



**STATEMENT OF ADDITIONAL INFORMATION (SAI)**

**This Statement of Additional Information (SAI) contains details of IIFL MUTUAL FUND, its constitution and certain tax, legal and general information. It is incorporated by reference (is legally a part of the Scheme Information Document).**

**This SAI is dated June 28, 2013**



<b>Name of Mutual Fund</b>	<b>IIFL Mutual Fund</b> IIFL Centre, 3 <sup>rd</sup> floor Annex, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai-400 013
<b>Name of Asset Management Company</b>	<b>India Infoline Asset Management Company Limited</b> <b>Regd. Office:</b> IIFL Centre, 3 <sup>rd</sup> floor Annex, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai-400 013
<b>Name of Trustee Company</b>	<b>India Infoline Trustee Company Limited</b> <b>Regd. Office:</b> IIFL Centre, 3 <sup>rd</sup> floor Annex, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai-400 013
<b>Name of Sponsor</b>	<b>India Infoline Limited</b> <b>Regd. Office:</b> IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, MIDC, Thane Industrial Area, Wagle Estate, Thane – 400 604
<b>Website</b>	<a href="http://www.iiflmutualfund.com">www.iiflmutualfund.com</a>

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## SECTION I - DEFINITIONS

The following definitions/terms apply throughout this Statement unless the context requires otherwise:

<b>AMFI Certified Stock Exchange Brokers</b>	A person who is registered with Association of Mutual Funds in India (AMFI) as Mutual Fund Advisor and who has signed up with India Infoline Asset Management Company Limited and also registered with BSE & NSE as Participant.
<b>Applicable NAV</b>	The NAV applicable for purchase or redemption or Switching of Units based on the time of the Business Day on which the application is time stamped.
<b>Application Supported by Blocked Amount or ASBA</b>	ASBA is an application containing an authorization to a Self Certified Syndicate Bank (SCSB) to block the application money in the bank account maintained with the SCSB, for subscribing to an issue.
<b>Asset Management Company or Investment Manager or AMC</b>	India Infoline Asset Management Company Limited incorporated under the provisions of the Companies Act, 1956 and approved by Securities and Exchange Board of India to act as the Investment Manager to the Scheme(s) of IIFL Mutual Fund.
<b>ARN Holder / AMFI Registered Distributors</b>	Intermediary registered with AMFI to carry out the business of selling and distribution of mutual fund units and having AMFI Registration Number (ARN) allotted by AMFI.
<b>Beneficial Owner</b>	Beneficial Owner, as defined in the Depositories Act, 1996 (22 of 1996), means a person whose name is recorded as such with a Depository. Thus Unitholders holding Units in dematerialised form are considered to be Beneficial Owners
<b>Business Day</b>	<p>A day other than:</p> <ul style="list-style-type: none"> <li>i) Saturday and Sunday;</li> <li>ii) A day on which the banks in Mumbai and /or RBI are closed for business /clearing;</li> <li>iii) A day on which the National Stock Exchange of India Limited and/or the Bombay Stock Exchange Ltd , are closed;</li> <li>iv) A day which is a public and /or bank Holiday at a Customer Service Centre/ Official Point of Acceptance where the application is received;</li> <li>v) A day on which Sale / Redemption/ Switching of Units is suspended by the AMC;</li> <li>vi) A day on which normal business cannot be transacted due to storms, floods, bandhs, strikes or such other events as the AMC may specify from time to time.</li> </ul> <p>Further, the day(s) on which the money markets are closed / not accessible, shall not be treated as Business Day(s).</p> <p>The AMC reserves the right to declare any day as a Business Day or otherwise at any or all Customer Service Centers/Official Points of Acceptance of the Mutual Fund or its Registrar.</p>
<b>Business Hours</b>	Presently 9.30 a.m. to 5.00 p.m. on any Business Day or such other time as may be applicable from time to time.
<b>Controlling Branches (CBs) of the SCSBs</b>	Branches of the Self Certified Syndicate Banks (SCSBs) acting as coordinating branch with the Registrar and Transfer Agent of the Fund for the ASBA facility.
<b>Close-ended Scheme</b>	Close-ended Scheme means any scheme of the mutual fund in which the period of maturity of the scheme is specified.
<b>Credit Rating Agency</b>	A body corporate which is engaged in, or proposes to be engaged in, the business of rating of securities offered by way of public or rights issue under the SEBI (Credit Rating Agencies)Regulations, 1999.
<b>Custodian</b>	A person who has been granted a certificate of registration to carry on the business of custodian of securities/gold under the Securities and Exchange Board of India (Custodian of Securities) Regulations 1996

<b>Cut off time</b>	In respect of subscriptions and redemptions received by the Scheme, it means the outer limit of timings within a particular day/ Business Day which are relevant for determination of the NAV/ related prices to be applied for a transaction
<b>Debt Instruments</b>	Government securities, corporate debentures, bonds, promissory notes, money market instruments, pass-through certificates, asset backed securities/secured debt and other possible similar securities.
<b>Depository</b>	A Depository as defined in the Depositories Act, 1996 and includes National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL).
<b>Depository Participant or DP</b>	Depository Participant (DP) is an agent of the Depository who acts like an intermediary between the Depository and the investors. DP is an entity who is registered with SEBI to offer depository-related services.
<b>Derivative</b>	Derivative includes (i) a security derived from a debt instrument, share, loan whether secured unsecured, risk instrument or contract for differences or any other form of security; (ii) a contract which derives its value from the prices, or index of prices, or underlying securities.
<b>Designated Branches (DBs) of the SCSBs</b>	Branches of the SCSBs which collect completed ASBA Application Forms towards subscription to Units of a Scheme offered during NFO. List of Designated Branches is available at <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a>
<b>Dividend</b>	Income distributed by the Mutual Fund on the Units of a Scheme, where applicable
<b>Electronic Fund Transfer/ EFT</b>	Electronic Fund Transfer includes all the means of electronic transfer like Direct Credit / Debit, National Electronic Clearing System (NECS), RTGS, NEFT, Wire Transfer or such like modes may be introduced by relevant authorities from time to time.
<b>Entry Load</b>	Entry Load means a one-time charge that the investor pays at the time of entry into the scheme. Presently, entry load cannot be charged by mutual fund schemes.
<b>Equity related instruments</b>	Equity related instruments would include convertible bonds, convertible debentures, convertible preference shares, warrants carrying the right to obtain equity shares, equity derivatives and any other similar instrument.
<b>Exit Load</b>	A charge paid by the investor at the time of exit from the scheme
<b>Fixed Income Securities</b>	Debt Securities created and issued by, inter alia, Central Government, State Government, Local Authorities, Municipal Corporations, PSUs, Public Companies, Private Companies, Bodies Corporate, Special Purpose Vehicles(incorporated or otherwise) and any other entities, which yield at fixed rate by way of interest, premium, discount or a combination of any of them.
<b>Floating Rate Debt Instruments</b>	Floating rate debt instruments are debt securities issued by Central and / or State Government, corporates or PSUs with interest rates that are reset periodically. The periodicity of the interest reset could be daily, monthly, quarterly, half yearly, annually or any other periodicity that may be mutually agreed with the issuer and the Fund. The interest on the instruments could also be in the nature of fixed basis points over the benchmark gilt yields
<b>Foreign Institutional Investor (FN)</b>	Foreign Institutional Investor, registered with SEBI under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended from time to time
<b>Foreign Securities</b>	ADRs / GDRs/ equity / debt securities of overseas companies listed on the recognized stock exchanges overseas or other securities as may be specified and permitted by SEBI and/or RBI from time to time.
<b>Fund Accountant</b>	Citibank NA, Mumbai who has been appointed as the Fund Accountant, to provide fund accounting, NAV calculation and other related services, and includes such Fund Accountant(s) as may be appointed from time to time.
<b>Gilts or Government Securities</b>	Securities created and issued by the Central Government and/or a State Government (including Treasury Bills) or Government Securities as defined in the Public Debt Act, 1944, as amended or re-enacted from time to time.
<b>GOI</b>	Government of India

<b>Interest Rate Swap or IRS</b>	IRS is a financial contract between two parties exchanging a stream of interest payments for a notional principal amount on multiple occasions till maturity. Typically, one party receives a pre-determined fixed rate of interest while the other party receives a floating rate, which is linked to a mutually agreed benchmark with provision for mutually agreed periodic resets.
<b>Investment Management Agreement</b>	The agreement dated April 29, 2010 entered into between India Infoline Trustee Company Limited and India Infoline Asset Management Company Limited, as amended from time to time
<b>Investor</b>	Any resident (person resident in India under the Foreign Exchange Management Act) or non-resident person (a person who is not a resident of India) whether an individual or not (legal entity), who is eligible to subscribe for Units under the laws of his/her/its/their state/country of incorporation, establishment, citizenship, residence or domicile and who has made an application for subscribing for Units under the Scheme(s)
<b>Investor Service Centres/ Customer Service Centres or CSCs</b>	Investor Service Centres / Customer Service Centres, as designated from time to time by the AMC, whether of the Registrar or AMC's own branches, being official points of acceptance, authorized to receive application forms for Purchase/ Redemption /Switch and other service requests/queries from investors/Unit Holders
<b>Money Market Instruments</b>	Money Market Instruments as defined in the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended from time to time. Generally, Money Market Instruments includes commercial papers, commercial bills, and treasury bills, Government securities having an unexpired maturity up to one year, call or notice money, CBLO, certificate of deposit, usance bills and any other like instruments as specified by the Reserve Bank of India from time to time.
<b>Mutual Fund or the Fund</b>	IIFL Mutual Fund, a trust set up under the provisions of the Indian Trusts Act, 1882
<b>Net Asset Value</b>	Net Asset Value per Unit of the Scheme (including options there under), calculated in the manner described in the Scheme Information Document or as may be prescribed by the SEBI (MF) Regulations from time to time.
<b>Non-resident Indian or NRI</b>	A Non-Resident Indian or a Person of Indian Origin residing outside India.
<b>Offer Document</b>	Scheme Information Document (SID) and Statement of Additional Information (SAI) (collectively).
<b>Official Points of Acceptance</b>	Places, as specified by AMC from time to time where application for Subscription / Redemption / Switch will be accepted on ongoing basis.
<b>Ongoing Offer/Continuous Offer</b>	Offer of units under the Scheme(s), when it becomes open-ended after the closure of its New Fund Offer Period.
<b>Ongoing Offer /Continuous Offer Period</b>	The period during which the Ongoing Offer/Continuous Offer for subscription to the Units of the Scheme(s) is made and not suspended.
<b>Open-ended Scheme</b>	Open-ended Scheme means a scheme of a mutual fund which offers units for sale without specifying any duration for redemption.
<b>Person of Indian Origin</b>	A citizen of any country other than Bangladesh or Pakistan, if (a) he at any time held an Indian passport; or (b) he or either of his parents or any of his grandparents was a citizen of India by virtue of Constitution of India or the Citizenship Act, 1955 (57 of 1955); or (c) the person is a spouse of an Indian citizen or person referred to in sub clause (a) or (b).
<b>Rating</b>	Rating means an opinion regarding securities, expressed in the form of standard symbols or in any other standardized manner, assigned by a credit rating agency and used by the issuer of such securities, to comply with any requirement of the SEBI (Credit Rating Agencies) Regulations, 1999.
<b>Reserve Bank of India or RBI</b>	Reserve Bank of India, established under the Reserve Bank of India Act, 1934, (2 of 1934)
<b>Registrar and Transfer</b>	Computer Age Management Services Private Limited (CAMS), currently acting as

<b>Agents or Registrar or RTA</b>	Registrar to the Schemes, or any other Registrar appointed by the AMC from time to time.
<b>Redemption or Repurchase</b>	Redemption/Repurchase of Units of the Schemes as specified in this Document.
<b>Regulatory Agency or Regulatory Authority</b>	GOI, SEBI, RBI or any other authority or agency entitled to issue or give any directions, instructions or guidelines to the Mutual Fund.
<b>Repo</b>	Sale of Government Securities with simultaneous agreement to repurchase them at a later date.
<b>Reverse Repo</b>	Purchase of Government Securities with simultaneous agreement to sell them at a later date.
<b>Scheme or Scheme(s)</b>	A Scheme referred to in this SAI means the Scheme of the Fund (including, as the context permits, the Plans and Options there under), whether existing, and as launched from time to time, individually referred to as 'Scheme' and collectively referred to as 'Scheme(s)', as the context permits. Scheme specific provisions shall be construed in the context of relevant Scheme and shall be read together with the respective SID.
<b>Self Certified Syndicate Bank or SCSB</b>	Self Certified Syndicate Bank/ SCSB means a bank registered with SEBI to offer the facility of applying through the ASBA process. ASBAs can be accepted only by SCSBs, whose names appear in the list of SCSBs as displayed by SEBI on its website at <a href="http://www.sebi.gov.in">www.sebi.gov.in</a> .
<b>Statement of Additional Information or SAI</b>	This document issued by IIFL Mutual Fund containing details of IIFL Mutual Fund, its constitution, and certain tax, legal and general information, as amended from time to time. SAI is legally a part of the Scheme Information Document.
<b>Sale or Subscription</b>	Sale or allotment of Units to the Unit holder upon subscription by the Investor / Applicant under the Schemes.
<b>Scheme Information Document or SID</b>	A document issued by IIFL Mutual Fund, offering units of the Schemes of the Fund for subscription and as modified from time to time.
<b>SEBI</b>	Securities and Exchange Board of India, established under the Securities and Exchange Board of India Act, 1992
<b>SEBI (MF) Regulations or SEBI Regulations or Regulations</b>	Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended and re-enacted from time to time including notifications/circulars/guidelines issued there under, from time to time.
<b>Securities</b>	As defined in Securities Contract (Regulation) Act, 1956 & includes notes, bonds, debentures, debenture stock, warrants, etc., futures, options, derivatives, etc. or other transferable securities of a like nature in or of any incorporated company or other body corporate, Gilts / Government Securities, Mutual Fund Units, Money Market Instruments like Call Deposit, Commercial Paper, Treasury Bills, etc. and such other instruments as may be declared by GOI and / or SEBI and / or RBI and / or any other regulatory authority to be securities and rights or interest in securities.
<b>Service Provider</b>	Service Provider means an entity offering or providing service of any description which is made available to the AMC on account of the Mutual Fund and includes the provision of facilities in connection with banking, finance, Custody, Fund Accountant, RTA, Mail / Courier, Electronic Transmission, Records, Storage/ Retrievals, Insurance, Communication, Processing, etc., individually and/or in any combination thereof or such other services as are required for the smooth functioning of the Mutual Fund.
<b>Short Selling</b>	Short selling means selling a stock which the seller does not own at the time of trade.
<b>Sponsor</b>	India Infoline Limited
<b>Stock Exchange Facility</b>	Means the facility for transacting (purchase / redemption) in the Units of select Schemes through the stock exchange infrastructure, in terms of SEBI Circular No. SEBI/IMD/CIR No.11/183204/2009 dated November 13, 2009. Such transactions shall be undertaken by the investor / Unit holders on the Stock Exchange through Eligible Stock Brokers in accordance with the guidelines specified by the Exchange from time

	to time. Further, in terms of SEBI Circular CIR/IMD/DF/17/2010 dated November 9, 2010 units of select Schemes may be permitted to be transacted (purchases/redemptions) through clearing members of the registered Stock Exchanges and redeemed through Depository Participants of registered Depositories (in case the units are held in demat form).
<b>Stock Lending</b>	Lending of securities to another person or entity for a fixed period of time, at a negotiated compensation in order to enhance returns of the portfolio.
<b>Switch</b>	Redemption of a unit in any scheme (including the Options therein) of the Mutual Fund against purchase / allotment of a unit in another scheme (including the Options therein) of the Mutual Fund, subject to completion of Lock-in Period, if any, of the units of the scheme(s) from where the units are being switched.
<b>Systematic Investment Plan / SIP</b>	Facility given to the Unit holders to invest specified fixed sums in a Scheme on periodic basis by giving a single instruction.
<b>Systematic Transfer Plan / STP</b>	Facility given to the Unit holders to transfer sums on periodic basis from one Scheme to another Scheme launched by the Mutual Fund from time to time by giving a single instruction.
<b>Systematic Withdrawal Plan / SWP</b>	Facility given to the Unit holders to withdraw amounts from the Scheme on periodic basis by giving a single instruction.
<b>Trustee or Trustee Company</b>	India Infoline Trustee Company Limited incorporated under the provisions of the Companies Act, 1956 and approved by SEBI to act as the Trustee to the Scheme(s) of the Mutual Fund.
<b>Trust Deed / Deed of Trust</b>	The Trust Deed dated April 29, 2010 made by and between the Sponsors and India Infoline Trustee Company Limited, as amended from time to time, thereby establishing an irrevocable trust, called IIFL Mutual Fund.
<b>Trust Property</b>	Includes Permissible Investments and cash or any part thereof which may be converted or varied from time to time.
<b>Unit</b>	The interest of the Unit holder in a Scheme, which consists of each Unit representing one undivided share in the assets of such Scheme.
<b>Unit holder</b>	A person holding Unit(s) in a Scheme of the Fund.

### **Abbreviations:**

AMFI	Association of Mutual Funds in India	NAV	Net Asset Value
AOP	Association of Persons	NBFC	Non Banking Finance Company
ASBA	Application Supported by Blocked Amount	NCCT	Non-Compliant Countries and Territories
BOI	Bodies of Individuals	NECS	National Electronic Clearing System
BSE	Bombay Stock Exchange Limited	NEFT	National Electronic Funds Transfer
BSE StAR MF	BSE Stock Exchange Platform for Allotment and Repurchase of Mutual Funds	NFO	New Fund Offer
CAMS	Computer Age Management Services Private Limited	NRE	Non Resident External (Rupee) Account
CBLO	Collateralised Borrowing and Lending Obligation	NRI	Non-Resident Indian
CBs	Controlling Branches of SCSBs	NRO	Non Resident Ordinary
CDSL	Central Depository Services (India) Limited	NSDL	National Securities Depository Limited
CFI	Condensed Financial Information	NSE	National Stock Exchange
CRISIL	Credit Rating Information Services of India Limited	OCBs	Overseas Corporate Bodies
CSC	Customer Service Centre	PAN	Permanent Account Number
CVL	CDSL Ventures Limited	PIO	Person of Indian Origin
DBs	Designated Branches of SCSBs	PMLA	Prevention of Money Laundering Act, 2002

DP	Depository Participant	POA	Power Of Attorney
DRF	Demat Request Form	POS	Points of Service
EFT	Electronic Funds Transfer	PSU	Public Sector Undertaking
ELSS	Equity Linked Savings Scheme	RBI	Reserve Bank of India
FATF	Financial Action Task Force	RTA	Registrar and Transfer Agents
FCNR	Foreign Currency Non Resident	RTGS	Real Time Gross Settlement
FEMA	Foreign Exchange Management Act	SAI	Statement of Additional Information
FI	Financial Institution	SCSB	Self Certified Syndicate Bank
FN	Foreign Institutional Investor	SEBI	Securities and Exchange Board of India
FIMMDA	Fixed Income Money Market & Derivatives Dealers Association	SID	Scheme Information Document
FIU-IND	Financial Intelligence Unit- India	SIP	Systematic Investment Plan
HUF	Hindu Undivided Family	SPV	Special Purpose Vehicle
ICRA	ICRA Limited	STP	Systematic Transfer Plan
IMA	Investment Management Agreement	STT	Securities Transaction Tax
KYC	Know Your Client	SWP	Systematic Withdrawal Plan
LLPs	Limited Liability Partnerships	IIFL	India Infoline Limited
MFSS	Mutual Fund Service System	IIFL AMC/AMC	India Infoline Asset Management Company Limited
YTM	Yield To Maturity	IIFL TC/ TC	India Infoline Trustee Company Limited

For all purposes of this SAI, except as otherwise expressly provided or unless the context otherwise requires:

1. All references to the masculine shall include the feminine and all references, to the singular shall include the plural and vice-versa. All references to Unitholders whether masculine or feminine include references to non-individuals unless repugnant to the context thereof.
2. All references to "₹" refer to Indian Rupees and "dollars" or "\$" refer to United States Dollars. A "crore" means "ten million" and a "lakh" means a "hundred thousand".
3. All references to timings relate to Indian Standard Time (IST).
4. Any reference to any statute or statutory provision shall be construed as including a reference to any statutory modifications or re-enactment thereto from time to time.
5. Headings are for ease of reference only and shall not affect the construction or interpretation of this Document.



## SECTION II - INFORMATION ABOUT SPONSOR, AMC AND TRUSTEE COMPANIES

### A. Constitution of the Mutual Fund

IIFL Mutual Fund ("the Mutual Fund" or "the Fund") has been constituted as a trust on April 29, 2010 in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) with India Infoline Limited (100% stake) as the Sponsors and India Infoline Trustee Company Limited as the Trustee. The Trust Deed has been registered under the Indian Registration Act, 1908. The Mutual Fund was registered with SEBI on March 23, 2011 under Registration Code MF/067/11/02.

### B. Sponsor

IIFL Mutual Fund is sponsored by India Infoline Limited (IIFL). The Sponsor is the Settlor of the Mutual Fund Trust. The Sponsor has entrusted a sum of ₹ 1,00,000 to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

IIFL was incorporated on 18<sup>th</sup> October, 1995 vide registration no. L74999MH1995PLC093797 under the Companies Act, 1956. IIFL is listed on National Stock Exchange of India Ltd (NSE), Bombay Stock Exchange Ltd.(BSE) and MCX Sx. India Infoline Limited is registered with Securities & Exchange Board of India as Stock Broker on NSE, BSE, MCX Stock Exchange Limited & United Stock Exchange Ltd, as a Depository Participant with National Securities Depository Limited and Central Depository Services (India)Limited. IIFL is also registered as Merchant Banker under SEBI (Merchant Bankers) Regulations, 1992 and as a Portfolio Manager under SEBI (Portfolio Managers) Regulations, 1996. The registered office of IIFL is at IIFL House, Sun Infotech Park, Road No. 16V, Plot No. B-23, MIDC, Thane Industrial Area, Wagle Estate, Thane – 400 604.

### Financial Performance of the Sponsors (past three years)

(Rs.in Crores)	2012-13	2011-12	2010-11
Networth	1,310.03	1277.28	1,088.97
Total Income	550.47	639.00	799.55
Profit after Tax	95.81	63.30	122.36
Assets Under Management (if applicable)	N. A	N. A	N. A

### C. The Trustee

India Infoline Trustee Company Limited (the "Trustee"), through its Board of Directors, shall discharge its obligations as trustee of IIFL Mutual Fund. The Trustee ensures that the transactions entered into by the AMC are in accordance with the SEBI Regulations and will also review the activities carried on by the AMC.

India Infoline Trustee Company Limited is a company incorporated under the Indian Companies Act, 1956 and was incorporated on June 5, 2009 having its Registered Office at IIFL Centre, 3rd floor Annex, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai-400 013.

The shareholding pattern of the Trustee Company is as follows:

Name of the Shareholder	No. of shares	% of Shareholding
India Infoline Limited	3,00,000*	100%

\*Including 6 shares held jointly with its nominees.

**Details of Trustee Directors:**

Name	Age	Qualification	Brief Experience
<b>Mr. A. K. Shukla</b> Independent Director	67 years	M. Sc.	<ul style="list-style-type: none"> <li>■ Mr. Shukla is a former Chairman of Life Insurance Corporation of India and has rich experience of more than 42 years in the insurance business</li> <li>■ He has received various prestigious awards which include 'Distinguish Fellow', Institute of Directors, Delhi; 'Indira Gandhi Priyadarshni Award' by National Unity Congress, Delhi, 'Marketing King Award' by IMM Delhi, etc</li> </ul>
<b>Mr. R.S. Loona</b> Independent Director	61 years	B. Sc.; LLB	<ul style="list-style-type: none"> <li>■ Mr. Loona is a Corporate Lawyer by profession with an experience of more than 32 years in the legal field.</li> <li>■ He has held senior positions such as Chief General Manager (Legal) in IDBI and Executive Director (Law) in SEBI</li> <li>■ Mr. Loona has been associated with several Expert Groups/Committees constituted by Govt. of India, SEBI and also writes articles in financial newspapers on securities laws and corporate matters</li> </ul>
<b>Mr. J.H. Mehta</b> Independent Director	60 years	B.Com; MBA from IIM, Ahmedabad; Graduate of the Advanced Management Programme Wharton School, USA	<ul style="list-style-type: none"> <li>■ Mr. Mehta is a Management Consultant by profession and has rich &amp; varied experience of more than 31 years in financial service sector.</li> <li>■ He was associated with renowned organisations like HLL as Vice President, Hindustan Lever as Executive Director, RPG Group as President.</li> </ul>

Name	Age	Qualification	Brief Experience
<b>Mr. Nirmal Jain</b> Associate Director	46 years	B. Com, Chartered Accountant, Cost Accountant, MBA from IIM Ahmedabad	<ul style="list-style-type: none"> <li>■ Mr. Jain is a Chairman of India Infoline Limited one of the leading Financial Services Company in India.</li> <li>■ He has rich and varied experience of more than 22 years in financial services industry.</li> <li>■ During the year 2009, he was ranked second in 'India's Most Valuable CEOs' by Business World for 2009.</li> </ul>

#### **Rights, Obligations, Responsibilities and Duties of the Trustee:**

In accordance with the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed dated April 29, 2010, constituting the Mutual Fund, the rights, obligations, responsibilities and duties of the Trustee include the following:

1. The Trustee shall, with the prior approval of SEBI, enter into an Investment Management Agreement with the AMC.
2. The Trustee shall ensure that the Investment Management Agreement contains such clauses as are mentioned in the Fourth Schedule of the SEBI Regulations and such other clauses as are necessary for the purpose of making investments.
3. The Trustee shall have a right to obtain from the AMC such information as is considered necessary by the Trustee.
4. The Trustee shall ensure before the launch of any scheme that the AMC, has :
  - a. Systems in place for its back office, dealing room and accounting;
  - b. Appointed all key personnel including fund manager(s) for the scheme(s) and submitted their bio-data which shall contain the educational qualifications, past experience in the securities market with the Trustee, within 15 days of their appointment;
  - c. Appointed auditors to audit its accounts;
  - d. Appointed a compliance officer who shall be responsible for monitoring the compliance of the Act, rules and regulations, notifications, guidelines, instructions, etc., issued by SEBI or the Central Government and for redressal of investors grievances;
  - e. Appointed registrars and laid down parameters for their supervision;
  - f. Prepared a compliance manual and designed internal control mechanisms including internal audit systems;
  - g. Specified norms for empanelment of brokers and marketing agents; and Obtained, wherever required under these Regulations, prior in principle approval from the recognised stock exchange(s) where units are proposed to be listed.
5. The Compliance Officer appointed under clause (d) of sub-regulation (4) of SEBI Regulations, shall immediately and independently report to SEBI any non-compliance observed by him.
6. The Trustee shall ensure that the AMC has been diligent in empanelling the brokers, in monitoring securities transactions with brokers and avoiding undue concentration of business with any broker.
7. The Trustee shall ensure that the AMC has not given any undue or unfair advantage to any associates or dealt

with any of the associates of the AMC in any manner detrimental to interest of the unit holders.

8. The Trustee shall ensure that the transactions entered into by the AMC are in accordance with SEBI Regulations and the scheme.
9. The Trustee shall ensure that the AMC has been managing the Mutual Fund schemes independently of other activities and have taken adequate steps to ensure that the interest of investors of one scheme are not being compromised with those of any other scheme or of other activities of the AMC.
10. The Trustee shall ensure that all the activities of the AMC are in accordance with the provisions of SEBI Regulations.
11. Where the Trustee has reason to believe that the conduct of business of the Mutual Fund is not in accordance with SEBI Regulations and the scheme it shall forthwith take such remedial steps as are necessary by it and shall immediately inform SEBI of the violation and the action taken by it.
12. Each Director of the Trustee Company shall file the details of his transactions of dealing in securities with the Mutual Fund on a quarterly basis.
13. The Trustee shall be accountable for, and be the custodian of, the funds and property of the respective schemes and shall hold the same in trust for the benefit of the unit holders in accordance with SEBI Regulations and the provisions of the Trust Deed.
14. The Trustee shall take steps to ensure that the transactions of the Mutual Fund are in accordance with the provisions of the Trust Deed.
15. The Trustee shall be responsible for the calculation of any income due to be paid to the Mutual Fund and also of any income received in the Mutual Fund for the holders of the units of any scheme in accordance with SEBI Regulations and the Trust Deed.
16. The Trustee shall obtain the consent of the unit holders:
  - a. Whenever required to do so by SEBI in the interest of the unit holders; or Whenever required to do so on the requisition made by three-fourths of the unit holders of any scheme; or
  - b. When the majority of the Directors of the Trustee Company decides to wind up or prematurely redeem the units.
17. The Trustee shall ensure that no change in the fundamental attributes of any scheme or the trust or fees and expenses payable or any other change which would modify the scheme and affects the interest of unit holders, shall be carried out unless:
  - a. A written communication about the proposed change is sent to each unit holder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of region where the Head Office of the Mutual Fund is situated; and
  - b. The unit holders are given an option to exit at the prevailing NetAsset Value without any exit load.
18. The Trustee shall call for the details of transactions in securities by the key personnel of the AMC in his own name or on behalf of the AMC and shall report to SEBI, as and when required.
19. The Trustee shall quarterly review all transactions carried out between the Mutual Fund, AMC and its associates.
20. The Trustee shall quarterly review the networth of the AMC and in case of any shortfall, ensure that the AMC makes up for the shortfall as per clause (f) of sub-regulation (1) of Regulation 21 of SEBI Regulations.
21. The Trustee shall periodically review all service contracts such as custody arrangements, transfer agency of the securities and satisfy itself that such contracts are executed in the interest of the unit holders.

22. The Trustee shall ensure that there is no conflict of interest between the manner of deployment of its network by the AMC and the interest of the unit holders.
23. The Trustee shall periodically review the investor complaints received and the redressal of the same by the AMC.
24. The Trustee shall abide by the Code of Conduct as specified in the Fifth Schedule of SEBI Regulations.
25. The Trustee shall furnish to SEBI on a half-yearly basis:
  - a. Report on the activities of the Mutual Fund;
  - a. Certificate stating that the Trustee has satisfied itself that there have been no instances of self-dealing or front running by any of the Directors of the Trustee Company, directors and key personnel of the AMC;
  - b. certificate to the effect that the AMC has been managing the schemes independently of any other activities and in case any activities of the nature referred to in sub-regulation (2) of regulation 24 of SEBI Regulations have been undertaken by the AMC and has taken adequate steps to ensure that the interests of the unitholders are protected.
26. The independent Directors of the Trustee Company referred to in sub-regulation (5) of regulation 16 of SEBI Regulations shall give their comments on the report received from the AMC regarding the investments by the Mutual Fund in the securities of group companies of the Sponsors.
27. The Trustee shall exercise due diligence as under:

**General Due Diligence:**

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

**Specific Due Diligence:**

The Trustee shall:

- a. Obtain internal audit reports at regular intervals from independent auditors appointed by Trustee.
  - b. Obtain compliance certificates / reports at regular intervals from the AMC
  - c. Hold meetings of Board of Directors of Trustee Company more frequently.
  - d. Consider the reports of independent auditor and compliance reports of AMC at the meetings of Trustee for appropriate action.
  - e. Maintain records of the decisions of the Trustee at its meetings and of the minutes of the meetings.
  - f. Prescribe and adhere to a code of ethics by the Trustee, AMC and its personnel.
  - g. Communicate in writing to the AMC of the deficiencies and checking on the rectification of deficiencies.
28. Notwithstanding anything contained in any applicable SEBI Regulations, the Trustee shall not be held liable for acts done in good faith if it has exercised adequate due diligence honestly.
  29. The independent directors of the Trustee Company or AMC shall pay specific attention to the following, as may

be applicable, namely:

- II. The Investment Management Agreement and the compensation paid under the agreement,
  - III. Service contracts with affiliates—whether the AMC has charged higher fees than outside contractors for the same services,
  - IV. Selection of the AMC's independent directors,
  - V. Securities transactions involving affiliates to the extent such transactions are permitted,
  - VI. Selecting and nominating individuals to fill independent directors vacancies,
  - VII. Code of ethics must be designed to prevent fraudulent, deceptive or manipulative practices by insiders in connection with personal securities transactions,
  - VIII. the reasonableness of fees paid to Sponsors, AMC and any others for services provided,
  - IX. Principal underwriting contracts and their renewals,
  - X. Any service contract with the associates of the AMC.
30. In carrying out his responsibilities, each member of the Board of Directors of the Trustee Company shall maintain arm's length relationship with other companies or institutions or financial intermediaries or any body corporate with which he/she may be associated.
31. The Directors of the Trustee Company shall not participate in the Board Meetings of the Trustee Company or in any decision making process of its Board for any investments in which he/she may be interested.
32. Each Director of the Trustee Company shall provide to its Board, the particulars of any interest which he/she may have in any other company or institution or financial intermediary or any body corporate by virtue of his/her position as director, partner or with which he/she may be associated in any other capacity.
33. The Trustee shall act in the interest of the unit holders.
34. It shall be the duty of the Trustee to provide or cause to provide information to the unit holders and SEBI as may be specified by SEBI from time to time.
35. The Trustee shall take reasonable care to ensure that the funds under various schemes floated, are managed by the AMC in accordance with the Trust Deed and SEBI Regulations.
36. The Trustee shall appoint a custodian and shall be responsible for the supervision of its activities in relation to the Mutual Fund and shall enter into a custodian Agreement with the custodian for this purpose.
37. The Trustee shall ensure that the auditor for the Mutual Fund shall be different from the Auditor of the AMC.
38. The Trustee shall not acquire nor allow the AMC to acquire any assets out of the Trust property which involves the assumption of any liability which is unlimited or results in the encumbrance of the Trust property in any way.
39. No amendments to the Trust Deed shall be carried out without the prior approval of SEBI and unitholder's approval would be obtained where it affects the interest of unit holders.
40. The Trustee, in discharge of its duties, and in exercise of all discretionary powers, may engage, appoint, employ, retain, or authorise the AMC to engage, appoint, employ or retain any solicitors, advocates, bankers, brokers, accountants, professional advisors and consultants as it may deem appropriate.

#### **Supervisory Role of the Trustee**

The supervisory role of Trustee will be discharged inter-alia by reviewing the information and operations of the Mutual Fund based on the internal audit reports / compliance reports received on a periodical basis. The Compliance Officer has a direct reporting line to the Board of Directors of the Trustee Company. The Board Meeting of the

Trustee Company shall be held at least once in every two calendar months and at least six such meetings shall be held in every year or at such frequency as may be prescribed under the Regulations. The Trustee Company was incorporated on June 05, 2009. The Board Meeting of the Trustee Company has been held 6 times during Financial Year 2011-2012. The quorum for a Board meeting of the Trustee shall not be constituted unless such number of independent director(s) as may be prescribed by SEBI from time to time are present at the meeting. Further the Audit Committee, constituted pursuant to SEBI Circular MFD / CIR No. 010 / 024 / 2000 dated January 17, 2000, chaired by an independent director of the Trustee Company is, inter-alia, responsible for the following:

- Review of the periodic financial statements of the Trustee and Mutual Fund including audit observations
- Review of the internal audit systems and internal and statutory audit reports
- Recommendation of the appointment of auditors

#### Trustee Fees and Expenses

Subject to the Regulations, the Trustee Company shall during the term of the Mutual Fund, and whether or not the Mutual Fund shall be in course of administration by or under the order or direction of any competent court or regulatory authorities, be paid an annual fees out of the Mutual Fund as may be agreed between the Sponsor and the Trustee Company from time to time. The said remuneration is in addition to all costs, charges and expenses incurred in or in connection with the administration and execution of the Mutual Fund.

#### D. Asset Management Company

India Infoline Asset Management Company Ltd. (AMC) is a public limited company incorporated under the Companies Act, 1956 on March 22, 2010, having its Registered Office at IIFL Centre, 3<sup>rd</sup> floor Annex, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai-400 013.

India Infoline Asset Management Company Ltd. has been appointed as the Investment Manager to IIFL Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated April 29, 2010, executed between India Infoline Trustee Company Ltd. and India Infoline Asset Management Company Ltd.

The paid-up capital of the AMC is Rs. 17,50,00,000 comprising of 1,75,00,000 of Equity Shares of Rs. 10/-each.

The shareholding pattern of the AMC is as follows:

Name of the Shareholder	No. of shares	% of Shareholding
India Infoline Limited	1,75,00,000*	100%

\*including 6 shares held jointly with its nominees.

**Details of AMC Directors:**

Name	Age	Qualification	Brief Experience
<p><b>Mr. Pranab Pattanayak</b> Independent Director</p>	<p>64 years</p>	<p>M.A. (Economics), CAIIB Pt-I</p>	<ul style="list-style-type: none"> <li>■ Mr. Pattanayak has rich and varied experience of 38 years in the Banking &amp; Fund Management field. He is a member of Rating Committee of Credit Analysis &amp; Research Ltd. (CARE) and Consultant for SRB Consultancy (P) Ltd.</li> <li>■ Mr. Pattanayak was Managing Director of State Bank of Mysore during the period August 2006 to January 2009. He has held senior positions as Dy. Managing Director in State Bank of India and State Bank of Travencore and has headed various departments such as ranging from Credit, Forex, Treasury and IT. He has been involved in evaluating and financing large Projects, Commercial and Institutional credit and has also headed domestic and forex treasury and bank's investment portfolio.</li> <li>■ During his tenure at State Bank of India, Singapore, he has handled funding operations, forex settlements, trade finance, asset liability management and Regulatory Compliance.</li> </ul>
<p><b>Ms. Homai Daruwalla</b> Independent Director</p>	<p>63 years</p>	<p>Chartered Accountant</p>	<ul style="list-style-type: none"> <li>■ Ms. Daruwalla has an experience of more than three decades in Banking &amp; Financial services sector.</li> <li>■ She was the Chairperson and Managing Director of Central Bank of India overseeing the entire operations of the Bank from June 2005 to December 2008. She has reached pinnacle of banking career with varied experience of working with three large Public Sector Banks viz. Union Bank of India, Oriental Bank of Commerce and Central Bank of India during last 34 years.</li> <li>■ Ms. Daruwalla commenced her banking career with Union Bank of India where she handled many important assignments both at corporate office and field level. She was actively associated with a host of Committees constituted in the Bank in area of Corporate Governance, Banking Technology Solutions, Audit, Risk Management, Asset Liability Management, Customer Service, Premises and Property, Computerization including Core Banking etc. She was a Member of Central Sub-Committee on Concurrent Audit of Banks constituted by the Institute of Chartered Accountants of India, as also member of the Committee on Risk Management Practices and risk Based Supervision formed by the India Banks Association. During her association with Oriental Bank of Commerce, she has provided leadership inputs in the direction of improving work process, strengthening controls and in deriving benefits from Centralised Banking Technology. She has also handled prestigious assignment as Region of India Director on Board of Directors of 'The Institute of Internal Auditors' (IIA), Florida, USA for the term of two years from October 1995 to</li> </ul>

Name	Age	Qualification	Brief Experience
<b>Mr. R. Venkataraman</b> Associate Director	45 years	B.Tech (IIT - Kharagpur); MBA (IIM - Bangalore)	<p>September 1997.</p> <ul style="list-style-type: none"> <li>■ Mr. R. Venkataraman has rich experience of more than 21 years in the financial services sector.</li> <li>■ He is a Co-Promoter and Managing Director of India Infoline Ltd which is registered with SEBI as Stock Broker, Depository Participant, Merchant Banker and Portfolio Manager.</li> <li>■ Previously, Mr. Venkataraman has held senior managerial positions in various divisions of ICICI Ltd, including ICICI Securities Ltd, their investment banking joint venture with J P Morgan of USA and with BZW and Taib Capital Corporation Limited. He has also held the position of Assistant Vice President with G E Capital Services India Limited in their private equity division.</li> </ul>

### Duties and Obligations of the AMC

Under the SEBI (MF) Regulations and the Investment Management Agreement, the AMC has, inter-alia, the following duties and obligations:

1. The AMC shall take all reasonable steps and exercise due diligence to ensure that the investment of funds pertaining to any scheme is not contrary to the provisions of SEBI Regulations and the Trust Deed.
2. The AMC shall exercise due diligence and care in all its investment decisions as would be exercised by other persons engaged in the same business.
3. The AMC shall obtain, wherever required under SEBI Regulations, prior in-principle approval from the recognized stock exchange(s) where units of the Scheme(s) are proposed to be listed.
4. The AMC shall be responsible for the acts of commissions or omissions by its employees or the persons whose services have been procured by the AMC.
5. The AMC shall submit to the Trustee quarterly reports of each year on its activities and the compliance with SEBI Regulations.
6. The Trustee at the request of the AMC may terminate the assignment of the AMC at any time. Provided that such termination shall become effective only after the Trustee has accepted the termination of assignment and communicated its decision in writing to the AMC.
7. Notwithstanding anything contained in any contract or agreement or termination, the AMC or its directors or other officers shall not be absolved of liability to the Mutual Fund for their acts of commission or omissions, while holding such position or office.
8. The Chief Executive Officer (whatever his designation may be) of the AMC shall ensure that the Mutual Fund complies with all the provisions of SEBI Regulations and the guidelines or circulars issued in relation thereto from time to time and that the investments made by the Fund Managers are in the interest of the unit holders and shall also be responsible for the overall risk management function of the Mutual Fund.
9. The Fund Managers (whatever the designation may be) shall ensure that the funds of the schemes are invested to achieve the objectives of the scheme and in the interest of the unit holders.
10. The AMC shall not through any broker associated with the Sponsors, purchase or sell securities, which is average of 5% or more of the aggregate purchases and sale of securities made by the Mutual Fund in all its schemes. Provided that for the purpose of this Clause, aggregate purchase and sale of securities shall exclude sale and

distribution of units issued by the Mutual Fund. The aforesaid limit of 5% shall apply for a block of any three months.

11. The AMC shall not purchase or sell securities through any broker other than a broker associated with the Sponsors, which is average of 5% or more of the aggregate purchases and sale of securities made by the Mutual Fund in all its schemes, unless the AMC has recorded in writing the justification for exceeding the limit of 5% and reports of all such investments are sent to the Trustee on a quarterly basis. The aforesaid limit shall apply for a block of three months.
12. The AMC shall not utilise the services of the Sponsors or any of its associates, employees or their relatives, for the purpose of any securities transaction and distribution and sale of securities. However, the AMC may utilise such services if disclosure to that effect is made to the unit holders and the brokerage or commission paid is also disclosed in the half yearly annual accounts of the Mutual Fund. Provided further that the Mutual Fund shall disclose at the time of declaring half-yearly and yearly results;
  - a. Any Underwriting obligations undertaken by the schemes of the Mutual Fund with respect to issue of securities associate companies,
  - b. Devolvement, if any,
  - c. Subscription by the schemes in the issues lead managed by associate companies,
  - d. Subscription to any issue of equity or debt on private placement basis where the Sponsor or its associate companies have acted as arranger or manager.
13. The AMC shall file with the Trustee the details of transactions in securities by the key personnel of the AMC in their own name or on behalf of the AMC and shall also report to SEBI, as and when required by SEBI.
14. In case the AMC enters into any securities transactions with any of its associates a report to that effect shall be sent to the Trustee at its next meeting.
15. In case any company has invested more than 5 per cent of the net asset value of a scheme, the investment made by that scheme or by any other scheme of the Fund in that company or its subsidiaries shall be brought to the notice of the Trustee by the AMC and be disclosed in the half yearly and annual accounts of the respective schemes with justification for such investment provided the latter investment has been made within one year of the date of the former investment calculated on either side.
16. The AMC shall file with the Trustee and SEBI:
  - a. Detailed bio-data of all its directors alongwith their interest in other companies within fifteen days of their appointment;
  - b. Any change in the interests of directors every six months; and
  - c. Quarterly report to the Trustee giving details and adequate justification about the purchase and sale of the securities of the group companies of the Sponsors or the AMC as the case may be, by the Mutual Fund during the said quarter.
17. Each director of the AMC shall file the details of his transactions of dealing in securities with the Trustee on a quarterly basis in accordance with guidelines issued by SEBI.
18. The AMC shall not appoint any person as key personnel who has been found guilty of any economic offence or involved in violation of securities laws.
19. The AMC shall appoint registrars and share transfer agents who are registered with SEBI. Provided if the work relating to the transfer of units is processed in-house, the charges at competitive market rates may be debited to the scheme and for rates higher than the competitive market rates, prior approval of the Trustee shall be obtained and reasons for charging higher rates shall be disclosed in the annual accounts.
20. The AMC shall abide by the Code of Conduct as specified in the Fifth Schedule to SEBI Regulations.

21. The AMC shall-

- a. Not act as a Trustee of any mutual fund;
- b. Not undertake any other business activities except activities in the nature of portfolio management services, management and advisory services to offshore funds, pension funds, provident funds, venture capital funds, management of insurance funds, financial consultancy and exchange of research on commercial basis if any of such activities are not in conflict with the activities of the Mutual Fund.

Provided that the AMC may itself or through its subsidiaries, if any, undertake such activities if it satisfies SEBI that the key personnel of the AMC, the systems, back office, bank and securities accounts are segregated activity wise and there exist systems to prohibit access to inside information of various activities.

Provided further that AMC shall meet capital adequacy requirements, if any, separately for each such activity and obtain separate approval, if necessary under the relevant regulations;

- c. Not invest in any of its Schemes unless full disclosure of its intention to invest has been made in the Scheme Information Document (SID);

Provided that the AMC shall not be entitled to charge any fees on its investment in that Scheme;

- d. Not acquire any assets out of the Trust Fund which involves the assumption of any liability which is unlimited or which may result in encumbrance of the Scheme property in any way.

22. The AMC shall keep and maintain proper books of account, records and documents, for each Scheme so as to explain its transactions and to disclose at any point of time the financial position of each Scheme and in particular give a true and fair view of the state of affairs of the Fund and intimate to SEBI the place where such books of account, records and documents are maintained. The AMC shall maintain and preserve for a period of ten years its books of account, records and documents.

**Information on Key Personnel\*:**

Name	Designation	Age (yrs)	Qualification	Total Experience (yrs)	Brief Experience
<b>Mr. Gopinath Natarajan</b>	Chief Executive Officer	39	B.Sc; Post Grad. Diploma in Investment Management from NMIMS	15 Years	<ul style="list-style-type: none"> <li>■ Mr. Natarajan has rich and varied experience of more than 15 years in the financial services and fund management.</li> <li>■ He has held senior positions in various organizations such as IL &amp; FS, Navia Markets and Kotak Securities etc and has handled responsibilities from Advisory, Broking and PMS.</li> <li>■ His focus has been on investment management, Advisory, Broking, equity research and Portfolio Management.</li> </ul>

Name	Designation	Age (yrs)	Qualification	Total Experience (yrs)	Brief Experience
<b>Mr. Manish Bandi</b>	Fund Manager	35	B.Sc., Chartered Accountant	13 Years	<ul style="list-style-type: none"> <li>■ Mr. Bandi has around 13 years of experience in the financial services industry.</li> <li>■ He has held senior managerial position in Equity Advisory, Portfolio monitoring, &amp; investments Business &amp; process review and has worked with organizations like Kotak Mahindra Bank Ltd, Motilal Oswal Securities Ltd. Batliboi &amp; Purohit, Chartered Accountants etc.</li> </ul>
<b>Mr. Ashutosh Naik</b>	Compliance Officer, & Company Secretary	37	A.C.S, B.G.L.	14 years	<p>Mr. Naik has been in Compliance, Legal &amp; Secretarial field for last 14 years.</p> <p>Before joining India Infoline AMC, he was with Principal Pnb AMC as Company Secretary. Prior to Principal he was associated with Banking Industry for 6 years as Assistant Company Secretary of IDBI Bank Limited and Associate Vice President – Kotak Mahindra Bank Ltd.</p>
<b>Mr. Vivek Miranda</b>	VP - Sales & Distribution	37	M Com, PGDFM, PGDBA,	15 Years	<p>Mr. Miranda has around 15 years of experience in the financial services industry.</p> <p>He has held senior positions in Sales &amp; Distribution of financial products in India Infoline Group</p>
<b>Mr. Rahul Aggarwal</b>	Fund Manager	31	MBA Finance, CFPCM	8 Years	<p>Mr. Aggarwal has 8 experience including experience in Capital Markets specially on fixed income side, credit risk, trading and portfolio management.</p>

Name	Designation	Age (yrs)	Qualification	Total Experience (yrs)	Brief Experience
<b>Information of Investment Team</b>					
<b>In addition to Fund Manager, the Investment Team comprises of the following members:</b>					
Name	Designation	Age	Qualification	Total Experience	Brief Experience
Ms. Dipti Shah	Dealer – Equity	31 years	M.com, LLB	9 years	Ms. Mehta has 9 years of experience in securities market.  Before joining India Infoline AMC, she was an Equity Trader with Taurus Mutual Fund for 1.5 years. Prior to Taurus Mutual Fund she has been associated with Broking industry as equity dealer for 3 years under PMS division of Kotak Securities Limited and as equity advisor for 3.5 years with Sharekhan Limited
Mr. Abhishek Iyer	Dealer – Fixed Income	29 years	B. Com, Pursuing Second Year of Masters in Finance Management	6 years	Mr. Iyer has 6 years of experience in securities market. Before joining India Infoline AMC, he was associated with L&T Mutual Fund as an Asst. Dealer for 1.8 years. Prior to L&T Mutual Fund he was associated with Sahara Mutual Fund as an as Operation Executive & Asst. Dealer for 4 years

All Key Personnel of the AMC are based at the registered office of the AMC

## SECTION III – SERVICE PROVIDERS

Service Provider	Name	Address	SEBI Regn. No.
<b>Custodian</b>	<b>Citi Bank N.A.</b>	Trent House, 3 <sup>rd</sup> Floor, G-60, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051	IN/CUS/004
<b>Registrar and Transfer Agent</b>	<b>Computer Age Management Services Pvt. Ltd (CAMS)</b>	No.178 (New No.10), M.G.R. Salai (formerly Known as Kodambakkam High Road), Nungambakkam, Chennai - 600 034.	INR000002813
<b>Statutory auditor for the Mutual Fund</b>	<b>S. R. Batliboi &amp; Co LLP</b>	14th Floor, The Ruby, 29 Senapati Bapat Marg, Dadar (West), Mumbai 400028, India	NA
<b>Legal counsel</b>	There is no retained legal counsel to the Mutual Fund/AMC. However, the AMC uses the services of renowned legal counsel, if need arises.		NA
<b>Fund Accountant</b>	<b>Citi Bank N.A</b>	Trent House, 3rd Floor,G-60, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051	IN/CUS/004
<b>Collecting Banker</b>	During the New Fund Offer of the Scheme, the AMC may appoint banks(s) registered with SEBI as Collecting Banker(s) to accept the applications for investment into the Scheme on such terms and conditions as may be decided by the AMC from time to time. The list of the Collecting Bankers will be disclosed in the SID as and when the Schemes are launched.		

The Custodian will keep in safe custody all the securities and other instruments belonging to the Fund, ensure smooth inflow/outflow of securities and such other instruments as and when necessary in the best interest of the Unit holders, and ensure that the benefits due to the holdings are recovered. The Custodians will charge the Fund a fee as per the respective Custodial Agreement as amended from time to time. The AMC & the Trustee reserves the right to change the Custodian at their discretion.

The Board of the Trustee Company and the AMC have ensured that the Registrar has adequate capacity to discharge responsibilities with regard to processing of applications and dispatching Statement of Accounts / Unit Certificates to unit holders within the time limit prescribed in the Regulations and also has sufficient capacity to handle investor complaints.

The AMC also obtains services from CAMS for electronic connectivity in case of Schemes of IIFL Mutual Fund listed on the recognised exchange(s) or available on online platform of BSE and/or NSE.

## SECTION IV – CONDENSED FINANCIAL INFORMATION

HISTORICAL PER UNIT STATISTICS	IIFL NIFTY ETF		IIFL Fixed Maturity Plan - Series 1	
	2011-2012	2012-2013	2011-2012	2012-2013
<b>NAV at the beginning of the year (as on April 1)*</b>				
Growth Option	503.7500	531.6545**	10.0000	10.1394**
Dividend Option	NA	NA	10.0000	10.1394*
<b>Dividends</b>	NA	NA	NA	NA
<b>NAV at the end of the year (as on March 31) (Computed)^</b>				
Growth Option	529.4340	575.7070	10.1322	11.1311
Dividend Option	NA	NA	10.1322	11.1311
Annualised return	5.10% <sup>@</sup>	9.67%	1.32% <sup>@</sup>	9.77%
Scheme Benchmark Return	5.12%	8.69%	1.50%	9.0952%
Standard Benchmark Returns	3.92%	8.46%	1.31%	8.37%
Net Assets at the end of period (Rs. in crs.)	25.54	11.95	32.01	35.16
Ratio of Recurring Expenses to net assets	0.25%	0.25%	0.45%	0.39%
Date of allotment	18-Oct-2011		20-Jan-12	

HISTORICAL PER UNIT STATISTICS	IIFL Fixed Maturity Plan - Series 6	IIFL Dividend Opportunities Index Fund
	2012-2013	2012-2013
<b>NAV at the beginning of the year (as on April 1)</b>		
Growth Option	10.1068	10.2934
Dividend Option	10.1068	10.2934
Direct Growth	10.1073	NA
Direct Dividend	NA	NA
<b>Dividends</b>	NA	NA
<b>NAV at the end of the year (as on March 31) (Computed)^</b>		
Growth Option	10.0881	10.5558
Dividend Option	10.0881	10.5558
Direct Growth	10.0884	10.5571
Direct Dividend	NA	5.57%
Annualised return	NA	4.94%
Scheme Benchmark Return	NA	11.41%
Standard Benchmark Returns	NA	5.57%
Net Assets at the end of period (Rs. in crs.)	NA	32.91
Ratio of Recurring Expenses to net assets	NA	1.64%
Date of allotment	26-Mar-2013	26-Jun-2012

- \*First NAV Declared
- ^ NAV Computed as on March 31
- \*\* NAV as on April 03, 2012
- \*\*\*NAV as on April 02, 2012
- @Absolute Return - since period of performance is less than 1 year.
- Standard Benchmark for IIFL Nifty ETF and IIFL Dividend Opportunities Index Fund is BSE Sensex Index.
- Standard Benchmark for IIFL FMP Series 1 and Series 6 is Crisil 10 year Gilt Index.
- Performance of IIFL FMP Series 6 has not been disclosed as the allotment was made on March 26, 2013 and the first NAV was declared on April 3, 2013.

## SECTION V - HOW TO APPLY

**This section should be read in conjunction with the section 'Units and Offer' of the respective SIDs.**

Investors can subscribe for units of open-ended scheme(s) launched by the Fund from time to time, during the New Fund Offer (NFO) Period and/or Continuous Offer Period.

For close-ended scheme(s) launched by the Fund from time to time, investors can subscribe for the units only during the NFO period. However, the units of all close ended schemes will be listed on a recognized stock exchange. Unit holders holding the units by way of an account statement (physical form) will not be able to redeem their units during the tenor of the Scheme and there will be redemption by the Fund on the maturity of the Scheme. However the units held in dematerialized form can be traded on the Stock Exchange.

The application forms (forming part of the Key Information Memorandum (KIM)) or common transaction forms for the purchase of units of the Scheme(s) will be available and accepted at all the Official Points of Acceptance namely the Collecting Bank Branches if any (during the NFO period), AMC Branches, Registrar's CSCs, Distributors (with which the Fund and RTA would have an arrangement from time to time) Fund's Distributors/Channel Distributors and AMFI Certified Stock Exchange Brokers / Clearing Members, during their business hours on their respective business days or any other source as may be decided by the AMC from time to time. (Addresses of Official Points of Acceptance and CSCs are given on the last page of the document).

Application forms (forming part of the KIM) are also available on our website at [www.iiflmutualfund.com](http://www.iiflmutualfund.com). Investors are advised to use the prescribed Application Form/ SIP debit form & SIP/SWP/STP form provided in the KIM, and other standard forms available at the CSCs or the website of the Fund ([www.iiflmutualfund.com](http://www.iiflmutualfund.com)), for any financial / non-financial transactions.

The duly completed Application Form along with the payment instrument and requisite documents may be submitted at any of the Official Points of Acceptance of the Mutual Fund.

During the Ongoing Offer, the Official Points of Acceptance will time stamp and return the acknowledgement slip in the application form to acknowledge receipt of the application, subject to verification. No other form of acknowledgement will be issued. Investors are requested to retain the acknowledgement slip initialed/ stamped by the Official Points of Acceptance.

During the NFO period, investors can also subscribe to the units of the scheme(s) through the ASBA process, explained in detail under the section 'Additional mode of payment through Applications Supported by Blocked Amount ("ASBA")'.

For investors' convenience, the Mutual Fund also provides additional facilities for transaction in units, explained below in detail under the heading 'Additional facilities' in this section.

Further, facility to transact in the units of the Scheme(s) through Stock Exchange Mechanism (explained in detail under the section 'Facility to purchase/ redeem units of the Scheme through Stock Exchange Mechanism') will be also available in notified Schemes.

### **Cash Investments:**

Subject to sufficient systems and procedures to be put in place, from the date as would be notified by IIFLAMC on its website, subscriptions in schemes of IIFL Mutual Fund in mode of cash will be allowed to the extent of Rs. 20,000/- per investor, per mutual fund, per financial year. Repayment in the form of redemptions, dividend, etc. with respect to aforementioned investments shall be paid only through banking channel.

**While applying for purchase of units in the Scheme(s), Investors should note the following:**

1. All subscription cheques / drafts / other payment instruments (Pay Order, banker's cheque etc) must be drawn in favour of the Scheme in which the investor proposes to invest and should be crossed "Account Payee only". To prevent fraudulent practices Investors are urged to make the Payment Instruments favouring "Name of the Scheme A/c. First Investor Name" OR "Name of the Scheme A/c. Permanent Account Number" OR "Name of the Scheme A/c. Folio Number".
2. Each application must be accompanied by a separate cheque or Demand Draft or such other payment instruments or / electronic transfer of funds by way of direct credit / RTGS / NEFT. Further, for investments under different Schemes/Plans/Options, separate cheques/DDs/other payment instruments should be attached. Single cheque of a consolidated amount for more than one application/ Scheme/Plan/Option or multiple cheques/drafts for investment in a particular Scheme/Plan/Option will not be accepted.
3. Multiple cheques with single application, outstation cheques , cash, money orders, postal orders, or post dated cheques (post dated cheques for investments under SIP for notified Schemes will be accepted) or Third Party Payment Instruments (except in certain cases; explained elsewhere in this document), will be accepted at the discretion of AMC.
4. The Cheque/DD should be payable locally at the centre where the Application is submitted. The Cheque / DD should be drawn on any Bank which is situated at and is a member / sub-member of the Bankers' Clearing House, located at the place where the application is submitted. Cheques / DDs drawn on a Bank not participating in the Clearing House will not be accepted.
5. Applicants need to specify the 'mode of holding' in the Application Form as given below:
  - a. In case of sole applicant, the mode of holding should be specified as "Single"
  - b. In case of two or more applicants (maximum permitted being three applicants), the mode of holding should be specified as 'Joint' or "Anyone or Survivor"
  - c. In case of account/ folio opened on behalf of a minor, the minor shall be the first and the sole holder in the account/folio.
  - d. There shall not be any joint accounts with minor as the first or joint holder.

If mode of holding is specified as 'Joint', all transactions / instructions will have to be signed by all the joint unit holders, while for mode of holding specified as "Anyone or Survivor", all transactions / instructions may be signed by any one of the unitholders. However, in all such cases, the dividend / redemption proceeds will be paid to the first named applicant / unitholder (as determined by the records of the RTA). Further, the first named unitholder shall receive the account statements, all notices and correspondences with respect to the folio, or dividends or other distributions and also have the voting rights, as permitted, associated with such units.

Service of a notice on or delivery of a document to any one of several joint Unit holders shall be deemed effective service on or delivery to the other joint Unit holders. Any notice or document so sent by post to or left at the address of a Unit holder appearing in the Register shall notwithstanding that such Unit holder be then dead or bankrupt and whether or not the Trustee or the AMC has notice of such death or bankruptcy be deemed to have been duly served and such service shall be deemed a sufficient service on all persons interested (whether jointly with or as claiming through or under the Unit holder) in the Units concerned.

Investors are advised to go through the sections titled 'Transfer and Transmission of Units' and 'Nomination Facility' before selecting the relevant box pertaining to the mode of holding in the Application Form.

If the mode of holding is not specified by the Investors in the Application Form or is unclear, it will be treated as "Joint", where there are two or more applicants.

6. Investors should provide the details /fill the form only in the space/ boxes provided in the relevant forms. Any details/ information/ instruction provided at a non-designated area of the standard form being used, or any additional details for which space is not designated in the standard form, may not be executed by the AMC.
7. It is expressly understood that at the time of investment, the investor/ unitholder has the express authority to invest in units of the Scheme and the AMC / Trustee / Mutual Fund will not be responsible if such investment is ultravirous the relevant constitution. Subject to the Regulations, the AMC/ Trustee may reject any application received in case the application is found invalid/ incomplete or for any other reason in the AMC's/ Trustee's sole discretion.
8. Dishonoured cheques are liable not to be presented again for collection, and the accompanying application forms are liable to be rejected.
9. The Trustee, reserves the right to recover from an investor any loss caused to the Scheme on account of dishonour of cheques issued by the investor for purchase of Units of this Scheme.
10. For subscription in the Scheme, it is mandatory for investors to make certain disclosures like bank details etc. and provide certain documents like PAN /KRA – KYC Complied copy etc. without which the application is liable to be rejected.
11. The AMC and the Trustee reserve the right to disclose the details of the investors and their transactions to banks, couriers, any other person/ organisation for the purpose of transaction confirmations and / or execution, redemption payouts, data validations, compliance with legal and regulatory requirements or for complying with anti-money laundering requirements.
12. Subject to the SEBI (MF) Regulations, any application for units of this Scheme may be accepted or rejected in the sole and absolute discretion of the Trustee/AMC. The Trustee/AMC may inter-alia reject any application for the purchase of units if the application is invalid or incomplete or if the Trustee for any other reason does not believe that it would be in the best interest of the Scheme or its unitholders to accept such an application.
13. Applications must be completed in block letters in English. Signatures should be in English or in any Indian language specified in the Eight Schedule of the Constitution of India. Thumb impressions (left hand for males and right hand for females) and signatures in languages not specified in the Eight Schedule of the constitution of India should be attested by a magistrate or a Notary Public or a special Executive Magistrate under his / her official seal.
14. If the investor wishes to invest directly, i.e. without involving the services of any agent or broker, "DIRECT" should be mentioned in the space provided for "ARN Number" in the application form. Any subsequent change/updation/removal of broker code will be based on the written request from the Unit holder and will be on a prospective basis only from the date when the Registrar executes such written instruction.
15. Applications should be made in adherence to the minimum requirements pertaining to the minimum purchase amounts.
16. The investors should ensure that the amount invested in the Scheme is through legitimate sources only and does not involve and are not designed for the purpose of any contravention or evasion of any act, rules, regulations, notifications or directions of the provisions of Income Tax Act, Prevention of Money Laundering Act, and / or any other applicable laws enacted by the Government of India from time to time.

#### **A. Who can invest?**

The following persons are eligible to apply for subscription to the units of any of the Scheme(s) launched by the Fund, from time to time, (subject to, wherever relevant, subscription to units of the Scheme(s) being permitted under the respective constitutions and relevant statutory regulations):

- a. Indian resident adult individuals either singly or jointly (not exceeding three) or on an Anyone or Survivor basis;
- b. Hindu Undivided Family (HUF) through Karta of the HUF;
- c. Minor through parent / legal guardian;
- d. Partnership Firms and Limited Liability Partnerships (LLPs);
- e. Proprietorship in the name of the sole proprietor;
- f. Companies, Bodies Corporate, Public Sector Undertakings (PSUs), Association of Persons (AOP) or Bodies of Individuals (BOI) and societies registered under the Societies Registration Act, 1860;
- g. Banks (including Co-operative Banks and Regional Rural Banks) and Financial Institutions;
- h. Mutual Funds / Alternative Investment Funds registered with SEBI;
- i. Religious and Charitable Trusts, Wakfs or endowments of private trusts (subject to receipt of necessary approvals as required) and private trusts authorised to invest in mutual fund schemes under their trust deeds;
- j. Non-Resident Indians (NRIs) / Persons of Indian origin (PIOs) residing abroad on repatriation basis or on non-repatriation basis;
- k. Foreign Institutional Investors (FIIs) and their subaccounts registered with SEBI on repatriation basis;
- l. Army, Air Force, Navy and other para-military units and bodies created by such institutions;
- m. Scientific and Industrial Research Organizations;
- n. Multilateral Funding Agencies / Bodies Corporate incorporated outside India with the permission of Government of India / RBI;
- o. Provident Funds, Pension Funds, Gratuity Funds and Superannuation Funds to the extent they are permitted;
- p. Qualified Foreign Investors (QFIs), as and when permitted
- q. Other schemes of IIFL Mutual Fund subject to the conditions and limits prescribed by SEBI (MF) Regulations;
- r. Trustee, AMC or Sponsor or their associates may subscribe to units under the Scheme;
- s. Such other individuals /institutions/ body corporates etc., as may be decided by the AMC from time to time, so long as, wherever applicable, subject to their respective constitutions and relevant statutory regulations.

The list given above is indicative and the applicable laws, if any, as amended from time to time shall supersede the list

## **B. Who Cannot Invest?**

The following persons are not eligible to invest in the Scheme(s):

- a. Any individual who is a foreign national or any other entity that is not an Indian resident under the Foreign Exchange Management Act, 1999 (FEMA) except where registered with SEBI as a FII or sub account of FII or otherwise explicitly permitted under FEMA Act/by RBI/by any other applicable authority.
- b. Pursuant to RBI A.P. (DIR Series) Circular No. 14 dated September 16, 2003, Overseas Corporate Bodies (OCBs) can not invest in Mutual Funds..
- c. NRIs residing in Non-Compliant Countries and Territories (NCCTs) as determined by the Financial Action Task Force (FATF), from time to time.
- d. Such other persons as may be specified by AMC from time to time.

### C. Prevention of Money Laundering and Know Your Client ('KYC') requirements:

In accordance with requirements under the Prevention of Money Laundering Act, 2002, (PMLA) the Rules issued there under and the guidelines and circulars on Anti-Money Laundering issued by SEBI, (collectively "AML Regulations"), mutual funds are required to formulate and implement Client Identification Programme to verify and maintain the record of identity and address(es) of investors. This is commonly referred to as 'Know Your Client' guidelines (KYC).

Presently, it is mandatory for all categories of investors to be KYC compliant and provide a proof of KRA -KYC Compliance, for any amount of investment including but not limited to the following transactions:

- a. New / Additional Purchases
- b. Switch Transactions,
- c. SIP Registrations (including SIP related products).
- d. STP Registrations (including STP related products like trigger facilities).
- e. Dividend Transfer Plan (DTP) Registrations (including DTP related products).

With a view to bringing about an uniformity in the KYC requirement and a mechanism for centralization of the KYC records in the securities market, SEBI has mandated that an investor who deals with any of the SEBI Registered Intermediaries ('Intermediaries), viz. Depository Participants (DPs), Mutual Funds, Portfolio Managers, etc. shall be required to get registered with KYC Registration Agency (KRA) by submitting with any one of the SEBI Registered KRAs the common KYC form along with supporting documents. Once registered with KRA, an investor will be considered as 'KRA KYC Complied' and able to deal with any Intermediary.

Please note that KYC done earlier for investments in Mutual Fund – '**MF KYC**' (i.e. CVL KYC status shown as 'MF – Verified by CVL MF') will not suffice for any first time investments in any Mutual fund (this refers to MF KYC done before January 1, 2012).

The investor(s) in IIFL Mutual Fund, are required to submit below mentioned documents along with their subscription application form:

Investor who are 'KRA KYC Complied'	Investor who are not 'KRA KYC Complied'				
	First Time Investors in IIFL MF				Existing Investors in IIFL MF
	Whose MF KYC is done		Whose MF KYC is not done		
Individual Investors	Non Individual Investors	Individual Investors	Non Individual Investors		
Acknowledged copy of KYC form submitted with KRA or KRA KYC Complied Verification status obtained from KRA website.  (eg on CVL Website it will be mentioned 'Verified by CVL KRA')	<a href="#">*KYC Details Change Form</a>	<a href="#">*KYC form for Non-Individuals</a>	<a href="#">*KYC Form for Individuals</a>	<a href="#">*KYC form for Non-Individuals</a>	As all existing investors (individual or non-individual) of IIFL MF have MF KYC done, there is no new KYC form to be submitted for any additional transactions under same folio (including ongoing SIPs).

\* click the link to download the form

Notes:

- KRA KYC acknowledgement has to be submitted for all holders including POA, guardian, etc.
- Any subsequent change to Address, Pin Code, Country, Nationality, Occupation, Income details, Date of Birth, Proof of Identity, etc. should be done with KRA and such change in KRA records will overwrite the records maintained with the AMC.
- In Person Verification need to be carried out by the Know Your Distributor (KYD) registered Distributors who hold valid certifications issued by NISM/AMFI. For investors who deal under “Direct” broker code (without any distributor), the IPV conducted by Scheduled Commercial Banks will also be relied upon.
- In case of **Individuals**, whose MF KYC is done, following are further details sought by KRAs for giving KRA KYC complied status (i.e missing/not available details)
  - a. Father’s/Spouse Name,
  - b. Marital Status,
  - c. Nationality,
  - d. Gross Annual Income or Net worth as on recent date
  - e. In-Person Verification (IPV)

Notwithstanding the above, investors investing through Micro SIP route and investor residing in State of Sikkim shall not be subject to the above KYC formalities. In such cases, the client will have to submit certain documents as elaborated below:

- a. **Micro SIPs:** Micro SIPs upto ₹50,000 per year per investor (aggregate under all the schemes of the Fund) (for detailed explanation on Micro SIPs, please refer paragraph on ‘Micro SIPs exempt from PAN Requirement’ in this document)

**Documents required:**

- Standard specified identification instruments like Voter ID card, Government/Defense ID card, Card of Reputed employer, Driving License, Passport in lieu of PAN.
- Proof of address copy. It is clarified that where photo identification documents contains the address of the investor, a separate proof of address is not required.
- Supporting documents copy shall be self attested by the investor / attested by the ARN holder mentioning the ARN number or attested by any competent authority.
- Eligible Investors should attach a copy of KRA - KYC Complied status quoting PAN Exempt KYC Reference No (PEKRN) obtained from KYC Registration Agency (KRA). Eligible investors must hold only one PEKRN.

- b. **Investments from Investors residing in Sikkim:**

**Documents required:**

- Proof of address of Sikkim state and application form should mention the same address.
- Address proof shall be self attested by the investor / attested by the ARN holder mentioning the ARN number or attested by any competent authority.
- Proof of identification.

The above category of investors for the purpose of KYC compliance shall include, if applicable

- their constituted Power of Attorney (POA) holder, in case of investment through a POA,
- each of the applicants, in case of application in joint names,
- guardian, in case of application on behalf of minor,
- in case of pledge/lien, institution in whose favour the pledge/ lien has been made,

- any person making payment on behalf of the account holder(s), to the extent permitted under paragraph on 'Non -acceptance of Third Party Payment Instruments for subscriptions / investments'

Separate procedures are prescribed for change in name, address and other KYC related details, should the applicant desire to change such information. POS will extend the services of effecting such changes. Once KYC is completed, any changes to KYC data can be done only through the POS and not through the Registrars and Transfer Agents. These changes will be updated in the database maintained by the RTA.

Pursuant to the provisions of the Prevention of Money Laundering Act, 2002, if after due diligence, the AMC believes that any transaction is suspicious in nature as regards money laundering, on failure to provide required documentation, information etc. by the Investor, the AMC shall have absolute discretion to report such suspicious transactions to FIU-IND and / or to freeze the units under folios of the Investor(s), reject any application(s)/ allotment of units. The Mutual Fund, Trustee, AMC and their respective Directors, employees and agents shall not be liable in any manner whatsoever for any claims arising on account of freezing the folios/ rejection of any application / allotment of units or mandatory redemption of units due to non-compliance with the provisions of the Prevention of Money Laundering Act, SEBI circulars, AML Policy and / or where the AMC believes that transaction is suspicious in nature within the purview of the Act and SEBI circulars and reporting the same to FIU-IND.

Investors transacting in the units of notified Schemes through BSE and/ or NSE in a dematerialized mode through the Stock Exchange Mechanism will be subject to KYC formalities carried out by the Depository Participant and this will be considered as sufficient compliance of SEBI circular dated December 19, 2008 on Anti- Money Laundering Guidelines.

The AMC/ Trustee shall have absolute discretion to reject any application, prevent further transactions by a unit holder, if after due diligence, the investor/ unit holder/a person making the payment on behalf of the investor does not fulfil the requirements of the AML Policy or the AMC/ Trustee believes that the transaction is suspicious in nature with regard to money laundering.

The Fund will adhere to such guidelines / procedures as may be issued by SEBI / any other regulatory authority in this regard from time to time.

#### **D. PAN mandatory for all Investors:**

It is mandatory for all investors to quote their Permanent Account Number (PAN) and submit certified copy of the PAN card issued by the Income Tax Department, irrespective of the amount of investment, while making an application for purchase of Units of the Schemes. Investors will be required to submit the original PAN card for verification. In case of joint holding, PAN details of all holders should be submitted. In case the application is on behalf of a minor, PAN details of the guardian must be submitted.

Transactions by unit holders/investors who fail to submit certified copy of PAN card are liable to be rejected.

As per SEBI circular no. MRD/ DoP/MF/Cir - 08/2008 dated April 3, 2008 and circular no. MRD/ DoP/Cir-20/2008 dated June 30, 2008 investors residing in the state of Sikkim and Central Government, State Government and the officials appointed by the courts e.g. Official liquidator, Court receiver etc. (under the category of Government) respectively are exempted from the mandatory requirement of PAN for their investments in Mutual Funds. However, this would be subject to verification of the veracity of the claim of the investors by collecting sufficient documentary evidence. The AMC reserves the right to ask for the necessary documentation to the satisfaction of the Mutual Fund. Applications without the aforesaid details are liable to be rejected without any reference to the investors.

**Micro SIPs exempt from PAN Requirement:**

Investment through Systematic Investment Plans (SIPs) upto ₹ 50,000/- per year per investor shall be exempt from the requirement of PAN. The exemption shall be applicable for SIPs where aggregate of installments in a rolling 12 months period or in a financial year i.e. April - March does not exceed ₹ 50,000. The exemption shall be available for eligible investors, being individuals (including Joint holders who are individuals, NRIs but not PIOs), Minors, Sole proprietary firms. HUFs and other categories of investors will not eligible for this exemption. However, in lieu of PAN, eligible investor has to submit any one of standard specified photo identification documents and any other document along with the Micro SIP application, in accordance with the process as per the AMFI guidelines. Investors may contact any of the Customer Service Centres (CSCs) of the AMC or Registrar to know the list of acceptable identification documents which may be provided as proof of identification in lieu of PAN. Investors should also attach a copy of KYC acknowledgement letter quoting PAN Exempt KYC Reference No (PEKRN) obtained from KYC Registration Agency (KRA) along with the application form for investments. Eligible investors must hold only one PEKRN.

**E. Bank Account details mandatory for all Investors:**

In order to protect the interest of investors from fraudulent encashment of cheques, the current SEBI Regulations have made it mandatory for investors to mention in their application for purchase of Units, the bank name and account number where the payments are to be credited. Hence, for purchase of Units, Investors must provide the Investor's bank name, bank account number, branch address, and account type in the Application Form. Applications without these details will be treated as incomplete and rejected. The AMC will not be responsible for any loss arising out of fraudulent encashment of cheques and / or any delay. The investor is required to provide "cancelled" original cheque or bank statement or copy of bank pass book page with the Investor's Bank Account number, name and address, at the time of registration of the investor's bank mandate and subsequent change in the investor's bank mandate. In case if a copy of the above documents is submitted, Investor shall submit the original to the AMC/ Service Centre for verification and the same shall be returned. Investors can register multiple bank accounts with the Fund. For details please refer paragraph on 'Registration of Multiple Bank Accounts in respect of an Investor Folio given below in this document.

**F. Mode of Payment:****a. Resident Investors**

Payment can be made by any of the following modes:

- By Cheque / Demand Draft / Pay Order / Banker's Cheque payable locally in the city of the designated CSCs in which the application form/transaction slip is submitted and drawn on a bank which is a member of the Banker's Clearing House of that city; or
- Electronic transfer of funds over the internet or by way of Direct Credit / RTGS / NEFT/NECS etc. to designated Scheme collection account; or
- The NFO subscriptions can also be made by investors by availing ASBA facility by filling up the ASBA Application Form and following the procedure as prescribed in the form. For further details on ASBA, please refer to the Section 'Additional mode of payment through Applications Supported by Blocked Amount ("ASBA")' given below in this Document.
- Investors may kindly note that Demand Draft charges will not be borne / reimbursed by the AMC for purchase of units of the Scheme(s) by investors.
- Applications accompanied by cheques / demand drafts not fulfilling the above criteria are liable to be rejected.

**b. NRIs, PIOs and FIIs**

Non Resident Indians (NRIs) and Persons of Indian Origin (PIOs) residing abroad / Foreign Institutional Investors (FIIs) have been granted a general permission by Reserve Bank of India under Schedule 5 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 for investing in / redeeming units of the mutual funds subject to conditions set out in the aforesaid regulations.

NRIs and PIOs may purchase units of the Fund on a repatriation and non-repatriation basis, while FIIs may purchase units only on a repatriation basis.

A subscription by FIIs / Multilateral Funding Agencies, on full repatriation basis, is subject to approval by the Foreign Investment Promotion Board (FIPB).

- **Repatriation Basis:**

In case of NRIs and PIOs residing abroad, investing on repatriable basis, payments may be made either by inward remittance through normal banking channels or out of funds held in a Non- Resident (External) Rupee account (NRE)/ Foreign Currency (Non-Resident) account (FCNR).

In case of Indian Rupee Drafts purchased abroad or out of funds held in NRE/ FCNR account, an account debit certificate from the bank issuing the draft confirming the debit to the Investor's account should also be submitted with the application form. In case the debit certificate is not provided, the AMC reserves the right to reject the applications. NRIs shall also be required to furnish such other documents as may be necessary and as desired by the Fund in connection with the investment in the Scheme(s).

FIIs may pay their subscription amounts either by inward remittance through normal banking channels or out of funds held in Foreign Currency Accounts or Non-Resident Rupee Accounts maintained with a designated branch of an authorised dealer.

In case Indian rupee drafts are purchased by the FN from abroad or from Foreign Currency Accounts or Non-resident Rupee Accounts, an account debit certificate from the bank issuing the draft confirming the debit to the Investor's account shall also be enclosed. In case the debit certificate is not provided, the AMC reserves the right to reject the applications.

Payments shall be made by cheques / demand drafts crossed "Account Payee Only".

AMC may at its discretion accept subscription accompanied with foreign currency instrument. NAV applicable in such case would be of the date when the funds get credited into the Fund's account.

- **Non Repatriation Basis:**

In the case of NRIs investing on non-repatriable basis, payment may be made either by inward remittance through normal banking channels or cheque/demand drafts drawn out of funds held in an NRE / FCNR / Non-Resident Ordinary Rupee Account (NRO).

FIIs are not allowed to make payment on Non-repatriable basis.

The Trustee/AMC, at its discretion, may choose from time to time to alter or add other modes of payment.

## **G. Non - acceptance of Third Party Payment Instruments for subscriptions / investments:**

"Third Party Payment Instruments" means a payment made through an instrument issued from an account other than that of the Beneficiary Investor.

Applications to Schemes of IIFL Mutual Fund accompanied by a Third Party Payment Instrument shall not be accepted by the AMC except in the following cases:

- a. Payments made by Parents/Grand Parents/Related Persons on behalf of minor in consideration of natural love and affection or as gift. However single subscription value shall not extend above ₹ 50,000 (including investments through each regular purchase or single SIP instalment)
- b. Payments made by an Employer on behalf of employee under Systematic Investment Plans or lump sum / one-time subscription, through payroll deductions.
- c. Custodian making investments on behalf of an FII or a Client.

In case of payments from a joint bank account, the sole /first holder of the Mutual Fund folio should be one of the joint holders of the bank account from which payment is made. In case a payment is covered under above exceptions, the following additional documents are also required to be mandatorily provided together with the Application Form:

- a. The KRA status of the Investor and the person making the payment.; and
- b. A duly filled "Third Party Payment Declaration Form" from the Investor (guardian in case of a minor) and the person making the payment i.e. third party. The said form available on the AMC's website/ at the Customer Services Centres.

### **Investors are requested to further note as follows:**

- a. Registration of Pay-in bank account: The investor at the time of his subscription for units must provide the details of his Pay-in bank account (i.e. account from which subscription payment is made) and his Pay-out bank account (i.e. account into which redemption / dividend are to be paid). The details on facility for registration of Multiple Bank Accounts are mentioned separately in this document.
- b. Subscription through pre-funded Instruments like Pay Order / Demand Draft etc.: In case of subscription through pre-funded Instruments such as Pay Order / Demand Draft / Banker's Cheque, such pre-funded instruments should be procured by the Investor only against a registered Pay-in account. Along with the payment instrument, the Investor is also required to submit a Certificate from the Banker issuing the pre-funded payment instrument stating the account holder's name and the account number from which the amount has been debited for the issue of the instrument. The said Certificate should be duly certified by the bank manager with his / her full signature, name, employee code, bank seal and contact number.
- c. Subscriptions through pre-funded Instruments (Demand Draft, Pay Order etc.) procured against cash: Subscription through a pre-funded instrument procured against cash shall only be accepted for investment below ₹50,000. Investor is required to provide a certificate from Banker issuing the pre- funded payment instrument stating the name, address and PAN (if available) of the person who has requested for such pre-funded instruments. The said Certificate should be duly certified by the bank manager with his / her full signature, name, employee code, bank seal and contact number. The AMC / Mutual Fund / RTA will check that the name mentioned in the Certificate matches with the first named investor.
- d. Subscriptions through RTGS, NEFT, NECS, bank transfer etc.: In such case, Investor is required to provide a copy of the instruction which has been provided to the Bank indicating the account number and the debit instructions or the print out of the online bank instructions reflecting the NEFT Transfer.

- e. All the above mentioned documents, to the extent applicable, are required to be provided along with the Application Form. In case if the application for subscription is not in accordance with the above provisions, the AMC reserves the right to reject the application.

## **H. Registration of Multiple Bank Accounts an Investor Folio and Procedure for Change of Address:**

### **Registration of Multiple Bank Account:**

- a. Registering of Multiple Bank Accounts will enable the Fund to systematically validate the pay-in of funds and avoid acceptance of third party payments.
- b. Investors can register with the Fund upto 5 pay-in bank accounts in case of individuals and HUFs and upto 10 in other cases.
- c. In case of Multiple Registered Bank Account, Investor may choose one of the registered bank accounts for the credit of redemption/ dividend proceeds (being "Pay-out bank account").
- d. Investor may however specify any other registered bank accounts for credit of redemption proceeds at the time of requesting for the redemption. Investor may change such Pay-out Bank account, as necessary, through written instructions. If redemption request is received together with a change of bank account (unregistered new bank account) or before verification and validation of the new bank account the redemption request would be processed to the currently registered default old bank account.
- e. For the purpose of registration of bank account(s), Investor should submit Bank Mandate Registration Form (available at the CSCs/ AMC Website) together with any of the following documents
  - Cancelled original cheque leaf in respect of bank account to be registered where the account number and names of the account holders are printed on the face of the cheque; or
  - Bank statement or copy of Bank Pass Book page with the Investor's Bank Account number, name and address.

### **Updation or Change of Bank Account:**

Following process shall be followed for change or updation of bank accounts in the folio:

1. Investors shall submit duly filled in "Change of bank mandate & Registration of multiple bank accounts form" at any of the Official Point of Acceptance of Transactions (OPT) of the Fund.
2. The original of any of the following documents shall be required for new bank account:
  - (i) Cancelled original cheque with first unitholder name and bank account number printed on the face of the cheque OR (ii) Self attested copy of bank statement OR (iii) Bank pass book page with account number, account holder's name and address with current entries not older than 3 months OR (iv) Bank Letter\* duly signed by branch manager/authorized personnel
3. Self attested photocopy of any of the above stated document of the old bank account with first unitholder name and bank account number printed on the face of the cheque shall also be required. In case, old bank account is already closed, a duly signed and stamped original letter from such bank\* on the letter head of bank, confirming the closure of said account shall be required.

*\* Bank letter should be on its letterhead certifying that the Unit holder maintains/maintained an account with the bank, the bank account information like PAN, bank account number, bank branch, account type, the MICR code of the branch & IFSC Code.*

If photocopies of the above stated documents are submitted, investors must produce original for verification of bank account details to the AMC branches / ISCs of CAMS. The original bank account statement or passbook shall be returned to the investors over the counter upon verification. Photocopies can also be attested by the concerned Bank. It should be noted that attestation by the

Bank should be done in original only by the branch manager or authorized personnel of the Bank with the full signature, name, employee code, bank seal and contact number stated on it.

There shall be a cooling period of 10 calendar days for validation and registration of new bank account. Further, in case of receipt of redemption request during this cooling period, the validation of Bank mandate and dispatch of redemption proceeds shall be completed within a period of 10 working days.

In case, the request for change in bank account information being invalid / incomplete / dissatisfactory in respect of signature mismatch/document insufficiency/not complying with any requirements as stated above, the request for such change will not be processed. Redemptions / dividend payments, if any, will be processed as per specified service standards and the last registered bank account information will be used for such payments to Unit holders.

- f. The AMC will register the Bank Account only after verifying that the sole/ first joint holder is the holder / one of the joint holders of the bank account. In case if a copy of the above documents is submitted, Investor shall submit the original to the AMC/ Service Centre for verification and the same shall be returned.
- g. Investor may note that in case where his bank account number has changed for any reason, a letter issued by the Bank communicating such change is also required to be submitted along with the Bank Mandate Registration Form.
- h. Bank Account details as mentioned in the Application Form shall be treated as default account for pay-out, if the Investor has not specifically designated a default pay-out bank account. Investor may change the default bank account through written instructions.
- i. Where an Investor proposes to delete his existing default payout account, he shall compulsorily designate another account as default account.
- j. A cooling-off period of 10 calendar days is required for registering the bank account and no redemption payouts will be made into such bank accounts during the cooling-off period. Confirmation of registration of bank accounts shall be communicated to the Investor within 10 calendar days from the receipt of the request through such means as may deemed fit by the AMC.
- k. Investors may also note the terms and conditions as appearing in the Multiple Bank Account Registration Form available at the CSCs/ AMC Website. The AMC may request for such additional documents or information as it may deem fit for registering the aforesaid bank accounts.

#### **Procedure for Change of Address:**

Investors are requested to note that self attested copies of below mentioned documents shall be submitted along with duly filled in "Change of address form":

- a) For KRA KYC not complied folios:
  - Proof of new address and
  - Proof of identity (POI): Only PAN card copy shall be considered if PAN is updated in the folio or other proof of identity if PAN is not updated in the folio.
- b) For KRA -KYC complied folios:
  - Proof of new address (POA) and
  - Any other document/ form that the KYC Registration Agency (KRA) may specify from time to time.

The AMC reserves the right to collect proof of old address on a case to case basis while effecting the change of address. The self attested copies of above stated documents shall be submitted along with original for verification at any of the AMC branches / ISCs of CAMS. The original document shall be returned to the investors over the counter upon verification. In case the original of any document is not produced for

verification, then the copies should be properly attested / verified by entities authorized for attesting/verification of the documents.

### **I. Additional mode of payment through Applications Supported by Blocked Amount ("ASBA") (applicable during NFO period only):**

ASBA is an application containing an authorization given to a Self Certified Syndicate Bank (SCSB) by the investor to block the application money in his specified bank account maintained with the SCSB towards the subscription of units offered during the NFO of a Scheme of the Fund. ASBA facility can be availed by an investor only if the bank with whom his account is maintained is a Self Certified Syndicate Bank (SCSB) under ASBA. Therefore during the NFO period, apart from the current process of payment wherein cheques / demand drafts etc. are used as a mode of payment, an investor also has the option to subscribe to the units of the Scheme(s) launched by the Fund from time to time, using the Application Supported by Blocked Amount (ASBA) facility, wherein the application money towards the subscription of units will be debited from his / her specified bank account only if his / her application is selected for allotment of units. This facility is available to all categories of investors mentioned under the heading 'Who can invest'.

Benefits of applying through ASBA Facility:

- a. Writing cheque and demand draft is not required, as investor needs to submit ASBA application form accompanying an authorization to block the account to the extent of application money towards subscription of units. The balance money, if any, in the investor's specified bank account can be used for other purposes by the investor.
- b. Release/unblocking of blocked funds after allotment/rejection/ failure of NFO, as the case may be, is done instantaneously.
- c. Unlike other modes of payment, in ASBA facility, there is no loss of interest income on the application money towards subscription of units as application amount remains in the bank account of the investor till the allotment is made.
- d. Refund of money to the investor does not arise as the application money towards subscription of units is debited only on the allotment of units.
- e. The investor deals with a known intermediary i.e. his/her own bank.
- f. Self Certified Syndicate Bank has the same meaning as given to it in clause (zi) of sub-regulation (1) of Regulation (2) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. SCSB is a bank which is recognised as a bank capable of providing ASBA services to its customers. Names of such banks and their Designated Branches (DBs) where ASBA Application Form can be submitted are available on the website of SEBI ([www.sebi.gov.in](http://www.sebi.gov.in)).

#### **ASBA Procedure:**

An Investor availing of this facility ("ASBA applicant"), which is available only during NFO period, shall submit a duly completed ASBA Application Form to the SCSB with whom the ASBA Applicant's bank account to be blocked, is maintained, authorising blocking of the funds and the SCSB shall block an amount equivalent to the Application Amount in the bank account specified in the ASBA Application Form. Such amount, as marked for application, is not available for utilization by the ASBA Applicant. Application can be submitted in physical form, or if the investor avails internet / electronic banking facility, in electronic form. The acknowledgement of receipt of the application given to the ASBA applicants by the designated branches of the SCSBs does not guarantee that the units shall be allotted either by the SCSB or the Mutual Fund.

The Application shall be further processed by the Registrar & Transfer Agent appointed by the Fund and units shall be allotted after deducting the blocked amount, only if the application is complete in all respects.

The application money shall remain blocked in the investor's bank account until withdrawal / failure of the NFO / rejection of the application or receipt of instructions from the Registrar to unblock the Application Amount, as the case may be.

On allotment, the application money will be debited from ASBA Applicant's specified bank account and transferred to the Fund.

**Grounds for rejection of ASBA application forms:**

ASBA application forms can be rejected, at the discretion of the RTA / AMC / SCSBs due to various reasons, including but not limited to the following:

- i. Applications by persons not competent to contract under the Indian Contract Act, 1872, including but not limited to minors, insane persons etc.
- ii. Mode of ASBA i.e. either physical ASBA or electronic ASBA is not selected or ticked (applicable as and when electronic ASBA facility is offered).
- iii. ASBA application form without the stamp of the SCSB.
- iv. Application by any person outside India if not in compliance with applicable foreign and Indian laws.
- v. Bank account details not given/incorrect details given.
- vi. Duly certified Power of Attorney, if applicable, not submitted alongwith the ASBA application form.
- vii. No corresponding records available with the Depositories matching the parameters namely, names of the ASBA applicants (including the order of names of joint holders), Depository Participant ID, Beneficiary account number or any other relevant details pertaining to the Depository account (applicable only to demat mode).

**Note: If the bank account specified in the ASBA application form does not have sufficient credit balance to meet the application money towards the subscription of units, the SCSB will reject the ASBA application form.**

**Mechanism for Redressal of Investor Grievances:**

All grievances relating to the ASBA facility may be addressed to the AMC/RTA to the issue, with a copy to the SCSB, giving full details such as name, address of the applicants, subscription amount blocked on application, bank account number and the designated branch or the collection centre of the SCSB where the ASBA form was submitted by the investor.

**J. Facility to purchase/ redeem units of the Scheme through Stock Exchange Mechanism**

The Fund may allow subscriptions / redemption of Units by investors through Stock Exchange Mechanism in such notified Scheme(s) and on such Stock Exchanges as may be specified by the Fund from time to time in terms of SEBI Circular No. SEBI /IMD / CIR No. 11 /183204/ 2009 dated November 13, 2009 and related SEBI circulars and in accordance with the guidelines specified by the Exchange(s) from time to time.

The facility enables an applicant to purchase / redeem units through the Stock Exchange Infrastructure. Switching of units is currently not permitted under this facility.

For this purpose, BSE has introduced the 'BSE StAR MF Platform' and NSE has introduced 'Mutual Fund Service System (MFSS)'.

**The investors should note that this facility does not imply that the units of the Scheme(s) are listed or can be traded on the stock exchange.**



All trading members of the BSE and NSE who are registered with AMFI as Mutual Fund Advisors and are empanelled with the AMC and also registered with BSE & NSE as Participants (Brokers) will be eligible to offer this facility to investors. Such brokers shall be considered as Official Points of Acceptance of the Fund.

The window for purchase/ redemption of units of the Scheme under this facility will be available between 9:00 a.m. and 3:00 p.m. or such other timings as may be decided. A time stamped confirmation slip will be issued to the investors by such brokers for the transaction done through them, which will then be considered for determining the Applicable NAV.

The units can be allotted in physical mode or in depository (dematerialized) mode depending on the choice of the investor. Separate folios will be allotted for Units held in physical mode and depository mode.

Investors intending to deal through the Facility in dematerialized mode should have a demat account with a Depository Participant (DP). For such investors, the KYC performed by DP in terms of SEBI Circular No. MRD/DoP/Dep/Cir-29/2004 dated August 24, 2004 shall be considered compliance with applicable requirements specified in this regard in terms of SEBI Circular ISD/AML/ CIR-1/ 2008 dated December 19, 2008.

#### **Physical Mode:**

- **Purchase of Units:**

Under this mode, the investor is required to submit all the requisite documents along with the purchase application to the any of the Brokers. The Broker after verifying the application form, will enter the purchase order in the Stock Exchange System and will issue a confirmation slip to the investor. Funds will have to be transferred by the Investor to the Broker. Allotment details will be provided to the investor by the Broker.

- **Redemption of units:**

The investor is required to submit requisite documents along with the redemption application to any of the Brokers. After verifying the application form the broker will enter the redemption order into the Stock Exchange System and issue a confirmation slip to the investor. The investor will receive the redemption proceeds as per timelines prescribed by SEBI and as per details in the Fund's records.

#### **Depository Mode:**

- **Purchase of units:**

The investor interested to purchase units under the depository mode is required to have a demat account with CDSL/NSDL For purchasing units under this mode, the investor is required to place an order with the broker along with his/her demat account details. The broker then enters the order in the Stock Exchange System and issues a confirmation slip to the investor. Funds will have to be transferred by the investor to the Broker. Allotment details will be provided to the investor by the Broker.

- **Redemption of units:**

For redemption of units under the depository mode, it is necessary that the units intended to be redeemed are in the dematerialised form. For redeeming units, the investor will have to place a redemption order with the Broker and submit a Delivery Instruction Slip (DIS) to the Depository Participant with whom the demat account is maintained stating the units to be credited to the Clearing Corporation pool account. The Broker enters the redemption order in the Stock Exchange System and issues an order confirmation slip to the investor. The investor will receive the redemption proceeds as per timelines prescribed by SEBI and as per details in the Fund's records

**Note:**

- a. Unit holders wishing to hold the Units in a demat form at a later date, will be required to have a beneficiary account with a DP of NSDL/ CDSL and will have to submit the account statement along with a request form asking for the conversion into demat form. This request is called a Demat Request Form (DRF). Unit holder will be required to fill in a DRF in triplicate alongwith the relevant details and submit the same to the Registrar alongwith the account statement to be dematerialized. The combination of names in the account statement must be same as that in the demat account. Rematerialization of Units will be in accordance with the provisions of SEBI (Depositories & Participants) Regulations, 1996 as may be amended from time to time. However, in case of units of a Scheme which are not listed on any stock exchange, the option to dematerialise units will not be available till the facility to purchase/ redeem units of the Scheme through Stock Exchange Mechanism is provided by the AMC.
- b. In case of non-financial requests such as change of address change of bank details, etc. investors can approach AMC/R&T in case of units held in physical form and the respective Depository Participant(s) if units are held in demat form.
- c. Account Statements will be issued by the Fund only to investors who hold the units of the Scheme in physical form. For investors holding units in demat form, a demat statement reflecting the transactions in the demat account will be sent by the respective Depository Participants.
- d. The Applicable NAV considered for the transactions under this facility, will be subject to the guidelines issued by SEBI on uniform cut-off timings for applicability of NAV of Mutual Fund Scheme(s)/Plan(s) as amended from time to time.
- e. To participate in this facility, investors will have to comply with the Know Your Customer (KYC) norms as prescribed by NSE/ BSE/CDSL/NSDL and the Fund.
- f. This facility is available subject to such limits, operating guidelines, terms and conditions as may be prescribed by the respective Stock Exchanges from time to time.
- g. The AMC reserves the right to discontinue this facility at any point of time. However the change will be effective only on a prospective basis.

Further, pursuant to SEBI Circular No. CIR/IMD/DF/17/2010 dated November 9,2010, the following additional facility shall be available as and when the AMC offers the facility to transact through the Stock Exchange Mechanism for such Scheme(s) and on such Stock Exchanges as may be specified by the Fund:

- a. Units of schemes shall be permitted to be transacted through clearing members of the registered Stock Exchanges.
- b. Depository Participants of registered Depositories permitted to process only redemption request of units held in demat form.

With respect to investors having demat account and purchasing/ redeeming mutual fund units through Stock Exchange Brokers and Clearing Members, the following provisions shall be applicable:

- a. Investors shall receive redemption amount (if units are redeemed) and units (if units are purchased) through broker/ clearing member's pool account. The Mutual Fund / AMC shall pay proceeds to the broker/clearing member (in case of redemption) and broker/clearing member in turn to the respective investor and similarly, units shall be credited by the Mutual Fund/AMC into broker/clearing member's pool account (in case of purchase) and broker/clearing member in turn shall credit the units to the respective investor's demat account.
- b. Payment of redemption proceeds to the broker/clearing members by Mutual Fund/AMC shall discharge Mutual Fund/ AMC of its obligation of payment to individual investor. Similarly, in case of purchase of units, crediting units into broker/clearing member pool account shall discharge Mutual Fund/AMC of its obligation to allot units to individual investor.

- c. Investors should note that Clearing Members and Depository Participants will be considered as Official Points of Acceptance of the Mutual Fund in line with SEBI Circular No. SEBI/IMD/ CIR No. 11/78450/06 dated October 11, 2006 and conditions stipulated in SEBI Circular No. SEBI /IMD / CIR No.11/183204/ 2009 dated November 13, 2009 for stock brokers viz. AMFI / NISM certification, code of conduct prescribed by SEBI for Intermediaries of Mutual Fund shall be applicable for such Clearing Members and Depository Participants as well.

## **K. Additional facilities:**

### **a. Transactions by Fax:**

In order to facilitate quick processing of transaction and / or instruction of investment of investor, the Mutual Fund / AMC / Trustee may (at its sole discretion and without being obliged in any manner to do so and without being responsible and /or liable in any manner whatsoever), accept and process any application, supporting documents and /or instructions submitted by an investor/ Unit holder by facsimile (Fax Submission) and the investor/Unit holder voluntarily and with full knowledge takes and assumes any and all risk associated therewith. The Mutual Fund / AMC/ Trustee shall have no obligation to check or verify the authenticity or accuracy of fax submission purporting to have been sent by the investor and may act thereon as if same has been duly given by the investor. In all cases the investor will have to immediately submit the original documents / instruction to AMC/ Mutual Fund/ Official Points of Acceptance.

### **b. Transactions through Electronic Mode:**

The Mutual Fund may (at its sole discretion and without being obliged in any manner to do so and without being responsible and /or liable in any manner whatsoever) allow transactions in Units by electronic mode (web/ electronic transactions) including transactions through the various web sites with which the AMC would have an arrangement from time to time. Subject to the investor fulfilling certain terms and conditions as stipulated by AMC from time to time, the AMC, Mutual Fund, Registrar or any other agent or representative of the AMC, Mutual Fund, the Registrar may accept transactions through any electronic mode including web transactions and as permitted by SEBI or other regulatory authorities from time to time.

Important note on transactions via Fax Submissions / Electronic Mode:

The acceptance of the fax / web /electronic transactions will be solely at the risk of the Transmitter (i.e. Investor or any person acting on his behalf) of the fax / web / electronic transactions and the AMC, Mutual Fund, Registrar or any other agent or representative of the AMC, Mutual Fund, the Registrar (collectively referred to as "Recipient" for this section) shall not in any way be liable or responsible for any loss, damage caused to the Transmitter directly or indirectly, as a result of the Transmitter sending or purporting to send such transactions including where a fax / web /electronic transaction sent / purported to be sent is not processed on account of the fact that it was not received by the Recipient.

The Transmitter acknowledges that fax /web /electronic transactions is not a secure means of giving instructions / transactions requests and that the Transmitter is aware of the risks involved including those arising out of such transmission being inaccurate, imperfect, ineffective, illegible, having a lack of quality or clarity, garbled, altered, distorted, not timely etc.

The Transmitter's request to the Recipient to act on any fax / web/ electronic transmission is for the Transmitter's convenience and the Recipient is not obliged or bound to act on the same and may without liability accept or refuse instructions by any fax / web / electronic transaction for any or all instructions / transactions.



The Transmitter authorizes the Recipient to accept and act on any fax / web / electronic transmission which the Recipient believes in good faith to be given by the Transmitter and the Recipient shall be entitled to treat any such fax / web / electronic transaction as if the same was given to the Recipient under the Transmitter's original signature.

The Transmitter agrees that security procedures adopted by the Recipient may include signature verification, telephone call-backs or a combination of the same, which may be recorded by tape recording device and the Transmitter consents to such recording and agrees to co-operate with the Recipient to enable confirmation of such fax/web/ electronic transaction requests.

The Transmitter accepts that the fax / web / electronic transactions shall not be considered until time stamped as a valid transaction request in the Scheme(s) in line with SEBI Regulations.

In consideration of the Recipient from time to time accepting and at its sole discretion (including but not limited to the AMC extending/ discontinuing such facilities from time to time) acting on any fax / web / electronic transaction request received / purporting to be received from the Transmitter, the Transmitter agrees to indemnify and keep indemnified the AMC, Mutual Fund, Trustee, Directors, employees, agents, representatives of the AMC, Mutual Fund and Trustee, from and against all actions, claims, demands, liabilities, obligations, losses, damages, costs and expenses of whatever nature (whether actual or contingent) directly or indirectly suffered or incurred, sustained by or threatened against the indemnified parties whatsoever arising from or in connection with or any way relating to the indemnified parties in good faith accepting and acting on fax / web / electronic transaction requests including relying upon such fax / electronic transaction requests purporting to come from the Transmitter even though it may not come from the Transmitter.

The AMC reserves the right to alter / discontinue all / any of the abovementioned facility(ies) at any point of time. However the change will be effective only on a prospective basis. Further, the AMC reserves the right to introduce more facility (ties) at a later date subject to prevailing SEBI Guidelines and Regulations.

#### **L. List of documents required to be submitted along with the Application Forms:**

##### **a. Companies / Body Corporate /Banks / Financial Institutions:**

- Certified copy of the Board Resolution authorising investments/ disinvestments in Mutual Funds Schemes, certified by the Company Secretary/authorised signatory.
- List containing names and signatures of the signatories, authorised as per the above Board Resolution, duly attested by the Notary/Company Secretary/ any of the Directors of the Company on the Company's letterhead.
- Copy of the Memorandum and Articles of Association of the Company, duly attested by the Company Secretary or any other authorised signatory.
- Other relevant documents governing the statute (in case of Body Corporate not covered under the Companies Act, 1956).
- Documents required to be submitted under normal circumstances like PAN & proof of KRA - KYC Compliance (compulsory irrespective of the amount invested).
- Cancelled Cheque leaf with the name of the company or Body Corporate printed on it

##### **b. Partnership Firms/LLP:**

- Copy of the Partnership Deed/Partnership agreement, duly attested by any of the partners. Signature of the partners attested by Notary.
- Partnership deed signed by the partners should authorise such investments/disinvestments in the Mutual Fund Scheme and corresponding operational procedures.

- Certified copy of the Resolution authorising investments/ disinvestments in Mutual Funds Schemes, certified by the Partner/authorised signatory.
- List containing names and signatures of the authorized signatories to sign, duly attested by the partner.
- Documents required to be submitted under normal circumstances like PAN & proof of KRA - KYC Compliance (compulsory irrespective of the amount invested).
- Cancelled Cheque Leaf with the Name of the partnership/LLP printed

**c. HUF/AOP/BOI/SPV:**

- Documents required to be submitted under normal circumstances like PAN & proof of KRA - KYC Compliance (compulsory irrespective of the amount invested).
- Copy of the Constituent Documents or formation Documents (Legal Entity Documents) duly attested by the Authorised Signatories
- Cancelled Cheque Leaf with the Name of the HUF/AOP/BOI/SPV printed

**d. Trusts/Funds:**

- Copy of the Trust Deed attested by the Trustee/ Secretary.
- Copy of the Resolution passed by the Trustee authorising investments/disinvestments in Mutual Fund Schemes, duly certified by the Trustee/ Secretary or by the office bearer of the society.
- List of the Trustee and signatures, authorised as per the above resolution, duly attested by the notary / Secretary of the Trust on the Trust's letterhead.
- Documents required to be submitted under normal circumstances like PAN & proof of KRA - KYC Compliance (compulsory irrespective of the amount invested).
- Cancelled Cheque Leaf with the Name of the Trust printed on the Cheque

**e. Co-operative Societies:**

- Copy of the Registration Certificate attested Secretary/ office bearer of the society.
- Copy of the Resolution authorising investments/ disinvestments in the Mutual Fund Schemes, duly attested by the Secretary/ office bearer of the society.
- List of authorised signatories with designation & their specimen signatures, attested by the Notary.
- Documents required to be submitted under normal circumstances like PAN & proof of KRA - KYC Compliance (compulsory irrespective of the amount invested).
- Cancelled Cheque Leaf with the Name of the Co-Operative Society printed on the Cheque

**f. Any other Non-individual Investor:**

In case of an application by any Non-individual Investor other than the aforementioned Non-individual Investors, a duly certified copy of the relevant resolution or a document providing evidence of the authority to such Investor to invest in units of the Scheme(s), along with the updated specimen signature list of authorised signatories must be submitted along with the Application Form / Transaction Slip. Further, a certified copy of the incorporation deeds / constitutive documents should be submitted, where the AMC so requires.

**g. Individual Investors:**

Documents required to be submitted under normal circumstances like PAN & proof of KRA - KYC Compliance (compulsory irrespective of the amount of investment).

**h. Non Resident Investors:**

- In case Indian rupee drafts are purchased abroad or from FCNR / NRE A/c, an account debit certificate from the Bank issuing the draft confirming the debit to Investor's account shall also be enclosed along with the Application Form.
- For subscriptions amounts remitted out of debit to the FCNR / NRE A/c, the Application form must be accompanied with an account debit certificate confirming the account type and account number, issued by the Investor's banker(s).
- Documents required to be submitted under normal circumstances like PAN & proof of KRA - KYC Compliance (compulsory irrespective of the amount invested).

**i. Applications made under Power of Attorney:**

- An applicant applying through power of attorney holder must lodge an original or a copy of the Power Of Attorney (POA) duly attested by a notary public at any of the Official Points of Acceptance.
- The Power of Attorney Document must contain the signatures of both the applicant and the constituted Attorney.
- Documents otherwise required to be submitted under normal circumstances by an Investor should be submitted by both the Investor and the POA holder in case of applications made under a POA.

**j. Applications on behalf of minor:**

- In case of court appointed legal guardian, supporting documentary evidence shall be obtained.
- In case of natural guardian, a document evidencing the relationship shall be obtained if the same is not available as part of the documents submitted as per the below point.
- Date of birth of the minor along with photocopy of supporting documents as enumerated below shall be mandatory while opening the account on behalf of minor:
- Birth certificate of the minor, or
- School leaving certificate / Mark sheet issued by Higher Secondary Board of respective states, ICSE, CBSE etc., or
- Passport of the minor, or
- Any other suitable proof evidencing the date of birth of the minor.

**Note:**

- a. All documents not required to be submitted in original or not required to be attested by a notary public should be self - attested by the respective authorized signatories specified therein.
- b. Certified PAN Card copy is mandatory for all the above investors. Investors will be required to submit the original PAN card for verification.
- c. AMC reserves the right to call for such other information / documents that it deems fit to fulfill its KRA - KYC /other obligations.
- d. If any of the above documents are in a language not specified in the Eighth Schedule of the Constitution of India / Foreign Language, then the same have to be translated into English for submission as required by the AMC.
- e. Any request for purchase of units may not be processed if the necessary documents are not submitted.

## SECTION VI - RIGHTS OF UNIT HOLDERS OF THE SCHEMES

1. Unit holders of the Schemes have a proportionate right in the beneficial ownership of the assets of the Schemes.
2. When the Mutual Fund declares a dividend under the Scheme, the dividend warrants shall be dispatched within 30 days of the declaration of the dividend. In event of failure of dispatch of dividend within the stipulated 30 day period, the AMC shall be liable to pay interest @15% per annum to unitholders or such other rate of interest as may be prescribed from time to time for the delay period. Account Statement reflecting the new or additional subscription as well as Redemption/ Switch of Units shall be dispatched to the Unit holder within 5 working days from the date of closure of the initial subscription list and / or from the date of receipt of the request from the unitholders. Provided if a Unit holder so desires the Mutual Fund / AMC shall issue a Unit certificate (non-transferable) within 5 working days of the receipt of request for the certificate.

An applicant in whose application has been accepted shall have the option either to receive the statement of accounts or to hold units in dematerialised form and the Mutual Fund/ AMC shall issue to such applicant, a statement of accounts specifying the number of units allotted to the applicant or issue units in dematerialized form within five working days from the date of closure of the initial subscription list. The first-named Unit holder shall receive the account statements, all notices and correspondence with respect to the account as well as the proceeds of any Redemption requests or dividends or other distributions. In addition, such holder shall have the voting rights, as permitted, associated with such Units as per the applicable guidelines.

3. The Mutual Fund shall allot units / refund of money and dispatch statements of accounts within five business days from the closure of the NFO and all the Schemes (except ELSS) shall be available for ongoing repurchase/ sale/ trading within five business days of the allotment date.
4. The Mutual Fund shall dispatch Redemption proceeds within 10 Business days of receiving the Redemption request. In case of failure to dispatch redemption proceeds within 10 business days, the AMC will be liable to pay a penal interest of 15% or such other rate as may be prescribed by SEBI from time to time, for the delay period.
5. The Trustee is bound to make such disclosures to the Unit holders as are essential in order to keep the unitholders informed about any information known to the Trustee which may have a material adverse bearing on their investments.
6. The appointment of the AMC for the Mutual Fund can be terminated by majority of the Directors of the Trustee Board or by seventy five percent of the Unit holders of the Scheme.
7. 75% of the Unit holders of a Scheme can pass a resolution to wind-up a Scheme.
8. The Trustee shall obtain the consent of the Unit holders:
  - Whenever required to do so by SEBI, in the interest of the Unit holders.
  - Whenever required to do so if a requisition is made by three-fourths of the Unit holders of the Scheme.
  - When the Trustee decides to wind up the Scheme or prematurely redeem the Units.
9. The Trustee shall ensure that no change in the fundamental attributes of any Scheme or the trust or fees and expenses payable or any other change which would modify the Scheme and affects the interest of Unit holders, shall be carried out unless:
  - I. A written communication about the proposed change is sent to each Unit holder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated; and
  - II. the Unit holders are given an option to exit at the prevailing Net Asset Value without any Exit Load.
10. In specific circumstances, where the approval of unitholders is sought on any matter, the same shall be obtained by way of a postal ballot or such other means as may be approved by SEBI. Only one Unit holder in respect of each folio or account representing a holding shall vote and he shall have one vote in respect of each resolution to be passed.

## SECTION VII - INVESTMENT VALUATION NORMS FOR SECURITIES AND OTHER ASSETS

### A. Valuation Norms

#### Equity and Equity Related Securities

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

#### Notes:

1. Unlisted / Illiquid / Rights equity securities will be valued in accordance with guidelines prescribed by SEBI.
2. Thinly Traded Equity/Equity related Security - When trading in an equity/equity related security in a month is both less than Rs. 5 lacs and the total volume is less than 50,000 shares, it shall be considered as a thinly traded security.
3. Demerger: In case of a demerger, valuation will be done as approved by the Valuation Committee.
4. In case of a demerger pending listing, the resultant company/ies shall be valued at the intrinsic value arrived at on the date of corporate action.

**POLICY FOR VALUATION OF DEBT AND MONEY MARKET INSTRUMENTS:****I. Valuation of Money Market and Debt Securities with residual maturity of up to 60 days****Traded Securities**

Traded Securities will be valued at the weighted average YTM at which they are traded and reported on FIMMDA on the particular valuation day.

**Non Traded Securities**

When such securities are not traded on a particular valuation day they shall be valued on Straight line amortization basis to maturity from cost or last valuation price whichever is more recent.

The amortised price may be used for valuation as long as it is within  $\pm 0.10\%$  of the reference price. In case the variance exceeds  $\pm 0.10\%$ , the valuation shall be adjusted to bring it within the  $\pm 0.10\%$  band.

Spread between Purchase Yield and Benchmark Yield as fixed by Fund Manager at the time of purchase would be fixed throughout the life of instruments and would be changed only if there is justification for the change.

**II. Valuation of Money Market and Debt Securities with residual maturity above 60 days .****Traded Securities**

Traded Securities shall be valued at the weighted average YTM at which they are traded and reported on FIMMDA on the particular valuation day. In case of multiple platforms reporting trades on the same day, the order of preference would be FIMMDA, and own trades.

**Non Traded Securities**

When such securities are not traded on a particular valuation day they shall be valued at benchmark yield/matrix of spread over risk free benchmark yield obtained from agency(ies) entrusted for the said purpose by AMFI.

Where required suitable mark up / mark down shall be applied to bench mark yield to value the security at fair value.

**III. Inter Scheme Transfers**

Inter Scheme Transfer would be done at fair valuation as stated above.

**IV. ABNORMAL SITUATION:**

If an abnormal trade is determined, the said trade will be excluded from the computation of weighted average YTM. In such cases, the Fund Manager would seek approval of Valuation Committee for determining the appropriate method of valuation. The decision of Valuation Committee in such abnormal situations shall be reported to the Board of Directors of the AMC & Trustee at the meeting held subsequent to said valuation committee meeting.

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**Note:**

\*Securities would be considered as traded under following criteria:

- For instruments maturing above 1 year, - if there are at least two trades in market lot aggregating to Rs. 25 crores or more.
- For instruments maturing between less than 1 year - if there are at least three trades in market lot aggregating to Rs. 100 crores or more.
- In cases of self trades (Self trade mean trades done by the schemes of IIFL Mutual Fund), only a trade of a market lot or more will be considered for valuation. In case there are both qualifying market trades and self trades, the market trades will be given a higher priority. For this purpose market lot means INR 5 Crore.

\* Government Securities and Treasury Bills will be valued at aggregated prices provided by CRISIL and ICRA.

\* Following assets will be valued at cost in addition to income accrual / amortization:

- a. Bank Fixed Deposits b. CBLO / Reverse Repo c. Bill Re-discounting d. Cash Management Bills

## **B. Accounting Policies & Standards**

In accordance with the Regulations, the AMC will follow the accounting policies and standards, as detailed below:

- a. The AMC, for each Scheme, shall keep and maintain proper books of account, records and documents, for each Scheme, so as to explain its transactions and to disclose at any point of time the financial position of each Scheme and, in particular, give a true and fair view of the state of affairs of the Fund.
- b. For the purposes of the financial statements, the Mutual Fund shall mark all investments to market and carry investments in the balance sheet at market value. However, since the unrealized gain arising out of appreciation on investments cannot be distributed, provision shall be made for exclusion of this item when arriving at distributable income.
- c. Dividend income earned by a Scheme shall be recognised, not on the date the dividend is declared, but on the date the share is quoted on an ex-dividend basis. For investments which are not quoted on the stock exchange, dividend income shall be recognised on the date of declaration.
- d. In respect of all interest-bearing investments, income shall be accrued on a day-to-day basis as it is earned. Therefore, when such investments are purchased, interest paid for the period from the last interest due date up to the date of purchase shall not be treated as a cost of purchase but shall be debited to Interest Recoverable Account. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale shall not be treated as an addition to sale value but shall be credited to Interest Recoverable Account.
- e. In determining the holding cost of investments and the gain or loss on sale of investments, the "average cost" method shall be followed for each security.
- f. Transactions for purchase or sale of investments shall be recognised as of the trade date and not as of the settlement date, so that the effect of all investments traded during a financial year are recorded and reflected in the financial statements for that year. Where investment transactions take place outside the stock market, for example, acquisitions through private placement or purchases or sales through private treaty, the transaction would be recorded, in the event of a purchase, as of the date on which the Scheme obtains an enforceable obligation to pay the price or, in the event of a sale, when the Scheme obtains an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold.
- g. Bonus shares to which the Scheme becomes entitled shall be recognised only when the original shares on which the bonus entitlement accrues are traded on the stock exchange on an ex-bonus basis. Similarly, rights entitlements shall be recognised only when the original shares on which the right entitlement accrues are traded on the stock exchange on an ex-rights basis.
- h. Where income receivable on investments has been accrued and has not been received for a period specified in the guidelines issued by SEBI, provision shall be made by debiting to the revenue account the income so accrued in the manner specified by guidelines issued by SEBI
- i. When in the case of an Open-ended Scheme units are sold, the difference between the sale price and the face value of the unit, if positive, shall be credited to reserves and if negative shall be debited to reserves, the face value being credited to Capital Account. Similarly, when units are repurchased, the difference between the purchase price and face value of the unit, if positive, shall be debited to reserves and, if negative, shall be credited to reserves, the face value being debited to the Capital Account.
- j. In the case of an Open-ended Scheme, when units are sold an appropriate part of the sale proceeds shall be credited to an Equalisation Account and when units are repurchased an appropriate amount would be debited to Equalisation Account. The net balance on this account shall be credited or debited to the Revenue Account. The balance on the Equalisation Account debited or credited to the Revenue Account shall not decrease or increase the net income of the Fund but is only an adjustment to the distributable surplus. It shall, therefore, be reflected in the Revenue Account only after the net income of the Fund is determined.

- k. The cost of investments acquired or purchased shall include brokerage, stamp charges and any charge customarily included in the broker's bought note. In respect of privately placed debt instruments any front-end discount offered shall be reduced from the cost of the investment.
- l. Underwriting commission shall be recognised as revenue only when there is no devolvement on the Scheme. Where there is devolvement on the Scheme, the full underwriting commission received and not merely the portion applicable to the devolvement shall be reduced from the cost of the investment.
- m. The accounting policies and standards outlined above are as per the existing Regulations and are subject to change as per changes in the Regulations.

### **C. Procedure and Recording of Investment Decisions:**

All investment decisions, relating to the schemes, shall be undertaken by the AMC in accordance with the Regulations and the investment objectives of the respective Scheme(s). The Fund may additionally observe such internal guidelines as may be prescribed by the Boards of the AMC / Trustee Company or any internal committee.

All investment decisions shall be recorded in terms of SEBI Circular No. MFD / CIR / 6 / 73 / 2000 dated July 27, 2000 as amended from time to time.

The Board of Directors of the AMC has appointed an Investment Committee of the AMC. The primary function of the Investment Committee shall, inter-alia, be to formulate and review the investment policy for the various schemes of the Mutual Fund and to review the portfolio and performance of the Schemes periodically.

The performance of each scheme shall be monitored by the Boards of AMC and Trustee Company on a periodic basis vis-a-vis the respective benchmark index as mentioned in the respective SIDs.

The Chief Executive Officer of the AMC shall inter-alia ensure that the investments made by the fund managers are in the interest of the Unit holders. The Fund Manager shall ensure that the funds of the Scheme(s) are invested in line with the investment objective of the Scheme(s) and in the interest of the Unit holders.

## SECTION VIII - TAX & LEGAL & GENERAL INFORMATION

### A. Taxation on investing in Mutual Funds

As per the taxation laws in force as at the date of this document, some broad income tax implications of investing in the units of the various Schemes of the Fund are stated below. The information so stated is based on the Fund's understanding of the tax laws in force as of the date of this document.

The information stated below is only for the purposes of providing general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. As the tax consequences are specific to each investor and in view of the changing tax laws, each investor is advised to consult his or her or its own tax consultant with respect to the specific tax implications arising out of his or her or its participation in the various schemes of the Fund.

#### i. To the Mutual Funds

- a. The Fund is a Mutual Fund registered with the Securities and Exchange Board of India and hence, is eligible for the benefits of section 10(23D) of the Income-tax Act, 1961 ("the Act"). Accordingly, the income of the Fund is exempt from income tax.

The Fund will receive all its income without any deduction of tax at source under the provisions of Section 196(iv) of the Act. Where the Fund receives any income from investments made in overseas jurisdiction, the same may be subject to withholding in the relevant jurisdiction from which the income is received. As the income of the fund is exempt from tax in India, credit/ refund in respect of such foreign taxes may not be available in India.

#### b. Securities Transaction Tax (STT)

The Mutual Fund is liable to pay securities transaction tax (STT) at prescribed rates on the value of transactions of purchase or sale of specified securities.

#### c. Income Distribution Tax:

No income distribution tax is payable by the Fund, in respect of schemes in the nature of equity oriented fund, in terms of section 115R of the Act, which deals with tax on income distributable to unitholders of mutual funds. The benefit of exemption from income distribution tax is available to both open ended and close ended equity oriented schemes.

In terms of section 115R of the Act, where the income is distributed by a scheme other than an equity oriented fund, it is required to pay tax on income distributed by it, as under w.e.f June 1, 2013:

Income distributed to	Individual and Hindu Undivided Family ('HUF')	Persons other than Individuals and HUFs
<b>Effective tax rate (%)</b>	28.325 (tax rate of 25 per cent plus surcharge @ 10 per cent thereon plus additional surcharge by way of education cess at the rate of 3 per cent on the income tax plus surcharge)	33.99 (tax rate of 30 per cent plus surcharge at the rate of 10 per cent thereon plus additional surcharge by way of education Cess at the rate of 3 per cent on the income tax plus surcharge)

**d. Service tax**

The Mutual Fund is liable for payment of service tax as recipient of services on various services availed by it, at applicable rates.

**ii. To the Unit holders**

**a. Income received from Mutual Fund**

In accordance with the provisions of section 10(35)(a) of the Act, income received by all categories of unit holders in respect of units of the Fund will be exempt from income-tax in the hands of the unitholders.

Exemption from income tax under section 10(35) of the Act would, however, not apply to any income arising from the transfer/redemption of these units.

The characterization of gains / losses arising from transfer/ redemption of units as capital gains or business income would depend on the classification of the said units by the unit holder. It would depend on whether the unit holder has classified such units as capital assets or as stock in trade.

**b. Capital Gains Tax:**

As per the provisions of section 2(42A) of the Act, a unit of a Mutual Fund, held by the investor as a capital asset, is considered to be a short-term capital asset, if it is held for a period of 12 months or less from the date of its acquisition by the unit holder. Accordingly, if the unit is held for a period of more than 12 months, it is treated as a long-term capital asset.

**Computation of Capital Gain**

Capital gains on transfer of units will be computed after taking into account the cost of their acquisition. While calculating long-term capital gains, such cost will be indexed by using the cost inflation index notified by the Government of India.

**Long-term capital gains**

In case of Equity Oriented Fund:

As per Section 10(38) of the Act, long-term capital gains arising from the transfer/redemption of units of an equity oriented fund entered into in a recognised stock exchange or redemption of such units to the mutual fund would be exempt from income-tax, provided such a transaction is chargeable to Securities Transaction Tax (STT) at applicable rates. If STT is not paid, exemption would not be available.

Companies are required to include such long term capital gains in computing the book profits and minimum alternate tax liability under section 115JB of the Act.

In case of Schemes other than Equity Oriented Funds:

In respect of schemes other than equity oriented funds, the tax implications are as follows:

- i. As per section 112<sup>@</sup> of the Act, long-term capital gains on transfer of units are liable to tax at the rate of 20 per cent (plus applicable surcharge and education cess and secondary and higher education cess) after factoring the benefit of cost inflation index. Income tax on long-term capital gains on transfer of units shall, however, be limited to 10 per cent (plus applicable surcharge and education cess and secondary and higher education cess) of the gains computed without the benefit of cost indexation.

- ii. Further, in case of individuals/ HUFs, being residents, where the total income excluding long-term capital gains is below the maximum amount not chargeable to tax then the difference between the maximum amount not chargeable to tax and total income excluding long-term capital gains, shall be adjusted from long-term capital gains. Therefore only the balance long term capital gains will be liable to income tax at the rates specified above.

### **Short-term capital gains**

#### **In case of Equity Oriented Fund:**

As per Section 111A of the Act, short-term capital gains from the transfer/redemption of units of an equity oriented fund entered into in a recognised stock exchange or from the /redemption of such units of an equity oriented fund to the mutual fund is taxed at 15 per cent (plus applicable surcharge, education cess), provided such transaction of sale is chargeable to STT.

#### **In case of Schemes other than Equity Oriented Funds:**

Short Term Capital Gains are taxed at normal rates as applicable to each unit holder.

Further, in case of individuals/ HUFs, being residents, where the total income excluding short-term capital gains is below the aforementioned maximum amount not chargeable to tax, then the difference between the current maximum amount not chargeable to tax and total income excluding short-term capital gains, shall be adjusted from short-term capital gains. Therefore only the balance short term capital gains will be liable to income tax at the rate specified above.

### **Non- residents**

Subject to provisions of Income Tax Act, 1956 and the Finance Act, 2012, In case of non-resident unit holder who is a resident of a country with which India has signed a Double Taxation Avoidance Agreement (which is in force) income tax is payable at the rates provided in the Act, as discussed above, or the rates provided in the such agreement, if any, whichever is more beneficial to such non-resident unit holder.

### **Investment by Minors**

Where sale / repurchase is made during the minority of the child, tax will be levied on either of the parents, whose income is greater, where the said income is not covered by the exception in the proviso to the section 64(1A) of the Act. When the child attains majority, such tax liability will be on the child.

### **Losses arising from sale of units**

As per the provisions of section 94(7) of the Act, loss arising on transfer of units, which are acquired within a period of three months prior to the record date (date fixed by the Fund for the purposes of entitlement of the unit holder to receive the income from units) and sold within a period of nine months after the record date, shall not be allowed to the extent of income distributed by the Fund in respect of such units. As per the provisions of section 94(8) of the Act, where any units ("original units") are acquired within a period of three months prior to the record date (date fixed by the Fund for the purposes of entitlement of the unitholder to receive bonus units) and any bonus units are allotted (free of cost) based on the holding of the original units, the loss, if any, on sale of the original units within a period of nine months after the record date, shall be ignored in the computation of the unit holder's taxable income. Such loss will however, be deemed to be the cost of acquisition of the bonus units.

The long-term capital loss shall be available for set off against long-term capital gains on sale of other assets and balance long-term capital loss shall be carried forward separately for set off only against long-term capital gains in subsequent years.

However, each unit holder is advised to consult his / her or its own professional tax advisor before claiming set off of long-term capital loss arising on sale / repurchase of units of an **equity oriented fund** referred to above, against long-term capital gains arising on sale of other assets. Under Section 10(38) of Income Tax Act, 1956, long term capital gains on sale of units of an equity of an equity oriented fund are exempt from Income Tax, subject to certain conditions. Hence, losses arising from such type of transaction of sale of units of equity oriented fund would not be eligible for set off against taxable capital gains.

Short-term capital loss shall be available for set off against both long-term and short-term capital gains arising on sale of other assets and balance short-term capital loss shall be carried forward for set off against capital gains in subsequent years. Carry forward of losses is admissible maximum upto eight assessment years.

### **New pension Scheme**

Any income, including gains from redemption of units of scheme of Mutual Fund, received by any person for, or on behalf of, the New Pension System Trust (as established under the provisions of Indian Trusts Act, 1882, on 27 February 2008), is exempt in the hands of such person under section 10(44) of the Act.

### **Wealth Tax**

Units held under the Schemes of the Fund are not treated as assets within the meaning of section 2(ea) of the Wealth Tax Act, 1957 and therefore, not liable to wealth-tax.

### **Securities Transaction Tax**

The investor is required to bear STT on certain transactions in units of units of equity oriented schemes of the fund. Effective June 1, 2013, the Seller will be subject to following STT:

<b>Nature of Transaction</b>	<b>Tax rate (%)</b>
Delivery based purchase/sale on a recognized stock exchange	On Purchase – Nil, On Sale – 0.001%
Non-delivery based sale transaction on a recognised stock exchange	0.025%
Sale of units to the mutual fund	0.001%

Value of taxable securities transaction in case of units shall be the price at which such units are purchased or sold.

## **B Legal Information**

### **i. Nomination Facility:**

Pursuant to Regulation 29A of the SEBI (MF) Regulations, the AMC is providing an option to the Unit holder to nominate (in the manner prescribed under the SEBI (MF) Regulations), a person(s) in whom the Units held by him shall vest in the event of his death.

The Unit Holder/s can at the time an application is made or by subsequently writing to a Official Point of Acceptance of transactions, request for a Nomination Form in order to nominate one/more person/s (multiple nominations) to receive the Units upon his/ her death subject to the completion of the necessary formalities. To enable the AMC to transfer the unit holdings in the name of the Nominee upon death of a Unitholder, the AMC shall call for requisite documents from the Nominee (for list of documents please refer to section on 'Transfer and Transmission of units').

Nomination will be maintained at the folio or account level and will be applicable for investments in all schemes in the folio or account.

Where the Units are held by more than one person jointly, the joint Unit holders may together nominate a person(s) in whom all the rights in the Units shall vest in the event of death of all the joint Unit holders. In such cases, all joint holders should sign the request for nomination/cancellation of nomination, even if the mode of holding is not "Joint".

Nomination shall be mandatory for new folios / accounts opened by individuals especially with sole holding and no new folios / accounts for individuals in single holding will be opened without nomination. Even those investors who do not wish to nominate must sign separately confirming their non-intention to nominate.

By provision of this facility the AMC is not in any way attempting to grant any rights other than those granted by law to the nominee(s). A nomination in respect of the Units does not create an interest in the property after the death of the Unit holder. The nominee(s) shall receive the Units only as an agent and trustee for the legal heirs or legatees as the case may be. It is hereby clarified that the nominees(s) under the nomination facility provided herein shall not necessarily acquire any title or beneficial interest in the property by virtue of this nomination.

Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot nominate. Nomination will be not allowed in a folio held on behalf of a minor. The Nominee shall not be a trust other than a religious or charitable trust, society, body corporate, partnership firm, Karta of Hindu Undivided Family or a Power of Attorney holder.

A non-resident Indian can be a Nominee subject to the exchange controls in force from time to time. Minor(s) can be nominated and in that event, the name and address of the guardian of the minor nominee shall be provided by the Unit holder. However, in such cases, the unit holder(s) cannot be the guardian of the nominated minor. Nomination can also be in favour of the Central Government, State Government, a local authority, any person designated by virtue of his office or a religious or charitable trust.

Nomination can be made for maximum of three nominees. In case of multiple nominees, the percentage of allocation / share in favour of each of the nominees should be indicated against their name and such allocation / share should be in whole numbers without any decimals making a total of 100 percent. In the event of Unitholders not indicating the percentage of allocation / share for each of the nominees, the Mutual Fund / AMC, by invoking default option shall settle the claim equally amongst all the nominees.

Nomination in respect of the Units stands rescinded upon the redemption of Units. Every new nomination for a folio/account will overwrite the existing nomination. Cancellation of nomination can be made only by those individuals who hold Units on their own behalf singly or jointly and who made the original nomination. On cancellation of the nomination, the nomination shall stand rescinded and the Mutual Fund /AMC shall not be under any obligation to transfer the Units in favour of the nominee(s).

The nomination facility extended under the Scheme is subject to existing laws. The AMC shall, subject to production of such evidence which in their opinion is sufficient, proceed to effect the payment to the Nominee(s). Transfer of Units / payment to the nominee(s) of the sums shall discharge the Mutual Fund / AMC of all liability towards the estate of the deceased Unit holder and his/her/their successors/legal heirs.

### **Nomination in case of Units held in Electronic (Demat) Mode**

For units of the Scheme(s) held in electronic (demat) form with the Depository, the nomination details provided by the Unit holder to the depository will be applicable to the Units of the Scheme. Such nomination including any variation, cancellation or substitution of Nominee(s) shall be governed by the rules and bye-laws of the Depository. Payment to the nominee of the sums shall discharge the Mutual Fund of all liability towards the estate of the deceased Unit holder and his/her legal successors/legal heirs. In case nomination has been made for DP account with joint holders, in case of death of any of the joint holder(s), the securities will be transmitted to the surviving holder(s). Only in the event of death of all the joint holders, the securities will be transmitted to the nominee. In case nomination is not made by the sole holder of DP account, the securities would be transmitted to the account of legal heir(s), as may be determined by an order of the competent court.

### **ii. Prevention of Money Laundering and Know Your Customer (KYC) requirements:**

Please refer note on 'Prevention of Money Laundering and Know Your Customer (KYC) requirements under section II -'How to apply'.

### **iii. Transfer and Transmission of units:**

The Mutual Fund will be repurchasing (subject to completion of Lock-in Period, if any) and issuing units of the Schemes on an ongoing basis and hence the transfer facility is found redundant. Any addition / deletion of name from the folio of the Unit holder is deemed as transfer of Units. In view of the same, additions / deletions of names will not be allowed under any folio of the Scheme. The said provisions in respect of deletion of names will not be applicable in case of death of a Unit holder (in respect of joint holdings) as this is treated as transmission (transfer of units by operation of law) of Units and not transfer.

If a transferee becomes a holder of the Units by operation of law or upon enforcement of a pledge, then the AMC shall, subject to production of such evidence and submission of such documents, which in their opinion is sufficient, proceed to effect the transfer, if the intended transferee is otherwise eligible to hold the Units.

#### **Transmission to surviving unit holders in case of death of one or more unit holders:**

If Units are held by more than one registered Unit holder, then, upon death of one of the Unit holders, the Units shall be transmitted in favour of the remaining Holder(s) (in the order in which the names appear in the register of Unit holders with the Registrar) on production of the following documents:

- a. Letter from surviving unit holders to the Fund / AMC requesting for transmission of units,
- b. Death Certificate in original or photocopy duly notarized or attested by gazette officer or a bank manager\*,
- c. Bank Account Details of the new first unit holder along with attestation by a bank branch manager\* or cancelled cheque or bank statement bearing the account details and account holders name.
- d. KRA complied status as obtained from KRA agencies or their website of the surviving unit holders, if not already available

#### **Transmission in case of HUF, due to death of Karta:**

The members of the HUF need to submit following documents for transmission due to death of Karta:

- a. Letter Requesting for change of Karta,

- b. Death Certificate in original or photocopy duly notarized or attested by gazette officer or a bank manager\*.
- c. Duly certified Bank certificate stating that the signature and details of new Karta have been appended in the bank account of the HUF
- d. Proof of KRA - KYC Compliance of the new Karta.
- e. Indemnity bond signed by all the surviving coparceners and new Karta
- f. In case of no surviving co-parceners or the transmission amount is ₹ One Lakh or more or where there is an objection from any surviving members of the HUF, transmission will be effected only on the basis of any of the following mandatory documents:
  - Notarized copy of Settlement Deed, or
  - Notarized copy of Deed of Partition, or
  - Notarized copy of Decree of the relevant competent Court.

**Transmission to registered nominee/s in case of death of Sole or All unit holders:**

Units shall be transmitted in favour of the nominee (only upon death of all the Unit holders, in case of Joint holding) where the Unit holder/s have appointed a nominee upon production of the following documents:

- a. Letter from claimant nominee/s to the Fund / AMC requesting for transmission of units,
- b. Death Certificate/s in original or photocopy duly notarized or attested by gazette officer or a bank manager\*
- c. Bank Account Details of the new first unit holder as per specified format along with attestation by a bank branch manager\* or cancelled cheque or bank statement bearing the account details and account holders name
- d. KRA - KYC of the claimant/s,
- e. If the transmission amount is ₹ One Lakh or more: Indemnity duly signed and executed by the nominee/s in the specified format.

**Transmission to claimant/s, where nominee is not registered, in case of death of Sole or All unit holders:**

If the Unit holder has not appointed a nominee or in the case where the nominee dies before the Unit holder, the Units shall be transmitted in favour of or as otherwise directed by the Unit holder's legal representative(s) on production of the following documents:

- a. Letter from claimant/s to the Fund / AMC / RTA requesting for transmission of units,
- b. Death Certificate/s in original or photocopy duly notarized or attested by gazette officer or a bank manager\*,
- c. Bank Account Details of the new first unit holder along with attestation by a bank branch manager\* or cancelled cheque bearing the account details and account holders name,
- d. Proof of KRA - KYC Compliance of the claimant/s
- e. Indemnity Bond from legal heir/s
- f. Individual affidavits from legal heir/s
- g. If the transmission amount is below ₹ One Lakh: any appropriate document evidencing relationship of the claimant/s with the deceased unitholder/s.
- h. If the transmission amount is ₹ One Lakh or more: Any one of the documents mentioned below:
  - Notarised copy of Probated Will, or
  - Legal Heir Certificate or Succession Certificate or Claimant's Certificate issued by a competent court, or
  - Letter of Administration, in case of Intestate Succession.

\* In case of certification by bank manager, the document should be certified by the bank manager with his/ her full signature, name, employee code, bank seal and contact number

It may, however, be noted that in the event of death of the Unit holder of open-ended equity linked savings schemes of the Fund, the nominee/ legal heir, subject to production of requisite documentary evidence to the satisfaction of the AMC, will be able to redeem the investment only after the completion of one year or any time thereafter, from the date of allotment of Units to the deceased Unit holder.

Note:

- a. Where the units are to be transmitted to a claimant who is a minor, various documents like KRA-KYC, PAN, Bank details, indemnity should be of the guardian of the nominee.
- b. The list of documents mentioned above is not exhaustive and the AMC reserves the right to seek such additional documents, as it deems fit.

**Units held in Electronic (Demat) Mode:**

For units of the Scheme(s) held in electronic (demat) form, the Units will be transferable (subject to lock-in period, if any) and will be subject to the transmission facility in accordance with the provisions of SEBI (Depositories and Participants) Regulations, 1996 as may be amended from time to time.

The delivery instructions for transfer of units will have to be lodged with the DP in the requisite form as may be required from time to time and transfer will be effected in accordance with such rules/regulations as may be in force governing transfer of securities in dematerialized form.

**iv. Duration of the Scheme/Winding up**

**a. Duration of the Scheme:**

• **Close - ended Scheme(s):**

Each closed-ended Scheme/ Plan will have a maturity date / final redemption date and will be compulsorily and without any act by the unit holder(s) redeemed on maturity date/final redemption date. On maturity/final redemption date of the Scheme/ Plan, the units will be redeemed at the Applicable NAV.

• **Open - ended Scheme(s):**

An Open-ended / Interval Scheme has a perpetual life. However in terms of SEBI (MF) Regulations, the Scheme may be wound up as provided in (b) below.

• **Close-ended Scheme(s) with automatic conversion into Open-ended Scheme upon maturity:**

Such scheme(s) will remain Close - ended for the period mentioned in the SID and subsequently the Scheme will automatically be converted into an Open- ended Scheme without any further reference from the Mutual Fund/ Trustee/ AMC/ Unit holders. Thereafter, the duration of the Scheme is perpetual. However in terms of SEBI (MF) Regulations, the Scheme may be wound up as provided in (b) below.

In case of Close-ended Scheme(s), the Mutual Fund may convert the Scheme/ Plans under the Scheme after the maturity date / final redemption date into an Open-ended Scheme/ Plan and this shall be in accordance with the SEBI (MF) Regulations.

The Units of Close-ended Scheme/ Plan may be converted into Open-ended Scheme,-

- if the Scheme Information Document (SID) / Offer Document (OD) of such Scheme discloses the option and the period of such conversion; or
- the Unit holders are provided with an option to redeem their units in full.

A Close-ended Scheme shall be fully redeemed at the end of the maturity period.

Provided that a Close ended Scheme may be allowed to be rolled over if the purpose, period and other terms of the roll over and all other material details of the Scheme including the likely composition of assets immediately before the roll over, the net assets and net asset value of the Scheme, are disclosed to the Unit holders and a copy of the same has been filed with SEBI.

Provided further, that such roll over will be permitted only in case of those Unit holders who express their consent in writing and the Unit holders who do not opt for the roll over or have not given written consent shall be allowed to redeem their holdings in full at net asset value based price.

**b. Winding Up:**

A Closed-ended Scheme/ Plan shall be wound up on the expiry of duration fixed in the Scheme/ Plan on the redemption of the Units unless it is rolled-over for a further period under sub-regulation (4) of regulation 33 of the SEBI (MF) Regulations.

- (i) A scheme of a Mutual Fund may be wound up, after repaying the amount due to the Unit holders-
- a. on the happening of any event which, in the opinion of the Trustee, requires the scheme to be wound up; or
  - b. if seventy five per cent of the Unit holders of a Scheme pass a resolution that the Scheme be wound up; or
  - c. if SEBI so directs in the interest of the Unit holders.

Further in case of non-fulfillment of SEBI Circular SEBI/ IMD/CIR No. 10/22701/03 dated December 12, 2003 relating to Minimum Number of Investors in Scheme(s)/ Plans of Mutual Funds, the provisions of Regulation 39(2) (c) of SEBI (Mutual Funds) Regulations, 1996 would become applicable automatically without any reference from SEBI.

Accordingly, the Scheme(s) shall be wound up by following the guidelines laid down by SEBI.

(ii) Where a Scheme is to be wound up pursuant to sub clause (i) above, the Trustee shall give notice disclosing the circumstances leading to the winding up of the Scheme:

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

**Effect of Winding Up**

On and from the date of the publication of the notice as stated above, the Trustee or the AMC as the case maybe, shall:

- a. Cease to carry on any business activities in respect of the Scheme so wound up;
- b. Cease to create or cancel Units in the Scheme;
- c. Cease to issue or redeem Units in the Scheme.

**Procedure and manner of winding up:**

In the event of the Scheme being wound up, the AMC shall proceed as follows:

1. The trustee shall call a meeting of the Unit holders of the Scheme to consider and pass necessary resolutions by simple majority of Unit holders present and voting at the meeting for authorising the Trustee or any other person / agency to take the steps for winding up of the Scheme.

Provided that a meeting of the Unit holders shall not be necessary if the Scheme is wound up at the end of the maturity period of the Scheme.

The Trustee or the person authorised as above, shall dispose off the assets of the Scheme concerned in the best interests of the Unit holders of that Scheme.

The proceeds of the sale made in pursuance of the above, shall in the first instance be utilised towards discharge of such liabilities as are due and payable under the Scheme and after making appropriate provision for meeting the expenses connected with such winding up, the balance shall be paid to the Unit holders in proportion to their respective interests in the assets of the Scheme as on the date when the decision for the winding up was taken.

2. On the completion of the winding up, the Trustee shall forward to SEBI and the Unit holders, a report on the winding up containing particulars such as circumstances leading to the winding up, the steps taken for disposal of assets of the Scheme before winding up, expenses of the Scheme for winding up, net assets available for distribution to the Unit holders and a certificate from the Auditors of the Mutual Fund.
3. Notwithstanding anything contained herein, the provisions of SEBI (MF) Regulations in respect of disclosures of half-yearly reports and annual reports shall continue to be applicable until the winding up is completed or the Scheme ceases to exist.
4. After the receipt of report referred to in (2) above, if SEBI is satisfied that all measures for winding up of the Scheme have been complied with, the Scheme shall cease to exist.

**Unclaimed redemption and dividend amounts:**

SEBI has vide its circular dated November 24, 2000, asked Mutual Funds to follow the following guidelines:

The unclaimed redemption and dividend amounts may be deployed by the mutual funds in call money market or money market instruments only and the investors who claim these amounts during a period of three years from the due date shall be paid at the prevailing Net Asset Value. After a period of three years, this amount can be transferred to a pool account and the investors can claim the amount at NAV prevailing at the end of the third year. The income earned on such funds can be used for the purpose of investor education. It should be specifically noted that the AMC would make a continuous effort to remind the investors through letters to take their unclaimed amounts. Further, the investment management fee charged by the AMC for managing unclaimed amounts shall not exceed 50 basis points.

**v Pledge of Units**

The Units under the respective Scheme(s) (subject to completion of Lock-in Period, if any) may be offered as security by way of a pledge / charge in favour of scheduled banks, financial institutions (FI), non-banking finance companies (NBFCs) or any other Body Corporate for raising loans (subject to conditions of the lending institution). The AMC/Registrar will take note of such pledge (by marking a lien etc.) / charge in its records. . Lien shall be marked only upon receipt of duly completed form and requisite documents. Disbursement of such loans will be at the entire discretion of the bank / FI / NBFC or any other body concerned and the Mutual Fund assumes no responsibility thereof.

The Pledgor will not be able to redeem Units that are pledged until the entity to which the Units are pledged provides written authorisation to the fund that the pledge/lien charge may be removed. As long as Units are pledged, the Pledgee will have complete authority to redeem such Units (subject to lock-in period, if any of the concerned Scheme). Decision of the AMC shall be final in all cases of lien marking.

In case of Units held in electronic form, the rules of Depository applicable for pledge will be applicable for Pledge/Assignment of the Units of the Scheme(s). Units held in electronic form can be pledged by completing the requisite forms/formalities as may be required by the Depository.

**vii. Payment of Maturity Proceeds:**

On maturity of the Scheme/respective Plan, the outstanding Units shall be redeemed at the NAV of the maturity date and proceeds will be paid to the Unit holders, without any further reference from the Unit holders. For the units held in electronic form, the units will be extinguished with the depository and the redemption amount will be paid on the maturity date, at the prevailing NAV on that date. The maturity amount will be paid to the Unit holders whose names appear on the Register of Unit holders on the respective maturity dates, at the prevailing NAV on that date.

**viii. Suspension of Purchase and / or Redemption of Units and Dividend Distribution**

The Mutual Fund at its sole discretion reserves the right to suspend purchase and / or redemption of Units, temporarily or indefinitely, if in the opinion of the AMC the general market conditions are not favourable and /or suitable investment opportunities are not available for deployment of funds. The AMC, also reserves the right to suspend purchase of Units in the Scheme temporarily or indefinitely, if the AMC views that increasing the Scheme's size further may prove detrimental to the existing unit holders of the Scheme. However, the suspension of purchase /redemption either temporarily or indefinitely will be with the prior approval from the Board of Directors of AMC and the Trustee Company. The approval from the Board of Directors of AMC and the Trustee Company giving details of the circumstances and justification for the proposed action shall be informed to SEBI in advance. Further, the AMC & Trustee may also decide to temporarily suspend determination of NAV of the Scheme(s), and consequently purchase/ redemption of Units, declaration and distribution of dividend in any of the following events:

1. When one or more stock exchanges or markets, which provide basis for valuation for a substantial portion of the assets of the Scheme are closed otherwise than for ordinary holidays or trading is restricted.
2. When, as a result of political, economic or monetary events or any circumstances outside the control of the Trustee and the AMC, the disposal of the assets of the Scheme is not reasonable, or would not reasonably be practicable without being detrimental to the interests of the Unit holders.
3. In the event of a breakdown in the means of communication used for the valuation of investments of the Scheme, without which the value of the securities of the Scheme cannot be accurately calculated.
4. During periods of extreme volatility of markets, which in the opinion of the AMC are prejudicial or detrimental to the interests of the Unit holders of the Scheme(s).
5. In case of natural calamities, strikes, riots and bandhs etc.
6. In the event of any force majeure or disaster that affects the normal functioning of the AMC or the Registrar or any of the CSCs.
7. During the period of Book Closure.
8. If so directed by SEBI

In the above eventualities, the normal time taken, for processing of requests for purchase and / or redemption of Units and/or distribution of dividend will not be applicable. Further an order to purchase units is not binding on and may be rejected by the Trustee, the AMC or their respective agents until it has been confirmed in writing by the AMC or its agents and payment has been received.

Investors are requested to note that no redemption/ repurchase of units shall be allowed in a Close ended Scheme prior to the maturity of the Scheme. Unit holders who wish to exit may do so through the Stock Exchange mode

**ix .Right to limit Redemption:**

The AMC may, in consultation with the Trustee, in the larger interest of the Unit holders of the Scheme and keeping in view the unforeseen circumstances/unusual market conditions, limit the total number of Units which may be redeemed on any Business day, to 5% of the total number of Units then issued and outstanding under any Scheme / Plan/ Option or such other percentage as the AMC may determine.

Unusual market conditions include, but not limited to, extreme volatility of the stock, fixed income and money markets, natural calamities, communication breakdowns, internal system breakdowns, strikes, bandhs, riots or other situations, where it considers that such suspension is necessary. In addition, the Trustee reserves the right, in its sole discretion, to limit Redemptions with respect to any single Investor/Unitholder to an amount upto ₹ 10 crore on a single Business Day.

Any Units which by virtue of these limitations are not redeemed on a particular Business Day will be carried forward for Redemption to the next Business Day, in order of receipt. Redemptions so carried forward will be priced on the basis of the Applicable NAV (subject to the prevailing load) of the Business Day on which Redemption is made. Under such circumstances, to the extent multiple Redemption requests are received at the same time on a single Business Day, Redemption will be made on pro-rata basis, based on the size of each Redemption request, the balance amount being carried forward for Redemption to the next Business Day(s).

## **C. General Information**

### **i. Power to Make Rules**

The Trustee may, from time to time, prescribe such terms and make such rules for the purpose of giving effect to the provisions of the Scheme(s) with power to the AMC to add to, alter or amend all or any of the terms and rules that may be framed from time to time.

### **ii. Power to Remove Difficulties**

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

### **iii. Scheme(s) to be binding on Investors/Unitholders**

In accordance with and subject to the Regulations, the Trustee may, from time to time, add to or otherwise vary or alter all or any of the features, and terms and conditions of the Scheme(s) / Fund, and wherever applicable, after obtaining the prior approval of SEBI and the Unit holders of the Scheme(s) / Fund and the same shall be binding on each Unit holder and any person(s) claiming through or under them as if each Unit holder or such person(s) expressly had agreed that such features, terms and conditions should be so binding.

### **iv. Underwriting by the Fund**

Subject to the Regulations, the Scheme may enter into underwriting agreements only after the Fund obtains a certificate of registration in terms of the Securities and Exchange Board of India (Underwriters) Rules and Securities and Exchange Board of India (Underwriters) Regulations, 1993, authorising it to carry on activities as underwriters.

The capital adequacy norms for the purpose of underwriting shall be the net assets of the Scheme and the underwriting obligation of the Scheme shall not at any time exceed the total net asset value of the Scheme.

#### **v. Stock Lending and borrowing by the Mutual Fund**

Subject to the SEBI Regulations as applicable from time to time, the Mutual Fund may, engage in Stock Lending. Stock Lending means the lending of stock to another person or entity for a fixed period of time, at a negotiated compensation in order to enhance returns of the portfolio. The securities lent will be returned by the borrower on the expiry of the stipulated period.

Such investments shall be made when in view of the Fund Manager, such investments could provide reasonable returns commensurate with risks associated with such investments and shall be made in accordance with the investment objective of the Scheme. The AMC will adhere to strict limits should it engage in Stock Lending. The lending transactions may require procurement of collateral which would exceed in value, the value of the securities lent. The collateral can be in the form of cash, bank guarantee, government securities or certificate of deposits or other securities as may be agreed upon with the approved intermediary.

As with other modes of extensions of credit, there are risks inherent to stock lending, including the risk of failure of the other party, in this case the approved intermediary, to comply with the terms of the agreement entered into between the lender of securities i.e. the scheme and the approved intermediary. Such failure can result in the possible loss of rights to the collateral put up by the borrower of the securities, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing to the lender from the securities deposited with the approved intermediary. The Mutual Fund may not be able to sell such lent out securities and this can lead to temporary illiquidity. The AMC with a view to enhance the returns of the Schemes, may increase exposure in stock lending activities as deemed fit from time to time.

If permitted by SEBI under extant regulations/guidelines, the scheme may also engage in stock borrowing. The Scheme may also enter into 'Repo/Reverse Repo' transactions, as may be permitted from time to time. Stock borrowing means the borrowing of stock from another person or entity for a fixed period of time, at a negotiated compensation. The securities borrowed will be returned to the lender on expiry of the stipulated period.

#### **vi. Borrowing by the Mutual Fund**

Under the Regulations, the Fund is allowed to borrow to meet the temporary liquidity needs of the Fund for the purpose of repurchase, redemption of Units or payment of interest or dividend to the Unitholders. Further, as per the Regulations, the Fund shall not borrow more than 20% of the Net Assets of the Scheme and the duration of such borrowing shall not exceed a period of six months or as may be permitted by the Regulations from time to time. The Fund may raise such borrowings after approval by the Trustee from any of its Sponsors/Associate/Group companies/Commercial Banks in India or any other entity at market related rates prevailing at the time and applicable to similar borrowings. The security for such borrowings, if required, will be as determined by the Trustee. Such borrowings, if raised, may result in a cost, which would be dealt with in consultation with the Trustee.

#### **vii. Master Account / Folio:**

As an investor friendly measure, unless otherwise requested by the Unit holder, one Folio Number will be assigned for one unit holder having holdings in different Scheme(s) of the Mutual Fund, provided the name of the unit holder/s and order of unit holders (in case of more than one unit holder), nominees and the mode of holding match. In such a case, one consolidated Account Statement will be provided. The number of Units allotted/ redeemed will be reflected in his or her account and a statement to this effect

will be issued to the Unit holder. The AMC reserves the right to assign the existing Folio Number against multiple applications and / or subsequent purchases under a new application form by an existing holder, with identical mode of holding and address.

**viii. Investments of the minor investor on attaining majority:**

Upon attaining majority, a minor has to write to the fund, giving his specimen signature duly authenticated by his banker as well as his new bank mandate, PAN details, in order to facilitate the Fund to update its records and permit the erstwhile minor to operate the account in his own right.

Prior to minor attaining majority, the Mutual Fund may send an advance notice to the registered correspondence address advising the guardian and the minor to submit an application form along with prescribed documents to change the status of the account to "major".

The account shall be frozen for operation by the guardian on the day the minor attains the age of majority and the guardian will not be able undertake any financial and non-financial transactions including fresh registration of STP SIP and SWP after the date of the minor attaining majority till the time the above application form along with the prescribed documents are received by the Mutual Fund.

The Mutual Fund shall continue to process the existing standing instructions like SIP, STP, SWP registered prior to the minor attaining majority and will send an advance notice to the registered correspondence address advising the guardian and the minor that the existing standing instructions will continue to be processed beyond the date of the minor attaining majority till the time a instruction from the major to terminate the standing instruction is received by the Mutual Fund along with the prescribed documents. The standing instruction shall be terminated within 30 days from the date of receiving the instruction.

List of standard documents to change account status from minor to major as are follows:

- a. Service Request form, duly filled and containing details like name of major, folio numbers, etc.
- b. New Bank mandate where account changed from minor to major,
- c. Signature attestation of the major by a manager of a scheduled bank / Bank Certificate / Letter,
- a. Proof of the KRA complied status as obtained from KRA agencies or their website of the Major.

**ix. Change in Guardian:**

When there is a change in guardian either due to mutual consent or demise of existing guardian, the following documents are required to be submitted prior to registering the new guardian:

- a. Request letter from the new guardian,
- b. No Objection Letter (NoC) or Consent Letter from existing guardian or Court Order for new guardian, in case the existing guardian is alive.
- c. Notarized copy or attested copy of the Death Certificate of the deceased guardian, where applicable. The attestation may also be done by a special executive magistrate, AMC authorised official or manager of a scheduled bank.
- d. The new guardian must be a natural guardian (i.e. father or mother) or a court appointed legal guardian.
  - In case of natural guardian, a document evidencing the relationship shall be obtained.
  - In case of court appointed legal guardian, supporting documentary evidence shall be obtained.
- e. Bank attestation attesting the signature of the new guardian in a bank account of the minor where the new guardian is registered as the guardian.
- f. Proof of the KRA complied status as obtained from KRA agencies or their website.

**x. Inter-Scheme Transfer of Investments:**

Transfers of investments from one scheme to another scheme in the same mutual fund shall be allowed only if -

- a. Such transfers are done at the prevailing market price for quoted instruments on spot basis.  
*Explanation: "spot basis" shall have same meaning as specified by stock exchange for spot transactions.*
- b. The securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.

**xi. Associate Transactions:**

The AMC may, from time to time, for the purpose of conducting its normal business, use the services of and / or enter into transactions with the Sponsors, its associates/ subsidiaries, established or to be established at a later date in case such an associate company (including its employees or relatives) is in a position to provide the requisite services to the AMC. The AMC will conduct its business with the aforesaid companies (including its employees or relatives) on commercial terms and on arm's length basis to the extent permitted under the applicable laws / rules / regulations (including the SEBI Regulations), after an evaluation of the competitiveness of the pricing offered by the associate companies and the services to be provided by them.

The Scheme(s) of the Fund may invest in the securities of the group companies of the Sponsors subject to the limits under the Regulations.

Services of the group /associate companies may include broking, distribution, investment and other advice etc. Further, while dealing with the aforementioned associate companies, the Scheme will adhere to SEBI Regulations pursuant to which, Scheme(s) of IIFL Mutual Fund shall not make any investment in:

- any unlisted security of an associate or group company of the Sponsors; or
- any security issued by way of private placement by an associate or group company of the Sponsors; or
- the listed securities of group companies of the Sponsors which is in excess of 25% of the net assets of the Scheme.

**Names of associates of the Sponsors or the Asset Management Company as on date of SAI are as follows:**

Sr No.	Group Company & Associates
1	India Infoline Investment Services Limited (IIISL)
2	Moneyline Credit Limited
3	India Infoline Commodities Limited
4	India Infoline Marketing Services Limited
5	India Infoline Insurance Brokers Limited
6	India Infoline Insurance Services Ltd.
7	India Infoline Housing Finance Ltd.
8	India Infoline Media and Research Services Limited
9	India Infoline Distribution Company Limited
10	IIFL Capital Limited
11	IIFL Wealth Management Limited
12	IIFL Energy Limited

13	IIFL Realty Limited
14	Indian Infoline Trustee Company Limited
15	India Infoline Asset Management Company Limited
16	IIFL (Thane) Private Limited
17	IIFL Trustee Services Limited
18	Finest Wealth Managers Pvt Ltd
19	IIFL Alternate Asset Advisors Ltd.
20	India Infoline Commodities DMCC
21	IIFL (Asia) Pte. Limited
22	IIFL Capital Pte. Limited
23	IIFL Securities Pte. Limited
24	IIFL Inc
25	IIFL Private Wealth (Mauritius) Ltd
26	IIFL Wealth (UK) Limited
27	IIFL Securities Ceylon (Pvt) Ltd
28	IIFL Capital Ceylon Ltd
29	IIFL Private Wealth Hong Kong Limited
30	IIFL Private Wealth Management (Dubai) Limited
31	IIFL Private Wealth (Suisse) SA
32	India Infoline Limited
33	Gammon Infrastructure Projects Ltd (w.e.f Nov 11, 2011)
34	Jai Prakash Associates Ltd (w.e.f Feb 14, 2012)
35	National Thermal Power Company (w.e.f Feb 28, 2012)
36	Shriram City Union Finance Ltd. (w.e.f October 31,2012)
37	Meliora Asset Reconstruction Company Ltd. (w.e.f Feb 25, 2012)

### Dealings with associate companies

#### 1. Investment in Group Companies of the Sponsor and the AMC

The AMC will, before investing in the securities of the group companies of the Sponsor and the AMC, evaluate such investments, the criteria for the evaluation being the same as is applied to other similar investments to be made under the Scheme. Investments under the Scheme in the securities of the group companies of the Sponsor will be subject to the limits under the Regulations.

#### 2. Underwriting obligations undertaken by the Scheme(s) of the Fund with respect to issues of Associate Companies:

IIFL Mutual Fund under its Scheme(s) may enter into underwriting contracts with respect to any public issues of securities made by any of the associate companies in accordance with the applicable regulatory requirements. Appropriate disclosures in relation to the same, shall be made, as required by the SEBI Regulations.

#### 3. Subscription by the Scheme(s) in issues lead managed by the associate companies:

The Scheme(s) of IIFL Mutual Fund may subscribe to issues lead managed by the associate companies. Such subscriptions shall be in accordance with the applicable regulatory requirements. Disclosures pertaining to such subscriptions shall be made as required by the SEBI Regulations.

#### 4. Brokerage and Commission paid to associates / related parties/ group companies of sponsor/ AMC:

IIFL Mutual Fund may utilise the services of the Sponsor / associate companies for broking and / or sale and distribution services.

**Associate Transactions (for period \*April 01, 2012 to March 31, 2013)**

**Transaction in Securities of Associate(s) by IIFL Mutual Fund: (figures - in Rs. Crore)**

Scheme which Transacted	Associate in whose security transaction done	Purchase	Sale	Type of Security
IIFL Nifty ETF	Jaiprakash Associates Ltd	0.02	0.11	Equity
IIFL Nifty ETF	NTPC Ltd.	0.16	0.26	Equity
IIFL Dividend Opportunities Index Fund	NTPC Ltd.	2.89	0.09	Equity
IIFL Dividend Opportunities Index Fund	India Infoline Ltd.	0.08	0.09	Equity
IIFL FMP Series 6	India Infoline Finance Ltd	15.03	0.00	Debt
IIFL FMP Series 6	India Infoline Housing Finance Ltd	10.02	0.00	Debt

@Indicates less than 0.01 Crores.

**Transactions done by Associate(s) in Schemes of IIFL Mutual Fund: (figures - in Rs. Crore)**

Scheme in which Transaction Done	Associate transacted which	Subscription	Redemption
IIFL Nifty ETF	India Infoline Ltd.	8.20	10.39
IIFL Div Opp Index Fund***	India Infoline Ltd.	39.21	0.00

\*\*\* Transactions reported by stock exchange

**Securities Transactions with Associate(s) by IIFL Mutual Fund as a Counterparty: (figures-in Rs.Crore)**

Associate with whom transaction done (Counterparty)	Scheme in which transacted	Purchase	Sale	Type of Security
India Infoline Ltd	IIFL FMP Sr-3	2.45	0.00	Certificate of Deposit
India Infoline Ltd	IIFL FMP Sr-1	1.43	0.00	Certificate of Deposit
India Infoline Ltd	IIFL FMP Sr-6	25.05	0.00	Debt
India Infoline Finance Limited	IIFL FMP Sr-6	38.19	0.00	Debt

**Commission paid\$ to Associate(s) for distribution of units (figures in Rs. Crore):**

Associate to whom Commission paid	Nature of Association / Relation	Business Given to Associate		Commission Paid to Associate	
		Amount of Business given	% of total business received by the Fund	Amount of Commission paid **	% of total commission paid to distributors
India Infoline Limited	Associate	24.65	50.96%	0.03	49.28%
IIFL Wealth Management Ltd	Associate	19.78	40.90%	0.03	45.96%

**Brokerage paid to Associate(s) for carrying out secondary market transactions (figures in Rs. Crore):**

Associate to whom Brokerage Paid	Nature of Association / Relation	Value of Transaction done through Associate		Brokerage Paid to Associate	
		Amount	% of total value of transaction of the Fund	Amount	% of total brokerage paid by the Fund
NIL					

**Other Payments made to Associate (figures in Rs. Crore)**

Associate to whom payment made	Nature of Payment	Amount
IIFL Wealth Management Ltd	Marketing, Sales & Promotion related expenses	NIL

**xii. Documents Available for Inspection**

The following documents will be available for inspection at the office of the Mutual Fund at, IIFL Centre, 3<sup>rd</sup> floor Annex, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai-400 013 during business hours on any day (excluding Saturdays, Sundays and public holidays):

- Memorandum and Articles of Association of the AMC
- Investment Management Agreement
- Trust Deed and amendments thereto, if any
- Mutual Fund Registration Certificate
- Agreement between the Mutual Fund and the Custodian
- Agreement with Registrar and Share Transfer Agents
- Consent of Auditors to act in the said capacity
- Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments from time to time thereto.
- Indian Trusts Act, 1882.

**xiii. Investor Services and Investor Grievances Redressal Mechanism**

Investor can approach the Customer Service Centres (CSCs) of AMC or Registrar or any of the Branches of Registrar for redressal of their Grievances. The AMC has designated Mr. Ashutosh Naik as Investor Service Officer. Some service requests can be processed only upon receipt of a written request with required supporting documents.

In order to protect confidentiality of information, the customer service representatives may require personal information of the investor for verification of the investor's identity.

All grievances will be forwarded to the Registrar, if required, for necessary action. The AMC will at all times endeavour to handle transactions efficiently and resolve investor grievances promptly and will be closely follow up with the Registrar to ensure timely redressal and prompt investor service.

Investors can contact the Investor Relations Officer of the AMC as per the below given details:

India Infoline Asset Management Company Limited  
IIFL Centre, 3<sup>rd</sup> floor Annex, Kamala City,  
Senapati Bapat Marg, Lower Parel,  
Mumbai-400 013

Phone: 022-4249 9000  
Toll Free: 1800 -200- 2267  
E-mail: service@iiflmf.com

For any grievances with respect to transactions through BSE and/ or NSE, the Investors/Unit Holders should approach either the stock broker or the investor grievance cell of the respective stock exchange.

Complaint Code	Type of Complaint#	(a) No. of complaints pending at the beginning of the year	Action on (a) and (b)										
			(b) No. of Complaints received during the year	Resolved				Non Actionable *	Pending				
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months	
I A	Non receipt of Dividend on Units												
I B	Interest on delayed payment of Dividend												
I C	Non receipt of Redemption Proceeds		23	23									
I D	Interest on delayed payment of Redemption		2	2									
II A	Non receipt of Statement of Account/Unit Certificate		1	1									
II B	Discrepancy in Statement of Account												
II C	Non receipt of Annual Report/Abridged Summary												
III A	Wrong switch between Schemes												
III B	Unauthorized switch between Schemes												
III C	Deviation from Scheme attributes												
III D	Wrong or excess charges/load												
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc		10	10									
IV	Others		5	5									
	a. Correction of Investor Information		1	1									
	b. Non Receipt of Cheque pertaining to Refund of Fractional Units / NFO NIGO Refunds		4	4									
<b>Total</b>			<b>41</b>	<b>41</b>									

Notwithstanding anything contained in this Statement of Additional Information, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the guidelines there under shall be applicable.

**IIFL****Mutual Fund****India Infoline Asset Management Company Limited**

Regd Off: IIFL Centre, 3rd floor Annex, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013

**I) NOTICE FOR DECLARATION OF DIVIDEND IN IIFL FIXED MATURITY PLAN – SERIES 1**

**NOTICE IS HEREBY GIVEN THAT** the Trustee to IIFL Mutual Fund has approved Monday, July 22, 2013 as the Record Date# for the declaration of dividend, subject to the availability of distributable surplus, under Dividend Option of following scheme of IIFL Mutual Fund:

<b>Name of the Scheme</b>	<b>Quantum of Dividend</b>	<b>Face Value per unit (₹)</b>	<b>NAV as on July 15, 2013</b>
IIFL Fixed Maturity Plan - Series -1	*Entire distributable surplus as on the record date	10.00	11.4321

\*as reduced by amount of applicable statutory levy.

# If in any case the Record Date falls on a non-business day, the immediately following business day shall be deemed to be the Record Date.

**Pursuant to the payment of dividend, the NAV under Dividend Option of the aforesaid Scheme(s) would fall to the extent of payout and statutory levy (if applicable).**

All the Unit Holders/beneficial owners under the Dividend Option of the abovementioned Scheme whose name appear in the records of our Registrar/Depositories, as on the Record Date shall be eligible to receive the dividend.

**II) NOTICE-CUM-ADDENDUM TO THE SID & KIM OF ALL SCHEMES AND THE STATEMENT OF ADDITIONAL INFORMATION (SAI) OF IIFL MUTUAL FUND (3/2013)**

**NOTICE IS HEREBY GIVEN THAT,** Mr. Chandan Bhatnagar has been designated as Key Personnel of India Infoline Asset Management Company Ltd., pursuant to his appointment as the Investor Service Officer of IIFL Mutual Fund, w.e.f July 15, 2013.

A brief profile of Mr. Bhatnagar is given below:

<b>Age/ Qualification</b>	<b>Brief Experience</b>
34, M Com, MBA(Finance)	He has 8 years of experience in Financial Services Industry. Prior to joining India Infoline AMC, Mr. Bhatnagar was associated with UTI Asset Management Co. Ltd. as Senior Manager, Mutual Fund Operations and Investor Services. He has also worked with ICICI Prudential Asset Management Company Limited and Overseas Capital Limited.

This addendum shall form an integral part of the SID/KIM and SAI of IIFL Mutual Fund all other features / terms and conditions as mentioned therein remains unchanged.

For further information/assistance do visit us at [www.iiflmf.com](http://www.iiflmf.com) or e-mail us at [service@iiflmf.com](mailto:service@iiflmf.com) or call on our Toll free no. 1800-200-2267

Place : Mumbai  
Date : July 16, 2013

For  
India Infoline Asset Management Co. Ltd.  
Sd/-  
Authorised Signatory

**“Mutual Fund investments are subject to market risks, read all scheme related documents carefully”**