



STATEMENT OF ADDITIONAL INFORMATION (SAI)

Name of Mutual Fund	IIFCL Mutual Fund (IDF)
Name of Asset Management Company	IIFCL Asset Management Company Limited (IAMCL)
Name of Sponsor	India Infrastructure Finance Company Limited (IIFCL)
Registered & Corporate Office of IAMCL	5 th Floor, Block-02, Plate A, NBCC Tower, East Kidwai Nagar New Delhi-110023 CIN : U65991DL2012GOI233601
Website	www.iifclmf.com
Name of Registrar & Transfer Agent (RTA)	Computer Age Management Services Limited (CAMS) 158, Rayala Towers, Tower I, Third Floor, 158 Anna Salai, Chennai - 600002. Email Id : enq_pe@camsonline.com , website : www.camsonline.com
Name of Custodian	Citi Bank N.A. First International Financial Centre (FIFC), 11 th Floor, Plot Nos. C 54 and C55, G Block, Bandra Kurla Complex, Bandra East, Mumbai 400098
Name of Fund Accountant	Citi Bank N.A. First International Financial Centre (FIFC), 11 th Floor, Plot Nos. C 54 and C55, G Block, Bandra Kurla Complex, Bandra East, Mumbai 400098

This Statement of Additional Information (“SAI”) contains details of IIFCL Mutual Fund (IDF), its constitution, and certain tax, legal and general information. It is incorporated by reference (is legally a part of the Private Placement Memorandum). SAI should be read in conjunction with the respective Scheme Information Document(s) / Placement Memorandum and not in isolation.

This SAI is dated 28th June, 2023

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





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I. INFORMATION ABOUT SPONSOR, AMC AND TRUSTEE COMPANIES

A. Constitution of the Mutual Fund

IIFCL Mutual Fund (IDF) (the “**Mutual Fund**” or “**IIFCL – MF**”) has been constituted as a trust on 17th August 2012 in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) with India Infrastructure Finance Company Limited (IIFCL) as the Sponsor. IIFCL – MF is administered by a Board of Trustees presently comprising of IIFCL (represented by Sh. Rajeev Mukhija (Chief General Manager, IIFCL), Sh. Ajoy Kumar Deb (Retired Chief General Manager, SBI), Sh. Jaswinder Singh Sawney (Field General Manager-Central Bank of India), Pankaj Dwivedi (General Manager, Punjab & Sind Bank) and Sh. Sh. Sunil Kumar Chugh (Chief General Manager, Punjab National Bank).. The trust deed dated 17th August, 2012 (“**Trust Deed**”) has been registered under the Indian Registration Act, 1908, on 22nd August, 2012. The Mutual Fund was registered with SEBI on 24th January 2013 under Registration Code MF/071/13/01.

B. Sponsor

IIFCL Mutual Fund is sponsored by India Infrastructure Finance Company Limited (“**IIFCL**”), a 100% Government of India owned company. The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs.10,000/- (Rupees Ten Thousand) to the Trustees as the initial contribution towards the corpus of the Mutual Fund.

Financial Performance of IIFCL (the Sponsor) (past four years):

(Rs. in Cr)

Particulars	2022-23	2021-22	2020-21	2019-20
Net Worth	12878.08	11,736.99	10654.47	10305.77
Total Income	4652.59	4,212.19	4013.27	4214.58
Profit after tax	1075.60	514.26	285.76	51.20
Assets Under Management (if applicable)	Sponsor does not have any assets under management.			

Key Subsidiaries of IIFCL

a)IIFCL (UK) Limited: IIFCL (UK) Ltd, a wholly owned subsidiary of IIFCL, set up in April 2008 at London lends in foreign currency to Indian companies implementing infrastructure projects in India specifically for import of capital equipment.

b)IIFCL Projects Limited (“IPL”): IPL has been set up in February 2012 with the objective to provide advisory services to Central/State Government, local bodies and other stakeholders for promotion and development of infrastructure in India. The company caters to Appraisal and Debt Syndication, Transaction Advisory Services and Project Development for the entire spectrum of infrastructure sector as defined by RBI List of Sub-Sectors for Infrastructure Lending/SEBI/Companies Act (Schedule VI) 2013 and as revised from time to time.



C. The Trustee

The Sponsor has appointed a Board of Trustees (the “**Trustees**”) for managing the Mutual Fund. The Trustees shall discharge and its obligations as Trustee of IIFCL Mutual Fund. The Trustees ensure that the transactions entered into by the IIFCL Asset Management Company Limited (“**IAMCL**”) are in accordance with the SEBI Regulations as amended from time to time and will also review the activities carried on by IAMCL.

Details of Board of Trustees:

Name	Age/Qualification	Brief Experience
Sh. Rajeev Mukhija (Chairman and Associate Trustee)	55/ B.Com (Hons.), LLB, CA,CS	Resources & Treasury, Accounts, Board Secretariat, Compliance and Audit & Tax Departments at IIFCL. Managing resources, regulatory & accounting compliance and undertaking & monitoring investments in financial institutions. Presently working as Chief General Manager and Chief Financial Officer with IIFCL
Sh. Ajoy Kumar Deb (Independent Trustee)	70/B.Sc., M.Sc., CAIIB	Corporate Finance, Investment Banking, Corporate Governance etc.
Sh. Jaswinder Singh Sawney	58/ M.Sc (Mathematics), CAIIB	He is currently working at Central Bank of India, Delhi in the capacity of Zonal Head. During his tenure spanning about 3½ decades and continuing in the bank, he has worked under various departments and has expertise ranging from Credit, Foreign Exchange, Audit & Inspect. His dedication and vast experience in varied banking fields with significant management responsibilities across India in different capacities as Regional Head and Zonal Head has proved to be of immense value to the Bank



Sh.Pankaj Dwivedi	53/ B.Sc, CAIIB, MDBA	Rich experience of more than 29 years in wide variety of functions in the field of banking. Presently working as functional head of integrated Treasury and Credit Department of Punjab and Sind Bank as General Manager.
Sh. V. Sundaresan*	57 / B.Sc. ACA, ACS, CAIIB	He is Chief General Manager at Punjab National Bank. He has experience of more than 32 years in Banking Industry in various facets of banking, both in branches and administrative side. He has headed Large Corporate Credit branches also.
Sh. Sunil Kumar Chugh**	53 /B.Com , Chartered Accountant and CAIIB	Having 30 years of experience in Banking Sector, started his banking career with Dena Bank, has worked with four public sector banks. He has served in Corporate Offices, Administrative Offices and Branches of the different banks across various geographies handled assignments in Corporate Credit, Foreign Exchange, Recovery/Resolution of Stressed Assets, Credit Monitoring. He is currently heading Retail, Agriculture & MSME Credit and Financial Inclusion (RAM &FI) Division in Punjab National Bank as Chief General Manager.

* Appointed as an Independent Trustee w.e.f 5th August, 2022 and ceased as an Independent Trustee w.e.f. 3rd February, 2023.

** Appointed as an Independent Trustee w.e.f. 21st March, 2023.



The duties, responsibilities and functions of the Board of Trustees

The rights and obligations of the Trustees are governed by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended from time to time. The duties, responsibilities and functions of the Board of Trustees are contained in the Principal Trust Deed dated 17th August 2012 (as amended from time to time) constituting the Mutual Fund and are briefly stated as follows:

1. It is hereby agreed and declared that the Trustees shall, having set up and established the Mutual Fund, manage or cause to manage the Mutual Fund subject to the Regulations, guidelines and circulars issued by SEBI and any other statutory or regulatory authority, from time to time and for that purpose, *inter alia*:
 - a. issue, sell, re-sell and purchase units under one or more schemes;
 - b. acquire, hold, manage, trade and dispose of shares, debentures (convertible, partly convertible or non-convertible), loans, mezzanine instruments, bonds, units, instruments, obligations including underwriting obligations, warrants, notes, money market papers, instruments and other stocks and securities of all kinds issued by any Company or body corporate or any Mutual Fund trust or any local authority in India or the Government of India or any State of India or by the Government of, or any local authority or anybody corporate in any country outside India as may be approved by the Reserve Bank of India;
 - c. purchase, sell or negotiate or otherwise deal with money market instruments;
 - d. keep the capital and moneys of the Mutual Fund on deposit with banks or other Trustee institutions;
 - e. enter into agency arrangements with bank/banks in or outside India;
 - f. do any other kind of business connected with mobilisation of savings and investments;
 - g. accept contributions, grants, donations;
 - h. collect, get in and receive the profit, interest, dividend and income of the Trust Property from time to time as and when the same may become due and payable;
 - i. pay all costs, charges, expenses and outgoings of and incidental to the administration and execution of the Trust and the management and maintenance of the Trust Property and all expenses incurred for the same including remuneration of the Trustee, the Asset Management Company, the Custodian and the Auditors and expenses inclined for marketing and selling of the schemes, including agent's commission, if any, brokerage and transaction costs, including stamp duty, cost of Registrar's services for transfer of units sold or redeemed and other costs including the preparation and distribution of notices, reports, printing, postage, maintenance of accounts and records, register of holders, ground rent and other rents, rates, taxes,



outgoings and cost of repairs of any immovable properties forming part of the Trust Property, premium for insurance, income-tax and surcharge, if any and the wages and charges of employees and agents, clearly identified and attributed to individual schemes and subject to all such expenses being as prescribed by the Regulations;

- j. pay out of the income of the Trust Property after deducting all expenses and making appropriate provision for depreciation on investments and bad and doubtful debts, the dividend on units issued, clearly identified and attributed to individual schemes;
- k. take into their custody and/or control all the capital, assets, property of the scheme floated by the Mutual Fund and hold the same in Trust for the unitholders in accordance with this Deed, the Regulations, Guidelines and Circulars issued by SEBI and any other statutory or regulatory authority, from time to time;
- l. be responsible for supervising the collection of all income due to be paid to the schemes and for claiming any repayment of tax and holding any income received in Trust for the unitholders in accordance with this Deed, the Regulations, Guidelines and Circulars issued by SEBI and any other statutory or regulatory authority from time to time;
- m. act, at all times in the interest of the unitholders and to provide or cause to provide such information to the unitholders and SEBI, as specified by SEBI, from time to time;
- n. not acquire any asset out of the Trust Property which involves the assumption of any liability which is unlimited or shall result in encumbrance of the Trust Property, in any way;
- o. at all, times, not permit any application form or sales literature or other printed -matter to be published or issued to prospective buyers or any advertisement or report and/or announcement (other than announcement of prices or yields) to be addressed to the general body of unitholders or to the public, or to the press or other communications media without the Trustee's prior approval, in writing. No such material shall at any tune contain any statement or matter extraneous to this Deed or Offer Documents of schemes, particulars of which are not approved by the Trustee and SEBI;
- p. not permit the Mutual Fund to make or guarantee loans or take up any activity in contravention of the Regulations, except with the prior approval of the Trustee and SEBI;
- q. be responsible for winding up an open ended scheme, if the total number of units outstanding after re-purchase at any point of time falls below fifty percent of the originally issued number of units and a closed ended scheme, if
 - i. on the expiry of the period of time, if any, fixed for the duration of the scheme by that scheme;
 - ii. on the happening of any event which, in the opinion of the Trustee requires the scheme to be wound up;
 - iii. 75% (Seventy five percent) of the unitholders of a scheme pass a resolution that the scheme be wound up; or



- iv. SEBI so directs in the interest of the unit-holders;
- r. generally do all such acts, matters, deeds and things as may promote the Trust or as may be incidental to or consequential upon or necessary to or expedient to the discharge of its functions and the exercise and enforcement of all or any of the powers and rights under this Deed.
- s. hold meeting of trustees more frequently as required under SEBI Regulations amended from time to time, which currently requires that meeting of the trustees shall be held at least once in every two calendar months and at least six such meetings shall be held in every year.
- t. The Quorum of the Meeting of Trustees shall be 3 members, Provided that the quorum for a meeting of the trustees shall not be constituted unless one independent trustee or director is present at the meeting.
- u. to take reasonable care to ensure that the funds under the schemes floated by and managed by the asset management company are in accordance with the Trust Deed and Regulations.
2. At all times, the minimum strength of the Board of Trustee shall be 4 (four) members and the maximum shall be 6 (Six) members, including such minimum number of independent members as may be prescribed by SEBI or any other statutory or regulatory authority.
3. The appointment of a member on the Board of Trustee shall be subject to, inter alia the following:
- a. No person shall be eligible to be appointed as a member on the Board of Trustee unless:
- i. he is a person of ability, integrity and standing; and
- ii. has not been found guilty of moral turpitude; and
- iii. has not been convicted of any economic offence or violation of any securities laws; and
- iv. has furnished particulars as specified in prescribed form under SEBI Regulations.
- b. No asset management company and no director (including independent director), officer or employee of an asset management company shall be eligible to be appointed as a trustee of any mutual fund.
- c. The members on the Board of Trustees are persons who have experience in financial services and are not found guilty of any economic offence;
- d. The names of the members on the Board of Trustees shall be forwarded to SEBI;
- e. Any change in the constitution of the Board of Trustees shall be subject to the approval of SEBI;
- f. No members on the Board of Trustee shall retire unless another member is appointed in the place of the retiring member;



- g. No member on the Board of Trustees shall be eligible to be appointed as a member/director on the Board of Trustee/Trustee Company of any other Mutual Fund;
 - h. Two-thirds of the trustees shall be independent persons and shall not be associated with the sponsors or be associated with them in any manner whatsoever and
4. Each individual member on the Board of Trustee shall -
- a. in carrying out his responsibilities as a member on the Board of Trustee of the Mutual Fund, maintain arms' length relationship with other Companies, or institutions or financial intermediaries or anybody corporate with which he may be associated in any capacity;
 - b. not participate in the meetings of the Board of Trustees or of the Trustee Company or in any decision making process for any investments in which he may be deemed to be interested; and
 - c. furnish to SEBI and the Board of Trustees the particulars of interest which he may have in any other Company, or institution or financial intermediary or any corporate by virtue of his position as director, partner or with which he may be associated in any other capacity.
5. The Board of Trustees shall inter-se adopt a code of conduct for functioning as Trustees of the Mutual Fund.

General and Specific due diligence

- a. General Due Diligence
 - i. The Trustees shall be discerning in the appointment of the directors on the Board of the asset management company.
 - ii. The Trustees shall review the desirability or continuance of the asset management company if substantial irregularities are observed in any of the schemes and shall not allow the asset management company to float new schemes.
 - iii. The Trustees shall ensure that the trust property is properly protected, held and administered by proper persons and by a proper number of such persons.
 - iv. The Trustees shall ensure that all service providers are holding appropriate registrations from the Board or concerned regulatory authority.
 - v. The Trustees shall arrange for test checks of service contracts.
 - vi. The Trustees shall immediately report to the Board of any special developments in the mutual fund.
- b. Specific Due Diligence
 - i. obtain internal audit reports at regular intervals from independent auditors appointed by the Trustees,
 - ii. obtain compliance certificates at regular intervals from the asset management company,



- iii. hold meeting of trustees more frequently,
- iv. consider the reports of the independent auditor and compliance reports of asset management company at the meetings of trustees for appropriate action,
- v. maintain records of the decisions of the Trustees at their meetings and of the minutes of the meetings,
- vi. prescribe and adhere to a code of ethics by the Trustees, asset management company and its personnel,
- vii. communicate in writing to the asset management company of the deficiencies and checking on the rectification of deficiencies

Fees of the Trustee

The Trustee shall during the continuance of this Trust and until the entire Trust hereof shall be finally wound up and whether or not the Trust shall be in course of administration by or under the order or direction of any Court be paid annually a fee calculated at a rate not exceeding one-twentieth of one percent of the weekly average net Assets of the Mutual Fund subject to a minimum of 2,50,000/- (Rupees Two Lakhs Fifty Thousand Only), payable in arrears and that the rate of remuneration may be reviewed by the Settlor and the Trustees every three years. The remuneration aforesaid shall be deemed to accrue de die in diem and shall continue to be payable until the Trust shall be finally wound up and whether or not the said Trust shall be in the course of administration by or under the order or direction of the Court. The aforesaid remuneration shall be in addition to reimbursement of all costs, charges and expenses incurred in or about the administration and execution of the Trust, and to be reimbursed from and out of the Assets.

D. Asset Management Company

IIFCL Asset Management Company Limited (“**IAMCL**”) is a Public Limited Company incorporated under the Companies Act, 1956 on 28th March 2012, having its Registered & Corporate Office at 5th Floor, Block—02, Plate A, NBCC Tower, East Kidwai Nagar New Delhi-110023, CIN: U65991DL2012GOI233601. IAMCL has been appointed as the Asset Management Company (AMC) of the IIFCL Mutual Fund by the Trustees vide investment management agreement (IMA) dated 17th August 2012 (“**Investment Management Agreement**”), and executed between the Board of Trustees of IIFCL Mutual Fund and IIFCL Asset Management Company Limited. IAMCL has also been granted the approval from SEBI to act as the AMC of IIFCL – Mutual Fund (IDF).



Details of IAMCL Directors:

Name	Age/Qualification	Brief Experience
Sh. P.R. Jaishankar Chairman& Director	57/ M.Tech (IIT Delhi), MBA (FMS , Delhi)	He is currently Managing Director of India Infrastructure Finance Company Limited (IIFCL). He has experience of over 34 years in Development Banking and Financial domains, handling Top Management and Board Level roles in the Infrastructure, Mortgage Finance and Capital Markets sectors. He specialises in Structured Project Finance, New Financial Product Development, Development Initiatives, Risk Management and other functions. He is known for having structured the first ever Mortgage Securitisation transaction in India and a number of other structured financial solutions such as Credit Enhancement, Takeout Finance and Reverse Mortgages
Sh. S.K. Nagpal, Director & CEO	62/B.Sc.(Hons.)Zoology, CAIIB, Certificate in Computing, Certificate in Trade Finance	He was retired from State Bank of India(SBI) as Chief General Manager in November,2020 and worked in various capacities with SBI and handled the areas related to Corporate Finance & Stressed Asset Management. He also worked as the Chief Vigilance Officer for National Housing Bank, Pension Fund Regulatory & Development Authority and Punjab National Bank where he had handled the responsibilities related to. Vigilance/Compliance/HR. He also had additional/temporary charge of Chief Vigilance Officer for IIFCL, CERSAI and Punjab & Sind Bank for short duration.
Sh. Sanjeev Kumar Chanana Independent Director	69/B.A (H),M.A, LL.B, ACS	Rich experience in corporate management and handling investments in Insurance Sector and NPS Trust under PFRDA. He served in various capacities of his career for 26 years i.e. , Company Secretary, Chairman PF Trust, Director and CMD in the Oriental Insurance Company Limited.
Sh. H.K. Parikh	65/M.Com., CAIIB.	He retired as General Manager from Punjab National Bank. He worked in the bank for more than 39 years and has vast experience of the field and Administrative Offices. He worked in HR Division, Corporate office of the Bank as Chief Manager for about four years. He had also handled large corporate

		<p>credit at Corporate Office of the Bank as DGM and GM for more than six years.</p> <p>He was also nominated as Independent Trustee by the Punjab National Bank and had served as Independent Trustee on the Board of Trustees of IIFCL Mutual Fund (IDF) for around six years i.e till 31.12.2017.</p> <p>Presently he is engaged by Asian Development Bank as Consultant (Finance cum Renewable Energy Expert) for financing of Roof Top Solar Power Projects through PNB, who has been sanctioned a line of credit by ADB.</p>
Sh. Sudhir Arya	63 /B.Sc.(Spl), ICWAI, CFA, PGDBM.	<p>He is a fellow member of The Institute of Cost Accountants of India, Institute of Chartered Financial Analysts of India and has a management degree in Finance from Management Development Institute, Gurugram.</p> <p>He worked with NTPC Ltd, India's premier power utility from 1981 to 2019. He was working as the Chief Financial Officer of the Company when he left it to join as Director (Finance) of Uttar Pradesh Power Corporation Ltd. He brings with him a rich and diverse experience of more than 40 years in various facets of Finance, dealing with domestic and overseas investors and lenders, project finance, contracting for projects, fuel, power sales & purchase, financial reporting and audit etc.</p> <p>He has in the past served as a director on the Boards of many joint ventures and subsidiaries of NTPC Ltd and various subsidiaries and associate companies of UPPCL</p>
Sh.Sanjeev Kumar, Director	53/B.Sc, ICWAI, CAIIB	<p>Having vast experience in areas related to Accounts & Resources. Treasury Business, finance matters in projects executed by NHAI via PPP and non-PPP mode, revival of stressed PPP Projects etc. Presently working as General Manager with IIFCL.</p>



Duties and obligation of the AMC

IAMCL adheres to the duties and obligations of an AMC as specified in the SEBI (Mutual Fund) Regulations, 1996, as amended from time to time:

1. The Asset Management Company shall manage the investments of the Mutual Fund subject to the overall Investment Policy and supervision of the Trustee, to the Investment Restrictions and to the Investment Guidelines (as mentioned in the Investment Management Agreement), have the power and/or authorisation and right to exercise in relation to the investments only, the powers, duties, discretions and functions exercisable by the Trustees under the Trust Deed and subject as in the Investment Management Agreement, the Asset Management Company either itself or wholly or in part through its authorised agents or delegations approved for the purpose by the Trustees, shall in relation to the investment:
 - a. Frame and launch schemes from time to time after seeking approval from the Trustees and SEBI.
 - b. Manage the investment and re-investment of the investments in accordance with the Regulations, guidelines and circulars for Mutual Funds and such other circulars and guidelines that may be issued by SEBI from time to time with a view to achieving the Investment Policy without breaching the investment Restrictions.
 - c. Report to the Trustees at periodic intervals on all transactions in investments effected by it hereunder and otherwise as requested by the Trustees hereunder;
 - d. Evaluate investment opportunities for possible investment by the Mutual Fund;
 - e. Issue and administer instructions to the Custodian and the Mutual Fund's stock brokers and agents,
 - f. Keep or cause to be kept on behalf of the Mutual Fund at the Asset Management Company's head office, and at such other places as may be required by the laws, such books, records and statements expressed in such currencies as may be necessary to give a complete record of all transactions carried out by it on behalf of the Mutual Fund and such other books, records and statements as may be required by the laws and the Trust Deed and shall permit the Trustees and their respective employees, authorised agents and auditors to inspect such books, records, and statements at all reasonable times and on request furnish to the Trustees true copies thereof;
 - g. Carry out periodic credit assessments of issuers, debtors or guarantors (if any) in respect of investments and proposed investments and subject to the overall supervision of the Trustees formulate prudent credit limits in relation thereto;
 - h. Prepare reports on the investments for inclusion in documents to be issued by the Mutual Fund;
 - i. Undertake to sell, re-sell or repurchase units and to redeem units in the event of winding up of the scheme, or otherwise provided in that scheme and
 - j. Effect the distribution of dividend as per the directions of the Trustee
2. The Asset Management Company shall have and is hereby granted, to the extent of such authority as provided for by the Investment Guidelines, the authority, power and right for the account and in the name of the Mutual Fund but subject to the Investment Guidelines,



Investment Limitations including the Investment Restrictions and the Trust Deed and the supervision of the Trustee.

- a. To issue orders and instructions with respect to the acquisition and disposition of investments.
 - b. To purchase (or otherwise acquire), sell (or otherwise dispose of) and invest in investments on behalf of and for the account of the Mutual Fund in connection with any such purchase, other acquisition, sale or other disposal or the protection of any Investments. Investments of a long term nature are to be registered in the name of the Custodian for the account of the Mutual Fund or in the name of the Trustees for the account of the Mutual Fund or in the name of the Mutual Fund, as the case may be. The custody of investments other than investments of a long term nature, where it is not practicable or advisable to transfer as provided hereinabove, must be supervised by the Asset Management Company and it shall certify to the Trustee that the same are held in safe custody by the Custodian for and on account of the Mutual Fund and it shall provide to the Trustee the reconciliation of holdings thereto, at quarterly rests.
 - c. To enter into all contracts, agreements and other undertakings as may, in the opinion of the Asset Management Company be necessary or advisable or incidental to the carrying out of the objectives of this agreement, such as appointment of Bankers, Registrars to the Issue, Securities Transfer Agents etc.
 - d. To open and operate bank accounts in the name and on behalf of each scheme in relation of the investments;
 - e. To apply to the relevant authorities for and to obtain from such authorities, all necessary exchange control approvals in relation to investments and confirmations or consents relating to the taxation status of the Mutual Fund and all tax and other payments which may be due to the Mutual Fund, from time to time in respect of the relevant investments, and in connection therewith the Asset Management Company shall have and is hereby granted the authority to disclose to any such relevant authorities including such information in its possession regarding the Mutual Fund or its affairs as may be necessary or required;
 - f. To calculate the value of the net asset of each scheme, upon the occasions (including but not limited to the weekly valuation days), in the manner specified by SEBI and for the purpose provided by the Trust Deed and/or any other relevant Offer Letter or similar document issued by or for the Mutual Fund and forthwith following calculation of the same, to furnish the same to the Trustee; and
 - g. To calculate the fee payable in respect of the service of the Asset Management Company and the Custodian and to receive payment thereof and of other payment due to them.
3. The Asset Management Company shall be responsible for floating the schemes for the Mutual Fund after obtaining approval of each such scheme from the Trustee and SEBI and accordingly manage the funds mobilised under various schemes in accordance with the provisions of the Trust Deed, Regulations and laws and these presents.
 4. The Asset Management Company shall be responsible for managing the funds mobilised under various schemes in accordance with the provisions of the Trust Deed, the Regulations and these presents.



5. The Asset Management Company shall not acquire any of the assets out of any scheme, which involves assumption of any liability which is unlimited or which may result in encumbrance of the scheme property in any way.
6. The Asset Management Company shall not give or guarantee any loan nor shall it take up any activity in contravention of the Regulations.
7. No loss or damage or expenses incurred by the Asset Management Company or its officers or any person delegated by the Asset Management Company shall be met out of the Trust Property.
8. The Asset Management Company shall ensure that no application form, or sales literature or other printed matter issued to prospective buyers, or advertisement, or report and or announcement (other than an announcement of prices or yields) addressed to the general body of unit holders, or to the public, or to the press or other communications media, is issued or published without the prior approval in writing of the Trustee and that such matter does not contain any statement or matter extraneous to the Trust Deed or Offer Document of schemes, the particulars of which are not approved by the Trustee and SEBI.
9. The Asset Management Company shall, disclose the basis of calculating the repurchase price and the net asset value of the various schemes of the Mutual Fund in the scheme particulars and disclose the same to the investors at such intervals as may be specified by the Trustee and SEBI.
10. The Trustee shall have the right to obtain from the Asset Management Company all information concerning the operations of the various schemes of the Mutual Fund managed by it at such intervals and in such a manner as required by the Trustee to ensure that the Asset Management Company is complying with the provisions of the Trust Deed and the Regulations.
11. The Asset Management Company shall submit quarterly report on the functioning of the schemes of the Mutual Fund to the Trustee or at such intervals as may be required by the Trustee and the SEBI.
12. The appointment of Asset Management Company can be terminated by a resolution of the Board of Trustee, passed by majority of the members of the Board of Trustees or by seventy five per cent of the unit holders of the scheme subject to prior approval of SEBI in accordance with the Regulations
13. The Asset Management Company shall not undertake any business activity other than the management of the Mutual Fund and other activities such as financial services consultancy, exchange of research and analysis on commercial basis so long as such activities are not in conflict with its fund management activity itself as herein provided without the prior approval of the Trustee and the SEBI.
14. The Asset Management Company shall not act as a Trustee of any Mutual Fund.



15. The Asset Management Company shall not act as an Asset Management Company for any other Mutual fund
16. The Asset Management Company shall not permit any of its Directors to hold the position of a Trustee in a Trust or act as a Director in any of the Asset Management Company.
17. The Director(s) of the Asset Management Company, in carrying out its responsibilities as Director of the Asset Management Company shall maintain arm's length relationship with other companies, or institutions or financial intermediaries or anybody corporate with which he may be associated.
18. The Director(s) of the Asset Management Company shall not participate in the meetings of the Board of Directors of the Asset Management Company or in any decision making process for any investments in which he may be deemed to be interested.
19. The Director(s) of the Asset Management Company shall furnish to the Trustee the interest which he may have in any other company or institution or financial intermediary or any corporate by virtue of his position as director, partner or with which he may be associated in any other capacity.
20. The authorities herein contained are continuing one and shall remain in full force and effect until revoked in accordance with the provisions hereof or revoked by termination of this Agreement provided that such revocation shall not affect any liability in any way resulting from transactions initiated prior to such revocation.
21. The asset management company shall invest the funds raised under various schemes in accordance with the provisions of the Trust Deed and the Regulations (as amended from time to time)
22. The asset management company shall provide an option of nomination to the unitholders in terms of Regulation 29A, in the form prescribed.

Credit Selection Process of the IIFCL Mutual Fund (IDF) The AMC will have the following structured committees for enabling and reviewing the investment decisions.

- a) Investment Team lead by Chief Investment Officer/Fund Manager
- b) The Investment Recommendation Committee (IRC)
- c) Risk Management Committee (RMC)
- d) Board of Directors of IAMCL

The Chief Investment Officer/Fund Manager will manage the schemes in line with the investment objective of the respective schemes as set out in the Private Placement Memorandum and the investment framework of IAMCL as outlined in Investment Manual.



Structural Set-Up

a) Investment Team

The investment team will be headed by the Chief Investment Officer/Fund Manager and will be supported by analyst(s).

Scope

The Investment team will identify the proposals for investments in accordance with the Investment Pattern of respective scheme(s), would undertake pre-screening of the proposals and would present the proposals for investments to delegated authorities.

b) Investment Recommendation Committee (IRC)

The Structure of the Investment Recommendation Committee (IRC) shall be as follows:

Director, IAMCL/Independent Director, IAMCL
Chief Executive Officer, IAMCL
Chief Investment Officer/Fund Manager, IAMCL

The IRC would:

- i) On the recommendation of Risk Management Committee, consider and approve the investment proposals of long-term instruments issued by Public Sector Undertakings (PSU), Public Financial Institutions (PFIs) including Primary/ Secondary Market issuances in Infrastructure Sector for an investment quantum of up to Rs. 25 Crore (FV of investment) in single issuance, subject to total exposure against the issuer not to exceed Rs. 50 Crore (Principal amount outstanding) as per Investment pattern of respective schemes as defined in clause 2.3 and subject to fulfilling the conditions mentioned in DOP specified in this Manual.
- ii) On the recommendation of Risk Management Committee, consider and approve the proposal of investment in Short Term Instruments in rated CPs for an investment quantum of up to Rs. 25 Crore (FV of instrument) in single issuance, subject to total exposure against the issuer not to exceed Rs. 50 Crore as per Investment pattern of respective schemes as defined in clause 2.3 and subject to the restrictions specified in DOP as specified in this Manual.
- iii) Consider and accord In-Principal Approval for the proposals of investment in long term instruments including Primary/ Secondary Market issuances in Infrastructure Sector and in short term instruments in rated CPs in respect of cases not eligible to be covered in point i) and ii) mentioned above, subject to final approval by the Board of Directors of IAMCL on recommendation by Risk Management Committee.



c) Risk Management Committee (RMC):

The Structure of the RMC shall be as follows with Quorum of any two:

Head-Compliances & CS
Head- Administration and Operations
Head-Finance & CFO

Role of RMC:

1. In respect of proposals of investment in long-term instruments issued by PSUs, PFIs (with External rating of AA or above) including Primary/ Secondary Market issuances in Infrastructure Sector for an investment quantum of up to Rs. 25 Crore (FV of investment) in single issuance, subject to total exposure against the issuer (including existing and proposed investments) not to exceed Rs. 50 Crore (Principal amount outstanding), Risk Management Committee will consider the Internal Risk Rating Report or Rating Opinion Reports either of IIFCL or of advisory/consulting firms of Domestic Credit Rating Agencies on pay per case basis, assess the risks involved and recommend the proposal of Investment to IRC for Final Approval.
2. In respect of proposals of investment in rated CPs for an investment quantum of up to Rs. 25 Crore (FV of instrument) in single issuance, subject to total exposure against the issuer (including existing and proposed investments) not to exceed Rs. 50 Crore, Risk Management Committee will consider the External Rating of Credit Rating Agencies submitted by the Investment Team, assess the risks involved and recommend the proposal of Investment to IRC for Final Approval.
3. In all other investment proposals not covered in point 1 and 2 above, post in-principal approval of IRC the Risk Management Committee will arrange Internal Risk Rating Report or Rating Opinion Reports either from IIFCL or from advisory/consulting firms of Domestic Credit Rating Agencies on pay per case basis, assess the risks involved and recommend the proposal of Investment to Board of Directors for Final Approval.

d) Board of Directors of IAMCL:

The Board of Directors of IAMCL will act as the Investment Committee.

Scope

The Board of Directors of IAMCL acting as Investment Committee would:

- Consider and approve the long-term investment proposals including Primary/ Secondary market issuances in Infrastructure Sector falling beyond the power of Investment Recommendation Committee.
- Take note of the Investment Proposals approved by IRC.



- Review investment performance in respect of investee.

Fees and Other Expenses to the Asset Management Company

The Asset Management Company may charge the Mutual Fund with Investment Management and Advisory Fees which will be disclosed fully in the Offer Letter subject to the following ceiling:

1% of the daily net asset of the scheme for both the series of IIFCL Mutual Fund(IDF) i.e IIFCL Mutual Fund (IDF) Series I & IIFCL Mutual Fund (IDF) Series II.

In addition to the fees mentioned above, the asset management company may charge the mutual fund with the following expenses, recurring expenses including:—

- marketing and selling expenses including agents' commission, if any ;
- brokerage and transaction cost ;
- registrar services for transfer of units sold or redeemed ;
- fees and expenses of trustees ;
- audit fees ;
- custodian fees ;
- costs related to investor communication ;
- costs of fund transfer from location to location ;
- costs of providing account statements and dividend/redemption cheques and warrants ;
- insurance premium paid by the fund ;
- winding up costs for terminating a fund or a scheme ;
- costs of statutory advertisements ;
- listing fees, in case of schemes listed on a recognised stock exchange;
- such other costs as may be approved by SEBI.

The total expenses ratio of the scheme excluding issue or redemption expenses, whether initially borne by the mutual fund or by the asset management company, but including the investment management and advisory fee shall be subject to the following limits:—

A. in case of close ended and interval schemes,

- the total expense ratio of equity oriented scheme(s) shall not exceed 1.25 per cent of the daily net assets of the scheme.
- the total expense ratio of close ended and interval scheme(s) other than schemes specified in clause above shall not exceed 1.00 per cent of the daily net assets of the scheme.

Any expenditure in excess of the limits specified above shall be borne by the asset management company or by the trustee or sponsors.

Information on Key Personnel:

Name/Designation	Age/Qualification	Brief Experience
Sh. S.K. Nagpal, Chief Executive Officer	62/B.Sc.(Hons.)Zoology, CAIIB, Certificate in Computing, Certificate in Trade Finance	He was retired from State Bank of India(SBI) as Chief General Manager in November,2020 and worked in various capacities with SBI and handled the areas related to Corporate Finance & Stressed Asset Management.He also worked as the Chief Vigilance Officer



		for National Housing Bank, Pension Fund Regulatory & Development Authority and Punjab National Bank where he had handled the responsibilities related to. Vigilance/Compliance/HR. He also had additional/temporary charge of Chief Vigilance Officer for IIFCL, CERSAI and Punjab & Sind Bank for short duration.
Sh. Ajay Pal Singh Saini, Head Compliances & Company Secretariat and Investor Relation Officer	47 /B.Com, FCS, LL.B, CAIIB	Vast experience over 21 years in the Company Secretarial and other related functions in Financial, Services and Manufacturing Sector.
Sh. Saravana Kumar Ananthan #1	57/Bachelor of Engineering (Electronics & Communication), MBA(IIM), CAIIB.	<p>He had a vast experience of working as a Chief Investment Officer, Head of Portfolio Management in various Mutual Fund houses viz. Navi AMC, LIC Mutual Fund, SBI Mutual Fund, UTI Mutual Fund, Tata-AIA Life Insurance Co. Ltd., Trust Investment advisors Pvt. Ltd. where he was handling assignments related to Investment, Treasury Management, Risk Management, Credit, Credit Appraisal, Credit Monitoring, Credit Settlement Treasury, Securities Market, Insurance, banking, financial products, financial services, financial institutions, Resource Mobilization etc.</p> <p>He also worked as a Deputy General Manager in ICICI Bank for around seven years where he worked in Infrastructure Project Finance Department and headed Infra Financing Department.</p> <p>He also worked as an Assistant Vice President in SBI Mutual Fund where he was handling the matters related to Investment, Credit, Risk etc.</p> <p>He had also worked for Bharat Electronics Limited during the initial years of his career dealing with the areas related to Credit, Risk</p>



		Management, Project Management, Budgeting etc.
Sh. Vimlesh Kumar, Chief Investment Officer & Fund Manager#2	61/CAIIB and Graduation (AMIE) in Electrical Engineering.	He is having 36 years of vast experience of Banking, working in Corporate Credit (Industrial and Infrastructure Projects), Infrastructure Financing and Treasury Operations. He has also played a significant role on board and advisory levels of various reputed Venture capital/Investment fund houses, Investment/Asset Management Companies
Ms. Vinita Srivastava, Head Operations & Administration#3	40/ Masters in Mass Communication, Post Graduate Diploma in Finance.	Vast experience in Credit Accounts, Internal Audit, Resource Raising, Treasury Operations & Communication etc.
Ms. Deepti Jha, Head Finance & Chief Financial Officer#4	31/Chartered Accountant, CAIIB	Experience in Credit analysis and Banking sector.
Sh. S.K. Sharma Head Operations & Administrations#5	67/JAIIB, M.Com, B.Com(Honors).	He is having overall experience of 37 years in field of Finance, Accounts, Treasury operation, forex exchange, banking sector etc. in the various organisations.
Sh. Ashok Kumar Gandhi, Head Finance & Chief Financial Officer#6	62/M.Com, CAIIB and Master of Business Administration in International Business.	He is having more than 37 years of experience in the Banking Industry especially in the field of Treasury Operation, Trade Finance etc.

#1 Ceased as Chief Investment Officer & Fund Manager w.e.f. 14th October, 2022

#2 Appointed as Chief Investment Officer & Fund Manager w.e.f 14th October, 2022

#3 Ceased as Head Operation & Administration w.e.f 26th August, 2022.

#4 Ceased as Head Finance and Chief Financial Officer of IAMCL w.e.f. 23rd January, 2023

#5 Appointed as Head Operation & Administration w.e.f 26th August, 2022

#6 Appointed as Head Finance & Chief Financial Officer w.e.f 23rd January, 2023.



Service Providers



Custodian

Name: CITIBANK, N.A.

Address: 11th Floor, First International Financial Centre, C-54 & 55, G Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 098

SEBI Registration Number: IN/CUS/004

Fund Accountant

Name: CITIBANK, N.A.

Address: 11th Floor, First International Financial Centre, C-54 & 55, G Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 098

SEBI Registration Number: IN/CUS/004

Registrar and Transfer Agent

Name: Computer Age Management Services Limited ("CAMS"/ "Registrar")

Address: 158, Rayala Towers, Tower I, Third Floor, Anna Salai, Chennai - 600002.

SEBI Registration Number: INR000002813

The Board of Directors of the AMC and the Trustee have satisfied themselves that the Registrar can provide the service required and has adequate facilities to discharge responsibilities with regard to processing of applications and dispatching unit certificates to unitholders within the time limit prescribed in the Regulations and also has sufficient capacity to handle investor complaints.

Statutory Auditor of IIFCL Mutual Fund (IDF)

Name: M/s Jain Chopra & Company Chartered Accountants

Address: 1960, 1st Floor, Outram lines, GTB Nagar, New Delhi-110009, India

Legal counsel

There are no retained legal counsels to the Mutual Fund or AMC. Based on the matter involved, the AMC appoints appropriate legal counsel.

Collecting Bankers

The collecting bankers of various schemes of IIFCL Mutual Fund (IDF) would be IDBI Bank.

The AMC reserves the right to appoint other qualified banks as collecting bankers from time to time.



B. Condensed Financial Information (“CFI”)

(in Rs. Lakhs)

HISTORICAL PER UNIT STATISTICS	IIFCL Mutual Fund Infrastructure Debt Fund Series – I*			
	2019-20	2020-21	2021-22	2022-23
NAV at the beginning of the year (as on April 1)	13.12	13.24	13.76	14.71
Dividends	NA	NA	NA	NA
NAV at the end of the year (as on March 31)	13.24	13.76	14.71	15.14
Return Since Inception (in %)*	4.67	4.58	4.87	4.60
Net Assets end of period (Rs. in Crores)	397.08	412.91	441.32	454.29
Ratio of Recurring Expenses to net assets for the year (in %)	0.87	1.00	0.91	0.90

*Scheme was closed on 9th February, 2014. And inception data is mentioned here.

(in Rs. Lakhs)

HISTORICAL PER UNIT STATISTICS	IIFCL Mutual Fund Infrastructure Debt Fund Series –II*			
	2019-20	2020-21	2021-22	2022-23
NAV at the beginning of the year (as on April 1)	8.27	8.81	8.74	9.33
Dividends	NA	NA	NA	NA
NAV at the end of the year (as on March 31)	8.81	8.74	9.33	8.95
Return Since Inception (in %)*	-4.16	-3.34	-1.44	-2.35
Net Assets end of period (Rs. in Crores)	176.26	174.79	186.66	179.05
Ratio of Recurring Expenses to net assets for the year (in %)	0.91	1.00	0.91	0.91

*Scheme was closed on 12th April, 2017. And inception data is mentioned here.

Maiden scheme of IIFCL Mutual Fund (IDF)

Maiden Scheme “IIFCL Mutual Fund Infrastructure Debt Fund Series I” was launched under Private Placement’ on 31st December 2013 and closed on 6th February 2014 with commitments from 5 investors as per the SEBI guidelines.

IIFCL Mutual Fund IDF Series-I is the first Rs. 300 Crore IDF scheme in the country to be granted approval by SEBI and also the first IDF Scheme in country to be listed on BSE.

The five investors in IDF Series I are: IIFCL, HUDCO, Canara Bank, Corporation Bank & Oriental Bank of Commerce.

It was launched as a close ended 10-year fund under growth option, rated “AAA mf-idf” by CARE and Brickwork Rating Agencies.



IAMCL has approved sanctioned the entire corpus of Rs. 300 Crore raised in the debt securities of various infrastructure sectors and yield is as mentioned below:

Particulars	As on (31.03.2020)	As on (31.03.2021)	As on (31.03.2022)	As on (31.03.2023)
NAV (Rs.)*	1323612.04	1376433.26	1471070.19	1514298.99
AUM (Rs. in Cr)	397.08	412.91	441.32	454.29
Compounded Annualized Yield	0.85%	3.99%	7.00%	2.79%
Annual Yield^ of the Benchmark**	12.61%	7.69%	4.48%	3.80%
Yield^ since inception	4.67%	4.58%	4.87%	4.60%
Yield^ of Benchmark (since inception)	9.68%	9.40%	8.78%	8.20 %

*FV is Rs 10 lac, ** Crisil Composite Bond Index ^ Compounded annualised yield

Second scheme of IIFCL Mutual Fund (IDF) – Series II:

Second Scheme “IIFCL Mutual Fund Infrastructure Debt Fund Series II” was launched under Private Placement’ on 31st March 2017 and closed on 12th April 2017 with Rs 200 Crore commitments from 6 investors as per the SEBI guidelines. Series II is also listed on BSE

The six investors in IDF Series II are: IIFCL, LIC, New India Assurance Co. Ltd, General Insurance Corporation of India, Oriental Bank of Commerce, Oriental Insurance Co Ltd.

It was launched as a close ended 10-year fund under growth option, rated “AAA mf-idf” by CARE and Brickwork Rating Agencies.

IAMCL has approved sanctioned the entire corpus of Rs. 200 Crore raised in the debt securities of various infrastructure sectors and yield is as mentioned below:

Particulars	As on (31.03.2020)	As on (31.03.2021)	As on (31.03.2022)	As on (31.03.2023)
NAV (Rs.)*	881317.80	874003.44	933286.46	895228.39
AUM (Rs. in Cr)	176.26	174.79	186.66	179.05
Compounded Annualized Yield	6.44%	-0.83%	6.49%	-3.82%
Annual Yield^ of the Benchmark**	12.61%	7.69%	4.48%	3.80%
Yield^ since inception	-4.16%	-3.34%	-1.44%	-2.35%
Yield^ of Benchmark (since inception)	8.21%	8.08%	7.34%	6.49%

*FV is Rs 10 lac ** Crisil Composite Bond Index ^ Compounded annualised yield



II. HOW TO APPLY AND WHERE TO SUBMIT APPLICATION?

Application form for transactions (including subscription / redemption / switches) in the schemes of IIFCL Mutual Fund (IDF) would be available at the corporate office of the AMC and can also be downloaded from the website of IIFCL Mutual Fund (IDF) (www.iifclmf.com).

Applications complete in all respects, may be submitted before closure of the private placement Period/ on-going period offer during the business hours to the Registrar, Computer Age Management Services Limited, 158 Rayala Towers, Tower I, 1st Floor, Chennai-600002 or at IIFCL Asset Management Company Limited, 5th Floor, Block-02, Plate A, NBCC Tower, East Kidwai Nagar, New Delhi-110023, CIN: U65991DL2012GOI233601.

The AMC reserves the right to reject transaction requests which do not have adequate information.

The Mutual Fund needs to use intermediaries such as post office, local and international couriers, banks and other intermediaries for correspondence with the investors and for making payment to the investor by cheque, drafts, warrants, through ECS, etc. The investor expressly agrees and authorizes the Mutual Fund to correspond with the investor or make payments to the investors through intermediaries including but not limited to post office, local and international couriers and banks.

Investors will be provided ASBA facility for all private placement. ASBA means “Application Supported by Blocked Amount”. ASBA is an application containing an authorization to block the application money in the bank account, for applying during the private placement. An ASBA investor shall submit an ASBA physically or electronically through the internet banking facility, to the Self Certified Syndicate Bank (“SCSB”) with whom, the bank account to be blocked, is maintained. 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 recognized as a bank capable of providing ASBA services to its customers. Names of such banks would appear in the list available on the website of SEBI (www.sebi.gov.in).

The SCSB shall then block the application money in the bank account specified in the ASBA, on the basis of an authorisation to this effect given by the account holder in the ASBA. The application money shall remain blocked in the bank account till the allotment of the issue or till withdrawal/ rejection of the application, as the case may be. ASBA facility will be available to all the category of investors mentioned under “Who can invest” Section of the respective private placement memorandum. An investor, who is eligible for ASBA facility, has the option of making application through ASBA or through the existing facility of applying with cheque / demand draft/ online transfer as mentioned in the private placement memorandum.

The Registrar, AMC, MF or any other agent or representative of any of these entities (“**Mutual Fund**”) may accept certain transactions via facsimile or through any electronic mode (“fax/electronic transactions”), subject to the investor fulfilling certain terms and



conditions as stipulated by the AMC from time to time. Acceptance of fax/electronic transactions will be as per processes / methodologies permitted by SEBI or other regulatory authorities from time to time and will be solely at the risk of the investor using the fax/electronic transaction (“**Investor**”) and the Mutual Fund shall not be in any way liable or responsible for any loss, damage, caused to the Investor directly or indirectly, as a result of the Investor sending such fax, whether or not received by the Mutual Fund. The investor acknowledges that fax / electronic transaction is not a secure means of giving instructions / transaction requests and that the investor is aware of the risk involved including those arising out of such transmission being inaccurate, illegible, having a lack of quality or clarity, garbled, distorted, not timely etc. and that the Investor’s request to the Mutual Fund to act on any fax / electronic transaction is for the investor’s convenience and the investor shall not be obliged or bound to act on the same. The Investor authorizes the Mutual Fund to accept and act on any fax / electronic transaction which the Mutual Fund believes in good faith to be given by the Investor and the Mutual Fund shall be entitled to treat any such fax / electronic transaction as if the same was given to the Mutual Fund under the investor’s original signature. The Investor agrees that the security procedures adopted by the Mutual Fund may include signature verification, telephone call-backs or a combination of the same. Call-backs may be recorded by tape recording device and the Investor consents to such recording and agrees to co-operate with the recipient to enable confirmation of such fax / electronic transaction requests. The investor further accepts that the fax / electronic transaction shall not be considered until time stamped appropriately as a valid transaction request in the scheme in line with SEBI Regulations. In consideration of the mutual fund from time to time accepting and acting on any fax / electronic transaction request received / believed to be received from the investor, the investor agrees to indemnify and keep indemnified the AMC, IIFCL Mutual Fund (IDF), Trustees, Sponsor and the group companies of the AMC from and all actions, claims, demands, liabilities, obligations, losses, damages, costs (including without limitation, interest and legal fees) and expenses of whatever name (whether actual or contingent) directly or indirectly suffered or incurred sustained by or threatened against them. The AMC reserves the right to discontinue the above mentioned facilities at any point in time.

Restriction on Acceptance of Third Party Payments for Subscription of Units

1. AMC shall not accept the payments through Third Party Instruments. The third party instruments are defined as “when payment is made through instruments issued from an account other than that of the beneficiary investor”. In case the payment is made from a joint bank account, the first holder of the mutual fund folio has to be one of the joint holders of the bank account from which payment is made. However this restriction will not be applicable for payment made by a guardian whose name is registered in the records of Mutual Fund in that folio.
2. AMC shall not accept subscription with third party instruments except by custodian on behalf of an FII or a client in following exceptional situation subject to submission of requisite documentation / declarations, without which applications for subscriptions for units will be rejected/not processed/ refunded:

In case of rejection the money shall be refunded without interest within eight days from the date of submission of transaction



3. In case of exceptions, investors are required to submit following documents along with the application without which such applications for subscriptions for units will be rejected / not processed / refunded.
 - a. Mandatory KYC for all investors (guardian in case of minor) and the person making the payment i.e., third party. In order for an application to be considered as valid, investors and the person making the payment should attach their valid KYC Acknowledgement Letter to the application form.
 - b. Submit the Declaration Form containing the details of the bank account from which the payment is made and the relationship with the investor(s). The declaration has to be given by the person making the payment i.e., Third Party.

Investments by Companies/Corporate Bodies etc.

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

Investments under Power of Attorney (POA)

In case of an application under a Power of Attorney, the relevant original Power of Attorney duly notarized or duly certified true copy thereof should be submitted. The signatures of the investor and the POA holder must be clearly available in the POA document for the POA to be accepted as a valid document. AMC reserves the right to reject any POA and/or subsequent transaction if the signatures as above are not available in the document.

Investment by NRI's, PIO's, FII's

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

The following information is provided for general information only. However, in view of the individual nature of the implications, each investor is advised to consult with his or her own advisors/authorised dealers with respect to the specific tax and other implications arising out of his or her participation in the schemes.



NRI's, PIO's and FII's can invest in IIFCL Mutual Fund (IDF) Schemes on repatriation basis as per the provisions of Foreign Exchange Management Regulations, 2000 ("the Regulations").

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

Investment by NRIs and PIOs

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

Investments by FIIs

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

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

Redemptions & Income Distribution

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

III. RIGHTS OF UNITHOLDERS OF THE SCHEME

1. Unit holders of the Scheme have a proportionate right in the beneficial ownership of the assets of the Scheme.



2. When the Mutual Fund declares a dividend under the Scheme, the dividend warrants shall be despatched within 30 days of the declaration of the dividend. Account Statement reflecting the new or additional subscription as well as Redemption / Switch of Units shall be despatched to the Unit holder within 10 business days of the Specified Redemption Date. Provided if a Unit holder so desires the Mutual Fund shall issue a Unit certificate (non- transferable) within 30 days of the receipt of request for the certificate.
3. The Mutual Fund shall dispatch Redemption proceeds within 10 Business Days of receiving the Redemption request.
4. 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.
5. The appointment of the AMC for the Mutual Fund can be terminated by majority of the Directors of the Trustee Board or by 75% of the Unit holders of the Scheme.
6. 75% of the Unit holders of a Scheme can pass a resolution to wind- up a Scheme.
7. 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.
 - 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.

In specific circumstances, where the approval of unitholders is sought on any matter, the same shall be obtained by way of a postal ballot or such other means as may be approved by SEBI.

IV. INVESTMENT VALUATION NORMS FOR SECURITIES AND OTHER ASSETS

The principles of fair valuation that would be followed by IIFCL Mutual Fund (IDF) and as also prescribed in the “Eighth Schedule” of SEBI (MUTUAL FUNDS) REGULATIONS, 1996 are:

Principles of Fair Valuation

Mutual fund shall value its investments in accordance with the following overarching principles so as to ensure fair treatment to all investors including existing investors as well as investors seeking to purchase or redeem units of mutual funds in all schemes at all points of time:



- (a). The valuation of investments shall be based on the principles of fair valuation i.e. valuation shall be reflective of the realizable value of the securities/assets. The valuation shall be done in good faith and in true and fair manner through appropriate valuation policies and procedures.
- (b). The policies and procedures approved by the Board of AMC shall identify the methodologies that will be used for valuing each type of securities/assets held by the mutual fund schemes. Investment in new type of securities/assets by the mutual fund scheme shall be made only after establishment of the valuation methodologies for such securities with the approval of the Board of the asset management company.
- (c). The assets held by the mutual fund shall be consistently valued according to the policies and procedures. The policies and procedures also describe the process to deal with exceptional events where market quotations are no longer reliable for a particular security.
- (d). The AMC shall provide for the periodic review of the valuation policies and procedures to ensure the appropriateness and accuracy of the methodologies used and its effective implementation in valuing the securities/assets. The Board of Trustee and the Board of AMC shall be updated of these developments at appropriate intervals. The valuation policies and procedures shall be regularly reviewed (at least once in a Financial Year) by an independent auditor to seek to ensure their continued appropriateness.
- (e). The valuation policies and procedures approved by the Board of AMC should seek to address conflict of interest.
- (f). Disclosure of the valuation policy and procedures (with regard to valuation of each category of securities/assets where the scheme will invest, situation where these methods will be used, process and methodology and impact of implementation of these methods, if any) approved by the Board of AMC shall be made in Statement of Additional Information, on the website of AMC/mutual fund and at any other place where required to ensure transparency of valuation norms to be adopted by AMC.
- (g). The responsibility of true and fairness of valuation and correct NAV shall be of the AMC, irrespective of disclosure of the approved valuation policies and procedures i.e. if the established policies and procedures of valuation do not result in fair/ appropriate valuation, the AMC shall deviate from the established policies and procedures in order to value the assets/ securities at fair value:
Provided that any deviation from the disclosed valuation policy and procedures may be allowed with appropriate reporting to Board of Trustees and the Board of AMC and appropriate disclosures to investors.
- (h). The AMC shall have policies and procedures to detect and prevent incorrect valuation.
- (i). Documentation of rationale for valuation including inter scheme transfers shall be maintained and preserved by the AMC as per regulation 50 of SEBI Mutual Funds Regulations, to enable audit trail.
- (j). In order to have fairness in the valuation of debt and money market securities, the asset management company shall take in to consideration prices of trades of same security or similar security reported at all available public platform.

In case of any conflict between the Principles of Fair Valuation as detailed above and Valuation Guidelines issued by the Board hereunder or elsewhere, the Principles of Fair Valuation detailed above shall prevail.



Valuation methodologies

1. The appended table describes the methodologies for valuing each type of security held by the schemes.
2. Investment in any new type of security shall be made only after establishment of the valuation methodology for such security with the approval of the board of the AMC and Trustees.

Valuation Policy:

1. IIFCL Mutual Fund (IDF) shall adopt the 'Principles of Fair Valuation' as provided by SEBI in the Eighth Schedule of SEBI (Mutual Fund) Regulations, 1996 so as to ensure fair treatment to all investors including existing investors as well as investors seeking to purchase or redeem units of mutual funds in all schemes at all points of time. Accordingly, the valuation of investments shall be based on the principles of fair valuation i.e. valuation shall be reflective of the realizable value of the securities/assets. The valuation shall be done in good faith and in true and fair manner through appropriate valuation policies and procedures.
2. The asset management company shall review the valuation policies and procedures once annually, to ensure the appropriateness and accuracy of the methodologies used and its effective implementation in valuing the securities/assets. The Board of Trustee and the Board of IAMCL shall be updated of these developments. The valuation policies and procedures shall be reviewed at least once in a Financial Year by an independent auditor to seek to ensure their continued appropriateness.
3. The valuation policy and procedures approved by the Board of IIFCL Asset Management Company shall be made on the website of the Asset Management Company /mutual fund and at any other place where SEBI may specify to ensure transparency of valuation norms adopted.
4. The responsibility of true and fairness of valuation and correct NAV shall be of IIFCL Asset Management Company, irrespective of disclosure of the approved valuation policies and procedures i.e. if the established policies and procedures of valuation do not result in fair/ appropriate valuation, the asset management company shall deviate from the established policies and procedures in order to value the assets/ securities at fair value, provided that any deviation from the disclosed valuation policy and procedures may be allowed with appropriate reporting to Board of Trustees and the Board of IIFCL Asset Management Company and appropriate disclosures to investors.
5. Documentation of rationale for valuation including inter scheme transfers shall be maintained and preserved by IIFCL Asset Management Company to enable audit trail.
6. In order to have fairness in the valuation of debt and money market securities, IIFCL Asset Management Company shall take in to consideration prices of trades of same security or similar security reported at all available public platform.



7. In case of any conflict between the Principles of Fair Valuation and Valuation Policy issued by IIFCL Asset Management Company Limited, the Principles of Fair Valuation shall prevail.

• FIXED INCOME AND RELATED INSTRUMENTS

Category	Policy
Debt and Money Market Instruments other than Government Securities	<ul style="list-style-type: none"> Irrespective of residual maturity, all money market and debt securities shall be valued at average of security level prices provided by AMFI approved valuation agencies (presently CRISIL and ICRA) Provided that, if the price is provided by only one valuation agency, the same will be considered for valuation. In case security level prices given by valuation agencies are not available for a new security (which is currently not held by any Mutual Fund), then such security may be valued on amortization basis on the date of allotment/ purchase.
Government Securities	<ul style="list-style-type: none"> Government Securities shall be valued at average of the prices provided by AMFI approved valuation agencies (presently CRISIL and ICRA)
Money Market and Debt Securities/Instruments rated Below Investment Grade	<ul style="list-style-type: none"> All money market and debt securities/instruments that are rated below investment grade (below BBB- for long term rating and below A3 for short term rating) shall be valued at the price provided by valuation agencies.
Overnight Money (Reverse Repo/Treps)	<ul style="list-style-type: none"> Overnight money deployed for less than 30 days shall be valued at cost plus accrual. Overnight money deployed for more than 30 days shall be valued at average prices provided by AMFI approved valuation agencies.
Short Term Deposits with Banks	<ul style="list-style-type: none"> Investment in short term deposits with banks shall be valued at cost plus accrual basis
Self-Trades	<ul style="list-style-type: none"> A self-traded security having a single trade with face value of at least INR 5 Crore, will be recognized at weighted average YTM for valuation across all schemes
Inter Scheme Transfers	<ul style="list-style-type: none"> Inter-Schemes transfers would not be done.



• **EQUITY AND EQUITY RELATED INSTRUMENT**

Asset Class	Traded / Non Traded	Basis of Valuation
Equity Shares, Preference Shares, Equity Warrants	Traded	On the valuation day, at the last quoted closing price on the National Stock Exchange (NSE)/ Bombay Stock Exchange (BSE) or other stock exchange, where such security is listed. If not traded on the primary stock exchange, the closing price on the other stock exchange will be considered. NSE will be the primary stock exchange.
	Non Traded	<ol style="list-style-type: none"> When a security is not traded on any stock exchange, on the date of valuation, then the previous closing price on NSE / any other SE will be used, provided such closing price is not exceeding a period of 30 calendar days. In all other cases <ol style="list-style-type: none"> Equity Shares: Valuation price will be in accordance with the norms prescribed, i.e. valuation will be computed on the basis of average of book value and the price computed on the basis of the PE ratio (after appropriate discount to industry PE), further discounted for illiquidity. Preference Shares: Intrinsic value will be considered Equity Warrants / Rights entitlement / partly paid up rights shares: Valuation price will be arrived, after applying appropriate discount (valuation committee delegated the power to decide the discount factor), after reducing the exercise price / issuance price from the closing price of the underlying cash equity security. Demerger: Where at least one resultant company is not immediately listed, valuation price will be worked out by using cum-price, before demerger reduced for quoted price of the listed resultant company(s). OR 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
	Thinly Traded	<p>Valuation will be computed on the basis of average of book value and the price computed on the basis of the PE ratio (after appropriate discount to industry PE), further discounted for illiquidity.</p> <p>Definition of thinly traded equity/ equity related security: When trading in an equity/equity related security in a calendar month is both less than INR 5 lacs and the total volume is less than 50,000 shares, it shall be considered as a thinly traded security</p>
Futures & Options	Traded	On the valuation day, at the closing price provided by the respective stock exchanges.
	Non Traded	When a security is not traded on the respective stock exchange on the date of valuation, then the settlement price / any other derived price provided by the respective stock exchange.

Notes:

1. Public Platform refers to:

- F-Trac: For corporate bonds / debentures, commercial papers, certificate of deposits and securitized debts



2. Following assets will be valued at cost plus accruals / amortization using 31st day price:
 - a) Bank Fixed Deposits
 - b) CBLO / Reverse Repo
 - c) CP/CD, SDL, Government Securities and Treasury Bills – for below 30 days to maturity
 - d) NCDs - for below 30 days to maturity
3. Units / shares of mutual funds will be valued at the last published NAV.
4. CP/CD, SDL, Government Securities and Treasury Bills above 30 days to maturity will be valued at aggregated price of CRISIL & ICRA .
5. Weighted average YTM shall be rounded up to two digits after decimal point.
6. Securities with Put/Call Options
 - a) Securities with Put option/(s): At higher of the prices obtained by valuing the security to final maturity date and valuing the security to put option date/(s).
 - b) Securities with Call option/(s): At lower of the prices obtained by valuing the security to final maturity date and valuing the security to call option date/(s).
 - c) Securities with both Put/Call option: Securities with both Put and Call option on the same day would be deemed to mature on the Put/Call day and would be valued accordingly.

Further, Valuation of money market and debt securities shall be as per SEBI Circular No. SEBI/HO/IMD/DF4/CIR/P/2019/102 dated 24th September,2019 and Investment Norms for mutual funds for investment in Debt and Money Market Instruments as SEBI Circular No. SEBI/HO/IMD/DF2/CIR/P/2019/104 dated 1st October,2019. Notwithstanding anything contained , the provisions of SEBI (Mutual Funds) Regulations, 1996 as amended from time to time and SEBI Circulars issued/modified from time to time shall prevail and shall be strictly applicable.

V. TAX, LEGAL & GENERAL INFORMATION

A. Taxation

The Income-tax aspects described in this document are as per the provisions of Income-tax Act, 1961 (the “Act”) and also incorporating the amendments made by the Finance Act, 2023. The information given is included only for general purpose and is based on advice received by the AMC regarding the law and practice currently in force in India and the Investors/Unit holders should be aware that the relevant fiscal rules or their interpretation may change. As is the case with any investment, there can be no guarantee that the tax position prevailing at the time of an investment in the Scheme will endure indefinitely. In view of the individual nature of tax consequences, each Investor/Unit



holder is advised to consult his/her own professional tax advisor. Further, the tax implications/rates are discussed considering that the unit holders hold the units as a 'capital asset'.

1. For the Mutual Fund

○ Income Tax

IIFCL Mutual Fund ('IDF') is registered with the Securities and Exchange Board of India ('SEBI') and the regulations made thereunder, and is as such eligible for benefits under Section 10(23D) of the Act. Accordingly, its entire income is exempt from tax.

○ Tax deduction at source ("TDS")/Withholding Tax on Fund's Income

IDF will receive all its income without deduction of tax at source as per provisions of section 196(iv) of the Act where such sum is payable to it by way of interest or dividend in respect of any securities or shares owned by it or in which it has full beneficial interest, or any other income accruing or arising to it. However, where the Mutual Fund receives any income from investments made in overseas jurisdictions, the said income may be subject to withholding tax in the relevant jurisdiction. Further, as the income of the Mutual Fund is exempt from tax in India, credits/ refunds in relation to these foreign taxes may not be available in India.

- If a mutual fund is a beneficiary of a securitisation trust as defined under Explanation (d) of Section 115TCA of the Act, and the trust distributes income to the beneficiaries, being a mutual fund, the trust will not be liable to pay tax on distribution of such income (by virtue of section 196(iv) of the Act), and the income so distributed will be exempt u/s.10 (23D) of the Act in the hands of the mutual fund.

2. For Unit holders

○ Income from units

Income received on or after the 1st day of April, 2020 (other than income arising from the transfer of units) by all categories of unit holders from the units of mutual fund is no longer exempt under Section 10(35) of the Act in their hands. Further such incomes received from a Mutual Fund shall be subject to deduction of tax at source under Section 194K of The Income Tax Act, 1961.

○ Gains on transfer / redemption of units

Gains arising on transfer / redemption of units, as well as from switching between schemes will be chargeable to tax under the Act. The characterisation of income



from investments in securities as ‘business income’ or ‘capital gains’ should be examined on a case-by-case basis.

As per section 2(14) of the Act, any investment made by a Foreign Institutional Investor (‘FII’)¹ in accordance with the regulations made under Securities and Exchange Board of India Act, 1992, would be regarded as capital assets. Thus, gains arising on transfer/redemption of units by FIIs should be characterised as capital gains.

The CBDT has issued Circular No. 6 of 2016, dated 29 February 2016, providing that listed shares / securities held for more than 12 months would be treated as capital gains unless the tax payer himself treats the same as stock in trade; in other cases, involving sale of listed shares / securities, the characterisation of income would be decided on the basis of previous circulars and instructions issued by the CBDT on this subject. The Circular also provides that a position once adopted by the tax payer would not be allowed to be changed and it would be applicable for the subsequent assessment years. It is, however, clarified that the principles as outlined in the circular shall not be applicable in cases where the genuineness of the transaction itself is questionable.

Further, the CBDT, on 2 May 2016, has issued an instruction to the tax department on determining the tax treatment of income arising from transfer of unlisted shares providing that income from transfer of unlisted shares (for which no formal market exists for trading) would be treated as ‘Capital Gain’ irrespective of period of holding. However, the CBDT has carved out the following three exceptions for the Tax department to take an appropriate view, if:

1. The genuineness of transactions in unlisted shares itself is questionable; or
2. The transfer of unlisted shares is related to an issue pertaining to lifting of corporate veil; or
3. The transfer of unlisted shares is made along with the control and management of underlying business.

○ **Business Income**

Where the units of the Mutual Fund are regarded as business assets, then any gains arising from the transfer / redemption of units would be taxed under the head of “Profits and gains of business or profession” under section 28 of the Act. The gain / loss is to be computed under the head of “Profits and gains of business or

¹As per Notification No. 9/2014 dated 22 January 2014, the Central Government has specified Foreign Portfolio Investors registered under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as ‘Foreign Institutional Investor’ for the purposes of clause (a) of the Explanation to section 115AD of the Act.



profession” after allowing for normal business expenses (inclusive of the expenses incurred on the transfer).

Business income is chargeable to tax at the following rates:

Assessee	% of Income Tax
Individuals, HUFs, Association of Persons, Body of Individual or Artificial Juridical Person	Applicable Slab Rate as per Old Tax Regime and New Tax Regime
Domestic company having turnover/ gross receipt not exceeding INR 400 crore in financial year 2021-22	25%
Any other Domestic company	30%
Foreign Companies	40%

Further Added:

In case of Individuals, HUFs, Association of Persons, Body of Individual or Artificial Juridical Person:

Where the total income exceeding Rs. fifty lakh and includes any income by way of dividend or income chargeable under section 111A, 112, 112A and section 115AD of the Income-tax Act, the rate of surcharge on the amount of income-tax computed in respect of that part of income shall not exceed fifteen per cent.:

In case of Domestic Company

- (a) Surcharge: The amount of income-tax shall be increased by a surcharge at the rate of 7% of such tax, where total income exceeds one crore rupees but not exceeding ten crore rupees and at the rate of 12% of such tax, where total income exceeds ten crore rupees.

The surcharge shall be subject to marginal relief, which shall be as under:

- Where income exceeds Rs. 1 crore but not exceeding Rs. 10 crores, the total amount payable as income-tax and surcharge shall not exceed total amount payable as income-tax on total income of Rs. 1 crore by more than the amount of income that exceeds Rs. 1 crore.
- Where income exceeds Rs. 10 crores, the total amount payable as income-tax and surcharge shall not exceed total amount payable as income-tax on total income of Rs. 10 crores by more than the amount of income that exceeds Rs. 10 crores



- (b) Health and Education Cess: The amount of income-tax and the applicable surcharge shall be further increased by health and education cess calculated at the rate of four percent of such income-tax and surcharge.

In case of Foreign Company

- (a) Surcharge: The amount of income-tax shall be increased by a surcharge at the rate of 2% of such tax, where total income exceeds one crore rupees but not exceeding ten crore rupees and at the rate of 5% of such tax, where total income exceeds ten crore rupees. The surcharge shall be subject to marginal relief, which shall be as under:
- (i) Where income exceeds Rs. 1 crore but not exceeding Rs. 10 crores, the total amount payable as income-tax and surcharge shall not exceed total amount payable as income-tax on total income of Rs. 1 crore by more than the amount of income that exceeds Rs. 1 crore.
 - (ii) Where income exceeds Rs. 10 crores, the total amount payable as income-tax and surcharge shall not exceed total amount payable as income-tax on total income of Rs. 10 crores by more than the amount of income that exceeds Rs. 10 crores
- (b) Health and Education Cess: The amount of income-tax and the applicable surcharge, shall be further increased by health and education cess calculated at the rate of four percent of such income-tax and surcharge.

Special Tax rates applicable to a domestic company

The special Income-tax rates applicable in case of domestic companies for assessment year 2024-25 are as follows:

Where it opted for Section 115BA (manufacturing domestic company)	25%
Where it opted for Section 115BAA (any domestic company)	22%
Where it opted for Section 115BAB (new manufacturing domestic company)	15%

Surcharge: The rate of surcharge in case of a company opting for taxability under Section 115BAA or Section 115BAB shall be flat 10% irrespective of amount of total income.



Health and Education Cess: The amount of income-tax and the applicable surcharge, shall be further increased by health and education cess calculated at the rate of four percent of such income-tax and surcharge.

MAT: The domestic company who has opted for special taxation regime under section 115BAA & 115BAB is exempted from provision of MAT.

In case, the provisions of Minimum Alternate Tax (MAT) apply, tax payable cannot be less than 15% [plus surcharge (as applicable) and cess] of "Book profit" computed as per section 115JB. However, MAT is levied at the rate of 9% [plus surcharge (as applicable) and cess] in case of a company, being a unit of an International Financial Services Centre and deriving its income solely in convertible foreign exchange.

Capital gains

The mode of computation of capital gains would be as follows:	
Sale Consideration	Xxx
Less: Expenses on Transfer (Note 1)	(xxx)
Net Consideration	Xxx
Less: Cost of Acquisition (Note 2)	(xxx)
Capital Gains	Xxx

Note 1: This would include only expenses relating to transfer of units.

Note 2: In case of the computation of long-term capital gains arising upon transfer of 'other than equity-oriented fund', the option of indexation of cost is generally available.

As per section 2(29A) of the Act read with section 2(42A) of the Act, units of the schemes held as a capital asset for a period of more than 36 months immediately preceding the date of transfer, will be treated as long-term capital assets for the computation of capital gains; in all other cases, they would be treated as short-term capital assets.

- **Long Term Capital Gain**

As per section 112 of the Act, income-tax on long term capital gains arising from the transfer of units, the assessee shall be taxable @ 20% plus applicable surcharge and health and education cess, on the long-term capital gains computed after substituting the indexed cost of acquisition for the cost of acquisition.



Furthermore, long-term capital gains in the case of non-residents (not being a company or a foreign company), would be taxable @ 10% plus applicable surcharge and health and education cess, on the transfer of capital assets, being unlisted securities, computed without giving effect to the first and second proviso of section 48 i.e. without taking benefit of foreign currency fluctuation and indexation benefit.

In case of FIIs², the income shall be chargeable to tax @ 10% plus the applicable surcharge and health and education cess. In case of FIIs, first and second proviso to section 48 of the Act shall not be available i.e. the benefit of indexation and foreign currency fluctuation is not available.

In case of offshore funds, the income shall be chargeable to tax @ 10% plus the applicable surcharge and health and education cess. In case of offshore funds, second proviso to section 48 of the Act shall not be available i.e. the foreign currency fluctuation is not available.

In cases where the taxable income, reduced by long term capital gains of a resident individual or HUF is below the taxable limit, the long-term capital gain will be reduced to the extent of this shortfall and only the balance of the long-term capital gain is chargeable to income tax.

- **Special provision for computation of capital gains in case of Market Linked Debenture.**

As per the Finance Act, 2023, w.e.f. 1-4-2024, Section 50AA has been inserted as Special provision for computation of capital gains which provides that:

Notwithstanding anything contained in clause (42A) of section 2 or section 48, where the capital asset is a unit of a Specified Mutual Fund acquired on or after the 1st day of April, 2023 or a Market Linked Debenture, the full value of consideration received or accruing as a result of the transfer or redemption or maturity of such debenture or unit as reduced by—

- (i) the cost of acquisition of the debenture or unit; and
- (ii) the expenditure incurred wholly and exclusively in connection with such transfer or redemption or maturity,

shall be deemed to be the capital gains arising from the transfer of a short-term capital asset:

Provided that no deduction shall be allowed in computing the income chargeable under the head "Capital gains" in respect of any sum paid on account of securities transaction tax under the provisions of Chapter VII of the Finance (No. 2) Act, 2004 (23 of 2004).

Explanation. — For the purposes of this section—

²As per Notification No. 9/2014 dated 22 January 2014, the Central Government has specified Foreign Portfolio Investors registered under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as 'Foreign Institutional Investor' for the purposes of clause (a) of the Explanation to section 115AD of the Act.



- (i) "Market Linked Debenture" means a security by whatever name called, which has an underlying principal component in the form of a debt security and where the returns are linked to market returns on other underlying securities or indices and include any security classified or regulated as a market linked debenture by the Securities and Exchange Board of India;
- (ii) "Specified Mutual Fund" means a Mutual Fund by whatever name called, where not more than thirty-five per cent of its total proceeds is invested in the equity shares of domestic companies:

Provided that the percentage of equity shareholding held in respect of the Specified Mutual Fund shall be computed with reference to the annual average of the daily closing figures.

- **Deduction from Capital Gain**

The following deductions are available on long term capital gains arising on the transfer of Mutual Fund units, if the sale proceeds are invested in eligible avenues:

Particulars	Section 54F	54EE
Eligible persons	Individuals and HUFs	Any person
Asset to be purchased to claim exemption	One residential house in India	Units, issued before 1 April, 2019, of such fund as may be notified by the Central Government in this behalf (cap of Rs. Fifty Lakhs)
Time limit for purchase from date of sale of MF units	Purchase: 1 year backward / 2 years forward & Construction: 3 years forward	6 months

Amount Exempted	<p>a) if the cost of the new asset is not less than the net consideration in respect of the original asset, the whole of such capital gain shall not be charged under section 45</p> <p>b) if the cost of the new asset is less than the net consideration in respect of the original asset, so much of the capital gain as bears to the whole of the capital gain the same proportion as the cost of the new asset bears to the net consideration, shall not be charged under section 45</p> <p>(As per Finance Act, 2023, w.e.f. 1-4-2024)</p> <p>Following proviso has been added to sub section (1) of section 54F</p> <p>Provided further that where the cost of new asset exceeds ten crore rupees, the amount exceeding ten crore rupees shall not be taken into account for the purposes of this sub-section.</p> <p>Following proviso has been added to sub section (4) of section 54fF</p> <p>Provided further that the net consideration in excess of ten crore rupees shall not be taken into account for the purposes of this sub-section.</p>	<p>a) if the cost of the long-term specified asset is not less than the capital gain arising from the transfer of the original asset, the whole of such capital gain shall not be charged under section 45 subject to a limit of Rs.50 lacs;</p> <p>b) if the cost of the long-term specified asset is less than the capital gain arising from the transfer of the original asset, so much of the capital gain as bears to the whole of the capital gain the same proportion as the cost of acquisition of the long-term specified asset bears to the whole of the capital gain, shall not be charged under section 45 subject to a limit of Rs.50 lacs:</p>
Lock-in period	3 years	3 years



- **Short Term Capital Gain**

Short term capital gains arising from the transfer of units of mutual funds would be chargeable to tax as follows:

Short term capital gains are taxed at the normal rates applicable to each unit holder. In case, where the taxable income as reduced by short term capital gains of a resident individual or HUF is below the taxable limit, the short-term capital gain will be reduced to the extent of this shortfall, and only the balance short term capital gain shall be chargeable to income tax.

- **Consolidation / Merger of schemes**

In case of consolidation of mutual fund schemes, the investors generally receive units in the consolidated scheme in consideration of units held in the consolidating scheme. As per the Finance Act, 2015, the following provisions would apply from Assessment year 2016-17, and onwards in case of consolidation of mutual fund schemes.

‘Consolidating scheme’ has been defined under section 47(xviii) of the Act as the scheme of a Mutual Fund which merges under the process of consolidation of the schemes of mutual fund in accordance with the SEBI (Mutual Funds) Regulations, 1996. ‘Consolidated scheme’ has been defined as the scheme with which the consolidating scheme merges or which is formed as a result of such merger.

As per section 47(xviii) of the Act, any transfer of units held by the investor in the consolidating scheme of the mutual fund in consideration of allotment of units in the consolidated scheme, shall not be regarded as a taxable transfer, provided that the consolidation is of two or more schemes of an equity-oriented fund or two or more schemes of a fund other than equity-oriented fund.

Further, as per section 49(2AD) of the Act, the cost of acquisition of units in the consolidated scheme shall be deemed to be the cost of acquisition of the units in the consolidating scheme. Also, as per section 2(42A) of the Act, the period of holding of the units in the consolidated scheme shall include the period of holding of the units in the consolidating scheme.

- **Consolidation / Merger of plans**

In case of consolidation of mutual fund plans within a scheme, the investors generally receive units in the consolidated plan in consideration of units held in the consolidating plan. As per section 47(xix) of the Act, any transfer of units (held by the investor as a capital asset) on account of a consolidation of a plan with other plans of the same scheme shall not be regarded as a taxable transfer.



Further as per section 49(2AF) of the Act, the cost of acquisition of units in a consolidated plan shall be deemed to be the cost of acquisition of units in the consolidating plan. Also, as per section 2(42A) of the Act, the period of holding of the units in the consolidated plan shall include the period of holding of the units in the consolidating plan.

“Consolidating plan” has been defined under section 47(xix) of the Act as the plan within a scheme of a mutual fund which merges under the process of consolidation of the plans within a scheme of mutual fund in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996. “Consolidated plan” has been defined as the plan with which the consolidating plan merges or which is formed as a result of such merger.

- **Minimum Alternative Tax/Alternate Minimum Tax**

The income on the transfer of Mutual Fund units by a company would be taken into account in computing the book profits and Minimum Alternative Tax (‘MAT’), if any, under section 115JB of the Act (irrespective of whether or not it is exempt under section 10(38) of the Act).

As per Taxation Laws (Amendment) Act, w.e.f. 01-04-2020, income of a foreign company in respect of capital gains on transactions in securities (as defined under Securities Contract Regulation Act), as well as corresponding expenses, are to be excluded while computing income under minimum alternate tax provisions, if tax payable thereon is less than 15%

The provision of section 115JB shall not apply to a person who has exercised the option referred to under section 115BBA or section 115BAB

The taxable income on transfer of Mutual Fund units would be taken into account in computing the Adjusted Total Income and Alternate Minimum Tax, if any, under section 115JC of the Act.

An amendment has been made *vide* the Finance Act, 2016, to clarify that MAT provisions should not be applicable to a foreign company with retrospective effect from financial year 2001-2002, if:

- it is resident of a country with which India has a DTAA, and it does not have a permanent establishment in India, in accordance with the provisions of the relevant DTAA; or
- it is resident of a country with which India does not have a DTAA, and it is not required to seek registration under Indian corporate laws.

Where MAT has been paid, credit is available in subsequent financial years for the MAT paid in excess of income-tax payable in a financial year. This credit should be eligible to be carried forward for 15 years and set-off against future income-tax



payable to the extent normal income-tax payable exceeds MAT in that financial year.

- **Tax deduction at source (TDS)**

- **Resident unit holders**

194K. Income in respect of units. —Where any income is payable to a resident in respect of units of a Mutual Fund specified under clause (23D) of section 10, the person responsible for making the payment shall, at the time of credit of such income to the account of payee or at the time of payment thereof in cash or by issue of a cheque or draft or by any other mode, whichever is earlier, deduct income-tax thereon at the rate of ten per cent:

Provided that the provisions of this section shall not apply where the amount of such income or, as the case may be, the aggregate of the amounts of such income credited or paid or likely to be credited or paid during the financial year by the person responsible for making the payment to the account of, or to, the payee does not exceed five thousand rupees:

- **Non-Resident unit holders other than offshore funds and FIIs**

Tax is required to be deducted at source on payment of any sum chargeable under the provisions of the Act to a non-resident under section 195 of the Act at the following rates.

- On income by way of long-term capital gains @ 20% (plus applicable surcharge and health and education cess) with indexation for listed units. Furthermore, on income by way of long-term capital gains @ 10% on transfer of capital assets, being unlisted securities, computed without giving effect to the first & second proviso of section 48 i.e. without taking benefit of foreign currency fluctuation and indexation benefit.
- On income by way of short-term capital gains @ 30% (plus applicable surcharge and health and education cess.)

A non-resident, eligible to claim treaty benefits, would be governed by the provisions of the Act to the extent that they are more beneficial. Accordingly, tax should be withheld as per the provisions of the Act or the provisions of the relevant Double Taxation Avoidance Agreement ('DTAA'), whichever is more beneficial to the assessee. However, the Unit holder will be required to provide appropriate documents to the Fund in order to be entitled to a beneficial rate under such DTAA.

As per section 90(4) of the Act, a non-resident shall not be entitled to claim treaty benefits, unless the non-resident obtains a Tax Residency Certificate ('TRC') of being a resident of his home country. Furthermore, as per section 90(5) of the Act,



non-resident is also required to provide other information in the prescribed Form No. 10F.

- **Offshore fund unit holders**

Under section 196B of the Act, tax shall be deducted at source from long term capital gains @ 10% plus applicable surcharge and health and education cess.

Tax is required to be deducted at source, on payment to a non-resident of any sum chargeable under the provisions of the Act, at the applicable rates. A non-resident, eligible to claim treaty benefits, would be governed by the provisions of the Act to the extent that they are more beneficial. Accordingly, tax should be withheld as per the provisions of the Act or the provisions in the DTAA whichever is more beneficial to the assessee, subject to certain conditions. However, the unit holder will be required to provide appropriate documents to the Fund, in order to be entitled to a beneficial rate under the relevant DTAA.

As per section 90(4) of the Act, a non-resident shall not be entitled to claim treaty benefits, unless a certificate of his being a resident in any country outside India or specified territory outside India, as the case may be, is obtained by him from the Government of that country or specified territory. Furthermore, as per section 90(5) of the Act, a non-resident is also required to provide other information in the prescribed Form No. 10F.

- **Foreign Institutional Investors**

As per the provisions of section 196D(2) of the Act, no deduction of tax shall be made from any income from capital gains arising from the transfer of securities referred to in section 115AD, payable to a FII³.

- **Failure to provide Permanent Account Number ('PAN')**

Section 206AA of the Act states that the deductee is required to furnish his PAN to the person responsible for deducting tax, failing which the tax shall be deducted at source at the higher of the following rates:

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

The provisions of section 206AA shall not apply to a non-resident, not being a company, or to a foreign company, in respect of certain specified payments viz. interest, royalties, fees for technical services and payments on transfer of any capital asset. This is, however, subject to the conditions prescribed in Rule 37BC

³As per Notification No. 9/2014 dated 22 January 2014, the Central Government has specified Foreign Portfolio Investors registered under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as 'Foreign Institutional Investor' for the purposes of clause (a) of the Explanation to section 115AD of the Act.



of the Income-tax Rules, 1962. As per the rule, the non-resident deductee shall be required to furnish following detail and documents:

- i. Name, e-mail id, contact number;
- ii. Address in the country of residence;
- iii. Tax Residency Certificate (TRC), if the law of country of residence provides for such certificate; and
- iv. Tax Identification Number (TIN) in the country of residence.

Where TIN is not available, a unique identification number is required to be furnished through which the deductee is identified in the country of residence.

Further The provisions of section 206AA shall not apply in respect of payments made to a person being a non-resident, not being a company, or a foreign company if the provisions of section 139A do not apply to such person on account of rule 114AAB.

- **Special provision for deduction of tax at source for non-filers of income-tax return.**

Section 206AB of the Act provides:

- 1) Notwithstanding anything contained in any other provisions of this Act, where tax is required to be deducted at source under the provisions of Chapter XVIIIB, other than section 192, 192A, 194B, 194BB, 194-IA, 194-IB, 194LBC, 194M or 194N on any sum or income or amount paid, or payable or credited, by a person to a specified person, the tax shall be deducted at the higher of the following rates, namely:
 - i. at twice the rate specified in the relevant provision of the Act; or
 - ii. at twice the rate or rates in force; or
 - iii. at the rate of five per cent.
- 2) If the provisions of section 206AA is applicable to a specified person, in addition to the provision of this section, the tax shall be deducted at higher of the two rates provided in this section and in section 206AA.
- 3) For the purposes of this section "specified person" means a person who has not ²¹[furnished the return of income for the assessment year relevant to the previous year immediately preceding the financial year in which tax is required to be deducted, for which the time limit for furnishing the return of income under sub-section (1) of section 139 has expired and the aggregate of tax deducted at source and tax collected at source in his case is rupees fifty thousand or more in the said previous year:

Specified person shall not include a non-resident who does not have a permanent establishment in India.

"Permanent establishment" includes a fixed place of business through which the business of the enterprise is wholly or partly carried on.]



- **Capital Losses**

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

- **Investment by Minors**

Any taxable income arising to a minor unit holder, not being a minor child suffering from any disability of the nature specified in section 80U, from transfer of units will be clubbed with the income of the parent, whose income is greater (where marriage of his parents subsists), or in the income of that parent who maintains the minor child (where marriage of his parents does not subsists) and the tax will be payable by that parent on the income which will accrue to the minor during minority as per the provisions of Section 64(1A) of the Act.

- **New pension Scheme ("NPS")**

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

STT is not leviable in respect of taxable securities transactions entered into by any person for, or on behalf of, the New Pension System Trust referred to in section 10(44) of the Act.

- **Dividend Stripping**

Under Section 94(7) of the Act, in computing the income chargeable to tax of an assessee, loss arising on sale of units, which have been bought within 3 months prior to the record date (i.e. the date fixed by the Mutual Fund for the purposes of entitlement of the unit holders to receive the income) and transfer within a period of 9 months from the record date, shall be ignored to the extent of exempt income received or receivable on such units.

Section 94(7) of the Act has been replaced with following provision:

Where:



- (a) any person buys or acquires any securities or unit within a period of three months prior to the record date;
- (b) such person sells or transfers—
 - (i) such securities within a period of three months after such date; or
 - (ii) such unit within a period of nine months after such date;
- (c) the dividend or income on such securities or unit received or receivable by such person is exempt,

then, the loss, if any, arising to him on account of such purchase and sale of securities or unit, to the extent such loss does not exceed the amount of dividend or income received or receivable on such securities or unit, shall be ignored for the purposes of computing his income chargeable to tax.

As per Finance Act, 2022, w.e.f. 1-4-2023:

"record date" means such date as may be fixed by—

- (i) a company;
- (ii) a Mutual Fund or the Administrator of the specified undertaking or the specified company referred to in the Explanation to clause (35) of section 10; or
- (iii) a business trust defined in clause (13A) of section 2; or
- (iv) an Alternative Investment Fund defined in clause (b) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, made under the Securities and Exchange Board of India Act, 1992 (15 of 1992),

for the purposes of entitlement of the holder of the securities or units, as the case may be, to receive dividend, income, or additional securities or units without any consideration, as the case may be;

- **Bonus Stripping**

Under section 94(8) of the IT Act, where a person buys units (original units) within a period of three months prior to the record date, receives bonus units on such original units and then sells (all or part) of the original units within nine months after the record date, then the loss arising on transfer of original units shall be ignored for the purpose of computing the income chargeable to tax. The loss so ignored shall be treated as cost of acquisition of the bonus units.

Section 94(8) of the Act has been replaced with following provision:

Where—

- (a) any person buys or acquires any securities or units within a period of three months prior to the record date;
- (b) such person is allotted additional securities or units without any payment on the basis of holding of such securities or units on such date;



(c) such person sells or transfers all or any of the securities or units referred to in clause (a) within a period of nine months after such date, while continuing to hold all or any of the additional securities or units referred to in clause (b),

then, the loss, if any, arising to him on account of such purchase and sale of all or any of such securities or units shall be ignored for the purposes of computing his income chargeable to tax and notwithstanding anything contained in any other provision of this Act, the amount of loss so ignored shall be deemed to be the cost of purchase or acquisition of such additional securities or units referred to in clause (b) as are held by him on the date of such sale or transfer.

As per Finance Act, 2022, w.e.f. 1-4-2023:

"unit" shall mean, —

- (i) a unit of a business trust defined in clause (13A) of section 2;
- (ii) a unit defined in clause (b) of the Explanation to section 115AB; or
- (iii) beneficial interest of an investor in an Alternative Investment Fund, defined in clause (b) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, made under the Securities and Exchange Board of India Act, 1992, and shall include shares or partnership interests.

• **Other Benefits**

For Religious and Charitable Trusts, investments in Units of the Mutual Fund will rank as an eligible form of investment under section 11(5) of the Act read with rule 17C of the Income-tax Rules, 1962.

• **Units received without consideration or with inadequate consideration:**

As per section 56(2)(x)(c) of the Act where any person receives, in any previous year, from any person or persons on or after the 1st day of April, 2017 any property, other than immovable property

(A) without consideration, the aggregate fair market value of which exceeds fifty thousand rupees, the whole of the aggregate fair market value of such property;

(B) for a consideration which is less than the aggregate fair market value of the property by an amount exceeding fifty thousand rupees, the aggregate fair market value of such property as exceeds such consideration:

is taxable as income in the hands of the recipients (i.e. the donee).

However, the aforementioned provision shall not apply to any units received by the donee:

- I. from any relative; or
- II. on the occasion of the marriage of the individual; or
- III. under a will or by way of inheritance; or
- IV. in contemplation of death of the payer or donor, as the case may be; or



- V. from any local authority as defined in the Explanation to clause (20) of section 10 of the Act; or
- VI. from any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in clause (23C) of section 10 of the Act; or
- VII. from or by any trust or institution registered under section 12AA of the Act; or
- VIII. by any fund or trust or institution or any university or other educational institution or any hospital or other medical institution referred to in sub-clause (iv) or sub-clause (v) or sub-clause (vi) or sub-clause (via) of clause (23C) of section 10; or
- IX. by way of transaction not regarded as transfer under clause (i) or clause (vi) or clause (via) or clause (viaa) or clause (vib) or clause (vic) or clause (vica) or clause (vicb) or clause (vid) or clause (vii) of section 47; or
- X. from an individual by a trust created or established solely for the benefit of relative of the individual.
- XI. from such class of persons and subject to such conditions, as may be prescribed
- XII. by an individual, from any person, in respect of any expenditure actually incurred by him on his medical treatment or treatment of any member of his family, for any illness related to COVID-19 subject to such conditions, as the Central Government may, by notification in the Official Gazette, specify in this behalf;*
- XIII. by a member of the family of a deceased person—
 - (A) from the employer of the deceased person; or
 - (B) from any other person or persons to the extent that such sum or aggregate of such sums does not exceed ten lakh rupees,where the cause of death of such person is illness related to COVID-19 and the payment is
 - (i) received within twelve months from the date of death of such person; and
 - (ii) subject to such other conditions, as the Central Government may, by notification in the Official Gazette, specify in this behalf.

For the purposes of clauses (XII) and (XIII),

"family", in relation to an individual, means:

- (i) the spouse and children of the individual; and
- (ii) the parents, brothers and sisters of the individual or any of them, wholly or mainly dependent on the individual.

As per Finance Act, 2022, w.e.f. 1-4-2023, clauses (VI) and (VII) of the first proviso shall not apply where any sum of money or any property has been received by any person referred to in sub-section (3) of section 13.

The persons defined under section 13(3) include:

- (a) the author of the trust or the founder of the institution;



- (b) any person who has made a substantial contribution to the trust or institution, that is to say, any person whose total contribution up to the end of the relevant previous year exceeds fifty thousand rupees;
- (c) where such author, founder or person is a Hindu undivided family, a member of the family;
- (cc) any trustee of the trust or manager (by whatever name called) of the institution;
- (d) any relative of any such author, founder, person, member, trustee or manager as aforesaid;
- (e) any concern in which any of the persons referred to in clauses (a), (b), (c), (cc) and (d) has a substantial interest.

The term 'relative' shall mean:

A] In the case of an Individual -

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

B] In case of a HUF, any member thereof.

- **General Anti-Avoidance Rule ("GAAR")**

The Finance Act, 2013 introduced the amended GAAR provisions to be effective from FY 2015-16. However, the Finance Act, 2015 has deferred the GAAR provisions by 2 years, and it shall now be applicable to the income of FY 2017-18 and subsequent years.

Further, any income accruing or arising to, or deemed to accrue or arise to, or received or deemed to be received by, any person from transfer of investments made before March 31, 2017 would be grandfathered, and GAAR would apply prospectively only to investments made after April 1, 2017.

GAAR may be invoked by the Indian income-tax authorities in case arrangements are found to be impermissible avoidance arrangements. A transaction can be declared as an impermissible avoidance arrangement, if the main purpose of the arrangement is to obtain a tax benefit and which satisfies one of the 4 (four) tests mentioned below:

- a. Creates rights or obligations which are ordinarily not created between parties dealing at arm's length;
- b. It results in direct / indirect misuse or abuse of the ITA;



- c. It lacks commercial substance or is deemed to lack commercial substance in whole or in part; or
- d. It is entered into or carried out in a manner, which is not normally employed for bona fide business purposes.

In such cases, the tax authorities are empowered to reallocate the income from such arrangement, or re-characterise or disregard the arrangement. Some of the illustrative powers are:

- a) Disregarding or combining or re-characterizing any step of the arrangement or party to the arrangement;
- b) Ignoring the arrangement for the purpose of taxation law;
- c) Relocating place of residence of a party, or location of a transaction or situs of an asset to a place other than provided in the arrangement;
- d) Looking through the arrangement by disregarding any corporate structure;
- e) Reallocating and re-characterizing equity into debt, capital into revenue, etc.
- f) Disregarding or treating any accommodating party and other party as one and the same person;
- g) Deeming persons who are connected to each other parties to be considered as one and the same person for the purposes of determining tax treatment of any amount.

The above terms should be read in the context of the definitions provided under the Act. Any resident or non-resident may approach the Authority for Advance Rulings to determine whether an arrangement can be regarded as an impermissible avoidance arrangement. The GAAR provisions shall be applied in accordance with such guidelines and subject to such conditions and manner as may be prescribed.

- **Roll-over of schemes:**

As per Circular No. 6 of 2015 dated 9 April 2015, issued by the Central Board of Direct Taxes, the unit of a mutual fund constitutes a capital asset and any sale, exchange or relinquishment of such unit is a 'transfer' under clause (47) of section 2 of the Act. The roll over in accordance with the Regulation 33(4) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, will not amount to transfer as the scheme remains the same. Accordingly, no capital gains should arise at the time of exercise of the option by the investor to continue in the same scheme. The capital gains will, however, arise at the time of redemption of the units or opting out of the scheme, as the case may be.

- **FATCA Guidelines**

According to the Inter-Governmental Agreement read with the Foreign Account Tax Compliance Act (FATCA) provisions and the Common Reporting Standards (CRS), reporting financial institutions in India are required to report tax information about US account holders and other account holders to the Indian Government. The Indian Government has enacted rules relating to FATCA and CRS reporting in India. A statement is required to be provided online in Form



61B, for prescribed reporting financial institutions, for every calendar year by 31 May. The Reporting Financial Institution is expected to maintain and report the following information with respect to each reportable account:

1. the name, address, taxpayer identification number [TIN (assigned in the country of residence)] and date and place of birth [DOB, POB (in the case of an individual)];
2. where an entity has one or more controlling persons that are reportable persons:
 - i. the name and address of the entity, TIN assigned to the entity by the country of its residence; and
 - ii. the name, address, DOB, POB of each such controlling person and TIN assigned to such controlling person by the country of his residence;
3. account number (or functional equivalent in the absence of an account number);
4. account balance or value (including, in the case of a cash value insurance contract or annuity contract, the cash value or surrender value) at the end of the relevant calendar year;
5. the total gross amount paid or credited to the account holder with respect to the account during the relevant calendar year; and

Further, it also provides for specific guidelines for conducting due diligence of reportable accounts, viz. US reportable accounts and other reportable accounts.

- **Multilateral Convention to implement Tax Treaty related measures to prevent Base Erosion and Profit Shifting (“MLI”)**

The Organisation of Economic Co-operation and Development released the MLI. The MLI, amongst others, includes a "principal purpose test", wherein Tax Treaty benefits can be denied if one of the principal purpose of an arrangement or a transaction was to, directly or indirectly, obtain tax benefit. India has been an active participant in the entire discussion and its involvement in the Base Erosion and Profit Shifting ('BEPS') project has been intensive. In a ceremony held in Paris on 7 June, 2017, various countries including India, signed the MLI. Further, the Union Cabinet of India vide its press release approved the ratification of the Multilateral Convention (MLI) to implement tax treaty related measures to prevent BEPS.

The date of entry into force of the said Convention for India is the 01st day of October, 2019, being the first day of the month following the expiration of a period of three calendar months beginning on the 25th day of June, 2019 being the date of deposit by India of the instrument of ratification, in accordance with para 2 of Article 34 of the said Convention;



- **Goods and Service Tax**

Goods and Service Tax ('GST') shall be applicable on services provided by the Investment Manager and Trustee to the Fund. GST rate on such services is currently 18%. Accordingly, GST at the rate of 18% would be levied on fees if any, payable towards investment management fee and Trusteeship Fees payable by the Fund to the Investment Manager and Trustee, respectively

The information under the head 'Tax and Legal and General' is based on the provisions of Income-tax Act, 1961 (the Act) as amended by Finance Act, 2023.

B. Legal Information

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 an 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 e.g. Proof of the death of the Unit Holder, signature of the nominee/s, furnishing proof of guardianship in case the nominee is/are minor/s, execution of Indemnity Bond of or such other documents as may be required from the nominee in favour of and to the satisfaction of the Fund, the AMC, or the Trustee.

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. 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. 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. 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, IIFCL Mutual Fund (IDF) / IIFCL Asset Management Company Limited (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. 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.

The following additional Operational guidelines have to be followed for cases of nomination:

- a) Where a folio has joint holders, all joint holders should sign the request for nomination/cancellation of nomination, even if the mode of holding is not “joint”. Nomination form cannot be signed by Power of attorney (POA) holders.
- b) Every new nomination for a folio/account will overwrite the existing nomination.
- c) Nomination shall be mandatory for new folios/accounts opened by individual especially with sole holding and no new folios/accounts for individuals in single holding should be opened without nomination.
- d) Even those investors who do not wish to nominate must sign separately confirming their non-intention to nominate.

“On Behalf of Minor” Accounts:

- a) The minor shall be the first and the sole holder in the folio.
- b) Guardian, being a natural guardian (i.e. father or mother) or a court appointed legal guardian or a court appointed legal guardian should submit requisite documentary evidence to AMC/Registrar of fund to ascertain relationship/status of guardian.
- c) Date of birth of the minor along with supporting documents (i.e. Birth certificate, School leaving certificate / Mark sheet issued by Higher Secondary Board of respective states, ICSE, CBSE, Passport, PAN card etc., or other prescribed documents) should be provided while opening the folio.

“Minor Attaining Majority”

- a) The AMC/Registrar will send an advance notice advising the guardian and the minor to submit an application form along with prescribed documents, in order to effect change the status from “minor” to “major”.
- b) The guardian cannot undertake any financial and non-financial transactions after the date of the minor attaining majority till the time the above application form along with the prescribed documents are received by the AMC/RTA. The AMC/RTA shall freeze the folio for operation by the guardian on the day the minor attains majority and no transactions shall be permitted till documents for status change are received.

Change in Guardian



In the event of change in guardian of a minor, the new guardian must be a natural guardian (Father or Mother) or court appointed guardian and such guardian will be required to submit various documents including KYC, Bank attestation of his signature from a bank account of the minor where he is the registered guardian etc.

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

c) For Units held in Electronic (Demat) Mode

For units of the Scheme(s) held in electronic (demat) form with the Depository, the nomination details provided by the Unit holder to the depository will be applicable to the Units of the Scheme. Such nomination including any 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.

Unclaimed redemption and dividend amounts

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

The 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. The Fund would deploy the unclaimed redemption and dividend amount in the interest of the investors in such instruments / securities which the AMC would feel appropriate, from time to time. 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.

The amount lying as Unclaimed redemption and dividend would be deployed in fixed deposits.



Prevention of Money Laundering

The Prevention of Money Laundering Act, 2002, the Rules issued there under and the guidelines / circulars pertaining to Anti Money Laundering, released by SEBI (AML Laws), require intermediaries, including Mutual Funds, to inter-alia formulate and implement Client Identification Programme, verify and maintain the record of identity and address(es) of investors etc.

In order to ensure appropriate compliance with the AML Laws, to facilitate data capture and ensure easy and convenient submission of documents by investors, the mutual fund industry has collectively entrusted this responsibility of collection of documents relating to identity and address and record keeping to an independent agency (presently CDSL Ventures Limited) that will act as central record keeping agency (“Central Agency”). As a token of having verified the identity and address and for efficient retrieval of records, the Central Agency will issue appropriate acknowledgement to each investor who submits an application and the prescribed documents to the Central Agency.

Investors who have obtained the acknowledgement from CDSL, for having completed the Know Your Client (KYC) requirements can invest in the schemes of the mutual fund. Such evidence of having completed KYC needs to be submitted by Investors to the Mutual Funds.

The AMC shall call upon the Unitholders to provide necessary documentation in terms of Obligations of Securities Market Intermediaries under Prevention of Money Laundering Act, 2002 and rules thereunder.

Uniform Know Your Customers (“KYC”) requirements for the Securities Market

All investors other than KYC compliant investors are required to follow the new KYC compliance procedure as mentioned below while making any investments with IIFCL Mutual Fund (IDF) (“**the Fund**”):

- Fill up and sign the KYC application form (for individual investors or non-individual investors as appropriate) available on the Fund’s web site i.e. www.iifclmf.com
- At the time of transacting with the Fund, submit, in person, the completed KYC application form along with all the necessary documents as mentioned in the KYC application form with any of the offices of the distributors, Registrar and Transfer Agent of the Fund and the Fund; and
- Obtain a temporary acknowledgement for submission of all the documents and completion of In Person Verification (“IPV”);

A) Investors are requested to note the following provisions shall be applicable for “KYC” compliances with effect from December 1, 2012:

1. In case of investor who is not KYC Compliant, the investor will have to submit the standard KYC Application forms available in the website www.cvlkra.com along with supporting documents at any of the SEBI registered intermediaries at the time of purchase / additional purchase/ new registration etc. In Person Verification (IPV) will be mandatory at the time of KYC Submission. This uniform KYC submission would be a onetime submission of documentation.



2. Investors who have complied with KYC process before December 31, 2011 (KYC status with CVL-KRA as “MF - VERIFIED BY CVLMF”) and not invested in the schemes of IIFCL Mutual Fund (IDF) i.e. not opened a folio earlier, and wishes to invest now, such investors will be required to submit “missing/not available” KYC information and complete the IPV requirements.
3. Updation of “missing / not available” KYC information along with IPV is currently a one-time requirement and needs to be completed with any one of the mutual funds i.e. need not be done with all the mutual funds where investors have existing investments. Once the same is done then the KYC status at CVL-KRA will change to “Verified by CVL KRA” after due verification. In such a scenario, where the KYC status changes to “Verified by CVL KRA”, investors need not submit the “missing/not available” KYC information to mutual funds again.
 - a) In case of Individual investors, following details needs to be submitted:
 - i. Father’s/Spouse’s Name,
 - ii. Marital Status,
 - iii. Nationality,
 - iv. Gross Annual Income or Net worth as on recent date
 - v. In-Person Verification (IPV)

Individual Investors are required to submit “KYC Details Change Form” issued by CVL-KRA available on their website www.cvlkra.com.

- b. In case of Non Individual investors, complied with KYC process before December 31, 2011, KYC needs to be done afresh due to significant and major changes in KYC requirements.

B) Requirement for the new investors in mutual funds (From February 1, 2017) :

SEBI has issued circular no. CIR/MIRSD/ 66 /2016 dated July 21, 2016 and no. CIR/MIRSD/120 /2016 dated Nov. 10, for uniform and smooth implementation of CKYC norms for on boarding of new investors in Mutual funds with effect from 1st Feb 2017

Central KYC Registry (CERSAI) is a centralized repository of KYC records of customers in the financial sector with uniform KYC norms and inter-usability of the KYC records across the sector with an objective to reduce the burden of producing KYC documents and getting those verified every time when the customer creates a new relationship with a financial entity.

- Fill up and sign the KYC application form (for individual investors or non-individual investors as appropriate) available on the Fund’s web site i.e. www.iifclmf.com
- At the time of transacting with the Fund, submit, in person, the completed KYC application form along with all the necessary documents as mentioned in the KYC application form with any of the offices of the distributors, Registrar and Transfer Agent of the Fund and the Fund; and



- Once all the documents are verified by a Central KYC Registry (Cersai), they will send the investor a acknowledgment within 10 working days from the date of receipt of necessary documents by them from the Fund or its Registrar and Transfer Agent informing the investor either about compliance by the investor of the new KYC compliance procedure (“final acknowledgement”) or any deficiency in submission of details or documents.
- On the basis of the temporary acknowledgement or the final acknowledgement the investor would be eligible to deal with any of the SEBI intermediaries as mentioned in the above mentioned SEBI circulars.

C) Implementation of the Prevention of Money-laundering (Maintenance of Records) Second Amendment Rules, 2017 with respect to seeding of Aadhaar number:

Investors are requested to note the following requirements in relation to submission of Aadhaar number and other prescribed details to IIFCL Mutual Fund (IDF) / IIFCL Mutual Fund Asset Management Limited (“the AMC”)/ Computer Age and Management Systems Private Limited (CAMS) its Registrar and Transfer Agent:

- Where the investor is an individual, who is eligible to be enrolled for Aadhaar number, the investor is required to submit the Aadhaar number issued by UIDAI. If such an individual investor is not eligible to be enrolled for Aadhaar number, and in case the Permanent Account Number (PAN) is not submitted, the investor shall submit the PAN or one certified copy of an officially valid document containing details of his identity and address and one recent photograph along with such other details as may be required by the Mutual Fund.
The investor is required to submit PAN as defined in the Income Tax Rules, 1962.
- Where the investor is a non-individual, Aadhaar numbers and PANs (as defined in Income-tax Rules, 1962) of managers, officers or employees or persons holding an attorney to transact on the investor’s behalf is required to be submitted, apart from the constitution documents. In case PAN is not submitted, an officially valid document is required to be submitted. If a person holding an authority to transact on behalf of such an entity is not eligible to be enrolled for Aadhaar and does not submit the PAN, certified copy of an officially valid document containing details of identity, address, photograph and such other documents as prescribed is required to be submitted.
- The effective date (i.e. April 1, 2018) for mandatory submission of Aadhaar {for folios opened upto March 31, 2018 and at the time of opening a folio/account by a new customer (i.e., an investor who is investing for the first time in IIFCL Mutual Fund (IDF) and does not have any folio in IIFCL Mutual Fund (IDF)}, has been deferred till further notice.

TRANSFER AND TRANSMISSION

The AMC may at its sole discretion list the Units under any one or more Schemes on one or more Stock Exchanges. On deciding to list, the AMC will make a suitable public announcement to that effect.



If a person becomes a holder of the Units consequent to operation of law, or upon enforcement of a pledge, the Fund will, subject to production of satisfactory evidence, effect the transfer, if the transferee is otherwise eligible to hold the Units. Similarly, in cases of transfers taking place consequent to death, insolvency etc., the transferee's name will be recorded by the Fund subject to production of satisfactory evidence. All such changes shall be carried out in line with the applicable laws and the decision of the AMC shall be considered final.

The following lists of documents are required to be submitted by investor for transmission under various situations:

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

- Letter from surviving unit holders to the Fund / AMC requesting for transmission of units,
- Death Certificate in original or photocopy duly notarized or attested by gazette officer or a bank manager,
- Bank Account Details of the new first unit holder as per the format as mentioned on our website www.iifclmf.com along with attestation by a bank branch manager or cancelled cheque bearing the account details and account holders name.
- KYC of the surviving unit holders, if not already available.

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

- Letter from claimant nominee/s to the Fund / AMC requesting for transmission of units
- Death Certificate/s in original or photocopy duly notarized or attested by gazette officer or a bank manager
- Bank Account Details of the new first unit holder as per the format as mentioned on our website www.iifclmf.com along with attestation by a bank branch manager or cancelled cheque bearing the account details and account holders name.
- KYC of the claimant/s,
- If the transmission amount is Rs. One Lakh or more then indemnity must be duly signed and executed by the nominee/s as per the format as mentioned on our website www.iifclmf.com

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

- Letter from claimant/s to the Fund / AMC requesting for transmission of units,
- Death Certificate/s in original or photocopy duly notarized or attested by gazette officer or a bank manager,
- Bank Account Details of the new first unit holder as per the format as mentioned on our website www.iifclmf.com along with attestation by a bank branch manager or cancelled cheque bearing the account details and account holders name.
- KYC of the claimant/s,
- Indemnity Bond from legal heir/s as per the format as mentioned on our website www.iifclmf.com
- Individual affidavits from legal heir/s as per the format as mentioned on our website www.iifclmf.com



- If the transmission amount is below Rs One Lakh: any appropriate document evidencing relationship of the claimant/s with the deceased unit holder/s.
- If the transmission amount is Rs One Lakh or more: Any one of the documents mentioned below:
- Notarized 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.

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

HUF, being a Hindu Undivided Family, the property of the family is managed by the Karta and HUF does not come to an end in the event of death of the Karta. In such a case, the members of the HUF will appoint the new Karta who needs to submit following documents for transmission:

- Letter requesting for change of Karta,
- Death Certificate in original or photocopy duly notarized or attested by gazette officer or a bank manager,
- Duly certified Bank certificate stating that the signature and details of new Karta have been appended in the bank account of the HUF as per the format as mentioned on our website www.iifclmf.com
- KYC of the new Karta and KYC of HUF, if not already available.
- Indemnity bond signed by all the surviving coparceners and new Karta as per the format as mentioned on our website www.iifclmf.com
- In case of no surviving coparceners OR the transmission amount is Rs One Lakh or more OR where there is an objection from any surviving members of the HUF, transmission should 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

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

In line with Best Practice Guidelines issued by AMFI dated 24th January 2018, in case of death of sole unitholder in a Close Ended Scheme the claimant (i.e legar heir/nominee) shall be able to withdraw the investment only after the maturity period of scheme.

LISTING AND TRANSFER OF UNITS

LISTING

The units of the close ended schemes are listed. The units are listed on the BSE. The In – principle approval from BSE was taken for listing of units of the scheme. Buying or selling of Units by investors can be made from the secondary market on the BSE. Units can be bought or sold like any other listed stock on the Exchange at market prices. The



minimum number of Units that can be bought or sold on the Exchange is 1 (one) unit. Investors can purchase Units at market prices, which may be at a premium/discount to the NAV of the Scheme depending upon the demand and supply of Units at BSE or BSE. Unitholders who wish to trade in units would be required to have a demat account. All investors may buy/sell Units on BSE on all the trading days of BSE as per the settlement cycle of the Stock Exchange.

Since the close ended Schemes are listed, for declaration of dividend, the Scheme shall follow the requirements stipulated in the listing agreement.

Although Units of close ended schemes are listed on BSE, there can be no assurance that an active secondary market will develop or be maintained. Trading on BSE may be halted because of market conditions or for reasons that in the view of the market authorities or SEBI, trading in the Units is not advisable. There can be no assurance that the requirements of the market necessary to maintain the listing of the Units will continue to be met or will remain unchanged. The AMC and the Trustees will not be liable for delay in trading of Units on BSE due to the occurrence of any event beyond their control.

TRANSFER

On listing, the units of close ended scheme / plan would be transferable. Transfers should be only in favour of transferees who are eligible for holding Units under the close ended Scheme. The AMC shall not be bound to recognise any other transfer. For effecting the transfer of Units held in electronic form, the Unitholders would be required to lodge delivery instructions for transfer of Units with the DP in the requisite form as may be required from time to time and the transfer will be effected in accordance with such rules/regulations as may be in force governing transfer of securities in dematerialised mode.

In accordance with SEBI circular number CIR/IMD/DF/10/2010 dated August 18, 2010 units of all the schemes of the IIFCL Mutual Fund (IDF) which are held in electronic (demat) form, will be transferable 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.

If a person becomes a holder of the Units consequent to operation of law, or upon enforcement of a pledge, the Fund will, subject to production of satisfactory evidence, effect the transfer, if the transferee is otherwise eligible to hold the Units. Similarly, in cases of transfers taking place consequent to death, insolvency etc., the transferee's name will be recorded by the Fund subject to production of satisfactory evidence.

PLEDGE OF UNITS FOR LOANS

The Units can be pledged by the Unitholders as security for raising loans subject to the conditions of the lending institution. The Registrar will take note of such pledge (by marking a lien etc.) / charge in its records. Disbursement of such loans will be at the entire discretion of the lending institution and the fund assumes no responsibility thereof.



The pledger 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. However, such redemption will be permitted only on maturity of the 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. Units held in electronic form can be pledged by completing the requisite forms/formalities as may be required by the Depository

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 Unitholders, without any further reference from the Unitholders. 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 Unitholders whose names appear on the Register of Unitholders on the respective maturity dates, at the prevailing NAV on that date.

DURATION AND WINDING UP OF SCHEME

The duration of the open ended / interval schemes of the Fund is perpetual while the close ended schemes have defined durations. The AMC, the Fund and the Trustee reserve the right to make such changes/ alterations to the Scheme (including the charging of fees and expenses) offered under its scheme information documents / offer documents to the extent permitted by the applicable Regulations. In case of close ended schemes, the Fund reserves the right to extend the Scheme / Plan(s) beyond its redemption date in accordance with Regulations. In such an event the Unitholder shall be given an option to either sell back the Units to the Fund or to continue in the Scheme / Plan(s). The Fund could also give the investor the option to switch the repurchase proceeds into any other eligible Scheme of the Mutual Fund launched or in operation at that time. The extension of the period of the Plan(s) / Scheme beyond final redemption date/s or roll over of the Plan(s) / Scheme shall be in accordance with Regulations. The Fund may also convert the Scheme after the final Redemption date into an open-end Scheme and this shall be in accordance with the Regulations.

However, in terms of the Regulations, a Scheme may be wound up after repaying the amount due to the Unitholders:

1. On completion of the Scheme or on expiry of such date beyond final redemption date as may be decided by the Trustee.
2. On happening of any event, which in the opinion of the Trustee, requires the Scheme to be wound up, or
3. If at the end of maturity of the debt securities in which investments are made by the scheme of IIFCL – MF there are not sufficient number and type of eligible securities matching the remaining tenor of the scheme, or



4. If seventy five percent (75%) of the Unitholders of the Scheme pass a resolution that the Scheme be wound up, or
5. If SEBI so directs in the interest of the Unitholders.

Where the Scheme is so wound up, the Trustee shall give notice of the circumstances leading to the winding up of the Scheme to:

1. SEBI and
2. in two daily newspapers with circulation all over India and in one vernacular newspaper with circulation where the office of the Mutual Fund is situated.

On and from the date of the publication of notice of winding up, the Trustee or the Investment Manager, as the case may be, shall:

1. cease to carry on any business activities in respect of the Scheme so wound up;
2. cease to create or cancel Units in the Scheme;
3. cease to issue or redeem Units in the Scheme.

Procedure and manner of Winding up

- The Trustee shall call a meeting of the Unitholders to approve by simple majority of the Unitholders present and voting at the meeting for authorising the Trustee or any other person to take steps for the winding up of the Scheme. Provided that a meeting shall not be necessary if the Scheme is wound up at the end of the maturity period.
- The Trustee or the person authorised above, shall dispose of the assets of the Scheme concerned in the best interest of the Unitholders of the Scheme.
- The proceeds of sale realised in pursuance of the above, shall be first utilised towards discharge of such liabilities as are due and payable under the Scheme, and after meeting the expenses connected with such winding up, the balance shall be paid to Unitholders in proportion to their respective interest in the assets of the Scheme, as on the date the decision for winding up was taken.
- On completion of the winding up, the Trustee shall forward to SEBI and the Unitholders a report on the winding up, detailing the circumstances leading to the winding up, the steps taken for disposal of the assets of the Scheme before winding up, net assets available for distribution to the Unitholders and a certificate from the auditors of the Fund.
- Notwithstanding anything contained hereinabove, the application of the provisions of SEBI (Mutual Funds) Regulations, 1996 in respect of disclosures of half yearly reports and annual report shall continue until winding up is completed or the Scheme ceases to exist.
- After the receipt of the report referred above, if SEBI is satisfied that all measures for winding up of the Scheme have been completed, the Scheme shall cease to exist.

SUSPENSION OF REDEMPTION / REPURCHASE OF UNITS AND DIVIDEND DISTRIBUTION

The Mutual Fund at its sole discretion reserves the right to withdraw repurchase or switching of Units of the Scheme, 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. However, the suspension of repurchase/switching either temporarily or indefinitely will be with the approval of the trustee. The AMC reserves the right in its sole discretion to withdraw the facility of



switching out of the Scheme, temporarily or indefinitely. Further, the AMC & Trustee may also decide to temporarily suspend determination of NAV of the Scheme offered under this Document, and consequently 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.
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 Unitholders.
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 to the interests of the Unitholders of the Scheme.
5. In case of natural calamities, strikes, riots and bandhs.
6. In the event of any force majeure or disaster that affects the normal functioning of the AMC or the Registrar.
7. During the period of Book Closure.
8. If so directed by SEBI.

In the above eventualities, the time limits indicated above, for processing of requests for 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. The suspension or restriction of repurchase/redemption facility under the scheme shall be made applicable only after the approval of the Board of Directors of the Asset Management Company and the Trustee and the details of the circumstances and justification for the proposed action shall be informed to SEBI in advance.

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. Unitholders who wish to exit may do so through the Stock Exchange mode.

C. General Information

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.



SECURITIES LENDING AND BORROWING BY THE MUTUAL FUNDS

Subject to the SEBI Regulations, the Mutual Fund may, engage in Securities Lending. 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. Securities Lending means the 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. The securities lent will be returned by the borrower on the expiry of the stipulated period. 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. As with other modes of extensions of credit, there are risks inherent to securities 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 protecting the interests of the investors, 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.

BORROWING BY THE MUTUAL FUND

Under the Regulations, the Fund is allowed to borrow to meet its 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. 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 Trustees. However, as per SEBI vide its letter no. SEBI/HO/IMD/DF2/PW/P/2019/4263/1 dated 21st February, 2019 to AMFI has stated that “the cost of borrowings by mutual fund scheme in terms of SEBI (Mutual Fund) Regulations,



1996 would be adjusted against the portfolio yield and the cost of borrowings in excess of the portfolio yield, if any shall be borne by AMC.”

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.

Associate Transactions

Investment in Group Companies

IIFCL Mutual Fund (IDF) has, till date, not made investment in any of its Group Companies.

Additional Information pertaining to Dealing with associates

The AMC has entered into premise sharing agreement with its parent company IIFCL. Services of the group /associate companies have been used for outsourcing of certain other activities such as Human Resource, Administration, Advisory etc. (not an exhaustive list of activities).

Documents Available for Inspection

The following documents will be available for inspection at the Registered & Corporate Office of IAMCL at 5th Floor, Office Block-02, Plate A, NBCC Tower, East Kidwai Nagar, New Delhi-110023 ,CIN : U65991DL2012GOI233601 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
- Consent of Legal Advisors 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.

Investor Grievances Redressal Mechanism

The Fund believes in providing the investors with a superior service to make the investors' experience in dealing with the Fund an efficient and satisfactory one. In order to achieve



these goals, the Fund has set up an Investor Service Cell that ensures prompt response to all investor queries and grievances. For any queries, complaints or grievances, the investor can contact the Investor Service Cell at the following address:

Investor Services,
IIFCL Mutual Fund (IDF)
Ajay Pal Singh Saini
Head Company Secretariat & Compliances
5th Floor, Block-02, Plate A, NBCC Tower,
East Kidwai Nagar, New Delhi -110023
Phone Number: 91 11 24665900-10
E-mail: complianceofficer@iifclmf.com

There is no complaint history in last three years which needs to be disclosed.

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



Registered & Corporate Office Address:

IIFCL Asset Management Company Limited (IAMCL)
{ Asset Management Company to IIFCL Mutual Fund (IDF) }
Corporate Office: 5th Floor, Office Block-02, Plate A, NBCC Tower
East Kidwai Nagar, New Delhi-110023
Ph. 011-24665900-10
www.iifclmf.com
CIN: U65991DL2012GOI233601