



ANNUAL REPORT

OF

SCHEMES OF IIFL MUTUAL FUND

FY 2020-2021

TRUSTEE REPORT

Dear Unitholders,

We have pleasure in presenting the Tenth Annual Report of the Schemes of IIFL Mutual Fund for the period ended March 31, 2021, 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:

IIFL Dynamic Bond Fund:

Investment Objective: The investment objective of the scheme is to generate income and long term gains by investing in a range of debt and money market instruments of various maturities. The scheme will seek to flexibly manage its investment across the maturity spectrum with a view to optimize the risk return proposition for the investors.

The net assets of the scheme as on March 31, 2021 is Rs. 731.41 Crore.

Performance of Scheme:

Scheme Name / Benchmark	31-Mar-20 to 31-Mar-21	31-Mar-18 to 31-Mar-21	31-Mar-16 to 31-Mar-21	Since Inception
IIFL Dynamic Bond Fund - Regular Plan – Growth Option	6.00%	6.53%	6.74%	6.93%
IIFL Dynamic Bond Fund- Direct Plan- Growth Option	6.57%	7.19%	7.36%	7.52%
Benchmark: Crisil Composite Bond Fund Index	7.69%	8.98%	8.61%	8.56%
Additional Benchmark: Crisil 10 Year Gilt Index	3.60%	8.25%	7.17%	6.86%

Past performance may or may not be sustained in the future. Inception Date: June 24, 2013

IIFL Dynamic Bond Fund is an open-ended dynamic debt scheme investing across duration with the objective to generate income and long-term gains by investing in a range of debt and money market instruments of various maturities. The scheme seeks to flexibly manage its investment(s) across the maturity spectrum with a view to optimize the risk return proposition for investors. As per investment objective of the Scheme, the scheme shall invest in Debt, Money Market Instruments with an allocation of 0-100% of net assets of the schemes and in and units of REIT/ INVITs upto 10% of the net assets of the scheme.

The scheme underperformed the benchmark for the year with strategy of lower average duration during the year. The scheme has maintained its portfolio strategy of investing in high rated papers and keeping a relatively lower average maturity, helping it maintain low volatility and high issuer quality during the year.

IIFL TRUSTEE LIMITED

(FORMERLY KNOWN AS INDIA INFOLINE TRUSTEE COMPANY LIMITED)

CORPORATE & REGD. OFFICE:

6TH FLOOR, IIFL CENTRE, KAMALA CITY, SENAPATI BAPAT MARG,
LOWER PAREL, MUMBAI - 400 013. INDIA

TEL: (91-22) 4876 5600 | FAX: (91-22) 4875 5606

CIN: U74990MH2009PLC193063

IIFL Liquid Fund:

Investment Objective: To provide liquidity with reasonable returns commensurate with low risk through a portfolio of money market and debt securities with residual maturity of up to 91 days. However, there can be no assurance that the investment objective of the scheme will be achieved.

The net assets of the scheme as on March 31, 2021 is Rs. 121.52 Crore.

Performance of Scheme:

Scheme Name / Benchmark	31-Mar-20 to 31-Mar-21	31-Mar-18 to 31-Mar-21	31-Mar-16 to 31-Mar-21	Since Inception
IIFL Liquid Fund - Regular Plan – Growth Option	2.95%	5.06%	5.65%	6.43%
IIFL Liquid Fund- Direct Plan – Growth Option	3.00%	5.11%	5.70%	6.48%
Benchmark: CRISIL Liquid Fund Index	4.07%	6.01%	6.40%	7.14%
Additional Benchmark: CRISIL 1 Year T-Bill Index	4.66%	6.48%	6.50%	7.06%

Past performance may or may not be sustained in the future. Inception Date: November 13, 2013.

IIFL Liquid Fund is an open-ended liquid scheme with the objective to provide liquidity with reasonable returns in commensuration with low risk through a portfolio of money market and debt securities with residual maturity of up to 91 days. As per investment objective of the Scheme, it shall invest in Money market and debt instruments with residual maturity up to 91 days. The scheme underperformed the benchmark marginally for the year. The scheme has maintained its portfolio strategy of low volatility and high quality during the year.

The scheme underperformed the benchmark for the year with strategy of lower average duration during the year. The scheme has maintained its portfolio strategy of investing in high rated papers and keeping a lower average maturity, helping it maintain low volatility and high issuer quality during the year.

IIFL Focused Equity Fund:

Investment Objective: The investment objective of the scheme is to generate long term capital appreciation for investors from a portfolio of equity and equity related securities. However, there can be no assurance or guarantee that the investment objective of the Scheme would be achieved.

The net assets of the scheme as in March 31, 2021 is Rs. 1,623.06 Crore.

Performance of Scheme:

Scheme Name / Benchmark	31-Mar-20 to 31-Mar-21	31-Mar-18 to 31-Mar-21	31-Mar-16 to 31-Mar-21	Since Inception
IIFL Focused Equity Fund - Regular Plan – Growth option	76.03%	19.68%	18.65%	14.52%
IIFL Focused Equity Fund- Direct Plan- Growth option	78.19%	21.38%	20.17%	15.98%
Benchmark: S&P BSE200 TRI	76.26%	13.74%	15.50%	11.80%

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Scheme Name / Benchmark	31-Mar-20 to 31-Mar-21	31-Mar-18 to 31-Mar-21	31-Mar-16 to 31-Mar-21	Since Inception
Additional Benchmark: S&P BSE Sensex TRI	69.82%	15.81%	15.73%	11.05%

Past performance may or may not be sustained in the future. Inception Date: October 30, 2014.

IIFL Focused Equity Fund is an open-ended equity scheme investing in maximum 30 multicap stocks with the objective of generating long term capital appreciation for investors from a portfolio of equity and equity related securities.

In FY21 IIFL Focused Equity Fund's performance was broadly in line with its Benchmark S&P BSE-200 TRI Index. During FY20-21, the scheme has given a return of 76.03% as compared to S&P BSE-200 TRI return of 76.26%. Volatility had increased due to COVID-19 and its impact on various sectors, however, market recovery was supported by high foreign inflows and anticipation of earnings recovery over the next few years. Despite the heightened volatility, the scheme was able to deliver on its objective of generating returns for its valued investors during the financial year. The scheme continues to focus on security selection based on SCDV investment framework (Secular, Cyclical, Defensives, Value Trap). Based on this framework, we invest a large proportion of the portfolio (40-60%) in high quality Secular growth companies (companies with consistent ROE & PAT growth > 15%), which are long term compounding stories. The remaining part of the portfolio is invested across quality Cyclical and Defensives while minimising exposure to Value traps. Pure bottom-up strategy across these quadrants is deployed with an aim to generate long term compounding while encashing on some quality alpha ideas in cyclical and defensive segments.

B. Future Outlook:

Overview of Mutual Fund Industry

Mutual funds' assets base was Rs 31.43 lakh crore in March 31, 2021, with a 41% YOY increase since March 31, 2020, according to data from AMFI. The mutual fund industry added more than 81 lakh investor accounts in 2020-21, taking the total count to 9.78 crore. Financialization of savings coupled with increased awareness about investments and rise in digitization contributed to the surge in the assets.

While the second wave of Covid-19 has impacted the overall economic recovery, gradual unlocking of economic activity, policy response from the government, increased pace of vaccination and the expected return to normalcy is likely to augur well for overall industry growth.

Given our continued focus on scaling up IIFL Focused Equity Fund, we were able to add net inflows of INR 379 Cr during the year. For most of the year, the fund was amongst the best performing fund in its category. Additionally, in order to increase its reach across platforms, we laid emphasis on increasing SIPs in the scheme from online channels.

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Macroeconomic Overview:

Economy and markets in FY 2021

The year 2020 (CY Jan-Dec) turned out to be a challenging year for the global economy, highlighted by a -3.3% (degrowth) in global real GDP as disclosed by IMF. However, aided by massive fiscal packages, ultra-supportive monetary policies, and increase in vaccines procurement and inoculations by major economies led to a V-shaped recovery in global equities with markets closing the year in green. Many global equity indices regained their previous highs, with a few scaling new peaks as well. A fresh surge in Covid 19 related infections, rising US treasury yields, and increased mobility curbs to rein in infections by a few major economies reignited investor exuberance in Q4FY21 (Jan-Mar'21). Although market sentiments bore the brunt of uncertainty with respect to economic recovery due to renewed lockdowns, with roll out of vaccine, now the global economic turnaround appears a factor of "when", rather than "if".

In India, the sharp recovery in equity markets was supported by all-time high foreign inflows (INR terms) which followed attractive valuations and prospect of sharp earnings growth over the next few years. Few factors like favourable monetary policy stance from RBI, declining COVID cases over the second half of the financial year, vaccine inoculations and procurement, and upbeat cues from global markets upheld investor sentiments.

Going forward, implementation of various measures announced during the Union budget and efficiency and pace of vaccination along with global cues and capital flows would be amongst the key events to monitor.

The World Bank (WB) elevated its forecast of India's GDP growth for FY22 to 10.1%, noticeably higher than the 5.4% it had projected in January, as per its South Asia Economic Focus Spring update report. There are a few risks in the near term which market participants should closely watch out for (1) Return to normalcy could take longer than anticipated given the unprecedented rise in the COVID-19 cases across the country (2) Lockdown/strict restrictions in certain states.

While the new wave of COVID-19 and the resultant lockdown in certain parts of countries will act as an overhang on the headline numbers, most state governments pushing for higher vaccination inoculations is expected to normalize the curve of patients with serious complications thereby reducing the burden on existing medical infrastructure. We believe the volatility could increase in the near term owing to inflationary pressures at global and domestic levels, however, pick up in earnings growth may auger well for Indian equities, albeit the pace could be slower than anticipated. The market polarization is likely to reverse as the recovery becomes more broad-based and hence provide ample room for wealth creation by bottom up stock selection.

Outlook for FY2021

Equity Markets

We believe that the lockdown/restrictions could have a short-term impact on most sectors, however the effect will be transient in nature. At this stage, where we anticipate delayed pick-up in the economic recovery (provided a third wave doesn't derail the growth), we are focusing on opportunities across these defensives and cyclicals based on our ROE and PAT growth parameters. While exposure to sectors such as Financials, Industrials, and Building materials are more structural in nature to benefit from the acceleration in the growth trajectory, we would also tactically look at opportunities in the defensive segment where the impact of the short term disruptions is likely to

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be limited. We continue to focus on bottom up security selection while having a positive bias towards cyclical recovery and taking tactical calls based on the market dynamics.

Debt Markets

Considering the impact of the pandemic on economy, most central banks resorted to another round of monetary easing to improve liquidity and support economic growth. The Reserve Bank of India also followed suit by announcing repo cuts, reduction in CRR for a year and improving liquidity through measures like Long Term Repo Operations (LTROs) to mitigate the adverse impact of tightening financial conditions in the domestic markets. Furthermore, usage of unconventional steps like LTROs signifies RBI's willingness to promptly act when necessary. This helped address the sudden steepening of the yield curve and a substantial spread between short term and long-term government debt securities. While the longer end of the yield curve remains attractive, a higher supply of both state and central government borrowing may offset some of the gains.

Operations of the Scheme(s):

During the Financial Year ended March 31, 2021, IIFL Mutual Fund AUM saw an increase primarily led by flows in IIFL Focused Equity Fund. Given our continued focus on scaling up IIFL Focused Equity Fund, we were able to add net inflows of INR 379 Cr during the year. For most of the year, the fund was amongst the best performing fund in its category. Additionally, in order to increase its reach across platforms, we laid emphasis on increasing SIPs in the scheme from online channels.

Towards the end of the year, we also filed for quant-based funds with SEBI (IIFL Smart Fund). We are awaiting approvals from the regulator on the same. Further, we seek to increase scale across existing products and continue to identify unique investment opportunities. We also seek to use our sales presence to reach a larger network of channel partners and investors.

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

a. Sponsor

IIFL Wealth Management Limited (IIFLW) was incorporated on 17th January 2008, a Company incorporated under the Companies Act, 1956, is registered with SEBI as a Portfolio Manager, Investment Advisor and Research Analyst. IIFLW provides wealth management services to various HNI / Ultra HNI clients. IIFLW acts as the Sponsor to IIFL Mutual Fund and Co-Sponsor to Schemes of Alternative Investment Funds. The associate/group companies of IIFLW acts as Investment Manager to schemes of Alternative Investment Funds, Real Estate Investment Trust, provides Portfolio Management Services, Trustee Services, Investment Advisory Services, Distribution Services, Non-Banking Financial Services, Housing Finance, Merchant Banking Services, Business Process Outsourcing activities. The registered office of IIFLW is at IIFL Centre, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai – 400013.

b. IIFL Mutual Fund

IIFL Mutual Fund is a Trust settled by IIFL Finance Limited (formerly known as IIFL Holdings Limited) ('Settler') on April 29, 2010, which has entrusted a sum of Rs. 1,00,000 to the Trustee, as the initial contribution towards corpus of the Mutual Fund. The Trust Deed has been registered under the Indian Registration Act, 1908. The Trustee has entered into Investment Management Agreement (IMA) dated April 29, 2010, with IIFL Asset Management Limited (IIFL AMC) to function as the investment Manager for schemes of IIFL Mutual Fund. The Mutual Fund was registered with SEBI on March 23, 2011 under Registration Code MF/067/11/02.

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c. Trustees

IIFL Trustee 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 Trustee is the exclusive owner of the Trust Fund and holds the same in trust for the benefit of unitholders. 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 thereunder 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 their views the Trustee has undertaken, the Trustee believes AMC has operated in the interests of the Unitholders.

d. Asset Management Company:

IIFL Asset Management Limited ("IIFL AMC") was incorporated under the Companies Act, 1956 on March 22, 2010, having its Registered Office at IIFL Centre, 6thFloor, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai 400013. IIFL 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 IIFL Trustee Limited and IIFL AMC. The Board of Directors of IIFL AMC comprises of eminent personalities with varied experience.

IIFL AMC also provides Investment Manager Services to Schemes of Alternative Investment Funds namely IIFL Venture Fund (Category I - Alternative Investment Fund), IIFL Private Equity Fund (Category II - Alternative Investment Fund) and IIFL Opportunities Fund (Category III - Alternative Investment Fund) and IIFL Real Estate Investment Trust (Real Estate Investment Trust). IIFL AMC is also registered with SEBI as a Portfolio Manager. The AMC is also registered with SEC, US as an Investment Adviser.

The unitholders are requested to note that the annual report of the AMC is available on the website www.iiflmf.com. If the unitholders so desire, they may request for the annual report of the AMC.

3. 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.

4. Unclaimed Dividends & Redemptions of Current Schemes for the financial year 2020 - 2021:

Summary of Number of Investors and corresponding amount scheme wise for unclaimed Redemption(s) is as below:

Redemption			
Sr. No.	Scheme Name	Number of Investors	Amount (Rs.)
1	IIFL Focused Equity Fund	5	18,374
2	IIFL Dynamic Bond Fund	1	2,663.22
	Grand Total	6	21,037

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Dividend			
Sr. No.	Scheme Name	Number Investors	Amount(Rs.)
1	IIFL Focused Equity Fund	271	97,712.93
2	IIFL Dynamic Bond Fund	39	2,820.02
3	IIFL Liquid Fund	1	0.80
	Grand Total	311	1,00,533.75

5. Investor Grievances

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

6. 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 and SEBI Circular No. CIR/IMD/DF/05/2014 dated March 24, 2014, SEBI circular no. SEBI/HO/IMD/DF2/CIR/P/2016/68 dated August 10, 2016, SEBI circular no SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021 and SEBI circular no. SEBI/HO/IMD/DF4/CIR/P/2021/029 dated March 05, 2021 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 has been hosted on www.iiflmf.com. A copy of the policy is attached as Annexure II.

During the FY 2020 - 2021, the proxy voting was exercised by IIFL Asset Management Limited for and on behalf of IIFL Mutual Fund ('the Fund'). The summary of proxy votes cast by IIFL Mutual Fund/AMC across all the investee companies is as follows:

Summary of Votes cast during the F.Y. 2020-2021					
F.Y.	Quarter	Total no. of resolutions	Break-up of Vote decision		
			For	Against	Abstained
2020-2021	April – June	12	11	1	0
2020-2021	July - September	160	157	0	3
2020-2021	October - December	15	15	0	0
2020-2021	January - March	13	12	1	0

For complete voting details for the period 2020-21 along with Scrutinizer's certificate, unit holders can log on to the website (<https://www.iiflmf.com/downloads/disclosures>) of the Fund.

7. Report on Compliance of Stewardship Code for F.Y. 2020-21

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In terms of SEBI Circular CIR/CFD/CMD1/ 168 /2019 dated December 24, 2019 and Stewardship Code, Institutional investors shall report periodically on their stewardship activities. A report on the stewardship activities of the Fund is as under:

S. No.	Particulars of Principles of Stewardship Code	Status (Complied, Deviation, Complied, Complied)	Reason for Deviation or Non Compliance	Remarks
1	Formulation of Policy, its Disclosure and Review	Complied	N.A	The Fund has formulated adopted Stewardship Policy, which is hosted on the website: www.iiflmf.com
2	Managing Conflict of Interest	Complied	N.A	The aspect of managing conflict of interest forms an integral part of the Policy.
3	Monitoring Investee Companies	Complied	N.A	The Fund monitors the Investee Companies regularly. The Fund may consider taking assistance of third party experts for this.
4	Intervention in Investee Companies and Collaboration with Institutional Investors	Complied	N.A	The Stewardship Policy provides for intervention in Investee Companies. During the financial year 2021, there were no instances which required intervention.
5	Policy on Voting	Complied	N.A	The Fund has adopted Voting Policy which governs the votes cast by the Fund. The Policy and the voting reports are made available on the website: www.iiflmf.com
6	Reporting	Complied	N.A	A report on implementation of stewardship code is made available on the website of the Fund at www.iiflmf.com

8. Scheme wise changes in Risk-o-meter

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In terms of SEBI Circular SEBI/HO/IMD/DF3/CIR/P/2020/197 dated October 05, 2020, Mutual Funds are required to publish the summary of scheme wise changes in Risk-o-meter in the Annual Report. A summary of the changes to the risk-o-meter of the Schemes of IIFL Mutual Fund is as under:

Scheme name	Risk-o-meter level at start of the financial year	Risk-o-meter level at end of the financial year	Number of changes in Risk-o-meter during the financial year
IIFL Dynamic Bond Fund	Moderate	Moderate	0
IIFL Focused Equity Fund	Moderately High	Very High	1
IIFL Liquid Fund	Low	Low to Moderate	3

9. 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 lakh 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 free of cost.

Acknowledgement

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

**By order of the Board
For IIFL Trustee Limited**

**Sd/-
Director**

Date: July 30, 2021

Place: Mumbai

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Annexure 1

Details of Redressal of Complaints received against IIFL Mutual Fund during FY 2020-2021
Total Folios: 64716

Com plai nt Cod e	Type of Complaint#	(a) No. of complain ts pending at the beginnin g of the year	Action on (a) and (b)									
			(b) No. of Complain ts receiv ed during the year	Resolved				Non Acti ona ble *	Pending			
				Wit hin 30 day s	30- 60 da ys	60 - 18 0 da ys	Bey on d 180 day s		0-3 mon ths	3-6 mon ths	6-9 mo nths	9- 12 mo nth s
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	-	2	2	-	-	-	-	-	-	-	-
II C	Non receipt of Annual	-	-	-	-	-	-	-	-	-	-	-

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	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											
Total			2	2								

including against its authorized persons/ distributors/ employees. etc.

*Non actionable means the complaint that are incomplete / outside the scope of the mutual fund

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Price Waterhouse Chartered Accountants LLP

Independent auditor's report

To the Board of Directors of IIFL Trustee Limited ("Trustee")

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of the under mentioned schemes of IIFL Mutual Fund (the "Schemes"), which comprise the Balance Sheet as at March 31, 2021 and the related Revenue Account for the year mentioned below, including a summary of significant accounting policies and other explanatory information.

Schemes	Year	Balance Sheet Date
IIFL Focused Equity Fund	April 1, 2020 to March 31, 2021	March 31, 2021
IIFL Dynamic Bond Fund	April 1, 2020 to March 31, 2021	March 31, 2021
IIFL Liquid Fund	April 1, 2020 to March 31, 2021	March 31, 2021

2. In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto (the "Regulations") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Schemes as at March 31, 2021; and

(b) in the case of the Revenue Account, of the net surplus for the year ended on that date.

Basis for opinion

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

Key audit matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Appropriateness of Valuation of Investments The Schemes hold investments in various types of securities, whose scheme wise aggregate value as at March 31, 2021 is as mentioned in Schedule 4 to	We carried out audit procedures, which included the following: <ul style="list-style-type: none">• Understanding and evaluating the design and testing the operating effectiveness of controls around the valuation of securities on a sample basis.

Price Waterhouse Chartered Accountants LLP, 252, Veer Savarkar Marg, Shivaji Park, Dadar (West), Mumbai 400028

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Registered office and Head office : Sucheta Bhawan, 11A Vishnu Digambar Marg, New Delhi 110 002

Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LUPIN AAC-5001) with effect from July 25, 2014. Post its Conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/N500016 (ICAI registration number before conversion was 012754N)

Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT

IIFL Mutual Fund

Report on the Financial Statements for the year ended March 31, 2021

Page 2 of 5

Key audit matter	How our audit addressed the key audit matter
<p>the Schedules forming part of the Balance Sheet as at March 31, 2021 and the Revenue Account for the year ended March 31, 2021. The valuation of investments including equity and equity related securities, debt securities and money market securities is carried out using different valuation methodologies depending on the type of security and as required by the Securities and exchange board of India (mutual funds)(amendment) regulations, 2021 (“Regulations”) and the guidelines prescribed by the Association of Mutual Funds in India (AMFI).</p> <p>This is a key audit matter due to the following reasons:</p> <ul style="list-style-type: none">• Investments constitute a significant portion of the net asset value of the Schemes and are accordingly material to the Schemes.• the computation of the net asset value of the Schemes is affected by the valuation methodology. <p>The Schemes are required to ensure strict compliance to the valuation policies and procedures for different types of securities in the portfolio of the Schemes as approved by the Trustees and Board of Directors of IIFL Asset Management Limited (the AMC) in line with the Regulations.</p>	<ul style="list-style-type: none">• Obtaining and assessing the valuation policies and procedures approved by the Trustee and the AMC who have determined the methodologies to be used for valuing each type of security held by the Schemes and testing that valuation of the investments is in line with the requirements of the Regulations and guidelines prescribed by AMFI.• Obtaining the prices as on March 31, 2021 for all types of securities from independent sources, including recognised stock exchanges, rating agencies such as CRISIL and ICRA as specified in the Regulations.• Reperforming the valuation of sample of securities as on March 31, 2021 using the prices obtained from independent sources and comparing the same to the values in the books of account. <p>Basis the above procedures performed, we did not note any exceptions with respect to the valuation of investments as determined by the AMC and approved by the Trustees.</p>

Other Information

5. The Trustee and the Management of the AMC (the “Management”) are responsible for the other information. The other information comprises the information included in the Trustee Report and the Abridged Annual Report but does not include the financial statements and our auditor’s report thereon. The Trustee Report and the Abridged Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Trustee Report and the Abridged Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT

IIFL Mutual Fund

Report on the Financial Statements for the year ended March 31, 2021

Page 3 of 5

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

6. The Trustee and the Management are responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Schemes in accordance with the accounting policies and standards specified in the Ninth Schedule of the Regulations. This responsibility also includes maintenance of adequate accounting records for safeguarding of the assets of the Scheme and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, the Trustee and the Management are responsible for assessing the Schemes' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Schemes or to cease operations, or has no realistic alternative but to do so. The Trustee and the Management are also responsible for overseeing the Schemes' financial reporting process.

Auditor's responsibilities for the audit of the financial statements

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT

IIFL Mutual Fund

Report on the Financial Statements for the year ended March 31, 2021

Page 4 of 5

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Schemes' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Schemes to cease to continue as a going concern.
 - Perform procedures including to obtain confirmation of securities owned and unit capital balances as at Balance Sheet date by correspondence with the custodian/others and registrar and transfer agent, respectively.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
 11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
 12. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

13. The financial statements of the Schemes for the year ended March 31, 2020, were audited by another firm of Chartered Accountants who, vide their report dated August 12, 2020, expressed an unmodified opinion on those financial statements.

Report on other legal and regulatory requirements

14. As required by section 55(4) of the Regulations, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit; and
 - b) In our opinion, the Balance Sheet, and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of the Regulations.

Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT

IIFL Mutual Fund

Report on the Financial Statements for the year ended March 31, 2021

Page 5 of 5

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

16. In our opinion, the methods used to value non-traded securities as at balance sheet date, as determined by the Management under procedures approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule of the Regulations issued by the Securities and Exchange Board of India, are fair and reasonable.

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016

Russell Parera

Partner

Membership Number: 042190

UDIN:21042190AAAEN7344

Place: Mumbai

Date : July 30, 2021

Price Waterhouse Chartered Accountants LLP

The Audit Committee

IIFL Trustee Limited

6th Floor, IIFL Centre, Kamala City,

Senapati Bapat Marg, Lower Parel

Mumbai - 400 013, India

July 26, 2021

Dear Sirs,

Independence Discussions

We have been engaged to audit the financial statements of IIFL Mutual Fund (“the Schemes”) for the year ended March 31, 2021. As the Statutory Auditors of the Fund in India, we are required to follow Standard on Auditing (SA) 260 (Revised) - Communication with Those Charged with Governance. SA 260 requires that we communicate in writing with those charged with governance regarding auditor independence.

We also provide you an assessment and confirmation of our independence under the applicable Independence Rules.

In this regard we would be pleased to interact with the Audit Committee to answer any questions on the matters covered by this letter.

Price Waterhouse & Affiliates Network of Firms registered as network with the Institute of Chartered Accountants of India comprise of Lovelock & Lewes Chartered Accountants LLP (FRN 301056E /E300265), Lovelock & Lewes LLP (FRN 11615W/W10032), Price Waterhouse LLP (FRN 301112E /E300264), Price Waterhouse, Bangalore (FRN 007568S), Price Waterhouse & Co Bangalore LLP (FRN 007567S/S200012), Price Waterhouse & Co Chartered Accountants LLP (FRN 304026E/E300009), Price Waterhouse Chartered Accountants LLP (FRN 012754N/N500016), Price Waterhouse & Co (FRN 050032S), Dalal & Shah LLP (FRN 102021W/W100110), Dalal & Shah Chartered Accountants LLP (FRN 102020W/W100040), Choksey Bhargava & Co LLP (FRN 000059N/N500010) and Price Waterhouse & Co LLP (FRN 016844N/N500015) (Collectively Price Waterhouse & Affiliates). Other Indian member firms within the PwC Network, operating in India that provide other than audit services to clients include PricewaterhouseCoopers Services LLP, PricewaterhouseCoopers Professional Services LLP, PwC Business Consulting Services LLP and PricewaterhouseCoopers Private Limited (“PwCPL”). Assurance and related services are rendered by Price Waterhouse & Affiliates; and tax and business advisory services are rendered by the firm Price Waterhouse & Co LLP (FRN 016844N/N 500015), PricewaterhouseCoopers Services LLP, PricewaterhouseCoopers Professional Services LLP, PwC Business Consulting Services LLP and PwCPL. Price Waterhouse & Affiliates, PwCPL, PricewaterhouseCoopers Services LLP, PricewaterhouseCoopers Professional Services LLP and PwC Business Consulting Services LLP are licensee member firms in India of the PricewaterhouseCoopers International Limited (“PwC”) that provide services to clients.

Each member firm of the PwC network is independently owned and operates as a separate legal entity. PwCPL, PricewaterhouseCoopers Services LLP, PricewaterhouseCoopers Professional Services LLP or PwC Business Consulting Services LLP are not “associated concerns” as defined in the Guidelines for members of the ICAI, Council Guidelines No.1- CA (7)/02/2008 dated August 8, 2008 of the Firms.

For the purposes of SA 260, independence is measured by the Firms individually in compliance with the following (“Independence rules”):

- (a) Guidance Note on Independence of Auditors;
- (b) The Code of Ethics, as issued by the ICAI, to ensure Independence of Auditors; The Chartered Accountants Act, 1949 (as amended); and The Chartered Accountants Regulations, 1988; and
- (c) The Companies Act, 2013 including Sections 141/144 as may be applicable
- (d) Standards on Auditing, as may be applicable.

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Price Waterhouse Chartered Accountants LLP

IIFL Mutual Fund

Independence Letter for the Year ended March 31, 2021

Page 2 of 2

A. Under the above Independence rules, we are not aware of the following relationships between Price Waterhouse Chartered Accountants LLP (FRN 012754N/N500016) and the Fund that, in our professional judgement may reasonably be thought to bear on our independence. The following relationships represent matters that have occurred since September 25, 2020, the date of our appointment.

We report total fees to be charged during the year covered by the financial statements for audit and related services provided by Price Waterhouse Chartered Accountants LLP (FRN 012754N/N500016) to the Fund:

Engagements	Fee charged during the year (INR)
Statutory audit	10,00,000
Total	10,00,000

The above fees charged/chargeable do not include an element of contingent fees.

Outstanding Fees

There are no significant amounts of fees that have remained unpaid with respect to the professional services rendered by Price Waterhouse Chartered Accountants LLP (FRN 012754N/N500016) to the Schemes prior to the issuance of our audit report.

This report is intended solely for the use of the Audit Committee, the Board of Directors, management, and others charged with governance within the Company and should not be used for any other purposes.

We look forward to discussing with you the matters addressed in this letter as well as other matters that may be of interest to you at the forthcoming Audit Committee meeting on July 27, 2021.

We will be prepared to answer any questions you may have regarding our independence as well as other matters.

We would ask the Audit Committee to take on record their assessment on the above matters with respect to the Independence rules as defined above.

Yours faithfully

Price Waterhouse Chartered Accountants LLP (FRN 012754N/N500016)

Sd/-

Russell Parera
Partner

IIFL Mutual Fund

Balance Sheet as at March 31, 2021

(Amount in Rupees)

Schedule	<u>IIFL Dynamic Bond Fund</u>		<u>IIFL Liquid Fund</u>		<u>IIFL Focused Equity Fund</u>		
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020	
Liabilities							
Unit capital	1	4,40,74,94,777	1,61,23,98,680	77,49,05,871	2,46,32,68,267	6,53,31,20,722	4,82,42,16,779
Reserves and surplus	2	3,11,26,39,137	96,92,97,669	44,02,88,023	1,29,97,70,690	9,71,39,66,765	1,89,24,29,246
Current liabilities and provisions	3	89,07,136	37,73,324	24,98,70,239	1,34,51,94,111	8,34,72,675	13,04,72,645
		7,52,90,41,050	2,58,54,69,673	1,46,50,64,133	5,10,82,33,068	16,33,05,60,162	6,84,71,18,670
Assets							
Investments	4	6,68,00,86,726	2,17,63,17,666	94,71,81,950	1,73,77,03,500	15,64,39,58,215	6,14,26,23,636
Deposits	5	55,95,000	29,49,000	3,76,00,000	4,30,29,000	62,05,000	80,72,000
Other current assets	6	84,33,59,324	40,62,03,007	48,02,82,183	3,32,75,00,568	68,03,96,947	69,64,23,034
		7,52,90,41,050	2,58,54,69,673	1,46,50,64,133	5,10,82,33,068	16,33,05,60,162	6,84,71,18,670
Notes to Financial Statements	9						

The schedules referred to herein form an integral part of the Financial Statements
This is the Balance Sheet referred to in our report of even date.

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

For IIFL Trustee Limited For IIFL Trustee Limited

Russell I. Parera
Partner
Membership No: 042190

Sd/-
R. Mohan
Associate Director
DIN: 0000012070

Sd/-
S. Sengupta
Independent Director
DIN: 08467648

For IIFL Asset Management Limited

For IIFL Asset Management Limited

Sd/-
Anup Maheshwari
Whole Time Director
DIN: 08258671

Sd/-
Kumar Sharadindu
Independent Director
DIN: 07341455

Sd/-
Mayur Patel
Fund Manager

Sd/-
Milan Mody
Fund Manager

Place: Mumbai
Date : July 30,2021

Place: Mumbai
Date : July 30,2021

Place: Mumbai
Date : July 30,2021

Place: Mumbai
Date : July 30,2021

Place: Mumbai
Date : July 30,2021

IIFL Mutual Fund

Revenue account for the year ended March 31, 2021

(Amount in Rupees)

Schedule	IIFL Dynamic Bond Fund		IIFL Liquid Fund		IIFL Focused Equity Fund	
	April 01, 2020 to March 31, 2021	April 01, 2019 to March 31, 2020	April 01, 2020 to March 31, 2021	April 01, 2019 to March 31, 2020	April 01, 2020 to March 31, 2021	April 01, 2019 to March 31, 2020
INCOME AND GAINS						
Dividend income (Note 2.5 of Schedule 9)	-	-	-	-	10,78,50,195	6,03,61,598
Interest and discount (Note 2.5 of Schedule 9)	34,20,27,644	24,55,35,419	9,43,49,257	33,99,08,648	1,26,67,288	1,24,92,815
Profit on sale / redemption of investments and derivatives (other than inter-scheme transfer / sale of investments) (Net) (Note 2.5 of Schedule 9)	-	24,56,679	-	9,86,146	47,35,94,212	-
Load income (Refer note 2.7 of Schedule 9)	22,435	23,68,228	5,365	13,581	76,70,813	14,38,413
Total (A)	34,20,50,079	25,03,60,326	9,43,54,622	34,09,08,375	60,17,82,507	7,42,92,826
EXPENSES AND LOSSES						
Loss on sale/redemption of investments and derivatives (other than inter-scheme transfer/sale of investments) (Net) (Note 2.5 of Schedule 9)	5,77,19,797	-	16,62,643	-	-	12,25,184
Management fees (excluding goods and service tax) (Note 3.4 of Schedule 9)	1,99,23,307	1,54,13,287	26,33,704	62,45,152	7,27,65,771	2,14,71,779
Goods and service tax on management fees	35,86,197	27,74,394	4,74,067	11,24,128	1,31,17,307	38,64,920
Registrar and transfer agent's fees and expenses	17,97,516	11,01,384	6,78,871	14,76,971	1,12,10,049	36,02,761
Custodian fees and expenses (Note 3.6 of Schedule 9)	5,32,198	2,89,704	2,93,742	6,10,912	11,65,632	3,81,416
Trusteeship fees and expenses (Note 3.5 of Schedule 9)	4,94,889	3,11,479	2,73,932	6,25,236	10,85,964	3,79,190
Marketing and Selling expenses (including agents commission)	1,82,73,609	1,55,35,132	2,24,630	4,86,520	7,09,51,827	3,72,33,048
Publicity Expenses	-	-	-	-	-	-
Audit fees	4,72,000	3,73,294	1,18,000	3,52,187	5,90,000	3,58,544
Investor Education and awareness expense (Note 3.12 of Schedule 9)	9,89,778	6,22,958	5,47,864	12,50,472	21,71,927	7,58,380
Other operating expenses	5,31,132	5,32,119	3,70,433	6,86,172	41,67,494	13,73,187
Total (B)	10,43,20,424	3,69,53,751	72,77,886	1,28,57,750	17,72,25,972	7,06,48,409
Net Realised Gains/(Losses) for the Year (A-B)	23,77,29,655	21,34,06,575	8,70,76,736	32,80,50,625	42,45,56,535	36,44,417
Net Change in Unrealised Depreciation in Value of Investments (Note 3.2 (d) of Schedule 9)	2,13,74,386	1,27,72,104	(24,448)	-	1,38,18,44,205	(1,38,18,44,205)
Net Gains/(Losses) for the Year	25,91,04,041	22,61,78,679	8,70,52,288	32,80,50,625	1,80,64,00,740	(1,37,81,99,788)
Net Change in Unrealised Appreciation in Value of Investments (Note 3.2 (d) of Schedule 9)	77,09,485	-	(14,40,871)	(6,36,302)	3,87,22,52,668	(27,77,42,353)
Net Surplus/(Deficit) including Net Change in Unrealised Appreciation/Depreciation in Value of Investments	26,68,13,526	22,61,78,679	8,56,11,417	32,74,14,323	5,67,86,53,408	(1,65,59,42,141)
Net Change in Unrealised Appreciation in Value of Investments transferred to Unrealised Appreciation Reserve (Note 3.2 (d) of Schedule 9)	(77,09,485)	-	14,40,871	6,36,302	(3,87,22,52,668)	27,77,42,353
Net Surplus/(Deficit) for the Year	25,91,04,041	22,61,78,679	8,70,52,288	32,80,50,625	1,80,64,00,740	(1,37,81,99,788)
Add/(less): Transfer from Equalisation reserve	1,71,89,38,607	(36,46,45,446)	(93,24,10,376)	(39,82,39,717)	20,71,95,405	1,14,56,19,828
Add : Transfer from Reserve Fund	91,68,07,152	1,05,53,36,402	1,29,83,76,359	1,42,30,40,502	11,60,58,459	34,86,38,420
Less: Dividend Distributions	62,557	45,007	1,27,20,819	3,65,63,823	-	-
Less: Dividend Distribution Tax thereon	-	17,475	-	1,79,11,228	-	-
Balance Transferred to Reserve Fund	2,89,47,87,244	91,68,07,153	44,02,97,452	1,29,83,76,359	2,12,96,54,605	11,60,58,460

Notes to the Financial Statements

9

The Schedules referred to herein form an integral part of the Financial Statements. This is the Revenue Account referred to in our report of even date.

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

For IIFL Trustee Limited

For IIFL Trustee Limited

Russell I. Parera
Partner
Membership No: 042190

Sd/-
R. Mohan
Associate Director
DIN: 0000012070

Sd/-
S. Sengupta
Independent Director
DIN: 08467648

For IIFL Assest Management Limited

For IIFL Assest Management Limited

Sd/-
Anup Maheshwari
Whole Time Director
DIN: 08258671

Sd/-
Kumar Sharadindu
Independent Director
DIN: 07341455

Sd/-
Mayur Patel
Fund Manager

Sd/-
Milan Mody
Fund Manager

Place: Mumbai
Date : July 30,2021

Place: Mumbai
Date : July 30,2021

Place: Mumbai
Date : July 30,2021

Place: Mumbai
Date : July 30,2021

Place: Mumbai
Date : July 30,2021

IIFL Mutual Fund

Schedules to the financial statements

(Amount in Rupees)

	IIFL Dynamic Bond Fund				IIFL Liquid Fund				IIFL Focused Equity Fund			
	As at March 31, 2021		As at March 31, 2020		As at March 31, 2021		As at March 31, 2020		As at March 31, 2021		As at March 31, 2020	
	(Units) (Face Value Rs.10)	Amount	(Units) (Face Value Rs.10)	Amount	(Units) (Face Value Rs.1,000)	Amount	(Units) (Face Value Rs.1,000)	Amount	(Units) (Face Value Rs.10)	Amount	(Units) (Face Value Rs.10)	Amount
1 UNIT CAPITAL												
Dividend Option												
Units outstanding, beginning of the year	-	-	-	-	-	-	-	-	1,69,03,183.366	16,90,31,835	1,24,54,183.536	12,45,41,836
Units issued, initial offer	-	-	-	-	-	-	-	-	-	-	-	-
Units issued during the year	-	-	-	-	-	-	-	-	32,75,778.021	3,27,57,780	1,09,42,316.568	10,94,23,166
Units repurchased during the year	-	-	-	-	-	-	-	-	(78,34,537.029)	(7,83,45,370)	(64,93,316.738)	(6,49,33,167)
Units outstanding, end of the year	-	-	-	-	-	-	-	-	1,23,44,424.358	12,34,44,245	1,69,03,183.366	16,90,31,835
Growth Option												
Units outstanding, beginning of the the year	12,45,61,534.670	1,24,56,15,347	18,29,26,358.415	1,82,92,63,584	3,06,773.220	30,67,73,220	3,56,751.040	35,67,51,040	25,87,86,351.896	2,58,78,63,518	6,43,72,728.153	64,37,27,281
Units issued, initial offer	-	-	-	-	-	-	-	-	-	-	-	-
Units issued during the the year	28,98,21,754.254	2,89,82,17,543	32,11,777	3,21,178	9,09,753.657	90,97,53,657	21,73,467.492	2,17,34,67,492	12,54,06,298.289	1,25,40,62,983	22,79,69,677.638	2,27,96,96,776
Units repurchased during the the year	(11,26,68,569.873)	(1,12,66,85,699)	(5,83,96,941.522)	(58,39,69,415)	(8,24,106.608)	(82,41,06,608)	(22,23,445.312)	(2,22,34,45,312)	(8,02,99,183.892)	(80,29,91,839)	(3,35,56,053.895)	(33,55,60,539)
Units outstanding, end of the year	30,17,14,719.051	3,01,71,47,191	12,45,61,534.670	1,24,56,15,347	3,92,420.269	39,24,20,269	3,06,773.220	30,67,73,220	30,38,93,466.293	3,03,89,34,662	25,87,86,351.896	2,58,78,63,518
Regular Bonus Option												
Units outstanding, beginning of the the year	61,129.574	6,11,296	73,538.358	7,35,384	-	-	-	-	-	-	-	-
Units issued, initial offer	-	-	-	-	-	-	-	-	-	-	-	-
Units issued during the the year	-	-	-	-	-	-	-	-	-	-	-	-
Units repurchased during the the year	(1,001.151)	(10,012)	(12,408.784)	(1,24,088)	-	-	-	-	-	-	-	-
Units outstanding, end of the year	60,128.423	6,01,284	61,129.574	6,11,296	-	-	-	-	-	-	-	-
Regular Half Yearly Dividend Option												
Units outstanding, beginning of the the year	1,04,688.151	10,46,882	1,05,688.151	10,56,882	-	-	-	-	-	-	-	-
Units issued, initial offer	-	-	-	-	-	-	-	-	-	-	-	-
Units issued during the the year	-	-	-	-	-	-	-	-	-	-	-	-
Units repurchased during the the year	-	-	(1,000.000)	(10,000)	-	-	-	-	-	-	-	-
Units outstanding, end of the year	1,04,688.151	10,46,882	1,04,688.151	10,46,882	-	-	-	-	-	-	-	-
Regular Monthly Dividend Option												
Units outstanding, beginning of the the year	99,686.466	9,96,865	98,200.006	9,82,000	-	-	-	-	-	-	-	-
Units issued, initial offer	-	-	-	-	-	-	-	-	-	-	-	-
Units issued during the the year	2,442.129	24,421	1,820.460	18,205	-	-	-	-	-	-	-	-
Units repurchased during the the year	(3,891.511)	(38,915)	(334.000)	(3,340)	-	-	-	-	-	-	-	-
Units outstanding, end of the year	98,237.084	9,82,371	99,686.466	9,96,865	-	-	-	-	-	-	-	-
Regular Quarterly Dividend Option												
Units outstanding, beginning of the the year	1,99,192.999	19,91,930	3,18,972.148	31,89,721	-	-	-	-	-	-	-	-
Units issued, initial offer	-	-	-	-	-	-	-	-	-	-	-	-
Units issued during the the year	66,235.030	6,62,350	7,964.865	79,649	-	-	-	-	-	-	-	-
Units repurchased during the the year	(19,455.281)	(1,94,553)	(1,27,744.014)	(12,77,440)	-	-	-	-	-	-	-	-
Units outstanding, end of the year	2,45,972.748	24,59,727	1,99,192.999	19,91,930	-	-	-	-	-	-	-	-
Regular Daily Dividend Option												
Units outstanding, beginning of the the year	-	-	-	-	26,592.225	2,65,92,225	3,03,925.818	30,39,25,818	-	-	-	-
Units issued, initial offer	-	-	-	-	-	-	-	-	-	-	-	-
Units issued during the the year	-	-	-	-	247.163	2,47,163	14,89,603.869	1,48,96,03,869	-	-	-	-
Units repurchased during the the year	-	-	-	-	(24,257.838)	(2,42,57,838)	(17,66,937.462)	(1,76,69,37,462)	-	-	-	-
Units outstanding, end of the year	-	-	-	-	2,581.550	25,81,550	26,592.225	2,65,92,225	-	-	-	-
Regular Weekly Dividend Option												
Units outstanding, beginning of the the year	-	-	-	-	3,214.123	32,14,123	1,369.903	13,69,903	-	-	-	-
Units issued, initial offer	-	-	-	-	-	-	-	-	-	-	-	-
Units issued during the the year	-	-	-	-	451.629	4,51,629	16,664.531	1,66,64,531	-	-	-	-
Units repurchased during the the year	-	-	-	-	(3,391.720)	(33,91,720)	(14,820.311)	(1,48,20,311)	-	-	-	-
Units outstanding, end of the year	-	-	-	-	274.032	2,74,032	3,214.123	32,14,123	-	-	-	-
Direct Weekly Dividend Option												
Units outstanding, beginning of the the year	-	-	-	-	37,921	37,921	5,200	5,200	-	-	-	-
Units issued, initial offer	-	-	-	-	-	-	-	-	-	-	-	-
Units issued during the the year	-	-	-	-	88.231	88,231	173.188	1,73,188	-	-	-	-
Units repurchased during the the year	-	-	-	-	(39.446)	(39,446)	(140.467)	(1,40,467)	-	-	-	-
Units outstanding, end of the year	-	-	-	-	86.706	86,706	37,921	37,921	-	-	-	-

IIFL Mutual Fund

Schedules to the financial statements

(Amount in Rupees)

	IIFL Dynamic Bond Fund				IIFL Liquid Fund				IIFL Focused Equity Fund			
	As at March 31, 2021		As at March 31, 2020		As at March 31, 2021		As at March 31, 2020		As at March 31, 2021		As at March 31, 2020	
	(Units) (Face Value Rs.10)	Amount	(Units) (Face Value Rs.10)	Amount	(Units) (Face Value Rs.1,000)	Amount	(Units) (Face Value Rs.1,000)	Amount	(Units) (Face Value Rs.10)	Amount	(Units) (Face Value Rs.10)	Amount
1 UNIT CAPITAL												
Direct Growth Option												
Units outstanding, beginning of the year	3,61,79,032.855	36,17,90,329	4,90,60,916.516	49,06,09,165	20,87,014.068	2,08,70,14,068	27,20,762.116	2,72,07,62,116	19,35,49,949.648	1,93,54,99,496	3,60,05,938.056	36,00,59,381
Units issued, initial offer	-	-	-	-	-	-	-	-	-	-	-	-
Units issued during the year	12,19,83,901.232	1,21,98,39,012	67,457.696	6,74,577	42,41,194.721	4,24,11,94,721	2,22,48,018.490	22,24,80,18,490	17,95,28,953.123	1,79,52,89,531	18,10,78,660.437	1,81,07,86,604
Units repurchased during the year	(1,96,42,805.443)	(19,64,28,054)	(1,29,49,341.357)	(12,94,93,415)	(59,70,438.688)	(5,97,04,38,688)	(2,28,81,766.538)	(22,88,17,66,538)	(4,41,28,594.805)	(44,12,85,948)	(2,35,34,648.845)	(23,53,46,488)
Units outstanding, end of the year	13,85,20,128.644	1,38,52,01,287	3,61,79,032.855	36,17,90,329	3,57,770.101	35,77,70,101	20,87,014.068	2,08,70,14,068	32,89,50,307.966	3,28,95,03,080	19,35,49,949.648	1,93,54,99,496
Direct Dividend Option												
Units outstanding, beginning of the year	-	-	-	-	-	-	-	-	1,31,82,192.980	13,18,21,930	3,23,568.975	32,35,690
Units issued, initial offer	-	-	-	-	-	-	-	-	-	-	-	-
Units issued during the year	-	-	-	-	-	-	-	-	14,21,356.328	1,42,13,563	1,29,78,669.397	12,97,86,694
Units repurchased during the year	-	-	-	-	-	-	-	-	(64,79,675.679)	(6,47,96,757)	(1,20,045.392)	(12,00,454)
Units outstanding, end of the year	-	-	-	-	-	-	-	-	81,23,873.629	8,12,38,736	1,31,82,192.980	13,18,21,930
Direct Daily Dividend Option												
Units outstanding, beginning of the year	-	-	-	-	39,636.710	3,96,36,710	4.442	4,442	-	-	-	-
Units issued, initial offer	-	-	-	-	-	-	-	-	-	-	-	-
Units issued during the year	-	-	-	-	23,08,222.496	2,30,82,22,496	88,07,681.390	8,80,76,81,390	-	-	-	-
Units repurchased during the year	-	-	-	-	(23,26,085.993)	(2,32,60,85,993)	(87,68,049.122)	(8,76,80,49,122)	-	-	-	-
Units outstanding, end of the year	-	-	-	-	21,773.213	2,17,73,213	39,636.710	3,96,36,710	-	-	-	-
Direct Monthly Dividend Option												
Units outstanding, beginning of the year	5,343.154	53,432	5,155.699	51,557	-	-	-	-	-	-	-	-
Units issued, initial offer	-	-	-	-	-	-	-	-	-	-	-	-
Units issued during the year	260.295	2,603	187.455	1,875	-	-	-	-	-	-	-	-
Units repurchased during the year	-	-	-	-	-	-	-	-	-	-	-	-
Units outstanding, end of the year	5,603.449	56,034	5,343.154	53,432	-	-	-	-	-	-	-	-
Direct Quarterly Dividend Option												
Units outstanding, beginning of the year	29,260.064	2,92,601	29,195.589	2,91,956	-	-	-	-	-	-	-	-
Units issued, initial offer	-	-	-	-	-	-	-	-	-	-	-	-
Units issued during the year	64.158	642	393.094	3,931	-	-	-	-	-	-	-	-
Units repurchased during the year	(29,324.222)	(2,93,242)	(328.619)	(3,286)	-	-	-	-	-	-	-	-
Units outstanding, end of the year	-	-	29,260.064	2,92,601	-	-	-	-	-	-	-	-
Total												
Units outstanding, beginning of the year	16,12,39,867.933	1,61,23,98,679	23,26,18,024.882	2,32,61,80,249	24,63,268.267	2,46,32,68,267	33,82,818.519	3,38,28,18,519	48,24,21,677.890	4,82,42,16,779	11,31,56,418.720	1,13,15,64,187
Units issued, initial offer	-	-	-	-	-	-	-	-	-	-	-	-
Units issued during the year	41,18,74,657.098	4,11,87,46,571	1,09,941.347	10,99,414	74,59,957.897	7,45,99,57,897	3,47,35,608.960	34,73,56,08,960	30,96,32,385.761	3,09,63,23,858	43,29,69,324.040	4,32,96,93,240
Units repurchased during the year	(13,23,65,047.481)	(1,32,36,50,475)	(7,14,88,098.296)	(71,48,80,984)	(91,48,320.293)	(9,14,83,20,293)	(3,56,55,159.212)	(35,65,51,59,212)	(13,87,41,991.405)	(1,38,74,19,914)	(6,37,04,064.870)	(63,70,40,649)
Units outstanding, end of the year	44,07,49,477.550	4,40,74,94,777	16,12,39,867.933	1,61,23,98,680	7,74,905.871	77,49,05,871	24,63,268.267	2,46,32,68,267	65,33,12,072.246	6,53,31,20,722	48,24,21,677.890	4,82,42,16,779

Note: Includes Units allotted to IIFL Asset Management Limited on account of its investment in the schemes as stipulated under Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2014

IIFL Mutual Fund

Schedules to the financial statements

(Amount in Rupees)

	<u>IIFL Dynamic Bond Fund</u>		<u>IIFL Liquid Fund</u>		<u>IIFL Focused Equity Fund</u>	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
2 RESERVES AND SURPLUS						
Unit premium reserve (Note 2.3 of Schedule 9)						
Opening balance	5,24,90,517	7,68,10,641	(46,540)	33,072	1,77,63,70,787	3,87,68,482
On issue / redemption during the year	1,87,65,90,498	(38,89,65,570)	(93,23,73,265)	(39,83,19,329)	2,14,28,84,110	2,88,32,22,133
Transfer from / (to) equalisation reserve	(1,71,89,38,607)	36,46,45,446	93,24,10,376	39,82,39,717	(20,71,95,405)	(1,14,56,19,828)
Closing balance	21,01,42,408	5,24,90,517	(9,429)	(46,540)	3,71,20,59,492	1,77,63,70,787
Equalisation reserve (Note 2.3 of Schedule 9)						
Opening Balance	-	-	-	-	-	-
Additions during the year	1,71,89,38,607	(36,46,45,446)	(93,24,10,376)	(39,82,39,717)	20,71,95,405	1,14,56,19,828
Transferred to Revenue account	(1,71,89,38,607)	36,46,45,446	93,24,10,376	39,82,39,717	(20,71,95,405)	(1,14,56,19,828)
Closing balance	-	-	-	-	-	-
Unrealised appreciation reserve (Note 2.5 of Schedule 9)						
Opening balance	-	-	14,40,871	20,77,173	-	27,77,42,353
Net change in unrealised appreciation reserve in value of investments transferred from Revenue account	77,09,485	-	(14,40,871)	(6,36,302)	3,87,22,52,668	(27,77,42,353)
Closing balance	77,09,485	-	-	14,40,871	3,87,22,52,668	-
Reserve Fund						
Opening balance	91,68,07,152	1,05,53,36,402	1,29,83,76,359	1,42,30,40,502	11,60,58,459	34,86,38,420
Transferred to Revenue account	(91,68,07,152)	(1,05,53,36,402)	(1,29,83,76,359)	(1,42,30,40,502)	(11,60,58,459)	(34,86,38,420)
Balance transferred from Revenue account	2,89,47,87,244	91,68,07,152	44,02,97,452	1,29,83,76,359	2,12,96,54,605	11,60,58,459
Closing balance	2,89,47,87,244	91,68,07,152	44,02,97,452	1,29,83,76,359	2,12,96,54,605	11,60,58,459
Total	3,11,26,39,137	96,92,97,669	44,02,88,023	1,29,97,70,690	9,71,39,66,765	1,89,24,29,246
3 CURRENT LIABILITIES AND PROVISIONS						
Management fees payable	23,03,049	13,53,330	27	6,34,765	1,40,96,908	39,14,147
Trustee fees payable	61,800	23,017	9,877	53,856	1,36,618	60,211
Custody fees payable	67,908	24,508	10,578	58,055	1,46,262	65,294
Registrar and transfer agent fees payable	2,22,746	79,910	30,431	1,21,431	14,95,370	5,62,591
Audit fees payable	5,36,449	3,10,500	1,47,049	3,10,500	6,77,000	3,51,000
Purchase contracts awaiting completion	-	200	24,88,63,750	-	1,94,32,796	3,88,30,329
Payable for units repurchased	33,04,338	2,00,000	45,641	-	2,00,97,861	2,62,45,286
Switch out payable	4,000	2,09,906	3,44,533	3,69,415	2,08,704	4,19,62,360
Unclaimed Redemption (Note 3.16)	2,663	2,663	-	-	18,374	18,374
Unclaimed Dividend (Note 3.16)	2,820	2,820	1	-	97,713	97,713
Tax deducted at source payable	409	1,84,506	46,627	1,70,744	89,876	3,47,852
Dividend payable (including DDT)	-	1,467	1,993	4,16,258	-	-
Investor Education Awareness payable (Note 3.15)	1,23,600	46,032	19,754	1,07,708	2,73,236	1,20,420
Subscription Pending allotment	-	-	1,93,000	1,34,25,00,000	1,26,51,510	7,50,868
Withheld Brokerage	4,682	-	478	-	4,37,980	-
Inter-Scheme Payable	-	-	-	-	48,81,000	58,77,000
Sundry Payables	22,72,672	13,34,465	1,56,499	4,51,379	87,31,467	1,12,69,200
Total	89,07,136	37,73,324	24,98,70,239	1,34,51,94,111	8,34,72,675	13,04,72,645

IIFL Mutual Fund

Schedules to the financial statements

(Amount in Rupees)

	<u>IIFL Dynamic Bond Fund</u>		<u>IIFL Liquid Fund</u>		<u>IIFL Focused Equity Fund</u>	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
4 INVESTMENTS						
[Refer to attached Statement of Portfolio Holdings as on March 31, 2021, Schedule 9 - 2.4, 2.5, 3.2(d), 3.2(e)]						
	<u>Market / Fair Value</u>	<u>Market / Fair Value</u>	<u>Market / Fair Value</u>	<u>Market / Fair Value</u>	<u>Market / Fair Value</u>	<u>Market / Fair Value</u>
Equity Shares	-	-	-	-	15,64,39,58,215	6,14,26,23,636
Debentures and bonds Listed/awaiting listing	5,25,74,44,476	2,17,63,17,666	-	-	-	-
Treasury Bill	-	-	74,80,14,750	-	-	-
Government securities	1,42,26,42,250	-	-	-	-	-
Commercial papers	-	-	9,96,77,000	74,52,18,250	-	-
Certificate of deposits	-	-	9,94,90,200	99,24,85,250	-	-
Total	6,68,00,86,726	2,17,63,17,666	94,71,81,950	1,73,77,03,500	15,64,39,58,215	6,14,26,23,636
5 DEPOSITS						
Margin with The Clearing Corporation of India Limited (CCIL) *	55,95,000	29,49,000	3,76,00,000	4,30,29,000	62,05,000	80,72,000
Total	55,95,000	29,49,000	3,76,00,000	4,30,29,000	62,05,000	80,72,000
* Margin placed with CCIL are held in the name of Fund and allocated to the schemes						
6 OTHER CURRENT ASSETS						
Receivable from Investment Manager	2	-	-	-	41,247	-
Reverse Repo/ Tri Party Repo (TREPS)	44,91,33,948	28,82,89,817	47,27,25,226	1,96,42,30,617	59,55,79,805	56,78,79,941
Balances with banks						
Current account	21,51,40,492	2,05,356	26,75,843	1,35,76,14,951	7,67,76,372	10,04,09,188
Unclaimed Redemption	2,663	2,663	-	-	18,374	18,374
Unclaimed Dividend	2,820	2,820	1	-	97,713	97,713
Unit subscription receivable	14	-	113	-	2,18,019	23,48,994
Switch in receivable	-	-	-	-	10,232	1,72,61,254
Sales contracts awaiting completion	-	-	-	-	-	56,00,958
Interest accrued but not due						
Government securities	3,49,30,792	11,74,80,308	-	-	-	-
Debentures and Bonds	14,41,48,553	-	-	-	-	-
Dividend Receivable	-	-	-	-	67,48,640	15,32,440
Inter-Scheme Receivable	-	2,22,000	48,81,000	56,55,000	-	-
Miscellaneous Receivables	40	43	-	-	9,06,545	12,74,172
Total	84,33,59,324	40,62,03,007	48,02,82,183	3,32,75,00,568	68,03,96,947	69,64,23,034

IIFL Mutual Fund

Schedules to the financial statements

(Amount in Rupees)

	<u>IIFL Dynamic Bond Fund</u>		<u>IIFL Liquid Fund</u>		<u>IIFL Focused Equity Fund</u>	
	Year ended April 01, 2020 to March 31, 2021	Year ended April 01, 2019 to March 31, 2020	Year ended April 01, 2020 to March 31, 2021	Year ended April 01, 2019 to March 31, 2020	Year ended April 01, 2020 to March 31, 2021	Year ended April 01, 2019 to March 31, 2020
7 INTEREST AND DISCOUNT						
Debentures and bonds	26,06,76,138	21,74,20,600	35,15,652	41,35,423	-	-
Government securities	6,87,41,083	-	-	-	-	-
Treasury bills	-	-	1,75,14,684	-	-	-
Commercial papers	2,32,040	17,39,400	2,52,26,422	9,23,00,062	-	-
Certificate of deposits	3,40,398	1,81,27,842	2,01,24,928	15,28,03,955	-	-
Reverse repo / TREPS	1,20,14,896	82,16,717	2,77,38,724	8,54,81,217	1,26,23,057	1,24,37,426
Deposit	23,089	30,860	2,28,847	51,87,991	44,231	55,389
Total	34,20,27,644	24,55,35,419	9,43,49,257	33,99,08,648	1,26,67,288	1,24,92,815
8 OTHER OPERATING EXPENSES						
Bank charges	9,440	197	4,720	546	14,225	344
Investor Services charges	3,433	3,34,760	3,558	3,76,541	1,18,111	3,75,827
Data and transaction processing charges	78,005	467	82,596	6,818	29,48,298	2,85,860
CBLO Settlement Charges	60,322	76,419	1,17,224	1,47,261	58,454	89,670
Other Expenses	3,79,932	1,20,276	1,62,335	1,55,006	10,28,406	6,21,486
Total	5,31,132	5,32,119	3,70,433	6,86,172	41,67,494	13,73,187

IIFL MUTUAL FUND

SCHEDULES TO THE FINANCIAL STATEMENTS

Schedule 9: Notes to Financial Statements

1. Organisation

IIFL Mutual Fund ('the Fund') has been constituted as a Trust in accordance with the provisions of the Indian Trust Act, 1882. IIFL Asset Management Limited (formerly known as India Infoline Asset Management Company Limited) has been set up to act as the Asset Management Company ('the AMC') to Fund. In terms of the Investment Management Agreement (IMA) dated April 29, 2010, entered into between IIFL Trustee Limited (formerly known as India Infoline Trustee Company Limited) ('the Trustee') and the AMC, the AMC has been appointed as the Investment Manager to the Schemes of the Fund. IIFL Wealth Management Limited is the sponsor of IIFL Mutual Fund.

The key Features of the schemes are as follows:

Scheme Name	Type of Scheme	Date of Launch	Date of Allotment	Investment Objective	Plan / option currently offered
IIFL Dynamic Bond Fund	An open-ended dynamic debt scheme investing across duration	June 06, 2013	June 24, 2013	The investment objective of the scheme is to generate income and long-term gains by investing in a range of debt and money market instruments of various maturities. The scheme will seek to flexibly manage its investment across the maturity spectrum with a view to optimize the risk return proposition for the investors.	Regular Growth Regular Quarterly Regular Bonus * Regular Half yearly ^ Regular Monthly ^ Direct Growth Direct Quarterly Direct Monthly ^
IIFL Liquid Fund	An open-ended liquid scheme	November 1, 2013	November 13, 2013	To provide liquidity with reasonable returns commensurate with low risk through a portfolio of money market and debt securities with residual maturity of up to 91 days.	Regular Growth Regular Weekly Dividend Regular Daily Dividend Direct Growth Direct Weekly Dividend Direct Daily Dividend
IIFL- Focused Equity Fund**	An open-ended equity scheme investing in maximum 30 Multicap stocks	October 08, 2014	October 30, 2014	The investment objective of the scheme is to generate long term capital appreciation for investors from a portfolio of equity and equity related securities.	Regular Growth Regular Dividend Direct Growth Direct Dividend

* The bonus option in the scheme has been discontinued with effect from June 23, 2015

^ Plans have been discontinued with effect from June 23, 2015

**With effect from October 12, 2019, IIFL Capital Enhancer Fund – Series 1 was merged with IIFL- Focused Equity Fund. The unitholders under the growth and dividend options (Regular and Direct Plans) of IIFL Capital Enhancer Fund – Series 1 have been allotted new units under growth and dividend options (Regular and Direct Plans) of IIFL- Focused Equity Fund respectively.

2. Significant Accounting Policies

2.1 Basis of Accounting

The schemes maintain books of account on an accrual basis. These financials statements have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Fund) Regulations, 1996 and amended thereto ("SEBI Regulations") as applicable. Presentation of these separate balance sheet and revenue account in a columnar form is not intended to indicate that they bear any relation to each other or comparable in any way. They are independent of each other.

IIFL MUTUAL FUND

SCHEDULES TO THE FINANCIAL STATEMENTS

2.2 Determination of Net asset value ('NAV')

The net asset value of the units of schemes is determined separately for the units issued under the Plans / Options.

For reporting the net asset value of the plans / options, daily income earned, including realised and unrealised gain or loss in the value of investments and expenses incurred by the schemes, are allocated to the plans /options in proportion to the value of net assets.

2.3 Unit capital, unit premium reserve (UPR) and income equalisation reserve (IER):

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

Upon issue and redemption of units, the net premium or discount to the face value of the units is adjusted against the unit premium reserve of the respective plans/ options of the Scheme, after an appropriate portion of the issue proceeds and redemption pay-out is credited or debited respectively to the income equalisation reserve.

The net distributable income relating to units issued / repurchased is transferred to / from income equalisation reserve for determining the net surplus / deficit, transferred from / to unit premium reserve. At year end, balance in income equalisation reserve is transferred to revenue account.

2.4 Investments and derivatives

- i. Transactions for purchase and sale of investments are recognised as of the trade date. In determining the holding cost of investments and the gain or loss on sale of investments, the “weighted average cost” method is followed. The cost of investments includes brokerage, stamp charges and any other charge customarily included in the contract note but excludes custodian safekeeping fees. Pursuant to SEBI circular no. CIR/IMD/DF/21/2012 dated September 13, 2012, with effect from October 01, 2012, Brokerage and Transaction Costs which are incurred for the purpose of execution of trade are included in the cost of investment, not exceeding 0.12 per cent in case of cash market transactions and 0.05 per cent in case of derivatives transactions. Remaining portion is charged to expenses, within total expense ratio in line with Regulations.
- ii. Bonus entitlements are recognised as investments on ex-bonus date.
- iii. Rights entitlements are recognised as investments on ex-rights date.
- iv. The net unrealized gain or loss in the value of investment is determined at portfolio level. The change in the net unrealised loss between two balance sheets dates is recognised in the Revenue account and the change in net unrealised gain is adjusted in unrealised appreciation reserve.

Valuations

Rights:

Right entitlement is booked at zero and valued at market price.

The Rights entitlement will be valued as on ex-date. The rights entitlement will be valued at Ex–Rights price minus Rights Offer price till the rights shares are traded. In case the offer price is higher than the Ex-Rights price, rights share will be valued at Zero. In case of rights on non- traded shares, the value of rights will be Zero.

Amalgamation / Merger / De-merger / Spin off:

In case of Amalgamation / Merger / De-merger / Spin off, where the resultant entities is not listed, the valuation for the same shall be arrived at in good faith by the Valuation Committee.

Valuation of the resulting company would be determined by valuation of merging / amalgamating company prior to the ex- date of merger / amalgamation. In case of merging / amalgamating companies being listed, valuation of resulting companies would be summation of valuation of entities immediately prior to merger date. Further if a listed company merges into an unlisted surviving company, then the surviving company should be valued at the traded value of merging company immediately before merger.

Initial Public Offer (IPOs):

IPO investments are accounted as share application money until allotment is made. Post allotment till listing, the shares are valued at cost. Post listing, it is valued as per the norms applicable for traded equity shares.

Traded equity and equity related securities:

All actively traded equity securities will be valued at its closing price on the principal stock exchange (National Stock Exchange - NSE) on the valuation day (i.e. T day).

If a security is not listed on the principal stock exchange but listed on the secondary stock exchange, the closing price of the security on the secondary stock exchange on the valuation day will be considered for the purpose of valuation.

IIFL MUTUAL FUND

SCHEDULES TO THE FINANCIAL STATEMENTS

For an equity security listed on both the Exchanges, if the price is not available in the principal stock exchange on a particular valuation day, then its closing price in the secondary stock exchange (BSE) for the day will be considered for valuation.

If a security is not traded on the principal or secondary stock exchange on a particular valuation day, the value at which it was traded on the principal stock exchange or secondary stock exchange as the case may be, on the earliest previous day may be used provided such date is not more than 30 days prior to the valuation date.

Non-traded / thinly traded equity and equity related securities:

Thinly traded, non-traded and unlisted equity and equity related securities are valued “in good faith” by the AMC based on the valuation norms prescribed by the Regulations.

Thinly traded

An equity / equity related security shall be considered as thinly traded if and only if it fulfils both the below criterion over a period of a calendar month:

- Value of trades for the calendar month is less than Rs. 5 lakhs; and
- Volume of securities traded across all recognized stock exchanges in India is less than 50,000 shares.

Warrants

Traded warrants will be valued at the traded price.

Non traded warrants will be valued as under :-

- If the exercise price is less than the underlying share price then the warrants would be valued at the value of the underlying share price less the exercise price with illiquidity discount as may be decided by the valuation committee.
- If the exercise price is more than the underlying share price then it would be valued at Zero.

Traded/Non traded Money market and debt securities including Sovereign securities which includes government securities, (G Secs / SDLs), treasury bills, cash management bills and any other sovereign securities:

A. Money Market and Debt Securities

April 01, 2019 to June 20, 2019	<i>Residual maturity over 60 days</i>	At average of prices provided by AMFI appointed agencies (currently CRISIL and ICRA)
	<i>Residual maturity less than or equal to 60 days</i>	(a) Traded Valued at weighted average Yield to Maturity (YTM). (<i>Definition of Traded Securities: At least 5 trades and aggregate volume of INR 250 crores face value or more on public platform.</i>) (b) Non traded / thinly traded Assets to be amortised on straight line amortisation as long as their valuation remains within $\pm 0.10\%$ band of the price derived from the reference rate for each bucket (reference rate for every 15-day bucket is provided by AMFI appointed agencies (currently CRISIL and ICRA)). In case of amortised 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.
June 21, 2019 to June 30, 2020	<i>Residual maturity over 30 days</i>	These instruments will be valued at the average of the security level prices as provided by the valuation agencies nominated by AMFI (currently CRISIL & ICRA). In case security level prices given by valuation agencies are not available for a new security (which is currently not held by any Mutual Fund) then such security may be valued at purchase yield on the date of allotment / purchase. If the security level prices are not provided on subsequent days and the purchase yield is considered inappropriate, then the Valuation Committee shall adopt alternate procedures / methodologies in accordance with the fair valuation principles to arrive at the fair valuation of the security.
	<i>Residual maturity less than or equal to 30 days</i>	The security will be amortized on a straight line basis from the last valuation price/purchase price for newly purchased securities as long as the price remains within the $\pm 0.025\%$ of the reference price. On any day where the valuation is beyond the band, the valuation would be adjusted for that day to get it within the band and would go through straight line amortisation on subsequent days unless on subsequent days the band is again busted. The ‘reference price’ shall be the average of the security level price of such security as provided by the Valuation agencies appointed by AMFI (currently CRISIL & ICRA).
From July 01, 2020	<i>Across all residual maturity buckets</i>	These instruments shall be valued on the basis of average of security level prices provided by the valuation agencies irrespective of the residual maturity.
From September 25, 2019	<i>Valuation of investments rated below investment grade</i>	A money market or debt security shall be classified as “below investment grade” if the long term rating of the security issued by a SEBI registered Credit Rating Agency (CRA) is below BBB- or if the short term rating of the security is below A3. Money market and debt securities which are rated below investment grade shall be valued at the price provided by the valuation agencies. Till such time the valuation agencies compute the valuation of money market and debt securities classified as below investment grade, such securities shall be valued on the basis of indicative haircuts prescribed by AMFI . These indicative haircuts shall be applied on the

IIFL MUTUAL FUND

SCHEDULES TO THE FINANCIAL STATEMENTS

		date of credit event i.e. migration of the security to sub-investment grade or default on the principal and accrued interest if any and shall continue till the valuation agencies compute the valuation price of such securities. Further, these haircuts shall be updated and refined, as and when there is availability of material information which impacts the haircuts.
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B. Sovereign securities which includes government securities, (G Secs / SDLs), treasury bills, cash management bills and any other sovereign securities:

April 01, 2019 to September 24, 2019	<i>Residual maturity over 60 days</i>	At average of prices provided by AMFI appointed agencies (currently CRISIL and ICRA)
	<i>Residual maturity less than or equal to 60 days</i>	(a) Traded Valued at weighted average Yield to Maturity (YTM). (<i>Definition of Traded Securities: At least 5 trades and aggregate volume of INR 250 crores face value or more on public platform</i>). (b) Non traded / thinly traded Assets to be amortised on straight line amortisation as long as their valuation remains within $\pm 0.10\%$ band of the price derived from the reference rate for each bucket (reference rate for every 15-day bucket is provided by AMFI appointed agencies (currently CRISIL and ICRA)). In case of amortised 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.
From September 25, 2019	<i>Across all residual maturity buckets</i>	At average of prices provided by AMFI appointed agencies (currently CRISIL and ICRA)

The Scheme enters into derivative transactions in equity/ index futures for the purpose of hedging, leveraging and portfolio balancing

Equity derivatives:

Options

- Premium paid on bought option contracts is debited to “equity option premium account” and recorded as an asset.
- When the option contracts are squared off before expiry, the difference between the premium paid and received on the squared off transactions is recognized in the revenue account. When the option contracts are exercised on expiry, the difference between the option settlement price as determined by the exchange and the premium paid is recognized in the revenue account.
- Premium asset in respect of options not exercised / squared off as on expiry date is transferred to revenue account.
- If more than one option contracts in respect of the same stock / index with the same strike price and expiry date to which the squared off / exercised contract pertains is outstanding at the time of square off / exercise of the contract, the weighted average method is followed for determining the gain or loss.
- At each valuation date, all open option positions are valued at the NSE settlement price. The unrealised appreciation / depreciation on all open positions are considered for determining the net asset value.
- Non-traded option contracts are valued at fair value as per procedures determined by the AMC and approved by the Trustee.

Futures

Futures contracts are marked to market daily at the futures settlement price as determined by the NSE. The variation margin calculated as the difference between the trade price or the previous day’s settlement price, as the case may be, and the current day’s settlement price is recorded as an asset / liability.

- When a contract is closed (squared off) / settled (on expiry), the difference between the final settlement / square-off price and the contract price is recognised in the revenue account. If more than one futures contracts in respect of the same stock / index and expiry date, to which the squared off / settled contract pertains, is outstanding at the time of square off / settlement of the contract, the weighted average method is followed for determining the gain or loss.
- At each valuation date, all open futures positions are valued at the NSE futures settlement price. The unrealised appreciation / depreciation on all open positions is considered for determining the net asset value.
- “Derivative margin deposit” representing the margin towards equity derivative contracts entered into by the Scheme is disclosed under “Deposits”.
- Non traded futures contracts are valued as per fair valuation policy as approved by AMC and the trustee.

Reverse Repo/ TREPS

As per SEBI circular on Valuation of money market and debt securities dated September 24, 2019 Valuation methodology has been changed with w.e.f. December 23, 2019, as follows: - Investments in repurchase (repo) transactions (including tri-party repo i.e. TREPS) with tenor of upto 30 days, shall be valued on cost plus accrual basis.

Deviation

Any deviation in Valuation Policy shall be with the prior approval of the Valuation Committee. All such deviations shall be reported to the Board of AMC and Trustees.

IIFL MUTUAL FUND

SCHEDULES TO THE FINANCIAL STATEMENTS

2.5 Revenue recognition

- Dividend income is recognised on the ex-dividend date.
- Interest income is recognized on an accrual basis.
- Profit or loss on sales/redemption of investments is determined on the basis of the weighted average cost method.
- The net unrealized gain or loss in the value of investment is determined at portfolio level. The change in the net unrealised loss between two balance sheets dates is recognised in the Revenue account and the change in net unrealised gain is adjusted in unrealised appreciation reserve.
- The discount / premium, if any, to the redemption value of debt securities (except Coupon bearing Bonds, Government Securities) is amortised/accreted and adjusted/recognised as interest income, as case may be, over the period to redemption.

2.6 Expenses

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

2.7 Load

Pursuant to SEBI (Second Amendment) (Mutual Fund) Regulations, 2012 dated September 26, 2012, with effect from October 01, 2012, exit load net off GST is credited to the scheme.

2.8 Cash and cash equivalents

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

2.9 Dividend Distribution

Subject to availability of Distributable Surplus, Dividend is distributed to the Unitholders on the Record Date. Dividend is paid / or reinvested by way of units is subject to Dividend Distribution Tax as applicable..

2.10 Use of estimates

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

3. Disclosures

3.1 Unit Capital

The SEBI circular no. SEBI/IMD/CIR No.10/22701/03 dated December 12, 2003 as amended by SEBI circular no. SEBI/IMD/CIR No.1/42529/05 dated June 14, 2005 (Circular) on minimum number of investors inter alia mandates rebalancing in case of investor holdings which are more than 25% on a quarterly average basis.

In the below mentioned schemes, the investor holding as at March 31, 2021 is more than 25%, however the investor holding is not more than 25% on a quarterly average basis for the quarter ended March 31, 2021 and accordingly, there is no regulatory requirement to rebalance the holdings of these investors as at March 31, 2021.

Scheme Name	Number of Investors as at March 31, 2021	Percentage of holding as at March 31, 2021	Number of Investors as at March 31, 2020	Percentage of holding as at March 31, 2020
IIFL Liquid Fund	-	-	1	30.58%

IIFL MUTUAL FUND

SCHEDULES TO THE FINANCIAL STATEMENTS

3.2 Investments

- a) Investments of the Schemes are registered in the name of the Schemes except Government securities and Treasury bills which are in the name of mutual fund.
- b) Investments made by the Schemes of IIFL Mutual Fund in Companies which have invested more than five percent of the net asset value of any schemes of IIFL Mutual Fund in terms of Regulation 25 (11) of SEBI Regulation:

For the year ended on balance sheet date (Current Year): Nil
 For the year ended on balance sheet date (Previous Year): Nil

- c) Cost and market / fair value of Investments

As at March 31, 2021

(Amount in Rupees)

Investments	Equity Shares		Debentures and Bonds		Treasury bill		Government securities		Commercial papers		Certificate of deposits		Total	
	Amortised Cost	Market / Fair Value	Amortised Cost	Market / Fair Value	Amortised Cost	Market / Fair Value	Amortised Cost	Market / Fair Value	Amortised Cost	Market / Fair Value	Amortised Cost	Market / Fair Value	Amortised Cost	Market / Fair Value
IIFL Dynamic Bond Fund	-	-	5,245,847,107	5,257,444,476	-	-	1,426,530,134	1,422,642,250	-	-	-	-	6,672,377,241	6,680,086,726
IIFL Liquid Fund	-	-	-	-	748,063,160	748,014,750	-	-	99,665,867	99,677,000	99,477,371	99,490,200	947,206,398	947,181,950
IIFL- Focused Equity Fund	11,771,705,547	15,643,958,215	-	-	-	-	-	-	-	-	-	-	11,771,705,547	15,643,958,215

As at March 31, 2020

(Amount in Rupees)

Investments	Equity Shares		Debentures and Bonds		Treasury bill		Government securities		Commercial papers		Certificate of deposits		Total	
	Amortised Cost	Market / Fair Value	Amortised Cost	Market / Fair Value	Amortised Cost	Market / Fair Value	Amortised Cost	Market / Fair Value	Amortised Cost	Market / Fair Value	Amortised Cost	Market / Fair Value	Amortised Cost	Market / Fair Value
IIFL Dynamic Bond Fund	-	-	2,197,692,052	2,176,317,666	-	-	-	-	-	-	-	-	2,197,692,052	2,176,317,666

IIFL MUTUAL FUND

SCHEDULES TO THE FINANCIAL STATEMENTS

IIFL Liquid Fund	-	-	-	-	-	-	-	-	744,782,697	745,218,250	991,479,932	992,485,250	1,736,262,629	1,737,703,500
cIIFL- Focused Equity Fund	7,524,467,841	6,142,623,636	-	-	-	-	-	-	-	-	-	-	7,524,467,841	6,142,623,636

d) Unrealised Gain / (Loss)

As at March 31, 2021

(Amount in Rupees)

Investments	Equity Shares	Debentures and Bonds	Treasury bill	Government securities	Commercial papers	Certificate of deposits	Total
IIFL Dynamic Bond Fund	-	11,597,369	-	(3,887,884)	-	-	7,709,485
IIFL Liquid Fund	-	-	(48,410)	-	11,133	12,829	(24,448)
IIFL- Focused Equity Fund	3,872,252,668	-	-	-	-	-	3,872,252,668

As at March 31, 2020

(Amount in Rupees)

Investments	Equity Shares	Debentures and Bonds	Treasury bill	Government securities	Commercial papers	Certificate of deposits	Total
IIFL Dynamic Bond Fund	-	(21,374,386)	-	-	-	-	(21,374,386)
IIFL Liquid Fund	-	-	-	-	435,553	1,005,318	1,440,871
IIFL- Focused Equity Fund	(1,381,844,205)	-	-	-	-	-	(1,381,844,205)

IIFL MUTUAL FUND

SCHEDULES TO THE FINANCIAL STATEMENTS

e) Aggregate fair value of Thinly traded / Non Traded Investments valued in good faith in accordance with the guidelines of valuation of securities for Mutual Funds issued by SEBI are given below:

Scheme Name	As on March 31, 2021	As on March 31, 2020
IIFL Dynamic Bond Fund	5,09,73,02,526	2,176,317,666
IIFL Liquid Fund	9,96,77,000	1,489,590,000
IIFL- Focus Equity Fund	NIL	698,554

3.3 Income and Expenses:

Annualised total income (including net profit/loss on sale or redemption of investments and derivatives and change in unrealised appreciation and depreciation in value of investments) and expenditure as a percentage of the average daily net assets during the year are given below:

Income

Scheme	Year ended March 31, 2021		Year ended March 31, 2020	
	Amount	Percentage	Amount	Percentage
IIFL Dynamic Bond Fund	313,414,153	6.33%	263,132,430	8.45%
IIFL Liquid Fund	91,226,660	3.33%	340,272,073	5.44%
IIFL- Focused Equity Fund	5,855,879,380	53.93%	(1,586,518,916)	(41.84%)

Expenses

Scheme	Year ended March 31, 2021		Year ended March 31, 2020	
	Amount	Percentage	Amount	Percentage
IIFL Dynamic Bond Fund	46,600,627	0.94%	36,953,751	1.19%
IIFL Liquid Fund	5,615,243	0.20%	12,857,750	0.21%
IIFL- Focused Equity Fund	177,225,972	1.63%	69,423,225	1.83%

3.4 Management Fees

The computation of the management fees (Excluding Goods and Services tax on management fees) charged to the Revenue Account for the year ended March 31, 2021 for the Schemes are as under:

Scheme Name	Period ended	Average Daily Net Asset Value	Management Fees (Excluding Goods and Services Tax)	% of Management Fees to Average Net Asset Value
IIFL Dynamic Bond Fund	March 31, 2021	4,948,761,535	19,923,307	0.40%
IIFL Liquid Fund	March 31, 2021	2,739,269,917	2,633,704	0.10%
IIFL- Focused Equity Fund	March 31, 2021	10,859,155,745	72,765,771	0.67%

IIFL MUTUAL FUND

SCHEDULES TO THE FINANCIAL STATEMENTS

Scheme Name	Period ended	Average Daily Net Asset Value	Management Fees (Excluding Goods and Services Tax)	% of Management Fees to Average Net Asset Value
IIFL Dynamic Bond Fund	March 31, 2020	3,114,692,686	15,413,287	0.49%
IIFL Liquid Fund	March 31, 2020	6,252,176,188	6,245,152	0.10%
IIFL- Focused Equity Fund	March 31, 2020	3,791,716,163	21,471,779	0.57%

3.5 Trusteeship Fees

Trusteeship fees for regular and direct plan in current year and previous year is charged at 0.01% of daily average net assets.

3.6 Custodian fees

Deutsche Bank provides custodial services to the Schemes for which it receives Custody fees (including transaction and registration charges).

3.7 Custody confirmation

Confirmation has been received from Deutsche Bank at the end of the year for the investments held by the Schemes. All investments, except Tri Party Repo (TREPS) / Reverse Repo are held in safe custody of the custodian.

3.8 Income tax

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

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

a) **Subscription by the Schemes in the issues lead managed by associate companies and Subscription to issue of equity on private placement where sponsor or its associate companies have acted as arranger or manager for the year ended on balance sheet date is Nil (Previous Year: Nil)**

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

For the year ended March 31, 2021

Name of associate /related parties/ group companies of Sponsor/ AMC	Nature of Association/ Nature of relation	Period covered	Value of Transaction (Rupees)	% of Total Value of Transaction of the fund	Brokerage (Rupees)	% of total Brokerage paid by the fund
IIFL Securities Limited	Associate	April 1, 2020 to March 31, 2021	469,131,588	1.66%	468,736	3.03%

For the year ended March 31, 2020

IIFL MUTUAL FUND

SCHEDULES TO THE FINANCIAL STATEMENTS

Name of associate /related parties/ group companies of Sponsor/ AMC	Nature of Association/ Nature of relation	Period covered	Value of Transaction (Rupees)	% of Total Value of Transaction of the fund	Brokerage (Rupees)	% of total Brokerage paid by the fund
IIFL Securities Limited	Associate	April 1, 2019 to March 31, 2020	69,515,171	0.24%	69,463	0.44%

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

For the year ended March 31, 2021

Name of associate /related parties/ group companies of Sponsor/ AMC	Nature of Association/ Nature of relation	Period covered	Business given (in crores)	% of total business received by the fund	Commission paid (in crores)	% of total Commission paid by the fund
IIFL Securities Limited	Associate	April 1, 2020 to March 31, 2021	32.39	1.14	1.13	13.01
IIFL Wealth Finance Limited	Associate	April 1, 2020 to March 31, 2021	673.71	23.71	5.86	67.26
IIFL Private Wealth (Mauritius) Ltd	Associate	April 1, 2020 to March 31, 2021	-	-	-	-
5Paisa Capital Limited	Associate	April 1, 2020 to March 31, 2021	0.04	0.00	0.00	0.02
L & T Capital Markets Limited	Associate	April 1, 2020 to March 31, 2021	36.09	1.27	0.08	0.88
IIFL Wealth Finance Limited	Associate	April 1, 2020 to March 31, 2021	0.15	0.01	0.00	0.01

For the year ended March 31, 2020

Name of associate /related parties/ group companies of Sponsor/ AMC	Nature of Association/ Nature of relation	Period covered	Business given (in crores)	Business given (in % of total business received by the fund)	Commission paid (in crores)	% of total Commission paid by the fund
IIFL Securities Ltd.	Associate	April 1, 2019 to March 31, 2020	81.09	9.20	0.92	17.13
IIFL Wealth Management Ltd	Associate	April 1, 2019 to March 31, 2020	676.40	76.74	3.28	61.08
5Paisa Capital Limited	Associate	April 1, 2019 to March 31, 2020	0.00	0.00	0.00	0.00
IIFL Asset Management (Mauritius) Limited	Associate	April 1, 2019 to March 31, 2020	0.00	0.00	0.00	0.00

IIFL MUTUAL FUND

SCHEDULES TO THE FINANCIAL STATEMENTS

- d) Underwriting obligations taken by the scheme in respect of issues of securities of associate companies is Nil. (Previous Year: Nil)
- e) Devolvement during the year is Nil. (Previous Year: Nil)

- 3.10 a) The aggregate value of Purchase and Sale of Investments (Excluding Tri-Party Repo and Reverse Repo) Purchased and sold (including maturity/redemption) during the year and their percentage of the respective average daily net assets are as follows:

Year ended March 31, 2021

(Amount in Rupees)

Scheme	Purchases	Purchase as % to average daily net assets	Sales	Sale as % to average daily net assets
IIFL Dynamic Bond Fund	10,885,567,030	219.97%	6,385,045,458	129.02%
IIFL Liquid Fund	12,635,877,797	461.29%	13,486,189,000	492.33%
IIFL- Focused Equity Fund	9,226,103,692	84.96%	5,411,866,079	49.84%

Year ended March 31, 2020

(Amount in Rupees)

Scheme	Purchases	Purchase as % to average daily net assets	Sales	Sale as % to average daily net assets
IIFL Dynamic Bond Fund	936,383,700	30.76%	2149589382	69.01%
IIFL Liquid Fund	39,364,171,500	629.61%	41066370000	656.83%
IIFL- Focused Equity Fund	8,190,776,089	216.02%	2071215349	54.62%

- b) Disclosure for investments in derivatives:

- (i) Hedging positions through Futures as on March 31, 2021: Nil (PY: NIL)
- (ii) For the period April 1, 2020 to March 31, 2021, hedging transaction squared off/Expired through Futures: Nil (PY: NIL)
- (iii) Other than hedging positions through Futures as on March 31, 2021: Nil (PY: NIL)
- (iv) For the period April 1, 2020 to March 31, 2021, following non-hedging transaction through Futures have been squared off/Expired:

IIFL MUTUAL FUND

SCHEDULES TO THE FINANCIAL STATEMENTS

(Amount in Rupees)

Scheme	Total Number of Contracts where futures were bought	Total Number of Contracts where futures were sold	Gross Notional Value of contracts where futures were bought	Gross Notional Value of contracts where futures were sold	Net Profit/Loss value on all contracts combined
IIFL- Focused Equity Fund	1247 (PY: NIL)	1247 (PY: NIL)	860,612,613 (PY: NIL)	901,886,887 (PY: NIL)	40,594,121 (PY: NIL)

(v) **Hedging Position through Put Option as on 31st March 2021: Nil (PY: NIL)**

(vi) **For the period 01st April 2020 to 31st March 2021, hedging transactions through options which have been exercised/expired: Nil (PY: NIL)**

(vii) **Other than Hedging Positions through Options as on 31st March 2021: Nil (PY: NIL)**

(viii) **For the period 01st April 2020 to 31st March 2021, non-hedging transactions through options have been exercised/expired: Nil (PY: NIL)**

(ix) **Hedging Positions through Swaps as on 31st March 2021: Nil (PY: NIL)**

(x) **For the period 01st April 2020 to 31st March 2021, hedging transactions through Swaps which have been squared off/expired: Nil (PY: NIL)**

Note: In case of derivative transactions end of the day position on the date of such transaction is considered as the basis to assess the nature of transaction as hedge / non-hedge.

3.11 Segment Reporting

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

3.12 Net Asset Value per unit (Computed NAV as on 31 March 2021)

(Amount in Rupees)

Scheme	Option	As at March 31, 2021	As at March 31, 2020
IIFL Dynamic Bond Fund	Regular Growth	16.8319	15.8791
IIFL Dynamic Bond Fund	Regular Monthly Dividend *	11.8453	11.7557
IIFL Dynamic Bond Fund	Regular Quarterly Dividend	16.2427	15.3232
IIFL Dynamic Bond Fund	Regular Bonus *	16.8319	15.8791
IIFL Dynamic Bond Fund	Regular Half-Yearly Dividend *	16.2427	15.3232
IIFL Dynamic Bond Fund	Direct Growth	17.5698	16.4861
IIFL Dynamic Bond Fund	Direct Monthly Dividend *	12.4772	12.2870
IIFL Dynamic Bond Fund	Direct Quarterly Dividend	-	15.5827
IIFL Liquid Fund	Regular Growth	1,584.1009	1,538.6642
IIFL Liquid Fund	Regular Daily Dividend	1,000.0701	1,000.3830
IIFL Liquid Fund	Regular Weekly Dividend	1,005.0859	1,005.0000
IIFL Liquid Fund	Direct Growth	1,589.9656	1,543.5906
IIFL Liquid Fund	Direct Daily Dividend	1,000.0427	1,000.3830

IIFL MUTUAL FUND

SCHEDULES TO THE FINANCIAL STATEMENTS

IIFL Liquid Fund	Direct Weekly Dividend	1,005.0936	1,005.0000
IIFL- Focused Equity Fund	Regular Growth	23.8796	13.5659
IIFL- Focused Equity Fund	Regular Dividend	21.1272	12.0021
IIFL- Focused Equity Fund	Direct Growth	25.9040	14.5371
IIFL- Focused Equity Fund	Direct Dividend	25.6395	14.3887

* This plan is closed for subscription

The net asset value disclosed above represents the computed NAV as on balance sheet date, and not the last declared NAV.

3.13 Industry wise Classification of Investments

The Statement of Portfolio Holding and industry wise classification of the schemes' investments in each category of investment as on 31 March 2021 is given in **Annexure A**.

3.14 Related Party Disclosure

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.

Names of related parties and description of relationship

Name of the Party	Relationship
IIFL Holdings Limited	Holding Company of Sponsor
IIFL Wealth Management Limited	Sponsor
IIFL Trustee Limited	Trustee
IIFL Asset Management Limited	Asset Manager
IIFL Wealth Finance Limited	Subsidiary of Sponsor
India Infoline Finance Limited	Associate Companies
IIFL Securities Limited	Associate Companies
IIFL Wealth Portfolio Managers Limited	Subsidiary of Sponsor

Schemes under common control:

IIFL Dynamic Bond Fund

IIFL Liquid Fund

IIFL Focused Equity Fund

Schemes under IIFL Private Equity Fund (Category II Alternate Investment Fund under the SEBI (Alternative Investment Funds) Regulations – 2012)

Schemes under IIFL Opportunities Fund (Category III Alternate Investment Fund under the SEBI (Alternative Investment Funds) Regulations – 2012)

Schemes under IIFL Alternate Opportunities Fund (Category III Alternate Investment Fund under the SEBI (Alternative Investment Funds) Regulations – 2012)

Name of Scheme	Name of Fund
IIFL Special Opportunities Fund Series 5	IIFL Private Equity Fund
IIFL Income Opportunities Fund Series Debt Advantage	IIFL Private Equity Fund
IIFL Seed Ventures Fund I	IIFL Private Equity Fund
IIFL Asset Revival Fund Series 2	IIFL Opportunities Fund
IIFL Long Term Equity Growth Fund	IIFL Alternate Opportunities Fund
IIFL Special Opportunities Fund Series 3	IIFL Private Equity Fund

IIFL MUTUAL FUND

SCHEDULES TO THE FINANCIAL STATEMENTS

IIFL Special Opportunities Fund Series 4	IIFL Private Equity Fund
IIFL Cash Opportunities Fund	IIFL Opportunities Fund
IIFL Multi Strategy Fund	IIFL Opportunities Fund
IIFL Special Opportunities Fund Series 7	IIFL Private Equity Fund
IIFL Special Opportunities Fund	IIFL Private Equity Fund
IIFL Focused Equity Strategies Fund	IIFL Opportunities Fund
IIFL Best Of Class Fund	IIFL Opportunities Fund
IIFL Special Opportunities Fund Series 2	IIFL Private Equity Fund
IIFL Re Organize India Equity Fund	IIFL Opportunities Fund
IIFL Best Of Class Fund 1	IIFL Opportunities Fund
IIFL Phoenix Cash Opportunities Fund	IIFL Opportunities Fund
IIFL Income Opportunities Fund Series Special Situations	IIFL Private Equity Fund
IIFL Select Equity Fund	IIFL Private Equity Fund
IIFL Special Opportunities Fund Series 6	IIFL Private Equity Fund
IIFL Long Term Growth Fund II	IIFL Alternate Opportunities Fund
IIFL Long term Growth Fund I	IIFL Alternate Opportunities Fund
IIFL Yield Enhancer Fund	IIFL Opportunities Fund
IIFL Real Estate Fund Domestic Series 4	IIFL Private Equity Fund
IIFL Blended Fund Series C	IIFL Alternate Opportunities Fund

3.14.1 Subscription and/or Redemption by Related Party in schemes of the Fund

For the year ended March 31, 2021

Name of Related Party	Scheme Name	Purchase Transactions	Redemption Transaction	Closing Net Assets as on March 31, 2021
		(Rs. in lakhs)	(Rs. in lakhs)	(Rs. in lakhs)
IIFL SELET SERIES II	IIFL Liquid Fund	6,500.00	6,591.34	-
IIFL ASSET MANAGEMENT LIMITED	IIFL Liquid Fund	2,125.26	12,925.17	729.12
IIFL ASSET MANAGEMENT LIMITED PMS LIQUID STRATEGY	IIFL Liquid Fund	-	285.82	-
IA OPPORTUNITIES FUND SERIES 9	IIFL Focused Equity Fund	-	130.23	-
IIFL BLENDED FUND SERIES C	IIFL Focused Equity Fund	-	51.36	-
IIFL INVESTMENT ADVISER AND TRUSTEE SERVICES LIMITED	IIFL Focused Equity Fund	-	300.41	-
IIFL INCOME OPPORTUNITIES FUND SERIES SPECIAL SITUATIONS	IIFL Liquid Fund	224.99	144.00	83.66
IIFL Special Opportunities Fund	IIFL Liquid Fund	6,399.88	6,442.11	-
INDIA INFOLINE FINANCE LIMITED	IIFL Focused Equity Fund	-	-	1,181.85
IIFL RE ORGANIZE INDIA EQUITY FUND	IIFL Liquid Fund	1,349.93	1,356.65	-
IIFL WEALTH FINANCE LIMITED	IIFL Liquid Fund	3,300.00	-	0.13
IIFL SPECIAL OPPORTUNITIES FUND-SERIES 2	IIFL Liquid Fund	2,499.88	5,433.57	-
IIFL SPECIAL OPPORTUNITIES FUND SERIES 3	IIFL Liquid Fund	2,499.88	4,019.41	-

IIFL MUTUAL FUND

SCHEDULES TO THE FINANCIAL STATEMENTS

IIFL SPECIAL OPPORTUNITIES FUND SERIES FOUR	IIFL Liquid Fund	2,499.88	10,281.69	-
IIFL SPECIAL OPPORTUNITIES FUND SERIES 5	IIFL Liquid Fund	2,499.88	9,170.91	-
INDIA HOUSING FUND	IIFL Liquid Fund	22,719.43	22,834.33	-
IIFL SPECIAL OPPORTUNITIES FUND SERIES SEVEN	IIFL Liquid Fund	11,999.88	12,096.39	-
IA DIVERSIFIED FUND	IIFL Liquid Fund	519.98	320.78	201.29

For the year ended March 31, 2020

Name of Related Party	Scheme Name	Purchase Transactions	Redemption Transaction	Closing Net Assets as on March 31, 2020
		(Rs. in lakhs)	(Rs. in lakhs)	(Rs. in lakhs)
IIFL Select Series II	IIFL Liquid Fund	7,000.00	7,141.74	-
IIFL ASSET MANAGEMENT LIMITED	IIFL Liquid Fund	4,287.70	3,522.25	794.48
IIFL MULTI STRATEGY FUND	IIFL Liquid Fund	-	317.80	-
IIFL ASSET MANAGEMENT LIMITED PMS LIQUID STRATEGY	IIFL Liquid Fund	12,149.03	12,714.23	284.30
IIFL ASSET MANAGEMENT LIMITED	IIFL Liquid Fund	30,419.23	20,415.89	10,354.38
IA OPPORTUNITIES FUND SERIES 9	IIFL Focused Equity Fund	114.73	-	95.42
IIFL BLENDED FUND SERIES C	IIFL Focused Equity Fund	50.00	-	39.85
IIFL INVESTMENT ADVISER AND TRUSTEE SERVICES LIMITED	IIFL Capital Enhancer Fund	-	308.40	-
IIFL INVESTMENT ADVISER AND TRUSTEE SERVICES LIMITED	IIFL Focused Equity Fund	308.40	-	250.81
IIFL INCOME OPPORTUNITIES FUND SERIES SPECIAL SITUATIONS	IIFL Liquid Fund	64.15	107.35	-
IIFL FOCUSED EQUITY STRATEGIES FUND	IIFL Liquid Fund	2,500.00	2,506.05	-
IIFL SPECIAL OPPORTUNITIES FUND	IIFL Liquid Fund	43,918.00	54,897.06	-
IIFL RE ORGANIZE INDIA EQUITY FUND	IIFL Liquid Fund	-	1,675.17	-
IIFL WEALTH FINANCE LIMITED	IIFL Liquid Fund	-	-	0.12
IIFL INCOME OPPORTUNITIES FUND SERIES DEBT ADVANTAGE	IIFL Liquid Fund	524.58	525.02	-
IIFL SELECT EQUITY FUND	IIFL Liquid Fund	102.00	102.97	-
IIFL SPECIAL OPPORTUNITIES FUND-SERIES 2	IIFL Liquid Fund	34,894.00	39,430.38	2,900.78
IIFL LONGTERM GROWTH FUND I	IIFL Liquid Fund	600.00	608.85	-
IIFL SPECIAL OPPORTUNITIES FUND SERIES 3	IIFL Liquid Fund	19,587.00	22,434.99	1,500.40
IIFL SPECIAL OPPORTUNITIES FUND SERIES FOUR	IIFL Liquid Fund	69,289.00	67,838.97	7,702.06
IIFL SPECIAL OPPORTUNITIES FUND SERIES 5	IIFL Liquid Fund	58,766.00	57,695.59	6,601.77
INDIA HOUSING FUND	IIFL Liquid Fund	98,079.64	101,341.83	-
IIFL SPECIAL OPPORTUNITIES FUND SERIES SEVEN	IIFL Liquid Fund	44,666.00	49,617.14	-
IIFL SPECIAL OPPORTUNITIES FUND SR 6	IIFL Liquid Fund	1,335.00	2,575.34	-
INDIA INFOLINE FINANCE LIMITED	IIFL Focused Equity Fund	-	-	663.24

IIFL MUTUAL FUND

SCHEDULES TO THE FINANCIAL STATEMENTS

3.14.3 Investment Security Purchases & Sales with related parties

Scheme name	Counter Party	For the year ended March 31, 2021	For the year ended March 31, 2020
IIFL- Focused Equity Fund	IIFL Securities Limited	469,131,588	69,515,171

3.14.4 Investment by schemes of fund in related parties

For the year ended on balance sheet date (Current Year): NIL

For the year ended on balance sheet date (Previous Year): NIL

3.14.5 Commission paid on Investment transactions

Name of the Related Party	For the year ended on March 31, 2021	For the year ended on March 31, 2020
IIFL Securities Limited	468,736	69,463

3.14.6 Management Fees and Trusteeship Fees (inclusive of GST)

For the year ended March 31, 2021

Scheme name	Related Party: IIFL Asset Management Limited		Related Party: IIFL Trustee Limited	
	Management Fees for the year	Outstanding payable as on year end	Trusteeship Fees for the year	Outstanding payable as on year end
IIFL Dynamic Bond Fund	23,509,504	2,303,049	494,889	61,800
IIFL Liquid Fund	3,107,771	27	273,932	9,877
IIFL- Focused Equity Fund	85,883,078	14,096,908	1,085,964	136,618

For the year ended March 31, 2020

Scheme name	Related Party: IIFL Asset Management Limited		Related Party: IIFL Trustee Limited	
	Management Fees for the year	Outstanding payable as on year end	Trusteeship Fees for the year	Outstanding payable as on year end
IIFL Dynamic Bond Fund	18,187,681	1,353,330	311,479	23,017
IIFL Liquid Fund	7,369,280	634,765	625,236	53,856
IIFL- Focused Equity Fund	25,336,699	3,914,147	379,190	60,211

3.15 Investor Education Awareness Initiative (IEAI)

IIFL MUTUAL FUND

SCHEDULES TO THE FINANCIAL STATEMENTS

In view of the AMFI Best Practices Guidelines Circular No. 56/2015-16, the IEF accrual is set aside in a separate bank account. The consolidated balance across all schemes as on March 31, 2021 is Rs. 3,523,546.

An annual charge of 2 basis points (0.02% p.a.) of daily net assets, being part of total recurring expenses is set aside for Investor Education and Awareness Initiatives (IEAI) in accordance with SEBI (Mutual Funds) Regulations, 1996 and guidelines issued thereunder. These funds set aside are used only for meeting expenses for Investor Education and Awareness Initiatives. Accordingly, amount for the month of March of Rs. 208,296 was transferred on April 9, 2021.

As per SEBI circular no. IMD/DF2/RS/813/2016 dated January 08, 2016, 50% of the unutilised portion of investor awareness and education fund as on March 31, 2016 has been transferred to AMFI. Also, from April 1, 2016 onwards, 50% of the 2 bps accrual on daily net assets set aside by mutual fund for investor education and awareness initiative has been transferred to AMFI.

In addition to above, net income on amount lying in Unclaimed Redemption and Unclaimed Dividend completing more than 3 years is transferred to Investor education account. Movement of IEAI balances for IIFL Mutual fund during the financial year ended March 31, 2021 and March 31, 2020 is given below:

Particulars	As at March 31, 2021	As at March 31, 2020
Opening Balance	3,888,667	2,406,138
Accrued during the year	3,983,728	2,965,058
Less: Transfer to AMFI	1,783,569	1,482,529
Less: Utilisations during the year	2,565,281	-
Closing Balance	3,523,546	3,888,667

3.16 Unclaimed Redemption and Dividend:

Scheme Name	Unclaimed Redemption				Unclaimed Dividend			
	As at March 31, 2021		As at March 31, 2020		As at March 31, 2021		As at March 31, 2020	
	No. of Investors	Amount	No. of Investors	Amount	No. of Investors	Amount	No. of Investors	Amount
IIFL Dynamic Bond Fund	1	2,663	1	2,663	39	2,820	39	2,820
IIFL Liquid Fund	-	-	-	-	1	1	1	1
IIFL- Focused Equity Fund	5	18,374	5	18,374	271	97,713	271	97,713
Total	6	21,037	6	21,037	311	100,534	311	100,534

3.17 Margin Deposit with Clearing Corporation of India Limited

The Schemes have placed margin deposit with Clearing Corporation of India Limited, of which the following amounts are towards 'Securities Segment' transactions and 'Tri-party repo' transactions. These deposits are held in the name of IIFL Mutual Fund.

Scheme	Total amount of Margin deposit with Clearing Corporation of India	Deposit made towards Security Segment transactions	Deposit made towards Tri- party repo transactions
IIFL Dynamic Bond Fund	5,595,000	NIL	NIL
IIFL Liquid Fund	37,600,000	NIL	NIL
IIFL- Focused Equity Fund	6,205,000	NIL	NIL

3.18 COVID Note

IIFL MUTUAL FUND

SCHEDULES TO THE FINANCIAL STATEMENTS

The financial year ended 31st March, 2021 was an unprecedented year as the Covid-19 pandemic wreaked havoc across the globe forcing countries to adopt extreme measures including sealing borders, enforcing strict lock downs within and restricting economic activity to bare essentials. India witnessed its first wave of the pandemic in mid-March, 2020 and imposed a stringent lockdown to contain the spread of the virus. This brought economic activity to a near standstill state in the first quarter of the financial year. As economic activity gradually recovered over the subsequent quarters, a second wave of the pandemic hit the country in the last quarter forcing governments across various states to re-impose restrictions.

The AMC performed an assessment of the likely impact of the pandemic and associated restrictions to the operations of IIFL Mutual Fund early in the year and took necessary measures to further strengthen its Business Continuity posture and augment efficiency in operations.

The financial statements of the scheme(s) for the financial year ended March 31, 2021 have been prepared with due consideration to any known and direct impact of the pandemic on the NAV of the schemes and the financial statements. The schemes of the Fund have followed the SEBI directions on the valuation of the investments and where necessary, estimated adjustments to the fair value have been made. The AMC believes that it has taken into account all the possible impact of known events arising from COVID-19 pandemic existing as at March 31, 2021 before declaration of the NAV for the schemes and in the preparation of the financial statements.

The impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. Any material changes to economic conditions is monitored on an ongoing basis to assess any potential impact on the financial statements of the schemes.

3.19 Prior period comparatives:

The prior year figures have been reclassified and regrouped wherever necessary to confirm with current year's presentation.

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

Sd/-
Russell I. Parera
Partner
Membership No : 042190

For IIFL Trustee Limited

Sd/-
R.Mohan
Associate Director
DIN: 0000012070

For IIFL Trustee Limited

Sd/-
S. Sengupta
Independent Director
DIN: 08467648

For IIFL Asset Management Limited

Sd/-
Anup Maheshwari
Whole Time Director
DIN: 08258671

Sd/-
Kumar Sharadindu
Independent Director

Sd/-
Mayur Patel
Fund Manager

Sd/-
Milan Mody
Fund Manager

Place: Mumbai
Date: July 30, 2021

Place: Mumbai
Date: July 30, 2021

Place: Mumbai
Date: July 30, 2021

Place: Mumbai
Date: July 30, 2021

Place: Mumbai
Date: July 30, 2021

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

Objective of Policy:

IIFL Asset Management 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 Objectives of the respective Schemes. 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;
2. To signal dissent to proposals that favour promoters / dominant shareholders at the expense of other (minority) shareholders;
3. 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.

Policy for Schemes which are passively managed including Index and Equity ETF schemes.

Index and Equity ETF Scheme(s) follow a passive investment strategy, with investment objective to replicate the constituents of the benchmark index, in the same proportion as in the Index.

The constituents of the said benchmark(s) index are determined by the Index service provider(s), basis their internal policies and parameters. Index and Equity ETF schemes just replicate the Index, by entering into basket trades of the said constituents, with Fund Manager not undertaking any active research or call on the individual stocks forming part of the Index. As any actions of the Companies forming part of the portfolio of Scheme(s) is not actively research and tracked, the Fund would generally abstain from voting on any matters of such Companies.

Disclosures:

The actual exercise of the proxy votes in the AGMs/EGMs of the investee companies shall be disclosed 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.

This Policy has been disclosed on the Home Page of the website of the AMC i.e. www.iiflmf.com and shall also be suitable set forth in the Annual Report of Schemes distributed to the Unit Holders.

The disclosures of voting rights exercised shall be made on the website of IIFL MF (www.iiflmf.com) as follows:

Quarterly - the details of votes cast by the schemes of the Fund (in the format and due date as prescribed by SEBI from time to time).

Annually - the details of votes cast by the schemes of the Fund (in the format and due date as prescribed by SEBI from time to time).

On an annual basis, IIFL AMC will obtain a certification from auditors on voting and the same will be placed before the Boards of AMC and Trustee. The auditor's certificate will form part of annual report of the Schemes and will also be uploaded on the website

M. P. Chitale & Co.

Chartered Accountants

1/11, Prabhadevi Ind. Estate, 1st Flr., Opp. Siddhivinayak Temple, Veer Savarkar Marg, Prabhadevi, Mumbai - 25 • Tel.: 43474301-03 • Fax : 43474304

**The Board of Directors,
IIFL Asset Management Limited,
IIFL Centre, Kamala City, Annex Building
Senapati Bapat Marg,
Lower Parel,
Mumbai - 400013.**

We have been appointed by IIFL Asset Management Ltd. as scrutinizer to provide certification on proxy voting reports disclosed by AMC on their website in terms of SEBI circular No. CIR/IMD/DF/05/2014 dated March 24, 2014 modified by SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2016/68 dated August 10, 2016 and to issue a certificate to be submitted to trustees.

We have verified the voting disclosures made by IIFL Asset Management Ltd. on the website for the year 2020-21 on the basis of data obtained from custodian and records maintained by the Investment Team w.r.t. the voting decision (either to vote for/against/abstain from voting) duly supported by the rationale for each agenda item.

We certify that AMC has disclosed details of all the votes cast in the format specified in the circular.

This certification has been issued for submission to Board of Directors of IIFL Trustee Ltd. and to disclose the same in IIFL Mutual Fund's Annual Report and website in terms of SEBI circular No. CIR/IMD/DF/05/2014 dated March 24, 2014 modified by circular No. SEBI/HO/IMD/DF2/CIR/P/2016/68 dated August 10, 2016 and should not be used for any other purpose.

Yours faithfully,

**For M.P. Chitale & Co.
Chartered Accountants
Firm Reg. No. 101851W**

V.V. Barje

**Vidya Barje
Partner
M. No. 104994
Mumbai, May 05, 2021
UDIN: 21104994AAAIGE2126**