



**Abridged Annual Report
2011 - 2012**

SPONSOR

India Infoline Limited
Registered Office IIFL House,
Sun Infotech Park, Road No. 16V,
Plot No. B-23, Thane Industrial Area,
Wagle Estate, Thane – 400 604

ASSET MANAGEMENT COMPANY

India Infoline Asset Management Company Limited
IIFL Centre, 3rd Floor Annex, Kamala City,
S. B. Marg, Lower Parel, Mumbai - 400 013

TRUSTEE COMPANY

India Infoline Trustee Company Limited
Regd. Office:
IIFL Centre, 3rd Floor Annex,
Kamala City, Senapati Bapat Marg,
Lower Parel, Mumbai - 400 013

CUSTODIAN

Citibank N. A.
Trent House, 3rd Floor, G Block, Plot No. 60,
Next to Citibank, BKC, Bandra (East),
Mumbai - 400 051
Tel.: 022 - 4029 6227
Fax: 022 - 2653 2205/ 2348

REGISTRAR

Computer Age Management Services Pvt. Ltd. (CAMS)
Registered Office:
New No. 10, Old No. 178, M.G.R. Salai,
Nungambakkam, Chennai - 600 034
www.camsonline.com

STATUTORY AUDITORS

S. R. Batliboi & Co.,
6th Floor, Express Towers,
Nariman Point, Mumbai - 400 021.
Tel.: 022 - 6657 9200
Fax: 022 - 6657 6401

TRUSTEE REPORT

Dear Unitholders,

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

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

A. Scheme Performance

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

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

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

Brief Comments on Objective and Performance of Scheme

IIFL NIFTY ETF

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

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

IIFL Fixed Maturity Plan (FMP) series 1/series 2/series 3 objectives is to generate returns through investments in debt and money market instruments, maturing on or before maturity of the scheme.

All 3 schemes are closed ended schemes. Intended allocation for FMP series 1 against each sub asset class is NCD/Bonds- 95%-100%, 0%-5% is CP/CD/Other money market instruments.

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

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

Date of allotment for FMP.

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

B. Future Outlook and Operations of the Scheme

Overview of Mutual Fund Industry

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

Equity Market Outlook

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

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

Debt Market Outlook

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

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

Source- Bloomberg/Care rating

Operations of the Scheme

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

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

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

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

B. IIFL Mutual Fund

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

C. Trustees

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

D. Asset Management Company

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

Significant Accounting Policies

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

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

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

Investor Grievances

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

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

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

Statutory Information

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

Acknowledgement

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

For India Infoline Trustee Company Limited

A. K. Shukla
Chairman

Date: June 28, 2012

Place: Mumbai

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TRUSTEE REPORT

ANNEXURE I

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

Total Folios : 8883

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

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

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

ANNEXURE II
POLICY FOR EXERCISING VOTING RIGHTS IN RESPECT OF SHARES HELD BY SCHEME(S) OF IIFL MUTUAL FUND
Objective of Policy:

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

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

Objective underlying voting exercise:

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

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

Guidelines for exercising a vote:

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

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

Decision Making Process:

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

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

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

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

Conflict of Interest:

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

Disclosures:

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

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

Review of the Policy & Control Process:

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

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Details on vote exercised is stated here below:

| Date of Meeting | Name of Company | Type of Meeting | Proposal | Management recommendation | *Vote (For/Against/Abstain) |
|---|--|-----------------|---|---------------------------|-----------------------------|
| 28-Mar-2012 | A C C | AGM | Adoption of Accounts as at 31-Dec-2011 | For | Abstain |
| | | | Declaration of Dividend | For | Abstain |
| | | | Reappointment of Mr Paul Hugentobler as Director | For | Abstain |
| | | | Reappointment of Mr M L Narula as Director | For | Abstain |
| | | | Reappointment of Mr S M Palia as Director | For | Abstain |
| | | | Appointment of M/s S R Batliboi & Associates, Chartered Accountants as Auditors | For | Abstain |
| | | | Appointment of Mr Bernard Fontana as Director | For | Abstain |
| | | | Appointment of Mr Ashwin Dani as Director | For | Abstain |
| 27-Mar-2012 | Ambuja Cements | AGM | Adoption of Accounts as at 31-Dec-2011 | For | Abstain |
| | | | Declaration of dividend | For | Abstain |
| | | | Re-appointment of Mr Nasser Munjee as Director | For | Abstain |
| | | | Re-appointment of Mr Rajendra P Chitale as Director | For | Abstain |
| | | | Re-appointment of Mr Shailesh Haribhakti as Director | For | Abstain |
| | | | Appointment of M/s S R Batliboi & Co, Chartered Accountants as Auditors | For | Abstain |
| | | | Appointment of Mr Bernard Fontana as Director | For | Abstain |
| Alteration of AOA | For | Abstain | | | |
| 07-Mar-2012 | Hindalco Industries | EGM | To issue convertible warrants to promoter and promoter groups on a preferential basis for an amount not exceeding Rs 15 crore | For | Abstain |
| 31-Oct-2011 | Infrastructure Development Finance Company Limited | Postal Ballot | To create charge / mortgage on all the properties of the company | For | Abstain |
| 25-Feb-2012 | Jaiprakash Associates Limited | CCM** | To approve Scheme of Arrangement between Jaiprakash Associates Ltd and Jaypee Cement Corporation Ltd | For | Abstain |
| 07-Feb-2012 | Mahindra & Mahindra Ltd | CCM | To approve the Scheme of Arrangement between Mahindra Automobile Distributors Private Ltd and Mahindra and Mahindra Ltd | For | Abstain |
| 22-Feb-2012 | Maruti Suzuki India Ltd | Postal Ballot | Alteration of MOA | For | Abstain |
| 20-Mar-2012 | Punjab National Bank | EGM | Issue of equity shares on preferential basis to Government of India for an amount not exceeding Rs 1,285 crore | For | Abstain |
| 13-Feb-2012 | Siemens Ltd | CCM | To approve the Scheme of Arrangement of Siemens Vai Metal Technologies Pvt Ltd and Morgan Construction Company India Pvt Ltd with Siemens Ltd | For | Abstain |
| 31-Jan-2012 | Siemens Ltd | AGM | Adoption of Accounts as at 30-Sept-2011 | For | Abstain |
| | | | Payment of one time special payment to Mr Vijay V Paranjape, Former wholetime Director | For | Abstain |
| | | | Payment of remuneration to Mr Praveen Singh, Former Managing Director of Siemens Healthcare Diagnostics Ltd | For | Abstain |
| | | | Declaration of dividend | For | Abstain |
| | | | Re-appointment of Mr Deepak S Parekh as Director | For | Abstain |
| | | | Re-appointment of Mr Yezdi H Malegam as Director | For | Abstain |
| | | | Re-appointment of Mr Sunil Mathur as Director | For | Abstain |
| | | | Appointment of M/s S R Batliboi & Associates, Chartered Accountants as Auditors | For | Abstain |
| | | | Appointment of Dr Ronald Busch as Director | For | Abstain |
| | | | Revision of remuneration to Dr Armin Bruck, Managing Director | For | Abstain |
| Revision of remuneration to Mr Sunil Mathur, Executive Director | For | Abstain | | | |
| 19-Mar-2012 | State Bank of India | EGM | To issue preferential allot equity shares to Government of India for an amount not exceeding Rs 7,900 crore | For | Abstain |

AUDITORS' REPORT**To the Trustee of
IIFL MUTUAL FUND**

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

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

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

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ABRIDGED BALANCE SHEET AS AT MARCH 31, 2012

Rupees in Lakhs

| | IIFL NIFTY ETF | | IIFL Fixed Maturity Plan - Series 1 | | IIFL Fixed Maturity Plan - Series 2 | | IIFL Fixed Maturity Plan - Series 3 | |
|--|-----------------|----------------|-------------------------------------|----------------|-------------------------------------|----------------|-------------------------------------|----------------|
| | As at 31.03.12 | As at 31.03.11 | As at 31.03.12 | As at 31.03.11 | As at 31.03.12 | As at 31.03.11 | As at 31.03.12 | As at 31.03.11 |
| 1 LIABILITIES | | | | | | | | |
| 1 Unit Capital | 36.25 | - | 3,158.83 | - | 6,503.56 | - | 4,793.91 | - |
| 2 Reserves & Surplus | | | | | | | | |
| 2.1 Unit Premium Reserves | 1,723.88 | - | - | - | - | - | - | - |
| 2.2 Unrealised Appreciation Reserve | 144.12 | - | - | - | 21.07 | - | - | - |
| 2.3 Other Reserves | 14.87 | - | 41.75 | - | 41.51 | - | (2.27) | - |
| 3 Loans & Borrowings | - | - | - | - | - | - | - | - |
| 4 Current Liabilities & Provisions | | | | | | | | |
| 4.1 Provision for doubtful Income/Deposits | - | - | - | - | - | - | - | - |
| 4.2 Other Current Liabilities & Provisions | 637.66 | - | 1.26 | - | 1.43 | - | 2.24 | - |
| TOTAL | 2,556.78 | - | 3,201.84 | - | 6,567.57 | - | 4,793.88 | - |
| ASSETS | | | | | | | | |
| 1 Investments | | | | | | | | |
| 1.1 Listed Securities: | | | | | | | | |
| 1.1.1 Equity Shares | 2,551.14 | - | - | - | - | - | - | - |
| 1.1.2 Preference Shares | - | - | - | - | - | - | - | - |
| 1.1.3 Equity Linked Debentures | - | - | - | - | - | - | - | - |
| 1.1.4 Other Debentures & Bonds | - | - | 3,090.58 | - | - | - | - | - |
| 1.1.5 Securitised Debt securities | - | - | - | - | - | - | - | - |
| 1.2 Securities Awaited Listing: | | | | | | | | |
| 1.2.1 Equity Shares | - | - | - | - | - | - | - | - |
| 1.2.2 Preference Shares | - | - | - | - | - | - | - | - |
| 1.2.3 Equity Linked Debentures | - | - | - | - | - | - | - | - |
| 1.2.4 Other Debentures & Bonds | - | - | - | - | - | - | - | - |
| 1.2.5 Securitised Debt securities | - | - | - | - | - | - | - | - |
| 1.3 Unlisted Securities | | | | | | | | |
| 1.3.1 Equity Shares | - | - | - | - | - | - | - | - |
| 1.3.2 Preference Shares | - | - | - | - | - | - | - | - |
| 1.3.3 Equity Linked Debentures | - | - | - | - | - | - | - | - |
| 1.3.4 Other Debentures & Bonds | - | - | - | - | - | - | - | - |
| 1.3.5 Securitised Debt Securities | - | - | - | - | - | - | - | - |
| 1.4 Government Securities | - | - | - | - | - | - | - | - |
| 1.5 Treasury Bills | - | - | - | - | - | - | - | - |
| 1.6 Commercial Paper | - | - | - | - | - | - | - | - |
| 1.7 Certificate of Deposits | - | - | - | - | 6,556.58 | - | 2,725.19 | - |
| 1.8 Bill Rediscounting | - | - | - | - | - | - | - | - |
| 1.9 Units of Domestic Mutual Fund | - | - | - | - | - | - | - | - |
| 1.10 Foreign Securities | - | - | - | - | - | - | - | - |
| Total Investments | 2,551.14 | - | 3,090.58 | - | 6,556.58 | - | 2,725.19 | - |
| 2 Deposits | | | | | | | | |
| 3 Other Current Assets | - | - | - | - | - | - | - | - |
| 3.1 Cash & Bank Balance | 5.15 | - | 1.01 | - | 10.99 | - | 2,068.69 | - |
| 3.2 CBLO/ Reverse Repo Lending | - | - | - | - | - | - | - | - |
| 3.3 Others | 0.49 | - | 110.25 | - | - | - | - | - |
| 4 Deferred Revenue Expenditure (to the extent not written off) | - | - | - | - | - | - | - | - |
| TOTAL | 2,556.78 | - | 3,201.84 | - | 6,567.57 | - | 4,793.88 | - |


ABRIDGED REVENUE ACCOUNT FOR THE YEAR / PERIOD ENDED MARCH 31, 2012

Rupees in Lakhs

| | IIFL NIFTY ETF | | IIFL Fixed Maturity Plan - Series 1 | | IIFL Fixed Maturity Plan - Series 2 | | IIFL Fixed Maturity Plan - Series 3 | |
|--|----------------------------|----------------------------|-------------------------------------|----------------------------|-------------------------------------|----------------------------|-------------------------------------|----------------------------|
| | Year/Period ended 31.03.12 | Year/Period ended 31.03.11 | Year/Period ended 31.03.12 | Year/Period ended 31.03.11 | Year/Period ended 31.03.12 | Year/Period ended 31.03.11 | Year/Period ended 31.03.12 | Year/Period ended 31.03.11 |
| 1 INCOME | | | | | | | | |
| 1.1 Dividend | 9.58 | - | - | - | - | - | - | - |
| 1.2 Interest | - | - | 61.01 | - | 42.98 | - | 1.40 | - |
| 1.3 Realised Gain/(Loss) on Foreign Exchange Transactions | - | - | - | - | - | - | - | - |
| 1.4 Realised Gains/(Losses) on Interscheme sale of investments | - | - | - | - | - | - | - | - |
| 1.5 Realised Gains/(Losses) on External sale / redemption of investments | 13.56 | - | - | - | (0.03) | - | - | - |
| 1.6 Realised Gains/(Losses) on Derivative Transactions | - | - | - | - | - | - | - | - |
| (A) | 23.14 | - | 61.01 | - | 42.95 | - | 1.40 | - |
| 2 EXPENSES | | | | | | | | |
| 2.1 Management fees (inclusive of service tax) | 0.67 | - | 2.60 | - | 1.30 | - | - | - |
| 2.2 Service tax on Management fees | - | - | - | - | - | - | - | - |
| 2.3 Transfer agents fees and expenses | 0.45 | - | 0.05 | - | 0.04 | - | - | - |
| 2.4 Custodian fees | 0.23 | - | 0.05 | - | 0.04 | - | 0* | - |
| 2.5 Trusteeship fees | 0.13 | - | 0.06 | - | 0.04 | - | 0* | - |
| 2.6 Commission to Agents | - | - | - | - | - | - | - | - |
| 2.7 Marketing & Distribution expenses | - | - | - | - | - | - | - | - |
| 2.8 Audit fees | - | - | - | - | - | - | - | - |
| 2.9 Other operating expenses | 1.88 | - | 0.02 | - | 0.02 | - | 0.01 | - |
| 3.0 NFO Amortisation Expenses | - | - | - | - | - | - | - | - |
| (B) | 3.36 | - | 2.78 | - | 1.44 | - | 0.01 | - |
| 3 NET REALISED GAINS / (LOSSES) FOR THE YEAR / PERIOD (A-B = C) | 19.78 | - | 58.23 | - | 41.51 | - | 1.39 | - |
| 4 Change in Unrealised Depreciation in value of investments (D) | - | - | 16.48 | - | - | - | 3.66 | - |
| 5 NET GAINS / (LOSSES) FOR THE YEAR / PERIOD (E=(C-D)) | 19.78 | - | 41.75 | - | 41.51 | - | (2.27) | - |
| 6 Change in unrealised appreciation in the value of investments (F) | 144.12 | - | - | - | 21.07 | - | - | - |
| 7 NET SURPLUS / (DEFICIT) FOR THE YEAR / PERIOD (E + F = G) | 163.90 | - | 41.75 | - | 62.58 | - | (2.27) | - |
| 7.1 Add: Opening balance transfer from Unrealised Appreciation Reserve | - | - | - | - | - | - | - | - |
| 7.2 Less: Balance transfer to Unrealised Appreciation Reserve | (144.12) | - | - | - | (21.07) | - | - | - |
| 7.3 Add/(Less): Equalisation | (4.92) | - | - | - | - | - | - | - |
| 8 Total | 14.86 | - | 41.75 | - | 41.51 | - | (2.27) | - |
| 9 Dividend appropriation | | | | | | | | |
| 9.1 Income Distributed during the year / period | - | - | - | - | - | - | - | - |
| 9.2 Tax on income distributed during the year / period | - | - | - | - | - | - | - | - |
| 10 Retained Surplus / (Deficit) carried forward to Balance sheet | 14.86 | - | 41.75 | - | 41.51 | - | (2.27) | - |

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ABRIDGED NOTES TO ACCOUNTS

Schedules forming part of the Balance Sheet as at 31st March, 2012 and the Revenue Account for the period ended on 31st March, 2012

Annexure I: ABRIDGED NOTES TO ACCOUNTS

1. Investments

- 1.1 Investments of the Schemes are registered in the name of the Trustees for the benefits of the Schemes Unit holders.
 1.2 Open Position of derivatives:- NIL
 1.3 Investments in Associates and Group Companies : NIL
 1.4 Open position of Securities borrowed and / or Lend by the Scheme :- NIL
 1.5 Details of NPA: Aggregate market value and provision thereof :- NIL
 1.6 Aggregate Unrealized Gain / Loss and percentage to net assets:

Rupees in Lakhs

| Scheme | Unrealised Gain/ (loss) (Other than Derivatives) (A) | Unrealised Gain/ (loss) (Derivatives) (B) | Total Unrealised Gain/ Loss C=A+B | % to Net Assets |
|-------------------------------------|--|---|-----------------------------------|-----------------|
| | | | | |
| IIFL NIFTY ETF | 144.12 | 0.00 | 144.12 | 7.51% |
| IIFL Fixed Maturity Plan - Series 1 | -16.48 | 0.00 | -16.48 | -0.51% |
| IIFL Fixed Maturity Plan - Series 2 | 21.07 | 0.00 | 21.07 | 0.32% |
| IIFL Fixed Maturity Plan - Series 3 | -3.66 | 0.00 | -3.66 | -0.08% |

1.7 The aggregate value of Purchase and Sale (including redeemed) with Percentage of average assets:

Rupees in Lakhs

| Scheme | Purchases | Sales | Purchase as % to average daily net assets | Sale as % to average daily net assets |
|-------------------------------------|-----------|-----------|---|---------------------------------------|
| | 2011-2012 | 2011-2012 | 2011-2012 | 2011-2012 |
| IIFL NIFTY ETF | 3,933.79 | 1,532.92 | 132% | 52% |
| IIFL Fixed Maturity Plan - Series 1 | 3,076.50 | - | 97% | 0% |
| IIFL Fixed Maturity Plan - Series 2 | 14,492.94 | 7,998.86 | 222% | 123% |
| IIFL Fixed Maturity Plan - Series 3 | 2,727.45 | - | 57% | 0% |

*Excludes CBLO

1.8 Non-Traded securities in the portfolio:

Rupees in Lakhs

| Scheme | As of March 31, 2012 | | | | | |
|-------------------------------------|----------------------|-----------------|----------|-----------------|--------------------------|-----------------|
| | Equity | % to net assets | Debt | % to net assets | Money Market Instruments | % to net assets |
| IIFL NIFTY ETF | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. |
| IIFL Fixed Maturity Plan - Series 1 | N.A. | N.A. | 3,090.58 | 96.56% | N.A. | N.A. |
| IIFL Fixed Maturity Plan - Series 2 | N.A. | N.A. | N.A. | N.A. | 6,556.58 | 99.85% |
| IIFL Fixed Maturity Plan - Series 3 | N.A. | N.A. | N.A. | N.A. | 2,725.19 | 56.87% |

2. Details of transactions with Associates in terms of regulation 25(8)

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

| Name of associates/ related parties/group companies of Sponsor/AMC | Nature of Association/ Nature of Relation | Period Covered | Yearly 2011-2012 | | | |
|--|---|-------------------------------|---------------------------------|---|----------------------|---------------------------------------|
| | | | Value of Transaction (in Lakhs) | % of Total Value of Transaction of the fund | Brokerage (in Lakhs) | % of total Brokerage paid by the fund |
| INDIA INFOLINE LIMITED (Nifty ETF) | Associate Broker | Launch Date to March 31, 2012 | 139.08 | 3.51% | 0.07 | 3.51% |

ABRIDGED NOTES TO ACCOUNTS
3. Large Holding in the schemes (i.e. in excess of 25% of the net assets)

 As of March 31, 2012: **NIL**
4. Unit Capital movement during the year ended / period ended.
2011-2012

| Scheme | PLAN | Face Value | Opening Units | Units Sold / Switch in | Redemption / Switch out | Closing Units |
|-------------------------------------|-----------------|------------|----------------|------------------------|-------------------------|----------------|
| IIFL NIFTY ETF | Growth Option | 10 | 662,487.000 | 120,000.000 | 420,000.000 | 362,487.000 |
| IIFL Fixed Maturity Plan - Series 1 | Growth Option | 10 | 31,530,879.000 | - | - | 31,530,879.000 |
| IIFL Fixed Maturity Plan - Series 1 | Dividend Option | 10 | 57,440.000 | - | - | 57,440.000 |
| IIFL Fixed Maturity Plan - Series 2 | Growth Option | 10 | 64,930,080.000 | - | - | 64,930,080.000 |
| IIFL Fixed Maturity Plan - Series 2 | Dividend Option | 10 | 105,490.000 | - | - | 105,490.000 |
| IIFL Fixed Maturity Plan - Series 3 | Growth Option | 10 | 47,936,570.000 | - | - | 47,936,570.000 |
| IIFL Fixed Maturity Plan - Series 3 | Dividend Option | 10 | 2,500.000 | - | - | 2,500.000 |

5. Prior Period Comparatives

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

6. Contingent Liability

 As of March 31, 2012: **NIL**

7. Unit-holders can obtain from the mutual fund a copy of full Annual Report of the scheme in which he/she/it has invested.
8. Expenses other than management fees are inclusive of service tax where applicable.
9. Profit & Loss from investments includes a credit of Rs. 741,106 received from India Infoline Asset Management Company Ltd. ('AMC') towards obligations and/or losses of IIFL Nifty ETF.
10. The annual financials of the scheme(s) have been approved by the Board of Directors of India Infoline Asset Management Company Limited and India Infoline Trustee Company Limited at their Board Meeting(s) held on June 28, 2012.

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Key Statistics for the Period ended 31.03.12

| | | IIFL NIFTY ETF | IIFL Fixed Maturity Plan - Series 1 | IIFL Fixed Maturity Plan - Series 2 | IIFL Fixed Maturity Plan - Series 3 |
|----|--|-----------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | | Period Ended 31.03.12 | Period Ended 31.03.12 | Period Ended 31.03.12 | Period Ended 31.03.12 |
| 1. | NAV per unit (Rs.): Declared NAV excluding Load | | | | |
| | Open | | | | |
| | Dividend Option | NA | 10.0000 | 10.0000 | 10.0000 |
| | Growth Option | 503.7500 | 10.0000 | 10.0000 | 10.0000 |
| | High | | | | |
| | Dividend Option | NA | 10.1322** | 10.0962** | 10.0000 |
| | Growth Option | 560.1113 | 10.1322** | 10.0962** | 10.0000 |
| | Low | | | | |
| | Dividend Option | NA | 9.9781 | 10.0000 | 9.9953** |
| | Growth Option | 453.6495 | 9.9781 | 10.0000 | 9.9953** |
| | End | | | | |
| | Dividend Option** | NA | 10.1322 | 10.0962 | 9.9953 |
| | Growth Option** | 529.4328 | 10.1322 | 10.0962 | 9.9953 |
| 2. | Closing Assets Under Management (Rs. in Lakhs) | | | | |
| | End | 1,919.13 | 3,200.58 | 6,566.14 | 4,791.64 |
| | Average (AAuM) | 2,971.51 | 3,177.00 | 6,525.66 | 4,791.29 |
| 3. | Gross income as % of AAuM | 1.72% | 7.13% | 9.63% | -13.98% |
| 4. | Expense Ratio: | | | | |
| a. | Total Expense as % of AAuM | 0.25% | 0.45% | 0.32% | 0.04% |
| b. | Management Fee as % of AAuM | 0.05% | 0.42% | 0.29% | 0.00% |
| 5. | Net Income as % of AAuM | 1.47% | 6.68% | 9.31% | -14.02% |
| 6. | Portfolio turnover ratio | 0.52 | NA | NA | NA |
| 7. | Total Dividend per unit distributed during the year / period | | | | |
| | Individual & HUF | | | | |
| | Dividend | NA | - | - | - |
| | Others | | | | |
| | Dividend | NA | - | - | - |
| 8. | Returns: | | | | |
| a. | Last One Year | | | | |
| | Scheme | NA | NA | NA | NA |
| | Benchmark | NA | NA | NA | NA |
| b. | Since Inception | | | | |
| | Scheme # | 5.10% | 1.32% | 0.96% | -0.05% |
| | Benchmark # | 5.12% | 1.50% | 0.50% | 0.00% |
| | Benchmark Index | S&P CNX Nifty Index | CRISIL Short Term Bond Fund Index | CRISIL Short Term Bond Fund Index | CRISIL Short Term Bond Fund Index |

Since IIFL Funds has not completed one year, returns are computed in absolute terms from the date of launch.

** Computed NAV for 31st Mar'12.

Mutual Fund Investments are subject to market risks, read all Scheme related documents carefully.

PS: As per our records, on the date of posting of this Abridged Annual Report, certain investors have not encashed their refund or redemption warrants/demand drafts and the said amount remains unclaimed in our account. We request you kindly check your records and if any amount is unclaimed, you may call our Investor Services Centre toll free at 18002002267 for claiming the same.

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