

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

Dear Unitholders,

We have pleasure in presenting the First Annual Report of the Schemes of IL&FS Mutual Fund (IDF) for the year ended March 31, 2014, along with the Audited Financial Statements of the Schemes

The Mutual Fund received SEBI registration on February 1, 2013, with IL&FS Infra Asset Management Limited (“the AMC”) as the Investment Manager, and commenced its operations with the launch of its first Scheme, namely, IL&FS Infrastructure Debt Fund Series 1-A, 1-B and 1-C with maturities of 5 years, 7 years and 10 years respectively

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

A. IL&FS INFRASTRUCTURE DEBT FUND (IDF)

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

B. SPONSOR

IL&FS Infrastructure Debt Fund is sponsored by IL&FS Financial Services Limited, a wholly owned subsidiary of Infrastructure Leasing & Financial Services Limited (IL&FS). IL&FS Financial Services Limited (IFIN), started operations from July, 2006. IFIN is one of India’s leading Non- Banking Finance companies providing a wide range of financial and advisory services under one umbrella

IFIN is classified as a Non-deposit taking systemically important NBFC (ND-SI- NBFC) and enjoys AAA credit rating for long term borrowings from CARE and India Ratings. The Company has been awarded highest ratings for its short term borrowing programme viz. A1+ from CARE, A1+ from ICRA and A1+IND from India Ratings & Research. The business mandate of the IFIN is to provide specialized financial services to its corporate clients with primary focus on Infrastructure initiatives. The business activities of the Company comprise of Asset and Structured Finance including infrastructure financing, Project Debt Syndication and Corporate Advisory Services

C. THE TRUSTEE

IL&FS AMC Trustee Limited, the Trustee Company is a Public Limited Company incorporated under the Companies Act, 1956 on December 4, 2012, having its registered office at The IL&FS Financial Centre, 3rd Floor, Plot C-22, G Block, Bandra Kurla Complex, Bandra East, Mumbai- 400051, India. The Amended and Restated Trust Deed dated September 5, 2013 has been entered into between IL&FS AMC Trustee Limited and IL&FS Infra Asset Management Limited. The original Trust Deed was registered on January 21, 2013. The Trustee, through its Board of Directors, shall discharge its obligations as Trustee of the IL&FS Mutual Fund (IDF). The Trustee ensures that the transactions entered into by the AMC are in accordance with the SEBI Regulations and will also review the activities carried on by the AMC. IL&FS AMC Trustee Limited is a wholly owned subsidiary of IL&FS Financial Services Limited. IL&FS Financial Services Limited holds 100% of the share capital of IL&FS AMC Trustee Limited along with 7 nominee shareholders

DIRECTORS OF IL&FS AMC TRUSTEE LIMITED

Mr Arun K Saha	Associate Director
Mr Chitranjan Kahlon	Independent Director
Mr Balasubramanian Narasimhan	Independent Director
Mr Sunil Mehta	Independent Director

D. ASSET MANAGEMENT COMPANY (AMC)

IL&FS Infra Asset Management Limited (IIAML) is a Public Limited Company incorporated under the Companies Act, 1956 on January 8, 2013 having its Registered Office at "The IL&FS Financial Center, 3rd Floor, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400051". IL&FS AMC Trustee Limited (Trustee Company) and IL&FS Infra Asset Management Limited (IIAML) have executed the Investment Management Agreement (IMA) on January 21, 2013 whereby the Trustee Company appointed IIAML as the Asset Management Company of the IL&FS Mutual Fund(IDF)

This IMA was Amended and Restated on September 5, 2013 between the Trustee Company and IIAML. IIAML is a subsidiary of IL&FS Financial Services Limited. IL&FS Financial Services Limited along with 7 nominee shareholders holds 91.80% and LIC of India holds 8.20% of IIAML's share capital

DIRECTORS OF IL&FS INFRA ASSET MANAGEMENT LIMITED
--

Mr Ramesh Chander Bawa	Associate Director
Mr R. S. Reddy	Independent Director
Mr Pradip Roy	Independent Director
Mr Milind Patel	Associate Director
Mr Kartik Ganapathy	Independent Director
Mr V Chandrasekaran*	Associate Director
Mr K N Prithviraj	Independent Director
Mr Rajesh Kotian	Associate Director

*Nominee Director from Life Insurance Corporation of India

2. Investment Objectives of the Schemes

In June 2013, the AMC has launched IL&FS Infrastructure Debt Fund - Series 1-A, 1-B and 1-C (IIDF-Series 1-A, 1-B and 1-C), a close ended Infrastructure debt Scheme with specified maturity of 5 years for IIDF-Series 1-A, 7 years for IIDF-Series 1-B and 10 years for IIDF-Series 1-C

In March 2014, the Second Scheme, IL&FS Infrastructure Debt Fund - Series 2-A, 2-B and 2-C (IIDF-Series 2-A, 2-B and 2-C), a close ended Infrastructure debt Scheme with specified maturity of 5 years for IIDF-Series 2-A, 8 years for IIDF-Series 2-B and 12 years for IIDF-Series 2-C was launched

The investment objective of the above two Scheme/s is to generate income and capital appreciation by investing primarily in infrastructure debt instruments as permitted by SEBI from time to time

There is no assurance or guarantee that the objective of the Scheme will be realised

3. Basis and policy of investment underlying the Scheme

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

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

4. Scheme Performance, Future Outlook and Operations of the Schemes

The first set of Schemes launched viz., IL&FS Infrastructure Debt Fund Series 1A, 1B and 1C are closed ended schemes. The AMC has called for 75% of the commitment amount by March 31, 2014. The performance of the Schemes shall be evaluated vis-à-vis the benchmark and disclosed once the units are fully paid up

India continues to be one of the fastest growing economies in the world, even accounting for the current slowdown, resulting in pressure to roll out attendant infrastructure to ensure productivity across socio-economic landscape. Innovative ways to attract large dose of incremental capital is critical component for infrastructure development in the country. There is wide acceptance of this reality across political community. Based on projections of 12th five year plan (2012 to 2017), Infrastructure sector may need investment of USD 1.0 trillion dollars out of which 50% is expected to be from private sector. Assuming a debt equity ratio of 2:1, IDFs would be able to select assets from potential debt pool of USD 330.0 billion. Apart from this, there would be additional opportunity to refinance existing infrastructure assets with local banking sector (about USD 115 billion); and take selective bets on mezzanine debt

While there is huge opportunity as mentioned above, there is also need for caution in selection of assets to be funded since in this sector a number of projects are facing viability related issues on account of various reasons including delay in regulatory approvals, aggressive bidding etc.

5. Significant Accounting Policies

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

6. Unclaimed Dividends & Redemptions as on March 31, 2014

The Scheme/s launched are close ended Scheme with investors having a minimum investment horizon of 5 years, repurchase and transfer of units is not permitted. Further, since it is the first year of operations, Dividends have not being distributed. Hence, there are no instances of unclaimed Dividends and Redemptions as on March 31, 2014



7. Statutory Information

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

Full Annual Report shall be available for inspection at the Head Office of the Fund. On written request, present and prospective unitholder/investors can obtain copy of the trust deed, the annual report and the text of the relevant scheme

8. Acknowledgements:

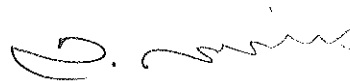
We wish to thank the unit holders of the Fund for their overwhelming response and support throughout the year and also extend gratitude to the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI), the Association of Mutual Funds in India (AMFI) and the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

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

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



Arun K Saha
Chairman



B Narasimhan
Director

Date: April 23, 2014

Place: Mumbai

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

Report on the Financial Statements

We have audited the accompanying financial statements of the under mentioned **IL&FS MUTUL FUND – INFRASTRUCTURE DEBT FUND – CLOSED ENDED DEBT SCHEMS** (the "Schemes") which comprise the Balance Sheet as at March 31, 2014 and the Revenue Account and Cash Flow Statement for the period from June 18, 2013 (Date of scheme Launch) to March 31, 2014 and a summary of the significant accounting policies and other explanatory information.

Name of the Scheme
IL&FS Infrastructure Debt Fund Series IA
IL&FS Infrastructure Debt Fund Series IB
IL&FS Infrastructure Debt Fund Series IC

Management's Responsibility for the Financial Statements

The Managements of IL&FS AMC Trustee Limited (the "Trustee") and IL&FS Infra Asset Management Limited (the "AMC") are responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Schemes in accordance with accounting policies and standards as specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("the SEBI Regulations") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

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considers internal control relevant to the Scheme's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the SEBI Regulations 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, 2014;
- (b) in the case of the Revenue Account, of the Surplus of the Schemes for the period from June 18, 2013 to March 31, 2014; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Schemes for the period from June 18, 2013 to March 31, 2014.

Report on Regulatory Requirements

1. As required by paragraph 55 of the Regulations, we report that:

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) The Balance Sheet, the Revenue Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account of the Schemes.
- (c) The financial statements have been prepared in accordance with accounting policies and standards as specified in the Ninth Schedule of the SEBI Regulations.

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**Deloitte
Haskins & Sells LLP**

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

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



Kalpesh J. Mehta
Partner
(Membership No. 48791)

MUMBAI, April , 2014
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Balance sheet

Amount ₹

	Notes	IL&FS Infrastructure Debt Fund Series 1A	IL&FS Infrastructure Debt Fund Series 1B	IL&FS Infrastructure Debt Fund Series 1C
As at March 31, 2014				
Liabilities				
Unit capital	3	1,786,200,000	1,769,325,000	2,069,475,000
Reserves and surplus	4	41,184,166	40,565,947	54,381,007
Current liabilities and provisions	5	5,030,635	4,996,019	5,882,140
Total		1,832,414,801	1,814,886,966	2,129,738,147
Assets				
Investments	6	1,827,218,788	1,811,464,607	2,127,182,233
Other Current assets	7	5,196,013	3,422,359	2,555,914
Total		1,832,414,801	1,814,886,966	2,129,738,147


Notes 1 to 23 annexed hereto integrated part of Financial Statements


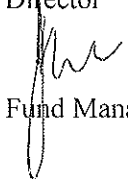
In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants


For IL&FS Infra Asset
Management Limited

For IL&FS AMC
Trustee Limited


Kalpesh J Mehta
Partner
Mumbai, April 23, 2014


Director

Fund Manager


Director


Director

Revenue Account

Amount ₹

	Notes	IL&FS Infrastructure Debt Fund Series 1A	IL&FS Infrastructure Debt Fund Series 1B	IL&FS Infrastructure Debt Fund Series 1C
For the Period From June 18, 2013 to March 31, 2014				
Income				
Interest Income	8	40,934,438	39,845,654	53,545,640
Total		40,934,438	39,845,654	53,545,640
Expenses				
Management fees		4,426,672	4,396,437	5,219,250
Service tax on Management fees		547,137	543,400	645,099
Trusteeship fees		37,635	37,362	43,819
Investor Education and Awareness Expenses (Refer Note 2(f))		75,271	74,723	87,637
Custody Charges		54,619	54,619	54,619
Other Operating expenses		129,805	130,758	130,538
Audit Fees		187,267	187,267	187,266
		5,458,406	5,424,566	6,368,228
Expenses recoverable from the Asset Management Company		(334,056)	(335,282)	(328,604)
Total		5,124,350	5,089,284	6,039,624
Surplus Before Provision		35,810,088	34,756,370	47,506,016
Provision for diminution in value of Investments		87,622	94,103	53,889
Net Surplus transferred to the Revenue Reserve		35,722,466	34,662,267	47,452,127

Notes 1 to 23 annexed hereto forms part of Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

For IL&FS Infra Asset
Management Limited

For IL&FS AMC
Trustee Limited



Kalpesh J Mehta
Partner
Mumbai, April 23, 2014



Director

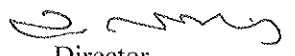
Fund Manager



Director
AK



Director



Director

Cash flow statement

Amount ₹

		IL&FS	IL&FS	IL&FS
		Infrastructure Debt Fund Series 1A	Infrastructure Debt Fund Series 1B	Infrastructure Debt Fund Series 1C
For the Period From June 18, 2013 to March 31, 2014				
A. Cashflow from Operating Activities				
Surplus for the period		35,722,466	34,662,267	47,452,127
Adjustment for:-				
Provision for diminution in value of Investment		87,622	94,103	53,889
Operating profit before working capital changes				
Adjustments for:-				
Increase in current liabilities and provisions		5,030,635	4,996,019	5,882,140
Investments purchased		(11,679,644,710)	(12,728,986,263)	(8,204,257,759)
Proceeds from sale of investments		9,857,800,000	10,923,331,233	6,083,950,517
Increase in current assets		(2,876,547)	(3,085,595)	(1,832,785)
Net cash used in operating activities	(A)	(1,783,880,534)	(1,768,988,236)	(2,068,751,871)
B. Cashflow from financing activities				
Units issued		1,786,200,000	1,769,325,000	2,069,475,000
Net cash generated from financing activities	(B)	1,786,200,000	1,769,325,000	2,069,475,000
Net increase in cash and cash equivalents	(A+B)	2,319,466	336,764	723,129
Cash and cash equivalents at the end of the period		2,319,466	336,764	723,129

In terms of our report attached

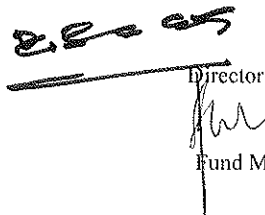
For Deloitte Haskins & Sells LLP
Kalpesh J Mehta

For IL&FS Infra Asset Management Limited

For IL&FS AMC Trustee Limited



Kalpesh J Mehta
Partner
Mumbai, April 23, 2014



Director
Fund Manager



Director



Director



Director

NOTES FORMING PART OF THE FINANCIAL STATEMENTS**(1) Background**

IL&FS Mutual Fund (IDF) ('the Fund') has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 with IL&FS Financial Services Limited as the Sponsor and IL&FS AMC Trust Company Limited as the Trustee. The Trust Deed has been registered under the Indian Registration Act, 1908 on January 21, 2013 and amended through Deed of amendment on September 5, 2013. The Fund has been registered with SEBI on February 1, 2013 under Registration Code MF/072/13/02.

IL&FS Infrastructure Debt Fund Series 1A, 1B and 1C is a closed ended Scheme for 5 Years, 7 Years and 10 Years respectively. The scheme was launched on June 18, 2013 and units were allotted on December 16, 2013 being first draw down of the commitments. Units are having face value of ₹ 1,000,000 and partly paid-up as on March 31, 2014. Accordingly the NAV is computed from December 16, 2013 and the basis for charging Management fees by the Asset Management Company.

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

(2) Significant accounting policies**a) Basis of preparation of financial statements**

The financial statements are prepared and presented under the historical cost convention, as modified for investments which are 'marked-to-market', on accrual basis of accounting and in accordance with the accounting policies and standards specified in the Ninth Schedule of the Regulations, and the accounting standards and guidance notes issued by the Institute of Chartered Accountants of India ('ICAI').

b) Use of estimates

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

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



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c) Investments**(i) Basis of accounting**

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

(ii) Valuation

- Investments for the purpose of valuation are classified as traded and non-traded in accordance with the provisions of the Regulations.
- The Schemes have fairly valued its investments in accordance with the Regulations, by using the below mentioned methodology / principles. All investments are marked to market and are stated in the balance sheet at their fair value. Investments are stated at fair value as follows:

i. Traded Debt Securities and Related Instruments (Other than Government Securities and Treasury Bills, Reverse Repo, Fixed Deposit) - maturity upto sixty days

Weighted average YTM at which they are traded / reported on public platform. Order of preference for the public platform for consideration are as follows:

1. FIMMDA
2. NSE WDM
3. BSE WDM

A security will qualify as traded security if:

- For securities with residual maturity > 1 Year: There are 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: There are at least three trades and aggregate volume of Rs. 100 Crores face value or more on a public platform.

Note: The qualifying criteria are to be observed at the exchange / platform level (as the same trades may be reported on multiple platforms).



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If the security does not qualify as above, own traded price (including inter-scheme) for buy / sell transaction may be considered; provided that there is at least one trade of not less than Rs.5 Crore.

ii. Non Traded/Thinly Traded Debt Securities and Related Instruments(Other than Government Securities and Treasury Bills) - maturity upto sixty days

With effect from July 01, 2012 all Traded / Non-Traded / Thinly Traded Debt and Related Instruments (Money Market Securities and Floating Rate Debt Securities (with put/call options, Interest reset , floor and caps on coupon rate)) with residual maturity of upto sixty days are valued on a straight line amortisation basis to maturity from cost or last valuation price which ever is most recent subject to the price computed being within + / - 0.10% band of reference price derived from the aggregate of matrix of spread over the risk free benchmark yield curves obtained from approved agencies. In case the price of a particular security falls outside the band, valuation price of the security shall be brought within + / - 0.10% of reference price so as to reflect fair value.

The spread being the difference between the purchase yield and the benchmark yield, fixed at the time of first purchase, would be changed by the AMC only if there is a trade in the security. Fund Manager would provide justification for change in the spread due to any event other than trade in the security, viz., change in credit rating / credit profile and approved by the valuation committee.

In the case of floating rate securities with floor and caps on coupon rate and residual maturity of upto sixty days, the valuation on an amortisation basis is determined taking the coupon rate as floor.

iii. Traded/Non Traded Debt Securities and Related Instruments(Other than Government Securities and Treasury Bills)] - maturity greater than sixty days

All money market and debt securities, including floating rate securities, with residual maturity of over 60 days shall be valued at weighted average price at which they are traded on the particular valuation day. When such securities are not traded on a particular valuation day they shall be valued at benchmark yield/ matrix of spread over risk free benchmark yield obtained from approved agencies



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To value an un-rated security, the fund manager shall assign an internal credit rating to the securities. The internal credit rating will be mapped to external credit rating matrix. The internal credit rating assigned will be used for determining spreads to be used for valuation. Since un-rated instruments tend to be more illiquid than rated securities, the yields would be marked up by adding discretionary spread

If there is a deviation of more than ± 75 bps in the spread being used by the Fund Manager for the valuation purpose vis a vis the spread derived from the matrix of spread over risk free benchmark yield obtained from approved agencies, then the spread to be used for valuation purposes over the benchmark rate shall be approved by the Investment Committee

iv. Treasury Bills (with residual maturity upto sixty days) :

Consequent to best practice guidelines issued by AMFI vide circular dated September 19, 2013 effective September 19, 2013, Treasury Bills with residual maturity of upto sixty days are valued on a straight line amortisation basis to maturity from cost or last valuation price whichever is most recent subject to the price computed being within $+ / - 0.10\%$ band of reference price derived from the aggregate of matrix of spread over the risk free benchmark yield curves obtained from both CRISIL and ICRA. In case the price of a particular security falls outside the band, valuation price of the security shall be brought within $+ / - 0.10\%$ of reference price so as to reflect fair value.

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

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

d) Revenue recognition

Interest income is recorded on a period proportionate basis.

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



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In accordance with the Guidance Note on 'Accounting for Investments in the Financial Statements of Mutual funds' issued by the ICAI (pursuant to the Eleventh Schedule of the Regulations), net unrealized appreciation/depreciation in value of investments is determined for each category of investments, wherein the cost is compared with the market/fair value and the resultant appreciation is credited to unrealized appreciation reserve and any depreciation is charged to the revenue account.

e) Computation of Net Asset Value (NAV)

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

f) Investor Education and Awareness

In compliance with SEBI Circular No. CIR/IMD/DF/21/2012 dated September 13, 2012; the scheme has charged 0.02 % of daily net assets within the maximum limit of total expense ratio as per the Regulations for investor education and awareness initiatives. The amount will be utilized towards investor education and awareness initiative taken by the Mutual Fund/AMC.

g) Load

Pursuant to SEBI circular no SEBI/IMD/CIR NO .4/168230/09 dated June 30, 2009 with effect from August 1, 2009, no entry load is charged.

h) New Fund Offer

New fund offer expenses for IL&FS Infrastructure Debt Fund Series 1A, 1B and 1C have been borne by the IL&FS Infra Asset Management Company (AMC).



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3 Unit Capital

Particulars	IL&FS Infrastructure Debt Fund Series 1A		IL&FS Infrastructure Debt Fund Series 1B		IL&FS Infrastructure Debt Fund Series 1C	
	As at March 31, 2014					
	Units	Amount ₹	Units	Amount ₹	Units	Amount ₹
Initial Capital Issued and subscribed:						
Units of ₹ 1,000,000	2,381.60	2,381,600,000	2,359.10	2,359,100,000	2,759.30	2,759,300,000
Paid-Up: (Units of ₹ 750,000 each)						
Direct Plan - Growth						
Units issued, initial offer	2,256.60	1,692,450,000	2,171.60	1,628,700,000	2,571.80	1,928,850,000
Units outstanding at end of the period	2,256.60	1,692,450,000	2,171.60	1,628,700,000	2,571.80	1,928,850,000
Direct Plan - Dividend						
Units issued, initial offer	125.00	93,750,000	187.50	140,625,000	187.50	140,625,000
Units outstanding at end of the period	125.00	93,750,000	187.50	140,625,000	187.50	140,625,000
Unit Capital at the end of the period	2,381.60	1,786,200,000	2,359.10	1,769,325,000	2,759.30	2,069,475,000

Units have been partly paid up to 75% of the committed amount as at March 31, 2014

4 Reserves and surplus

Particulars	Amount ₹		
	IL&FS Infrastructure Debt Fund Series 1A	IL&FS Infrastructure Debt Fund Series 1B	IL&FS Infrastructure Debt Fund Series 1C
	As at March 31, 2014		
Unrealised appreciation reserve			
Additions during the period	5,461,700	5,903,680	6,928,880
Closing balance	5,461,700	5,903,680	6,928,880
Revenus Reserve			
Additions during the period	35,722,466	34,662,267	47,452,127
At the end of the Year	35,722,466	34,662,267	47,452,127
Total	41,184,166	40,565,947	54,381,007
Reserves and surplus for each option:-			
Direct Plan - Growth	39,022,585	37,341,787	50,685,708
Direct Plan - Dividend Option	2,161,581	3,224,160	3,695,299
Total	41,184,166	40,565,947	54,381,007



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5 Current liabilities and provisions

Particulars	Amount ₹		
	IL&FS Infrastructure Debt Fund Series 1A	IL&FS Infrastructure Debt Fund Series 1B	IL&FS Infrastructure Debt Fund Series 1AC
	As at March 31, 2014		
Creditors	4,771,718	4,738,639	5,584,050
Investor Education Accrual (Refer Note 2(f))	75,271	74,723	87,637
Statutory dues	183,646	182,657	210,453
Total	5,030,635	4,996,019	5,882,140

6 Investments

Particulars	Amount ₹					
	IL&FS Infrastructure Debt Fund Series 1A		IL&FS Infrastructure Debt Fund Series 1B		IL&FS Infrastructure Debt Fund Series 1C	
	As at March 31, 2014					
	Cost *	Market / Fair Value	Cost *	Market / Fair Value	Cost *	Market / Fair Value
Debentures & bonds	796,090,300	801,552,000	906,009,320	911,913,000	1,497,900,120	1,504,829,000
Certificate of deposits	1,025,754,410	1,025,666,788	899,645,710	899,551,607	612,371,530	612,317,641
Reverse Repo	-	-	-	-	10,035,592	10,035,592
Total	1,821,844,710	1,827,218,788	1,805,655,030	1,811,464,607	2,120,307,242	2,127,182,233

Investments of the Scheme are registered in the name of the Scheme except for reverse repo, which are registered in the name of the Fund.

7 Current assets

Particulars	Amount ₹		
	IL&FS Infrastructure Debt Fund Series 1A	IL&FS Infrastructure Debt Fund Series 1B	IL&FS Infrastructure Debt Fund Series 1C
	As at March 31, 2014		
Balances with a bank in current account**	2,319,466	336,764	723,129
Accrued Income	2,542,491	2,750,313	1,504,181
Recoverable from the AMC	334,056	335,282	328,604
Total	5,196,013	3,422,359	2,555,914

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

8 Interest Income

Particulars	Amount ₹		
	IL&FS Infrastructure Debt Fund Series 1A	IL&FS Infrastructure Debt Fund Series 1B	IL&FS Infrastructure Debt Fund Series 1C
	For the Period From June 18, 2013 to March 31, 2014		
On Debentures	24,566,194	22,423,955	46,482,755
On Commercial Paper	97,400	1,323,900	48,700
On Certificate of Deposits	12,441,611	12,237,644	4,073,108
On Fixed Deposits	1,392,616	1,360,901	914,291
On Reverse Repo	2,436,617	2,499,254	2,026,786
Total	40,934,438	39,845,654	53,545,640



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(9) Investment Management fees

The Scheme has paid or provided for investment management fees in accordance with the agreement with the AMC as amended from time to time and the Scheme Information Documents read with Statement Additional Information. For the current period, the Scheme has accrued Investment Management Fees at the rate of 1.21% of average daily net assets as follows:

(Amount in ₹)

Infrastructure Debt Fund Series	Average Net Assets for the Period December 16, 2013 to March 31, 2014	Management Fees
1A	1,287,119,574	44,26,672
1B	1,278,053,932	4,396,437
1C	1,499,400,120	5,219,250

(10) Trustee fees

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

(11) Custodian fees

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

(12) Income/Expenditure

The total income and expenditure as a percentage of the Average daily net assets during the period December 16, 2013 to March 31, 2014 are as follows:-

Series	Income		Expense Ratio	
	(Amount ₹)	(%Annualised)	(Amount ₹)	(%Annualised)
Infrastructure Debt Fund Series 1A	40,934,438	10.46%	5,124,350	1.40%
Infrastructure Debt Fund Series 1B	39,845,654	10.25%	5,089,284	1.40%
Infrastructure Debt Fund Series 1C	53,545,640	11.74%	6,039,624	1.40%

(13) Income tax

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



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(14) Net Asset Value per unit

(Amount ₹)

Series	Plan	Face Value	Paid-up amount	As at March 31, 2014
Infrastructure Debt Fund Series 1A	Dividend	1,000,000	750,000	767,291.81
Infrastructure Debt Fund Series 1A	Growth	1,000,000	750,000	767,291.81
Infrastructure Debt Fund Series 1B	Dividend	1,000,000	750,000	767,195.52
Infrastructure Debt Fund Series 1B	Growth	1,000,000	750,000	767,195.52
Infrastructure Debt Fund Series 1C	Dividend	1,000,000	750,000	769,707.90
Infrastructure Debt Fund Series 1C	Growth	1,000,000	750,000	769,707.90

(15) Aggregate value of purchases and sales

The aggregate value of investments purchased and sold (including redeemed) during the period December 16, 2013 to March 31, 2014 and expressed as percentage of daily average net assets are as follows:

(Amount ₹)

IL&FS Infrastructure Debt Fund Series	For the Period December 16, 2013 to March 31, 2014			
	Aggregate value of Purchase (Amount ₹)	Percentage of Average Net Assets	Aggregate value of Sales (Amount ₹)	Percentage of Average Net Assets
1A	5,481,850,190	425.90	3,670,000,000	285.13
1B	5,964,843,800	466.71	4,170,000,000	326.28
1C	3,139,682,166	209.40	1,010,000,000	67.36

* Excludes reverse repo and Fixed deposits

(16) Appreciation / Depreciation on Investments

The aggregate appreciation and depreciation in the value of investments are as follows:

(Amount ₹)

Scheme Name	As at March 31, 2014	
	Appreciation	Depreciation
IL&FS Infrastructure Debt Fund Series 1A		
Corporate Bonds	5,461,700	-
Certificate Of Deposit	10,586	(98,208)
IL&FS Infrastructure Debt Fund Series 1B		
Corporate Bonds	5,903,680	-
Certificate Of Deposit	-	(94,103)
IL&FS Infrastructure Debt Fund Series 1C		
Corporate Bonds	6,928,880	-
Certificate Of Deposit	-	(53,889)



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(17) Disclosure under regulation 25(8) of SEBI Regulations

- a) No brokerage and commission has been paid to associates / related parties / group companies of the sponsor / AMC.
- b) No investments have been made by the scheme in the issues where associate companies has lead the issues.

(18) Portfolio holding (market / fair value) as on March 31, 2014:

Particulars	IL&FS Infrastructure Debt Fund Series 1A		IL&FS Infrastructure Debt Fund Series 1B		IL&FS Infrastructure Debt Fund Series 1C	
	Market value (Amount ₹)	% to Net Assets	Market value (Amount ₹)	% to Net Assets	Market value (Amount ₹)	% to Net Assets
Certificate of Deposit						
State Bank Of Mysore	299,261,669	16.38%	224,453,460	12.40%	24,961,698	1.18%
Bank Of Baroda	249,092,336	13.63%	-	-	-	-
The Jammu And Kashmir Bank Ltd.	149,654,891	8.19%	-	-	99,769,927	4.70%
IDBI Bank Ltd.	148,829,228	8.14%	347,268,199	19.19%	-	-
Central Bank Of India	99,456,733	5.44%	99,456,733	5.50%	49,728,366	2.34%
ICICI Bank Ltd.	79,371,931	4.34%	198,429,828	10.96%	218,272,811	10.28%
Indian Bank	-	-	29,943,387	1.65%	219,584,838	10.34%
A	1,025,666,788		899,551,607		612,317,641	
Non Convertible Debentures						
Brahmani River Pellets Ltd	447,970,000	24.51%	325,868,000	18.00%	488,788,000	23.01%
Bhilangana Hydro Power Ltd	222,600,000	12.18%	233,400,000	12.90%	744,000,000	35.03%
Ad Hydro Power Ltd	130,982,000	7.17%	100,756,000	5.57%	171,285,000	8.06%
Ad Hydro Power Ltd	-	-	251,889,000	13.92%	100,756,000	4.74%
B	801,552,000		911,913,000		1,504,829,000	
Reverse Repo Investments	C					
	-	-	-	-	10,035,592	0.47%
Total (A+B+C)	1,827,218,788		1,811,464,607		2,127,182,233	

(19) There are no unpaid redemption and unclaimed dividend as at March 31, 2014

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

(21) Segment reporting

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



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(22) Related party disclosure

Related party disclosures pursuant to Accounting Standard 18 "Related Party disclosure" issued by the ICAI are made as under:

- a) The following are the related parties by control:
 - Asset Management Company (AMC):- IL&FS Infra Asset Management Limited
 - Trustee:- IL&FS AMC Trustee Limited
- b) Details of transactions during the period:-

(Amount ₹)

Particulars	For the period from June 18, 2013 to March 31, 2014		
	IL&FS Infrastructure Debt Fund Series		
	1A	1B	1C
Management fees	4,426,672	4,396,437	5,219,250
Trusteeship fees	37,635	37,362	43,819
Expenses recoverable from AMC	334,056	335,282	328,604

- c) Year-end payables/Receivables:

(Amount ₹)

Particulars	As at March 31, 2014		
	IL&FS Infrastructure Debt Fund Series		
	1A	1B	1C
Payables			
Management fees payable	4,509,604	4,478,806	5,316,641
Trusteeship fees payable	38,322	38,054	44,631
Receivable			
Expenses Receivable from AMC	334,056	335,282	328,604

- (23) The schemes have been launched during the current period, thus previous year figures are not applicable

For IL&FS Infra Asset Management Limited

For IL&FS AMC Trustee Limited




Director



Director



Director



Director



Fund Manager

Mumbai, April 23, 2014

