,869	1,35,77,240
Interest /redemption premium accrued but not due on Investment in Non Convertible Debentures	7,38,82,509	2,77,01,033	7,64,38,788
Triparty Repo**	7,50,41,918	55,00,927	1,06,05,924
Triparty REPO margin	2,50,000	-	2,50,000
<b>Total</b>	<b>16,58,80,388</b>	<b>4,25,09,829</b>	<b>10,08,71,952</b>

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

\*\* Triparty repo is registered in the name of the Fund.

@Includes earmarked balance in Triparty repo placed with CCIL as margin for dealing in Triparty Repo

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IL&FS Mutual Fund (IDF) Particulars	Series 3A		Series 3B
	For the Year ended March 31, 2019	For the Year ended March 31, 2018	For the Year ended March 31, 2019
On Investment in Non Convertible Debentures	16,77,19,969	2,51,40,981	16,19,31,023
On Reverse Repo/Triparty Repo	6,54,838	11,27,241	14,50,342
<b>Total</b>	<b>16,83,74,807</b>	<b>2,62,68,222</b>	<b>16,33,81,365</b>

9

IL&FS Mutual Fund (IDF) Particulars	Series 3A		Series 3B
	For the Year ended March 31, 2019	For the Year ended March 31, 2018	For the Year ended March 31, 2019
Interest on Triparty Repo Margin	19,074	-	20,293
Upfront fee	8,00,000	75,000	2,00,000
Advisory and Other Fees	37,46,436	1,13,151	14,16,753
<b>Total</b>	<b>45,65,510</b>	<b>1,88,151</b>	<b>16,37,046</b>



**(10) Investment Management fees**

The Schemes have 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 Additional Information. For the current period, the Schemes have 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:

Infrastructure Debt Fund Series	Average Net Assets for the Year ended March 31, 2019	Management Fees for the Year ended March 31, 2019	Average Net Assets for the Period 07 May 2018 to March 31, 2019	Management Fees for the Period 07 May 2018 to March 31, 2019
Series 3A	1,49,54,26,735	1,84,84,466	-	-
Series 3B			1,60,12,12,127	1,74,37,500

Previous Year:

(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	1,41,21,07,784	28,21,452

**(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 April 1, 2018 to March 31, 2019

Infrastructure Debt Fund	Income			Expense Ratio		
	(Amount ₹)	Avg AUM	(%)	(Amount ₹)	Avg AUM	(%)
Series 3A	17,29,40,317	1,49,54,26,735	11.56%	2,25,59,412	1,49,54,26,735	1.51%
Series 3B*	16,50,18,411	1,60,12,12,127	10.31%	2,12,95,728	1,60,12,12,127	1.33%

\* From May 07, 2018 to March 31, 2019



Previous Year:  
For the period February 1, 2018 to March 31, 2018

Infrastructure Debt Fund	Income			Expense Ratio		
	(Amount ₹)	Avg AUM	(%)	(Amount ₹)	Avg AUM	(%)
Series 3A	2,64,56,373	1,41,21,07,784	11.59%	34,43,448	1,41,21,07,784	1.51%

(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

Infrastructure Debt Fund	Plan	Face Value	(Amount ₹)	
			As at March 31, 2019	As at March 31, 2018
Series 3A- Direct	Growth	10,00,000	11,24,225.6337	10,16,484.7452
	Payout	10,00,000	11,24,225.6337	10,16,484.7452
Series 3A- Regular	Growth	10,00,000	11,22,920.4934	10,16,320.4563
Series 3B- Direct	Growth	10,00,000	10,93,936.3938	-
	Payout	10,00,000	10,93,936.3938	-

(17) Portfolio holding as at period end are as follows:  
As at March 31, 2019

IL&FS Infrastructure Debt Fund	Mar-19					
	Series 3A			Series 3B		
Particulars	Fair value (Amount ₹)	% to Net Assets	% to Category Total	Fair value (Amount ₹)	% to Net Assets	% to Category Total
<b>Non Convertible Debentures Listed On Recognised Stock Exchange</b>						
<b>Infrastructure Sector</b>						
Bhilwara Green Energy Limited	15,00,00,000	9.53%	32.82%	41,00,00,000	24.50%	54.67%
IL&FS Solar Power Limited	23,00,00,000	14.62%	50.33%	21,50,00,000	12.85%	28.67%
IL&FS Wind Energy Limited	7,70,00,000	4.89%	16.85%	12,50,00,000	7.47%	16.66%
<b>A</b>	<b>45,70,00,000</b>	<b>29.04%</b>	<b>100.00%</b>	<b>75,00,00,000</b>	<b>44.82%</b>	<b>100.00%</b>
<b>Non Convertible Debentures Privately Placed</b>						
<b>Infrastructure Sector</b>						
AD Hydro Power Ltd	28,75,58,000	18.28%	30.07%	-	-	-
AMRI Hospital Limited	27,98,06,452	17.78%	29.26%	41,00,00,000	24.50%	49.46%
Babcock Borsing Limited	14,60,00,000	9.28%	15.27%	-	0.00%	-
Bhilangana Hydro Power Limited	16,30,00,000	10.36%	17.04%	5,50,00,000	3.29%	6.63%
Clean Max Enviro Energy Solutions Private Limited	6,50,00,000	4.13%	6.80%	2,40,00,000	1.43%	2.90%
Kaynes Technology India Private Limited	1,00,00,000	0.64%	1.05%	1,00,00,000	0.60%	1.21%
Janaadhar (India) Private Limited	50,00,000	0.32%	0.51%	-	0.00%	-
Kanchanjunga Power Company Private Limited	-	0.00%	0.00%	26,00,00,000	15.53%	31.36%
Bg Wind Power Limited	-	0.00%	0.00%	7,00,00,000	4.18%	8.44%
<b>B</b>	<b>95,63,64,452</b>	<b>60.79%</b>	<b>100.00%</b>	<b>82,90,00,000</b>	<b>49.53%</b>	<b>100.00%</b>
<b>Total Investment</b>	<b>1,41,33,64,452</b>	<b>89.83%</b>		<b>1,57,90,00,000</b>	<b>94.35%</b>	
Net Current Assets	16,00,29,378	10.17%		9,47,22,683	5.65%	
<b>Net Assets</b>	<b>1,57,33,93,830</b>	<b>100.00%</b>		<b>1,67,37,22,683</b>	<b>100.00%</b>	



As at March 31, 2018

Mar-18			
IL&FS Infrastructure Debt Fund	Series 3A		
Particulars	Fair value (Amount ₹)	% to Net Assets	% to Category Total
<b>Non Convertible Debentures Listed On Recognised Stock Exchange Infrastructure Sector</b>			
Bhilwara Green Energy Limited	15,00,00,000	10.54%	32.82%
IL&FS Solar Power Limited	23,00,00,000	16.16%	50.33%
IL&FS Wind Energy Limited	7,70,00,000	5.41%	16.85%
<b>A</b>	<b>45,70,00,000</b>	<b>32.11%</b>	<b>100.00%</b>
<b>Non Convertible Debentures Privately Placed Infrastructure Sector</b>			
AMRI Hospitals Limited	28,00,00,000	19.68%	30.25%
AD Hydro Power Limited	28,75,58,000	20.21%	31.07%
Babcock Borsig Limited	14,60,00,000	10.26%	15.77%
Bhilangana Hydro Power Limited	20,70,00,000	14.55%	22.36%
Janaadhar Private Limited	50,00,000	0.35%	0.55%
<b>B</b>	<b>92,55,58,000</b>	<b>65.05%</b>	<b>100.00%</b>
<b>Total Investment</b>	<b>1,38,25,58,000</b>	<b>97.16%</b>	
Net Current Assets	4,04,54,925	2.84%	
<b>Net Assets</b>	<b>1,42,30,12,925</b>	<b>100.00%</b>	

(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 Year ended March 31, 2019

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	20,10,00,000	13.44%	1,70,193,548	11.38%
Series 3B*	1,58,90,00,000	99.24%	1,00,00,000	0.62%

\* From May 07, 2018 to March 31, 2019.

Previous Year:

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

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	1,58,25,58,000	112.07%	20,00,00,000	14.16%



(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, 2019	As at March 31, 2018
Series 3A	1,41,33,64,452	1,38,25,58,000
Series 3B	1,57,90,00,000	-

(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	7,70,00,000
Series 3A	Non-Convertible Debentures of IL&FS Solar Power Limited	23,00,00,000
Series 3B	Non-Convertible Debentures of IL&FS Wind Energy Limited	12,50,00,000
Series 3B	Non-Convertible Debentures of IL&FS Solar Power Limited	21,50,00,000

(21) The Fund has investment in Zero Coupon Debentures issued by IL&FS Wind Energy Limited (IWEL).

Sale process is initiated by IL&FS Group for sale of IWEL's stake in its operating wind power assets (Wind SPVs). ORIX which is a 49% shareholder in the Wind SPVs has exercised its right of first refusal and agreed to buy the entire stake in the Wind SPV's.

National Company Law Tribunal (NCLT) has also recently approved the sale of IWEL's Wind SPVs and is now awaiting final approval of Wind SPV lenders. After which the resolution plan of IWEL, the parent company of the wind SPVs will have to be approved by NCLT. The resolution framework is governed as per section 53 of the Insolvency and Bankruptcy Code (IBC), and the same is expected to be resolved at the earliest. The amount realized from ORIX, will be kept in the escrow account which is being established and the Fund is expected to realize the above amounts crystallized as approved by Committee of Creditors as per the cutoff date.

First tranche of repayment of IWEL's investment was due on April 15, 2019 for Rs. 75,00,00,000/-. The Board of Directors have approved the marked down of Rs.71,50,00,000/- in Scheme 1A and Rs 3,50,00,000/- in Scheme 1B.

Given the sale proceeds of IWEL is ongoing, the schemes 3A and 3B holding IWEL debentures of Rs. 7,70,00,000 and Rs. 12,50,00,000 respectively have not been marked down. This has been approved by Board of the AMC and Trustee Company.

Based on the approval of the Board of Directors of the Asset Management Company on April 15, 2019 and Trustee Company on April 17, 2019 the interest accrued on investments in IWEL from October 01, 2018 to March 31, 2019 amounting to Rs.60,74,133 in Scheme



3A and Rs. 98,60,606 in Scheme 3B respectively have been reversed on 17th April 2019 in the respective schemes instead of reversing the same as on 31 March 2019.

Also, on 23<sup>rd</sup> May 2019, in response to an advertisement inviting claims of creditors of IL&FS Group to be submitted up to October 15, 2018 to Grant Thornton appointed as Claims Management Advisor, the Fund being a financial creditor to IWEL has submitted its claim which has been accepted for the outstanding amount as at October 15, 2018.

(22) As per SEBI Regulations there should be minimum 4 directors in Board of Trustee Company of a mutual fund. Further, Two-third of the trustee directors should be independent directors. There were lessor number of Directors in the Board of Trustee from August 24, 2018 to February 06, 2019.

Also, the number of Independent directors were not as per the prescribed limit of Two-third of the trustee directors from August 24, 2018 to February 06, 2019.

(23) As per SEBI Regulations "the Board of directors of Asset Management Company should have at least fifty percent independent directors"

There were lessor number of Independent Directors from November 03, 2018 to March 31, 2019.

(24) There are no unpaid redemption and unclaimed dividend as at March 31, 2019.

(25) (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 April 1, 2018 to March 31, 2019.

(26) **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	Series 3A	Series 3B	Series 3B
Particulars	For the Period April 1, 2018 to March 31, 2019	For the Period February 1, 2018 to March 31, 2018	For the Period May 8, 2018 to March 31, 2019	For the Period February 1, 2018 to March 31, 2018
Management fees	1,84,84,466	28,21,452	1,74,37,500	-
Trusteeship fees	1,49,548	22,827	1,43,889	-



b) Period-end payables/Receivables:

(Amount ₹)

IL&FS Infrastructure Debt Fund Series	Series 3A	Series 3A	Series 3B	Series 3B
Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
<b><u>Payable</u></b>				
Management fees payable	51,07,752	16,07,021	53,35,017	-
Trusteeship fees payable	14,352	13,002	15,287	-

(27) Contingent Liabilities details are as under

(Amount ₹)

Details	March 31, 2019	March 31, 2018
Underwriting Commitment	Nil	Nil
Uncalled liability on partly paid-up shares	Nil	Nil
Investment Commitment	2,00,00,000	2,00,00,000

\*The allocation between different schemes of the mutual fund will be done by the fund manager

(28) **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.

(29) Previous year's figures have been regrouped and /or rearranged wherever to correspond to figures of current year for Series 3A.

(30) As this is the first financial statement of the Series 3B since the date of commencement, there are no comparative figures.

For Mukund. M. Chitale & Co.  
Chartered Accountants  
Firm Reg. No. 106655W

*Chitale*

(S. M. Chitale)  
Partner  
M. No.111383



For IL&FS Infra Asset Management Limited

*Nand Kishore*  
Nand Kishore  
Chairman  
DIN: 08267502

*Jignesh Shah*  
Jignesh Shah  
CEO & Managing Director  
DIN: 01587849

*N.V. Vernekar*  
Neelesh Vernekar  
Fund Manager

For IL&FS AMC Trustee Limited

*Dr. Malini Shankar*  
Dr. Malini Shankar  
Chairperson  
DIN: 01602529

*Ranjan Dhawan*  
Ranjan Dhawan  
Director  
DIN: 01599161

Date: September 23, 2019  
Place: Mumbai