

# Statement of Additional Information (SAI)



## IL&FS Infrastructure Debt Fund

Name of Mutual Fund	:	IL&FS Mutual Fund (IDF)
Name of Asset Management Company	:	IL&FS Infra Asset Management Limited (IIAML or AMC)
Name of Trustee Company	:	IL&FS AMC Trustee Limited (IATL or Trustee)
Name of Sponsor	:	IL&FS Investment Managers Limited (IIML)
Address of the above Entities	:	The IL&FS Financial Centre, 8th Floor, Plot C-22, G Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400051, India Tel. No : +91 22 2659 3959
Website	:	<a href="http://www.ilfsinfrafund.com">www.ilfsinfrafund.com</a>
Name of Registrar and Transfer Agent (RTA) of IDF	:	Computer Age Management Services Pvt. Ltd (CAMS) 158 Rayala Towers, Tower I, V Floor, Chennai - 600 002 Email Id : <a href="mailto:enq_pe@camsonline.com">enq_pe@camsonline.com</a> ; website : <a href="http://www.camsonline.com">www.camsonline.com</a>
Name of Custodian	:	HDFC Bank Ltd. HDFC Bank House, Senapati Bapat Marg, Lower Parel, Mumbai 400 013
Name of Fund Accountant	:	HDFC Bank Ltd. HDFC Bank House, Senapati Bapat Marg, Lower Parel, Mumbai 400 013

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

This SAI is dated June 30, 2021

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



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## DEFINITIONS

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

<b>“Asset Management Company” or “AMC” or “Investment Manager” or “IL&amp;FS Infra AMC”</b>	IL&FS Infra Asset Management Limited, incorporated under the provisions of the Companies Act, 1956 and approved by the Securities and Exchange Board of India (SEBI) to act as the Asset Management Company for IL&FS Mutual Fund (IDF)
<b>“Applications Supported by Blocked Amount” or “ASBA”</b>	An application containing an authorization given by the Investor to block the application money in his specified bank account towards the subscription of Units offered during the NFO of the Scheme or offer period of the placement memorandum. If an investor is applying through ASBA facility, the application money towards the subscription of Units shall be debited from his specified bank account only if his/her application is selected for allotment of Units
<b>“Custodian”</b>	A person who has been granted a certificate of registration to carry on the business of custodian of securities under the Securities and Exchange Board of India (Custodian of Securities) Regulations, 1996, which for the time being is HDFC Bank Ltd.
<b>“Depository”</b>	Depository as defined in the Depositories Act, 1996 (22 of 1996) and refers to National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd (CDSL)
<b>“Depository Participant” or “DP”</b>	‘Depository Participant’ means a person registered as such under subsection (1A) of section 12 of the Securities and Exchange Board of India Act, 1992
<b>“Investment Management Agreement”</b>	The Amended and Restated agreement dated September 5, 2013 entered into between IL&FS AMC Trustee Limited and IL&FS Infra Asset Management Limited read along with addendum dated January 16, 2017 (read with its amendments from time to time)
<b>“Mutual Fund” or “the Fund” or “IL&amp;FS Infrastructure Debt Fund”</b>	IL&FS Mutual Fund (IDF) or IL&FS Infrastructure Debt Fund, a trust set up under the provisions of the Indian Trusts Act, 1882
<b>“Non-Resident Indian” or “NRI”</b>	A Non-Resident Indian or a person of Indian origin residing outside India
<b>“Person of Indian Origin” or “PIO”</b>	A citizen of any country other than Bangladesh or Pakistan, if (a) he at any time held an Indian passport; or (b) he or either of his parents or any of his grandparents was a citizen of India by virtue of Constitution of India or the Citizenship Act, 1955 (57 of 1955); or (c) the person is a spouse of an Indian citizen or person referred to in sub-clause (a) or (b)
<b>“Placement Memorandum”</b>	The document issued by IL&FS Mutual Fund (IDF) setting forth concisely the information about offering of Units by Scheme(s)/Series/Plan(s) for subscription that a prospective investor ought to know before investing
<b>“Rating”</b>	Rating means an opinion regarding securities, expressed in the form of standard symbols or in any other standardised manner, assigned by a credit rating agency and used by the issuer of such securities, to comply with any requirement of the SEBI (Credit Rating Agencies) Regulations, 1999
<b>“Trust Deed”</b>	Trust Deed means the Amended and Restated Trust Deed dated September 5, 2013 constituted in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) to be read along with addendum dated January 16, 2017 in accordance with SEBI (Mutual Funds) Regulations, 1996. The Trust Deed has been registered under the Indian Registration Act, 1908

## (I) INFORMATION ABOUT SPONSOR & KEY GROUP COMPANIES, AMC AND TRUSTEE COMPANY

### (A) CONSTITUTION OF THE MUTUAL FUND

IL&FS Mutual Fund (IDF) (“the Mutual Fund” or “the Infrastructure Debt Fund”) has been constituted as a Trust on January 21, 2013 in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882). IL&FS Investment Managers Limited is the Sponsor and IL&FS AMC Trustee Limited is the Trustee to the Fund. The Trust Deed was amended and restated on September 5, 2013 to be read along with addendum dated January 16, 2017. The Trust Deed has been registered under the Indian Registration Act, 1908. SEBI on February 1, 2013 registered IL&FS Mutual Fund (IDF) under Registration No. MF/072/13/02.

Pursuant to the orders of the National Company Law Tribunal (Mumbai) (“NCLT”) dated October 1, 2018, the Government of India superseded the Board of Infrastructure Leasing and Financial Services Limited (“IL&FS”) and nominated new Board Members. The New Board is engaged in evolving a transparent resolution process, while keeping public interest, financial stability, legality, various stakeholder interests and commercial feasibility in view. In line with this, the Group has initiated a sale process for IL&FS Infra Asset Management Limited and IL&FS AMC Trustee Limited.

### (B) SPONSOR

IL&FS Mutual Fund (IDF) is sponsored by IL&FS Investment Managers Limited, a subsidiary of Infrastructure Leasing & Financial Services Limited (IL&FS).

IL&FS Financial Services Limited (‘the earlier Sponsor’) transferred its shareholding in IL&FS Infra Asset Management Limited and IL&FS AMC Trustee Limited to IL&FS Investment Managers Limited (IIML). IIML became the Sponsor with effect from January 1, 2017

#### • IL&FS Investment Managers Limited - The Sponsor

Established in 1989, IL&FS Investment Managers Limited (IIML) has been an early and in many instances, the first investor across various sectors such as Telecom, City Gas Distribution, Shipyards, Retail, and Media. IIML has raised and managed funds aggregating over US\$ 3.5 billion on behalf of leading Indian and International Institutions

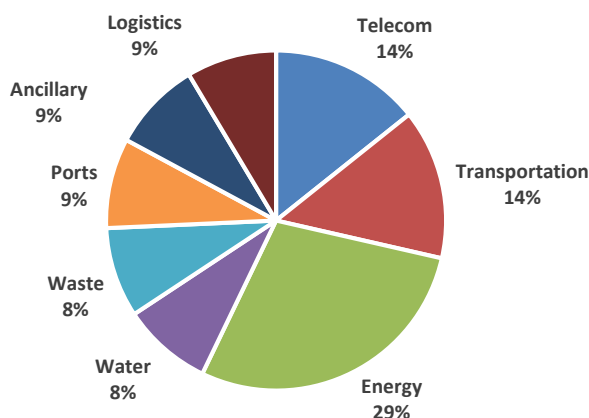
IIML has an aggregate investment experience spanning nearly two decades and across industry sectors. IIML’s experience covers the entire Private Equity life cycle – right from raising funds, investing, monitoring and planning exits

Broadly IIML’s focus can be categorised into a) Infrastructure b) Real Estate and c) Growth Private Equity i.e. manufacturing, technology, retail, media, agriculture & consumer services etc.

IIML recognised that Indian infrastructure requirements are humungous and thus over the last decade, IIML has managed 3 infrastructure focused funds. In all, IIML has managed / advised 31 infrastructure investments aggregating over ₹ 26 billion and has invested across transportation, maritime, power, city gas distribution, agri-warehousing, container logistics and waste management sectors

IIML had in Sep 2016 announced a final close of its growth private equity fund i.e. Tara India Fund IV (US\$ 60 mn) focussing on investing in agriculture & food, education, healthcare, alternate energy and fintech. The Fund has made ten investments till date

Sector Wise Infrastructure Investments



\* Percentages based on number of investments

<b>Financial Performance</b>				
<b>Particulars</b>		<b>Year ended March 31, 2019</b>	<b>Year ended March 31, 2020</b>	<b>Nine months ended December 31, 2020*</b>
<b>Net Worth</b>	<i>(in ₹ mn)</i>	2,397.62	2,223.99	
<b>Total Income</b>	<i>(in ₹ mn)</i>	1,028.32	486.66	403.55
<b>Profit After Tax</b>	<i>(in ₹ mn)</i>	(136.77)	(196.85)	40.25

\* IIML being a listed entity can publish its audited financial statements till June 30, 2021 due to Covid 19 pandemic. The audited figures as on March 31, 2021 is not available, therefore the figures as on December 31, 2020 is provided.

IL&FS Mutual Fund (IDF) is sponsored by IL&FS Investment Managers Limited. The erstwhile sponsor had entrusted a sum of ₹ 5,00,000 to the Trustee as the initial contribution towards the corpus of the Mutual Fund

### **(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, 8<sup>th</sup> Floor, Plot C-22, G Block, Bandra Kurla Complex, Bandra (East), Mumbai- 400051, India. The Amended and Restated Trust Deed dated September 5, 2013 read along with addendum dated January 16, 2017 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, discharges its obligations as Trustee of the IL&FS Mutual Fund (IDF). The Trustee ensures that the transactions entered into by the AMC are in accordance with the SEBI Regulations and will also review the activities carried on by the AMC. IL&FS AMC Trustee Limited is a wholly owned subsidiary of IL&FS Investment Managers Limited. IL&FS Investment Managers Limited holds 100% of the share capital of IL&FS AMC Trustee Limited along with 6 nominee shareholders

#### **(i) Details of Trustee Directors**

<b>Name</b>	<b>Age/Qualification</b>	<b>Brief Experience</b>
<b>Mr Chandra Shekhar Rajan</b> (Associate Director)	Age: 65 years Qualification: MA, History	Mr. Rajan is an IAS Officer of the 1978 Batch, who retired as Chief Secretary, Rajasthan, on June 30, 2016. He then served as Deputy Chairman, Chief Minister's Advisory Council till December 2018.  He was appointed as Director by the Government of India, in October, 2018, on the newly constituted Board of Infrastructure Leasing & Financial Services Ltd (IL&FS). He took over as Managing Director, IL&FS on April 2, 2019.  During his 38 years in the IAS, he has served for around 14 years in various capacities in Agriculture and Rural Development, 12 years in Infrastructure sectors like Power, Roads, Industries, 5 years in Finance and 5 years in General Administration. He has co-authored a book on "Farmers Participation in Agricultural Research and Extension". He has also briefly served as a Consultant with the World Bank.
<b>Mr B Narasimhan</b> (Independent Director)	Age: 69 Qualification: MA in Economics and Fellow Member of the Institute of Company Secretaries of India (ICSI)	Mr Narasimhan was a Central Council Member of ICSI for two terms spread over 8 years from 2007. While in the Council he has been a member of several Committees including some Standing Committee such as the examination committee, Secretarial Standards Board, Disciplinary Committee and the Capital Market Committee of which he was the Chairman for 5 years. He was also employed with Karvy Computer Share Pvt Ltd and was the Whole time Director of MCS Limited. He

		has vast experience in the Capital Market and related areas. He is currently in Practice as Company Secretary
<b>Mr Prem Chand Dhiman</b> (Independent Director)	Age: 64 Qualification: Civil Engineering, Post Graduate in Social Sciences	Mr Dhiman is an IAS officer of the 1984 batch, HP Cadre, who superannuated as Additional Chief Secretary in July 2016.  He has an outstanding academic record including being all India topper of Engineering Services Examination 1980 in Civil Engineering stream. He is also postgraduate in Social Policy from London School of Economics and Political Science. In his 37 years of public service with rich experience in public administration, he has made outstanding contribution in education, health, application of IT in government and public private partnership (PPP) projects. During service, he has performed various functions including being Secretary of Home, Education, Health and Irrigation & Public Health departments and has deep understanding of PPP, Education, Health, Law and Order, Information Technology and public administration sectors. Also remained associated with many companies including listed, as Director.

**(ii) Responsibilities and duties of the Trustees**

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

- (1) The Trustee shall maintain arm's length relationship while carrying out its responsibilities with respect to dealing with other companies, intermediaries or financial intermediaries or any other body corporate with which it may be associated
- (2) The Trustee shall hold a meeting of the Board of the Trustee at least once in every two calendar months and at least six such meetings shall be held in every year. During the Financial Year 2020 - 21, the Board of Directors of the Trustee Company have met 6 (six) times
- (3) The quorum for the meeting of the Board of Trustee shall be one-third of its total strength or two directors, whichever is higher. Provided that the quorum for a meeting of the trustees shall not be constituted unless one independent trustee is present at the meeting
- (4) No director of the Trustee shall participate in the meeting where any decision for investment in which he may be interested are taken
- (5) A Director of the Trustee shall furnish to the Board of Trustee particulars of interest which he may have in any other Company or institution or financial intermediary or any other corporate body by virtue of his position as a Director, Partner or with which he may be associated in any other capacity
- (6) The Trustee shall hold all assets of the Fund in trust for the benefit of the Unit Holders. The Trustee shall ensure proper control over the property of the Fund in accordance with the SEBI Regulations and the Trust Deed and shall act in the best interest of the unit holders of the Fund
- (7) The Trustee shall appoint an Asset Management Company duly approved by SEBI to float schemes for the Fund after approval by the Board of the Trustee and SEBI and manage the funds mobilized under the Schemes as per the provisions of Trust Deed and the Regulations
- (8) The Trustee shall take all reasonable care to ensure that the Schemes floated and managed by the Asset Management Company are in accordance with the Trust Deed and the Regulations
- (9) The Trustee shall be accountable for and be the custodian of the property of the respective Schemes floated under the Fund and shall hold the same in trust for the benefit of the Unit Holders in accordance with the SEBI (Mutual Funds) Regulations and the Trust Deed
- (10) The Trustee shall appoint the Custodian who shall be responsible for safe custody of the assets of the Fund. The Trustee shall enter into custodian agreement with the Custodian for the above purpose
- (11) The Trustees shall take steps to ensure that the transactions concerning the Mutual Fund are in accordance with the provisions of the Trust Deed and the Regulations
- (12) The Trustee shall provide or cause to provide information to the Unit Holders and SEBI as per the SEBI Regulations or as may be specified by SEBI

- (13) The Trustee shall, at any time, have a right to call for books of accounts, records, documents and such other information considered necessary from the Asset Management Company, which are relevant in the management of the affairs concerning the operation of the Fund
- (14) The Trustee shall furnish to the SEBI on a half-yearly basis:
- (a) a report on the activities of the Fund;
  - (b) a certificate stating that the Trustee has satisfied itself that there have been no instances of self-dealing or front running by any of its, directors and the key personnel of the Asset Management Company;
  - (c) a certificate to the effect that the AMC has been managing the schemes independently of any other activities and in case any activities of the nature referred to in sub-regulation (b) of regulation 24 of the SEBI (Mutual Funds) Regulations, 1996, have been undertaken by the Asset Management Company; it has taken adequate steps to ensure that the interests of the Unit Holders are protected
- (15) The Trustee shall have the power to dismiss the Asset Management Company under specific events of breach of trust and investment management terms with the approval of the SEBI and in accordance with the provisions of the SEBI (Mutual Funds) Regulations, 1996
- (16) The Trustee shall cause to appoint an auditor(s) for the Fund who shall be different from the auditor(s) of the Asset Management Company
- (17) The Trustee shall be responsible for (i) the collection of all incomes due to the Schemes, (ii) claiming any repayment/refund of tax, and (iii) holding any income received by the Fund on behalf of the Unit Holders, in accordance with the SEBI Mutual Fund Regulations and the Trust Deed
- (18) The Trustee shall be paid the trusteeship fee to the Trustee @0.01% of the daily NAV of the relevant scheme against invoice be raised on a monthly basis and reimbursement of all costs, charges, and expenses incurred in or for the effective discharge of its obligations and responsibilities towards the Fund which would always be to the extent permitted under the SEBI (Mutual Funds) Regulations, 1996 and parties
- (19) The Trustee before the launch of a Scheme shall ensure that AMC has:
- (a) Systems in place for its back office, dealing room and accounting;
  - (b) Appointed all key personnel including fund manager(s) for the Scheme and submitted their bio-data containing education qualifications, past experience in the securities market within fifteen days of their appointment;
  - (c) Appointed auditors to audit its accounts;
  - (d) Appointed a compliance officer responsible for monitoring the compliance of the Securities and Exchange Board of India Act 1992, the rules and regulations, notifications, guidelines, instructions etc. issued by SEBI, Central Government and for redressal of investors grievance;
  - (e) Appointed registrars and laid down parameters for their supervision;
  - (f) Made arrangement for registration and transfer of the Units of the Unit Holders;
  - (g) Prepared a compliance manual and designated internal control mechanism including internal audit system;
  - (h) Specified norms for empanelment of brokers and marketing agents;
  - (i) Obtained prior in principle approval from the recognized stock exchange(s) where Units are proposed to be listed; and
  - (j) Such other steps as may be specified by SEBI
- (20) The Trustee shall have right to obtain from the AMC such information as is considered necessary by it
- (21) The Trustee shall ensure that all the activities of the AMC are in accordance with the SEBI Mutual Fund Regulations
- (22) The Trustee shall ensure that AMC has not given undue or unfair advantage to any associates or dealt with any of the associate of the Asset Management Company in a manner which is detrimental to the interest of Unit holders
- (23) The Trustee shall ensure that the AMC has been managing the Schemes of the Fund independently of other activities and have taken adequate steps to ensure that the interest of investors of one Scheme are not being compromised with those of any other Scheme or of other activities of the AMC
- (24) The Trustee shall ensure that no change in the fundamental attributes of any scheme or the trust or fees and expenses payable or any other change which would modify the Scheme and affects the interest of Unit holders shall be carried out unless in a manner specified under SEBI (Mutual Funds) Regulations, 1996
- (25) The Trustee shall call for the details of transactions in securities by the key personnel of the Asset Management Company in his own name or on behalf of the Asset Management Company and shall report to SEBI, as and when required

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

### **(iii) General and Specific due diligence**

#### **(1) General Due Diligence**

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

#### **(2) Specific Due Diligence**

- (a) obtain internal audit reports at regular intervals from independent auditors appointed by the Trustees,
- (b) obtain compliance certificates at regular intervals from the asset management company,
- (c) hold meeting of trustees more frequently,
- (d) consider the reports of the independent auditor and compliance reports of asset management company at the meetings of trustees for appropriate action,
- (e) maintain records of the decisions of the Trustees at their meetings and of the minutes of the meetings,



- (f) prescribe and adhere to a code of ethics by the Trustees, asset management company and its personnel,
- (g) communicate in writing to the asset management company of the deficiencies and checking on the rectification of deficiencies

#### **(D) ASSET MANAGEMENT COMPANY (AMC)**

IL&FS Infra Asset Management Limited (IIAML) is a Public Limited Company incorporated under the Companies Act, 1956 on January 8, 2013 having its Registered Office at “The IL&FS Financial Centre, 8<sup>th</sup> Floor, Plot C-22, 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 Infrastructure Debt Fund (IDF). This IMA was Amended and Restated on September 5, 2013 between the Trustee Company and IIAML to be read along with Addendum dated January 16, 2017. IIAML is a subsidiary of IL&FS Investment Managers Limited. IL&FS Investment Managers Limited along with 6 nominee shareholders holds 86.61% and LIC of India holds 7.72% of IIAML’s share capital. In addition, General Insurance Corporation of India, United India Insurance Company Limited and National Insurance Company Limited have a shareholding of 1.89% each in IIAML

SEBI has vide letter no. OW/30649/2014 dated October 29, 2014 granted its ‘No Objection’ to the proposal of the AMC for providing Non-binding advisory services in the Infrastructure Sector

SEBI has vide letter nos. IMD/DoFI/AIF/ BM/SS/29017/2015 dated October 14, 2015 and IMD/DoFI/ VA/OW/29865/2015 dated October 23, 2015 granted the AMC certificate of registration(s) as an Alternative Investment Fund- Category I-Infrastructure Fund under the SEBI (Alternative Investment Funds) Regulations, 2012

#### **(i) Details of AMC Directors**

<b>Name</b>	<b>Age/Qualification</b>	<b>Brief Experience</b>
<b>Mr Nand Kishore</b> (Associate Director)	Age: 62 years Qualification: B.E., C.I.A.	Mr Kishore is a senior bureaucrat and former Deputy Comptroller and Auditor General (CAG). He is a 1981 batch officer of Indian Audit and Account Service
<b>Mr Jignesh Shah</b> (Associate Director)	Age: 49 years Qualification: Masters in Business Administration, Chartered Accountant	Mr Shah has more than 22 years of experience in financial services encompassing both fund based and non-fund based activities including M&A, project finance, capital raising, corporate advisory and valuation mandates
<b>Mr Manish Panchal</b> (Independent Director)	Age: 50 years Qualification: MBA, Diploma in Marketing Management, B.Sc (Hon) (Chemistry – Drugs & Dyes)	Mr Panchal has 25 years of experience with 15 years in leadership roles managing independent P&L. He has Deep industry expertise in Chemicals & Petrochemicals, Specialty Chemicals & Pharma. His last assignment was with TSMG as Sr. Practice Head - Chemicals Energy & SCM. Presently, he is providing professional consulting service
<b>Mr. Viswanath Giriraj</b> (Independent Director)	Age: 63 years Qualification: Office of the Administrative Service; B.Com, LLB	Mr. Giriraj is an officer of the Indian Administrative Service (IAS, 1985 batch, Maharashtra cadre), retired as Additional Chief Secretary in Finance Department after 32 years in service. He had also held several civil posts as Additional Chief Secretary (Expenditure – Finance), Principal Secretary (Rural Development), Principal Secretary (Water Conservation, Minor Irrigation), Director Groundwater Development Collector, Chief Executive Officer – Zilla panchayat, Deputy Commissioner – Sales Tax. He was also the Deputy Chief Financial Officer and Chief Vigilance Officer in Khadi and Village Industries Commission.

#### **(ii) Duties and Obligations of the AMC**

- (1) The asset management company shall take all reasonable steps and exercise due diligence to ensure that the investment of funds pertaining to any scheme is not contrary to the provisions of these regulations and the trust deed
- (2) The asset management company shall exercise due diligence and care in all its investment decisions as would be exercised by other persons engaged in the same business
- (3) The asset management company shall obtain, wherever required under these regulations, prior in-principle approval from the recognized stock exchange(s) where units are proposed to be listed

- (4) The asset management company shall be responsible for the acts of commissions or omissions by its employees or the persons whose services have been procured by the asset management company
- (5) The asset management company shall submit to the Trustees quarterly reports of each year on its activities and the compliance with these regulations
- (6) Notwithstanding anything contained in any contract or agreement or termination, the asset management company or its directors or other officers shall not be absolved of liability to the mutual fund for their acts of commission or omissions, while holding such position or office
- (7) The Chief Executive Officer (whatever his designation may be) of the asset management company shall ensure that the mutual fund complies with all the provisions of these regulations and the guidelines or circulars issued in relation thereto from time to time and that the investments made by the fund managers are in the interest of the unit holders and shall also be responsible for the overall risk management function of the mutual fund
- (8) The fund managers (whatever the designation may be) shall ensure that the funds of the schemes are invested to achieve the objectives of the scheme and in the interest of the unit holders

The Fund Managers (whatever be the designation) shall abide by the Code of Conduct for Fund Managers and Dealers specified in PART - B of the Fifth Schedule of Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and submit a quarterly self-certification to the Trustees that they have complied with the said code of conduct or list exceptions, if any

- (9) An asset management company shall not:
  - (a) through any broker associated with the sponsor, purchase or sell securities, which is average of 5% or more of the aggregate purchases and sale of securities made by the mutual fund in all its schemes  
Provided that for this purpose, aggregate purchase and sale of securities shall exclude sale and distribution of units issued by the mutual fund  
Provided further that the aforesaid limit of 5% shall apply for a block of any three months
  - (b) purchase or sell securities through any broker which is average of 5% or more of the aggregate purchases and sale of securities made by the mutual fund in all its schemes, unless the asset management company has recorded in writing the justification for exceeding the limit of 5% and reports of all such investments are sent to the trustees on a quarterly basis  
Provided that the aforesaid limit shall apply for a block of three months
- (10) An asset management company shall not utilize the services of the sponsor or any of its associates, employees or their relatives, for the purpose of any securities transaction and distribution and sale of securities  
Provided that an asset management company may utilize such services if disclosure to that effect is made to the unit holders and the brokerage or commission paid is also disclosed in the half yearly annual accounts of the mutual fund  
Provided further that the mutual fund shall disclose at the time of declaring half-yearly and yearly results;
  - (a) any underwriting obligations undertaken by the schemes of the mutual fund with respect to issue of securities of associate companies and devolvement, if any,
  - (b) subscription by the schemes in the issues lead managed by associate companies
  - (c) subscription to any issue of equity or debt on private placement basis where the sponsor or its associate companies have acted as arranger or manager
- (11) The asset management company shall file with the trustees the details of transactions in securities by the key personnel of the asset management company in their own name or on behalf of the asset management company and shall also report to the Board, as and when required by the Board
- (12) In case the asset management company enters into any securities transactions with any of its associates a report to that effect shall be sent to the trustees at its next meeting
- (13) In case any company has invested more than 5 per cent of the net asset value of a scheme, the investment made by that scheme or by any other scheme of the same mutual fund in that company or its subsidiaries shall be brought to the notice of the trustees by the asset management company and be disclosed in the half yearly and annual accounts of the respective schemes with justification for such investment provided the latter investment has been made within one year of the date of the former investment calculated on either side
- (14) The asset management company shall file with the trustees and the SEBI
  - (a) detailed bio-data of all its directors along with their interest in other companies within fifteen days of their appointment; and
  - (b) any change in the interests of directors every six months
  - (c) a quarterly report to the trustees giving details and adequate justification about the purchase and sale of the securities of the group companies of the sponsor or the asset management company as the case may be, by the mutual fund during the said quarter

- (15) Each director of the Asset Management Company shall file the details of his transactions of dealing in securities with the trustees on a quarterly basis in accordance with guidelines issued by the SEBI
- (16) The asset management company shall not appoint any person as key personnel who has been found guilty of any economic offence or involved in violation of securities laws
- (17) The asset management company shall appoint registrars and share transfer agents who are registered with the SEBI  
Provided if the work relating to the transfer of units is processed in-house, the charges at competitive market rates may be debited to the scheme and for rates higher than the competitive market rates, prior approval of the trustees shall be obtained and reasons for charging higher rates shall be disclosed in the annual accounts
- (18) The asset management company shall abide by the Code of Conduct as specified in the Fifth Schedule of SEBI (Mutual Funds) Regulations, 1996
- (19) The asset management company shall not invest in any of its scheme, unless full disclosure of its intention to invest has been made in the offer documents  
Provided that an asset management company shall not be entitled to charge any fee on its investment in that scheme
- (20) The asset management company shall not carry out its operations including trading desk, unit holder servicing and investment operations outside the territory of India
- (21) The asset management company shall compute and carry out valuation of investments made by its scheme(s) in accordance with the investment valuation norms specified in Eighth Schedule, and shall publish the same
- (22) The asset management company and the sponsor of the mutual fund shall be liable to compensate the affected investors and/or the scheme for any unfair treatment to any investor as a result of inappropriate valuation
- (23) The asset management company shall report and disclose all the transactions in debt and money market securities, including inter scheme transfers, as may be specified by the Board
- (24) The asset management company shall lay down an adequate system of internal controls and risk management
- (25) The asset management company shall exercise due diligence in maintenance of the assets of an infrastructure debt fund scheme and shall ensure that there is no avoidable deterioration in their value
- (26) The asset management company shall record in writing, the details of its decision making process in buying or selling infrastructure companies' assets together with the justifications for such decisions and forward the same periodically to trustees
- (27) The asset management company shall institute such mechanisms as to ensure that proper care is taken for collection, monitoring and supervision of the debt assets by appointing a service provider having extensive experience thereof, if required
- (28) The assets held by an infrastructure debt fund scheme shall be valued "in good faith" by the asset management company on the basis of appropriate valuation methods based on principles approved by the trustees
- (29) The asset management company shall ensure that investment of funds of the Infrastructure Debt Fund schemes is not made contrary to provisions of this chapter and the trust deed
- (30) All transactions done by the trustees or the employees or directors of the asset management company or the trustee company in the investee companies shall require pre-clearance from the compliance officer
- (31) The compliance officer shall make a report thereon from the view point of possible conflict of interest and shall submit it to the trustees with his recommendations, if any
- (32) The persons covered under point no (i) above may obtain the views of the trustees before entering into the transaction in investee companies, by making a suitable request to them
- (33) The majority of the Board of Trustees may at the request of the AMC, agree to terminate the appointment of the Asset Management Company subject to the prior approval of SEBI. Provided that such termination shall only be effective only after the Trustees have accepted the termination of services and has communicated their decision in writing to the AMC

### (iii) Information on Key Personnel

Name/Designation	Age/Qualification	Brief Experience
<b>Mr Jignesh Shah</b> Managing Director & Chief Executive Officer	Age: 49 years Qualification: Masters in Business Administration, Chartered Accountant	Mr Shah has more than 22 years of experience in financial services encompassing both fund based and non-fund based activities including M&A, project finance, capital raising, corporate advisory and valuation mandates
<b>Mr Neelesh Vernekar</b> Chief Investment Officer	Age: 49 years Qualification: PhD - Economics (IIT Bombay),	Mr Vernekar has over 22 years of Corporate and Investment banking experience at leading International and Private banks most recently with Standard Chartered Bank and previously

	PGDM- Finance & Marketing, BE- Computer Engineering	with Axis Bank. He has extensive experience in the area of Corporate, Infrastructure Project & Structured Finance, and Capital markets across the entire spectrum of mid-market, local corporate and MNCs
<b>Ms. Jyoti Pandey</b> Compliance Officer	Age: 40 years Qualification: B. Com, M.Com	Ms. Pandey has over 15 years of experience in the areas of Compliance & Secretarial functions. She has experience in the Mutual Fund industry with asset managers viz. SBI Funds Management Pvt Ltd and AIG Global Asset Management (India) Pvt Ltd

## (E) SERVICE PROVIDERS

### (i) Custodian and Collecting Banker

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

### (ii) Registrar & Transfer Agents

Computer Age Management Services Private Limited (“CAMS”/“Registrar”) having its principal business at 158 Rayala Towers, Tower I, V Floor, Chennai - 600 002, Tamil Nadu, India has been appointed as Registrar and Transfer Agent of the Fund. The Board of the Trustees and the AMC has ensured that the Registrar has adequate capacity to discharge responsibilities with regard to processing of applications and dispatching unit certificates to unitholders within the time limit prescribed in the Regulations and also has sufficient capacity to handle investor complaints. The Registrar is registered with SEBI under Registration Number INR000002813

### (iii) Fund Accountant

HDFC Bank Ltd.  
HDFC Bank House,  
Senapati Bapat Marg,  
Lower Parel,  
Mumbai 400 013

### (iv) Legal Counsel

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

## (F) CONDENSED FINANCIAL INFORMATION (CFI)

The Condensed Financial Information (CFI) of Scheme, IL&FS Infrastructure Debt Fund - Series 1-A, 1-B and 1-C during the last three fiscal years is as follows:

	Series 1-A	Series 1-B	Series 1-C
Historical per unit statistics	<b>2018-19</b>		
NAV at the beginning of the year (as on April 1) (₹)	1,537,783.4520	1,544,655.6173	1,552,349.6800
Dividends	NIL	NIL	NIL
NAV at the end of the year (as on March 31) (₹)	1,317,190.5088	1,701,856.0369	1,714,844.5595
Annualised return	-14.38%	10.21%	10.50%
Net Assets end of period (₹ Crs.)	313.70	401.48	473.18
Ratio of Recurring Expenses to net assets	1.48%	1.48%	1.48%

	<b>2019-20</b>		
Historical per unit statistics			
NAV at the beginning of the year (as on April 1) (₹)	NIL	1,701,856.0369	1,714,844.5595
Dividends	NIL	NIL	NIL
NAV at the end of the year (as on March 31) (₹)	NIL	1,708,337.0902	1,726,671.5276
Annualised return	NIL	0.35%	0.66%
Net Assets end of period (₹ Crs.)	NIL	370.98	444.07
Ratio of Recurring Expenses to net assets	NIL	1.17%	1.17%

Historical per unit statistics	2020-21		
NAV at the beginning of the year (as on April 1) (₹)	NIL	1,708,337.0902	1,726,671.5276
Dividends	NIL	NIL	NIL
NAV at the end of the year (as on March 31) (₹)	NIL	1,456,756.8971	1,480,919.7815
Annualised return	NIL	-14.76%	-14.27%
Net Assets end of period (₹ Crs.)	NIL	316.35	380.86
Ratio of Recurring Expenses to net assets	NIL	1.17%	1.17%

Note: Series 1-A matured on April 29, 2019

CFI of Scheme, IL&FS Infrastructure Debt Fund - Series 3-A and 3-B during the previous fiscal years is as follows:

	Series 3-A Direct Growth	Series 3-A Regular	Series 3-B
Historical per unit statistics	2018-19		
NAV at the beginning of the year (as on April 1) (₹)	1,016,754.9813	1,016,587.8637	-
Dividends	NIL	NIL	NIL
NAV at the end of the year (as on March 31) (₹)	1,124,225.6337	1,122,920.4934	1,093,936.3938
Annualised return	10.60%	10.49%	-
Net Assets end of period (₹ Crs.)	112.42	44.92	167.37
Ratio of Recurring Expenses to net assets	1.48	1.58	1.48

Historical per unit statistics	2019-20		
NAV at the beginning of the year (as on April 1) (₹)	1,124,225.6337	1,122,920.4934	1,093,936.3938
Dividends	NIL	NIL	NIL
NAV at the end of the year (as on March 31) (₹)	1,192,975.9269	1,191,590.973	1,180,789.9733
Annualised return	6.10%	6.10%	7.93%
Net Assets end of period (₹ Crs.)	116.91	47.66	173.58
Ratio of Recurring Expenses to net assets	1.17	1.17	1.17

Historical per unit statistics	2020-21		
NAV at the beginning of the year (as on April 1) (₹)	1,192,975.9269	1,191,590.973	1,180,789.9733
Dividends	NIL	NIL	NIL
NAV at the end of the year (as on March 31) (₹)	1,169,031.5996	1,167,674.4466	1,253,929.7486
Annualised return	-2.01%	-2.01%	6.21%
Net Assets end of period (₹ Crs.)	114.57	46.71	184.33
Ratio of Recurring Expenses to net assets	1.17	1.17	1.17

## (II) HOW TO APPLY

### (i) From Whom

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

### (ii) Availability of Forms

Application Forms along with copies of this SAI and respective Placement Memoranda (PM) are available at the Registered Office of the Mutual Fund. Application Forms are also available on the website of the Mutual Fund [www.ilfsinfrafund.com](http://www.ilfsinfrafund.com)

### **(iii) Procedure for Purchase of Units**

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

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

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

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

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

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

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

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

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

### **(v) Mode of Payment**

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

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

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

Investors may also make payments for subscription to the Units of the Scheme through various modes of electronic payments such as Electronic Clearing System (ECS)/Real Time Gross Settlement (RTGS) /National Electronic Fund Transfer (NEFT)/Direct Credit (DC)

#### **Applications Supported by Blocked Amount (ASBA) facility**

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

#### **Mandatory quoting of Bank Mandate and PAN by Investors**

It is mandatory for investors to mention their bank account number in their application/request for redemption. It is also mandatory that Permanent Account Number (PAN) issued by the Income Tax Department would be the sole identification number for all investors

transacting in the securities market, irrespective of the amount of transaction. Accordingly investors will be required to furnish a copy of PAN together with request for fresh purchases

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

#### **Return of Cheques**

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

#### **Non acceptance of Third Party payment**

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

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

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

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

#### **KYC Documents:**

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

All investments in the schemes of IL&FS Mutual Fund (IDF) need to comply with the PAN and KYC requirements as mentioned above.

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

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

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

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

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

#### **Payment through electronic modes**

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

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

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

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

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

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

#### **(vii) Unambiguous and Unconditional Requests**

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

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

#### **(viii) Joint Applicants**

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

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

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

#### **For Units held in Electronic (Demat) Mode**

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

#### **(ix) Investments by Companies/Corporate Bodies etc**

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

#### **(x) Investments under Power of Attorney (PoA)**

In case of an application under a Power of Attorney, the relevant original Power of Attorney duly notarized or duly certified true copy thereof should be submitted. The signatures of the investor and the POA holder must be clearly available in the POA document for



the POA to be accepted as a valid document. AMC reserves the right to reject any POA and/or subsequent transaction if the signatures as above are not available in the document

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

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

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

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

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

#### **Investment by NRIs and PIOs**

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

#### **Investments by FII's**

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

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

#### **Redemptions & Income Distribution**

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

### **(III) RIGHTS OF UNITHOLDERS OF THE SCHEME**

- (1) Unit holders of the Scheme have a proportionate right in the beneficial ownership of the assets of the Scheme
- (2) When the Mutual Fund declares a dividend under the Scheme, the dividend warrants shall be dispatched within 30 days of the declaration of the dividend
- (3) The Unitholders whose application for subscription has been accepted by the Fund, a communication specifying the number of units allotted, in form of an email and/or SMS at the registered e-mail address and/or mobile number, shall be sent within five Business Days from the date of receipt of transaction request or allotment of units in case of new fund offer or Placement period close
- (4) The Mutual Fund shall dispatch Redemption proceeds within 10 Business Days of receiving the Redemption request. It may be noted that redemption shall be made only upon maturity of the Scheme/Placement Memorandum
- (5) The Trustee is bound to make such disclosures to the Unit holders as are essential in order to keep the unitholders informed about any information known to the Trustee which may have a material adverse bearing on their investments
- (6) The appointment of the AMC for the Mutual Fund can be terminated by majority of the Directors of the Trustee Board or by 75% of the Unit holders of the Scheme
- (7) 75% of the Unit holders of a scheme can pass a resolution to wind-up a scheme
- (8) The Trustee shall obtain the consent of the Unit holders:

- (a) whenever required to do so by SEBI, in the interest of the Unit holders
- (b) whenever required to do so if a requisition is made by three-fourths of the Unit holders of the Scheme
- (c) when the Trustee decides to wind up the Scheme or prematurely redeem the Units
- (d) The Trustee shall ensure that no change in the fundamental attributes of any Scheme or the trust or fees and expenses payable or any other change which would modify the Scheme and affects the interest of Unit holders, shall be carried out unless :
  - a written communication about the proposed change is sent to each Unitholder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated; and
  - the Unit holders are given an option to exit for a period of 30 days at the prevailing Net Asset Value without any Exit Load
- (9) In specific circumstances, where the approval of unitholders is sought on any matter, the same shall be obtained by way of a postal ballot or such other means as may be approved by SEBI

## **(IV) INVESTMENT VALUATION NORMS FOR SECURITIES AND OTHER ASSETS**

### **(1) PREAMBLE**

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

### **(2) VALUATION COMMITTEE**

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

### **(3) VALUATION METHODS**

#### **A. INTRODUCTION**

The Securities and Exchange Board of India (SEBI) has outlined investment valuation norms and accounting policies under SEBI (Mutual Funds) Regulations, 1996 (the Regulations) as amended from time to time. The Investment Valuation Norms are prescribed in the Eighth Schedule of the Regulations (Regulation 47) and circulars issued by SEBI from time to time. Further, SEBI has amended Regulation 47 and the Eight Schedule vide a gazette notification dated February 21, 2012 and has introduced overriding guiding principles in the form of "Principles of Fair Valuation". The amended regulation requires that Mutual Funds shall follow principles of fair valuation to minimize the difference in valuation of mutual fund assets relative to market values and also to enable fair treatment across all classes of investors i.e. existing investors as well as investors seeking to subscribe or redeem units. It further prescribes that the valuation of investments shall be based on the principles of fair valuation i.e. the valuation shall be reflective of the realizable value of securities / assets. The valuation shall be done in good faith and in a true and fair manner through appropriate valuation policies and procedures as approved by the Board of the asset management company. The amendment also states that in case of any conflict between the principles of fair valuation and valuation guidelines as per Eighth Schedule and circulars issued by SEBI, the Principles of Fair Valuation shall prevail. This Policy reflects the guiding principles to ensure fair valuation of all securities under the Schemes to comply with the amended Regulation 25 (19), 47 and the Eight Schedule relating to valuation of investments

## B. SCOPE OF THE POLICY

1. The scope of the policy is stated below:
  - Ensure fair treatment to all investors in the scheme
  - Defining valuation procedures/methodologies for various types of securities including any new security
  - Ensure that the valuation methods adopted are being adhered to consistently as per the approved framework
  - Devise process to detect and prevent incorrect valuation
  - Ensure transparency by making appropriate disclosures
  - Valuation of securities/assets during exceptional events and recording of deviations from established policies and procedures for escalation to the Board of AMC and Trustees
  - Dealing with conflict of interests (including potential conflict of interest)
2. An exceptional event is defined as a situation wherein there is lack of clarity on the market movement and/or when sufficient information for valuation of securities for such events is not available.
3. The Valuation Committee shall be responsible for monitoring exceptional events and recommending appropriate valuation methods with the guidance of the Boards of the AMC, as the case may be
4. The Valuation Committee shall review the valuation methodologies at least annually in terms of its appropriateness and accuracy in determining the fair value of each and every security. The Boards of the AMC and Trustee Company shall be updated on effectiveness of the policy annually and deviations, if any or inadequate valuation of securities

## C. DISCLOSURE OF THE POLICY

The Valuation Policy approved by the AMC Board shall be disclosed in Statement of Additional Information (SAI), website of the AMC and other documents as prescribed by the Regulations and guidelines

## D. VALUATION METHODOLOGIES

1. The valuation of investment shall be based on the guiding principles of fair valuation
2. Where it is observed that Valuation methodology mentioned below, does not lead to fair valuation of securities, Valuation Committee may on a prospective basis deviate from the defined methodology and adopt such alternate procedures / methods in conformance with the guiding principles of fair valuation in good faith to arrive at the true and fair estimation of the realizable value of the security. The rationale for any such deviations would be recorded in writing and placed before the Board of Directors of the AMC and the Trustee
3. Valuation price of the Security; arrived as per the policy; shall be applied consistently across the portfolios. In other words; any particular security shall be valued at same price across all the portfolios and it cannot have different prices for valuation on a particular day
4. The methodologies for valuing different type of securities are mentioned below

## E. VALUATION METHODOLOGIES

1. **Debt, Money Market and related securities**-All debt, money market and related securities with residual maturity  $\leq$  60 days:-

All traded investments are valued at price derived from the weighted average Yield to Maturity (YTM) of the traded security for the day. All non-traded investments are valued at amortised price which is computed on straight line basis using the last valuation price so long as their valuation remains within  $\pm 0.10\%$  band of the price derived from the reference rate provided by CRISIL Limited (CRISIL) and ICRA Management Consulting Services Ltd (IMACS). In case of amortized value falling outside the above band, the YTM of the asset is adjusted in order to bring the price within the  $\pm 0.10\%$  band with suitable justification
2. **Debt, Money Market and related securities** -All debt, money market and related securities with residual maturity  $>$  60 days :-

All debt, money market and related securities with residual maturity  $>$  60 days. All traded and non-traded investments are valued at average of scrip level prices provided by CRISIL & IMACS for individual securities. In case CRISIL & IMACS are unable to provide Scrip level prices for the investments due to unavailability of market inputs such as - trades, polls and primary issuances for securities, the securities will be valued at face value or at their effective yield, as determined appropriate by the Investment Manager
3. **Investment in Reverse Repo, TREPS and Bills Rediscounting (BRDS):**

Investment in Reverse Repo's, TREPS and BRDS are valued at cost plus accrued interest
4. IDF accounts for actual return received on investments across its schemes in calculating the NAV, as long as the investments are standard and continue to service their debt obligations

## (4) MISCELLANEOUS

### 4.1 Exceptional Events

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

- Major Policy announcements by Central Government, State Government, SEBI or RBI

- Geo-political situations (Natural disasters, terror attacks, public disturbances, riots, wars) that may force the market to function abnormally
- Absence in trading in specific securities or equivalent
- Significant volatility in capital markets
- Significant illiquidity in fixed income markets
- Global events like Sovereign bankruptcy, corporate bankruptcy, closure of stock markets, disruptive political scenario that may impact the markets
- Events which lead to lack of availability of accurate information to value a security
- Technological breakdown in trading systems
- Errors and omissions with respect transaction processing
- Large redemptions of the Fund
- Quarter ending & tax related liquidity tightness

#### **4.2 Conflict of Interest**

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

#### **4.3 Periodic Review**

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

#### **4.4 Records Maintenance**

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

#### **4.5 Disclosure**

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

### **(5) INVESTMENT DECISION**

Pursuant to SEBI Circular No. MSD/Cir-6/73/2000 dated July 27, 2000, the Asset Management Company has set up an Investment Committee which consist of Chairman of the Committee, Managing Director & Chief Executive Officer (MD&CEO) and Chief Investment Officer (CIO) as its members. The Investment Committee will meet at suitable intervals to consider, review and approve the Investment proposals. For detailed information on Investment Due Diligence, please refer to the Private Placement Memorandum

## **(V) TAX AND LEGAL AND GENERAL INFORMATION**

### **A. TAXATION**

The Income-tax benefits described in this document are as per the provisions of Income-tax Act, 1961 (the Act) as amended by Finance Act, 2018. The information given is included only for general purpose and is based on advice received by the AMC regarding the law and practice currently in force in India and the Investors/Unit holders should be aware that the relevant fiscal rules or their interpretation may change. As is the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of an investment in the Scheme will endure indefinitely. In view of the individual nature of tax consequences, each Investor / Unit holder is advised to consult his / her own professional tax advisor. Further, *the tax implications / rates are discussed considering that the unit holders hold the units as a 'capital asset'*.

#### **(1) For the Mutual Fund**

##### **1.1 Income Tax**

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

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

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

##### **1.3 Tax on Distributed Income**

Dividend distribution tax is not applicable w.e.f. April 1, 2021

## 1.4 Goods and Service Tax

- The service provided by Asset Management Companies to Mutual Funds in relation to asset management, portfolio management and all forms of fund management are covered under the category of “Other services auxiliary to financial services”. Hence IL&FS Infra Asset Management Ltd. (the AMC) will be liable to pay GST on the management fees levied to the mutual fund. Services provided by mutual fund agent or distributor to mutual fund or asset management company for distribution or marketing of mutual fund is leviable to GST under the category of “Other services auxiliary to financial services” w.e.f. 1<sup>st</sup> July, 2017 and the liability to pay GST is on mutual fund agent or distributor if they are registered under Goods and Service Tax Act. However, if distributor or mutual fund agents are not registered under Goods and Service Tax Act then Mutual Fund will liable to pay GST liability on Reverse Charge Basis. Under the current applicable GST regime, the rate of GST is 18%.

It may be noted that Inter-state and Intra-state supply of goods or services made by unregistered person to a registered person is exempted from payment of GST under reverse charge mechanism till 30.09.2019 as per Notification No. 22/2018 dated 06 Aug 2018 Central Tax (Rate).

### (2) For Unit holders

#### 2.1 Income other than Capital Gain

Income received by all the categories of the unit holders by way of distribution of the income by IDF shall be chargeable to tax in the hands of unit holders.

#### 2.2 Capital Gain

As per section 2(29AA) read with amended section 2(42A) of the Act, units of the debt fund scheme held as a capital asset for a period of more than 36 months immediately preceding the date of transfer, will be treated as long-term capital assets for the computation of capital gain and in case units of the debt fund scheme are held as a capital asset for a period less than 36 months immediately preceding the date of transfer it will be treated as short term capital asset for computation of capital gain

##### 2.2.1 Taxation of Capital Gains of Debt Funds

Short term capital gains are added to the unit holders taxable income and taxed at unit holders income tax slab rate. Long term gains are taxed at a flat rate of 20% after indexation. Also, unit holders are levied with applicable cess and surcharge on tax. Detailed provisions need to be checked with Income Tax Act' 1961

#### 2.3 Tax deduction at source (TDS)

##### 2.3.1 Income other than Capital Gain

IDF shall, at the time of credit of income to the account of the unitholders or at the time of payment thereof by any mode, whichever is earlier, deduct income-tax thereon at the rate of ten per cent.

Provided that if the amount of income does not exceed rupees five thousand, then the income shall not be taxable.

##### 2.3.2 Capital gains:

- (a) No tax is required to be deducted at source from capital gains arising at the time of repurchase or redemption of the units in case of resident investors.
- (b) As per the provisions of Section 195 of the Act, tax is required to be deducted at source from the redemption proceeds paid to Non-Resident investors depending upon the status and applicable rate.
- (c) Where the Non-Resident unit holder, does not furnish its PAN to IDF, then tax will be withheld at the rate of 20% or higher applicable rate, even if the relevant DTAA or the Act provide for a lower rate.

#### 2.4 Capital Losses

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

#### Note:

- (a) In the case of Non-Resident investors, the above rates would be subject to applicable treaty relief. As per circular no. 728 dated October 1995 by CBDT, in case of remittance to a country with which a Double Taxation Avoidance Agreement (DTAA) is in force, the tax should be deducted at the rate provided in the Finance Act of the relevant year of transfer or at the rate provided in DTAA, whichever is more beneficial to the assessee (taxpayer).
- (b) Non-Residents claiming such tax treaty benefits, will have to obtain, from the Government of the Home Country, a tax residency certificate (“TRC”) in a format prescribed. Such TRC would be regarded as a necessary proof of residency of the home country.
- (c) The tax as calculated above shall be increased by applicable surcharge for relevant assessment year as per Income Tax Act' 1961

(d) The tax and surcharge as computed above shall be increased by Health and Education Cess @ 4%.

## **2.5 Investment by Minors**

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

## **2.6 New pension Scheme (NPS)**

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

## **2.7 Aadhaar – PAN linkage**

Section 139AA of the Act read with Rule 14AAA of the Income tax Rules, 1962 provides that where a person has failed to intimate / link Aadhaar with PAN by 30 June 2021, the PAN of such person shall become 'Inoperative' immediately from such date. In case the unitholder has not linked Aadhaar with PAN by 30 June 2021, then, potentially it could lead to deduction of tax/ collection of tax at a higher rate as prescribed under section 206AA/ section 206CC of the Act.

### **Fee for default in linking Aadhaar and PAN – U/s 234H**

- As per Section 139AA, it is mandatory for every person who has been allotted PAN as on 1st July 2017 and who is eligible to obtain Aadhaar number, shall link his Aadhaar number with PAN. As per latest notification, the due date for such linking has been extended to 30<sup>th</sup> September 2021.
- If any person fails to link his Aadhaar number with PAN on or before the due date for, while linking Aadhaar number with PAN after due date such person has to pay penalty fee not exceeding Rs.1,000 as introduced under new Section 234H by Finance Act, 2021.
- Further, there are some other adverse impacts also for non-linking of Aadhaar number with PAN; which are as under:
  - a) Person will not be able to file the Income Tax Return (ITR); which will lead to consequences for non-filing of ITR like payment of fee for default in furnishing return of income u/s 234F, Interest u/s 234A for late filing of ITR, no carry forward of current year's losses, non-availability of certain deduction which are linked with filing of ITR within due dates e.g. Section 80P, 80-IA, Section 11, etc; prosecution for failure to furnish return of income, penalty for concealment of income, etc.
  - b) Deduction of TDS at higher rate as per section 206AA or 206AB.
  - c) Deduction of TDS at higher rate as per section 206CC or 206CCA.
  - d) A penalty of Rs.10,000 shall be levied u/s 272B, if such person shall not be able to comply with the provisions of section 139A requiring him to quote his PAN in certain financial transactions, etc.

## **2.8 Default in furnishing the PAN**

Section 206AA of the Act inserted by the Finance (No.2) Act, 2009, operative with effect from April 1, 2010, states that the deductee is required to mandatorily furnish his PAN to the deductor failing which the deductor shall deduct tax at source at higher of the following rates:

1. the rate prescribed in the Act;
2. at the rate in force i.e., the rate mentioned in the Finance Act; or
3. at the rate of 20%.

## **2.9 Gift-tax**

The Gift –Tax Act, 1958 has been repealed since October 1, 1998. Gift of units of Mutual fund units would be subject to income-tax in the hands of the donor. As per section 56(2)(x), receipts of securities, fair market value of which exceeds fifty thousand rupees, without consideration or without adequate consideration is taxable as income in the hands of individuals / HUFs. Further the above provision of section 56(2)(x) shall not apply to any units received by the donee

- (a) From any relative; or
- (b) On the occasion of the marriage of the individual; or
- (c) Under a will or by way of inheritance; or
- (d) In contemplation of death of the payer or donor, as the case may be; or
- (e) From any local authority as defined in the Explanation to clause (20) of section 10 of the Act; or
- (f) From any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in clause (23C) of section 10 of the Act; or
- (g) From any trust or institution registered under section 12AA of the Act.

(h) by any fund or trust or institution or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10; or

(i) by way of transaction not regarded as transfer under clause (i) or 85[clause (iv) or clause (v) or] clause (vi) or clause (via) or clause (viaa) or clause (vib) or clause (vic) or clause (vica) or clause (vicb) or clause (vid) or clause (vii) of section 47; or

(j) from an individual by a trust created or established solely for the benefit of relative of the individual.

(k) any compensation or other payment, due to or received by any person, by whatever name called, in connection with the termination of his employment or the modification of the terms and conditions relating thereto. The Finance Bill, 2012, has amended the definition of 'relative' with retrospective effect from October 1, 2009. The term 'relative' shall mean:

A] In the case of an Individual -

- (i) spouse of the individual;
- (ii) brother or sister of the individual;
- (iii) brother or sister of the spouse of the individual;
- (iv) brother or sister of either of the parents of the individual;
- (v) any lineal ascendant or descendant of the individual;
- (vi) any lineal ascendant or descendant of the spouse of the individual;
- (vii) spouse of the person referred to in clauses (ii) to (vi)

B] In case of a HUF, any member thereof

## **2.10 General Anti-Avoidance Rule (GAAR)**

The provisions of General Anti-Avoidance Rule (GAAR) have been introduced by the Finance Act, 2012 under Chapter X-A of the Act. GAAR is a broad set of provisions that has the effect of invalidating an arrangement that has been entered by a taxpayer, under certain circumstances, where the main purpose or one of the main purposes is to obtain a tax benefit. This provision is introduced to address aggressive tax planning and codify the doctrine of "substance over form". Where an arrangement is declared to be an "impermissible avoidance agreement", the income-tax authorities can determine the consequences in relation to tax, of the arrangement, as may be deemed appropriate, including denial of tax benefit under a DTAA. However, the implementation of GAAR will be effective from 01.04.2018.

The information under the head 'Tax and Legal and General' is based on the provisions of Income-tax Act, 1961 (the Act) as amended by Finance Act, 2021

IL&FS Mutual Fund (IDF) do not provide tax, legal or accounting advice. This material has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for, tax, legal or accounting advice. Investors should consult their own tax, legal and accounting advisors before engaging in any transaction.

## **(B) LEGAL INFORMATION**

### **(1) Nomination Facility**

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

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

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

The Trustee/AMC reserves the right to alter/vary the default option, after giving the notice. Nomination can be made by filling up the form prescribed by the AMC in this regards. In case of single nomination, nomination can also be made by filling up the relevant

section in the Application Form. Nomination so made can be cancelled or changed by the Unit holder(s) any time. While making nomination, cancellation or change thereof, it is required to be witnessed by third party. Nomination can be modified by the consent of account holder/s

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

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

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

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

The following documents are required in the case of Death:

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

#### **For Units held in Electronic (Demat) Mode**

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

## **(2) Pledge of Units**

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

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



### **For Units held in Electronic (Demat) Mode**

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

### **(3) Unclaimed Dividend/Redemption Proceeds**

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

### **(4) Duration of the Scheme and Winding up**

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

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

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

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

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

### **Procedure and Manner of Winding Up**

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

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

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

Prevention of Money Laundering Act, 2002 ('PML Act') came into effect from July 1, 2005 vide Notification No. GSR 436(E) dated July 1, 2005 issued by Department of Revenue, Ministry of Finance, Government of India. Further, SEBI vide its circular No. ISD/CIR/RR/AML/1/06 dated January 18, 2006 mandated that all intermediaries including Mutual Funds should formulate and implement a proper policy framework as per the guidelines on anti money laundering measures and also to adopt a "Know Your Customer" (KYC) policy. The intermediaries may, according to their requirements specify additional disclosures to be made by clients for the purpose of identifying, monitoring and reporting incidents of money laundering and suspicious transactions undertaken by clients. SEBI has further issued circular no. ISD/CIR/RR/AML/2/06 dated March 20, 2006 advising all intermediaries to take

necessary steps to ensure compliance with the requirement of section 12 of the PML Act requiring inter alia maintenance and preservation of records and reporting of information relating to cash and suspicious transactions to Financial Intelligence Unit-India (FIU-IND). The PML Act, the Rules issued thereunder and the guidelines/circulars issued by SEBI thereto, as amended from time to time, are hereinafter collectively referred to as 'AML Laws'

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

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

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

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

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

**Applications without such documents and information may be rejected**

For units held in demat form, the KYC performed by the Depository Participant of the applicants will be considered as KYC verification done by the Trustee / AMC

In the event of non compliance of KYC requirements, the Trustee/AMC reserves the right to freeze the folio of the investor(s) and effect mandatory redemption of unit holdings of the investors at the applicable NAV, subject to payment of exit load, if any

**Revision In Know Your Customer (KYC) Procedure**

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

- (1) SEBI has introduced a common KYC Application Form for all the SEBI registered intermediaries viz. Mutual Funds, Portfolio Managers, Depository Participants, Stock Brokers, Venture Capital Funds, Collective Investment Schemes, etc. Investors are therefore requested to use the common KYC Application Form and carry out the KYC process including In-Person Verification (IPV) with any SEBI registered intermediaries including mutual funds. The KYC Application Forms are also available on our website [www.ilfsinfrafund.com](http://www.ilfsinfrafund.com)
- (2) The Mutual Fund shall perform the initial KYC of its investors and may undertake enhanced KYC measures commensurate with the risk profile of its investors. The Mutual Fund shall upload the details of the investors on the system of the KYC Registration Agency (KRA). Registrar & Transfer Agent (RTA) of the Mutual Fund may also undertake the KYC of the investors on behalf of the Mutual Fund. KRA shall send a letter to the investor within 10 working days of the receipt of the initial/updated KYC documents from the Mutual Fund, confirming the details thereof

- (3) Once the investor has done KYC with a SEBI registered intermediary, the investor need not undergo the same process again with another intermediary including mutual funds. However, the Mutual Fund reserves the right to carry out fresh KYC/additional KYC of the investor
- (4) It is mandatory for intermediaries including mutual funds to carry out In-Person Verification (IPV) of its new investors from January 1, 2012. The IPV carried out by any SEBI registered intermediary can be relied upon by the Mutual Fund. IL&FS Infra Asset Management Limited and NISM/AMFI certified distributors who are KYD compliant are authorised to undertake the IPV for Mutual Fund investors. Further, in case of any applications received directly (i.e. without being routed through the distributors) from the investors, the Mutual Fund may rely upon the IPV (on the KYC Application Form) performed by the scheduled commercial banks

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

Pursuant to SEBI circular dated August 13, 2012 and October 08, 2013, the Aadhaar Letter issued by Unique Identification Authority of India (UIDAI) shall be admissible as Proof of Address in addition to its presently being recognized as Proof of Identity. In consultation with Unique Identification Authority of India (UIDAI) and the market participants, it has now been decided to accept e-KYC service launched by UIDAI also, as a valid process for KYC verification. The information containing relevant client details and photograph made available from UIDAI as a result of e-KYC process shall be treated as sufficient proof of Identity and Address of the client. However, the client shall have to authorize the intermediary to access his data through UIDAI system

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

## **(6) Transfer and Transmission Facility**

- (i) A Unit unless otherwise restricted or prohibited under a scheme shall be freely transferable by the act of the parties or by the operation of law, Units of all schemes of the Mutual Fund which are held in demat form shall be freely transferable under the depository system and in accordance with the provisions of the SEBI (Depositories and Participants) Regulations, 1996. Further, if a person becomes a holder of the Units consequent to operation of law, or upon enforcement of a pledge, the Mutual Fund will, subject to production of satisfactory evidence, effect the transfer, if the transferee is otherwise eligible to hold the Units
- (ii) In case Units are held in a single name by a unit holder, Units shall be transmitted in favour of the nominee, where the Unitholder has appointed a nominee, upon production of death certificate or any other document to the satisfaction of the Mutual Fund, AMC/Trustee or Registrar
- (iii) If the Unitholder has not appointed a nominee, the Units shall be transmitted in favour of the Unitholder’s executor/administrator of estate/legal heir(s), as the case may be, on production of death certificate or any other document to the satisfaction of the Mutual Fund, AMC/Trustee or Registrar
- (iv) In case Units are held by more than one registered Unitholder, then upon death of first unit holder, Units shall be transmitted in favour of the second named holder on production of a death certificate or any other document to the satisfaction of the Mutual Fund, AMC/Trustee or Registrar
- (v) The rights in the Units will vest in the nominee upon the death of all joint Unitholders upon the nominee producing a death certificate or any other document to the satisfaction of the Mutual Fund, AMC/Trustee or Registrar
- (vi) In case of transmission of Units, the transferee will have to comply with the applicable “Know Your Customer” Norms
- (vii) In case of transmission of Units, the claimant(s) of Units will be required to submit the prescribed documents as may be applicable. Investors may contact us for various documents required under different transmission scenarios
- (viii) In case of transmission of Units to a claimant who is a minor, the prescribed documents like PAN, KYC, bank details, indemnity, etc. of the guardian will be required
- (ix) If the amount involved in transmission exceeds ₹ 2 lakh, the AMC/Mutual Fund/Trustees may, on a case to case basis, seek additional documents from the claimant(s) of Units

## **(7) Client Information**

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

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

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

any purchase or exchange of Units that the MF reasonably believes may represent a pattern of market timing activity involving the Schemes of the Mutual Fund

#### **(8) Act done in “Good Faith”**

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

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

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

#### **(9) Lien**

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

#### **(10) Power to make rules**

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

#### **(11) Power to remove difficulties**

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

#### **(12) Special Consideration**

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

#### **(13) Implementation of Amendments in Indian Stamp Act, 1899**

Pursuant to Notification No. S.O. 4419(E) and G.S.R. 901(E) dated December 10, 2019 issued by Department of Revenue, Ministry of Finance, Government of India, read with Part I of Chapter IV of Notification dated February 21, 2019 issued by Legislative Department, Ministry of Law and Justice, Government of India on the Finance Act, 2019, stamp duty will be levied on mutual fund transaction, with effect from July 1, 2020, as per the applicable rates effective July 1, 2020

This is for informational purposes only, and is not intended to provide advice. Investors should consult their own tax, legal and accounting advisors before engaging in any transaction.

### **(C) GENERAL INFORMATION**

#### **(1) Inter scheme transfer of Investments**

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

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

As per SEBI circular dated October 8, 2020, no inter-scheme transfer is permitted to/from close ended scheme

#### **(2) Policy for Borrowing**

The scheme may borrow up to a maximum of 20% of the net assets of the scheme for a maximum duration of 6 months in order to meet redemption of units/dividends or interest payouts as a temporary liquidity measure as per Regulation 44(2) of Chapter VI of SEBI [Mutual Funds] Regulations, 1996, on such terms (as to creation of charge on the properties of the scheme, rate of interest, margins etc.) as the Trustee/AMC considers to be in the interest of investors. Such borrowings if made may result in interest cost. The limit of 20% may be revised at the discretion of the Fund and to the extent the Regulations hereafter permit. The Fund may raise such

borrowings after approval by the Trustee from any of its Sponsors/Associate/Group Companies/Commercial Banks in India or any other entity at market related rates prevailing at the time and applicable to similar borrowings

### (3) Underwriting

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

### (4) Associate Transactions

(a) The AMC may, subject to SEBI regulations, utilise the services of the associate companies for the following:

- Purchase or sale of securities in the fund
- Marketing, sale and distribution of the units of the schemes of the Fund

Brokerage paid to associate brokers / related party / group companies of Sponsor – Nil

Commission paid to sponsor or its associates / employees or their relatives of the AMC - Nil

(b) However, the AMC shall ensure that brokerage paid to affiliate broker will be in line with what will be paid to non-affiliate broker and the quantum of business shall be subject to the limits prescribed by SEBI

(c) The AMC shall also ensure that the brokerage fee paid to the affiliate brokers for the sale and distribution of units is at the same rates offered to the other distributors

(d) The AMC may, subject to the regulations, may subscribe on behalf of the schemes in the securities issued and lead managed by any of the associate. The AMC shall ensure that investments in such issues will be in line with the investment objectives of the scheme

(e) Till the time the Regulations require, no infrastructure debt scheme shall make any investment in :

- (i) any unlisted security of the sponsor or an associate or group company of the sponsor;
- (ii) any listed security issued by way of preferential allotment by the sponsor or an associate or group company of the sponsor or
- (i) Any listed security of the sponsor or its associate or group company or bank loan in respect of completed and revenue generating projects of infrastructure companies or special purpose vehicles of the sponsor or its associate or group companies, in excess of 25% of the net assets of the scheme, subject to approval of trustees and full disclosures to investors for investments made within the aforesaid limits;
- (ii) any asset or securities owned by the sponsor or asset management company or its associates, in excess of 30% of the net assets of the scheme not below investment grade subject to approval of trustees and full disclosures to investors for investments made within the aforesaid limits. The above investment shall be subject to the condition that the sponsor/associate retains at least 30% of the assets sold to the Infrastructure Debt Fund till the assets are held in the Scheme

Investment in group companies of sponsor of the Fund:

(₹ in million)

Fund Name	FY 2020-21		FY 2019-20		FY 2018-19	
	Market Value of Investment	% to AUM	Market Value of Investment	% to AUM	Market Value of Investment	% to AUM
IL&FS Mutual Fund (IDF)	1,583	9.45	4,246	23.35%	4,105	19.64%

The above transaction were within the prescribed limit and in accordance with the objective of the scheme(s)

### (5) Documents Available for Inspection

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

- Copy of Mutual Fund's Registration Certificate from SEBI
- Copy of the Trust Deed and amendments thereto, if any
- Copy of Investment Management Agreement
- Copy of Memorandum & Articles of Association of the AMC
- Copy of the Custodian Agreement

- Agreement with Registrar and Share Transfer Agents
- Consent of Auditors and Legal Advisors to act in the said capacity
- SEBI (Mutual Funds) Regulations, 1996 and amendments from time to time thereto
- Copy of Indian Trust Act, 1882

**(6) Investor Grievances Redressal Mechanism**

For any queries, complaints or grievances, the investor can contact at the following address:

IL&FS Mutual Fund (IDF)

Ms Jyoti Pandey

Compliance Officer

8<sup>th</sup> Floor, The IL&FS Financial Services Centre, G Block,

Plot C-22, Bandra Kurla Complex, Bandra (East), Mumbai- 400 051

Phone Number : 91 22 2653 3333

Fax Number : 91 22 2653 3589

E-mail : jyoti.pandey@ilfsindia.com

There are no complaint history of existing schemes in last three years which needs to be disclosed

**(7) Jurisdiction**

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

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

**IL&FS Infra Asset Management Limited (IIAML)**

The IL&FS Financial Center, 8th Floor, Plot C-22, G Block,

Bandra Kurla Complex, Bandra East, Mumbai- 400051, India

Website : [www.ilfsinfrafund.com](http://www.ilfsinfrafund.com)