



ANNUAL REPORT

OF

SCHEMES OF IIFL MUTUAL FUND

FY 2011-2012



TRUSTEE REPORT

Dear Unitholders,

We have pleasure in presenting the First Annual Report of the Schemes of IIFL Mutual Fund for the period ended March 31, 2012, along with the audited financial statements of the Schemes of IIFL Mutual Fund.

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

A. Scheme Performance:

The Assets Under Management ("AUM"), the net asset value ("NAV") per unit and the performance of the schemes vis-à-vis their benchmark and Industry Benchmark, as on March 31, 2012 are as follows:

Name of the Scheme	Net AUM as on March 31, 2012	NAV as on March 31, 2012	Performance since Inception date of the respective scheme & Indices (in %)		
			Scheme's	Scheme's Benchmark Index*	@Standard Benchmark
IIFL Nifty ETF	19.19	529.4340	5.10%	5.12%	3.92%
IIFL Fixed Maturity Plan--Series 1	32.01	10.1322	1.32%	1.50%	1.31%
IIFL Fixed Maturity Plan--Series 2	65.66	10.0962	0.96%	0.50%	0.51%
IIFL Fixed Maturity Plan--Series 3	47.92	9.9953	-0.05%	0.00%	0.00%

**Performance returns are of Growth option and are absolute returns [Past performance may or may not be sustained in the future] * S&P CNX Nifty Index for IIFL NIFTY ETF & Crisil Short Term Bond Index for IIFL FMP Series 1, 2 & 3 @ Sensex for IIFL NIFTY ETF & Crisil 1-Year T-Bill for IIFL FMP Series 1, 2 & 3.*

Brief Comments on Objective and Performance of Scheme

IIFL NIFTY ETF

IIFL Nifty ETF (Scheme) is open ended passively managed scheme which track & replicate the Benchmark Index S&P CNX Nifty (Index). Scheme's investment objective is to provide returns (before fees and expenses) that closely correspond to the total return of the S&P Nifty Index, subject to tracking errors. As per Scheme investments pattern 95% to 100% in stocks comprising S&P CNX Nifty Index and 0-5% in debt and money market instruments. Scheme investment decision is determined as per Index and any changes in index constituents or rebalancing due various reasons including corporate actions. Returns are calculated in absolute and from since inception which are calculated from date of allotment, i.e. October 18, 2011 with the allotment price being Rs. 503.75. Annualised tracking error is 0.08 % which is based on monthly data history from November 2011 to March 2012.



IIFL FIXED MATURITY PLAN – SERIES 1 / Series 2 / Series 3

IIFL Fixed Maturity Plan (FMP) series 1/series 2/series 3 objectives is to generate returns through investments in debt and money market instruments, maturing on or before maturity of the scheme. All 3 schemes are closed ended schemes. Intended allocation for FMP series 1 against each sub asset class is NCD/Bonds- 95%-100%, 0%-5% is CP/CD/Other money market instruments.

Intended allocation for FMP series 2 & 3 against each asset class is CD's is 95% to 100% and 0-5% CP's /NCD/Bonds and other Money Market Instruments.

Returns are calculated in absolute and from since inception which is from date of allotment with being allotment price of Rs. 10.

Date of allotment for FMP.

Scheme Name	Allotment Date
IIFL FMP Series 1	20-01-2012
IIFL FMP Series 2	07-03-2012
IIFL FMP series 3	30-03-2012

B. Future Outlook and Operations of the Scheme:

Overview of Mutual Fund Industry

The Mutual Fund Industry faced a downtrend and saw its asset management base shrink by marginally in fiscal year 2011-12. The Mutual fund Industry lost over 7 lakh folios during the six months ended March 2012 to end with 4.64 crore folios. The retail category was the biggest loser in terms of folios, especially in equity. This was mainly because of the volatile movement of the equity market. However, Retail investors increased their presence in debt-oriented mutual funds, which may be attributable to investors looking at alternate asset classes post the downfall in the domestic equity markets in 2011.

Equity Market Outlook:

S&P CNX Nifty and CNX Midcap have fallen around 8.5% and 4% During FY12. The slowdown in the global economy and a marked slowdown in the economies of China and US in the month of May, which coupled with the re-emergence of the European sovereign crises, has led to fears of global economy suffering a double dip recession.

In India the spate of bad news continued: growth slowed down to 5.3% in 4Q FY 12 (a 9 year low), rupee hit a new low and 4Q earnings were weak. Though valuations are at historical support area for the Index which will be trading at 12X FY 13 E earnings, however the direction of the market hinges on increased spending in the infrastructure space, the pace of interest rate cuts and more policy actions. The outcome of the European Summit would also provide some direction to Indian equity market.

Debt Market Outlook:

The Benchmark 10 year GOI bond Yield has rallied from 8.05% on 15th June 2012 as compared to 8.40% year ago INR has depreciated around 29% in last one year which has offset gain from fall in crude prices. Brent crude has fallen almost 23% in one year at USD 90 per barrel. Inflation continuous to remain elevated however fall in Brent crude should likely to keep inflation moderated once INR settled and appreciates against USD.



IIP remained volatile through FY 12 with declining bias. Fiscal 12 IIP grew by 2.8% as compared to 8.2% growth during FY11 reflecting slow down in manufacturing and the investment cycle. Falling crude and lower than expected GDP may induce RBI to keep monetary policy accommodative in order to protect growth. Benchmark yield should likely to be lower in long term due to moderating inflation outlook and possible subsidy reform, however in short term weakening Rupee against USD and fiscal and trade deficit remain challenges for Indian economy.

Source- Bloomberg/Care rating

▪ **Operations of the Scheme:**

During the Financial Year ended March 31, 2012, IIFL Mutual Fund launched 4 schemes, one being IIFL Nifty ETF, an open ended Index ETF and three series under IIFL Fixed Maturity Plan (closed ended income schemes). The Net AUM of IIFL Mutual Fund as on March 31, 2012 was Rs. 164.77 Crore with around 8,800 folios.

IIFL Mutual Fund with its various product offerings is continuing to grow its Assets Under Management and the number of investors. For the FY 2012-2013 AMC would introduce various facilities including Systematic Investment Plan facility for greater participation of retail investors. The AMC would endeavor towards augmenting retail assets while simultaneously remaining proactive with Investor Education Campaigns. In the current financial year AMC proposes to launch Dividend Opportunities Index Fund and certain debt schemes like Liquid Plan, Short Term Plan and further series under Fixed Maturity Plan. The AMC also seeks to include such other schemes in its product offerings, to suit the requirement of investors at every stage of life.

2. Brief background of Sponsors, Fund, Trustee Co. and AMC Co.

A. Sponsor

IIFL Mutual Fund is sponsored by India Infoline Limited (IIFL). IIFL was incorporated on 18th October, 1995 and is listed on National Stock Exchange of India Ltd (NSE) and Bombay Stock Exchange Ltd.(BSE). IIFL is registered with Securities & Exchange Board of India as Stock Broker on NSE, BSE, MCX Stock Exchange Limited & United Stock Exchange Ltd, as a Depository Participant with National Securities Depository Limited and Central Depository Services (India)Limited. IIFL is also registered as Merchant Banker under SEBI (Merchant Bankers) Regulations, 1992 and as a Portfolio Manager under SEBI (Portfolio Managers) Regulations, 1996.

B. IIFL Mutual Fund

IIFL Mutual Fund has been constituted as a trust on April 29, 2010 in accordance with the provisions of the Indian Trusts Act, 1882 with India Infoline Limited as the Sponsor and India Infoline Trustee Company Limited as the Trustee. The Trust Deed has been registered under the Indian Registration Act, 1908. The Mutual Fund was registered with SEBI on March 23, 2011 under Registration Code MF/067/11/02.



C. TRUSTEES

India Infoline Trustee Company Limited ("Trustee") was incorporated on June 05, 2009 under the Companies Act, 1956 and is Trustee to IIFL Mutual Fund. The Trustee ensures that the transactions entered into by the AMC are in accordance with the SEBI Regulations and also review the activities carried on by the AMC. The Board of Directors of the Trustee Company comprises of eminent personalities with varied experience. The Trustees holds the Scheme's Corpus in trust for the benefit of the unitholders. The Trustee has been discharging its duties and carrying out the responsibilities as provided in the Regulations and the Deed of Trust. The Trustee seeks to ensure that the Fund and the Schemes floated there under are managed by the AMC in accordance with the Deed of Trust, the Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies. From the information provided to the Trustees and the reviews the Trustee has undertaken, the Trustee believes AMC has operated in the interests of the Unit holders.

D. Asset Management Company

India Infoline Asset Management Company Ltd. ("AMC") was incorporated under the Companies Act, 1956 on March 22, 2010, having its Registered Office at IIFL Centre, 3rd Floor Annex, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai 400 013. AMC has been appointed as the Investment Manager to IIFL Mutual Fund by the Trustee vide Investment Management Agreement (IMA) April 29, 2010, executed between India Infoline Trustee Company Ltd. and India Infoline Asset Management Company Ltd. **The Board of Directors of the AMC comprises of eminent personalities with varied experience.**

Significant Accounting Policies

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

Unclaimed Dividends & Redemptions of Current Schemes for the financial year 2011-2012

As on March 31, 2012 there are no unclaimed dividend and redemption amount under any schemes of IIFL Mutual Fund

Investor Grievances

The data on Investor Grievance as per the SEBI prescribed is enclosed herewith as **Annexure I**.

General Policies & Procedures for exercising the voting rights & Exercise of Proxy Votes

As per the requirements of the referred SEBI Circular No. SEBI/IMD/CIR No.18/198647/2010 dated March 15, 2010, the General policies and procedures for exercising voting rights (along with the relevant disclosures) in respect of the shares held by the Schemes of IIFL Mutual Fund; is enclosed herewith as **Annexure II** and also hosted on www.iiflmf.com

Statutory Information

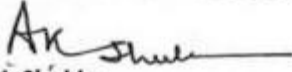
- i. The Sponsors are not responsible or liable for any loss resulting from the operations of the Schemes of IIFL Mutual Fund beyond their initial contribution of an amount of Rs. 1 lakhs towards setting up IIFL Mutual Fund, and such other accretions/ additions to the same
- ii. The price and redemption value of the units, and income from them, can go up as well down with fluctuations in the market value of its underlying investment.
- iii. Full Annual Report shall be disclosed on the website www.iiflmf.com and shall also be available for inspection at the Registered Office of IIFL Mutual Fund. Present and prospective unitholder can obtain copy of the trust deed, the full Annual Report of the Fund / AMC at a price.



Acknowledgement

The Trustee wish to thank Securities and Exchange Board of India, Reserve Bank of India and Association of Mutual Funds in India for their support and direction. The Trustees also wish to thank all the Unitholders for their strong support.

For India Infoline Trustee Company **Limited**

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A.K. Shukla
Chairman

Date: June 28, 2012

Place: Mumbai



IIFL

ANNEXURE I

Details of Redressal of Complaints received against IIFL Mutual Fund during FY 2011-2012

Total Folios : 8883

Complaint Code	Type of Complaint#	(a) No. of complaints pending at the beginning of the year	Action on (a) and (b)										
			(b) No. of Complaints received during the year	Resolved				Non Actionable *	Pending				
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months	
I A	Non receipt of Dividend on Units												
I B	Interest on delayed payment of Dividend												
I C	Non receipt of Redemption Proceeds												
I D	Interest on delayed payment of Redemption												
II A	Non receipt of Statement of Account/Unit Certificate												
II B	Discrepancy in Statement of Account												
II C	Non receipt of Annual Report/Abridged Summary												
III A	Wrong switch between Schemes												
III B	Unauthorized switch between Schemes												
III C	Deviation from Scheme attributes												
III D	Wrong or excess charges/load												
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc												
IV	Others												
	a. Correction of Investor Information		22	22									
	b. Non Receipt of Cheque pertaining to Refund of Fractional Units / NFO NIGO Refunds		85	85									
Total			107	107									

Including against its authorized persons/distributors/employees, etc.

* Non actionable means the complaints that are incomplete / outside the scope of Mutual Fund



ANNEXURE II

POLICY FOR EXERCISING VOTING RIGHTS IN RESPECT OF SHARES HELD BY SCHEME(S) OF IIFL MUTUAL FUND

Objective of Policy:

India Info line Asset Management Company Ltd (AMC) as an Investment Manager to IIFL Mutual Fund manages investments of Schemes of IIFL Mutual Fund (Schemes) and invests in various securities as per the Investment Objective of respective Scheme. In the long term interest of the unit holder(s) and as per SEBI's directive requiring mutual funds to play an active role in ensuring better corporate governance of listed companies, AMC has set out this Policy for exercising voting in respect of shares held by Schemes ('Voting Policy').

The Voting Policy contains the principles that form the basis for exercising the voting rights attached to shares in which Schemes have invested and the processes that would be followed by AMC towards exercising said voting rights.

Objective underlying voting exercise:

While deciding on exercising a vote, AMC's objective would be:

1. To support such proposals that tend to maximise shareholders' value and in turn value of unit holders; and
2. To ensure that the decision to cast a vote is not influenced by conflict of interest:

Guidelines for exercising a vote:

Specific decision on a particular resolution i.e to support, oppose or abstain from voting, shall be taken on a case-to-case basis considering potential impact of the vote on shareholder value and interests of the unitholders of the Schemes at large. AMC may also at its discretion choose to abstain from participating in any resolution and hold a neutral stance, should the concerning issue be of no major relevance for the shareholder value and/or unitholder interest. The general guidelines which the AMC would follow while evaluating voting decisions are as follows:

1. AMC shall support changes to the capital structure which appear to give better returns on capital employed and in the long term interest of the shareholders.
2. Votes on key decisions concerning fundamental corporate changes, extraordinary transactions, key corporate governance decisions, shall be decided on the case to case basis in the long term interest of the Unit holders.
3. AMC shall support proposals for employee stock option plans which appear to have been designed for creating employee ownership culture which in turn would enable better employee participation and value creation:
4. The AMC shall generally support the proposal for appoint of independent directors as proposed by Board of Directors of the Company and generally support proposals that strengthen the independence of the Board of Directors.
5. Other proposals submitted to shareholders related to selection of the auditors, amendments to the company's charter or by-laws and Issues, including those business issues specific to the issuer or those raised by shareholders of the issuer, would be addressed on a case-by-case basis with a focus on the potential impact of the vote on shareholder value.

Decision Making Process:

The decision regarding the voting on the resolutions of the Investee companies, i.e. whether the AMC will vote for or against the resolution or refrain from voting shall be taken by the Fund Manager, in consultation with Chief Executive Officer.

The AMC may consult other Institutional Shareholders and may consider the inputs from external agencies to arrive at the decision, if so required.



The voting rights on behalf of the Scheme(s) will be exercised by the Fund Manager or Chief Investment Officer or any of the following personnel of the AMC or an externally authorised agency, as authorized by the CEO:

- Compliance Officer
- Research Analyst(s)
- Any member of Investment Team
- Product Head
- Head - Operations
- Representative of an externally authorized agency such as the Custodian

Conflict of Interest:

When considering investments in Group Companies / Company(ies) that have subscribed to the Units of the Schemes of IIFL Mutual Fund, the AMC inter alia will ensure that (a) investments in such companies are not restricted by the Scheme specified Investment Objective/ Asset allocation / Investment Restrictions; (b) such transactions are for pure commercial consideration; after having evaluated the same on merits; (c) such transactions are at arm's length with no consideration of any existing / consequent investments by an Investor/group of investors. However, if, in the opinion of the AMC, the AMC is highly conflicted in any particular resolution, the AMC may refrain from voting in such a case.

Disclosures:

This Policy has been disclosed on the Home Page of the website of the AMC i.e. www.iiflmutfund.com and shall also be suitably set forth in the Annual Report of Schemes distributed to the Unit Holders. The actual exercise of the proxy votes in the AGMs/EGMs of the investee companies shall be disclosed in the Annual Report to the Unit Holders and on the Website of the AMC in respect of following matters:

- a. Corporate governance matters, including changes in the state of incorporation, merger and other corporate restructuring, and anti-takeover provisions;
- b. Changes to capital structure, including increases and decreases of capital and preferred stock issuances;
- c. Stock option plans and other management compensation issues;
- d. Social and corporate responsibility issues;
- e. Appointment and Removal of Directors; and
- f. Any other issue that may affect the interest of the shareholders in general and interest of the unit-holders in particular.

Review of the Policy & Control Process:

The Investment Management Committee of the AMC shall review the voting rights exercised by the AMC periodically and shall independently monitor the adherence of this Policy.



Details on vote exercised is stated here below:

Date of Meeting	Name of Company	Type of Meeting	Proposal	Management recommendation	*Vote (For/Against/Abstain)
28-Mar-2012	A C C	AGM	Adoption of Accounts as at 31-Dec-2011	For	Abstain
			Declaration of Dividend	For	Abstain
			Reappointment of Mr Paul Hugentobler as Director	For	Abstain
			Reappointment of Mr M L Narula as Director	For	Abstain
			Reappointment of Mr S M Palia as Director	For	Abstain
			Appointment of M/s S R Batliboi & Associates, Chartered Accountants as Auditors	For	Abstain
			Appointment of Mr Bernard Fontana as Director	For	Abstain
			Appointment of Mr Ashwin Dani as Director	For	Abstain
27-Mar-2012	Ambuja Cements	AGM	Adoption of Accounts as at 31-Dec-2011	For	Abstain
			Declaration of dividend	For	Abstain
			Re-appointment of Mr Nasser Munjee as Director	For	Abstain
			Re-appointment of Mr Rajendra P Chitale as Director	For	Abstain
			Re-appointment of Mr Shailesh Haribhakti as Director	For	Abstain
			Appointment of M/s S R Batliboi & Co, Chartered Accountants as Auditors	For	Abstain
			Appointment of Mr Bernard Fontana as Director	For	Abstain
			Alteration of AOA	For	Abstain
07-Mar-2012	Hindalco Industries	EGM	To issue convertible warrants to promoter and promoter groups on a preferential basis for an amount not exceeding Rs 15 crore	For	Abstain
31-Oct-2011	Infrastructure Development Finance Company Limited.	Postal Ballot	To create charge / mortgage on all the properties of the company	For	Abstain



25-Feb-2012	Jaiprakash Associates Limited	CCM**	To approve Sscheme of Arrangement between JAIPRAKASH ASSOCIATES LTD and JAYPEE CEMENT CORPORATION LTD	For	Abstain
07-Feb-2012	Mahindra & Mahindra Ltd.	CCM	To approve the Scheme of Arrangement between Mahindra Automobile Distributors Private Ltd and Mahindra and Mahindra LTD	For	Abstain
22-Feb-2012	Maruti Suzuki India Ltd.	Postal Ballot	Alteration of MOA	For	Abstain
20-Mar-2012	Punjab National Bank	EGM	Issue of equity shares on preferential basis to Government of India for an amount not exceeding Rs 1,285 crore	For	Abstain
13-Feb-2012	Siemens Ltd	CCM	To approve the Scheme of Arrangement of SIEMENS VAI METAL TECHNOLOGIES PVT LTD AND MORGAN CONSTRUCTION COMPANY INDIA PVT LTD with SIEMENS LTD	For	Abstain
31-Jan-2012	Siemens Ltd	AGM	Adoption of Accounts as at 30-Sept-2011	For	Abstain
			Payment of one time special payment to Mr Vijay V Paranjape, Former wholetime Director	For	Abstain
			Payment of remuneration to Mr Praveen Singh, Former Managing Director of SIEMENS HEALTHCARE DIAGNOSTICS LTD	For	Abstain
			Declaration of dividend	For	Abstain
			Re-appointment of Mr Deepak S Parekh as Director	For	Abstain
			Re-appointment of Mr Yezdi H Malegam as Director	For	Abstain
			Re-appointment of Mr Sunil Mathur as Director	For	Abstain
			Appointment of M/s S R Batliboi & Associates, Chartered Accountants as Auditors	For	Abstain
			Appointment of Dr Ronald Busch as Director	For	Abstain
			Revision of remuneration to Dr Armin Bruck, Managing Director	For	Abstain
			Revision of remuneration to Mr Sunil Mathur, Executive Director	For	Abstain
19-Mar-2012	State Bank of India	EGM	To issue preferential allot equity shares to Government of India for an amount not exceeding Rs 7,900 crore	For	Abstain

Auditors' Report

To the Trustee of
IIFL MUTUAL FUND

1. We have audited the attached balance sheet of IIFL MUTUAL FUND - IIFL Nifty ETF, IIFL Fixed Maturity Plan - Series 1, IIFL Fixed Maturity Plan - Series 2, IIFL Fixed Maturity Plan - Series 3, (collectively 'the Schemes') as at March 31, 2012 and also the revenue account and cash flow statement from the launch date of the schemes to March 31, 2012 annexed thereto. These financial statements are the responsibility of the management of India Infoline Asset Management Company Limited, the Scheme's asset manager. Our responsibility is to express an opinion on these financial statements based on our audit. Presentation of these separate balance sheets, revenue accounts in a columnar form is not intended to indicate that they bear any relation to each other, or are interdependent or comparable in any way.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that:
 - i. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.
 - ii. The balance sheet, revenue account and cash flow statement dealt with by this report are in agreement with the books of account.
 - iii. In our opinion, the balance sheet and revenue account dealt with by this report have been prepared in conformity with the accounting policies and standards specified in the Ninth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ('the SEBI Regulations').
 - iv. In our opinion, and to the best of our information and according to the explanations given to us, the said financial statements give the information required by the SEBI Regulations as applicable, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the balance sheet, of the state of affairs of the Schemes as at March 31, 2012;
 - b) in the case of the revenue account, of the surplus/deficit for the period ended on that date; and
 - c) in the case of the cash flow statement, of the cash flows for the period ended on that date.

For S.R. Batliboi & Co.
Chartered Accountants
Firm's Registration No: 301003E

Sd/-
per Shrawan Jalan
Partner
Membership No.: 102102
Place: Mumbai
Date: June 28, 2012

IIFL Mutual Fund

Balance Sheet as at 31 March 2012

(Amount in Rupees)

Schedule	<u>IIFL NIFTY ETF</u>	<u>IIFL Fixed Maturity Plan - Series 1</u>	<u>IIFL Fixed Maturity Plan - Series 2</u>	<u>IIFL Fixed Maturity Plan - Series 3</u>	
	As at 31 March 2012	As at 31 March 2012	As at 31 March 2012	As at 31 March 2012	
Sources of Funds					
Unit capital	1	3,624,870	315,883,190	650,355,700	479,390,700
Reserves and surplus	2	188,287,653	4,174,923	6,258,282	(227,150)
Current liabilities and provisions	3	63,766,006	125,906	143,061	224,350
		255,678,529	320,184,019	656,757,043	479,387,900
Application of Funds					
Investments	4	255,114,411	309,057,936	655,658,100	272,519,300
Current assets	5	564,118	11,126,083	1,098,943	206,868,600
		255,678,529	320,184,019	656,757,043	479,387,900

Significant accounting policies and Notes to Accounts 8

The schedules referred to the above and notes to accounts form an integral part of the accounts. As per our attached report of even date.

For **S.R. Batliboi & Co.**
Chartered Accountants
Firm Registration No: 301003E

For **India Infoline Trustee Company Limited**

Sd/-
per Shrawan Jalan
Partner
Membership No: 102102

Sd/-
A. K. Shukla
Chairman

Sd/-
Nirmal Jain
Director

For **India Infoline Asset Management Company Limited**

Place: Mumbai
Date : June 28, 2012

Sd/-
Homai Daruwalla
Chairman

Sd/-
R. Venkataraman
Director

Sd/-
Manish Bandi
Fund Manager

Sd/-
Fahima Shaikh
Fund Manager

Place: Mumbai
Date : June 28, 2012

IIFL Mutual Fund

Revenue account for the period ended 31 March 2012

(Amount in Rupees)

Schedule	IIFL NIFTY ETF	IIFL Fixed Maturity Plan - Series 1	IIFL Fixed Maturity Plan - Series 2	IIFL Fixed Maturity Plan - Series 3
	Period from 18 October 2011 to 31 March 2012	Period from 20 January 2012 to 31 March 2012	Period from 07 March 2012 to 31 March 2012	Period from 30 March 2012 to 31 March 2012
INCOME AND GAINS				
Dividend income	958,351	-	-	-
Interest and discount income	-	6,100,801	4,297,653	139,928
Profit on sale / redemption of investments (other than inter-scheme transfer / sale of investments) (Net) (Refer note 3.13 to Schedule 8)	1,356,476	-	-	-
	2,314,827	6,100,801	4,297,653	139,928
EXPENSES AND LOSSES				
Loss on sale / redemption of investments (other than inter-scheme transfer / sale of investments) (Net)	-	-	3,243	-
Management fees (inclusive of service tax)	67,179	259,615	129,649	-
Registrar and transfer agent's fees and expenses	44,596	5,268	3,696	218
Custodian fees and transaction charges	23,113	5,161	3,569	269
Trusteeship fees (inclusive of service tax)	13,436	6,181	4,471	-
Other operating expenses (inclusive of service tax)	187,573	1,933	1,676	563
Provision for depreciation in value of investments	-	1,647,720	-	366,028
	335,897	1,925,878	146,304	367,078
Surplus / (deficit) for the period	1,978,930	4,174,923	4,151,349	(227,150)
Add / (less): Transfer from / to equalisation reserve	(491,744)	-	-	-
Surplus / (deficit)	1,487,186	4,174,923	4,151,349	(227,150)
Appropriation				
Income distributed (including distribution tax)	-	-	-	-
Retained surplus / (deficit) beginning of period	-	-	-	-
Surplus / (deficit) for the period	1,487,186	4,174,923	4,151,349	(227,150)
Retained surplus / (deficit) carried forward to the balance sheet	1,487,186	4,174,923	4,151,349	(227,150)

Significant accounting policies and Notes to Accounts 8

The schedules referred to the above and notes to accounts form an integral part of the accounts. As per our attached report of even date.

For **S.R. Batliboi & Co.**
Chartered Accountants
Firm Registration No: 301003E

For India Infoline Trustee Company Limited

Sd/-
per Shrawan Jalan
Partner
Membership No: 102102

Sd/-
A. K. Shukla
Chairman
Sd/-
Nirmal Jain
Director

For India Infoline Asset Management Company Limited

Place: Mumbai
Date : June 28, 2012

Sd/-
Homai Daruwalla
Chairman
Sd/-
R. Venkataraman
Director

Sd/-
Manish Bandi
Fund Manager
Sd/-
Fahima Shaikh
Fund Manager

Place: Mumbai
Date : June 28, 2012

IIFL Mutual Fund**CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 MARCH 2012**

	(Amount in Rupees)			
	<u>IIFL NIFTY ETF</u>	<u>IIFL Fixed Maturity Plan - Series 1</u>	<u>IIFL Fixed Maturity Plan - Series 2</u>	<u>IIFL Fixed Maturity Plan - Series 3</u>
	<u>for the period ended 31 March 2012</u>	<u>for the period ended 31 March 2012</u>	<u>for the period ended 31 March 2012</u>	<u>for the period ended 31 March 2012</u>
A. Cashflow from Operating Activity				
Surplus for the period	1,487,186	4,174,923	4,151,349	(227,150)
Adjustments for:-				
(Increase)/Decrease in Investments at cost	(240,702,284)	(310,705,656)	(653,551,167)	(272,885,328)
(Increase)/Decrease in Other current assets	(48,522)	(11,025,437)	-	-
Increase/(Decrease) in Current liabilities	233,479	125,906	143,061	224,350
Change in provision for net unrealised loss in value of investments	-	1,647,720	-	366,028
Net cash generated from/(used in) operations	(A)	(315,782,544)	(649,256,757)	(272,522,100)
B Cashflow from Financing Activities				
Increase/(Decrease) in Unit capital	3,624,870	315,883,190	650,355,700	479,390,700
Increase/(Decrease) in Unit premium	172,388,340	-	-	-
Adjustments for:-				
Increase/(Decrease) in Sundry creditors for units redeemed by investors	63,532,527			
(Increase)/Decrease in Sundry debtors for units issued to investors				
Dividend paid during the period				
Net cash (used in)/generated from financing activities	(B)	315,883,190	650,355,700	479,390,700
Net Increase/(Decrease) in Cash and cash equivalents	(A+B)	100,646	1,098,943	206,868,600
Cash and Cash Equivalents as at the beginning of the period	-			
Cash and Cash Equivalents as at the close of the period	515,596	100,646	1,098,943	206,868,600
Components of cash and cash equivalents				
Balances with banks in current accounts	515,596	100,646	1,098,943	206,868,600
Other Collateralised lending				

Significant accounting policies and Notes to Accounts

8

The schedules referred to the above and notes to accounts form an integral part of the accounts.
As per our attached report of even date.

For S.R. Batliboi & Co.
Chartered Accountants
Firm Registration No: 301003E

For India Infoline Trustee Company Limited

Sd/-
per Shrawan Jalan
Partner
Membership No: 102102

Sd/-
A. K. Shukla
Chairman

Sd/-
Nirmal Jain
Director

For India Infoline Asset Management Company Limited

Place: Mumbai
Date : June 28,2012

Sd/-
Homai Daruwalla
Chairman

Sd/-
R. Venkataraman
Director

Sd/-
Manish Bandi
Fund Manager

Sd/-
Fahima Shaikh
Fund Manager

Place: Mumbai
Date : June 28,2012

IIFL Mutual Fund

Schedules to the financial statements as at 31 March 2012

(Amount in Rupees)

	<u>IIFL NIFTY ETF</u>		<u>IIFL Fixed Maturity Plan - Series 1</u>		<u>IIFL Fixed Maturity Plan - Series 2</u>		<u>IIFL Fixed Maturity Plan - Series 3</u>	
	31 March 2012 (Units)	Amounts	31 March 2012 (Units)	Amounts	31 March 2012 (Units)	Amounts	31 March 2012 (Units)	Amounts
1 UNIT CAPITAL								
Initial capital issued and subscribed:								
Units of Rs. 10 each fully paid up	662,487	6,624,870	31,588,319	315,883,190	65,035,570	650,355,700	47,939,070	479,390,700
DI Dividend Option								
Units outstanding, beginning of the period	-	-	-	-	-	-	-	-
Units issued, initial offer	-	-	57,440	574,400	105,490	1,054,900	2,500	25,000
Units issued during the period	-	-	-	-	-	-	-	-
Units repurchased during the period	-	-	-	-	-	-	-	-
Units outstanding, end of the period	-	-	57,440	574,400	105,490	1,054,900	2,500	25,000
GR Growth Option								
Units outstanding, beginning of the period	-	-	-	-	-	-	-	-
Units issued, initial offer	662,487	6,624,870	31,530,879	315,308,790	64,930,080	649,300,800	47,936,570	479,365,700
Units issued during the period	120,000	1,200,000	-	-	-	-	-	-
Units repurchased during the period	(420,000)	(4,200,000)	-	-	-	-	-	-
Units outstanding, end of the period	362,487	3,624,870	31,530,879	315,308,790	64,930,080	649,300,800	47,936,570	479,365,700
Total								
Units outstanding, beginning of the period	-	-	-	-	-	-	-	-
Units issued, initial offer	662,487	6,624,870	31,588,319	315,883,190	65,035,570	650,355,700	47,939,070	479,390,700
Units issued during the period	120,000	1,200,000	-	-	-	-	-	-
Units repurchased during the period	(420,000)	(4,200,000)	-	-	-	-	-	-
Units outstanding, end of the period	362,487	3,624,870	31,588,319	315,883,190	65,035,570	650,355,700	47,939,070	479,390,700

IIFL Mutual Fund

Schedules to the financial statements as at 31 March 2012

(Amount in Rupees)

	<u>IIFL NIFTY ETF</u>	<u>IIFL Fixed Maturity Plan - Series 1</u>	<u>IIFL Fixed Maturity Plan - Series 2</u>	<u>IIFL Fixed Maturity Plan - Series 3</u>
	31 March 2012	31 March 2012	31 March 2012	31 March 2012
2 RESERVES AND SURPLUS				
Unit premium reserve				
Opening balance	-	-	-	-
On issue / redemption during the period	172,880,084	-	-	-
Transfer from / (to) equalisation account	(491,744)	-	-	-
Closing balance	172,388,340	-	-	-
Unrealised appreciation reserve				
Opening balance	-	-	-	-
Reversed during the period	-	-	-	-
Additions during the period	14,412,127	-	2,106,933	-
Closing balance	14,412,127	-	2,106,933	-
Retained surplus / (deficit) at beginning of the period	-	-	-	-
Surplus / (deficit) for the period	1,487,186	4,174,923	4,151,349	(227,150)
Retained surplus / (deficit) at end of the period	1,487,186	4,174,923	4,151,349	(227,150)
	188,287,653	4,174,923	6,258,282	(227,150)

IIFL Mutual Fund

Schedules to the financial statements as at 31 March 2012

(Amount in Rupees)

	<u>IIFL NIFTY ETF</u>	<u>IIFL Fixed Maturity Plan - Series 1</u>	<u>IIFL Fixed Maturity Plan - Series 2</u>	<u>IIFL Fixed Maturity Plan - Series 3</u>
	31 March 2012	31 March 2012	31 March 2012	31 March 2012
3 CURRENT LIABILITIES AND PROVISIONS				
Management fees payable	9,751	102,475	116,684	-
Payable for units repurchased	63,532,527	-	-	-
Tax deducted at source payable	20,483	11,984	13,802	69
Payable for incomplete applications received	-	-	-	205,000
Other liabilities	203,245	11,447	12,575	19,281
	63,766,006	125,906	143,061	224,350
4 INVESTMENTS				
	Cost	Market / Fair Value	Cost	Market / Fair Value
Equity shares	240,702,284	255,114,411	-	-
Privately placed debentures/bonds	-	-	310,705,656	309,057,936
Certificate of deposits	-	-	-	-
	240,702,284	255,114,411	310,705,656	309,057,936
			653,551,167	655,658,100
			272,885,328	272,519,300
			272,885,328	272,519,300
5 OTHER CURRENT ASSETS				
Balances with banks in current account **	515,596	100,646	1,098,943	206,868,600
Interest accrued	-	11,025,437	-	-
Other assets	48,522	-	-	-
	564,118	11,126,083	1,098,943	206,868,600

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

IIFL Mutual Fund

Schedules to the financial statements as at 31 March 2012

(Amount in Rupees)

	<u>IIFL NIFTY ETF</u>	<u>IIFL Fixed Maturity Plan - Series 1</u>	<u>IIFL Fixed Maturity Plan - Series 2</u>	<u>IIFL Fixed Maturity Plan - Series 3</u>
	Period from	Period from	Period from	Period from
	18 October 2011 to 31 March 2012	20 January 2012 to 31 March 2012	07 March 2012 to 31 March 2012	30 March 2012 to 31 March 2012
6 INTEREST AND DISCOUNT INCOME				
Debentures and bonds	-	6,054,880	-	-
Certificate of deposits	-	-	4,146,600	139,928
Reverse repos	-	45,921	151,053	-
	-	6,100,801	4,297,653	139,928
7 OTHER OPERATING EXPENSES				
Bank charges	-	-	-	-
Communication expenses	-	-	-	-
CDSL Annual fees	-	289	1,676	563
Printing and stationary	-	-	-	-
Transaction processing charges	-	-	-	-
Internal Audit Fees	108,657	1,644	-	-
Licence Fees	78,916	-	-	-
	187,573	1,933	1,676	563

IIFL Mutual Fund

Annexure A

Portfolio holding (market / fair value) as at 31 March 2012

Particulars	IIFL NIFTY ETF		IIFL Fixed Maturity Plan - Series 1		IIFL Fixed Maturity Plan - Series 2		IIFL Fixed Maturity Plan - Series 3	
	Amount (In Rupees)	%	Amount (In Rupees)	%	Amount (In Rupees)	%	Amount (In Rupees)	%
Equity Shares								
Auto:								
Tata Motors Limited	7,533,042	2.95	-	-	-	-	-	-
Mahindra & Mahindra Limited	5,018,333	1.97	-	-	-	-	-	-
Bajaj Auto Limited	3,522,122	1.38	-	-	-	-	-	-
Hero MotoCorp Limited	3,064,378	1.20	-	-	-	-	-	-
Maruti Suzuki India Limited	2,791,484	1.09	-	-	-	-	-	-
Banks:								
ICICI Bank Limited	16,052,977	6.29	-	-	-	-	-	-
HDFC Bank Limited	14,635,857	5.74	-	-	-	-	-	-
State Bank of India	8,450,387	3.31	-	-	-	-	-	-
Axis Bank Limited	4,613,455	1.81	-	-	-	-	-	-
Kotak Mahindra Bank Limited	3,164,121	1.24	-	-	-	-	-	-
Punjab National Bank	1,924,925	0.75	-	-	-	-	-	-
Cement:								
Grasim Industries Limited	2,582,390	1.01	-	-	-	-	-	-
Ambuja Cements Limited	2,030,066	0.80	-	-	-	-	-	-
ACC Limited	1,983,438	0.78	-	-	-	-	-	-
Construction:								
Jaiprakash Associates Limited	1,442,414	0.57	-	-	-	-	-	-
DLF Limited	1,146,142	0.45	-	-	-	-	-	-
Construction Project:								
Larsen & Toubro Limited	11,012,617	4.32	-	-	-	-	-	-
Consumer Non Durables:								
ITC Limited	19,110,879	7.49	-	-	-	-	-	-
Hindustan Unilever Limited	6,577,612	2.58	-	-	-	-	-	-
Ferrous Metals:								
Tata Steel Limited	4,967,056	1.95	-	-	-	-	-	-
Jindal Steel & Power Limited	3,293,796	1.29	-	-	-	-	-	-
Steel Authority of India Limited	863,236	0.34	-	-	-	-	-	-
Finance:								
Housing Development Finance Corporation Limited	15,522,932	6.08	-	-	-	-	-	-
Infrastructure Development Finance Company Limited	2,576,610	1.01	-	-	-	-	-	-
Gas:								
GAIL (India) Limited	2,641,651	1.04	-	-	-	-	-	-
Industrial Capital Goods:								
Bharat Heavy Electricals Limited	3,174,260	1.24	-	-	-	-	-	-
Siemens Limited	1,010,135	0.40	-	-	-	-	-	-
Minerals / Mining:								
Coal India Limited	3,395,669	1.33	-	-	-	-	-	-
Sesa Goa Limited	1,186,112	0.46	-	-	-	-	-	-
Non Ferrous Metals:								
Hindalco Industries Limited	2,597,317	1.02	-	-	-	-	-	-
Sterlite Industries (India) Limited	2,437,103	0.96	-	-	-	-	-	-
Oil:								
Oil & Natural Gas Corporation Limited	7,422,829	2.91	-	-	-	-	-	-
Cairn India Limited	1,907,237	0.75	-	-	-	-	-	-
Petroleum Products:								
Reliance Industries Limited	19,789,569	7.76	-	-	-	-	-	-
Bharat Petroleum Corporation Limited	1,414,505	0.55	-	-	-	-	-	-
Pharmaceuticals:								
Dr. Reddy's Laboratories Limited	3,478,322	1.36	-	-	-	-	-	-
Sun Pharmaceuticals Industries Limited	3,346,176	1.31	-	-	-	-	-	-
Cipla Limited	2,419,443	0.95	-	-	-	-	-	-
Ranbaxy Laboratories Limited	1,124,682	0.44	-	-	-	-	-	-
Power:								
NTPC Limited	3,247,025	1.27	-	-	-	-	-	-
Tata Power Company Limited	2,553,732	1.00	-	-	-	-	-	-
Power Grid Corporation of India Limited	2,393,360	0.94	-	-	-	-	-	-
Reliance Infrastructure Limited	1,243,796	0.49	-	-	-	-	-	-
Reliance Power Limited	1,005,733	0.39	-	-	-	-	-	-
Software:								
Infosys Limited	21,600,437	8.47	-	-	-	-	-	-
Tata Consultancy Services Limited	9,266,246	3.63	-	-	-	-	-	-
Wipro Limited	3,515,519	1.38	-	-	-	-	-	-
HCL Technologies Limited	1,872,111	0.73	-	-	-	-	-	-
Telecom - Services:								
Bharti Airtel Limited	6,320,082	2.48	-	-	-	-	-	-
Reliance Communications Limited	871,094	0.34	-	-	-	-	-	-
Total	255,114,411	100.00	-	-	-	-	-	-

IIFL Mutual Fund

Annexure A

Portfolio holding (market / fair value) as at 31 March 2012

Particulars	IIFL NIFTY ETF		IIFL Fixed Maturity Plan - Series 1		IIFL Fixed Maturity Plan - Series 2		IIFL Fixed Maturity Plan - Series 3	
	Amount (In Rupees)	%	Amount (In Rupees)	%	Amount (In Rupees)	%	Amount (In Rupees)	%
Debentures/bonds								
Pharmaceuticals:								
10.19% Mahindra & Mahindra Finance Ltd. 18-07-2013	-	-	49,933,800 *	16.16	-	-	-	-
10.10% Tata Capital Ltd. 18-07-2013	-	-	49,893,700 *	16.14	-	-	-	-
10.20% Bajaj Finance Ltd. 05-07-2013	-	-	49,884,050 *	16.14	-	-	-	-
0.00% Tata Capital Housing Finance Ltd. 22-07-2013	-	-	50,719,250 *	16.41	-	-	-	-
0.00% Aditya Birla Finance Ltd. 22-07-2013	-	-	50,530,100 *	16.35	-	-	-	-
0.00% Kotak Mahindra Prime Ltd. 22-07-2013	-	-	44,065,900 *	14.26	-	-	-	-
0.00% Tata Motors Finance Ltd. 22-07-2013	-	-	14,031,136	4.54	-	-	-	-
Total	-	-	309,057,936	100.00	-	-	-	-
Certificate of Deposits								
Banks								
Axis Bank Limited 11-03-2013	-	-	-	-	182,393,200 *	27.82	-	-
Dena Bank 11-03-2013	-	-	-	-	182,393,200 *	27.82	-	-
Canara Bank 26-03-2013	-	-	-	-	181,695,800 *	27.71	-	-
Andhra Bank 25-03-2013	-	-	-	-	90,871,000 *	13.86	-	-
ICICI Bank Limited 25-02-2013	-	-	-	-	18,304,900	2.79	-	-
ICICI Bank Limited 15-03-2013	-	-	-	-	-	-	91,103,300 *	33.43
Canara Bank 28-03-2013	-	-	-	-	-	-	90,801,600 *	33.32
Karur Vysya Bank 28-03-2013	-	-	-	-	-	-	90,614,400 *	33.25
Total	-	-	-	-	655,658,100	100.00	272,519,300	100.00
TOTAL INVESTMENTS	255,114,411		309,057,936		655,658,100		272,519,300	

Note : *

In IIFL Nifty ETF Fund, the aggregate value of non traded / thinly traded investments which individually exceed 5% of the NAV as at 31 March 2012 is NIL

In IIFL Fixed Maturity Plan Series I, the aggregate value of non traded / thinly traded investments which individually exceed 5% of the NAV as at 31 March 2012 is Rs. 295,026,800

In IIFL Fixed Maturity Plan Series II, the aggregate value of non traded / thinly traded investments which individually exceed 5% of the NAV as at 31 March 2012 is Rs.637,353,200

In IIFL Fixed Maturity Plan Series III, the aggregate value of non traded / thinly traded investments which individually exceed 5% of the NAV as at 31 March 2012 is Rs.272,519,300

IIFL MUTUAL FUND

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2012 AND THE REVENUE ACCOUNT FOR THE PERIOD FROM LAUNCH DATE TO MARCH 31, 2012

Schedule 8: NOTES TO ACCOUNTS

1 Organisation

In conformity with Securities and Exchange Board of India ('SEBI') (Mutual Funds) Regulations, 1996 (the Regulations), IIFL Asset Management Limited has been set up to act as the Asset Management Company (AMC) to IIFL Mutual Fund (Fund). In terms of the Investment Management Agreement (IMA) dated 29th April 2010, entered into between IIFL Trusteeship Company Limited (Trustee) and the AMC, the AMC has been appointed as the Investment Manager to the Schemes of the Fund. India Infoline Limited is the sponsor of IIFL Mutual Fund.

List of Schemes of IIFL Mutual Fund

Scheme Name	Date of Launch	NFO period	Date of Allotment	Investment Objective
IIFL NIFTY ETF	28.09.2011	28.09.2011 to 12.10.2011	18.10.2011	The investment objective of the scheme is to provide returns (before fees and expenses) that closely correspond to the total return of the S&P CNX Nifty Index subject, to tracking errors. However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.
IIFL Fixed Maturity Plan - Series 1	13.01.2012	13.01.2012 to 19.01.2012	20.01.2012	The investment objective of each Scheme is to generate returns through investments in debt and money market instruments. The Scheme will invest in debt and money market securities, maturing on or before maturity of the scheme. There is no assurance that the investment objective of the Scheme will be achieved
IIFL Fixed Maturity Plan - Series 2	06.03.2012	06.03.2012 to 06.03.2012	07.03.2012	The investment objective of each Scheme is to generate returns through investments in debt and money market instruments. The Scheme will invest in debt and money market securities, maturing on or before maturity of the scheme. There is no assurance that the investment objective of the Scheme will be achieved
IIFL Fixed Maturity Plan - Series 3	28.03.2012	28.03.2012 to 29.03.2012	30.03.2012	The investment objective of each Scheme is to generate returns through investments in debt and money market instruments maturing on or before maturity of the scheme. There is no assurance that the investment objective of the Scheme will be achieved.

2 Significant Accounting Policies

2.1 Basis of Accounting

The financial statements are prepared on the accrual basis of accounting, under the historical cost convention, as modified for investments, which are 'marked-to-market'. The financial statements have been prepared in accordance with the Regulations as amended from time to time. The significant accounting policies, which are in accordance with the SEBI Regulations and have been approved by the Boards of Directors of the AMC and the Trustee, are stated below.

2.2 Determination of Net asset value ('NAV')

The net asset value of the units of schemes are determined separately for the units issued under the Plans.

For reporting the net asset value within the portfolio, daily income earned, including realised profit or loss and unrealised gain or loss in the value of investments, and expenses incurred, are allocated to the related plans in proportion to their respective daily net assets arrived at by multiplying day-end outstanding units by previous day's closing NAV.

2.3 Unit capital, unit premium reserve and income equalization:

Unit capital represents the net outstanding units as at the Balance Sheet date.

Upon issue and redemption of units, the net premium is apportioned between UPR and IER in accordance with regulations and guidelines prescribed by the SEBI. When units are issued or redeemed, net asset value less face value and UPR per unit, for the transacted units, from the beginning of the accounting period upto the date of issue or redemption of such unit is transferred to / from the income equalisation account. Upon issue and redemption of units below par, the net discount is appropriated to income equalisation reserve in accordance with regulations and guidelines prescribed by the SEBI.

The purpose is to ensure that the per unit amount of the continuing unit holders' share of the undistributed income / loss remains unaffected by the movement in unit capital. At the year end, the balance in the equalisation account is transferred to the Revenue Account.

2.4 Investments

a) Accounting for investment transactions

Investments are accounted on the date of the transaction at cost after including transaction costs as applicable excluding custodian transaction charges. The front end fee receivable, if any, is reduced from the cost of such investment. Bonus entitlements are recognised as investments on the 'exbonus date'. Rights entitlements are recognised as investments on the 'ex-rights date'.

b) Valuation of investments

During the period, the fund has valued its investments in accordance with the Regulations, as amended from time to time. All investments are marked to market and are stated in the balance sheet at their market / fair value. In valuing the Scheme's investments:

(i) Traded Equity Securities:

	Traded	Non Traded	Thinly Traded
Equity Shares	Investments in equity shares which at the last quoted closing price on the National Stock Exchange (NSE)/ Bombay Stock Exchange (BSE) or another stock exchange.	<p>When on a valuation day, a security listed on the NSE, does not trade then price at which it is traded on another stock exchange is used.</p> <p>When a security does not trade on any exchange on a valuation day then previous closing price on NSE / Any other SE is used as long as date of the previous closing price is less than 30 days.</p> <p>If trading in an equity security is suspended for more than 30 days, then the Asset Management Company/Trustees decide the valuation norms to be followed and such norms are documented and recorded.</p>	As per the SEBI Regulation
Unlisted / Illiquid / Rights Equity Securities	In accordance with guidelines prescribed by the SEBI		

Note: Thinly Traded Equity/Equity related Security - When trading in an equity/equity related security in a month is both less than Rs. 5 lacs and the total volume is less than 50,000 shares, it is considered as a thinly traded security.

(ii) Investments in fixed income securities (other than government securities) are valued as follows:

	Traded (in market lot of Rs. 5 crores on the valuation day on stock exchange)	Non Traded/Thinly Traded	
		Residual Maturity upto 91 days	Residual Maturity over 91 days
Certificate of Deposits	Weighted average price at which it is traded on the valuation day.	On straight line amortization from the last traded price / purchase price /cost.	As per SEBI Regulation and based on Credit Rating/Duration Matrix provided by agency(ies) entrusted for the said purpose by AMFI.
Government Securities	At the prices provided by the agency nominated by AMFI (currently CRISIL & ICRA) on a daily basis. In the event of non availability of the prices from such agency, prices provided by FIMMDA is used.		
Fixed Rate/Zero Coupon Debt Securities	Weighted average price at which it is traded on the valuation day.	On straight line amortization from the last traded price / purchase price /cost.	As per SEBI Regulation and based on Credit Rating/Duration Matrix provided by agency(ies) entrusted for the said purpose by AMFI.

Note: Thinly Traded Debt Security -A debt security (other than Government Security) is considered as a thinly traded security if on the valuation date, there is no individual trade in that security in marketable lot (currently Rs. 15 Crore) on the principal stock exchange or any other stock exchange.

The unrealised gain or loss in the value of investments is determined separately for each category of investments. The change in the net unrealized loss, if any, between two balance sheet dates is recognized in the revenue account and the change in net unrealised gain, if any, is adjusted in an unrealised appreciation reserve.

2.6 Revenue recognition

- Income on investments is recognized on accrual basis except where there is uncertainty about ultimate recovery/ realization. Such income is recognized when the uncertainty is resolved.
- Dividend income is recognised on the ex-dividend date
- Interest income is recognised on an accrual basis.
- Profit or loss on sale/redemption of investments is determined on the basis of the weighted average cost method.

2.7 Expenses

- All expenses are accounted for on accrual basis.
- New fund offer (NFO) expenses: The NFO expenses were borne by the AMC

2.8 Entry Load / Exit Load

In accordance with SEBI circular no. SEBI/IMD/CIR No. 4/ 168230/09 dated June 30, 2009 with effect from August 1, 2009 no entry load is charged. Exit load collected in excess of 1% of the redemption proceeds is credited to the scheme as income. Load other than the above is utilized to pay commission to distributors and other marketing and selling expenses. Any surplus is treated as income as and when considered appropriate.

2.9 Cash and cash equivalents

Cash and cash equivalents include balances with banks in current accounts, deposits placed with scheduled banks, and collateralized lending (including reverse repurchase transactions).

2.10 Dividend Distribution

Income distribution during the current financial period, if any will be made from the distributable surplus of current period. The Trustees may declare dividend subject to the availability of distributable surplus calculated in accordance with SEBI (Mutual Funds) Regulations, 1996. The actual declaration of dividend and the frequency of distribution will be entirely at the discretion of the Trustees.

3. Notes to accounts

3.1. Investments

- a) Investments of the Schemes are registered in the name of the Schemes for the benefits of the Schemes Unit holders.**
- b) Investment made in foreign securities as at March 31, 2012: Nil**

c) Investments made in companies which have invested more than five percent of the net asset value of the Schemes of IIFL Mutual Fund in terms of Regulation 25 (11)

- Investment in Companies includes investment in subsidiaries.
- Purchases represents purchases (including derivatives transactions and inter scheme transactions) made during the period prescribed under regulation 25(11).
- Value represents closing market value of investments as of March 31, 2012.

(Amount in Rupees)

Company Name	Schemes invested in by the Company	Investment made by schemes of IIFL Mutual Fund in the company/subsidiary	Aggregate cost of acquisition during the period ended 31 March 2012	Outstanding as at 31 March 2012 (At Market / Fair Value)
NIL				

The Investment Manager is of the opinion that the investments are made by the schemes in such companies since they are perceived as fundamentally strong and possesses a high potential for growth. Further, investments in fixed income instruments issued by the aforesaid companies would yield attractive returns commensurate with the risks associated with the issuer.

d) Unrealised Gain / (Loss) as of March 31, 2012:

(Amount in Rupees)

Scheme Name	Certificate Of Deposit	Equity	Fixed rates bonds – Corporate	Zero Coupon Bonds - Corporate
		Listed or awaiting listing	Listed or awaiting listing	Listed or awaiting listing
IIFL NIFTY ETF	-	14,412,127	-	-
IIFL Fixed Maturity Plan - Series 1	-	-	(612,700)	(1,035,020)
IIFL Fixed Maturity Plan - Series 2	2,106,933	-	-	-
IIFL Fixed Maturity Plan - Series 3	(366,028)	-	-	-
Grand Total	1,740,905	14,412,127	(612,700)	(1,035,020)

3.2 Investment Management and Trusteeship fees :-

- a) Investment management fees (excluding service tax and education cess) have been charged by the Schemes pursuant to an agreement with IIFL Asset Management Limited (AMC), as under:

Scheme	Management Fees Ratio
	2011-2012
IIFL NIFTY ETF	0.05%
IIFL Fixed Maturity Plan - Series 1	0.42%
IIFL Fixed Maturity Plan - Series 2	0.29%
IIFL Fixed Maturity Plan - Series 3	0.00%

Note: Rate represents average rate in percentage per annum charged on daily average net assets.

- b) Trusteeship Fees:-

Scheme	Trustee Fees Ratio
	2011-2012
IIFL NIFTY ETF	0.01%
IIFL Fixed Maturity Plan - Series 1	0.01%
IIFL Fixed Maturity Plan - Series 2	0.01%
IIFL Fixed Maturity Plan - Series 3	0.01%

3.3 Details of Transactions with Associates in terms of Regulation 25(8):

Name of Associate: India Infoline Limited.

Securities transaction in the form of investments/disinvestment in various Public issues / Private placements where the associate was the sole or one of the several lead managers –

Current Year : 2011 - 2012		Amount (in Rupees)
Scheme Name	Lead Manager	2011-2012
NIL	NIL	NIL

Brokerage paid to associates/related parties/group companies of Sponsor/AMC:

Name of associates/related parties/group companies of Sponsor/AMC	Nature of Association/ Nature of Relation	Period Covered	Yearly 2011-2012			
			Value of Transaction (in Rupees)	% of Total Value of Transaction of the fund	Brokerage (in Rupees)	% of total Brokerage paid by the fund
INDIA INFOLINE LIMITED (Nifty ETF)	Associate Broker	Launch Date to March 31, 2012	13,907,817	3.51%	6,942	3.51%

Commission paid to associates / related parties / group companies of Sponsor / AMC:

Name of associate /related parties/ group companies of Sponsor/ AMC	Nature of Association/ Nature of relation	Period covered	Business given (Rupees)	Business given (in % of total business received by the fund)	Commission paid (Rupees)	% of total Commission paid by the fund
NIL	NIL	Launch Date to March-12	NIL	NIL	NIL	NIL

3.4 The aggregate value of investments purchased and sold (including redeemed) during the period and these amounts as a percentage of average daily net assets are as follows:

Scheme	Purchases (Amount in Rupees)	Sales(Amount in Rupees)	Purchase as % to average daily net assets	Sale as % to average daily net assets	Average Asset Under Management (AUM in Rupees)
	2011-2012	2011-2012	2011-2012	2011-2012	
IIFL NIFTY ETF	393,378,942	153,292,028	132%	52%	297,533,163
IIFL Fixed Maturity Plan - Series 1	307,649,792	-	97%	0%	317,699,627
IIFL Fixed Maturity Plan - Series 2	1,449,293,810	799,886,000	222%	123%	652,565,634
IIFL Fixed Maturity Plan - Series 3	272,745,400	-	57%	0%	479,128,812

Note: Purchase/Sale does not include term deposits and derivative transactions.

3.5 Segment Information

The Schemes operate only in one segment viz. to primarily generate returns, based on schemes investment objective.

3.6 Summary of Net Asset value ('NAV') per unit, Income and Expense ratio

NAV per unit as on March 31, 2012:

Scheme	Option	*NAV per Unit (in Rupees)
IIFL NIFTY ETF	Growth	529.4328
IIFL Fixed Maturity Plan - Series 1	Growth	10.1322
IIFL Fixed Maturity Plan - Series 1	Dividend	10.1322
IIFL Fixed Maturity Plan - Series 2	Growth	10.0962
IIFL Fixed Maturity Plan - Series 2	Dividend	10.0962
IIFL Fixed Maturity Plan - Series 3	Growth	9.9953
IIFL Fixed Maturity Plan - Series 3	Dividend	9.9953

* NAV disclosed above is computed NAV and not a declared NAV as 31st March 2012 was not business day.

Income Ratio:

Scheme	Total Income Ratio
IIFL NIFTY ETF	1.72%
IIFL Fixed Maturity Plan - Series 1	7.13%
IIFL Fixed Maturity Plan - Series 2	9.63%
IIFL Fixed Maturity Plan - Series 3	-13.98%

Expense Ratio:

Scheme	Total Expense Ratio
	IIFL NIFTY ETF
IIFL Fixed Maturity Plan - Series 1	0.45%
IIFL Fixed Maturity Plan - Series 2	0.32%
IIFL Fixed Maturity Plan - Series 3	0.04%

3.7 Large Holding in the schemes (i.e. in excess of 25% of the net assets)

Scheme	Percentage of Holding	No. of Investors
NIL	NIL	NIL

3.8 Open Position As on March 31, 2012**Future :**

Name of the Company	Scheme	Number of Units Long / (Short)	Number of Contracts Long / (Short)
NIL	NIL	NIL	NIL

Options :

Name of the Company	Scheme	Number of Units Long / (Short)	Number of Contracts Long / (Short)
NIL	NIL	NIL	NIL

3.9 Industry wise Classification of Investments

Total value of investments falling under each major industry group and within each major classification the percentage thereof in relation to the total investment within the classification as on March 31, 2012. **Annexure A**

3.10 Funds have entered into transactions with certain related parties. The information required in this regard in accordance with Accounting Standard 18 on 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India is provided below.

Related party disclosure pursuant to accounting standard 18 issued by The Institute of Chartered Accountants of India is applicable for the following schemes and disclosures are made as under:

- IIFL Nifty ETF
- IIFL Fixed Maturity Plan - Series 1
- IIFL Fixed Maturity Plan - Series 2
- IIFL Fixed Maturity Plan - Series 3

The following are the related parties by control:

- a. India Infoline Asset Management Company Limited(AMC)
- b. India Infoline Limited (Sponsor)
- c. India Infoline Trustee Company Limited (Trustee company)

d. Associates

- India Infoline Investment Services Ltd
- Moneyline Credit Ltd
- India Infoline Housing Finance Ltd
- India Infoline Distribution Company Ltd
- India Infoline Marketing Services Ltd
- India Infoline Insurance Brokers Ltd
- India Infoline Insurance Services Ltd
- India Infoline Commodities Ltd
- IIFL Wealth Management Ltd
- India Infoline Media and Research Services Ltd
- IIFL Capital Ltd
- IIFL Realty Ltd
- IIFL (Thane) Pvt. Ltd.
- KIIFL Energy Ltd.
- IIFL Trustee Services Ltd
- IIFL (Asia) Pte. Ltd
- IIFL Capital Pte Ltd
- IIFL Securities Pte Ltd
- IIFL Inc.
- IIFL Private Wealth (Mauritius) Ltd.
- IIFL Wealth (UK) Ltd
- IIFL Securities Ceylon (Pvt)Ltd
- IIFL Capital Ceylon Ltd
- IIFL Private Wealth Hong Kong Ltd
- India Infoline Commodities DMCC
- IIFL Private Wealth Management (Dubai) Ltd
- Finest Wealth Managers Pvt. Ltd

List of Directors and Key Managerial Personnel ('KMP'):

Name	Description of Relationship
Ms. Homai Daruwalla	AMC's-Director
Mr. Pranab Pattanayak	AMC's-Director
Mr. R. Venkataraman	AMC's-Director
Mr. A K Shukla	Trustee Company's –Director
Mr. R.S. Loona	Trustee Company's –Director
Mr. J.H. Mehta	Trustee Company's –Director
Mr. Nirmal Jain	Trustee Company's –Director
Mr. Gopinath Natrajan	AMC 's – CEO (KMP)

3.10.1 Nature of transactions : Subscription and Redemption Units:

2011-2012 Related party	Transaction	Schemes (Amount in Rupees)			
		IIFL NIFTY ETF	IIFL Fixed Maturity Plan - Series 1	IIFL Fixed Maturity Plan - Series 2	IIFL Fixed Maturity Plan - Series 3
India Infoline Limited	Subscription	70,000,000	-	-	-
India Infoline Limited	Redemption	213,680,348	-	-	-
Mr. R. Venkataraman	Subscription	50,000	500,000	-	-
Mr. Nirmal Jain	Subscription	500,000	1,000,000	-	-
IIFL Wealth Management Ltd	Subscription	-	-	50,000,000	-
India Infoline Limited	Year End Outstanding	13,060,169	20,159	-	-
Mr. Nirmal Jain	Year End Outstanding	525,202	-	50,468,500	-
Mr. R. Venkataraman	Year End Outstanding	376,960	-	-	-
India Infoline Limited	Redemption Payable	63,532,527	-	-	-

3.10.2 Nature of transactions : Management Fees and Trustee Fees:

2011-12	Scheme (Amount in Rupees)			
	IIFL NIFTY ETF	IIFL Fixed Maturity Plan - Series 1	IIFL Fixed Maturity Plan - Series 2	IIFL Fixed Maturity Plan - Series 3
Management Fees	67,179	259,615	129,649	Nil
Trustee fee	13,436	6,181	4,471	Nil
Year end other payable				
AMC	9,751	102,475	116,684	Nil
Trustee	1,950	2,440	4,024	Nil

3.11 With reference to SEBI Circular CIR/IMD/DF/11/2010 dated August 18 2010 there is Nil holding in derivative.

3.12 Custodian Fees

Citibank N.A. provides custodial services to the Scheme for which it receives custody fees.

3.13 Profit & Loss from Investments

Profit & Loss from investments includes a credit of Rs.741,106/- received from India Infoline Asset Management Company Ltd. ('AMC') towards obligations and/or losses of IIFL Nifty ETF.

3.14 Prior period comparatives:

For IIFL NIFTY ETF, IIFL Fixed Maturity Plan - Series 1, IIFL Fixed Maturity Plan - Series 2 and IIFL Fixed Maturity Plan - Series 3, as these are the first Financial Statements since the date of its launch, there are no comparatives for the prior period

Signatories to financial statements in capacity as Fund Managers:

Fund Managers	Scheme Name
Mr. Manish Bandi	IIFL NIFTY ETF
Ms. Fahima Shaikh	IIFL Fixed Maturity Plan - Series 1
Ms. Fahima Shaikh	IIFL Fixed Maturity Plan - Series 2
Ms. Fahima Shaikh	IIFL Fixed Maturity Plan - Series 3

For S.R. Batliboi & Co.

Chartered Accountants
Firm Registration No:301003E

Sd/-
per Shrawan Jalan
Partner
Membership No: 102102

For India Infoline Trustee Company Limited

Sd/-
A. K. Shukla
Chairman

For India Infoline Asset Management Company Limited

Sd/-
Homai Daruwalla
Chairman

Sd/-
Manish Bandi
Fund Manager

Place: Mumbai
Date : June 28,2012

Place: Mumbai
Date : June 28,2012

Sd/-
Nirmal Jain
Director

Sd/-
R. Venkataraman
Director

Sd/-
Fahima Shaikh
Fund Manager