ANNUAL REPORT 2018-2019

स्वच्छ भारत
एक कदम स्वच्छता की ओर

IIFCL MUTUAL FUND
(IDF)

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IIFCL MUTAUL FUND (IDF)
5th Floor, Plate-A, NBCC Tower
Block-02, East Kidwai Nagar,
New Delhi-110023

SIXTH ANNUAL TRUSTEE'S REPORT TO THE UNITHOLDERS OF IIFCL MUTAL FUND (IDF)

Dear Investors,

Greetings from IIFCL Mutual Fund (IDF)

The board of Trustee of IIFCL Mutual Fund (IDF) ("the Trustee") is pleased to present its Sixth Annual Report and the Audited Financial Statements of the schemes of IIFCL Mutual Funds for the year ended 31st March, 2019.

IIFCL Mutual Fund continues to be one of the key players in india in infrastructure Debt Fund (IDF) space. The Asset under Management (AUM) of the fund as on 31st March, 2019 was at Rs. 559.3033 crores as against Rs. 650.2754 crores as on 31st March, 2018. Reduction in AUM is due to provisioning of NPA accounts.

IIFCL Mutual Fund infrastructure Debt Fund Series-I:

Maiden Scheme "IIFCL Mutual fund infrastructure Debt Fund - Series-I" was launched under 'Private Placement' on 1st December, 2013 and closed successfully on 6th Febuary, 2014. The scheme is close ended Growth option and rated as ***"AAA idf-mf"*** by CARE and Brickworks rating at the lime of launching. Units of IIFCL Mutual Fund IDF Series I are listed on BSE Ltd. CARE has revised the Rating of IIFCL Mutual Fund (IDF) Scheme (Series I&II) with effect from April 30th , 2019 from AAA to AA+ for Series-I and Brickworks rating from BWR AAAidf mfs to BWR AA+idf mfs w.e.f. 11th March, 2019.

IIFCL Mutual Fund Infrastructure Debt Fund Series-II:

During the financial year, IIFCL Mutual Fund (IDF) successfully launched their second IDF series, i.e. IIFCL Mutual Fund IDF Series II with a fund size of Rs.200 Crore with the commitments received from six institutional investors. The scheme is close ended under Growth option and rated as **"AAA idf-mf"** by CARE and Brickworks rating at the time of launching. CARE has revised the Rating of IIFCL Mutual Fund (IDF) Schemes (Series I&II) with effect from April 30th , 2019 from AAA to AA+ for Series II and Brickworks rating from BWR AAAidf mfs to BWR AA+idf mfs w.e.f. 11th March, 2019.

1. BRIEF BACKGROUND OF SPONSOR, TRUST, TRUSTEES AND THE ASSET MANAGEMENT COMPANY (AMC)

A. SPONSOR

India infrastructure Finance Company Ltd (IIFCL) is the sponsor of IIFCL Mutual Fund (IDF). IIFCL was incorporated under the Companies Act, 1956 as a wholly-owned Government of India Company on 5th January, 2006 as a Special Purpose Vehicle and commenced operations from April, 2006 to provide long term financial support to infrastructure projects in India through Direct Lending, Subordinate Debt, Takeout Finance and Credit Enhancement. IIFCL has been registered as a NBFC-ND-IFC with RBI since September 2013. The authorized and paid up capital of the company as on 31st March, 2019 stood at Rs. 5000 Crore and Rs. 4202 Crore respectively.

As on 31st March, 2019, IIFCL has made cumulative gross sanctions of over Rs. 1,26,583 Crore and has mad cumulative disbursements of over Rs. 65,899 Crore.

IIFCL is a strategic investor in the maiden scheme "IIFCL Infrastructure Debt Fund Series-I" and "IIFCL Infrastructure Debt Fund Series-II" with investment of Rs.130 Crore (43.33%) and Rs.100 Crore (50%) respectively.

B. TRUST

IIFCL Mutual Fund (IDF) has been constituted as a Trust on 17th August 2012 in accordance with provision of the Indian Trust Act, 1882 (2 of 1882) with IIFCL as the Sponsor and the Board of Trustees as the Trustees. The Trust Deed has been registered under the Indian Registration Act, 1908. SEBI as on 24th January, 2013 registered IIFCL Mutual Fund (IDF) under Registration No. 071/13/01.

C. BOARD OF TRUSTEES OF IIFCL MUTUAL FUND (IDF)

The Sponsor has appointed a Board of Trustee (the "Trustees") for overviewing IIFCL Mutual Fund (IDF). The Trustee has been discharging its duties and carrying out the responsibilities as provided in the Regulation and the Trust Deed.

The Trustee ensures that the Mutual Fund and the Schemes floated managed by the AMC are in accordance with the Trust Deed, SEBI (Mutual Fund) Regulations, 1996, directions and guidelines/circulars as amended from time to time issued by SEBI, and also review the activities carried out by the AMC.

The Board of Trustees of IIFCL Mutual Fund (IDF) comprises of:

S.No.	Name of Directors	Designation
1.	Sh. P.R. Jaishankar	Chairman
2.	Sh. J.M. Singh #[1]	Independent Trustee
3.	Sh. Ishwar Singh #[4]	Independent Trustee
4.	Sh. A.K. Deb	Independent Trustee
5.	Sh.. Rajneesh Karnatak#[2]	Independent Trustee
6.	Sh. Rajiv Rawat#[3]	Independent Trustee
7.	Sh. A.K. Mishra#[5]	Independent Trustee

#[1] Ceased as Independent Trustee w.e.f. 1st, August 2018
#[2] Appointed as Trustee w.e.f. 19th September, 2018
#[3] Appointed as Trustee w.e.f. 19th September, 2018
#[4] Ceased as Trustee w.e.f. 1st, June, 2018
#[5] Appointed as Trustee w.e.f. 26th July, 2018

D. THE ASSET MANAGMENT COMPANY (AMC)

IIFCL Asset Managment Company Limited (IAMCL) is a public limited company incorporated under Companies Act, 1956 on 28th March, 2012. It is a 100% subsidiary of India Infrastructure Finance Company Limited (IIFCL) having its new registered office w.e.f. 1st January, 2019 at 5th Floor, Plate-A, NBCC Tower, Block-02, East Kidwai Nagar, New Delhi-110023 have executed the investment Management Agreement (IMA) on 17th August, 2012 whereby trustee company appointed IAMCL to act as an Asset Management Company (AMC) of the IIFCL Mutual Fund (IDF).

The Compostion of Board of Directors of IAMCL comprises of:

S.No.	Name of Directors	Designation
1.	Sh. Pankaj Jain	Chairman
2.	Sh. Anil Kumar Taneja	Chief Executive Officer
3.	Sh. Deepak Kumar Chatterjee*[1]	Director
4.	Sh. M N Sarma*[2]	Independent Director
5.	Dr. Pawan Singh*[3]	Independent Director
6.	Sh. Sudhir Arya*[4]	Independent Director
7.	Sh. Sandeep Aggarwal*[5]	Independent Director

****[1] Ceased as Director w.e.f. 16th, June 2018***
****[2] Ceased as Independent Director w.e.f. 1st, June, 2018***
****[3] Ceased as Independent Director w.e.f. 1st, April, 2019***
****[4] Ceased as Independent Director w.e.f. 30th, July, 2019***
****[5] Appointed as Independent Director w.e.f. 5th September, 2019***

The Fund Manager for the IIFCL Mutual Fund (IDF) Schemes during the Financial Year 2018-19 was as under

S.No.	Name of Fund Manager	Period
1.	Sh. Sumiran Bansal	Upto 25th June, 2018
2.	Sh. Prasanna Prakash Panda	from 26th June, 2018 to 16th January, 2019
3.	Sh. Sumer Singh	from 17th January, 2019 to till date

2. INVESMENT OBJECTIVES OF THE SCHEMES

IIFCL Mutual Fund Infrastructure Debt Fund Series-I & Series-II

The investment objectives of the Scheme is to generate appreciation in capital/wealth by investing in various permissible instruments/ securities belonging to the infrastructure sector.

3. SCHEME PERFORMANCE, OPERATIONS OF THE SCHEME, FUTURE OUTLOOK & INVESTOR SERVICE

A. SCHEME PERFORMANCE

IIFCL Mutual Fund Infrastructure Debt Fund Series-I

The performance of the IIFCL Mutual Fund (IDF) Series-I as on 31st March, 2019, vis-a-vis the respective benchmark indices and previous year's performance is tabulated as under:-

Particulars	31.03.2019	31.03.2018
Unit NAV (in Rs.)##	13,12,430.0662	14,58,323.4477
AUM (Rs. Crores) $$[1]	393.73	437.50
Annual Yield	-10.00%	5.24%
Annual Yield of the Benchmark i.e. CRISIL Composite Bond Fund Index	6.72%	5.11%
Yield Since Inception	5.44%	9.55%
Yield of Benchmark (Since Inception)	9.11%	9.70%

Face Value is Rs. 10,00,000
$$[1] Rs. 300 Crore was raised, inception date is 10th Febuary, 2014
Note: Past performance or may be sustained in the future.

Provision for impairment in Non-Performing Assets
IIFCL Mutual Fund (Infrastructure Debt Fund) - Series-I

- IIFCL Mutual Fund Infrastructure Debt Fund - Series I has invested in non-convertible debentures (NCD) of GVR Infra Projects Limited (the Company) aggregating to Rs. 600,000,000 which is due for maturity on August 13, 2022. The Company has paid its coupon dues up to May 13, 2017 regularly. However, the Company defaulted in coupon payments due from August 13, 2017 onwards. The NCD was classified as a non-performing asset (NPA) with effect from November 13, 2017. No further interest has been accrued. A provision for non-performing asset aggregating to Rs. 60,000,000 was made representing 10% of the book value of the investments during the year ended March 31, 2018 as per SEBI Regulation. During the year ended March 31,2019, an additional provision of 540,000,000 representing the balance book value of investment in the company has been made resulting in the book value of the investment being written down to zero. The Scheme has filed its claim with National Company Law Tribunal (NCLT).
- IIFCL Mutual Fund Infrastructure Debt Fund - Series I has invested in the commercial paper (CP) of infrastructure Leasing & Financial Services Limited (the Company) which was seheduled to mature on September 26, 2018 with maturity / face value of Rs. 116,500,000. The Company defaulted on payment on maturity. Provision of Rs. 116,500,000 has been made representing 100% of the maturity value during the year ended March 31, 2019. The Scheme has filed its claim with NCLT.

IIFCL Mutual Fund Infrastructure Debt Fund Series-II

The performance of the IIFCL Mutual Fund (IDF) Series-IIsince inception to as on 31st March, 2019, vis-a-vis the respective benchmark indices is tabulated as under:-

Particulars	31.03.2019	31.03.2018
Unit NAV (in Rs.)##	8,27,871.9442	10,63,891.6170
AUM (Rs. Crores) $$²	165.57	212.78
Annual Yield	-22.18%	NA
Annual Yield of the Benchmark i.e. CRISIL Composite Bond Fund Index	6.72%	NA
Yield Since Inception	-9.16%	6.39%
Yield of Benchmark (Since Inception)	6.03%	5.14%

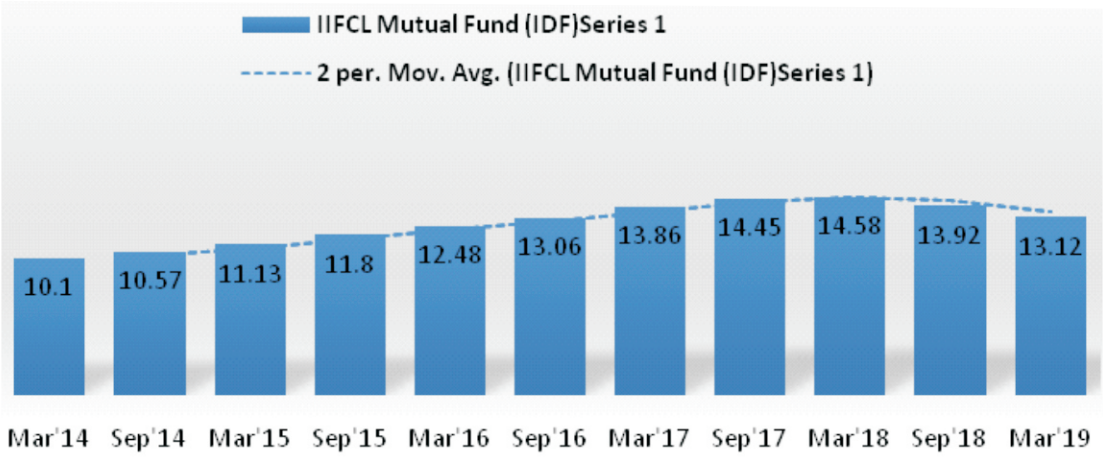
Face Value is Rs. 10,00,000
$$² Rs. 200 Crore was raised, inception date is 12th April, 2017
Note: Past performance may or may not be sustained in the future.

Provision for impairment in Non-Performing Assets
IIFCL Mutual Fund (Infrastructure Debt Fund) - Series II

- IIFCL Mutual Fund Infrastructure Debt Fund - Series II has invested in NCD of IL&FS Transportation Network Limited (the Company) aggregating to Rs.302,160,000 which is due for maturity on April 15, 2022. The Company has paid its coupon dues up to June 30, 2018 regularly. Pursuant to rating downgrade of the company on September 10, 2018 and September 28, 2018 by credit rating agencies, provision for non-performing asset on the book value of NCDs outstanding in the Scheme of Rs. 302,160,000 has been created during the year ended March 31, 2019. Income accrued on these NCDs upto September 17, 2018 aggregating to Rs. 5,973,699 has been reversed. Accordingly, no further income has been accrued on these NCDs post credit rating downgrade below investment grade. The Scheme has filed its claim with NCLT.
- IIFCL Mutual Fund Infrastructure Debt Fund-Series II has invested in the commercial paper (CP) of Infrastructure Leasing & Financial Services Limited (the Company) which was scheduled to mature on October 19, 2018 with maturity / face value of Rs. 306,000,000. Pursuant to rating downgrade of the Company on September 8, 2018 and September 17, 2018 by credit rating agencies, provision for non-performing asset on the book value (cost plus discount income accrued till September 17, 2018) of commercial paper (CP) outstanding in the Scheme of Rs. 303,857,575 has been created during the year ended March 31, 2019. No further income has been accrued on this CP post credit rating downgrade below investment grade. The maturity proceeds of this CP which were due on October 19, 2018, have not been realized till date. The Scheme has filed its claim with NCLT.

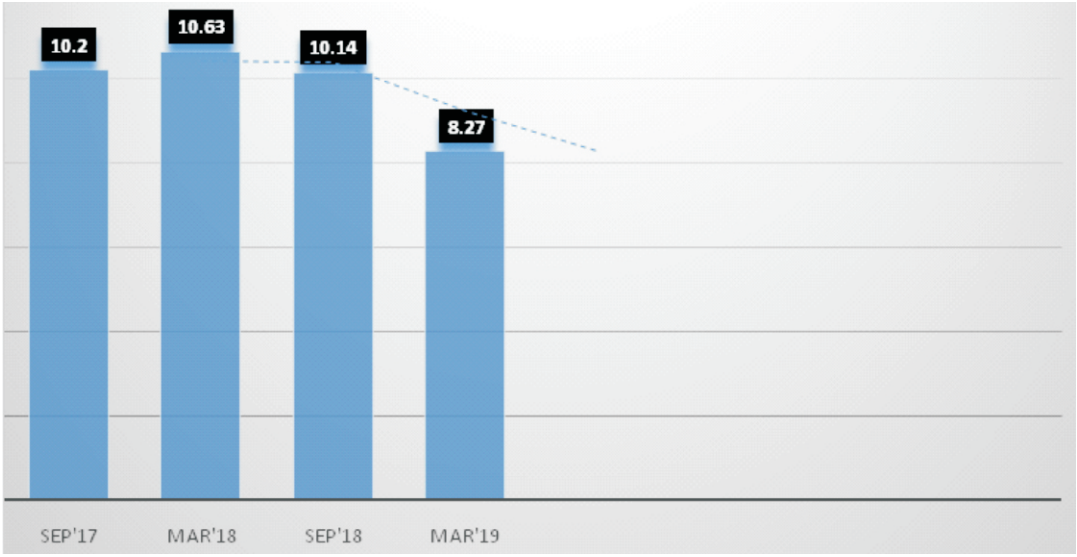
Movement in NAV since inception of IIFCL Mutual Fund Series-I has been presented in below chart:-

IIFCL Mutual Fund (IDF)Series-I NAV
(Rs. in Lakhs)



Movement in NAV since Inception of IIFCL Mutual Fund Series-II has been presented in below chart. (IIFCL MF Series-II was launched in April 2017 with corpus of 200 crore).

IIFCL Mutual Fund (IDF)Series-II NAV
(Rs. in Lakhs)



A. OPERATIONS OF THE SCHEME:

The Fund seeks to generate appreciation/wealth in capital in various permissible Instruments/securities as per SEBI (Mutual Fund) Regulations.The fund has been deployed across various sectors viz.Thermal & Renewable Energy, Transmission, Distribution and Roads.

Portfolio of IIFCL Mutual Fund Infrastructure Debt Fund Series I as on 31st March 2019:

Description	Quantity	Market Value / Fair Value Rupees
Infrastructure (100.00%)		
Fixed rates bonds - Corporate (71.86%) $		
Green Infra Wind Farm Asset Limited 12.00% 30DEC23 NCD ^	500	5277,88,000
Feedback Energy Distribution Company Limited 13% 20JAN23 ^	400	4248,34,800
D.P Jain Infrastructure Private Limited 13.25% 12AUG22 NCD *	400	4241,67,200
Green Infra Wind Energy Limited 9.65% 04AUG23 NCD ^	400	4092,38,800
12.75% GMR Warora NCD 25SEP2022 SRS I ^#	250	1875,00,000
12.75% GMR Warora NCD 25SEP2023 SRS II ^#	250	1875,00,000
12.75% GMR Warora NCD 25SEP2023 SRS III ^#	250	1875,00,000
East North Intreconnection Company Limited SR-11 8.85% 30SEP19 NCD^	100	1000,94,500
Molagavalli Renewbale Private Limited 9.95% 31MAR23 NCD *	100	998,94,000
Narmada Wind Energy Private Limited 9.95% 31MAR23 NCD *	100	982,55,600
DPJ DRA Tollways Private Limited 12.75% 06SEP20 NCD *	200	717,11,360
GVR Infra Private Limited 13.25% 13AUG22 NCD **^	600	
Fixed rates bonds - Corporate (Cost Rs. 2,814,779,100) excluding Investments classified as NPA		**27184,84,260**
Treasury Bills (28.14%) $		
364 DAY Treasury Bill (10OCT19)	28,85,200	2792,79,570
91 DAY Treasury Bill (25APR19)	18,03,000	1795,79,701
364 DAY Treasury Bill(12DEC19)	18,50,000	1771,41,385
364 DAY Treasury Bill (20SEP19)	12,43,000	1207,21,776
364 DAY Treasury Bill(27JUN19)	11,93,000	1175,76,473
364 DAY Treasury Bill(13JUN19)	7,11,000	702,36,064
364 DAY Treasury Bill(26SEP19)	5,00,000	485,19,950
364 DAY Treasury Bill(31OCT19)	5,00,000	482,29,700
364 DAY Treasury Bill(24OCT19)	2,39,000	230,80,636
Treasury Bills (Cost Rs.1,061,772,394)		**10643,65,255**
TOTAL INVESTMENTS (Cost Rs. 3,876,551,494)		**37828,49,515**

(#) Fair value of non-government non-investment grade performing security as determined by Investment Manager in accordance with SEBI Circular MFD/CIR/8/92/2000 dated September 18, 2000 and approved by the Trustee.

($) Fair value of non-traded securities as determined in accordance with the guidelines for valuation of securities of Mutual Funds and amendments thereto as applicable by IIFCL Asset Management Company Limited under procedures approved by the Trustee of IIFCL Mutual Fund.

(*) Denotes Private placement / unlisted NCDs

(^) Denotes Listed / awaiting listing NCDs

(**) Refer Note 17

Portfolio of IIFCL Mutual Fund Infrastructure Debt Fund Series II as on 31st March 2019:

Description	Quantity	Market Value / Fair Value Rupees
Infrastructure (100.00%)		
Fixed rates bonds - Corporate (78.17%) $	600	6138,58,200
Green Infra Wind Energy Limited 9.65% 04AUG23 NCD ^	300	3176,46,000
12.75% Feedback Infra Private Limited20DEC22 NCD ^	100	1034,91,600
9.15% SP Jammu Udhampur High 30JUN27 NCD ^	50	501,98,900
8.30% Darbhanga Motihari Transmission Company Limited 31MAR27 NCD ^	50	501,64,400
8.30% Darbhanga Motihari Transmission Company Limited 31DEC26 NCD ^	300	--
IL&FS TransportationNetwork Limted 9.20% 15APR2022 ^		
Fixed rates bonds - Corporate (Cost Rs. 1,102,068,900) excluding Investments classified as NPA		**11353,59,100**
Treasury Bills (21.83%) $		
364 DAY Treasury Bill (10OCT19)	17,29,000	1673,62,532
91 DAY Treasury Bill (25APR19)	11,54,000	1149,38,977
364 DAY Treasury Bill (27JUN19)	2,07,000	204,00,947
364 DAY Treasury Bill (12DEC19)	1,50,000	143,62,815
Treasury Bills (Cost Rs.316,272,335)		**3170,65,271**
TOTAL INVESTMENTS (Cost Rs. 1,418,341,235)		**14524,24,371**

($) Fair value of non-traded securities as determined in accordance with the guidelines for valuation of securities of Mutual Funds and amendments thereto as applicable by IIFCL Asset Management Company Limited under procedures approved by the Trustee of IIFCL Mutual Fund.

(^) Denotes Listed / awaiting listing NCDs

(**) Refer Note 17

B FUTURE OUTLOOK

This Financial Year 2019 started with great expectations of recovery in both domestic Gross Domestic Product (GDP) growth and corporate earnings. September 2018 saw the beginning of a liquidity crisis in the Non-Banking Financial Services sector. Trends in global GDP growth (including US and China) would need to be watched closely. As per World Bank "In India, growth is forecasted at 7.5% in 2019, and to stay at this pace through the next two fiscal years." International Monetary Fund (IMF) estimates, India's economy grew 7.1% in 2018 and is expected to accelerate to 7.3% growth this fiscal and to 7.5% in 2020. Further giving the importance of the infrastructure sector in the economic growth of the country and constraints in meeting the financial needs from traditional sources such as Banks, NBFCs, the Infrastructure Debt Funds (IDFs) provide an alternative financial intermediation mechanism for infrastructure projects by pooling long term institutional capital.

D INVESTOR COMPLAINT

There were no investor complaints received during the financial year 2018-19 in respect of the Fund. The report as stipulated by SEBI is provided in **Annexure I**.

4. SIGNIFICANT ACCOUNTING POLICIES

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

5. UNCLAIMED DIVIDEND AND REDEMPTIONS

The IIFCL Mutual Fund (IDF) run only two schemes – IIFCL Mutual Fund (IDF) Series I & Series II during the financial year 2018-19. The schemes are with 10 years tenor close ended Infrastructure Debt Fund which were closed on 10th February, 2014 and 12th April, 2017 respectively and are offering only Growth Option. Hence, there are no instances of unclaimed dividend and redemption as on 31st March 2019.

6. LIABILITY AND RESPONSIBILITY OF TRUSTEE

The main responsibility of the Trustees on the Board of Trustee of IIFCL Mutual Fund (IDF) is to safeguard the interest of the unit holders and inter- alia ensure that IIFCL Asset Management Company Limited (IAMCL), AMC to IIFCL Mutual Fund (IDF) always function diligently and in the interest of investors and regulate the entity as per the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended from time to time and comply with the provisions of the Trust Deed, Statement of Additional Information and Scheme Information Document of the respective schemes within its ***true letter and spirit***.

7. STATUTORY INFORMATION

a) IIFCL is not responsible or liable for any loss resulting from the operation of the Schemes of Schemes of the Fund beyond their initial contribution (to the extent contributed) of 0.1 Lakh for setting up the Fund, and such other accretions / additions to the same.
b) The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
c) Full Annual Report shall be disclosed on the website (www.iifclmf.com) and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unit holder/investors can obtain copy of the trust deed, the full Annual Report of the Fund /AMC at a price and the text of the relevant scheme.

ACKNOWLEDGMENT

We wish to thank the unit holders of the fund for their overwhelming response and support throughout the year and also extend our gratitude to the Government of India, Securities and Exchange Board of India (SEBI), Association of Mutual Fund in India(AMFI), BSE for the guidance provided by them. Further we would also like to appreciate the support extended by our Registrar and Transfer Agent, Fund Accountant, Custodian, Banker(s), Auditors, key partners. Lastly we wish to express our appreciation of contribution made by the dedicated and committed team of employees of IIFCL Asset Management Company Limited.

We look forward to your continued support and assure you of our commitment to quality products and services from IIFCL Mutual Fund (IDF).

For and on behalf of the Board of Trustees of IIFCL Mutual Fund (IDF)

P.R Jaishankar
Chairman

Place: New Delhi
Date: 26th September 2019

Redressai of Complaints received against IIFCL MUTUAL FUND INFRASTRUCTURE DEBT FUND - during FY 2018-19

Name of Mutual Fund: IIFCL MUTUAL FUND INFRASTRUCTURE DEBT FUND
Total number of folios as on March 31, 2019 : 11

Complaint Code	Type of Complaint#	(a) No. of complaints pending at the beginning of the year	b) No. of complaints received during the year	Action on (a) and (b)								
				Resolved				Non Actionable*				
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I A	Non receipt of Dividend on Units	0	0	0	0	0	0	0	0	0	0	0
I B	Interest on delayed payment of Dividend	0	0	0	0	0	0	0	0	0	0	0
I C	Non receipt of Redemption Proceeds	0	0	0	0	0	0	0	0	0	0	0
I D	Interest on delayed payment of Redemption	0	0	0	0	0	0	0	0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	0	0	0	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	0	0	0	0	0	0	0	0	0	0	0
II C	Non receipt of Annual Report/Abriged summary	0	0	0	0	0	0	0	0	0	0	0
III A	Wrong switch between schemes	0	0	0	0	0	0	0	0	0	0	0
III B	Unauthorized switch between schemes	0	0	0	0	0	0	0	0	0	0	0
III C	Deviation from scheme attributes	0	0	0	0	0	0	0	0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0	0	0	0	0	0
III E	Non updation of changes viz. address, Pan, bank details, nomination, etc.	0	0	0	0	0	0	0	0	0	0	0
IV	Others	0	0	0	0	0	0	0	0	0	0	0
	TOTAL	0	0	0	0	0	0	0	0	0	0	0

Note : SEBI has forwarded one complaint field in SCORES vide complaint no- SERI/MH19/0000792/1 to IAMCL on 13th March 2019 for resolution. IAMCL has filed ATR on the same stating that the complainant is neither an investor of IIFCL Mutual Fund (IDF) nor having any relationship with IIFCL Mutual Fund or IAMCL and SEBI closed the said complaint on 28th March 2019

Independent auditor's report
To the Board of Trustees of IIFCL Mutual Fund
Report on the Audit of the Financial Statements
Qualified Opinion

1. We have audited the accompanying financial statements of IIFCL Mutual Fund Infrastructure Debt Fund – Series I and IIFCL Mutual Fund Infrastructure Debt Fund – Series II (the "Schemes"), which comprise the Balance Sheet as at March 31, 2019, the related Revenue Account and the Cash Flow Statement for the year then ended, including a summary of significant accounting policies and other explanatory information.
2. In our opinion, and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid financial statements give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto (the "Regulations") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) in the case of the Balance Sheet, of the state of affairs of the Schemes as at March 31, 2019;
   (b) in the case of the Revenue Account, of the net deficit for the year ended on that date; and
   (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Basic for qualified opinion

3. The Schemes are required to ensure compliance with the valuation policies and procedures for debt securities in the portfolio of the Schemes as approved by the Board of Trustees and Board of Directors of IIFCL Asset Company Management Limited in line with the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto (the "Regulations"). As per the approved valuation policy of the Scheme, non-traded debt securities which are more than sixty days to maturity are required to be valued using scrip level prices from one designated rating agency, if available. (Refer Note 2.2(b) to the financial statements) This is not in accordance with the best practices circular dated November 19, 2013 issued by Association of Mutual Funds in India (AMFI) which provides for using the average of scrip level prices provided by two designated rating agencies for valuation of debt securities. Further, as per the approved valuation policy of the Scheme, if prices are not provided by the designated rating agency, securities are to be valued based on yield-to-maturity using yields provided by the designated rating agency. (Refer Note 2.2(b) to the financial statements). We have noted that the scrip level valuation prices were not obtained from the designated rating agency in line with the approved valuation policy and the debt securities were continued to be valued using yields provided by the designated rating agency, Further, the approved valuation policy for debt securities is not in line with the AMFI best practices circular on valuation of securities. Refer Note 17A to the financial statements for impact on the net asset value of the Schemes on account of this non- compliance with the AMFI best practices circular on valuation of securities. Had such impact been accounted for, the investment and profit for the year would have been lower by Rs. 120,256,484 for IIFCL Mutual Fund Infrastructure Debt Fund – Series I and Rs.46,396,401 for IIFCL Mutual Fund Infrastructure Debt Fund – Series II resulting in a lower net asset value (NAV) per unit of the scheme of Rs. 1,272,344.5713 for IIFCL Mutual Fund Infrastructure Debt Fund – Series I and Rs. 804,673.7435 for IIFCL Mutual Fund Infrastructure Debt Fund – Series II.

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

Emphasis of Matter

5. The Trustee of IIFCL Mutual Fund and the Management of IIFCL Asset Management Company Limited (the "Management") noted irregularities in the investments made through the primary market transactions including non-compliance with sanction terms for investment to be made and conditions mentioned in the debenture trust deed of the respective investments as observed in the special management audit conducted by the internal auditors as per directions of the Board of Directors of IIFCL Asset Management Company Limited and Board of Trustees of IIFCL Mutual Fund (IDF) thus depicting a lapse in monitoring controls over the investments process during that period. The non-compliance continued from the time of investment upto the current year. This has resulted in some of the investments remaining unsecured for the part of the period and three investments remaining partially secured till the date of the audit report, (refer Note 19 to the financial statements). Further, this has also resulted in loss of income for the Schemes on account of additional / penal interest which should have been charged to the investee companies by the Schemes for the irregularities, (refer Note 18 to the financial statements). On account of the above irregularities, staff accountability process has been initiated in accordance with Staff and Service Regulations of the sponsor of IIFCL Mutual Fund duly adopted by IIFCL Asset Management Company Limited and show cause notices have been issued to the Chief Investment Officer (CIO) and then Fund Manager of the Schemes for alleged gross negligence, irregularities, misrepresentation and concealment of facts on some of the investments. The matter has been referred to the Chief Vigilance Officer (Government of India) and is pending conclusion for any further investigation / action required to be taken till the date of the audit report. (Refer Note 21 to the financial statements).

   Our opinion is not modified in respect of this matter.

Key audit matters

6. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Except for the matter described in the Basis for Qualified Opinion section, we have determined that there are no other key audit matters to communicate in our report.

Other Information

7. The Trustee of IIFCL Mutual Fund and the Management of IIFCL Asset Management Company Limited (the "Management") are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
   In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.
   We have nothing to report in this regard.

Responsibilities of Trustee, Management and Those Charged with Governance for the Financial Statements

8. The Trustee of IIFCL Mutual Fund and the Management of IIFCL Asset Management Company Limited (the "Management") are responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Schemes in accordance with the accounting policies and standards specified in the Ninth Schedule of the Regulations. This responsibility also includes maintenance of adequate accounting records for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

9. In preparing the financial statements, the Trustee and the Management are responsible for assessing the Schemes' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Schemes or to cease operations, or has no realistic alternative but to do so. The Trustee and the Board of Directors of IIFCL Asset Management Company Limited are also responsible for overseeing the Schemes' financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

    - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of internal control.

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

    - Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Schemes' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Schemes to cease to continue as a going concern.

    - Performed procedures including to confirm confirmation of securities owned and unit capital balances as at March 31, 2019 by correspondence with the custodian/others and registrar and transfer agent, respectively.

    - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

15. As required by section 55(4) the Regulations we report That :-
(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit; and

(b) In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the Balance Sheet, Revenue Account and Cash Flow Statement dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of the Regulations.

16. As required by clause 5 (ii)(2) of the Eleventh Schedule to the Regulations, we report that the Balance Sheet, Revenue Account, and Cash Flow Statement dealt with by this report are in agreement with the books of account of the Schemes.

17. In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report the methods used to value non-traded securities as at March 31, 2019, as determined by IIFCL Asset Management Company Limited under procedures approved by the Board of Trustees of IIFCL Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule of the Regulations issued by the Securities and Exchange Board of India, are fair and reasonable.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016
Chartered Accountants

Alpa Kedia

Partner
Membership Number : 100681
UDIN: 19100681AAAACW8624

Date: September 26, 2019
Place : Mumbai

Management Reply to the Qualified Opinion made by the Independent Auditors for the Finance Year 2018-19

S.no.	Qualified by PWC	Management Reply
	(a) The Schemes are required to ensure compliance with the valuation policies and procedures for debt securities in the portfolio of the Schemes as approved by the Board of Trustees and Board of Directors of IIFCL Asset Company Management Limited in line with the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto (the "Regulations"). As per the approved valuation policy of the Scheme, non-traded debt securities which are more than sixty days to maturity are required to be valued using scrip level prices from one designated rating agency, if available. (Refer Note 2.2(b) to the financial statements) This is not in accordance with the best practices circular dated Nov 19, 2013 issued by Association of Mutual Funds in India (AMFI) which provides for using the average of scrip level prices provided by two designated rating agencies for valuation of debt securities. Further, as per the approved valuation policy of the Scheme, if prices are not provided by the designated rating agency, securities are to be valued based on yield-to-maturity using yields provided by the designated rating agency. (Refer Note 2.2(b) to the financial statements). We have noted that the scrip level valuation prices were not obtained from the designated rating agency in line with the approved valuation policy and the debt securities were continued to be valued using yields provided by the designated rating agency, Further, the approved valuation policy for debt securities is not in line with the Regulations and the Association of Mutual Funds in India (AMFI) best practices circular	IIFCL Mutual Fund IDF had been using the following valution process for its Portfolio till July 2019 as per the extant guidelines of existing Valution Manual of IIFCL MF IDF i) In case of non-traded securities with residual maturity > 60 days, in absence of available prices from CRISIL/ICRA/Both, CRISIL Bond Valuer has to be followed. The yield obtained from CRISIL Bond Matrix is further marked up or marked down by adding/reducing discretionary spread by Fund Manager and approved by CEO IAMCL as illiquidity discount/ premium. The discretionary spread is being decided based on an effort to reduce the gap between the yield obtained from CRISIL Bond Matrix and actual yield of the individual securities and any security specific change in credit spread (>20 bps) will be documented with suitable justification. Bank Fixed Deposits valued at cost plus accruals / amortization and Government Securities and Treasury Bills will be valued at prices/yield provided by CRISIL. ii) Further, the statutory auditors of IIFCL Mutual Fund (IDF), advised IIFCL Mutual Fund (IDF) to follow Scrip Level Valuation (SLV) for the purpose of valuation of all the instruments as advised by Association of Mutual Funds in India (AMFI) vide its Best Practice Guidelines Circular No. 42/2013-14 dated 19th November, 2013 As per the said circular AMFI has advised all Mutual Fund AMCs to implement the Scrip Level Valuation based on data received from CRISIL

	on valuation of securities. Refer Note 17A to the financial statements for impact on the net asset value of the Schemes on account of this non compliance with the Regulations. Had such impact been accounted, the investment and profit for the year would have been lower by Rs. 120,256,484 for Series I and Rs.46,396,401 for Series II resulting in a lower NAV of the scheme of Rs. 1,272,344.5713 for Series I and Rs. 804,673.7435 for Series II.	Bond Valuer has been enhanced to aggregate the prices provided by both the agencies. Additionally, ICRA is also geared up to provide ICRA bond valuer tool along with aggregator. Further, AMFI advised to make suitable changes in valuation manual for incorporation of the above. iii) In view of the same, CRISIL and ICRA were contacted to provide the prices as per AMFI guidelines. CRISIL agreed for providing the valuations for August 2019 vide its mail dated 28.08.2019. IIFCL Mutual Fund (IDF) has since used the prices provided by CRISIL for August 2019 **asper the existing valuation manual** and the valuation was undertaken by Fund Accountant, Citibank in the following manner and using the following– a) Security Level prices provided by CRISIL for below investment grade securities except GVR Infra Projects Limited. In case of GVR Infra Project Limited, since IIFCL Mutual Fund (IDF) has already booked a provision of 100% of the book value, IIFCL Mutual Fund (IDF) continued to take cost of GVR Infra Projects at Zero only. b) Security Level prices provided by CRISIL forall Debt securities above 30 days to maturity. c) Prices provided by CRISIL for all CP/CD securities above 30 days to maturity. d) Prices provided by CRISIL for all G-Sec securities above 30 days to maturity e) Prices provided by CRISIL for all T-Bill securities above 30 days to maturity.

		f) Prices provided by CRISIL for all SDL securities above 30 days to maturity and. g) Amortizing any Debt, CP/CD, G-Sec, T-Bill and SDL security by considering 31st day CRISIL price (below 30 days to maturity). iv) Further, IIFCL Mutual Fund (IDF) has Placed proposal to the Board of Directors of IAMCL and Board of Trustees for approval of modification in valuation policy for adopting scrip level valuation in line with AMFI for the valuation of all investments in its portfolio. v) IIFCL Mutual Fund IDF has obtained the Scrip Level Valuation as on 31.03.2019 subsequently after the balance date for the investments in the portfolio of the Schemes as on 31.03.2019 from two designated rating agencies in accordance with the above mentioned AMFI circular and calculated the impact of using these prices for valuation of investments on the NAV of the respective Schemes. Relevant disclosures of the impact on valuation and NAV in consultation with PWC has been done as Note 17A of the financial statements for impact on the net asset value of the Schemes on account of this. Had such impact been accounted, the investment and profit for the year would have been lower by Rs. 120,256,484 for Series I and Rs. 46,396,401 for Series II resulting in a lower NAV of the scheme of Rs. 1,272,344.5713 for Series I and Rs. 804,673.7435 for Series II. Now, with the approval of the Board of Directors of IAMCL and Board of Trustees formodification in valuation policy and by adopting Scrip Level Valuation in line with advise of AMFI for the valuation of all investments in its portfolio, there shall be no non-compliance w.e.f. September 2019.

IIFCL MUTUAL FUND (IDF)
BALANCE SHEET AS AT MARCH 31, 2019

	Schedule	IIFCL Mutual Fund Infrastructure Debt Fund - Series I		IIFCL Mutual Fund Infrastructure Debt Fund - Series I	
		As at 31.03.2019 Rs.	As at 31.03.2018 Rs.	As at 31.03.2019 Rs.	As at 31.03.2018 Rs.
LIABILITIES					
Unit Capital	1	3,000,000,000	3,000,000,000	2,000,000,000	2,000,000,000
Reserves and Surplus	2	937,290,198	1,374,970,343	(344,256,113)	127,783,234
Current Liabilities and Provisions	3	5,181,797	10,619,776	1,919,072	325,338
		3,942,471,995	**4,385,590,119**	**1,657,662,959**	**2,128,108,572**
ASSETS					
Investments	4	3,782,849,515	4,206,293,793	1,452,424,371	2,094,259,247
Deposits	5	132,028,000	163,260,363	192,153,000	13,264,730
Other Current Assets	6	27,594,480	16,035,963	13,085,588	20,584,595
		3,942,471,995	**4,385,590,119**	**1,657,662,959**	**2,128,108,572**

Notes to Accounts

'The schedules referred to the above and the notes to accounts form an integral part of the accounts.

As per our attached report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration No: 012754N/N500016
Chartered Accountants

Alpa Kedia
Partner
Membership No.: 100681

Place : Mumbai
Date : September 26, 2019

For Board of Trustees of IIFCL Mutual Fund (IDF)

P.R.Jaishankar
Chairman

Trustee

Place : New Delhi
Date : 26 Sep 2019

For IIFCL Asset Management Company Limited

Pankaj Jain
Chairman

Anil Kumar Taneja
Chief Executive Officer and Director

Sumer Singh
Fund Manager

Place : New Delhi
Date : 26 Sep 2019

IIFCL MUTUAL FUND (IDF)
REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2019

	Schedule	IIFCL Mutual Fund Infrastructure Debt Fund - Series I		IIFCL Mutual Fund Infrastructure Debt Fund - Series II	
		Year ended 31.03.2019 Rs.	Year ended 31.03.2018 Rs.	Year ended 31.03.2019 Rs.	Period ended 12.04.2017 to 31.03.2018 Rs.
INCOME AND GAINS					
'Profit on sale/redemption of investments (net) (Note 2.2)		-	15,611	-	-
Interest and Discount (Note 2.3)	7	406,807,678	398,525,448	149,994,590	126,910,673
Miscellaneous Income		-	17,200,000	-	22,50,000
		406,807,678	**415,741,059**	**149,994,590**	**129,160,673**
EXPENSES AND LOSSES					
'Loss on sale/redemption of investments (net) (Note 2.2)		1,049,918		71,736	30,513
Management Fees (Note 4)		49,518,076	49,887,940	18,995,338	23,221,874
GST/Service tax on Management Fees		8,913,213	8,620,541	3,419,178	4,014,072
Transfer Agents Fees and Expenses		117,996	117,246	56,640	51,680
'Custodian Fees and Transaction Charges (Note 6)		49,865	49,581	23,794	22,095
Trusteeship Fees (Note 5)		66,000	48,876	44,000	32,584
Statutory Audit Fees		180,000	200,000	120,000	50,000
Internal Audit Fees		106,200	88,500	70,800	44,250
Other Operating Expenses		475,244	107,607	306,898	59,520
Investor Education and Awareness Expenses		838,739	861,282	393,138	398,827
Provision for Non-Performing Assets (Note 17)		656,500,000	60,000,000	606,017,575	-
TOTAL		**717,815,251**	**119,981,573**	**629,519,097**	**27,925,415**
'Net Realised Gains/(Losses) for the Year/Period		**(311,007,573)**	**295,759,486**	**(479,574,507)**	**101,235,258**
'Net Change in Unrealised Depreciation in Value of Investments (Note 8)		(95,895,760)	(399,078)	537,673	(537,673)
'Net Gains/(Losses) for the Year/Period		**(406,903,333)**	**295,360,408**	**(479,036,834)**	**100,697,585**
Net Change in Unrealised Appreciation in Value of Investments (Note 8)		(30,776,812)	(77,548,030)	6,997,486	27,085,650
'Net Surplus/(Deficit) including Net Change in Unrealised Appreciation in Value of Investments		**(437,680,145)**	**217,812,378**	**(472,039,348)**	**127,783,235**
Net Change in Unrealised Appreciation in Value of Investments transferred to Unrealised Appreciation Reserve (Note 8)		30,776,812	77,548,030	(6,997,486)	(27,085,650)
'Net Surplus/(Deficit) for the Year / Period		**(406,903,333)**	**295,360,408**	**(479,036,834)**	**100,697,585**
Retained Surplus/(Deficit) brought forward		1,341,600,670	1,046,240,262	100,697,585	-
'Income available for appropriation		**934,697,337**	**1,341,600,670**	**(378,339,249)**	**100,697,585**
'Retained Surplus/(Deficit) carried forward to Balance Sheet		**934,697,337**	**1,341,600,670**	**(378,339,249)**	**100,697,585**

Notes to Accounts 8

'The schedules referred to the above and the notes to accounts form an integral part of the accounts.

As per our attached report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration No: 012754N/N500016
Chartered Accountants

For Board of Trustees of IIFCL Mutual Fund (IDF)

For IIFCL Asset Management Company Limited

Alpa Kedia
Partner
Membership No.: 100681

P.R.Jaishankar
Chairman

Trustee

Pankaj Jain
Chairman

Anil Kumar Taneja
Chief Executive Officer and Director

Sumer Singh
Fund Manager

Place : Mumbai
Date : 26 Sep 2019

Place : New Delhi
Date : 26 Sep 2019

Place : New Delhi
Date : 25 Sep 2019

IIFCL MUTUAL FUND (IDF)

SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2019 AND THE REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2019

Schedules		IIFCL Mutual Fund Infrastructure Debt Fund - Series I				IIFCL Mutual Fund Infrastructure Debt Fund - Series II			
		As at 31.03.2019		As at 31.03.2018		As at 31.03.2019		As at 31.03.2018	
1	**UNIT CAPITAL**	Units	Rs.	Units	Rs.	Units	Rs.	Units	Rs.
	Growth Option								
	Initial capital issued and subscribed:								
	Units of Rs.10 lakhs each fully paid up	3,000	3,000,000,000	3,000	3,000,000,000	2,000	2,000,000,000	2,000	3,000,000,000
	Outstanding:								
	Opening Balance	3,000	3,000,000,000	3,000	3,000,000,000	2,000	2,000,000,000	-	-
	New Fund / Plan Offer	-	-	-	-	-	-	2,000	2,000,000,000
	Issued during the year / period	-	-	-	-	-	-	-	-
		3,000	3,000,000,000	3,000	3,000,000,000	2,000	2,000,000,000	2,000	2,000,000,000
	Redemptions during the year / period	-	-	-	-	-	-	-	-
	Unit Capital at the end of the year / period	**3,000**	**3,000,000,000**	**3,000**	**3,000,000,000**	**2,000**	**2,000,000,000**	**2,000**	**2,000,000,000**

		As at 31.03.2019 Rs	As at 31.03.2018 Rs	As at 31.03.2019 Rs	As at 31.03.2018 Rs
2	**RESERVES AND SURPLUS**				
	Retained Surplus				
	At the beginning of the year / period	1,341,600,670	1,046,240,262	100,697,585	-
	Transferred to Revenue Account	(1,341,600,670)	(1,046,240,262)	(100,697,585)	-
	Balance transferred from Revenue Account	934,697,337	1,341,600,670	(378,339,249)	100,697,585
	Closing balance	**934,697,337**	**1,341,600,670**	**(378,339,249)**	**100,697,585**
	Unrealised Appreciation Reserve on Investments				
	Opening balance	33,369,673	110,917,703	27,085,650	-
	Reversed during the year / period	-	-	-	-
	Net change in unrealised appreciation as at year end / period	(30,776,812)	(77,548,030)	6,997,486	27,085,650
	Closing balance	**2,592,861**	**33,369,673**	**34,083,136**	**27,085,650**
		937,290,198	**1,374,970,343**	**(344,256,113)**	**127,783,234**

		As at 31.03.2019 Rs	As at 31.03.2018 Rs	As at 31.03.2019 Rs	As at 31.03.2018 Rs
3	**CURRENT LIABILITIES AND PROVISIONS**				
	CURRENT LIABILITIES:				
	Payable to AMC for -				
	- Management Fees	1,648,174	8,277,790	645,416	-
	- Other Expenses	229,915	-	222,775	
	Statutory Audit Fees Payable	180,000	200,000	120,000	50,000
	Internal Audit Fees Payable	106,200	88,500	70,800	44,250
	Custodian Fees and Expenses Payable	3,946	49,581	1,659	-
	GST Payable on Management Fees	296,669	232,978	116,178	-
	Other Payables	449,398	38,458	305,892	9,000
	Investor Education and Awarness Initiatives (Note 17)	2,267,495	1,732,469	436,352	222,089
	Total	**5,181,797**	**10,619,776**	**1,919,072**	**325,338**

IIFCL MUTUAL FUND (IDF)

SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2019 AND THE REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2019

4 INVESTMENTS

(Refer Note 2.2, 2.4, 7, 8, 9, 12, 15, 17, 17A, 19)
(Refer to the attached Statement of Portfolio Holding as at March 31, 2019)

	IIFCL Mutual Fund Infrastructure Debt Fund - Series I				IIFCL Mutual Fund Infrastructure Debt Fund - Series II			
	As at 31.03.2019 Rs.		As at 31.03.2018 Rs.		As at 31.03.2019 Rs.		As at 31.03.2018 Rs.	
	Cost	Market/Fair value	Cost	Market/Fair value	Cost	Market/Fair value	Cost	Market/Fair value
Bonds and Debentures								
- Listed / Awaiting Listing	2,750,000,000	2,024,456,100	2,450,000,000	2,412,053,000	1,404,228,900	1,135,359,100	804,228,900	831,314,550
- Less - Provision for Non-Performing Assets (Refer Note 17)	(600,000,000)	-	(60,000,000)	-	(302,160,000)	-	-	-
- Private Placement / Unlisted	664,779,100	694,028,160	510,000,000	521,220,640	-	-	-	-
Treasury Bills	1,061,772,394	1,064,365,255	1,224,219,081	1,223,820,003	316,272,335	317,065,271	1,263,482,370	1,262,944,697
Commercial Papers			49,104,119	49,200,150	-			
	3,876,551,494	**3,782,849,515**	**4,173,323,200**	**4,206,293,793**	**1,418,341,235**	**1,452,424,371**	**2,067,711,270**	**2,094,259,247**

5 DEPOSITS

	As at 31.03.2019 Rs	As at 31.03.2018 Rs	As at 31.03.2019 Rs	As at 31.03.2018 Rs
Fixed Deposits with Scheduled Banks	128,750,000	161,657,000	191,660,000	13,100,000
Margin Deposit with the Clearing Corporation of India Limited (CCIL)	1,100,000	-	100,000	-
Fixed Deposits with Scheduled Banks towards Investor Education and Awareness Fund (Note 16)	2,178,000	1,603,363	393,000	164,730
	132,028,000	**163,260,363**	**192,153,000**	**13,264,730**

6 OTHER CURRENT ASSETS

		As at 31.03.2019 Rs	As at 31.03.2019 Rs		As at 31.03.2019 Rs	As at 31.03.2019 Rs
Balances with Scheduled Banks						
- In Current Account		11,005,936	101,383		7,400,697	10,117,593
- Towards Investor Education and Awareness Fund (Note 16)		12,632	10,464		9,982	49,239
Receivable from AMC		-	-		-	7,033,009
Interest Receivable on :					-	-
- Bonds and Debentures		16,347,568	15,655,464		3,460,791	3,377,808
- Fixed Deposits		148,424	154,388		2,212,323	2,243
- Fixed Deposits for Investor Education and Awareness Fund (Note 16)		9,950	44,294		1,795	4,703
Investments Maturity Proceeds Receivable	116,500,000	-	-	303,857,575		
Less: Provision for Non-Performing Assets (Refer Note 17)	(116,500,000)	-	-	(303,857,575)	-	-
Other Receivables		69,970	69,970		-	-
		27,594,480	**16,035,963**		**13,085,588**	**20,584,595**

7 INTEREST AND DISCOUNT (Note 2.3)

Bonds and Debentures	332,724,422	342,550,179	96,612,045	20,454,384
Deposits	4,374,514	19,543,110	4,428,085	1,241,629
Treasury Bills	66,421,232	36,480,490	44,887,411	105,214,660
Commercial Paper	3,287,510	41,669	4,017,049	-
	406,807,678	**398,525,448**	**149,944,590**	**126,910,673**

IIFCL MUTUAL FUND (IDF)
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

	IIFCL Mutual Fund Infrastructure Debt Fund - Series I		IIFCL Mutual Fund Infrastructure Debt Fund - Series II	
	Year ended 31.03.2019 Rs.	Year ended 31.03.2018 Rs.	Year ended 31.03.2019 Rs.	Period ended 12.04.2017 to 31.03.2018 Rs.
A. Cash flow from Operating Activity				
Net Surplus/Deficit for the Year/Period	(406,903,333)	295,360,408	(479,036,834)	100,697,585
Add / (Less): Net change in unrealised depreciation in the value of investments	95,895,760	399,078	(537,673)	537,673
Add / (Less): Provision for Non-Performing Investment	656,500,000	60,000,000	606,017,575	-
	345,492,427	**355,759,486**	**126,443,068**	**101,235,258**
Operating Profit Before Working Capital Changes				
Adjustments for:-				
Increase/(Decrease) in Other Current Assets	(651,796)	35,733,483	4,742,854	(10,417,763)
Increase in Provision for Non-Performing Investment	(656,500,000)	(60,000,000)	(606,017,575)	-
Increase/(Decrease) in Investments	296,771,706	(644,567,001)	649,370,035	(2,067,711,270)
Increase/(Decrease) in Deposits	(118,164,637)	(545,798)	(50,528,270)	(164,730)
(Decrease)/Increase in Current Liabilities and Provisions	(5,437,979)	7,857,402	1,593,735	325,338
Net Cash Generated From / (used in) Operating Activities (A)	**(138,490,279)**	**(305,762,428)**	**125,603,847**	**(1,976,733,168)**
B. Cash flow from Financing Activities				
Increase/(Decrease) in Unit Capital	-	-	-	2,000,000,000
Net Cash Used in Financing Activities (B)	-	-	-	**2,000,000,000**
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B)	**(138,490,279)**	**(305,762,428)**	**125,603,847**	**23,266,832**
Cash and Cash Equivalents as at the beginning of the year/period	161,768,847	467,531,275	23,266,832	-
Cash and Cash Equivalents at the end of the year	**23,278,568**	**161,768,847**	**148,870,679**	**23.266.832**
Components of cash and cash equivalents				
With Banks - in Current account	11,018,568	111,847	7,410,679	10,166,832
Fixed Deposits with Scheduled Banks	-	-	-	-
- Fixed Deposits	12,260,000	161,657,000	141,460,000	13,100,000
	23,278,568	**161,768,847**	**148,870,679**	**23.266,832**

Note: The above cashflow statement has been prepared under the indirect method set out in Accounting Standard 3 - Cash Flow Statement, issued by the Institute of Chartered Accountants of India.

As per our attached report of even date

For Price Waterhouse Chartered Accountants LLP
Firm Registration No: 012754N/N500016
Chartered Accountants

For Board of Trustees of IIFCL Mutual Fund (IDF)

For IIFCL Asset Management Company Limited

Alpa Kedia
Partner
Membership No.: 100681

P.R.Jaishankar
Chairman

Trustee

Pankaj Jain
Chairman

Anil Kumar Taneja
Chief Executive Officer and Director

Sumer Singh
Fund Manager

Place : Mumbai
Date : 26 Sep 2019

Place : New Delhi
Date : 26 Sep 2019

Place : New Delhi
Date : 25 Sep 2019

IIFCL MUTUAL FUND INFRASTRUCTURE DEBT FUND-SERIES I

Statement of Portfolio Holding as at March 31, 2019
(Referred to in Schedule 4 to the Balance Sheet as at March 31, 2019 and the Revenue Account for the year ended March 31, 2019)

Description	Quantity	Market Value / Fair Value Rupees
Infrastructure (100.00%)		
Fixed rates bonds - Corporate (71.86%) $		
Green Infra Wind Farm Asset Limited 12.00% 30DEC23 NCD ^	500	527,788,000
Feedback Energy Distribution Company Limited 13% 20JAN23 ^	400	424,834,800
D.P Jain Infrastructure Private Limited 13.25% 12AUG22 NCD *	400	424,167,200
Green Infra Wind Energy Limited 9.65% 04AUG23 NCD ^	400	409,238,800
12.75% GMR Warora NCD 25SEP2022 SRS I ^#	250	187,500,000
12.75% GMR Warora NCD 25SEP2023 SRS II ^#	250	187,500,000
12.75% GMR Warora NCD 25SEP2023 SRS III ^#	250	187,500,000
East North Intreconnection Company Limited SR-11 8.85% 30SEP19 NCD^	100	100,094,500
Molagavalli Renewbale Private Limited 9.95% 31MAR23 NCD *	100	99,894,000
Narmada Wind Energy Private Limited 9.95% 31MAR23 NCD *	100	98,255,600
DPJ DRA Tollways Private Limited 12.75% 06SEP20 NCD *	200	71,711,360
GVR Infra Private Limited 13.25% 13AUG22 NCD **^	600	-
Fixed rates bonds - Corporate (Cost Rs. 2,814,779,100) excluding Investments classified as NPA		**2,718,484,260**
Treasury Bills (28.14%) $		
364 DAY Treasury Bill (10OCT19)	28,85,200	2792,79,570
91 DAY Treasury Bill (25APR19)	18,03,000	1795,79,701
364 DAY Treasury Bill(12DEC19)	18,50,000	1771,41,385
364 DAY Treasury Bill (20SEP19)	12,43,000	1207,21,776
364 DAY Treasury Bill(27JUN19)	11,93,000	1175,76,473
364 DAY Treasury Bill(13JUN19)	7,11,000	702,36,064
364 DAY Treasury Bill(26SEP19)	5,00,000	485,19,950
364 DAY Treasury Bill(31OCT19)	5,00,000	482,29,700
364 DAY Treasury Bill(24OCT19)	2,39,000	230,80,636
Treasury Bills (Cost Rs.1,061,772,394)		**10643,65,255**
TOTAL INVESTMENTS (Cost Rs. 3,876,551,494)		**37828,49,515**

(#) Fair value of non-government non-investment grade performing security as determined by Investment Manager in accordance with SEBI Circular MFD/CIR/8/92/2000 dated September 18, 2000 and approved by the Trustee.

($) Fair value of non-traded securities as determined in accordance with the guidelines for valuation of securities of Mutual Funds and amendments thereto as applicable by IIFCL Asset Management Company Limited under procedures approved by the Trustee of IIFCL Mutual Fund.

(*) Denotes Private placement / unlisted NCDs

(^) Denotes Listed / awaiting listing NCDs

(**) Refer Note 17

IIFCL MUTUAL FUND INFRASTRUCTURE DEBT FUND-SERIES II

Statement of Portfolio Holding as at March 31, 2019
(Referred to in Schedule 4 to the Balance Sheet as at March 31, 2019 and the Revenue Account for the Year/Period ended March 31, 2019)

Description	Quantity	Market Value / Fair Value Rupees
Infrastructure (100.00%)		
Fixed rates bonds - Corporate (78.17%) $	600	6138,58,200
Green Infra Wind Energy Limited 9.65% 04AUG23 NCD ^	300	3176,46,000
12.75% Feedback Infra Private Limited20DEC22 NCD ^	100	1034,91,600
9.15% SP Jammu Udhampur High 30JUN27 NCD ^	50	501,98,900
8.30% Darbhanga Motihari Transmission Company Limited 31MAR27 NCD ^	50	501,64,400
8.30% Darbhanga Motihari Transmission Company Limited 31DEC26 NCD ^	300	--
IL&FS TransportationNetwork Limted 9.20% 15APR2022 ^		
Fixed rates bonds - Corporate (Cost Rs. 1,102,068,900) excluding Investments classified as NPA		**11353,59,100**
Treasury Bills (21.83%) $		
364 DAY Treasury Bill (10OCT19)	17,29,000	1673,62,532
91 DAY Treasury Bill (25APR19)	11,54,000	1149,38,977
364 DAY Treasury Bill (27JUN19)	2,07,000	204,00,947
364 DAY Treasury Bill (12DEC19)	1,50,000	143,62,815
Treasury Bills (Cost Rs.316,272,335)		**3170,65,271**
TOTAL INVESTMENTS (Cost Rs. 1,418,341,235)		**14524,24,371**

($) Fair value of non-traded securities as determined in accordance with the guidelines for valuation of securities of Mutual Funds and amendments thereto as applicable by IIFCL Asset Management Company Limited under procedures approved by the Trustee of IIFCL Mutual Fund.

(^) Denotes Listed / awaiting listing NCDs

(**) Refer Note 17

IIFCL MUTUAL FUND (IDF)
SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2019 AND THE REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2019

(All amounts in INR Rupees, unless otherwise stated)

Schedule 8: Statement of Significant Accounting Policies and Notes forming part of the financial statement of IIFCL Mutual Fund (IDF) for the year ended March 31, 2019.

1. Background

IIFCL Mutual Fund (the Fund) has been established as a Trust in accordance with the India Trusts Act, 1882. In conformity with Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, and amendments theretowhich include specific regulations for infrastructure debt fund schemes (the SEBI Regulations), IIFCL Asset Management Company Limited (the "Investment Manager")has been set up to act as the Asset Management Company (AMC) to IIFCL Mutual Fund. In terms of the Investment Management Agreement (IMA) dated August 17, 2012, entered into between IIFCL Mutual Fund's Board of Trustees and the AMC has been appointed as the Investment Manager to the Schemes of the Fund. This Fund has got two closed ended infrastructure debt schemes.Series-I which was launched in the financial year 2013-14 and Series-II which was launched in financial year 2017-18 (the Schemes).

India Infrastructure Finance Company Ltd (IIFCL)is the sponsor of IIFCL MUTUAL FUND (IDF).

Scheme Name	Date of Launch	New Fund Offer (NFO) period	Date of Allotment	Investment Objective
IIFCL Mutual Fund Infrastructure Debt Fund - Series I	December 31, 2013	December 31, 2013 - February 10, 2014	February 10, 2014	The investment objective of the Scheme is to generate appreciation in capital by investing in various permissible instruments/ securities belonging to the infrastructure sector as per the SEBI Regulations.
IIFCL Mutual Fund Infrastructure Debt Fund - Series II	March 31, 2017	March 31, 2017 - April 12, 2017	April 12, 2017	The investment objective of the Scheme is to generate appreciation in capital by investing in various permissible instruments/ securities belonging to the Infrastructure Sector as per the SEBI Regulations.

2 Significant Accounting Policies
2.1 Preparation of Financial Statements of the Schemes

The Schemes maintain the books of account on accrual basis. The financial statements of the Schemes have been prepared in accordance with the requirements of Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto (the "SEBI Regulations"), as specified in the Ninth Schedule which lay down the accounting policies and standards to be adopted and the disclosures to be made.

The preparation of financial statements in conformity with the SEBI Regulations requires the use of certain critical accounting estimates. It also requires the Board of Directors of the Investment Manager to exercise its judgment in the process of applying the Fund's accounting policies.

IIFCL MUTUAL FUND (IDF)
SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2019 AND THE REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2019

The preparation of financial statements in conformity with the SEBI Regulations requires the use of certain critical accounting estimates. It also requires the Board of Directors of the Investment Manager to exercise its judgment in the process of applying the Fund's accounting policies.

Presentation of these separate balance sheets, revenue accounts and cash flow statements in a columnar form is not intended to indicate that they bear any relation to each other, or are interdependent or comparable in any way.

2.2 Investments
a) Accounting for investment transactions

Transactions for purchase and sale of investments are recognized as of the trade date. In determining the holding cost of investments and the gain or loss on sale of investments, the "weighted average cost" method is followed. The cost of investments includes all costs incurred towards acquiring the investment or incidental to acquisition of the investments but excludes custodian safekeeping fees.

b) Valuation of investments

Investments are stated at market/fair value at the Balance Sheet date/date of determination.In valuing the Schemes' investments:-

Valuation of Fixed Income and related securities

Category	Policy
Traded Securities	For securities with residual maturity >60 days: • At valuation prices provided by CRISIL or any other agency for individual securities (without any discretionary spread). • In case prices are not available as mentioned above: At weighted average Yield To Maturity For securities with residual maturity <= 60 days: • At weighted average YTM A security will qualify as traded security if: • For securities with residual maturity >1 Year: At least two trades and aggregate volume of Rs 25 crores face value or more on a public platform. • For securities with residual maturity<= 1 Year: At least five trades and aggregate volume of Rs 250 crores face value or more on a public platform.
Non Traded Securities	For securities with residual maturity <= 60 days: • Assets to be amortized on 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 for every 15-day bucket will be provided by CRISIL or other agencies). • In case of amortised 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.

IIFCL MUTUAL FUND (IDF)
SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2019 AND THE REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2019

Category	Policy

Traded Securities	For securities with residual maturity >= 60 days:
	• At valuation prices provided by CRISIL or any other agency for individual securities (without any discretionary spread).
	• In case prices not available as mentioned above:
	  • CRISIL Bond Valuer. No cap on illiquidity premium / discounts.
	  • Illiquidity changes:
	  o Fund Manager will freeze the credit spread of each security at the time of purchase. This credit spread can be changed based on primary market supply, significant trading activity in the secondary market in same or similar assets, prospects of a credit event, etc.
	  o Any security specific change in credit spread (>20 bp) will be documented with suitable justification
	Any portfolio vide change to credit spreads having regard to prevalent matrix yields will also be documented.

For Government Securities and Treasury Bills	Government Securities and Treasury Bills will be valued at prices/yield provided by CRISIL.
Self-Trades	A self-traded security having a single trade with face value of at least Rs 5 crores, will be recognized at weighted average YTM for valuation across all schemes.

Refer Note 17A

The net unrealized appreciation and depreciation in value of investments is determined separately for each category of investments.
In respect of each category of investments, the change in net unrealized depreciation, if any, between two balance sheet dates/ date of determination is accounted for through the Revenue Account. The net change in unrealized appreciation, if any, between two balance sheet dates/ date of determination is accounted through the Revenue Account and thereafter transferred from the Revenue Account to the Unrealized Appreciation Reserve.

2.3 Revenue recognition

Interest Income

a) Interest income is recognized on accrual basis except where there is uncertainty about ultimate recovery / realisation. Such income is recognised when the uncertainty is resolved.
b) In case of discounted securities, the discount to redemption value is amortized on a straight-line basis over the period upto redemption.

2.4 Provision for Non-Performing Assets

Non-Performing Assets are identified and provision is made thereon as per the SEBI Regulations. An asset is classified as non-performing, if the interest and/or

IIFCL MUTUAL FUND (IDF)
SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2019 AND THE REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2019

principal amount has not been receivedor has remained outstanding for one quarter from the date such income/installment has fallen due. Accordingly, the interest and investment provision as above is made from the date the asset is classified as Non-Performing Asset. The book value of the investment is considered for the purpose of provisioning.

2.5 Net Asset Value

The net asset value of the units of the Schemes pertains to the Growth option of the respective Schemes.

3 Net Asset Value (NAV) per unit

The net asset values of the Growth Option of the Schemes as on the date of the balance sheet is as follows:-

Scheme Name	March 31, 2019 (Rupees per unit)	March 31, 2018 (Rupees per unit)
IIFCL Mutual Fund Infrastructure Debt Fund - Series I	1,312,430.0662	1,458,323.4477
IIFCL Mutual Fund Infrastructure Debt Fund - Series II	827,871.9442	1,063,891.6170

4. Management Fees

In accordance with the agreement between IIFCL Mutual Fund's Board of Trustees (the "Trustee") and the Investment Manager, the Schemes have paid / provided for investment management fees payable to the AMC for managing the Schemes at the following average annual rate (excluding Goods and Service Tax (GST) / service tax on management fees) as a percentage of the average daily net assets recorded by the respective Schemes.

Scheme Name	Percentage of Management Fees charged	
	March 31, 2019	March 31, 2018
IIFCL Mutual Fund Infrastructure Debt Fund - Series I	1.18%	1.16%
IIFCL Mutual Fund Infrastructure Debt Fund - Series II	0.97%	1.17%

5. Trusteeship Fees

As per the Trust Deed dated August 17, 2012, the trustees are eligible for a fee calculated at a rate not exceeding one-twentieth of one percent of the weekly average net assets of the Mutual Fund subject to a minimum of Rs.250,000 payable in arrears. However, the Board of Trustees in the meeting held on December 22, 2015 approved the proposal for payment of sitting fee of Rs.10,000 for attending the meetings of Board of Trustees and Rs.7,500 for attending any committee meeting thereof (since revised to Rs.20,000 and Rs.10,000respectively with effect from February 28, 2019) only to the part time Non Official Independent Trustee who are neither working anywhere nor nominated by any Bank, Corporate or Institution as Independent Trustee. Accordingly, sitting fee was paid to one member trustee for attending the meetings of Board of Trustees and committee meetings thereof which is within the overall limit of trustee fee as per clause 13 of the Trust Deed.

IIFCL MUTUAL FUND (IDF)
SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2019 AND THE REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2019

6 Custodian Fees

Citibank NA provides custodial services to the Schemes for which it receives custody fees (including transaction and registration charges).

7 Custodian Confirmation

Confirmation has been received from Citibank N.A. at the end of the year for the investments held by the Schemes. All investments, except Treasury Bills and Fixed Deposits receipts are held in safe custody of the custodian. Investments in Treasury Bills are held in a Constituent Subsidiary General Ledger(CSGL) account maintained with IDBI Bank in the name of "IIFCL Mutual Fund".

8 Aggregate Appreciation and Depreciation in the Value of Investments

Scheme Name	Asset	March 31, 2019		March 31, 2018	
		Appreciation (Rupees)	Depreciation (Rupees)	Appreciation (Rupees)	Depreciation (Rupees)
IIFCL Mutual Fund Infrastructure Debt Fund - Series I	Bonds and Debentures	91,205,160	187,500,000	33,273,640	-
	Treasury Bills	2,592,861	-	288,336	687,413
	Commercial Paper	-	-	96,033	-
IIFCL Mutual Fund Infrastructure Debt Fund - Series II	Bonds and Debentures	34,041,400	751,200	27,085,650	-
	Treasury Bills	792,936	-	182,235	719,908

9 Aggregate Value of Purchase and Sale of Investments

The aggregate value of investments purchased and sold (including redemptions) during the year and their percentage of the respective average daily net assets are as follows:

Scheme Name	Purchases 2018-2019 (Rupees)	Purchase as percentage to average daily net assets	Sales 2018-2019 (Rupees)	Sale as percentage to average daily net assets
IIFCL Mutual Fund Infrastructure Debt Fund - Series I	1,774,444,238	42.36%	1,483,374,767	34.41%
IIFCL Mutual Fund Infrastructure Debt Fund - Series II	1,216,738,934	61.96%	1,308,924,118	66.65%

Scheme Name	Purchases 2017-2018 (Rupees)	Purchase as percentage to average daily net assets	Sales 2018-2019 (Rupees)	Sale as percentage to average daily net assets
IIFCL Mutual Fund Infrastructure Debt Fund - Series I	1,497,172,296	34.81%	889,127,454	20.67%
IIFCL Mutual Fund Infrastructure Debt Fund - Series II	4,540,369,719	221.08%	2,577,873,108	125.52%

IIFCL MUTUAL FUND (IDF)
SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2019 AND THE REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2019

10 Income and Expenses

The total income (including net profit/loss on sale or redemption of investments, net change in unrealised depreciation in value of investments and provision for non-performing assets) and total expenses during the year / period are:-

For The Year ended March 31, 2019				
Scheme Name	**Total Income Rupees**	**Percentage of average daily net assets**	**Total Expenses Rupees**	**Percentage of average daily net assets**
		Income Ratio		**Expense Ratio**
IIFCL Mutual Fund Infrastructure Debt Fund - Series I	(346,638,002)	(8.28%)	60,265,333	1.44%
IIFCL Mutual Fund Infrastructure Debt Fund - Series II	(455,607,048)	(23.20%)	23,429,786	1.19%

For The Year ended March 31, 2018				
Scheme Name	**Total Income Rupees**	**Percentage of average daily net assets**	**Total Expenses Rupees**	**Percentage of average daily net assets**
		Income Ratio		**Expense Ratio**
IIFCL Mutual Fund Infrastructure Debt Fund - Series I	355,341,981	8.26%	59,981,573	1.39%
IIFCL Mutual Fund Infrastructure Debt Fund - Series II	128,592,487	6.26%	27,894,902	1.36%

10A SEBI Circular dated October 22, 2018

As per SEBI circular dated October 22, 2018, all scheme related expenses as per Regulation 52 of the SEBI Regulations are required to be paid from the Schemes within regulatory limits and not from the books of the asset management company, its associate, sponsor, trustee or any other entity through any route with effect from the date of the said circular. The Investment Manager continued to pay scheme related expenses on behalf the Schemes after October 22, 2018 though the expense has been recovered from the Schemes and hence accrued in the books of account of the Schemes. These amounts are payable to the Investment Manager as at March 31, 2019.

11. Disclosure under Regulation 25(8) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended:-

The Schemes have entered into transactions with certain related parties. The information required in accordance with Accounting Standard (AS) -18 on 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India and Regulation 25(8) of the SEBI Regulations, is as follows:-

IIFCL MUTUAL FUND (IDF)
SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2019 AND THE REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2019

Related Party Relationships

Name	Description of Relationship
India Infrastructure Finance Company Limited#	Sponsor of the Fund
IIFCL Asset Management Company Limited (IAMCL)	Investment Manager of the Fund
Canara Bank#	Holding 33% of Net Asset Value of the scheme of IIFCL Mutual Fund Infrastructure Debt Fund – Series I
Pankaj Jain#	Chairman of IAMCL (Appointed w.e.f 18.01.2018)
Anil Kumar Taneja#	Director and Chief Executive Officer of IAMCL (Appointed w.e.f 25.08.2017)
Deepak Kumar Chatterjee #	Director of IAMCL (Ceased as Director w.e.f 16.06.2018)
P.R. Jaishankar#	Chairman of the Board of Trustee (Appointment w.e.f. 05.10.2017)

No transactions during the year.

Transactions during the year:-

IIFCL Mutual Fund Infrastructure Debt Fund - Series I

Nature of transactions	Name of the Related Party	(Amount in Rupees)	
		March 31, 2019	March 31, 2018
Investment Management Fees (Excluding Service Tax/GST)	IIFCL Asset Management Company Limited	49,518,076	49,887,940
Reimbursement of expenses on behalf of the Scheme	IIFCL Asset Management Company Limited	229,915	9,142,174
Term Deposit Placement	Canara Bank	68,300,000	-
Interest on Term Deposit	Canara Bank	770,480	-
Redemption of Term Deposit	Canara Bank	69,070,480	-
Balances as at end of the year			
Investment Management Fees Payable	IIFCL Asset Management Company Limited	1,684,174	8,277,790
Payable to AMC for expense incurred on behalf of Scheme	IIFCL Asset Management Company Limited	229,915	Nil
Unit Capital	India Infrastructure Finance Company Limited	1,300,000,000	1,300,000,000
Unit Capital	Canara Bank	1000,000,000	1,000,000,000

IIFCL MUTUAL FUND (IDF)
SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2019 AND THE REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2019

IIFCL Mutual Fund Infrastructure Debt Fund - Series II

Nature of transactions	Name of the Related Party	(Amount in Rupees)	
		March 31, 2019	March 31, 2018
Investment Management Fees (Excluding Service Tax/GST)	IIFCL Asset Management Company Limited	18,995,338	23,221,874
Reimbursement of expenses on behalf of the Scheme	IIFCL Asset Management Company Limited	222,775	2,142,152
Balances as at end of the year			
Investment Management Fees Payable	IIFCL Asset Management Company Limited	645,516	Nil
Payable to AMC for expense incurred on behalf of Scheme	IIFCL Asset Management Company Limited	222,775	Nil
Unit Capital	India Infrastructure Finance Company Limited	1000,000,000	1,000,000,000

There are no transactions during the year which are required to be disclosed under Regulation 25 (8) of the SEBI Regulations.

12 Disclosure under Regulation 25(11) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended

During the year, the Schemes have not made any investments in companies which hold units in excess of 5% of the net asset value of any Scheme of the fund.

13 Income Taxes

No provision for taxation has been made since the Schemes qualify as a recognized Mutual Fund under Section 10 (23D) of the Income Tax Act, 1961.

14 Segment Reporting

The Schemes are primarily engaged in the business of investing the amounts received from investors as unit capital, in accordance with their investment objectives, to generate returns. Since there is only one business segment and no geographical segments, the segmental reporting disclosures as required by Accounting Standard (AS) - 17, issued by the Institute of Chartered Accountants of India have not been made.

15 Aggregate Fair Value of Non-Traded Investments

Aggregate fair value of non-traded (including private placement) investments as determined by IIFCL Asset Management Company Limited under the procedures approved by the Trustee is as follows:

IIFCL MUTUAL FUND (IDF)
SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2019 AND THE REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2019

Scheme Name	(Amount in Rupees)	
	March 31, 2019	March 31, 2018
IIFCL Mutual Fund Infrastructure debt Fund Series I	3,782,849,515	4,206,293,793
IIFCL Mutual Fund Infrastructure debt Fund Series II	1,452,424,371	2,094,259,247

16 Investor Education and Awareness Fund payable

As mandated by SEBI vide circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 an annual charge of 0.02 percent of daily net assets, being a part of total recurring expenses is set aside for Investor Education and Awareness (IEA). The cumulative balance is transferred on a monthly basis to a separate bank account maintained for this purpose. These funds are required to be utilized in accordance with the SEBI Regulations for Investor Education and Awareness. The balances are pending utilization. These have been placed as short term deposits with banks.

The details of Investor Education and Awareness amount outstanding are as follows:-

Scheme Name	(Amount in Rupees)	
	March 31, 2019	March 31, 2018
IIFCL Mutual Fund Infrastructure debt Fund Series I	2,267,495	1,732,469
IIFCL Mutual Fund Infrastructure debt Fund Series II	436,352	222,089

17 Provision for impairment in Non-Performing Assets

- **<u>IIFCL MUTUAL FUND INFRASTRUCTURE DEBT FUND-SERIES I</u>**

(a) IIFCL Mutual Fund Infrastructure Debt Fund - Series I has invested in non-convertible debentures (NCD) of GVR Infra Projects Limited (the Company) aggregating to Rs. 600,000,000 which is due for maturity on August 13, 2022. The Company has paid its coupon dues up to May 13, 2017 regularly. However, the Company defaulted in coupon payments due from August 13, 2017 onwards. The NCD was classified as a non-performing asset (NPA) with effect from November 13, 2017. No further interest has been accrued. A provision for non-performing asset aggregating to Rs. 60,000,000 was made representing 10% of the book value of the investments during the year ended March 31, 2018 as per SEBI Regulations.During the year ended March 31, 2019, an additional provision of Rs. 540,000,000 representing the balance book value of investment in the company has been made resulting in the book value of the investment being written down to zero.The Scheme hasfiled its claim with National Company Law Tribunal (NCLT).

IIFCL MUTUAL FUND (IDF)
SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2019 AND THE REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2019

(b) IIFCL Mutual Fund Infrastructure Debt Fund-Series I has invested in the commercial paper (CP) of Infrastructure Leasing & Financial Services Limited (the Company) which was scheduled to mature on September 26, 2018 with maturity / face value of Rs. 116,500,000. The Company defaulted on payment on maturity. Provision of Rs. 116,500,000 has been made representing 100% of the maturity value during the year ended March 31, 2019. The Scheme has filed its claim with NCLT.

- **IIFCL MUTUAL FUND INFRASTRUCTURE DEBT FUND-SERIES II**

(a) IIFCL Mutual Fund Infrastructure Debt Fund-Series II has invested in NCDs of IL&FS Transportation Network Limited (the Company) aggregating to Rs. 302,160,000 which is due for maturity on April 15, 2022. The Company has paid its coupon dues up to June 30, 2018 regularly. Pursuant to rating downgrade of the Company on September 10, 2018 and September 28, 2018 by credit rating agencies, provision for non-performingasset on the book value of NCDs outstanding in the Scheme of Rs. 302,160,000 has been created during the year ended March 31, 2019. Income accrued on these NCDs upto September 17, 2018 aggregating to Rs. 5,973,699 has been reversed. Accordingly, no further income has been accrued on these NCDs post credit rating downgrade below investment grade. The Scheme has filed its claim with NCLT.

(b) IIFCL Mutual Fund Infrastructure Debt Fund-Series II has invested in the commercial paper (CP) of Infrastructure Leasing & Financial Services Limited (the Company) which was scheduled to mature on October 19, 2018 with maturity / face value of Rs. 306,000,000.Pursuant to rating downgrade of the Company on September 8, 2018 and September 17, 2018 by credit rating agencies, provision for non-performingasset on the book value (cost plus discount income accrued till September 17, 2018) of commercial paper (CP) outstanding in the Scheme of Rs. 303,857,575 has been created during the year ended March 31, 2019. No further income has been accrued on this CP post credit rating downgrade below investment grade. The maturity proceeds of this CP which were due on October 19, 2018, have not been realized till date. The Scheme has filed its claim with NCLT.

17A Impact on NAV of valuation of Investments taking average prices of ICRA and CRISIL

Non-traded NCDs with residual maturity greater than 60 days are being valued by using yields provided by CRISIL (designated valuation agency) after applying illiquidity discount as approved by Fund Manager and treasury bills are being valued at prices/yield provided by CRISILas mentioned in the current approved valuation policy.

As per circular on valuations by Association of Mutual Fund of India (AMFI), average of prices provided by two designated valuation agencies (CRISIL and ICRA) are to be used for valuation of all debt securities at each valuation/determination date. During the year the valuation was carried out in accordance with the policy mentioned above. However, the Investment Manager has obtained valuation from two designated valuation agencies as at March 31, 2019. Had the valuation of NCD and treasury bills as at March 31, 2019 been done using the average of prices provided by two designated valuation agencies, the impact of the same on the respective NAVs of the Schemes would have been as follows:-

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Scheme	Total value of Investments as on March 31, 2019 as per valuation policy (Rupees)	Total value of Investments as on March 31, 2019 using average of prices by two rating agencies (Rupees)	Impact of overstatement in investment value (Rupees)	Impact on NAV as on March 31, 2019	
				Published NAV per unit as per books of account (Refer Note 3) (Rupees)	Restated NAV per unit after impact of valuation (Rupees)
IIFCL Mutual Fund Infrastructure Debt Fund - Series I (*)					
NCDs	2,155,984,260 (*)	2,035,752,000 (*)	120,232,260	1,312,430.0662	1,272,344.5713
Treasury Bills	1,064,365,255	1,064,341,031	24,224		
Total	3,220,349,515 (*)	3,100,093,031 (*)	120,256,484		
IIFCL Mutual Fund Infrastructure Debt Fund - Series II (*)					
NCDs	1,135,359,100	1,088,971,775	46,387,325	827,871.9442	804,673.7435
Treasury Bills	317,065,271	317,056,195	9,076		
Total	1,452,424,371	1,406,027,970	46,396,401		

* Excluding Non-Investment Grade Securities (Refer to Statement of Portfolio Holding)

Accordingly, the Fund has proposed to change its valuation policy during financial year 2019-20 to bring it in line with the AMFI circular and industry practice.

There have been no subscription and redemptions during the year and post the year end. The above change, if done during the year or as at the year end, would not adversely impact investors as there have been no unit capital movements.

17B Valuation of NCDs of Green Infra Wind Farms Assets Limited

Valuation of NCDs of Green Infra Wind Farms Assets Limited as at March 31, 2019 in IIFCL Mutual Fund Infrastructure Debt Fund - Series Ihas been done erroneouslyby using yield considering credit rating as “A- ” instead of actual credit rating of “A”. Had the actual credit rating of “A” been considered, the impact on NAV is as follows:-

Scheme	Total value of Investment in NCDs on March 31, 2019 as per A- rating (Rupees)	Total value of Investment in NCDs on March 31, 2019 as per A rating (Rupees)	Impact of understatement in investment value (Rupees)	Impact on NAV as on March 31, 2019	
				Published NAV per unit as per books of account (Refer Note 3) (Rupees)	Restated NAV per unit after impact of valuation (Rupees)
Green Infra Wind Farms Assets Limited	527,788,000	537,141,115	9,353,115	1,312,430.0662	1,315,547.7710

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18 Income Recognition

- As per the extant accounting policy in Note 2.3 (a) regarding revenue recognition, penal interest, additional interest and other penalties on account of non - compliance with terms of agreement with borrowers are recognized on receipt basis in view the uncertainties involved in recovery.
- Accordingly, the following amount of income on account of penal interest, additional interest and other penalties for non-compliance of terms with investment by the some investee companies shall be recognized as income in the books of account on receipt basis as and when received in view of uncertainties involved in recovery:-

Scheme Name	For the year ended March 31, 2019 (Rupees)	Upto the year ended March 31, 2018 since inception(Rupees)
IIFCL Mutual Fund Infrastructure Debt Fund - Series-I	20,176,575	77,998,973
IIFCL Mutual Fund Infrastructure Debt Fund - Series-II	9,124,778	-

As the above income has not been recognized in the books of account, corresponding impact if any on NAV will also be recognized on realization of such income.

19 Security / Collateral for Investments

Investments in NCDs held by the Schemes are considered secured on the basis of confirmations furnished by debenture trustee of respective investments and information on asset cover from issuers through respective debenture trustees except in case of the investment in the NCDs of DP Jain & Co. Infrastructure Private Limited, DPJ-DRA Tollways Private Limited, Feedback Energy Distribution Company Limited(fully prepaid on May 13, 2019) and Feedback Infra Private Limited whichare considered as partly secured as only part security has been created as against the required terms of respective debenture trust deeds.

20. Subsequent Event

As per Regulation 21(1)(d) of the SEBI Regulations, the board of directors of an asset management company are required to have at least fifty per cent directors, who are not associate of, or associated in any manner with, the sponsor or any of its subsidiaries or the trustees. On account of resignation of two independent directors subsequent to the year end, IAMCL does not have the required composition of independent directors resulting in non-compliance with SEBI Regulations. The said non-compliance has been communicated to SEBI vide letter dated June 18, 2019and reported in the bi-monthly compliance report submitted to SEBI.

IIFCL MUTUAL FUND (IDF)
SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2019 AND THE REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2019

21 Staff Accountability Process

On account of irregularities in three investments made during the financial year 2014-15 through primary market transactions including non-compliance with sanction terms for respective investments and conditions mentioned in the debenture trust deed of the respective investments as observed in the special management audit conducted by the internal auditors of IIFCL Mutual Fund (IDF) during the year ended March 31, 2019 as per directions of the Board of Directors of IIFCL Asset Management Company Limited (IAMCL) and Board of Trustees of IIFCL Mutual Fund (IDF), staff accountability process has been initiated against Chief Investment Officer (CIO) (IAMCL), who was then appointed as Fund Manager of the Schemes of IIFCL Mutual Fund (IDF) in accordance with Staff and Service Regulations of IIFCL (the sponsor of IIFCL Mutual Fund-IDF) duly adopted by IIFCL Asset Management Company Limited (IAMCL). Showcause notices have been issued to the CIO / Fund Manager for alleged gross negligence, irregularities, misrepresentation and concealment of facts in the said three investments made during the financial year 2014-15. The services of the CIO / Fund Manager have been placed under suspension with effect from June 28, 2019 under Staff Service Regulations of the sponsor of IIFCL Mutual Fund adopted by IAMCL. In view of this matter, the Fund Manager of the Schemes of IIFCL Mutual Fund has since been changed with effect from January 17, 2019.

The matter with regard to the irregularities in investment as mentioned above has been referred to the Chief Vigilance Officer of IIFCL Asset Management Company Limited appointed by the Government of India and the staff accountability process is in progress.

22. Previous Year's Figures

Previous year's figures have been regrouped/rearranged wherever appropriate.

Signatures to schedules 1 to 8 forming part of the balance sheet and revenue account.

For Price Waterhouse Chartered Accountants LLP
Firm Registration No: 012754N/N500016
Chartered Accountants

Alpa Kedia
Partner
Membership No. 100681

Place : Mumbai
Date : September 26, 2019

For Board of Trustees of IIFCL Mutual Fund (IDF)

P.R. Jaishankar
Chairman

Trustee

Place : New Delhi
Date : 26 Sep 2019

For IIFCL Asset Management Company Limited

Pankaj Jain
Chairman

Anil Kumar Taneja
Chief Executive Officer and Director

Sumer Singh
Fund Manager

Place : New Delhi
Date : 25 Sep 2019

IIFCL MUTUAL FUND

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