

## IIFCL MUTUAL FUND (IDF)

**Office:** 5<sup>th</sup> Floor, Plate-A &B, NBCC Tower , Office Block-2, East Kidwai Nagar,  
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### NOTICE FOR UNITHOLDERS MEETING

This is with reference to the notice published on 1<sup>st</sup> February, 2023 (date of publication in Newspaper) announcing the decision taken by the Board of Trustees of IIFCL Mutual Fund (IDF) as the Trustees of IIFCL Mutual Fund (IDF) to prematurely wind up both the existing scheme(s) of IIFCL Mutual (IDF) i.e., IIFCL Mutual Fund Infrastructure Debt Fund Series I & IIFCL Mutual Fund Infrastructure Debt Fund Series II, pursuant to Regulation 39(2)(a) of the SEBI (Mutual Funds) Regulations, 1996 (“**Mutual Funds Regulations**”)

Pursuant to Regulation 40 of the SEBI (Mutual Fund) Regulation, 1996, on and from the date of publication of this notice, the Board of Trustees of IIFCL Mutual Fund and IIFCL Asset Management Company Limited shall:

- (a) Cease to carry on any business activity in respect of the scheme;
- (b) Cease to create or cancel units in the scheme;
- (c) Cease to issue or redeem units in the scheme.

Accordingly, pursuant to Regulation 41(1) of the Mutual Funds Regulations, NOTICE is hereby given that a meeting of unitholders of IIFCL Mutual Fund Infrastructure Debt Fund Series I will be held on Wednesday, 15<sup>th</sup> March, 2023 at 11:30 a.m. at Meeting Room, India Infrastructure Finance Company Limited (IIFCL), 5<sup>th</sup> Floor, Plate A&B, NBCC Tower, Office Block-2, East Kidwai Nagar, New Delhi- 110023 in order to obtain approval by a simple majority of votes cast by unitholders present and voting for the following resolutions:

### RESOLUTIONS:

1. To consider and thought fit, to pass with or without or modification(s), the following resolution:

**“RESOLVED THAT** pursuant to Regulations 18(15)(c), 41(1) and the winding-up notice issued under Regulation 39(3) of the SEBI (Mutual Funds) Regulations, 1996 (**Mutual**



**Funds Regulations**), the consent of the Unitholders is hereby accorded for winding-up the IIFCL Mutual Fund Infrastructure Debt Fund Series I pursuant to the decision taken by the Board of Trustees of IIFCL Mutual Fund (IDF) under Regulation 39(2)(a) of the Mutual Funds Regulations on 31<sup>st</sup> January, 2023.”

2. To consider and thought fit, to pass with or without or modification(s), the following resolution:

**“RESOLVED THAT** pursuant to regulation 41(1), 39(2)(a) of the SEBI (Mutual Funds) Regulation, 1996, IIFCL Asset Management Company Limited be and is hereby authorized to take steps to wind-up the IIFCL Mutual Fund Infrastructure Debt Fund Series I (**“Scheme”**) and to dispose, monetize or liquidate all the assets of the Scheme in the best interests of the Unit holder(s) and distribute assets/ proceeds in proportion to their respective interests in the assets of the Scheme after discharge of all the liabilities and expenses to the Unit holder(s), in accordance with the applicable laws on behalf of the Board of Trustees of IIFCL Mutual Fund (IDF) for the purpose of Regulation 41(2) of the SEBI (Mutual Fund) Regulations 1996.”

3. To consider and thought fit, to pass with or without or modification(s), the following resolution:

**“RESOLVED THAT** IIFCL Asset Management Company Limited be and is hereby authorized to dispose of all the illiquid assets or securities classified as default at the time of winding up of scheme i.e., IIFCL Mutual Fund Infrastructure Debt Fund Series I to the asset reconstruction companies or any other regulated entity in the best interests of the Unit holder(s) and future realization from such investments, if any, shall be distributed, after discharge of all the liabilities and expenses to the Unit holder(s), in proportion to their respective interests in the assets of the scheme, in accordance with the clause 15.5 of SEBI Master Circular on Mutual Funds dated 24.08.2020 and applicable laws on behalf of the Board of Trustees of IIFCL Mutual Fund (IDF) for the purpose of Regulation 41(2) of the SEBI (Mutual Fund) Regulations 1996.”



4. To consider and thought fit, to pass with or without or modification(s), the following resolution:

**“RESOLVED THAT** IIFCL Asset Management Company Limited be and is hereby authorized to decide and fix the record date for the purpose of delisting of the units of IIFCL Mutual Fund Infrastructure Debt Fund Series I from BSE Limited and also authorized to take all the necessary action and to do all such acts, deeds and things to give effect to the same in accordance with the applicable laws on behalf of the Board of Trustees of IIFCL Mutual Fund (IDF) for the purpose of Regulation 42 & 42A of the SEBI (Mutual Fund) Regulations 1996.”

**NOTES:**

1. The value of the investments in units of the Scheme will be disclosed on fortnightly basis in the form of NAV till the date of closure.
2. Unitholders are requested to pre-submit any questions to [cio@iifclmf.com](mailto:cio@iifclmf.com) on or before 1<sup>st</sup> March, 2023 in order to allow for an orderly meeting.
3. Unitholders whose names appear in the register of Unitholders, as at the close of business hours on 27<sup>th</sup> February, 2023 (on the records of Registrar and Transfer Agent) i.e., after giving effect to all the transaction carried out on the last business and reconciliation of open transactions in the Scheme account, shall be entitled to vote on the resolution.
4. Non-individual / corporate Unitholders are required to send/ provide a duly certified copy of the board resolution /letter of authorization/ power of attorney authorizing their representative(s) to vote on their behalf.
5. M/s Soniya Gupta & Associates, Practicing Company Secretary Firm, will act as the scrutinizer to monitor the voting process. The scrutinizer shall submit its report to the Board of Trustees, or any person authorized by the Trustee. The Board of Trustees of IIFCL Mutual Fund (IDF) or such authorized person will, thereupon, declare the voting results.
6. For any queries or clarifications please contact us at [headoperation@iifclmf.com](mailto:headoperation@iifclmf.com).
7. Each Unitholder will have one vote per unit.



8. Unitholders will have the same meaning as defined in the SEBI (Mutual Fund) Regulation, 1996.

By Order of the Board of Trustee  
**FOR IIFCL MUTUAL FUND (IDF)**

Place: New Delhi

Date: 21.02.2023



  
**Chairman & Trustee**

**OFFICE:**

5<sup>th</sup> Floor, Plate-A &B, NBCC Tower  
Office Block-2, East Kidwai Nagar,  
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## ANNEXURE TO THE NOTICE

### NOTES TO THE RESOLUTIONS

#### ITEM NO. 1

- The Hon'ble Union Finance Minister in his Budget Speech of 2011 had announced that to give a boost to the Infrastructure Sector in India, Infrastructure Debt Funds would be set up in India. SEBI had then issued the guidelines for Infrastructure Debt Funds - Mutual Funds in August 2011. India Infrastructure Finance Company Limited (IIFCL), being a AAA rated 100% GOI entity and a premier institution in Infrastructure Sector had decided to set up an Infrastructure Debt Fund under SEBI regulated Mutual Fund route and had launched two close ended 10-year growth option scheme under private placement. The first scheme "IIFCL Mutual Fund Infrastructure Debt Fund Series-I" was launched on December 31, 2013, and upon receiving the investment of INR 300.00 Crore, it was closed for subscription on February 06, 2014 and the second scheme "IIFCL Mutual Fund Infrastructure Debt Fund Series II" was launched on March 31, 2017 and upon receiving the investment of INR 200.00 Crore, it was closed for subscription on April 12, 2017.
- It has been observed that the Infrastructure Debt Funds (under mutual fund route) have not been able to scale up as envisaged and as compared to other available investment vehicles for the infrastructure sector (like the infrastructure sector focused debt funding through NBFC Bonds route or infrastructure investment trusts). There is a lukewarm response from investors for investing in IDFs (Mutual Funds).
- Further, the gradual increase in compliance requirements made applicable to infrastructure debt fund (mutual funds route), such as the implementation of risk management framework, resources for trustees, issues in respect to rebalancing of the portfolio, cyber security framework and system audit for Mutual Funds/ AMC etc., have increased the costs of IIFCL - MF to an unsustainable level. This has adversely affected IAMCL (as the asset management company) to operate at healthy industry level profitability. It is also noted that the ability of IIFCL Mutual Fund (IDF) to apportion adequate management costs to IAMCL (asset management company) has been substantially reduced, owing reduction of total expense ratio (TER) to 1% of asset under management (AUM), leading to non-hiring of a chief risk officer, better industry talent and use of external agencies for compliances. Some of the said non-compliances were also observed in inspection of IIFCL Mutual Fund (IDF) conducted by SEBI.
- Further, SEBI vide letter, e-mail informed IAMCL that they will be constrained to initiate enforcement actions and appropriate proceedings in accordance with law for the above non-compliances/ omissions/ deficiency or violation of SEBI guidelines.
- IIFCL Mutual Fund (IDF)/ IAMCL had approached SEBI number of times for seeking exemptions in respect of the increasing compliance requirements applicable to it considering



the revised limitation on TER and the consequent effect on the operations of the IIFCL Mutual Fund (IDF) and IAMCL. IAMCL had approached SEBI for considering the revision in TER to 2.00% for infrastructure debt fund schemes which are still at nascent stage considering the small size of total AUM. No response was received on the same.

- Further IAMCL/ IIFCL Mutual Fund (IDF) would not like to report continued non compliances like Risk Management Framework, Resources for Trustees, Regulation 49P of SEBI (Mutual Funds) regulations, 1996 etc. Considering the above difficulties being faced by IAMCL owing to the increase in compliance cost and to avoid being continued non-compliant, Board of Trustees of IIFCL Mutual Fund (IDF) in 63rd meeting held on 31<sup>st</sup> January, 2023 had decided to prematurely wind up both the existing scheme(s) of IIFCL Mutual Fund (IDF) namely “IIFCL Mutual Fund Infrastructure Debt Fund Series I” and “IIFCL Mutual Fund Infrastructure Debt Fund Series II” under Regulation 39(2)(a) of SEBI (Mutual Funds) Regulations, 1996 inter-alia ,on account of higher compliance cost and inability to comply with SEBI (Mutual Funds) Regulations, 1996 and Circulars and Guidelines applicable for Infrastructure Debt Funds by IIFCL Mutual Fund (IDF) and IIFCL Asset Management Company Limited.

#### **CIRCUMSTANCES LEADING TO WINDING UP OF SCHEME:**

On account of increase in compliances required for Infrastructure Debt Funds (IDF) like implementation of risk management framework, resources for trustees, issues in respect of rebalancing of portfolio, cyber security framework and system audit for Mutual Funds/ AMC, advancement of IT systems etc. has made it unviable for the IIFCL Asset Management Company Limited (IAMCL) to smoothly continue with the management of existing IDF schemes and IAMCL/ IIFCL Mutual Fund (IDF) would not like to carry continued non compliances. Therefore, the trustees of IIFCL Mutual Fund (IDF) have decided to prematurely wind up both the existing schemes of IIFCL Mutual Fund (IDF) due for maturity in February 2024 & April, 2027 respectively.

#### **ITEM NO. 2**

Board of Trustees of IIFCL Mutual Fund (IDF) in its 63<sup>rd</sup> meeting held on 31<sup>st</sup> January, 2023 had authorized/nominated IIFCL Asset Management Company Limited under Regulation 41(2) of the SEBI (Mutual Fund) Regulations 1996, to dispose, monetize or liquidate all the assets of the scheme(s) in the best interests of the Unit holder(s) and distribute assets/ proceeds after discharge of all the liabilities and expenses to the Unit holder(s), in proportion to their respective interests in the assets of the scheme.

Following the decision to wind-up the scheme, IIFCL Asset Management Company Limited will now proceed with orderly realization and liquidation of the underlying assets with the objective of preserving value for unitholders and with distribution of the proceeds thereof to the unitholders after discharging the liabilities of the schemes It will be IAMCL's endeavor to liquidate the portfolio holdings at the earliest opportunity. IAMCL would also continue to explore opportunities to monetize assets through secondary transactions.



### **ITEM NO. 3**

With the objective of preserving value for unitholders, IIFCL Asset Management Company Limited may be authorized to dispose off all the illiquid assets or securities classified as default at the time of winding up of scheme i.e., IIFCL Mutual Fund Infrastructure Debt Fund Series I to the asset reconstruction companies or any other regulated entity and future realization from such investments, if any shall be distributed, after discharge of all the liabilities and expenses to the Unit holder(s), in proportion to their respective interests in the assets of the scheme in accordance with the clause 15.5 of SEBI Master Circular on Mutual Funds dated 24.08.2020 and applicable laws on behalf of the Board of Trustees of IIFCL Mutual Fund (IDF) for the purpose of Regulation 41(2) of the SEBI (Mutual Fund) Regulations 1996.

### **ITEM NO. 4**

As required in SEBI (Mutual Funds) Regulations, 1996 and as guided by BSE Limited.

By Order of the Board of Trustee  
**FOR IIFCL MUTUAL FUND (IDF)**

Place: New Delhi

Date: 21.02.2023

#### **OFFICE:**

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**Chairman & Trustee**