

Statement of Additional Information (SAI)

| Mutual Fund (IDF)

IL&FS Infrastructure Debt Fund

Name of Mutual Fund	: IL&FS Mutual Fund (IDF)
Name of Asset Management Company	: IL&FS Infra Asset Management Limited (IIAML or AMC)
Name of Trustee Company	: IL&FS AMC Trustee Limited (IATL or Trustee)
Name of Sponsor	: IL&FS Financial Services Limited (IFIN)
Address of the above Entities	: The IL&FS Financial Centre, 3rd Floor, Plot C-22, G Block, Bandra Kurla Complex, Bandra East, Mumbai-400051, India Tel. No : +91 22 2659 3560
Website	: www.ilfsinfrafund.com
Name of Registrar and Transfer Agent (RTA)	: Computer Age Management Services Pvt. Ltd (CAMS) 158, Rayala Towers, 5th Floor, Anna Salai, Chennai 600 002. Tel. No : 044 - 3021 2812 / 3021 2824 Email Id : enq_pe@camsonline.com website : www.camsonline.com
Name of Custodian	: HDFC Bank Ltd. HDFC Bank House, Senapati Bapat Marg, Lower Parel, Mumbai 400 013
Name of Fund Accountant	: IL&FS Securities Services Limited IL&FS House, Plot No. 14, Raheja Vihar, Chandivali, Andheri (E), Mumbai - 400 072

This Statement of Additional Information (SAI) contains details of IL&FS Mutual Fund (IDF), its constitution, and certain tax, legal and general information. It is incorporated by reference and is legally a part of the Placement Memorandum

This SAI is dated August 6, 2013

Please retain this SAI for future reference. Before investing, investors should also ascertain about any further changes in this SAI after the date of SAI from the Mutual Fund's website



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DEFINITIONS

In this Statement of Additional Information (SAI), the following words and expressions shall have the meaning specified herein, unless the context otherwise requires:

“Asset Management Company” or “AMC” or “Investment Manager” or “IL&FS Infra AMC”	IL&FS Infra Asset Management Limited, incorporated under the provisions of the Companies Act, 1956 and approved by the Securities and Exchange Board of India to act as the Asset Management Company for the Scheme/s or Placement Memorandum of IL&FS Mutual Fund (IDF)
“Applications Supported by Blocked Amount” or “ASBA”	An application containing an authorization given by the Investor to block the application money in his specified bank account towards the subscription of Units offered during the NFO of the Scheme or offer period of the placement memorandum. If an investor is applying through ASBA facility, the application money towards the subscription of Units shall be debited from his specified bank account only if his/her application is selected for allotment of Units
“Custodian”	A person who has been granted a certificate of registration to carry on the business of custodian of securities under the Securities and Exchange Board of India (Custodian of Securities) Regulations 1996, which for the time being is HDFC Bank Ltd.
“Depository”	Depository as defined in the Depositories Act, 1996 (22 of 1996) and refers to National Securities Depository Ltd (NSDL) and Central Depository Services Ltd (CDSL)
“Depository Participant” or “DP”	‘Depository Participant’ means a person registered as such under subsection (1A) of section 12 of the Securities and Exchange Board of India Act, 1992
“Investment Management Agreement”	The agreement dated January 21, 2013 entered into between IL&FS AMC Trustee Limited and IL&FS Infra Asset Management Limited
“Mutual Fund” or “the Fund” or “IL&FS Infrastructure Debt Fund”	IL&FS Mutual Fund (IDF) or IL&FS Infrastructure Debt Fund, a trust set up under the provisions of the Indian Trusts Act, 1882
“Non-Resident Indian” or “NRI”	A Non-Resident Indian or a person of Indian origin residing outside India
“Person of Indian Origin” or “PIO”	A citizen of any country other than Bangladesh or Pakistan, if (a) he at any time held an Indian passport; or (b) he or either of his parents or any of his grandparents was a citizen of India by virtue of Constitution of India or the Citizenship Act, 1955 (57 of 1955); or (c) the person is a spouse of an Indian citizen or person referred to in sub-clause (a) or (b)
“Placement Memorandum”	The document issued by IL&FS Infrastructure Debt Fund setting forth concisely the information about offering of Units by Scheme(s) / Plan(s) for subscription that a prospective investor ought to know before investing
“Rating”	Rating means an opinion regarding securities, expressed in the form of standard symbols or in any other standardised manner, assigned by a credit rating agency and used by the issuer of such securities, to comply with any requirement of the SEBI (Credit Rating Agencies) Regulations, 1999

(I) INFORMATION ABOUT SPONSOR, AMC AND TRUSTEE COMPANY

(A) CONSTITUTION OF THE MUTUAL FUND

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 Financial Services Limited, as the Sponsor and IL&FS AMC Trustee Limited as the Trustee. The Trust Deed has been registered under the Indian Registration Act, 1908. The Mutual Fund was registered with SEBI on February 1, 2013 under Registration Code MF/072/13/02

(B) SPONSOR

The Fund is sponsored by IL&FS Financial Services Limited, a wholly owned subsidiary of Infrastructure Leasing & Financial Services Limited (IL&FS)

- **Infrastructure Leasing & Financial Services Limited (IL&FS)**

Infrastructure Leasing & Financial Services Limited (IL&FS) is one of India’s leading infrastructure development and finance conglomerates which was established in 1987 by Banks and Financial Institutions with a distinct mandate of catalysing the development of infrastructure in the country. Over the years, IL&FS has focussed on the commercialisation and development of infrastructure projects and creation of value added financial services

IL&FS was promoted by the Central Bank of India (CBI), Housing Development Finance Corporation Limited (HDFC) and Unit Trust of India (UTI). Over the years, IL&FS has broad-based its share holding and inducted Institutional shareholders including State Bank of India, Life Insurance Corporation of India, ORIX Corporation - Japan and Abu Dhabi Investment Authority

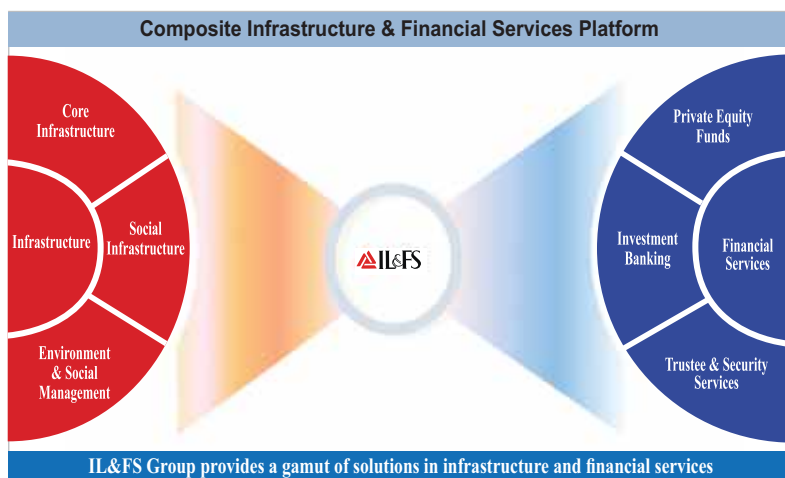
Shareholders	%	Shareholders	%
LIC	25.64	Central Bank of India	8.44
ORIX Corporation	23.31	State Bank of India	7.06
Abu Dhabi Investment Authority	11.22	IL&FS Employees Welfare Trust	12.63
HDFC	9.93	Others	1.77

Source: IL&FS Website (<http://www.ilfsindia.com>)

From concept to execution, IL&FS houses the expertise to provide the complete array of services necessary for successful project completion: visioning, documentation, development, finance, management, technology and execution

In the infrastructure business, IL&FS enjoys an eminent position in India, and has emerged as a leading sponsor, developer, and advisor of infrastructure projects in India as well as in the South East Asian region. Projects being sponsored, developed and advised by IL&FS have an aggregate value of US\$25 billion and include industrial parks, special economic zones, power and ports, surface transport and urban transportation systems. These infrastructure projects are being developed in conjunction with governments, financing agencies, private sector partners and communities

Understanding the skills in financial services a critical ingredient for the commercialization of infrastructure; IL&FS shaped its Financial Services division to cater to this critical need. IL&FS has a significant focus on investment banking, asset management and infrastructure financing



IL&FS Financial Services Limited - The Sponsor

IL&FS Financial Services Limited (IFIN), a 100% subsidiary of IL&FS Limited, started operations from July, 2006. IFIN is one of India’s leading Non- Banking Finance companies providing a wide range of financial and advisory solutions under one umbrella

IFIN is classified as a Non-deposit taking systemically important NBFC (ND-SI- NBFC) and enjoys AAA credit rating for long term borrowings from CARE and India Ratings. The Company has been awarded highest ratings for its short term borrowing programme as well as PR1+ from CARE, A1+ from ICRA and A1+IND from India Ratings. The business mandate of the IFIN is providing specialized financial services to its corporate clients with primary focus on Infrastructure initiatives

The business activities of the Company comprise of Asset and Structured Finance including infrastructure financing, Project Debt Syndication and Corporate Advisory Services. The overview of the business activities and the financial performance of the company are as under:

IL&FS Financial Services Limited Overview			Financial Performance			
Project Debt Syndication	Asset & Structured Finance	Corporate Advisory Services	<i>(Value in ₹ mn)</i>			
			Particulars	Year ended March 31		
				2011	2012	2013
<ul style="list-style-type: none"> ● Financial Structuring <ul style="list-style-type: none"> ❖ Optimal Capital Structure ❖ Developing business plans ❖ Appraisal of the Projects ● Fund Mobilisation <ul style="list-style-type: none"> ❖ Leverage on Lender Relationships ❖ Assistance in the due diligence ❖ Negotiation of Terms ● Transaction Assistance <ul style="list-style-type: none"> ❖ Co-ordination of legal negotiations & documentation ❖ Assistance till disbursements ● Revenue Securitization for Infrastructure Projects 	<ul style="list-style-type: none"> ● Asset Finance <ul style="list-style-type: none"> ❖ Short to medium term funding ● Fund Mobilisation <ul style="list-style-type: none"> ❖ Comprehensive product range and customized financial solutions to meet cash flow and tax requirement ● Acquisition Finance ● Mezzanine Finance ● Operating Lease ● Infrastructure Line of Credit 	<ul style="list-style-type: none"> ● Growth Financing <ul style="list-style-type: none"> ❖ To fund internal growth, capital investments or strategic acquisitions ❖ To create Tax efficient structures ● Transaction assistance <ul style="list-style-type: none"> ❖ Business valuation ❖ Identification of private equity investors ❖ Assistance in due diligence ❖ Closure ● Proficiency in raising funds from international sources ● Access across industry sectors 	Net Worth	16,021.02	16,880.32	18,511.52
			Total Income	11,055.84	14,279.10	17,550.98
			Profit After Tax	3,256.70	2,557.51	3,496.11
			Asset under Management	NA*	NA	NA
			Asset Size	84,806	113,076	130,630
* NA refers to Not Applicable						

IFIN in the capacity of the Sponsor of the Fund, established a 100% subsidiary, IL&FS Infra Asset Management Limited (IIAML), to manage the IL&FS Mutual Fund (IDF). The Sponsor IFIN is the Settlor of the Mutual Fund and has contributed ₹ 500,000/- (Rupees Five Lac) to the Trustee as the initial contribution towards the corpus of the Mutual Fund

• **Key Subsidiaries of IL&FS**

a) **IL&FS Transportation Networks Limited**

IL&FS Transportation Networks Ltd. (ITNL) was incorporated in 2000 by IL&FS in order to consolidate its existing road infrastructure projects and to pursue various new project initiatives in the area of surface transportation infrastructure

Since inception, ITNL has been involved in the development, operation and maintenance of national and state highways, roads (including urban roads), flyovers and bridges in Andhra Pradesh, Delhi, Gujarat, Maharashtra, Karnataka, Uttar Pradesh, Kerala, Jharkhand and Rajasthan

ITNL is an established ISO 9000:2001 surface transportation infrastructure company with the largest BOT Road asset portfolio (in terms of lane kilometer) in India. The company has a Pan India presence with projects in 16 states in India

In the Surface Transportation sector, ITNL has created a diversified and de-risked portfolio with a fair mix of annuity and toll concessions. ITNL has ~12,000 lane km under its road assets portfolio. Currently out of its total road portfolio of ~12000 km, 5871 km is operational. The major projects of the ITNL in surface transportation area are as under:

Road Projects - Operational					Road projects - Implementation				
Name of Project	State	Length (Lane Km)	Concession (Years)	BOT Type	Name of Project	State	Length (Lane Km)	Concession (Years)	BOT Type
4 laning between the Belgaum and Maharashtra Border	Karnataka	472	17.5	Annuity	Improvement works of Jharkhand Roads - Ranchi Ring Road - Ranchi Patratu - Patratu Ramgarh	Jharkhand	466	17.5	Annuity
4 laning of the Rajkot – Jeptur - Gondal Section of NH-8B	Gujarat	389	20	Toll	4 laning of Hazaribagh – Ranchi Section of NH-33	Jharkhand	319	18	Annuity
Development of a toll bridge and approach roads connecting Delhi to NOIDA	Delhi and UP	60	30 (extendable)	Toll	4 laning of Pune - Sholapur Section of NH-9	Maharashtra	571	20	Toll
4 Laning of Vadodara Halol section of SH 87	Gujarat	190	30 (extendable)	Toll	Mega Highways Project (Improvement of 6 new roads) - RIDCOR	Rajasthan	715	32	Toll
4-Laning of Ahmedabad Mehsana Road (SH-41)	Gujarat	333	30 (extendable)	Toll	4 Laning of Warora Chandrapur Ballarpur Bamni road of SH 264	Maharashtra	275	30	Toll
Development of Kotakatta Bypass to Kurnool on NH-7 under North South Corridor (NHDP Phase II)	Andhra Pradesh	328	20	Annuity	4 Laning of Moradabad Bareilly Section of NH-24	Uttar Pradesh	522	25	Toll
Mega Highways Project Rajasthan (5 road projects in Rajasthan) (RIDCOR)	Rajasthan	2106	32	Toll	4 Lanning of Chenani to Nashri section of NH-1A including 9 Km long tunnel	J&K	38	20	Annuity
Widening to 2-lane + Paved Shoulder in Beawar – Gomti Section of NH 8	Rajasthan	248	11 (30 Years if 4 lane is done)	Toll	4 Laning of Jorabat- Shillong (Barapani) section of NH-40	Assam & Meghalaya	262	20	Annuity
8 – Laning Outer Ring Road in Hyderabad from Pedda Amberpet to Bongulur	Andhra Pradesh	173	15	Annuity	4-Laning of Narketpally – Addanki –Medarametla Road (SH-2)	Andhra Pradesh	888	24	Toll
					Two laning of the Chaibasa-Kandra-Chowk stretch	Jharkhand	138	17.5	Annuity
					Four laning of the Adityapur-Kandra stretch	Jharkhand	60	15.75	Annuity
					Four laning of Kiratpur-Ner Chowk section of NH 21	Himachal Pradesh	327	28	Toll
					Construction of New Structures & Repair of existing Four Lane NH from Kharagpur to Baleshwar (NH-60)	West Bengal & Orissa	477	24	Toll
					Development & Operation of 2 laning of Sikar Bikaner Section	Rajasthan	540	25	Toll

Source: ITNL Website (<http://www.itnlindia.com>) and Analyst Presentation (Feb, 2013)

In March 2008, ITNL commenced international operations through the acquisition of Elsamex S.A. (“Elsamex”), a provider of maintenance services primarily for highways and roads in Spain and other countries. Expanding its international presence, again in December ITNL acquired 49% stake in an operational road project in China

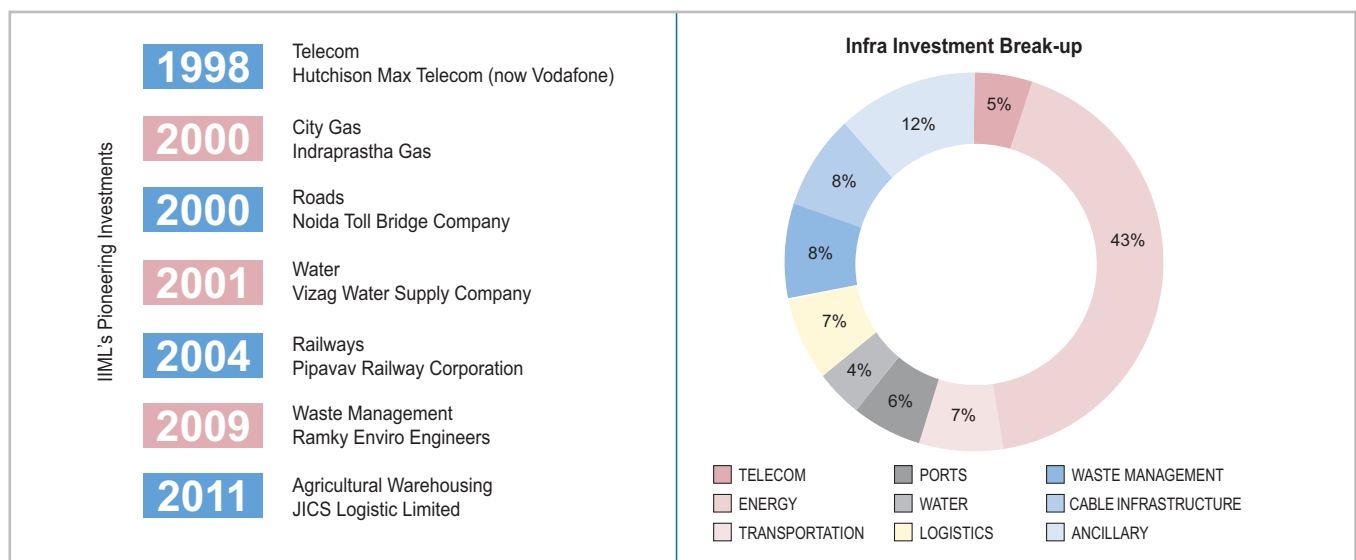
b) IL&FS Investment Managers Limited

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 with over US\$ 3.2 billion under management on behalf of leading Indian and International Institutions

IIML has been an active investor in the Indian market with aggregate investment experience spanning over a decade and across industry sectors. IIML’s experience covers the entire Private Equity life cycle – right from raising funds, making and planning investments to restructuring and 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) Manufacturing, Technology, Retail, Media & Consumer Services

IIML recognised that Indian infrastructure requirements are humungous and thus over the last decade, IIML has managed 3 infrastructure focused funds and presently invests in the sector through the SCI Asia Infrastructure Fund, a joint venture fund in partnership with Standard Chartered Bank. In all, IIML has undertaken 37 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



Source: IIML’s Annual Report 2012

Some of the IIML’s major divested and active funds are listed below:

Name of Fund	Focus	Launch Year	Amount Invested (USD Million)	Status	Key Transactions	Gross Returns in US\$ terms for fully divested investments
AIG Indian Sectoral Equity Fund	Growth Capital/ Infrastructure	1996	40	Fully Divested	1. Indraprastha Gas Limited 2. RPG Mobile Limited / RPG Cellular and Investments Holdings Private Limited	27% pa
India Project Development Fund	Infrastructure	2000	15	Fully Divested	1. Visakhapatnam Industrial Water Supply project 2. Rewas Port Development project	23% pa
Leverage India Fund	Growth Capital	2004	155	Partly Divested	1. Godrej Beverages & Foods Limited (divested) 2. ABG Shipyard Limited (divested) 3. IBN 18 Broadcast Limited	44%
ILFS India Realty Fund I	Real Estate	2006	504	Fully Invested	1. ETL Infrastructure Services Ltd. 2. QVC Realty Ltd.	15.6% (INR Terms)
Pan Asia Project Development Fund	Infrastructure	2006	39	Fully Invested	1. Central UP Gas Limited 2. World Window Infrastructure & Logistics Private Limited	29%

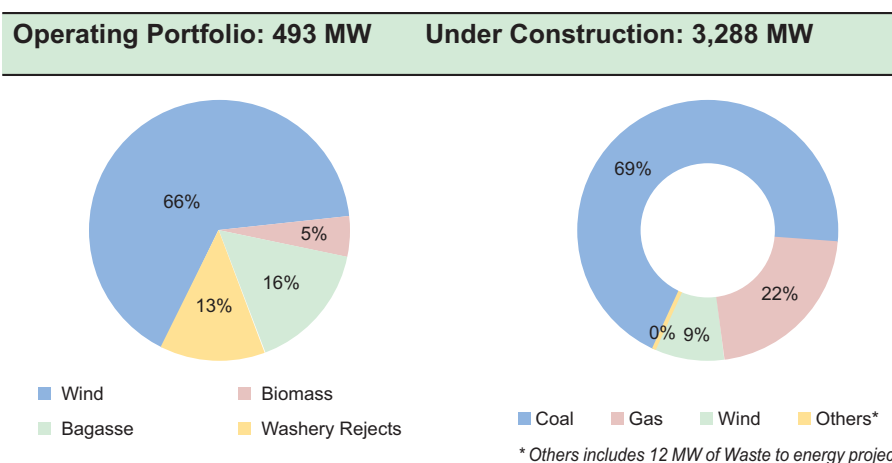
Name of Fund	Focus	Launch Year	Amount Invested (USD Million)	Status	Key Transactions	Gross Returns in US\$ terms for fully divested investments
ILFS India Realty Fund II	Real Estate	2007	685	Investing	1. Kohinoor CTNL Infrastructure Company Ltd 2. GK Industrial Park Pvt Ltd	19.9% pa (INR Terms)
Tara India Fund III	Growth Capital	2008	193	Fully Invested	1. SFO Technologies Pvt Limited 2. RSB Group	-
Standard Chartered IL&FS Asia Infrastructure Growth Fund	Infrastructure	2008	358	Investing	1. IL&FS Transportation Networks Limited 2. Malakoff Corporation Berhad	12% pa

Source: IIML Website (<http://www.ilfsinvestmentmanagers.com>)

c) IL&FS Energy Development Company Limited

IL&FS Energy Development Company Limited (IEDCL) was incorporated in May 2007 with an objective of promoting and/or managing energy projects of the IL&FS Group and to capture further opportunities in the power sector

IEDCL, a subsidiary of IL&FS proposes to implement power generation projects aggregating more than 13,000 MW in both conventional and non-conventional energy space. The power projects developed by IEDCL are planned to be diverse in geographic location, fuel type, fuel source and off-take, and each project is planned to be strategically located near an available fuel supply or load centre. The Group also has an under implementation portfolio of 3,288 MW of which 663 MW is scheduled to be operational in the next few months



IEDCL also extends advisory services to state governments, large public sector companies as well as private sector clients on all facets of project development and implementation. IEDCL is uniquely placed with a pan India presence for the development of power projects from both Conventional and Non-Conventional Energy sources. It provides a gamut of services in the power sector from Concept to Commissioning. The significant mandates currently under delivery in various states of India are listed below:

- (i) Andhra Pradesh : Development of 1600 MW Supercritical Thermal Power Project at Krishnapatnam and 700 MW Combined Cycle Project at Karim Nagar
- (ii) Bihar: Identification, development and appointment of developers for three power projects of 1320 MW each
- (iii) Delhi-Mumbai Industrial Corridor : Development of 6 gas based projects of 1000 MW each
- (iv) Uttarakhand : Identification, development and appointment of developer for approximately 80 nos of projects with aggregate capacity of 2000 MW

IEDCL is a professionally managed company and operates within the policy guidelines and operating framework as determined by the Board of Directors

d) IL&FS Maritime Infrastructure Company Limited

IL&FS is involved in the maritime & logistics sector since the early 1990s where IL&FS started advisory roles and acquired small stake in infrastructure development companies and IL&FS has also advised Indian State Governments in the Transaction advisory of the several Greenfield projects and has also supported developers holding concessions. IL&FS incorporated IL&FS Maritime Infrastructure Company Limited (IMICL) in 2006 with a view to domicile its maritime mandates in a strategic business vertical and to capture further opportunities in this growing sector. As on May 31, 2013, IL&FS Ltd holds 90% stake in IMICL

IMICL is engaged in agglomeration of marine infrastructure assets by participating in the capacity of sponsor, promoter and developer and by taking strategic positions in projects through alliances/partnerships. The portfolio of IMICL project includes a mix of Greenfield project and brownfield projects in related sectors such as ports, shipbuilding & ship repairs, Special Economic Zone and tank terminals. In the short term, IMICL is developing and implementing projects, which have a larger value-add implication through associated projects thereby mitigating the demand risks.

The major projects handled by the IMICL in the capacity of Co-Promoter are Pipapav Shipyard, Vizag Agriport Pvt. Ltd and Dighi Port. In the project development space, IMICL is developing the Nana Lajya Integrated Maritime Complex (including a shipyard, LNG facility and captive port facilities with a multi-product SEZ), the Cuddalore Port Project and 2 berths wholly owned by IMICL on a sub concession from Dighi Port. International assignments include the project of developing a liquid storage tank terminal at Fujairah, UAE with a capacity of ~ 600,000 cbm.

IMICL in the long run intends to build a logistics business with significant ownership in Port and Terminal assets and participate in the larger logistics play through investments and strategic alliances.

e) **IL&FS Technologies Limited**

IL&FS Technologies Limited (ITL), incorporated in 1993, is an associate of IL&FS Ltd. ITL is a complete end-to-end technology solutions company offering consulting, software development, and facilities management services to various customers. ITL has offices at Delhi, Mumbai, Bhubaneswar, Bhopal, Patna and Chennai. It also operates through subsidiaries at Gurgaon and Mumbai in India and Sharjah and Philippines.

ITL's services range from IT Infrastructure Services, ERP & GIS Consulting and Implementation, Software Review and Testing, Information Technology Consulting and Geographic Information Services. ITL has developed significant expertise in developing and delivering citizen centric IT projects in Public Private Partnership mode in both domestic and international markets.

ITL has executed various orders for IL&FS Group Companies, Orix Auto Infrastructure Limited, Addi Industries Limited, Powergrid Corporation of India Limited, Toshiba (Abu Dhabi) and Sika Gulf (Bahrain). As on date, ITL is executing various orders for IL&FS Group Companies, Orix Auto Infrastructure Limited, BHEL and Dr Lal's Pathology Lab, CRYOBANK.

Further, ITL has pipeline of projects currently under execution and the major projects are as under:

- (i) e-Dharini (e-Registration project) for the Orissa State Government,
- (ii) Modern Record Room for Madhya Pradesh Commissioner Land Records,
- (iii) Madhya Pradesh Road Development Corporation Limited - Integrated Border Check Post,
- (iv) National Dairy Development Board (NDDB) Gujarat,
- (v) E-Management of INSPIRE Award Scheme, Ministry of Science and Technology, Department of Science & Technology
- (vi) Commercial Tax Department Nagaland, Mizoram & Meghalaya

Apart from the above, ITL is also executing the Land Titling Computerization Project (LTCP) of the Land Registration Authority (LRA) through its foreign subsidiary in Philippines viz Land Registration Systems Inc (LARES) under a BOO arrangement. LARES was incorporated on April 19, 2000 to undertake the Project which involves development of an online system that would interconnect LRA's registries of deeds (RDs) nationwide enabling on-line transaction processing.

f) **IL&FS Education and Technology Services Limited**

Started in 1997 as SchoolNet, IL&FS Education and Technology Services Limited (IETS) is the Social Infrastructure arm of IL&FS group with its specialised services in Education, Skills Development, Health and Cluster Development. IETS works with a number of clients – Central and State Governments and several PSU's, Corporate and other private sector companies, Multilateral Agencies and Philanthropy organisations to deliver a "holistic development" model in a Public Private Community Partnership (PPCP) mode. Over the years, IETS has evolved the expertise to provide the full array of services from 'Concept to Commissioning' for social infrastructure programs with a strong sense of commercial sustainability.

IETS is headquarters in New Delhi and through its presence in 498 districts out of 641 districts in 25 states, IETS is committed to enhancing the quality of minds across the learning spectrum by providing integrated solutions blended with Technology which Educate and provide skills for employment thus empowering various learner segments.

Broadly, IETS through its group companies is working on three key challenges facing India, especially the private sector, namely:

- (i) Education: Through IETS comprehensive education services, for the school system, which includes technology enabled solutions, multi-media content, teacher training, e-learning solutions etc. covers ~10lakh students, teachers and parents in over 25,000 schools in India.
- (ii) Employability: IETS impart employability skills, through short term programs has placed ~1 lakh socially/economically disadvantaged youth in sectors like textiles, leather, engineering/construction, hospitality, IT etc industries. Recently, Mc Kinsey identified IETS model as one of the best case studies in bridging employability gap.
- (iii) Employment: IETS work with micro, small and medium enterprises, through a cluster approach, to create common/shared infrastructure to enhance their competitiveness resulting in generating additional jobs/enhance the incomes. Over the last 5 years, IETS facilitated creation of ~5 lakh additional jobs at the bottom of the pyramid.

Broadly, IETS is positioned as an 'Education to Employment' highway, working with multi stakeholders.

(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, having its registered office at The IL&FS Financial Centre, 3rd Floor, Plot C-22, G Block, Bandra Kurla Complex, Bandra East, Mumbai- 400051, India. The Trustee, through its Board of Directors, shall discharge its obligations as Trustee of the IL&FS Infrastructure Debt Fund. 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 Financial Services Limited. IL&FS Financial Services Limited holds 100% of IL&FS AMC Trustee Limited along with 7 nominee shareholders

(i) Details of Trustee Directors

Name	Age/Qualification	Brief Experience
Mr Arun K Saha (Associate Director)	Age: 59 years Qualification: Post-Graduate in Commerce, a Chartered Accountant and a Company Secretary by profession and has completed the Advanced Management Programme from the Wharton Business School, University of Pennsylvania	Mr Saha is the Joint Managing Director and Chief Executive Officer of IL&FS and has over 35 years of overall work experience spanning various industries. He has been with IL&FS since inception in 1987 and has been the Functional Head of Finance, Treasury Operations, Credit, Compliance, Capital Market Services and Risk Management for IL&FS Group
Mr Chitranjan Kahlon (Independent Director)	Age: 61 Qualification: Post Graduate Diploma from University of Birmingham, United Kingdom Master of Arts from Punjab University, Chandigarh	Mr Kahlon was an ex-Member of Central Board of Direct Taxes. He has an experience in the areas of Policy formulation and implementation, Risk Management, Capital Market operations and Direct Taxation
Mr Balasubramanian Narasimhan (Independent Director)	Age: 60 Qualification: MA in Economics and Fellow Member of the Institute of Company Secretaries of India (ICSI)	Mr Narasimhan is the Member of the Central Council of ICSI since December 2007 and was re-elected in 2011. He was the Chairman of the Capital Markets Committee of ICSI for 4 years up to 2010 and again for the year 2012. He was also employed with Karvy Computer Share Pvt Ltd and was the Whole time Director of MCS Limited. He has vast experience in the Capital Market and related areas
Mr Sunil Mehta (Independent Director)	Age : 55 years Qualification : B. Com (Hons.), FCA, AMP-Wharton	Mr Mehta has over 30 years of experience in financial services mainly with AIG and Citibank. He has worked across sectors such as Banking, Insurance, Investments and Asset Management

(ii) Responsibilities and duties of the Trustees

Pursuant to the Trust Deed dated January 21, 2013 constituting the Mutual Fund and SEBI Regulations, the rights, obligations, responsibilities and duties of the Trustees are as under:

- (1) The Trustee shall maintain arm's length relationship while carrying out its responsibilities with respect to dealing with other companies, intermediaries or financial intermediaries or any other body corporate with which it may be associated
- (2) The Trustee shall hold a meeting of the Board of the Trustee at least once in every two calendar months and at least six such meetings shall be held in every year. During the Financial year end 2013, 4 meetings have been held from the date of incorporation of the Trustee Company
- (3) The quorum for the meeting of the Board of Trustee shall be at least three directors with at least one independent director
- (4) No director of the Trustee shall participate in the meeting where any decision for investment in which he may be interested are taken
- (5) A Director of the Trustee shall furnish to the Board of Trustee particulars of interest which he may have in any other Company or institution or financial intermediary or any other corporate body by virtue of his position as a Director, Partner or with which he may be associated in any other capacity
- (6) The Trustee shall hold all assets of the Fund in trust for the benefit of the Unit Holders. The Trustee shall ensure proper control over the property of the Fund in accordance with the SEBI Regulations and the Trust Deed and shall act in the best interest of the unit holders of the Fund
- (7) The Trustee shall appoint an Asset Management Company duly approved by SEBI to float schemes for the Fund after approval by the Board of the Trustee and SEBI and manage the funds mobilized under the Schemes as per the provisions of Trust Deed and the Regulations
- (8) The Trustee shall take all reasonable care to ensure that the Schemes floated and managed by the Asset Management Company are in accordance with the Trust Deed and the Regulations
- (9) The Trustee shall be accountable for and be the custodian of the property of the respective Schemes floated under the Fund and shall hold the same in trust for the benefit of the Unit Holders in accordance with the SEBI (Mutual Funds) Regulations and the Trust Deed
- (10) The Trustee shall appoint the Custodian who shall be responsible for safe custody of the assets of the Fund. The Trustee shall enter into custodian agreement with the Custodian for the above purpose

- (11) The Trustees shall take steps to ensure that the transactions concerning the Mutual Fund are in accordance with the provisions of the Trust Deed and the Regulations
- (12) The Trustee shall provide or cause to provide information to the Unit Holders and SEBI as per the SEBI Regulations or as may be specified by SEBI
- (13) The Trustee shall, at any time, have a right to call for books of accounts, records, documents and such other information considered necessary from the Asset Management Company, which are relevant in the management of the affairs concerning the operation of the Fund
- (14) The Trustee shall furnish to the SEBI on a half-yearly basis:
 - (a) a report on the activities of the Fund;
 - (b) a certificate stating that the Trustee has satisfied itself that there have been no instances of self-dealing or front running by any of its, directors and the key personnel of the Asset Management Company;
 - (c) a certificate to the effect that the AMC has been managing the schemes independently of any other activities and in case any activities of the nature referred to in sub-regulation (2) of regulation 24 of the SEBI (Mutual Funds) Regulations, 1996, have been undertaken by the Asset Management Company; it has taken adequate steps to ensure that the interests of the Unit Holders are protected
- (15) The Trustee shall have the power to dismiss the Asset Management Company under specific events of breach of trust and investment management terms with the approval of the SEBI and in accordance with the provisions of the SEBI (Mutual Funds) Regulations, 1996
- (16) The Trustee shall cause to appoint an auditor(s) for the Fund who shall be different from the auditor(s) of the Asset Management Company
- (17) The Trustee shall be responsible for (i) the collection of all incomes due to the Schemes, (ii) claiming any repayment/refund of tax, and (iii) holding any income received by the Fund on behalf of the Unit Holders, in accordance with the SEBI Mutual Fund Regulations and the Trust Deed
- (18) The Trustee shall be paid an annual trusteeship fee @ 0.10% p.a. of the NAV on semi-annual basis, in advance, during the life of the Fund or as may be agreed upon between the Parties
- (19) The Trustee before the launch of a Scheme shall ensure that AMC has:
 - (a) Systems in place for its back office, dealing room and accounting;
 - (b) Appointed all key personnel including fund manager(s) for the Scheme and submitted their bio-data containing education qualifications, past experience in the securities market within fifteen days of their appointment;
 - (c) Appointed auditors to audit its accounts;
 - (d) Appointed a compliance officer responsible for monitoring the compliance of the Securities and Exchange Board of India Act 1992, the rules and regulations, notifications, guidelines, instructions etc. issued by SEBI, Central Government and for redressal of investors grievance;
 - (e) Appointed registrars and laid down parameters for their supervision;
 - (f) Made arrangement for registration and transfer of the Units of the Unit Holders;
 - (g) Prepared a compliance manual and designated internal control mechanism including internal audit system;
 - (h) Specified norms for empanelment of brokers and marketing agents;
 - (i) Obtained prior in principle approval from the recognized stock exchange(s) where Units are proposed to be listed; and
 - (j) Such other steps as may be specified by SEBI
- (20) The Trustee shall have right to obtain from the AMC such information as is considered necessary by it
- (21) The Trustee shall ensure that all the activities of the AMC are in accordance with the SEBI Mutual Fund Regulations
- (22) The Trustee shall ensure that AMC has not given undue or unfair advantage to any associates or dealt with any of the associate of the Asset Management Company in a manner which is detrimental to the interest of Unit holders
- (23) The Trustee shall ensure that the AMC has been managing the Schemes of the Fund independently of other activities and have taken adequate steps to ensure that the interest of investors of one Scheme are not being compromised with those of any other Scheme or of other activities of the AMC
- (24) The Trustee shall ensure that no change in the fundamental attributes of any scheme or the trust or fees and expenses payable or any other change which would modify the Scheme and affects the interest of Unit holders shall be carried out unless in a manner specified under SEBI (Mutual Funds) Regulations, 1996
- (25) The Trustee shall call for the details of transactions in securities by the key personnel of the Asset Management Company in his own name or on behalf of the Asset Management Company and shall report to SEBI, as and when required
- (26) The Trustee shall quarterly review all transactions carried out between the Funds, the Asset Management Company and its associates
- (27) The Trustee shall quarterly review the net worth of the Asset Management Company and in case of any shortfall, ensure that the Asset Management Company make up for the shortfall as specified under the Regulations
- (28) The Trustee shall quarterly review all service contracts such as custody arrangements, transfer agency of the securities and satisfy itself that such contracts are executed in the interest of the Unit Holders

- (29) The Trustee shall ensure that there is no conflict of interest between the manner of deployment of its net worth by the Asset Management Company and the interest of the Unit Holders
- (30) The Trustee shall periodically review the investor complaints received and the redressal of the same by the Asset Management Company
- (31) The Trustee shall call for a meeting of the Unit Holders of the Fund whenever required to do so by the SEBI in the interest of the Unit Holders, or on a requisition of three-fourth of the Unit Holders of the Fund or when the Trustee shall decide to wind up or pre-maturely redeem, in the best interest of the Unit Holders of the Fund
- (32) The Trustee shall be responsible for the acts of willful commission and omissions by its employees or the persons whose services have been obtained by it and the Trustee shall not be absolved of any civil liability to the Fund for their willful acts of commissions and omissions while holding such position or office
- (33) The independent directors of the trustees or AMC shall pay specific attention to the following, as may be applicable, namely:
 - (a) the Investment Management Agreement and the compensation paid under the agreement,
 - (b) service contracts with affiliates whether the AMC has charged higher fees than outside contractors for the same services
 - (c) selection of the AMC's independent directors,
 - (d) securities transactions involving affiliates to the extent such transactions are permitted,
 - (e) selecting and nominating individuals to fill independent Director's vacancies,
 - (f) code of ethics must be designed to prevent fraudulent, deceptive or manipulative practices by insiders in connection with personal securities transactions,
 - (g) the reasonableness of fees paid to Sponsors, AMC and any other entities for services provided,
 - (h) principal underwriting contracts and their renewals,
 - (i) any service contract with the associates of the AMC,
 - (j) give comments on the reports received from AMC regarding the investments by the mutual fund in the securities of group companies of the Sponsor
- (34) No amendments to the trust deed shall be carried out without the prior approval of SEBI and unitholders approval would be obtained where it affects the interests of unitholder

(iii) General and Specific due diligence

(1) General Due Diligence

- (a) The Trustees shall be discerning in the appointment of the directors on the Board of the asset management company
- (b) The Trustees shall review the desirability or continuance of the asset management company if substantial irregularities are observed in any of the schemes and shall not allow the asset management company to float new schemes
- (c) The Trustees shall ensure that the trust property is properly protected, held and administered by proper persons and by a proper number of such persons
- (d) The Trustees shall ensure that all service providers are holding appropriate registrations from the Board or concerned regulatory authority
- (e) The Trustees shall arrange for test checks of service contracts
- (f) The Trustees shall immediately report to the Board of any special developments in the mutual fund

(2) Specific Due Diligence

- (a) obtain internal audit reports at regular intervals from independent auditors appointed by the Trustees,
- (b) obtain compliance certificates at regular intervals from the asset management company,
- (c) hold meeting of trustees more frequently,
- (d) consider the reports of the independent auditor and compliance reports of asset management company at the meetings of trustees for appropriate action,
- (e) maintain records of the decisions of the Trustees at their meetings and of the minutes of the meetings,
- (f) prescribe and adhere to a code of ethics by the Trustees, asset management company and its personnel,
- (g) communicate in writing to the asset management company of the deficiencies and checking on the rectification of deficiencies

(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 having its Registered Office at "The IL&FS Financial Center, 3rd Floor, G Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400051"

IIAML has been appointed as the Asset Management Company of the IL&FS Infrastructure Debt Fund by the Trustees vide Investment Management Agreement (IMA) dated January 21, 2013, and executed between IL&FS AMC Trustee Limited and IL&FS Infra Asset Management Limited. IIAML is a wholly owned subsidiary of IL&FS Financial Services Limited. IL&FS Financial Services Limited holds 100% of IL&FS Infra AMC Limited along with 7 nominee shareholders

(i) Details of AMC Directors

Name	Age/Qualification	Brief Experience
Mr Ramesh Chander Bawa (Associate Director)	Age: 59 years Qualification: Post Graduate in Personal Management & Industrial Relationships, M.A. (Political Science) from Meerut University, and B.A. from Punjab University	Mr Ramesh C Bawa is the Managing Director & Chief Executive Officer of IL&FS Financial Services Limited. Mr Bawa has an experience of more than three decades in Financial services sector
Mr Milind Patel (Associate Director)	Age: 44 years Qualification: B.Com, Graduate Cost & Works Accountant and Master of Management Studies from Jammalal Bajaj Institute of Management Studies, Mumbai	Mr Patel is the Deputy Managing Director of IL&FS Financial Services Ltd. He is an Investment Banker with more than 17 years of experience. He has worked on several international and domestic mandates across Asset & Structured finance and Project finance in Aviation, Marine, Power and Telecom sectors
Mr Pradip Roy (Independent Director)	Age: 64 years Qualification: M.B.A from University of Delhi (Faculty of Management Studies), B.Sc. (Hons.) in Petroleum Engineering, (Indian School of Mines) CAIIB (Indian Institute of Bankers) Certificate on Investment Appraisal and Management from Harvard University, Cambridge, USA	Mr Roy is presently a Senior Advisor with Lincoln International Advisors Pvt. Ltd, an American investment advisory firm and also with Pipavav Defence and Offshore Engineering Company Limited. He is also a Non-Executive/Independent Director of various other Companies. Mr Roy has got more than 3 decades of experience in the banking and financial sector
Mr Rajasekhara Reddy (Independent Director)	Age: 62 years Qualification: M.Sc. (Ag.), CAIIB	Mr Reddy has more than 35 years of experience in the Banking sector with 28 years in front-line assignments. He is the Ex- Chairman & Managing Director of Andhra Bank
Mr Kartik Ganapathy (Independent Director)	Age: 39 years Qualification: Masters in Law (LL.M) - Corporate Law, School of Law, New York University, New York. Advanced Professional Certificate in Graduate Business Education, Leonard N. Stern School of Business, New York University, New York B.A. LL.B (Hons), National Law School of India University, Bangalore	Mr Ganapathy is one of the Partners at Indus Law, a legal firm. He focuses on Private Equity and Venture Capital Investments, Mergers & Acquisitions and Corporate and Securities Law. He has led many large public and private deals and has significant experience in some of the largest private equity and M&A transactions in India
Mr Rajesh Kotian (Associate Director)	Age: 46 years Qualification: B.Com, Associate Chartered Accountant	Mr Kotian has over 22 years of varied experience, including 19 years in the Financial Services sector. He is currently designated as Executive Director of IL&FS Financial Services Ltd (IFIN) and leads the initiative relating to Project Financing and Debt distribution. He is also responsible for business development, structuring and execution of debt mobilization mandates

(ii) Duties and Obligations of the AMC

- (1) The asset management company shall take all reasonable steps and exercise due diligence to ensure that the investment of funds pertaining to any scheme is not contrary to the provisions of these regulations and the trust deed
- (2) The asset management company shall exercise due diligence and care in all its investment decisions as would be exercised by other persons engaged in the same business
- (3) The asset management company shall obtain, wherever required under these regulations, prior in-principle approval from the recognized stock exchange(s) where units are proposed to be listed
- (4) The asset management company shall be responsible for the acts of commissions or omissions by its employees or the persons whose services have been procured by the asset management company
- (5) The asset management company shall submit to the Trustees quarterly reports of each year on its activities and the compliance with these regulations
- (6) The trustees at the request of the asset management company may terminate the assignment of the asset management company at any time
Provided that such termination shall become effective only after the trustees have accepted the termination of assignment and communicated their decision in writing to the asset management company
- (7) Notwithstanding anything contained in any contract or agreement or termination, the asset management company or its directors or other officers shall not be absolved of liability to the mutual fund for their acts of commission or omissions, while holding such position or office
- (8) The Chief Executive Officer (whatever his designation may be) of the asset management company shall ensure that the mutual fund complies with all the provisions of these regulations and the guidelines or circulars issued in relation thereto from time to time and that the investments made by the fund managers are in the interest of the unit holders and shall also be responsible for the overall risk management function of the mutual fund

- (9) The fund managers (whatever the designation may be) shall ensure that the funds of the schemes are invested to achieve the objectives of the scheme and in the interest of the unit holders
- (10) An asset management company shall not:
- (a) through any broker associated with the sponsor, purchase or sell securities, which is average of 5% or more of the aggregate purchases and sale of securities made by the mutual fund in all its schemes
Provided that for this purpose, aggregate purchase and sale of securities shall exclude sale and distribution of units issued by the mutual fund
Provided further that the aforesaid limit of 5% shall apply for a block of any three months
 - (b) purchase or sell securities through any broker which is average of 5% or more of the aggregate purchases and sale of securities made by the mutual fund in all its schemes, unless the asset management company has recorded in writing the justification for exceeding the limit of 5% and reports of all such investments are sent to the trustees on a quarterly basis
Provided that the aforesaid limit shall apply for a block of three months
- (11) An asset management company shall not utilize the services of the sponsor or any of its associates, employees or their relatives, for the purpose of any securities transaction and distribution and sale of securities
Provided that an asset management company may utilize such services if disclosure to that effect is made to the unit holders and the brokerage or commission paid is also disclosed in the half yearly annual accounts of the mutual fund
Provided further that the mutual fund shall disclose at the time of declaring half-yearly and yearly results;
- (a) any underwriting obligations undertaken by the schemes of the mutual fund with respect to issue of securities of associate companies and devolvement, if any,
 - (b) subscription by the schemes in the issues lead managed by associate companies
 - (c) subscription to any issue of equity or debt on private placement basis where the sponsor or its associate companies have acted as arranger or manager
- (12) The asset management company shall file with the trustees the details of transactions in securities by the key personnel of the asset management company in their own name or on behalf of the asset management company and shall also report to the Board, as and when required by the Board
- (13) In case the asset management company enters into any securities transactions with any of its associates a report to that effect shall be sent to the trustees at its next meeting
- (14) In case any company has invested more than 5 per cent of the net asset value of a scheme, the investment made by that scheme or by any other scheme of the same mutual fund in that company or its subsidiaries shall be brought to the notice of the trustees by the asset management company and be disclosed in the half yearly and annual accounts of the respective schemes with justification for such investment provided the latter investment has been made within one year of the date of the former investment calculated on either side
- (15) The asset management company shall file with the trustees and the SEBI
- (a) detailed bio-data of all its directors along with their interest in other companies within fifteen days of their appointment; and
 - (b) any change in the interests of directors every six months
 - (c) a quarterly report to the trustees giving details and adequate justification about the purchase and sale of the securities of the group companies of the sponsor or the asset management company as the case may be, by the mutual fund during the said quarter
- (16) Each director of the Asset Management Company shall file the details of his transactions of dealing in securities with the trustees on a quarterly basis in accordance with guidelines issued by the SEBI
- (17) The asset management company shall not appoint any person as key personnel who has been found guilty of any economic offence or involved in violation of securities laws
- (18) The asset management company shall appoint registrars and share transfer agents who are registered with the SEBI
Provided if the work relating to the transfer of units is processed in-house, the charges at competitive market rates may be debited to the scheme and for rates higher than the competitive market rates, prior approval of the trustees shall be obtained and reasons for charging higher rates shall be disclosed in the annual accounts
- (19) The asset management company shall abide by the Code of Conduct as specified in the Fifth Schedule of SEBI (Mutual Funds) Regulations, 1996
- (20) The asset management company shall not invest in any of its scheme, unless full disclosure of its intention to invest has been made in the offer documents
Provided that an asset management company shall not be entitled to charge any fee on its investment in that scheme
- (21) The asset management company shall not carry out its operations including trading desk, unit holder servicing and investment operations outside the territory of India
- (22) The asset management company shall compute and carry out valuation of investments made by its scheme(s) in accordance with the investment valuation norms specified in Eighth Schedule, and shall publish the same
- (23) The asset management company and the sponsor of the mutual fund shall be liable to compensate the affected investors and/or the scheme for any unfair treatment to any investor as a result of inappropriate valuation
- (24) The asset management company shall report and disclose all the transactions in debt and money market securities, including inter scheme transfers, as may be specified by the Board
- (25) The asset management company shall lay down an adequate system of internal controls and risk management
- (26) The asset management company shall exercise due diligence in maintenance of the assets of an infrastructure debt fund scheme and shall ensure that there is no avoidable deterioration in their value

- (27) The asset management company shall record in writing, the details of its decision making process in buying or selling infrastructure companies' assets together with the justifications for such decisions and forward the same periodically to trustees
- (28) The asset management company shall institute such mechanisms as to ensure that proper care is taken for collection, monitoring and supervision of the debt assets by appointing a service provider having extensive experience thereof, if required
- (29) The assets held by an infrastructure debt fund scheme shall be valued "in good faith" by the asset management company on the basis of appropriate valuation methods based on principles approved by the trustees
- (30) The asset management company shall ensure that investment of funds of the Infrastructure Debt Fund schemes is not made contrary to provisions of this chapter and the trust deed
- (31) All transactions done by the trustees or the employees or directors of the asset management company or the trustee company in the investee companies shall be disclosed by them to the compliance officer within one month of the transaction
- (32) The compliance officer shall make a report thereon from the view point of possible conflict of interest and shall submit it to the trustees with his recommendations, if any
- (33) The persons covered in sub-regulation (1) may obtain the views of the trustees before entering into the transaction in investee companies, by making a suitable request to them

(iii) Information on Key Personnel

Name/Designation	Age/Qualification	Brief Experience
Mr Manish Chourasia Chief Executive Officer	Age: 43 years Qualification: BE (IIT Roorkee), MBA (FMS Delhi University), CFA, 2012, CFA Institute, Charlottesville, Virginia, USA	Mr Chourasia has about 20 years experience of which 18 years in origination, credit risk assessment and stress asset management. As part of the above mentioned functional categories, he has handled various products covering Infrastructure finance, acquisition finance, trade finance, credit/forex derivatives etc. Apart from India, he also has experience of working in financial markets of Hong Kong, China, Korea and Japan
Mr Jignesh Shah Chief Investment Officer	Age: 41 years Qualification: Masters in Business Administration, Chartered Accountant	Mr Shah has more than 18 years of experience in financial services encompassing both fund based and non-fund based activities including M&A, project finance, capital raising, corporate advisory and valuation mandates
Mr Sujoy Das Chief Risk Officer	Age: 54 years Qualification: Bachelor of Science (Hons in Physics), Post Graduate Diploma in Management, IIM Calcutta Chartered Accountant	Mr Das has more than 15 years experience in development of risk management system for various businesses with specific focus on sponsored infrastructure projects in IL&FS group
Mr Amit Mainkar Chief Financial Officer, Head - Operations and Investor Relations Officer	Age: 36 years Qualification: B.Com, Member of The Institute of Chartered Accountants of India	Mr Mainkar is the Chief Financial Officer, Head - Operations and Investor Relations Officer. He has over 12 years of experience in the areas of finance, treasury, tax, audit, regulatory compliances and general administration. In his previous assignment he was associated with Pramerica Asset Managers as Financial Controller. He has also worked as Financial Controller for Bharti AXA Investment Managers and Principal Pnb Asset Managers in his previous role
Ms Hemanti Wadhwa Chief Compliance Officer and Company Secretary	Age: 38 years Qualification: M.Com, LLB, FCS	Ms Hemanti Wadhwa has a work experience of about 15 years of which last 10 years has been in the mutual fund industry. She has worked with asset managers like Kotak, Deutsche, BNP Paribas and SBI. She was also a member of the AMFI Operations and Compliance Committee for the period October 2010 till November 2012
Mr Gautam Marathe Debt Fund Manager	Age: 32 years Qualification: B.Com. Chartered Accountant, CFA, 2012, CFA Institute, Charlottesville, Virginia, USA	Mr Marathe has around 9 years of post qualification experience in structuring and distributing complex transactions of varied types such as Project Finance, Acquisition Finance, Structured and Asset Finance across various sectors such as roads, power, port, real estate, iron and steel, etc
Mr Sudhanshu Shukla Research Analyst	Age: 28 years Qualification : PGDBM - Amrita School of Business (Coimbatore)	Mr Shukla has about 5 years of experience in research, financial appraisal and transaction advisory of infrastructure projects etc

(E) SERVICE PROVIDERS**(i) Custodian**

HDFC Bank Ltd., having its registered office at HDFC Bank House, Senapati Bapat Marg, Lower Parel, Mumbai 400 013 has been appointed as Custodian. The Custodian has been registered with SEBI under registration No. IN/CUS/001

(ii) Registrar & Transfer Agents

Computer Age Management Services Private Limited (“CAMS”/“Registrar”) having its principal business at No 178/10 Kodambakkam High Road, Ground Floor, Opp Hotel Palmgrove, Chennai – 600034, Tamil Nadu, India has been appointed as Registrar and Transfer Agent of the Fund. The Board of the Trustees and the AMC has ensured that the Registrar has adequate capacity to discharge responsibilities with regard to processing of applications and dispatching unit certificates to unitholders within the time limit prescribed in the Regulations and also has sufficient capacity to handle investor complaints. The Registrar is registered with SEBI under Registration Number INR000002813

(iii) Statutory Auditors of Fund

Deloitte Haskins & Sells, Chartered Accountants
Tower 3, 27th-32nd Floor, Indiabulls Financial Centre,
Elphinstone Mill Compound, Senapati Bapat Marg, Elphinstone (W), Mumbai – 400 013, India

(iv) Fund Accountant

IL&FS Securities Services Limited
IL&FS House, Plot No. 14, Raheja Vihar, Chandivali, Andheri (East), Mumbai – 400 072, India

(v) Legal Counsel

Legal Function will be managed by Legal Counsel at IL&FS Group. The Mutual Fund /AMC may, at its discretion, appoint or seek opinion/advice from external legal consultant

(F) CONDENSED FINANCIAL INFORMATION (CFI)

Not Applicable as the Fund does not have any scheme

(II) HOW TO APPLY**(i) From Whom**

The scheme units are being offered for subscription directly from the Mutual Fund through Investment Service Centres (ISCs), registered office of the AMC and of Mutual Fund

(ii) Availability of Forms

Application Forms along with copies of this SAI and respective Placement Memoranda (PM) are available at any of the Investor Service Centres, in addition to the Registered Office of the Mutual Fund. Application Forms are also available on the website of the Mutual Fund www.ilfsinfrafund.com

(iii) Procedure for Purchase of Units

Investors can purchase units of the schemes by completing an application form and delivering it at any of the Investor Service Centres or such other place as may be specified. Further, as per the SEBI guidelines, in respect of New Fund offers (NFO) or Private Placement, investors will also have an option to make an application / payment under the Applications Supported by Blocked Amount (ASBA) facility. This facility is available to all investors eligible to invest in the schemes of the Mutual Fund. The applications under ASBA facility will be subject to the directives issued by SEBI from time to time

Any changes/alterations in the Application Form must be countersigned by the investor(s). The Mutual Fund/AMC will not be bound to take cognizance of any changes/alterations if the same are not so countersigned

The investors should ensure that the amount invested in the Scheme is through legitimate sources only and does not involve and are not designed for the purpose of any contravention or evasion of any Act, Rules, Regulations, Notifications or Directions of the provisions of Income Tax Act, Anti Money Laundering Act, Anti-Corruption Act and or any other applicable laws enacted by the Government of India from time to time

(iv) Investments in the name of a minor acting through guardian

In case of application in the name of minor, the minor has to be the first and the sole holder. No joint holder will be allowed with the Minor as the first or sole holder. The Guardian of the minor should either be a natural guardian (i.e. father or mother) or a court appointed legal guardian. A copy of birth certificate, passport copy, etc evidencing date of birth of the minor and relationship of the guardian with the minor, should be mandatorily attached with the application

The minor unit holder, on attaining majority, shall inform the same to AMC / Mutual Fund /Registrar and submit following documents to change the status of the account (folio) from ‘minor’ to ‘major’ to allow him to operate the account in his own right viz.,

- (a) Duly filled request form for changing the status of the account (folio) from ‘minor’ to ‘major’
- (b) New Bank details where account changed from ‘minor’ to ‘major’

- (c) Signature attestation of the major by a bank manager of Scheduled bank / Bank certificate or Bank letter
- (d) KYC acknowledgement letter of major. The guardian cannot undertake any financial and non-financial transactions after the date of the minor attaining majority in an account (folio) where the units are held on behalf of the minor, and further, no financial and non-financial transactions can be undertaken till the time the change in the status from 'minor' to 'major' is registered in the account (folio) by the AMC / Mutual Fund

In case of Minor, the Guardian shall have the voting rights till the time the Minor attain majority

Further, post attainment of majority by the minor, the Mutual Fund/AMC will not be obliged to accept any instruction or transaction application made under the signature of the guardian

(v) Mode of Payment

Investors may make payments for subscription to the Units of the Scheme at the bank collection centres by local Cheque/Pay Order/ Bank Draft, drawn on any bank branch, which is a member of Bankers Clearing House located in the official Point of acceptance of transactions where the application is lodged or by giving necessary debit mandate to their account or by any other mode permitted by the AMC

Cheques/Pay Orders/Demand Drafts should be drawn as follows:

- The Cheque/DD/Payorder should be drawn in favour of "IL&FS Infrastructure Debt Fund - Series" as mentioned in the application form/addendum at the time of the launch. Please note that all cheques/DDs/payorders should be crossed as "Account payee"
- Centres other than the places where there are official point of acceptance of transactions as designated by the AMC from time to time, are Outstation Centres. Investors residing at outstation centres should send demand drafts drawn on any bank branch which is a member of Bankers Clearing House payable at any of the places where an official point of acceptance of transactions is located
- Payments by cash, money orders, postal orders, stock invests and out-station and/or post dated cheques will not be accepted

Applications Supported by Blocked Amount (ASBA) facility

ASBA facility will be provided to the investors subscribing to NFO of each Series of the Scheme/Private Placement Memorandum. It shall co-exist with the existing process, wherein cheques/demand drafts are used as a mode of payment. Detailed provision of such facility will be provided in Placement Memorandum

Mandatory quoting of Bank Mandate and PAN by Investors

It is mandatory for investors to mention their bank account number in their application/request for redemption. It is also mandatory that Permanent Account Number (PAN) issued by the Income Tax Department would be the sole identification number for all investors transacting in the securities market, irrespective of the amount of transaction. Accordingly investors will be required to furnish a copy of PAN together with request for fresh purchases

Application Forms without these information and documents will be considered incomplete and are liable to be rejected without any reference to the investors. The procedure implemented by the AMC and the decisions taken by the AMC in this regard shall be deemed final

Return of Cheques

Returned cheques are not liable to be presented again for collection, and the accompanying application forms are liable to be rejected. In case the returned cheques are presented again, the necessary charges, if any, are liable to be debited to the investor

Non acceptance of Third Party payment

The AMC shall not accept subscriptions with Third Party payment instruments in the schemes of IL&FS Infrastructure Debt Fund, except in following cases:

- In case of investment in the name of a minor, payment by the person registered as Guardian in the minor's Folio irrespective of the amount of investment;
- Custodian on behalf of an FII or a client; and

For this purpose Third Party payment shall mean payment made through instruments issued from an account other than that of the beneficiary investor. It is clarified that in case of payments from a joint bank account, the first holder of the mutual fund folio has to be one of the joint holders of the bank account from which payment is made;

The investors making an application under the exception cases mentioned above need to submit such declarations and other documents / information as may be prescribed by the AMC from time to time. The AMC may specify such procedures for registration of one or more bank accounts of the investor for their mutual fund folio/accounts and its verification, as may be deemed appropriate from time to time

KYC Documents:

It is mandatory for all investors (including joint holders, NRIs, POA holders and guardians in the case of minors) to furnish such documents and information as may be required to comply with the Know Your Customers (KYC) policies under the AML Laws. Applications without such documents and information may be rejected

All investments in IL&FS Infrastructure Debt Fund need to comply with the PAN and KYC requirements as mentioned above

(vi) Payment of Redemption Proceeds and dividend Payment through Cheques/Demand Draft

Redemption proceeds and dividend will be paid by cheque / demand draft in favour of the Unitholder's registered name and bank account number. The payment instrument will be sent to the Unit holder's address registered with the Mutual Fund or the redemption proceeds may be credited to the bank account of the investor if the investor so instructs, subject to the AMC having necessary arrangements with the bank

All payments will be made, in favour of the registered holder of the units or, if there is more than one registered holder, in favour of the first-named registered holder as determined by reference to the original application for Units

To safeguard the interests of the unit holders from loss or theft of their redemption cheques, the details of their bank account will be printed on the redemption cheques (wherever available). Investors are required to provide the name of their bank, branch address and account type & number in the Application form

Payment instruments will be sent to the investor with reference to the data submitted in the application for Units at the investor's risk. Dispatch of payment instrument shall be made by ordinary mail or registered mail or courier, as may be deemed appropriate by the AMC unless otherwise required under any applicable regulations, at the risk of the investor. Such payments will constitute adequate discharge of the obligation of the Fund, Trustee and the AMC. The Fund, Trustee or the AMC will not be responsible for any delay/non-receipt of redemption proceeds where it is attributable to any incorrect/incomplete information provided by the investor. The Fund/Trustee/AMC will also not be liable for any loss on account of fraudulent encashment of the redemption cheque

Payment through electronic modes

The redemption proceeds or dividend may also be paid through various modes of electronic payments such as Electronic Clearing System (ECS) / Real Time Gross Settlement (RTGS) / National Electronic Fund Transfer (NEFT) / Direct Credit (DC), which offers various benefits such as reduction in transit delays, loss of payment instrument in transit, protection against fraudulent encashment etc

Where the requisite information pertaining to the unit holder's bank account is available with the Fund, the Mutual Fund / AMC may, at its discretion, endeavour to credit the redemption processed / dividend directly to the Unitholder's bank account instead of issuing a payment instrument. The investors are requested to provide their bank's Indian Financial System code (IFSC) for Real Time Gross Settlement (RTGS) or National Electronic Fund Transfer (NEFT) and / or Magnetic Ink Character Recognition (MICR) code for Electronic Clearing System (ECS)

Investors are requested to note that RTGS and NEFT codes may be different for the same bank / branch. Please contact your bank for the details of the same. The Fund, Trustee or the AMC will not be responsible for any delay / non-receipt of electronic payment where it is attributable to any incorrect/incomplete information provided by the investor

RTGS / NEFT / ECS are facilities offered by Reserve Bank of India (RBI), for facilitating better customer service by direct credit of dividend/redemption to an investor's bank account through electronic credit. This helps in avoiding loss of dividend/redemption warrant in transit or fraudulent encashment. It may be noted that there is no commitment from the Mutual Fund that this facility will be made available to the Unitholders for payment of dividend/redemption proceeds. While the Mutual Fund will endeavour in arranging the facility it will be dependent on various factors including sufficient demand for the facility from Unitholders at any centre, as required by the authorities. Payments made through ECS / RTGS / NEFT / DC are subject to applicable rules and policies of RBI and the working of banking system

Any charges levied by the investor's bank for receiving payment through ECS / RTGS / NEFT / DC will be borne by the investor. The Mutual Fund / AMC will not accept any request for refund of such bank charges

In cases where such a facility is not available or if the facility is discontinued by the Scheme for any reason or if the Mutual Fund/AMC is not able to credit the funds to the Unit holder's bank account for any reason, the AMC shall despatch to the unit holders a payment instrument. The Mutual Fund / AMC, however, reserve the right to issue a payment instrument despite of an investor opting for Electronic Payout

(vii) Unambiguous and Unconditional Requests

All application for redemption, purchase or exchange or any other instruction must be correct, complete, clear and unambiguous in all respects and should conform to the prescribed procedure/documentation requirements, failing which the Trustee/AMC reserve the right to reject the same and in such a case the Trustee/AMC will not be responsible for any consequence therefrom. The Investor shall ensure that any overwriting or correction shall not be made in any requests. Further, any requests for purchase / redemption / switch or other transactions must be unconditional. The Fund/Trustee/AMC shall not be bound to take cognizance of any conditions placed on the transaction request and may at its sole discretion, reject such transaction request, or process the same as if the condition were not mentioned

Applications that are incomplete or inaccurate or ambiguous or conditional are termed as 'Not in Good Order' (NIGO). Any NIGO applications shall be rejected by the AMC/Mutual Fund/Trustees. All applications are accepted "Subject to Verification". Applications can be therefore rejected at the counter itself, or subsequently at the time of a good order review either at the branch or at the back office

(viii) Joint Applicants

In the event an Account has more than one registered owner, the first-named holder (as determined by reference to the original Application Form) shall receive the Account Statements, all notices and correspondence with respect to the Folio / Account, as well as the proceeds of any Redemption requests or dividends or other distributions. The Fund shall have no liability in this regard to any account holder other than the first named holder of Units. In addition, such first-named Unitholders shall have the voting rights, as permitted, associated with such Units, as per the applicable guidelines

Applicants can specify the ‘**mode of holding**’ in the application form as ‘*Joint*’ or ‘*Any one or Survivor*’. In the case of holding specified as ‘*Joint*’, redemptions would have to be signed by **all joint holders** in the same order as registered with the Mutual Fund. However, in cases of holding specified as ‘*Anyone or Survivor*’, any one of the Unitholder will have the power to make redemption requests, without it being necessary for all the Unit holders to sign. However, in all cases, the proceeds of the Redemption will be paid only to the first-named holder

In case of death / insolvency of any one or more of the Joint holders of the Units as named in the Register of Unit holders, the AMC shall not be bound to recognise any person(s) other than the remaining holders

For Units held in Electronic (Demat) Mode

For DP account held in joint names, the rules of the Depository for operation of such DP accounts will be applicable

(ix) Investments by Companies/Corporate Bodies etc.

In case of application by a limited company or a body corporate or an eligible institution or a registered society or a trust or a partnership firm under a Power of Attorney or otherwise, the original Power of Attorney duly notarised or a certified true copy thereof or the relevant resolution or authority to make the application / redemption as the case may be, or certified true copy thereof, along with a certified copy of the Memorandum and Articles of Association and/or bye laws and/or trust deed and / or partnership deed (as the case may be) and Certificate of Registration / Incorporation should be submitted. The officials should sign the application under their official designation. In case of a Trust, it shall submit a certified true copy of the resolution from the Trustee(s) authorizing such purchases / redemption

(x) Investments under Power of Attorney (PoA)

In case of an application under a Power of Attorney, the relevant original Power of Attorney duly notarized or duly certified true copy thereof should be submitted. The signatures of the investor and the POA holder must be clearly available in the POA document for the POA to be accepted as a valid document. AMC reserves the right to reject any POA and / or subsequent transaction if the signatures as above are not available in the document

(xi) Investment by NRI's, PIO's, FII's

The following summary outlines the various provisions related to investments by Non-Resident Indians (‘NRIs’), Persons of Indian Origin (‘PIOs’) and Foreign Institutional Investors (‘FIIs’) in the schemes of the Mutual Fund and is based on the relevant provisions of the Income Tax Act, 1961 (‘the Act’), regulations issued under the Foreign Exchange Management Act, 1999 and the Wealth Tax Act, 1957 (collectively called ‘the relevant provisions’), as they stand on the date of this SAI

THE FOLLOWING INFORMATION IS PROVIDED FOR GENERAL INFORMATION ONLY. HOWEVER, IN VIEW OF THE INDIVIDUAL NATURE OF THE IMPLICATIONS, EACH INVESTOR IS ADVISED TO CONSULT WITH HIS OR HER OWN ADVISORS/AUTHORISED DEALERS WITH RESPECT TO THE SPECIFIC TAX AND OTHER IMPLICATIONS ARISING OUT OF HIS OR HER PARTICIPATION IN THE SCHEMES

NRI's, PIO's and FII's can invest in IL&FS Infrastructure Debt Fund Schemes on repatriation basis as per the provisions of Foreign Exchange Management Regulations, 2000 (‘the Regulations’)

The investments shall carry the right of repatriation of capital invested and capital appreciation so long as the investor continues to be a resident outside India. In the case of a FII, the designated branch of the authorized dealer may allow remittance of net redemption / maturity proceeds of units (after payment of taxes) or credit the amount to the Foreign Currency account or Non-resident Rupee account of the FII maintained in accordance with the approval granted to it by the RBI. In any other case, where the investment is made out of inward remittance or from funds held in NRE account of the investor, the maturity proceeds / repurchase price of units (after payment of taxes) may be credited to NRE / NRO account of the non-resident investor maintained with an authorized dealer in India

Investment by NRIs and PIOs

In case of NRI's / PIO's seeking to apply for purchase of units on a repatriable basis, payments may be made by way of wire transfer/ inward remittances to IL&FS Infrastructure Debt Fund's account (Details in Private Placement Memorandum) or by way of cheque drawn on the NRE Account of the investor or a Indian Rupee draft purchased abroad, payable at the location where the application form is submitted to any ISC / Collection Centre. Please provide a photocopy of the cheque along with the application form if investment is made through a NRE account

Investments by FII's

FII's may pay for their subscription amounts by way of wire transfer / inward remittances to IL&FS Infrastructure Debt Fund's account (Details in Private Placement Memorandum) or out of funds held in special Non Resident Rupee Account maintained in a designated branch of an authorised dealer by way of cheques drawn on such account and made payable at the location where the application is submitted to any ISC / Collection Centre, or by way of Indian Rupee draft purchased abroad payable at the location where the application is submitted to any ISC / Collection Centre

The NRI's / PIO's / FII's shall also be required to furnish such other documents as may be desired by the Mutual Fund in connection with their investment in the schemes

Redemptions & Income Distribution

Redemption / maturity proceeds and / or dividend or income earned (if any) will be payable in Indian Rupees only. The Scheme will not be liable for any loss on account of exchange fluctuations, while converting the rupee amount in US Dollar or any other currency

(III) RIGHTS OF UNITHOLDERS OF THE SCHEME

- (1) Unit holders of the Scheme have a proportionate right in the beneficial ownership of the assets of the Scheme
- (2) When the Mutual Fund declares a dividend under the Scheme, the dividend warrants shall be dispatched within 30 days of the declaration of the dividend
- (3) The Unitholders whose application for subscription has been accepted by the Fund, a communication specifying the number of units allotted, in form of an email and/or SMS at the registered e-mail address and/or mobile number, shall be sent within five Business Days from the date of receipt of transaction request or allotment of units in case of new fund offer or Placement period close
- (4) The Mutual Fund shall dispatch Redemption proceeds within 10 Business Days of receiving the Redemption request. It may be noted that redemption shall be made only upon maturity of the Scheme/Placement Memorandum
- (5) The Trustee is bound to make such disclosures to the Unit holders as are essential in order to keep the unitholders informed about any information known to the Trustee which may have a material adverse bearing on their investments
- (6) The appointment of the AMC for the Mutual Fund can be terminated by majority of the Directors of the Trustee Board or by 75% of the Unit holders of the Scheme
- (7) The Trustee shall obtain the consent of the Unit holders:
 - (a) whenever required to do so by SEBI, in the interest of the Unit holders
 - (b) whenever required to do so if a requisition is made by three- fourths of the Unit holders of the Scheme
 - (c) when the Trustee decides to wind up the Scheme or prematurely redeem the Units
 - (d) The Trustee shall ensure that no change in the fundamental attributes of any Scheme or the trust or fees and expenses payable or any other change which would modify the Scheme and affects the interest of Unit holders, shall be carried out unless :
 - a written communication about the proposed change is sent to each Unitholder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated; and
 - the Unit holders are given an option to exit for a period of 30 days to exit at the prevailing Net Asset Value without any Exit Load
 - the Scheme may wound up if the 75% of the Unit holders pass a resolution to terminate the Scheme
- (8) In specific circumstances, where the approval of unitholders is sought on any matter, the same shall be obtained by way of a postal ballot or such other means as may be approved by SEBI

(IV) INVESTMENT VALUATION NORMS FOR SECURITIES AND OTHER ASSETS

(1) PREAMBLE

- 1.1 SEBI has prescribed the norms for valuation of Investment in Eighth Schedule of SEBI Mutual Fund Regulations, 1996 (the regulations) with additional guidance issued by SEBI through Circular and guidelines issued by Association of Mutual Fund in India (AMFI) from time to time. Accordingly, valuation of investments needs to be based on the principal of fair valuation i.e. valuation shall be reflective of the realizable value of the securities/assets. The valuation shall be done in good faith and in true and fair manner through appropriate valuation policies and procedures. Board of the Asset Management Company has formulated policies and procedures identifying the methodologies to be used for valuing each type of securities/assets held by the mutual fund schemes
- 1.2 All expenses and incomes accrued up to the valuation date shall be considered for computation of net asset value. For this purpose, while major expenses like management fees and other periodic expenses should be accrued on a day-to-day basis, other minor expenses and income need not be so accrued, provided the non-accrual does not affect the NAV calculations by more than 1% which will be declared on Quarterly basis
- 1.3 The purpose of the Valuation Policy is to:
 - Ensure fair treatment to all investors in the scheme
 - Defining valuation procedures/methodologies for various types of securities including any new security
 - Ensure that the valuation methods adopted are being adhered to consistently as per the approved framework
 - Devise process to detect and prevent incorrect valuation
 - Ensure transparency by making appropriate disclosures
 - Valuation of securities/assets during exceptional events and recording of deviations from established policies and procedures for escalation to the Board of AMC and Trustees
 - Dealing with conflict of interests (including potential conflict of interest)

(2) VALUATION COMMITTEE

- I. The Valuation Committee shall be responsible for recommending appropriate valuation methods and for monitoring exceptional events with the guidance of the Boards of the AMC, as the case may be
- II. The Valuation Committee shall review the valuation methodologies at least annually in terms of its appropriateness and accuracy in determining the fair value of each and every security. The Boards of the AMC and Trustee Company shall be updated on effectiveness of the policy annually and deviations, if any or inadequate valuation of securities

(3) VALUATION METHODS

Asset Class	Traded / Not Traded / Thinly Traded / Listed / Unlisted	Valuation Methodology
Debt & Money Market instruments other than Treasury Bills, Government Securities, CBLO, Reverse Repo, Bills Rediscounting Deposit Scheme, State Development Loan	Traded	<p>Weighted average YTM at which they are traded / reported on public platform. Order of preference for the public platform for consideration are as follows:</p> <ol style="list-style-type: none"> 1. FIMMDA 2. NSE WDM 3. BSE WDM <p>A security will qualify as traded security if:</p> <ul style="list-style-type: none"> – For securities with residual maturity > 1 Year: There are at least two trades and aggregate volume of ₹ 25 Crores face value or more on a public platform – For securities with residual maturity <= 1 Year: There are at least three trades and aggregate volume of ₹ 100 Crores face value or more on a public platform <p>Note: The qualifying criteria are to be observed at the exchange / platform level (as the same trades may be reported on multiple platforms)</p> <p>If the security does not qualify as above, own traded price (including inter-scheme) for buy / sell transaction may be considered; provided that there is at least one trade of not less than ₹ 5 Crore</p>
	Not Traded/Thinly traded	<p>If the security is not traded; then according to existing SEBI regulation on Valuation:</p> <ol style="list-style-type: none"> a) For Securities with residual maturity <= 60 Days: Straight Line Amortization as long as their valuation remains within ±0.10% band of the price derived from the reference rate for each bucket. (Reference Rate = Benchmark Yield ± Spread (if any). Benchmark Yield is the average of yields provided by CRISIL / ICRA). In case of amortized value falling outside the above band, the YTM of the asset will have to be adjusted in order to bring the price within the ±0.10% band with suitable justification <p>Determination of Spread:</p> <p>In case on a particular valuation day, traded yield (purchase yield on allotment date in case of primary deals) has been considered for valuation, the difference between the traded / purchase yield and the benchmark yield will be fixed as the spread for the purpose of valuation without any cap on the illiquidity premium / discount</p> <ol style="list-style-type: none"> b) For Securities with residual maturity > 60 Days: <ul style="list-style-type: none"> All money market and debt securities, including floating rate securities, with residual maturity of over 60 days shall be valued at weighted average price at which they are traded on the particular valuation day. When such securities are not traded on a particular valuation day they shall be valued at benchmark yield/ matrix of spread over risk free benchmark yield obtained from approved agencies To value an un-rated security, the fund manager shall assign an internal credit rating to the securities. The internal credit rating will be mapped to external credit rating matrix. The internal credit rating assigned will be used for determining spreads to be used for valuation. Since un-rated instruments tend to be more illiquid than rated securities, the yields would be marked up by adding discretionary spread If there is a deviation of more than ±75 bps in the spread being used by the Fund Manager for the valuation purpose vis a vis the spread derived from the matrix of spread over risk free benchmark yield obtained from approved agencies, then the spread to be used for valuation purposes over the benchmark rate shall be approved by the Investment Committee
	Primary Market Deals	To be valued at cost until allotment
Valuation of securities with Put/ Call options	Not Traded	<p>In line with SEBI circular, the option embedded securities would be valued as follows:</p> <p>Securities with Call Option</p> <p>The securities with call option shall be valued at the lower of the value as obtained by valuing the security to final maturity and valuing the security to call option</p> <p>In case there are multiple call options, the lowest value obtained by valuing to the various call dates and valuing to the maturity date is to be taken as the value of the instruments</p> <p>Securities with Put Option</p> <p>The securities with put option shall be valued at the higher of the value obtained by valuing the security to final maturity and valuing the security to put option</p> <p>In case there are multiple put options, the highest value obtained by valuing to the various put dates and valuing to the maturity date is to be taken as the value of the instruments</p>

Asset Class	Traded / Not Traded / Thinly Traded / Listed / Unlisted	Valuation Methodology
		<p>Securities with both Put and Call option on the same day</p> <p>The securities with both Put and Call option on the same day would be deemed to mature on the Put/Call day and would be valued accordingly</p> <p>The securities having Put and Call options on the same day but at different prices would not be treated as maturity date of the instrument and would be valued at Put and Call dates. Lower of the best of Put and worst of call would be taken as the price for valuation</p>
Treasury Bills & Government Securities	Traded / Not Traded	Valued basis average of security level prices received from CRISIL and ICRA.
Bank Fixed Deposits, CBLO/ Reverse Repo, Bills rediscounting Deposit Scheme	–	Valued at cost plus accruals / amortization
Equity, Normal Preference shares and Cumulative Convertible Preference Share	Traded	Traded Securities are to be valued at the last quoted closing price on the primary Stock Exchange (NSE). If a security is not traded on NSE on a particular valuation day, the close price at which it is traded on BSE shall be considered
	Not Traded / Thinly Traded	<p>1. If the security is not traded either on NSE and BSE, the earliest previous day's close price shall be used, provided such day is not more than thirty days prior to the valuation date</p> <p>2. Other Cases:</p> <p>A. Equity Shares:</p> <p>(a) Based on the latest available Balance Sheet, net worth shall be calculated as follows:</p> <p>(b) Net Worth per share = [Share Capital + Reserves (excluding Revaluation Reserves) – Misc. expenditure and Debit Balance in P&L A/c] Divided by No. of Paid-up Shares</p> <p>(c) Average capitalization rate (P/E ratio) for the industry based upon either BSE or NSE data (which should be followed consistently and changes, if any noted with proper justification thereof) shall be taken and discounted by 75% i.e. only 25% of the Industry average P/E shall be taken as capitalization rate (P/E ratio). Earnings per share (EPS) of the latest audited annual accounts will be considered for this purpose</p> <p>(d) The value as per the net worth value per share and the capital earning value calculated as above shall be averaged and further discounted by 10% for ill-liquidity so as to arrive at the fair value per share</p> <p>(e) In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalized earning</p> <p>(f) In case where the latest balance sheet of the company is not available within nine months from the close of the year, unless the accounting year is changed, the shares of such companies shall be valued at zero</p> <p>(g) In case an individual security accounts for more than 5% of the total assets of the scheme, an independent valuer shall be appointed for the valuation of the said security</p> <p>To determine if a security accounts for more than 5% of the total assets of the scheme, it should be valued by the procedure above and the proportion which it bears to the total net assets of the scheme to which it belongs would be compared on the date of valuation</p> <p>B. Preference Share:</p> <p>Non traded preference shares should be valued in good faith depending upon the type of the Preference Share and after considering illiquidity discount, if any</p> <p>These guidelines are similar to the guidelines issued by SEBI for non traded / thinly traded securities mentioned above only except the following:</p> <p>a. Computation of Net worth per share as lower of (i) and (ii):</p> <p>i) Net worth of the company = Paid-up share capital + Reserves other than Revaluation reserve - Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses / Number of Paid-up Shares</p> <p>ii) Net worth of the company = Paid-up capital + Consideration on exercise of Option / Warrants received / receivable by the company + free reserves other than Revaluation</p>

Asset Class	Traded / Not Traded / Thinly Traded / Listed / Unlisted	Valuation Methodology
Equity	Unlisted	<p>reserve – Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses / {Number of paid-up shares + number of shares that would be obtained on conversion / exercise of outstanding warrants and options}</p> <p>If the net worth of the company is negative, the share should be marked down to Zero</p> <ol style="list-style-type: none"> Average capitalisation rate (P/E ratio) for the industry based upon either BSE or NSE data(which should be followed consistently and changes, if any, noted with proper justification thereof) shall be taken and discounted by 75% i.e. only 25% of the Industry average P/E shall be taken as capitalisation rate (P/E ratio). Earnings per share of the latest audited annual accounts will be considered for this purpose The value as per the Net Worth value per share and the capital earning value calculated as above shall be averaged and further discounted by 15 per cent for illiquidity so as to arrive at the fair value per share Computation of fair value per share to be considered for valuation at 15% discount for illiquidity. [(Net worth per share + Capitalized value of EPS) / 2] * 0.85 <p>The above valuation methodology shall be subject to the following conditions:</p> <ol style="list-style-type: none"> All calculations shall be based on audited accounts If the latest Balance Sheet of the company is not available within nine months from the close of the year, unless the accounting year is changed, the shares of such companies shall be valued at zero If the Net Worth of the company is negative, the share would be marked down to zero In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised earning In case an individual security accounts for more than 5 per cent of the total assets of the scheme, an independent valuer shall be appointed for the valuation of the said security <p>To determine if a security accounts for more than 5 per cent of the total assets of the scheme, it shall be valued in accordance with the procedure as mentioned above on the date of valuation</p>
Application Money for Primary Market Issue		<p>Application money should be valued at cost upto allotment</p> <p>Equity securities allotted and proposed to be listed, but not listed, are to be valued at cost till listing</p>
Qualified Institutional Placement (QIP) / Follow on Public Offer		Valued at Bid price or Market price, whichever is lesser
Rights Entitlements	Traded Non Traded/Unlisted/Thinly Traded	<p>If the rights are traded, then the traded price will be considered for valuation</p> <p>Valuations of non-traded / thinly traded / Unlisted rights entitlement, SEBI Regulations have explained this with the help of following formula: $V_r = n/m * (PEX - P_{of})$ Where $V_r = \text{Value of Rights}$ $n = \text{Number of rights offered}$ $m = \text{Number of original shares held}$ $P_{ex} = \text{Ex-right price}$ $P_{of} = \text{Rights offer price}$</p> <p>The following issues while valuing the rights entitlements have to be addressed:</p> <ol style="list-style-type: none"> In case original shares on which the right entitlement accrues are not traded on the Stock Exchange, right entitlement should be valued at zero When rights are not treated pari passu with the existing shares such as, restrictions with regard to dividend etc., suitable adjustment should be made by way of a discount to the value of rights at the last dividend announced rate Where right entitlements are not subscribed to but are to be renounced, and where renouncements are being traded, the right entitlements have to be valued at traded renunciation value

Asset Class	Traded / Not Traded / Thinly Traded / Listed / Unlisted	Valuation Methodology
		<p>iv) Where right entitlements are not traded and it is decided not to subscribe the rights, the right entitlements have to be valued at zero</p> <p>v) In case the Rights Offer Price is greater than the ex-rights price, the value of the rights share is to be taken as zero</p>
Suspended Security		<p>In case trading in an equity security is suspended for trading on the stock exchange up to 30 days, then the last traded price would be considered for valuation of that security</p> <p>If an equity security is suspended for trading on the stock exchange for more than 30 days, then it would be considered as non traded and valued accordingly</p>
Partly Paid-up Equity Shares:	Traded	If the partly paid-up equity shares are traded in market separately then the same shall be valued at traded price (like any other equity instrument)
	Non - traded	Non traded partly paid-up equity shares shall be valued at Underlying Equity price as reduced by the balance call money payable or zero, whichever is higher
Shares tendered for Buyback		<p>On tendering the shares for buyback: Valued normally at the NSE / BSE closing price</p> <p>Acceptance of offer: On receipt of the information from the custodian / company, the quantity accepted would be removed from the holding at the buyback price</p>
Valuation of Shares on Merger, De-merger and Other Corporate Action Events:		<p>Merger:</p> <p>On merger following possibilities arise which influence valuation, these are:</p> <ul style="list-style-type: none"> • Shares held of a continued entity, which is traded: At traded prices of continued entity • Shares held of discontinued entity : Price of continued entity based on the conversion ratio • Shares of a new entity: Valuation of merged entity will be arrived at by considering the closing price of the premerged entities adjusted for conversion ratio <p>De-merger:</p> <p>On de-merger following possibilities arise which influence valuation, these are:</p> <ul style="list-style-type: none"> • Both the shares are traded immediately on de-merger: In this case both the shares are valued at respective traded prices • Shares of only one company continued to be traded on de-merger: In such a scenario, the shares of Non-Traded / Unlisted would be fairly valued in good faith by valuation committee on case to case basis. Traded share shall be valued at traded price • Both the shares are not traded on de-merger: Shares of de-merged companies are to be valued equal to the pre de-merger value upto a period of 30 days from the date of de-merger. The market price of the shares of the de-merged company one day prior to ex-date can be bifurcated over the de-merged shares. The market value of the shares can be bifurcated in the ratio of cost of shares In case shares of both the companies are not traded for more than 30 days, then the AMC shall provide the fair valuation for the same <p>Other corporate action event:</p> <p>In case of any other type of capital corporate action event, the same shall be valued at fair price on case to case basis as may be determined by the Valuation Committee</p>
Valuation of Warrants	Traded	If the warrants are traded, the traded price will be considered for valuation
	Non Traded	<p>In respect of warrants to subscribe for shares attached to instruments, the warrants can be valued at the value of the share which would be obtained on exercise of the warrant as reduced by the amount which would be payable on exercise of the warrant; If the amount payable on exercise of the warrants is higher than the value of the share, the value of the warrants should be taken as zero</p> <p>Value of Warrant = Max [(Price of Underlying Security - Exercise Price), 0]</p> <p>An illiquidity discount, as appropriate shall be taken into account for valuation</p>
Investment Grade and Non-Performing or Non-Investment Grade and Non-Performing Securities		All Non-Performing Asset shall be valued in accordance with the Guidelines for identification and provisioning for Non Performing Assets (Debt Securities) issued by SEBI

Asset Class	Traded / Not Traded / Thinly Traded / Listed / Unlisted	Valuation Methodology
Convertible Debentures / Bond		<p>Non-convertible and convertible components are valued separately</p> <p>A. The non-convertible component shall be valued on the same basis as would be applicable to a non-convertible debt instrument</p> <p>B. The convertible component to be valued as follows:</p> <p>i) Ascertain</p> <ul style="list-style-type: none"> - The number of shares to be received after conversion - Whether the shares would be pari passu for dividend on conversion - The rate of last declared dividend - Whether the shares are presently traded or non traded / thinly traded - Market rate of shares on the date of valuation <p>ii) In case the shares to be received are, on the date of valuation, are thinly traded / non-traded, these shares to be received on conversion are to be valued as thinly traded / non-traded equity shares</p> <p>iii) In case the shares to be received on conversion are not non-traded or thinly traded on the date of valuation and would be traded pari passu for dividend on conversion:</p> <p>a) Number of shares to be received on conversion, per convertible debenture, multiplied by the present market rate</p> <p>b) Determine the discount for non-tradability of the shares on the date of valuation</p> <p>(This discount should be determined in advance and to be used uniformly for all the convertible securities. Rate of discount should be documented and approved by the Board of AMC)</p> <p>Value = (a)*market rate [1-(b)]</p> <p>iv) In case the shares to be received on conversion are not non-traded or thinly traded on the date of valuation but would not be traded pari passu for dividend on conversion:</p> <p>a) Number of shares to be received on conversion, per convertible debenture, multiplied by the present market rate</p> <p>b) Arrive at the market value of the shares on the date of valuation by reducing the amount of last paid dividend</p> <p>c) Determine the discount for non-tradability of the shares on the date of valuation</p> <p>(This discount should be determined in advance and to be used uniformly for all the convertible securities. Rate of discount should be documented and approved by the Board of AMC)</p> <p>Value = (a)*{b- [1- (c)]}</p> <p>v) In case of optionally convertible debentures, two values must be determined assuming both, exercising the option and not exercising the option</p> <ul style="list-style-type: none"> • If the option rests with the issuer, the lower of the two values shall be taken as the valuation of the optionally convertible portion, and; • If the option rests with the investor, the higher of the two values shall be taken
Inter Scheme Transfer (IST)	Equity and related securities	IST in Equity and related securities is restricted
	Debt and related Securities	<p>All inter-scheme transactions shall be undertaken on a fair value basis at the time of IST, with adequate rationale for both schemes</p> <p>It may be noted that, the traded price and the end of day valuation price can be different since end of the day valuation shall be as per the Valuation Methodology specified for that particular security in this policy</p>

3.1 Provision related to Non-Performing Assets (NPA)

3.1.1 Definition

An ‘asset’ shall be classified as NPA if the interest and/or principal amount have not been received or remained outstanding for one quarter from the day such income and/or Installment was due e.g. if the due date for interest is 30.06.2012, it will be classified as NPA from 01.10.2012

3.1.2 Provision of Income Accrued and further Accrual of Income on NPA

Once the asset is classified as NPA

- (a) Full provision will be made on income accrued and outstanding as on the date of NPA i.e 30.09.2012 in above example
- (b) there will be no accrual of Income on these assets from the date of asset classified as NPA i.e in above example there will be no further accrual of income from 01.10.2012 in above example

3.1.3 Provision Norms for NPAs

- (a) Provision on principal amount (Whether due or not) of NPA asset (both Secured or Unsecured) will be made as under

Past Due for	Provision %
6 months	10%
9 months	30%
12 months	50%
15 months	75%
18 months	100%

- (b) The above table indicates the minimum provision. The Board of IL&FS Infra Asset Management Ltd and IL&FS AMC Trustee Limited may approve higher provision
- (c) Full provisioning needs to be ensured prior to schedule phasing of asset or closure of scheme, whichever is earlier
- (d) If any installment has fallen due, during the period of default, the amount of provision will be higher of installment amount or provision as per above table

3.1.4 Reclassification of Assets

- (a) In case a company has fully cleared all the arrears of interest, the interest provisions can be written back in full
- (b) The asset will be reclassified as performing on clearance of all interest arrears and if the debt is regularly serviced over the next two quarters
- (c) In case the company has fully cleared all the arrears of interest, the interest not credited on accrual basis shall be credited at the time of receipt
- (d) The provision made for the principal amount can be written back in the following manner
 - 100% of the asset provided for in the books will be written back at the end of the 2nd quarter where the provision of principal was made due to the interest defaults only
 - 50% of the asset provided for in the books will be written back at the end of the 2nd quarter and 25% after every subsequent quarter where both installments and interest payment were in default earlier
- (e) An asset is reclassified as 'standard asset' only when both, the overdue interest and overdue installments are paid in full and there is satisfactory performance for a subsequent period of 6 months

3.1.5 Upgradation on Receipt of Past Dues

When the Mutual Fund has received income/ principal amount after their classifications as NPAs:

- (a) For the next 2 quarters, income shall be recognized on cash basis and thereafter on accrual basis. The asset will be continued to be classified as NPA for these two quarters
- (b) During this period of two quarters although the asset is classified as NPA no provision needs to be made for the principal if the same is not due and outstanding
- (c) If part payment is received towards principal, the asset continues to be classified as NPA and provisions are continued as per the norms set above. Any excess provision will be written back

3.1.6 Classification of Deep Discount Bonds as NPAs

- (a) Investments in Deep Discount Bonds can be classified as NPAs, if any two of the following conditions are satisfied:
 - If the rating of the Bond comes down to Grade 'BB' (or its equivalent) or below
 - If the company is defaulting in their commitments in respect of other assets, if available
 - Full Net worth erosion
- (b) Provision should be made as per the norms set at above as soon as the asset is classified as NPA. Full provision can be made if the rating comes down to Grade 'D' (or its equivalent)

(4) MISCELLANEOUS**4.1 Exceptional Events**

In exceptional events such as abnormal market conditions, due to lack of market trading or otherwise it may not be possible to obtain fair valuation using 'normal' means. In such situations, the 'realizable value' may be substantially different from the benchmark-based prices obtained. The following occurrences would normally be considered as abnormal situations:

- Major Policy announcements by Central Government, State Government, SEBI or RBI
- Geo-political situations (Natural disasters, terror attacks, public disturbances, riots, wars) that may force the market to function abnormally
- Absence in trading in specific securities or equivalent
- Significant volatility in capital markets

- Significant illiquidity in fixed income markets
- Global events like Sovereign bankruptcy, corporate bankruptcy, closure of stock markets, disruptive political scenario that may impact the markets
- Events which lead to lack of availability of accurate information to value a security
- Technological breakdown in trading systems
- Errors and omissions with respect transaction processing
- Large redemptions of the Fund
- Quarter ending & tax related liquidity tightness

4.2 Conflict of Interest

The implementation of the Valuation methods prescribed in clause 3 above would be subject to review by the Valuation Committee and address areas of any conflict of Interest and provide suitable recommendation for valuation. Such recommendation shall be vetted by the Board of Directors of AMC and Trustees

4.3 Periodic Review

In order to ensure the appropriateness, accuracy and correctness of the methodologies as mentioned above and its effective implementation, are view at regular intervals as specified by the Valuation Committee shall be carried out by the Internal Auditors. The said report shall be placed before the Audit Committee of the Board of IL&FS Infra Asset Management Limited and IL&FS AMC Trustee Limited

4.4 Records Maintenance

The IIAML or its agent shall maintain and preserve documents for valuation in electronic or physical forms for a period of at least 8 years subject to SEBI Regulations

4.5 Disclosure

To ensure transparency of valuation norms adopted by Fund, the valuation policy and procedures shall be disclosed in this document viz. Statement of Additional Information and the website. All other information related to valuation policy will be disclosed at all places as may be specified by SEBI from time to time

(5) INVESTMENT DECISION

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 Chief Risk Officer (CRO) as its members. The Investment Committee will meet at suitable intervals to consider, review and approve the Investment proposals. For detailed information on Investment Due Diligence, please refer to the Private Placement Memorandum

(V) TAX AND LEGAL AND GENERAL INFORMATION

(A) TAXATION

The Income-tax benefits described in this document are as per the provisions of Income-tax Act, 1961 (the Act) as amended by Finance Act, 2013. The information given is included only for general purpose and is based on advice received by the AMC regarding the law and practice currently in force in India and the Investors/Unit holders should be aware that the relevant fiscal rules or their interpretation may change. As is the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of an investment in the Scheme will endure indefinitely. In view of the individual nature of tax consequences, each Investor / Unit holder is advised to consult his / her own professional tax advisor. Further, the tax implications / rates are discussed considering that the unit holders hold the units as a 'capital asset'

(1) For the Mutual Fund

1.1 Income Tax

IL&FS Infrastructure Debt Fund (IDF) is registered with SEBI and is as such eligible for benefits under Section 10 (23D) of the Income Tax Act, 1961 (the Act). Accordingly its entire income is exempt from tax

1.2 Tax deduction at source (TDS) / Withholding Tax on Fund's Income

IDF will receive all its income without deduction of tax at source as per provisions of section 196 (iv) of the Act

1.3 Tax on Distributed Income

IDF will be liable to pay tax on distributed income under Section 115R of the Act. The rates are as follows:

- IDF will be liable to pay tax on the distributed income, to the unit holders who are Individuals and Hindu Undivided Family, @ 12.5%. IDF will be liable to pay such tax at 25% w.e.f 1/6/2013
- IDF will be liable to pay tax on the distributed income, to the unit holders who are other than Individuals and Hindu Undivided Family, @ 30%
- IDF will be liable to pay tax on the distributed income under Infrastructure Debt Scheme to unit holders who are Non-Resident or foreign company @ 5% w.e.f 1/6/2013
- The tax on distributed income as referred above, will also attract Surcharge @ 10%, Education Cess @ 2% and Secondary and Higher Education Cess @ 1% w.e.f. 1/6/2013

1.4 If a mutual fund is a beneficiary of a securitisation trust as defined under Explanation (d) of Section 115TC and the trust distributes income to the beneficiaries, being a mutual fund, then the trust will not be liable to pay tax on distribution of such income and the income so distributed in the hands of the mutual fund will be exempt u/s.10(23D) of the Act

1.5 Service tax

- The activities of Asset Management Companies (AMCs) / Mutual Funds are covered under the category of “Business Auxiliary Services” and are liable for paying Service tax as service recipients on services provided by distributors of mutual fund /agents. The rate of Service tax is 12% plus Education Cess @ 2% and Secondary and Higher Education Cess @ 1%
- IL&FS Infra Asset Management Ltd. (the AMC) and IDF will be liable to pay Service tax on all services availed unless such services are covered in the Negative List specified under Section 66D of the Finance Act 2004 or otherwise exempted by issue of Notification No. 25/2012-Service Tax issued on 20th June, 2012
- The Income by way of Management Fees receivable by the AMC will be subject to service tax and the fund will be liable to pay the service tax to the AMC on the management fees payable to AMC

(2) For Unit holders

2.1 Income other than Capital Gain

Income received by all the categories of the unit holders by way of distribution of the income by IDF will be exempt under Section 10(35) of the Act

2.2 Capital Gain

As per section 2(29A) read with section 2(42A) of the Act, units of the scheme held as a capital asset, for a period of more than 12 months immediately preceding the date of transfer, will be treated as long-term capital assets for the computation of capital gains; in all other cases, they would be treated as short-term capital assets

2.2.1 Long Term Capital Gain

Long-term capital gains arising from transfer of units will be chargeable to tax at different rates depending upon the status of the assessee:

A. Resident

(a) Individuals, HUFs, Partnership Firms, Limited Liability Partnership, Indian Companies

- Long-term capital gains arising from transfer of units which are held for more than 12 months immediately preceding the date of transfer will be chargeable to tax under Section 112 of the Act at a rate of 20% plus applicable surcharge and Education Cess @ 2% and Secondary and Higher Education Cess @ 1%. Capital gains will be computed after taking into account cost of acquisition as adjusted by Cost Inflation Index notified by the Central Government and expenditure incurred wholly and exclusively in connection with such transfer. However, at the option of the assessee, if tax payable on transfer of such units exceeds 10% of the amount of the capital gains before giving effect to the second proviso to Section 48 (Cost Indexation Benefit), such excess shall be ignored
- In case of a resident individual or HUF where taxable income as reduced by long term capital gains is below the exemption limit, the long term capital gains will be reduced to the extent of the shortfall and only the balance long term capital gains will be chargeable to tax at the flat rate of 20% plus applicable surcharge and Education Cess 2% and Secondary and Higher Education Cess 1%. If the assessee has exercised the option not to avail the benefit of indexation, then the long term capital gain will be chargeable to tax @ 10%

B. Non Residents

(a) Non-resident Indian

- Under Section 115E (ii) of the Act for Non-Resident Indians, long-term capital gains arising on transfer of units held for a period of more than 12 months immediately preceding the date of transfer will be chargeable to tax @ 10% plus applicable surcharge and Education Cess 2% and Secondary and Higher Education Cess 1%

(b) Overseas Financial Organisation (Section 115AB) and Foreign Institutional Investor (115AD)

- Under Section 115AB of the Act, Long-term capital gains arising from transfer of units purchased in Foreign Currency by Overseas Financial Organisations, which are held for more than 12 months immediately preceding the date of transfer will be chargeable to tax @ 10% plus applicable Surcharge and Education Cess @ 2% and Secondary and Higher Education Cess @ 1%
- Under Section 115AD of the Act, Long-term capital gains arising on transfer of units purchased by Foreign Institutional Investors, which are held for a period of more than 12 months immediately preceding the date of transfer, will be chargeable to tax @ 10% plus applicable Surcharge and Education Cess @ 2% and Secondary and Higher Education Cess @ 1%

(c) Non-Residents other than Non-Resident Indian, Foreign Company

Under Section 112 of the Act, Long-term capital gains arising from transfer of units, held for a period of more than 12 months immediately preceding the date of transfer will be chargeable at the rate of 20% with the benefit of indexation. However, at the option of the assessee, if tax payable on transfer of such units exceeds 10% of the amount of the capital gains before giving effect to the second proviso to Section 48 (Cost Indexation Benefit), such excess shall be ignored

C. Exemption from Long Term capital gain

- In case of all unit holders the liability arising on account of Long Term Capital Gain from transfer of units can be set off by claiming exemption under Section 54EC of the Act subject to fulfilment of the conditions specified therein
- In case of unit holders who are Individuals and Hindu Undivided Family, the liability arising on account of Long Term Capital Gain from transfer of units can be set off by claiming exemption under Section 54F of the Act subject to fulfilment of the conditions specified therein

2.2.2 Short term Capital Gain

A. Resident

In case of Individual and Hindu Undivided Family, Short-term capital gains arising from transfer of units, which are held for a period of less than 12 months immediately preceding the date of transfer, will be added to the total income of the assessee and will be chargeable to tax at the applicable rate of tax based on the total income. In case of other assessees, the Short-term capital gains will be chargeable to tax @ 30% plus applicable Surcharge and Education Cess @ 2% and Secondary and Higher Education Cess @ 1%

B. Non-Resident (other than Non-Resident Indian), Foreign Institution Investor and Overseas Financial Organisation

In case of Non-Resident, (other than Non-Resident Indian), Foreign Institution Investor and Overseas Financial Organisation short term capital gains arising from transfer of units which are held for less than 12 months immediately preceding the date of transfer will be chargeable to tax at the rate of 30% plus applicable Surcharge and Education Cess @ 2% and Secondary and Higher Education Cess @ 1%

C. Foreign Company

In case of foreign company, short term capital gains arising from transfer of units which are held for less than 12 months immediately preceding the date of transfer will be chargeable to tax at the rate of 40% plus applicable Surcharge and Education Cess @ 2% and Secondary and Higher Education Cess @ 1%

D. Non-Resident Indian

Under Section 115E(i), in case of foreign company, short term capital gains on transfer of units which are held for less than 12 months immediately preceding the date of transfer will be chargeable to tax at the rate of 20% plus applicable Surcharge and Education Cess @ 2% and Secondary and Higher Education Cess @ 1%

2.3 Tax deduction at source (TDS)

2.3.1 Income other than Capital Gain

In case of all unit holders, there will not be any deduction of tax at source from the income distributed by IDF as the income in the hands of the unit holder is exempt under Section 10(35) of the Act

2.3.2 Capital gains:

- (a) No tax is required to be deducted at source from capital gains arising at the time of repurchase or redemption of the units in case of resident investors
- (b) As per the provisions of Section 195 of the Act, tax is required to be deducted at source from the redemption proceeds paid to Non-Resident investors depending upon the status and applicable rate
- (c) The rate of withholding tax for short-term capital gains would be 30% (plus education cess and secondary and higher education cess as applicable) and for long-term capital gains would be 10% (plus education cess and secondary and higher education cess as applicable) if the payee is a Non-Resident Indian ('NRI')
- (d) The rate of withholding tax for short-term capital gains would be 40% (plus education cess and secondary and higher education cess as applicable) and for long-term capital gains would be 20% (plus education cess and secondary and higher education cess as applicable) if the payee is a Foreign Company
- (e) The rate of withholding tax for short-term capital gains would be 30% (plus education cess and secondary and higher education cess as applicable) and for long-term capital gains would be 10% (plus education cess and secondary and higher education cess as applicable) if the payee is a Overseas Financial Organisation
- (f) The rate of withholding tax for short-term capital gains would be 30% (plus education cess and secondary and higher education cess as applicable) and for long-term capital gains would be 20% (plus education cess and secondary and higher education cess as applicable) if the payee is a Non-Resident other than Non-Resident Indian
- (g) No tax would be deductible at source from the capital gains (whether long-term or short-term) arising to an FII on repurchase/redemption of units in view of the provisions of Section 196 D (2) of the Act
- (h) Where the Non-Resident unit holder, does not furnish its PAN to IDF, then tax will be withheld at the rate of 20% or higher applicable rate, even if the relevant DTAA or the Act provide for a lower rate

2.4 Capital Losses

- (a) The capital losses resulting from the transfer of units would be available for setting off against other chargeable capital gains which would reduce the tax liability of the unit holder to that extent. However the capital losses resulting from transfer of long term capital assets being Units, which can not be set off fully or partly against the other taxable capital gains then the same shall be carried forward separately for a period of eight assessment years to be set off against long term capital gains only
- (b) Unabsorbed short term capital losses arising from transfer of the units shall be carried forward and set off against the income under the head 'Capital Gain' (whether short term or long term) in any of the subsequent eight assessment years

Note:

- (a) In the case of Non-Resident investors, the above rates would be subject to applicable treaty relief. As per circular no. 728 dated October 1995 by CBDT, in case of remittance to a country with which a Double Taxation Avoidance Agreement (DTAA) is in force, the tax should be deducted at the rate provided in the Finance Act of the relevant year of transfer or at the rate provided in DTAA, whichever is more beneficial to the assessee (taxpayer)
- (b) Non-Residents claiming such tax treaty benefits, will have to obtain, from the Government of the Home Country, a tax residency certificate ("TRC") in a format prescribed. Such TRC would be regarded as a necessary proof of residency of the home country
- (c) The tax as calculated above shall be increased by a surcharge as under:

Status of the Assessee	Applicable Surcharge (%)
Individuals, HUFs, Association of Persons or Body of Individuals, whether incorporated or not, firm, LLP and artificial juridical person if total income does not exceed ₹ 1 crore	Nil
Individuals, HUFs, Association of Persons or Body of Individuals, whether incorporated or not, firm, LLP and artificial juridical person if total income exceeds ₹ 1 crore	10
Domestic company, if total income does not exceed ₹ 1 crore	Nil
Domestic company, if total income exceeds ₹ 1 crore but not exceed ₹ 10 crores	5
Domestic company, if total income exceeds ₹ 10 crores	10
Foreign Company or Foreign Institutional Investor if total income does not exceeds ₹ 1 Crore	Nil
Foreign Company or Foreign Institutional Investor if total income exceeds ₹ 1 Crore but does not exceed ₹ 10 crores	2
Foreign Company or Foreign Institutional Investor if total income exceeds ₹ 10 crores	5

(d) The tax and surcharge as computed above shall be increased by Education Cess @ 2% and Secondary and Higher Education Cess @ 1%

2.5 Investment by Minors

Any taxable income arising to a minor unit holder from transfer of units will be clubbed with the income of the parent, whose income is greater and the tax will be payable by that parent on the income which will accrue to the minor during minority as per the provisions of Section 64(1A) of the Act

2.6 New pension Scheme (NPS)

Any income, including gains from redemption of units of scheme of Mutual Fund, received by any person for, or on behalf of, the New Pension System Trust, is exempt in the hands of such person under section 10(44) of the Act. However such income will be chargeable to tax in the hands of the beneficial owner depending upon his status and other income

2.7 Dividend Stripping

Under Section 94 (7) of the Act, in computing the income chargeable to tax of an assessee, loss arising on sale of units, which have been bought within 3 months prior to the record date (i.e. the date fixed by the Mutual Fund for the purposes of entitlement of the unit holders to receive the income) and transfer within a period of 9 months from the record date, shall be ignored to the extent of exempt income received or receivable on such units

2.8 Bonus stripping

Under section 94(8) of the IT Act, where a person buys units (original units) within a period of three months prior to the record date, receives bonus units on such original units and then sells (all or part) of the original units within nine months after the record date, then the loss arising on transfer of original units shall be ignored for the purpose of computing the income chargeable to tax. The loss so ignored shall be treated as cost of acquisition of the bonus units

2.9 MAT - All Corporate unit holders

Section 115JB of the IT Act provides that a company is subject to provisions of MAT. Where the tax payable on total income as per the regular provisions of the IT Act is less than 18.5 per cent of the book profits computed under the said provisions, tax shall be payable at the rate of 18.5 per cent (of the book profit) plus applicable surcharge and education cess

2.10 Alternate Minimum Tax (AMT) - Other than Corporate unit holders

Under section 115JC of the Act, any person (other than company) is subject to provisions of AMT. Where tax payable as per regular provisions of the Act is less than 18.5 per cent of the adjusted total income as calculated under the aforesaid section, tax shall be payable at the rate of 18.5 per cent (of the adjusted total income) plus applicable surcharge and education cess. Provisions of Section 115JC shall apply to the investors who will claim deduction under Chapter VI-A (other than Section 80P) or section 10AA of the Act

However, the above provisions in relation to AMT will not apply to individual, HUF, AOP or BOI if their adjusted total income does not exceed ₹ 2,000,000

2.11 Other Benefits

Investments in Units of the Mutual Fund will rank as an eligible form of investment under Section 11(5) of the Act read with Rule 17C of the Income-tax Rules, 1962, for Religious and Charitable Trusts

2.12 Wealth Tax

Units in a scheme of a Mutual Fund are not regarded as an 'asset' within the meaning of section 2(ea) of the Wealth Tax Act, 1957 and are, therefore, not liable to wealth tax

2.13 General Anti-Avoidance Rule (GAAR)

The provisions of General Anti-Avoidance Rule (GAAR) have been introduced by the Finance Act, 2012 under Chapter X-A of the Act. GAAR is a broad set of provisions that has the effect of invalidating an arrangement that has been entered into by a taxpayer, under certain circumstances, where the main purpose or one of the main purposes is to obtain a tax benefit. This provision is introduced to address aggressive tax planning and codify the doctrine of "substance over form". Where an arrangement is declared to be an "impermissible avoidance agreement", the income-tax authorities can determine the consequences in relation to tax, of the arrangement, as may be deemed appropriate, including denial of tax benefit under a DTAA. However, the implementation of GAAR will be effective from 01.04.2016

2.14 Direct Tax Code Bill, 2012 (DTC)

The DTC has been tabled before the Indian Parliament for discussion and debate. The provisions given in the DTC carry significant changes to the existing income-tax laws. Since the DTC is yet to be enacted, the detailed provisions of the same have not been incorporated in this document

The information under the head 'Tax and Legal and General' is based on the provisions of Income-tax Act, 1961 (the Act) as amended by Finance Act, 2013

(B) LEGAL INFORMATION**(1) Nomination Facility**

In terms of Regulation 29A SEBI (Mutual Funds) Regulations, 1996, the Unitholders have an option for making nomination. The Mutual Fund recommends that all Unitholders avail nomination facility. Nomination would normally be registered at the Folio level and will be recorded for all Accounts under that Folio. Nomination is also available to a sole proprietary concern Folio / Account. However the investor may choose to register different nomination for any of the Accounts under that Folio

The Unitholder may nominate one or more persons in whom the Units held by the Unitholder shall vest in the event of his death. In case where more than one person holds the Units jointly, the joint Unitholders may together nominate one or more persons (not exceeding three) in whom the Units shall vest in the event of death of all the joint Unitholders

In case of multiple nomination (nomination in favour of more than one person), the Unitholder(s) must clearly and unambiguously specify the exact share of each of the nominees as a percentage of the Units held by the Unitholder(s), making a total of 100%. In absence of such clear and unambiguous indication by the Unit holder regarding the exact share of each of the nominees, it will be assumed that the Unitholder(s) has opted for the Default Option, which is the Units to be allocated equally among all the nominees and settled accordingly

The Trustee/AMC reserves the right to alter / vary the default option, after giving the notice. Nomination can be made by filling up the form prescribed by the AMC in this regards. The Nomination Form is available in any ISC and also on the AMC's website. In case of single nomination, nomination can also be made by filling up the relevant section in the Application Form. Nomination so made can be cancelled or changed by the Unit holder(s) any time. While making nomination, cancellation or change thereof, it is required to be witnessed by third party. Nomination can be modified by the consent of account holder/s

Nomination can be made in favour of a minor, provided other major individual is named as the guardian of the nominee. The following rules & regulations have to be complied with by the unit holder/joint unit holders who wish to nominate a person in whom the units held by him/them shall vest in the event of his/their death:

- (i) The nomination can be made only by individuals applying for holding units on their own behalf singly or jointly. Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot nominate. If the units are held jointly, all joint holders will sign nomination form
- (ii) Nomination cannot be registered in Folios/Accounts held in the name of a minor
- (iii) A minor can be nominated and in that event, the name and address of the guardian of the minor nominee shall be provided by the unit holder. Nomination can also be in favour of the Central Government, State Government, a local authority, any person designated by virtue of his office or a religious or charitable trust
- (iv) The Nominee shall not be a trust, other than a religious or charitable trust, society, body corporate, partnership firm, Karta of Hindu Undivided Family or a Power of Attorney holder. A non-resident Indian can be a Nominee subject to the exchange controls in force, from time to time
- (v) Nomination in respect of the units stands rescinded upon the transfer of units
- (vi) Transfer of units in favour of a Nominee shall be valid discharge by the asset management company against the legal heir
- (vii) A new nomination or any change in the nomination already registered with the Mutual Fund/AMC will overwrite the existing nomination registered
- (viii) The cancellation of nomination can be made only by those individuals who hold units on their own behalf singly or jointly and who made the original nomination
- (ix) On cancellation of the nomination, the nomination shall stand rescinded and the asset management company shall not be under any obligation to transfer the units in favour of the Nominee

However, the investors should be aware that the nominee may not acquire title or beneficial interest in the property by virtue of the nomination and that neither the Mutual Fund nor the AMC nor the Registrar and Transfer Agent of the Mutual Fund will be bound to transfer the units to the nominee in the event of any dispute in relation to the nominee's entitlement to the units

If the Mutual Fund or the AMC or the Trustee were to incur, suffer or any claim, demand, liabilities, proceedings or actions are filed or made or initiated against any of them in respect of or in connection with the nomination, they shall be entitled to be indemnified absolutely for any loss, expenses, costs, and charges that any of them may suffer or incur absolutely from the investor's estate

The following documents are required in the case of Death:

- Death certificate
- Identity of the nominee

- Proof of guardianship in case the nominee is a minor and or an unsound person
- Indemnity in the prescribed format
- Such other documents as may be prescribed by the AMC from time to time

For Units held in Electronic (Demat) Mode

For units of the Scheme(s) held in electronic (demat) form with the Depository, the nomination details provided by the Unit holder to the depository will be applicable to the Units of the Scheme. Such nomination including any change or cancellation Nominee(s) shall be governed by the rules and bye-laws of the Depository

(2) Pledge of Units

The Units under the Scheme may be offered as security by way of a pledge / charge / lien in favour of scheduled banks or financial institutions. Units can be pledged by completing the requisite formalities, as may be prescribed by the AMC from time to time. A standard form for this purpose is available on request from any ISC. The AMC will note and record such Pledged Units. Disbursement of such loans will be at the entire discretion of the bank/financial institution concerned and the Mutual Fund assumes no responsibility thereof

The Pledgor will not be able to redeem units that are pledged until the entity to which the units are pledged provides written authorization to the Mutual Fund that the pledge / lien / charge may be removed. As long as the units are pledged, the pledgee will have complete authority to redeem such units

For Units held in Electronic (Demat) Mode

For units of the Scheme(s) held in electronic (demat) form, the rules of Depository applicable for pledge will be applicable for pledge/lien of units of the Scheme(s). Pledgor and Pledgee must have a beneficial account with the Depository. These accounts can be with the same DP or with different DPs

(3) Unclaimed Dividend/Redemption Proceeds

The unclaimed redemption and dividend amount may be deployed by the Mutual Fund in call money market or money market instruments only and the investors who claim these amounts during a period of three years from the due date shall be paid at the prevailing Net Asset Value. After a period of three years, this amount may be transferred to a pool account and the investor can claim the amount at NAV prevailing at the end of the third year. The income earned on such funds may be used for the purpose of investor education. The AMC would make a continuous effort to remind the investors through letters to take their unclaimed amounts. The investment management fees charged by the AMC for managing unclaimed amounts will not exceed 50 basis points. The Fund shall not be liable to pay any interest or compensation on unclaimed amount

(4) Duration of the Scheme and Winding up

In case of interval schemes, the duration of the schemes is perpetual. In case of closed end schemes, the scheme / each plan will have a fixed maturity as specified in the respective Placement Memorandum and it will be fully redeemed at the end of the maturity period unless rolled over as per SEBI guidelines

However, in terms of the SEBI Regulations, the Scheme may be wound up if:

- (i) On the happening of any event which, in the opinion of the Trustee, requires the Scheme to be wound up; or
- (ii) 75% of the Unit holders of the Scheme pass a resolution that the Scheme be wound up;
- (iii) SEBI directs the Scheme to be wound up in the interests of the Unit holders; or

Where a scheme is to be wound up pursuant to the above, the Trustee shall give notice of the circumstances leading to the winding up of the Scheme –

- to SEBI; and
- in two daily newspapers having circulation all over India and also in a vernacular newspaper circulating at the place where the Fund is established

Procedure and Manner of Winding Up

- (i) The Trustee shall call a meeting of the Unitholders to consider and pass necessary resolutions by simple majority of the Unitholders present and voting at the meeting for authorizing the Trustees or any other person to take steps for winding up the Scheme/plan
- (ii) The Trustee or the person authorized as above, shall dispose of the assets of the Scheme concerned in the best interest of the Unitholders of that Scheme
- (iii) The proceeds of the sale made in pursuance of the above, shall, in the first instance be utilized towards discharge of such liabilities as are properly due under the Scheme and after making appropriate provision for meeting the expenses connected with such winding up, the balance shall be paid to the Unitholders in proportion to their respective interest in the assets of the Scheme as on the date when the decision for the winding up was taken
- (iv) On the completion of the winding up, the Trustee shall forward to the Board and the Unitholders, a report on the winding up containing particulars such as circumstances leading to the winding up, the steps taken for disposal of assets of the Fund before winding up, expenses of the Fund for winding up, net assets available for distribution to the Unit holders and a certificate from the Auditors of the Fund
- (v) Notwithstanding anything contained herein, the application of the provisions of the SEBI Regulations in respect of disclosures of half-yearly reports and annual reports shall continue to apply

After the receipt of the report referred to above, if SEBI is satisfied that all measures for winding up of the Scheme have been completed, the Scheme shall cease to exist

(5) Prevention of Money Laundering - Know Your Customer (KYC) Compliance

Prevention of Money Laundering Act, 2002 ('PML Act') came into effect from July 1, 2005 vide Notification No. GSR 436(E) dated July 1, 2005 issued by Department of Revenue, Ministry of Finance, Government of India. Further, SEBI vide its circular No. ISD/CIR/RR/AML/1/06 dated January 18, 2006 mandated that all intermediaries including Mutual Funds should formulate and implement a proper policy framework as per the guidelines on anti money laundering measures and also to adopt a "Know Your Customer" (KYC) policy. The intermediaries may, according to their requirements specify additional disclosures to be made by clients for the purpose of identifying, monitoring and reporting incidents of money laundering and suspicious transactions undertaken by clients. SEBI has further issued circular no. ISD/CIR/RR/AML/2/06 dated March 20, 2006 advising all intermediaries to take necessary steps to ensure compliance with the requirement of section 12 of the PML Act requiring inter alia maintenance and preservation of records and reporting of information relating to cash and suspicious transactions to Financial Intelligence Unit-India (FIU-IND). The PML Act, the Rules issued thereunder and the guidelines/circulars issued by SEBI thereto, as amended from time to time, are hereinafter collectively referred to as 'AML Laws'

The investor(s), including guardian(s) where investor is a minor, should ensure that the amount invested in the scheme is through legitimate sources only and does not involve and is not designated for the purpose of any contravention or evasion of the provisions of the Income Tax Act, AML Laws, Prevention of Corruption Act and/or any other applicable law in force and also any laws enacted by the Government of India from time to time or any rules, regulations, notifications or directions issued there under

To ensure appropriate identification of the investor(s) under its KYC policy and with a view to monitor transactions in order to prevent money laundering, the AMC/the Mutual Fund/the Trustees reserves the right to seek information, record investor's telephonic calls and/or obtain and retain documentation for establishing the identity of the investor, proof of residence, source of funds, etc. It may re-verify identity and obtain any incomplete or additional information for this purpose, including through the use of third party databases, personal visits, or any other means as may be required for the AMC/the Mutual Fund/the Trustees to satisfy themselves of the investor(s) identity, address and other personal information

The investor(s) and their attorney(ies), if any, shall produce reliable, independent source documents such as photographs, certified copies of ration card/passport/driving license/PAN card, etc. and/or such other documents or produce such information as may be required from time to time for verification of the personal details of the investor(s) including inter alia identity, residential address(es), occupation and financial information by the AMC/Mutual Fund/Trustees. If the investor(s), their attorney(ies) or the person making payment on behalf of the investor(s), refuses/fails to provide the required documents/information within the period specified by the AMC/Mutual Fund/Trustees then the AMC shall have absolute discretion to freeze the folios of the investor(s), reject any application(s)/allotment of units and effect mandatory redemption of unit holdings of the investor(s) at the applicable NAV subject to entry/exit loads, if any. The AMC/Mutual Fund/Trustees shall also, after application of appropriate due diligence measures, have absolute discretion to report any transactions to FIU-IND that it believes are suspicious in nature within the purview of the AML Laws and/or on account of deficiencies in the documentation provided by the investor(s) and the AMC/Mutual Fund/Trustees shall have no obligation to advise investors or distributors of such reporting. The KYC documentation requirements shall also be complied with by the holders entering the Register of Unitholders by virtue of operation of law e.g. transmission, etc

The AMC/Mutual Fund/Trustees and their Directors, employees, agents and service providers shall not be liable in any manner for any claims arising whatsoever on account of freezing the folios/rejection of any application/allotment of units or mandatory redemption of units due to non-compliance with the provisions of the AML Laws and KYC policy and/or where the AMC/Mutual Fund/Trustees believes that transaction is suspicious in nature within the purview of the AML Laws and/or for reporting the same to FIU-IND

It is mandatory for all investors (including joint holders, NRIs, POA holders and guardians in the case of minors) to furnish such documents and information as may be required to comply with the Know Your Customers (KYC) policies under the AML Laws.

Applications without such documents and information may be rejected

Revision In Know Your Customer (KYC) Procedure

Investors may kindly note that pursuant to SEBI Circular No. MIRSD/ Cir-26/ 2011 dated December 23, 2011, SEBI (KYC Registration Agency) Regulations, 2011 and SEBI Circular No. MIRSD/SE/ Cir-21/2011 dated October 5, 2011, regarding uniformity in the Know Your Customer (KYC) process in the securities market and development of a mechanism for centralization of the KYC records to avoid duplication of KYC Process across the intermediaries in the securities market, with effect from January 1, 2012

- (1) SEBI has introduced a common KYC Application Form for all the SEBI registered intermediaries viz. Mutual Funds, Portfolio Managers, Depository Participants, Stock Brokers, Venture Capital Funds, Collective Investment Schemes, etc. Investors are therefore requested to use the common KYC Application Form and carry out the KYC process including In-Person Verification (IPV) with any SEBI registered intermediaries including mutual funds. The KYC Application Forms are also available on our website www.ilfsinfrafund.com
- (2) The Mutual Fund shall perform the initial KYC of its investors and may undertake enhanced KYC measures commensurate with the risk profile of its investors. The Mutual Fund shall upload the details of the investors on the system of the KYC Registration Agency (KRA). Registrar & Transfer Agent (RTA) of the Mutual Fund may also undertake the KYC of the investors on behalf of the Mutual Fund. KRA shall send a letter to the investor within 10 working days of the receipt of the initial/updated KYC documents from the Mutual Fund, confirming the details thereof
- (3) Once the investor has done KYC with a SEBI registered intermediary, the investor need not undergo the same process again with another intermediary including mutual funds. However, the Mutual Fund reserves the right to carry out fresh KYC/additional KYC of the investor

- (4) It is mandatory for intermediaries including mutual funds to carry out In-Person Verification (IPV) of its new investors from January 1, 2012. The IPV carried out by any SEBI registered intermediary can be relied upon by the Mutual Fund. IL&FS Infra Asset Management Limited and NISM / AMFI certified distributors who are KYD compliant are authorised to undertake the IPV for Mutual Fund investors. Further, in case of any applications received directly (i.e. without being routed through the distributors) from the investors, the Mutual Fund may rely upon the IPV (on the KYC Application Form) performed by the scheduled commercial banks

Note: The above change in relation to KYC process is effective from January 01, 2012 (“Effective Date”) and is applicable in respect of all investment applications by investors made on or after the Effective Date

Please refer to the paragraph “How to apply” for the process to complete KYC formalities

(6) Transfer and Transmission Facility

- (i) A Unit unless otherwise restricted or prohibited under a scheme shall be freely transferable by the act of the parties or by the operation of law, Units of all schemes of the Mutual Fund which are held in demat form shall be freely transferable under the depository system and in accordance with the provisions of the SEBI (Depositories and Participants) Regulations, 1996. Further, if a person becomes a holder of the Units consequent to operation of law, or upon enforcement of a pledge, the Mutual Fund will, subject to production of satisfactory evidence, effect the transfer, if the transferee is otherwise eligible to hold the Units
- (ii) In case Units are held in a single name by a unit holder, Units shall be transmitted in favour of the nominee, where the Unitholder has appointed a nominee, upon production of death certificate or any other document to the satisfaction of the Mutual Fund, AMC/Trustee or Registrar
- (iii) If the Unitholder has not appointed a nominee, the Units shall be transmitted in favour of the Unitholder’s executor / administrator of estate / legal heir(s), as the case may be, on production of death certificate or any other document to the satisfaction of the Mutual Fund, AMC/Trustee or Registrar
- (iv) In case Units are held by more than one registered Unitholder, then upon death of first unit holder, Units shall be transmitted in favour of the second named holder on production of a death certificate or any other document to the satisfaction of the Mutual Fund, AMC/Trustee or Registrar
- (v) The rights in the Units will vest in the nominee upon the death of all joint Unitholders upon the nominee producing a death certificate or any other document to the satisfaction of the Mutual Fund, AMC/Trustee or Registrar
- (vi) In case of transmission of Units, the transferee will have to comply with the applicable “Know Your Customer” Norms
- (vii) In case of transmission of Units, the claimant(s) of Units will be required to submit the prescribed documents as may be applicable. Investors may refer to our website (www.ilfsinfrafund.com) or contact any of our investor service centres for the various documents required under different transmission scenarios
- (viii) In case of transmission of Units to a claimant who is a minor, the prescribed documents like PAN, KYC, bank details, indemnity, etc. of the guardian will be required
- (ix) If the amount involved in transmission exceeds ₹ 1 lakh, the AMC/Mutual Fund/Trustees may, on a case to case basis, seek additional documents from the claimant(s) of Units

(7) Client Information

The Mutual Fund shall presume that the identity of the investor and the information disclosed by him is true and correct. It will also be presumed that the funds invested by the investor in the Schemes of the Mutual Fund come from legitimate sources / manner and the investor is duly entitled to invest the said funds

Where the funds invested are for the benefit of a person (beneficiary) other than the person in whose name the units are issued and registered, the Mutual Fund shall assume that the investor holding the Units in his name is legally authorized / entitled to invest the said funds in the Units of the Mutual Fund, for the benefit of the beneficiaries

Units of the schemes are not offered, nor are the Fund managed or intended to serve, as a vehicle for frequent trading that seeks to take advantage of short-term fluctuations in the securities market. This type of trading activity is often referred to as “market timing” and could result in actual or potential harm to the Unit Holders. Accordingly, the Mutual Fund (MF) at its sole discretion may reject any purchase or exchange of Units that the MF reasonably believes may represent a pattern of market timing activity involving the Schemes of the Mutual Fund

(8) Act done in “Good Faith”

Any act, thing or deed done in good faith in pursuance of or with reference to the information provided in the application or other communications received from the investor/ unit holder will constitute good and full discharge of the obligation of the Fund, Trustee and the AMC

In cases of copies of the documents / other details such as list of authorized signatories, that are submitted by a limited company, body corporate, registered society, trust or partnership, if the same are not specifically authenticated to be certified true copies but are attached to the application form and / or submitted to the Fund, the onus for authentication of the documents so submitted shall be on such investors and the AMC/Fund will accept and act on these in good faith wherever the documents are not expressly authenticated. Submission of these documents / details by such investors shall be full and final proof of the corporate investor’s authority to invest and the AMC/Fund shall not be liable under any circumstances for any defects in the documents so submitted

In cases where there is a change in the name of such investor, such a change will be effected by the AMC/Fund only upon receiving the duly certified copy of the revised Certificate of Incorporation issued by the relevant Registrar of Companies / registering authority. In cases where the changed PAN reflecting the name change is not submitted, such transactions accompanied by duly certified copy of the revised Certificate of Incorporation with a copy of the Old Pan Card and confirmation of application made for new PAN Card will be required as a documentary proof

(9) Lien

The Mutual Fund will have a first and paramount right of lien/set-off with respect to every unit/dividend under any scheme of the Mutual Fund for any money that may be owed by the unit holder to it

(10) Power to make rules

Subject to the prior approval of SEBI, if required, the Trustee may, from time to time, prescribe such terms and make such rules for the purpose of giving effect to the provisions of the schemes with power to the AMC to add to, alter or amend all or any of the terms and rules that may be framed from time to time

(11) Power to remove difficulties

If any difficulty arises in giving effect to the provisions of the schemes, the Trustee may do anything not inconsistent with such provisions, which appear to them to be necessary, desirable or expedient, for the purpose of removing the difficulty

(12) Special Consideration

Suspension or restriction of repurchase/redemption facility under any scheme of the mutual fund shall be made applicable only after the approval from the Board of Directors of the AMC and the Trustee. The approval from the Board of Directors of the AMC and the Trustees giving details of circumstances and the justification for the proposed action shall also be informed to SEBI in advance

(C) GENERAL INFORMATION

(1) Inter scheme transfer of Investments

Transfers of investments from one scheme to another will be done as follows:

- Such transfers are done at the prevailing market price for quoted securities on spot basis; explanation - "spot basis" shall have the same meaning as specified by the stock exchange for spot transactions, and
- The securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made

(2) Policy for Borrowing

The scheme may borrow up to a maximum of 20% of the net assets of the scheme for a maximum duration of 6 months in order to meet redemption of units/dividends or interest payouts as a temporary liquidity measure as per Regulation 44(2) of Chapter VI of SEBI [Mutual Funds] Regulations, 1996, on such terms (as to creation of charge on the properties of the scheme, rate of interest, margins etc.) as the Trustee/AMC considers to be in the interest of investors. Such borrowings if made may result in interest cost. The limit of 20% may be revised at the discretion of the Fund and to the extent the Regulations hereafter permit. The Fund may raise such borrowings after approval by the Trustee from any of its Sponsors/Associate/Group Companies/Commercial Banks in India or any other entity at market related rates prevailing at the time and applicable to similar borrowings

(3) Underwriting

Subject to the Mutual Fund obtaining the necessary approval-registration under the Securities and Exchange Board of India (Underwriters) Regulations, 1993 and the Securities and Exchange Board of India (Underwriters) Rules, 1993, the Scheme may accept obligations for underwriting issue of Securities consistent with its investment objectives. The total underwriting obligations will not exceed the scheme's total net asset value

(4) Associate Transactions

- (a) The IL&FS Infrastructure Debt Fund is a new Fund, hence there are no transaction in last three years with associate companies to be disclosed
- (b) The AMC may, subject to SEBI regulations, utilise the services of the associate companies for the following:
 - Purchase or sale of securities in the fund
 - Marketing, sale and distribution of the units of the schemes of the Fund
- (c) However, the AMC shall ensure that brokerage paid to affiliate broker will be in line with what will be paid to non-affiliate broker and the quantum of business shall be subject to the limits prescribed by SEBI
- (d) The AMC shall also ensure that the brokerage fee paid to the affiliate brokers for the sale and distribution of units is at the same rates offered to the other distributors
- (e) The AMC may, subject to the regulations, may subscribe on behalf of the schemes in the securities issued and lead managed by any of the associate. The AMC shall ensure that investments in such issues will be in line with the investment objectives of the scheme

- (a) Till the time the Regulations require, no infrastructure debt scheme shall make any investment in :
- (i) any unlisted security of the sponsor or an associate or group company of the sponsor;
 - (ii) any listed security issued by way of preferential allotment by the sponsor or an associate or group company of the sponsor or
 - (iii) Any listed security of the sponsor or its associate or group company or bank loan in respect of completed and revenue generating projects of infrastructure companies or special purpose vehicles of the sponsor or its associate or group companies, in excess of twenty five per cent of the net assets of the scheme, subject to approval of trustees and full disclosures to investors for investments made within the aforesaid limits;
 - (iv) any asset or securities owned by the sponsor or asset management company or its associates, in excess of 30% of the net assets of the scheme not below investment grade subject to approval of trustees and full disclosures to investors for investments made within the aforesaid limits. The above investment shall be subject to the condition that the sponsor/ associate retains at least 30% of the assets sold to the IDF till the assets are held in the Scheme

(5) Documents Available for Inspection

The following documents will be available for inspection by the prospective investors between 11.00 a.m. and 1.00 p.m. on any day (excluding Saturdays, Sundays and public holidays) at the Registered Office of the Mutual Fund at Mumbai: -

- Copy of Mutual Fund's Registration Certificate from SEBI
- Copy of the Trust Deed and amendments thereto, if any
- Copy of Investment Management Agreement
- Copy of Memorandum & Articles of Association of the AMC
- Copy of the Custodian Agreement
- Agreement with Registrar and Share Transfer Agents
- Consent of Auditors and Legal Advisors to act in the said capacity
- SEBI (Mutual Funds) Regulations, 1996 and amendments from time to time thereto
- Copy of Indian Trust Act, 1882

(6) Investor Grievances Redressal Mechanism

The Fund believes in providing the investors with a superior service to make the investors' experience in dealing with the Fund an efficient and satisfactory one. In order to achieve these goals, the Fund has set up an Investor Service Cell that ensures prompt response to all investor queries and grievances. For any queries, complaints or grievances, the investor can contact the Investor Service Cell at the following address:

Investor Services,
IL&FS Mutual Fund (IDF)
Amit Mainkar

Chief Financial Officer and Investor Relations Officer

3rd Floor, The IL&FS Financial Services Centre, G-Block, Plot C-22, Bandra Kurla Complex, Bandra (East), Mumbai- 400 051

Phone Number : 91 22 2659 3353 Fax Number : 91 22 2653 3149 E-mail : investorgrievances.infracfund@ilfsindia.com

The IL&FS Infrastructure Debt Fund is a new Fund; hence there is no complaint history in last three years which needs to be disclosed

(7) Jurisdiction

The jurisdiction for any matters or disputes arising out of the scheme shall reside with the Courts in India

Notwithstanding anything contained in the Statement of Additional information, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the Guidelines thereunder shall be applicable

Projects by IL&FS Group

Transportation



North Karnataka Expressway

Ports



Pipavav Shipyard

Power



1090 MW Tripura Gas Based Power Project

Wind Power



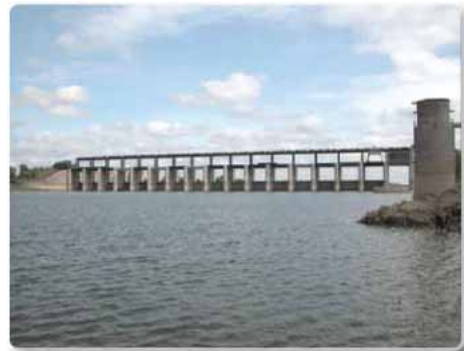
Wind Energy Projects in Tamil Nadu

Transportation



Delhi Noida Toll Bridge

Water & Waste Water



Nanded Water Supply, Sewerage & Storm Water Drainage Project



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