

## **IDFC Mutual Fund**

**Sponsor: Infrastructure Development Finance Company Limited (IDFC)**

**Investment Manager: IDFC Asset Management Company Limited**

**Trustee: IDFC AMC Trustee Company Limited**

### **STATEMENT OF ADDITIONAL INFORMATION (SAI)**

This Statement of Additional Information (SAI) contains details of IDFC Mutual Fund (IDFCMF), its constitution, and certain tax, legal and general information. It is incorporated by reference (is legally a part of the Scheme Information Documents of IDFC Mutual Fund).

This SAI is dated December 19, 2011

## I. INFORMATION ABOUT SPONSOR, AMC AND TRUSTEE COMPANIES

### A. Constitution of the Mutual Fund

IDFC Mutual Fund (“the Mutual Fund” or “the Fund”) previously known as Standard Chartered Mutual Fund (which was earlier known as ANZ Grind lays Mutual Fund) had been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated December 29, 1999. The office of the Sub-Registrar of Assurances at Mumbai had registered the Trust Deed establishing the Fund under the Registration Act, 1908. The Fund was registered with SEBI vide registration number MF/042/00/3 dated March 13, 2000. A deed of amendment to the Trust Deed has been executed and registered to recognize the change in sponsor of the Mutual Fund. The deed of variation to the Trust Deed, dated May 30<sup>th</sup> 2008, made IDFC the sponsor of the Mutual Fund and IDFC AMC Trustee Company Limited, the Trustee. The Trust has been formed for the purpose of pooling of capital from the public for collective investment in securities / any other property for the purpose of providing facilities for participation by persons as beneficiaries in such properties/ investments and in the profits / income arising there from.

IDFC / its nominees acquired 100% equity shares of the Asset Management Company and the Trustee Company and further contributed an amount of Rs.10, 000/- to the corpus of the Fund (the total contribution of the sponsors till date including this contribution, stands at Rs. 30,000). Natixis Global Asset Management Asia Pte. Ltd., a Singapore Limited company, which is a 100% indirect subsidiary of Natixis Global Asset Management (“NGAM”) has acquired on December 8, 2011, 25% of the total issued and paid up equity share capital plus one equity share in each of IDFC Asset Management Co. Ltd and IDFC AMC Trustee Company Ltd respectively.

### B. Sponsor

IDFC Mutual Fund is sponsored by Infrastructure Development Finance Company Limited (IDFC). The sponsor is the settler of the Mutual Fund Trust. The sponsor has entrusted a sum of Rs. 30,000 to the Trustees as its contribution towards the corpus of the Mutual Fund.

IDFC is a leading diversified financial institution providing a wide range of financing products and fee-based services with infrastructure as its focus area. IDFC’s key businesses include project finance, investment banking, asset management, principal investments and advisory services. IDFC also works closely with government entities and regulators in India to advise and assist in formulating policy and regulatory frameworks that support private investment and public-private partnerships in infrastructure development.

IDFC was established in 1997 as a private sector enterprise by a consortium of public and private investors and operates as a professionally managed commercial entity. IDFC listed its equity shares in India pursuant to an initial public offering in August 2005. As on March 31, 2011, IDFC’s shareholders included the Government of India – 17.89%, FII/FDI – 51.10% and public / others – 31.01%. As on March 31, 2011, IDFC had an asset base of over USD 10.62billion, net worth of USD 2.48billion and market capitalization of Rs 5.07billion (calculate at USD = Rs. 44.5875.)

Financial Performance of the Sponsor (past three years)

(Rs.in crores):

Particulars	31.03.11	31.03.10	31.03.09
Net Worth	11,070.15	6823.11	6029.19
Total Income	4,560.35	3597.11	3322.70

Profit after tax	1277.15	1012.84	735.91
Assets Under Management	33076	35408	24018

### C. The Trustee

ANZ Trustee Company Private Limited, a company registered under the Companies Act, 1956, was established by Australia and New Zealand Banking Group (ANZ) and had been appointed as the Trustee of ANZ Grindlays Mutual Fund vide Trust Deed dated December 29, 1999, as amended from time to time. ANZ sold the mutual fund business to Standard Chartered Bank (SCB) in 2001, pursuant to which SCB held 100% stake in the equity share capital of the Trustee Company. SCB agreed to sell the business to Infrastructure Development Finance Company Limited (IDFC) in 2008. Pursuant to the transaction, IDFC/ its nominees hold 100% of the shares of the Trustee Company. The company has now been renamed as IDFC AMC Trustee Company Limited (which was earlier known as IDFC AMC Trustee Company Private Limited).

On December 8, 2011, the sponsor, IDFC Ltd which is also the shareholder of IDFC Asset Management Company Limited (AMC), sold 25% of the total issued and paid up equity share capital plus one equity share in IDFC AMC Trustee Company Limited to NGAM Asia, a Singapore Limited company, which is a 100% indirect subsidiary of NGAM. NGAM is an international asset management group with assets under management of US\$719 billion as of December 31, 2010. Headquartered in Paris, France, NGAM is a multi-boutique firm, with more than 20 independent investment affiliates offering a comprehensive range of products across all asset classes, styles and geographic zones to institutional and individual investors. In addition, NGAM possesses a proprietary distribution network to distribute its affiliate products in Europe, the Middle East, the Americas and Asia.

NGAM is owned by Natixis, a French investment banking and financial services firm. Natixis is principally owned by BPCE, France's second largest banking group. BPCE is owned by banks comprising two autonomous and complementary retail banking networks consisting of the Caisse d'Epargne regional savings banks and the Banque Populaire regional cooperative banks.

After the sale, the sponsor/shareholder shall hold 74.998% and NGAM through its wholly-owned subsidiary NGAM Asia shall hold 25.002%, of the equity share capital of the Trustee Company. The company shall through its Board of Directors discharge its obligation as Trustee of IDFC Mutual Fund. The Trustee ensures that the transactions entered into by the AMC are in accordance with the SEBI Regulations and will also review the activities carried on by the AMC. The Trustee Company through its Board of Directors discharge its obligation as Trustee of IDFC Mutual Fund. The Trustee ensures that the transactions entered into by the AMC are in accordance with the SEBI Regulations and will also review the activities carried on by the AMC.

Details of Trustee Directors:

Name	Age/Qualification	Brief Experience
<b>Mr. Jamsheed Kanga</b>	80 Years / M.A, LLB, Masters in Public Administration (MPA), Harvard,	In his career as an I A S officer, he held various important positions including that of Managing Director, Maharashtra State Agro Industries Development Corporation and Maharashtra State

	USA Retired IAS Officer	Tourism Development Corporation, Joint Secretary, Finance Department, Maharashtra State, Joint Secretary (Projects & Finance), Department of Atomic Energy, Secretary to Government of Maharashtra, Municipal Commissioner, Bombay Municipal Corporation, Chairman and Managing Director, Export Credit Guarantee Corporation of India in the rank of Secretary to Government of India. After retirement, he had been the Vice-Chairman and Managing Director of Tata Housing Development Co. Limited and now is a Senior Corporate Advisor to Tata Housing Development Co. Limited from April 1997. He is also a Consultant to Forbes Gokak Limited.
<b>Mr. Dattatraya M. Sukthankar</b>	79 Years / M.Com, Retired IAS Officer	<p>In his career spanning over 34 years till 1990 as an IAS Officer, he had held very important portfolios in the Govt. of Maharashtra including that of Secretary, Education Department, Secretary, Industries Dept, Metropolitan Commissioner, Municipal Commissioner, Greater Bombay, and finally as Chief Secretary to the Govt. of Maharashtra. He was also the Secretary, Ministry of Urban Development, Govt. of India for two years.</p> <p><b>Other Directorships :</b></p> <ol style="list-style-type: none"> <li>1.Housing Development Finance Corporation Limited</li> <li>2..Phoenix Township Limited</li> <li>3.Indoco Remedies Limited</li> <li>4.HDFC Developers Limited</li> <li>5.Sangit Mahabharati, Mumbai-Vice Chairman</li> <li>6.The Society for Recycling of Waste of Recoverable Disposal (REWARD), Mumbai- Board of Trustees/Management</li> <li>7.The Electoral Trust, Mumbai- Board of Trustees/Management</li> </ol>
<b>Mr. Sunil Kakar</b>	54 years/ MBA in Finance from XLRI and a degree in engineering from IIT Kanpur.	Prior to joining IDFC, Mr. Kakar worked with Max New York Life Insurance Company since 2001, as CFO. He led numerous initiatives including Planning, Investments / Treasury, Finance and Accounting, Budgeting and MIS, Regulatory Reporting and Taxation. As part of the start-up team in Max New York Life, Mr. Kakar was part of the core group

		<p>responsible for the successful development of the insurance business.</p> <p>In his previous assignment, he worked with Bank of America for 18 years in various roles, covering Business Planning &amp; Financial Control, Branch Administration and Operations, Market Risk Management, Project Management and Internal Controls. As a CFO from 1996 to 2001, Mr. Kakar spearheaded the Finance function at Bank of America.</p> <ul style="list-style-type: none"> <li>• <b>Other Directorships</b></li> <li>• IDFC Pension Fund Management Company Limited</li> <li>• Indian commodities Exchange Limited</li> <li>• IDFC Investment Advisors Limited</li> <li>• IDFC Capital Limited</li> <li>• IDFC Securities Limited</li> <li>• IDFC Projects Limited</li> <li>• IDFC Projects Equity Limited</li> <li>• IDFC Finance Limited</li> <li>• Dheeru Powergen Limited</li> <li>• Jetpur Somnath Tollways Limited</li> <li>• IDFC Distribution Company Limited</li> <li>• IDFC Private Equity Company Limited</li> <li>• IDFC Foundation</li> <li>• IDFC AMC Trustee Company Limited</li> <li>• Uniquist Infra Ventures Private Limited</li> </ul>
<p><b>Mr.Geoffroy Sartorius</b></p>	<p>54 years/ Ecole Polytechnique and Ecole Nationale de La Statistique et de l'Administration Economique – ENSAE</p>	<p>Mr.Geoffroy Sartorius has been associated with Natixis Global Asset Management (NGAM) since June 2008 as Deputy CEO and group CFO. He led numerous initiatives in the field of Finance and accounting, Tax Planning, relationship with Shareholders Acquisitions etc.</p> <p>In his previous assignment, he worked with Ixis Capital Markets/Natixis for the period September 2004-June 2008 as Chief Financial Officer/Deputy Chief Financial Officer. He led numerous initiatives Finance and accounting, relationship with rating agencies, oversight of investments within the group, Tax planning, Relationship with the regulators prior to which he was the Head – Money market and government bonds with Ixis Capital markets (ICM). He was also the Head – Capital markets with Caisse Nationale Des Caisses d'Epargne (CNCE) wherein he had an oversight over 40 traders and was also responsible for business development.</p> <p><b>Other Directorships</b></p>

		<ul style="list-style-type: none"> <li>• Natixis Asset Management</li> <li>• Natixis Multi Manager</li> <li>• Dorval</li> <li>• Natixis Global Asset Management Participations 1</li> <li>• Natixis Global Asset Management Participations 2</li> <li>• Kennedy Financmeent Luxembourg</li> <li>• Natixis Global Asset Management Participations 3</li> <li>• Natixis Captiva Partners</li> </ul>
<b>Mr. Venkatesan Sridar</b>	63 years/ Master of Science in Nuclear Physics and post graduate in Management Science from Jammalal Bajaj Institute of Management, Mumbai.	<p>He is the full time Advisor to Ernst &amp; Young Pvt. Ltd., Mumbai since 2008. Prior to this role, he was the Managing Director of State Bank of India from 2005 to 2008 and responsible for overall superintendence and control over the affairs of the Bank. Prior to this, he was the Managing Director of SBI (Indore) from 2004 to 2005.</p> <p><b>Other Directorships:</b></p> <ol style="list-style-type: none"> <li>1. Speciality Restatuants Limited</li> <li>2. Sayaji Hotels Limited</li> <li>3. Amartex Limited</li> <li>4. Surya Roshi Limited</li> <li>5. JSPL Stainless Ltd.</li> <li>6. Abhishekh Power Ltd.</li> <li>7. IDFC Securities Limited</li> </ol>
<b>Mr. Tara Sankar Bhattacharya</b>	64 years/ BSC and Chartered Accountant	<p>Mr. Venketesan Sridar was the CMD of UCO Bank Kolkata from Dec 2004 until July 2007 and was responsible for Overall development of the Bank. Prior to this, he was the CMD of National Housing Bank, Delhi and responsible for overall development of the Housing Finance Market and supervision of HFC's. Prior to this he was the Executive Director of UCO Bank, Kolkata between Dec 2000 to Nov 2002.</p> <p><b>Other Directorships:</b></p> <ol style="list-style-type: none"> <li>1. STCI Finance Ltd (Erstwhile Securities Trading Corporation of India Ltd )</li> <li>2. STCI Primary Dealers Ltd</li> <li>3. Seshasayee Paper and Board Ltd</li> <li>4. Ponni Sugars (Erode) Ltd</li> <li>5. Morpheus Capital Advisors P Ltd</li> <li>6. ICICI Bank Ltd</li> <li>7. Lanco Tanjore Power Co Ltd</li> <li>8. Lanco Vidarbha Thermal Power Co Ltd</li> <li>9. Sarda Metals and Alloys Ltd</li> <li>10. Hindustan National Glass Industries Ltd</li> </ol>

		11. SPBI Paper Ltd 12. SICOM Ltd
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**Rights, Obligations, Responsibilities and Duties of the Trustee under the Trust Deed and the Regulations:**

Pursuant to the Trust Deed dated December 29, 1999 (as amended from time to time) constituting the Mutual Fund and in terms of the Regulations, the rights, obligations, responsibilities and duties of the Trustee are as follows:

1. The Trustee shall have a right to obtain from the AMC such information as is considered necessary by it.
2. The Trustee shall ensure before the launch of any Scheme that the Asset Management Company has:
  - a. Systems in place for its back office, dealing room and accounting;
  - b. Appointed all key personnel including fund manager(s) for the Scheme(s) and that the trustees are satisfied with the adequacy of number of key personnel considering the size of the mutual fund and the proposed Scheme;
  - c. Appointed auditors to audit the accounts of the Schemes;
  - d. Appointed a compliance officer who shall be responsible for monitoring the compliance of the act, rules and regulations, notification, Guidelines, instructions etc. issued by the Board or the Central Government and for redressal of investors grievances.
  - e. Appointed registrars and laid down parameters for their supervision and periodical inspections;
  - f. Prepared a compliance manual which is updated by including all the provisions of regulations and guidelines issued by SEBI from time to time and designed internal control mechanisms including internal audit systems commensurate with the size of the mutual fund;
  - g. Specified norms for empanelment of brokers and marketing agents.
  - h. Obtained, wherever required under these regulations, prior in principle approval from the recognised stock exchange(s) where units are proposed to be listed.
3. The Trustee shall ensure that the AMC has been diligent in empanelling the brokers, in monitoring securities transactions with brokers and avoiding undue concentration of business with any broker.
4. The Trustee is required to ensure that the AMC has not given any undue or unfair advantage to any associate or dealt with any of the associates of the AMC in any manner detrimental to the interests of the Unitholders.
5. The Trustee is required to ensure that the transactions entered into by the AMC are in accordance with the Regulations and the Scheme.
6. The Trustee is required to ensure that the AMC has been managing the Scheme (s) independently of other activities and has taken adequate steps to ensure that the interest of investors of one Scheme are not compromised with those of any other Scheme or of other activities of the AMC.

7. The Trustee is required to ensure that all the activities of the AMC are in accordance with the provisions of the Regulations.
8. Where the Trustee has reason to believe that the conduct of the business of the Fund is not in accordance with these Regulations and the Scheme it is required to take such remedial steps as are necessary by it and to immediately inform SEBI of the violation and the action taken by it.
9. Each Director of the Trustee is required to file with the Trust the details of his transactions of dealings in securities on a quarterly basis.
10. The Trustee is accountable for and is required to be the custodian of the Fund's property of the respective Scheme and to hold the same in trust for the benefit of the Unitholders in accordance with the Regulations and the provisions of the Trust Deed.
11. The Trustee is required to take steps to ensure that the transactions of the Fund are in accordance with the provisions of the Trust Deed.
12. The Trustee is responsible for the calculation of any income due to be paid to the Fund and also of any income received in the Mutual Fund for the holders of the Units of any Scheme in accordance with the Regulations and the Trust Deed.
13. The Trustee is required to obtain the consent of the Unitholders of a Scheme:
  - a. When the Trustee is required to do so by SEBI in the interest of the Unitholders of that Scheme, or
  - b. Upon a requisition made by three-fourths of the Unitholders of any Scheme under the Fund for that Scheme, or
  - c. If a majority of the Trustees decide to wind up the Scheme or prematurely redeem the Units.
14. The Trustee is required to 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 affect the interest of Unitholders, shall be carried out unless,
  - a. a written communication about the proposed change is sent to each Unitholder 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
  - b. the Unitholders are given an option to exit at the prevailing net asset value without any exit load.
15. The Trustee is required to call for the details of transactions in securities by the directors and key personnel of the AMC in their own names or on behalf of the AMC and report the same to SEBI as and when called for.
16. The Trustee is required to review quarterly, all transactions carried out between the Fund, the AMC and its associates.
17. The Trustee is required to review quarterly, the net worth of the AMC and in case of any shortfall ensure that the AMC makes up for the shortfall as per clause (f) of sub regulation (1) of Regulation 21 of the Regulations.
18. The Trustee is required to periodically review all service contracts such as custody arrangements and transfer agency, and satisfy itself that such contracts are executed in the interest of the Unitholders.
19. The Trustee is required to ensure that there is no conflict of interest between the manner of deployment of its net worth by the AMC and the interest of the Unitholders.



20. The Trustee is required to periodically review the investor complaints received and the redressal of the same by the AMC.
21. The Trustee is required to abide by the Code of Conduct as specified in the Fifth Schedule of the Regulations.
22. No amendment to the trust deed shall be carried out without the prior approval of SEBI and unitholders approval would be obtained where it affects the interest of the unitholders.
23. The Trustee has to furnish to SEBI on a half yearly basis:
  - a. a report on the activities of the Fund;
  - b. a certificate stating that the Trustees have satisfied themselves that there have been no instances of self dealing or front running by any of the directors of the Trustee Company, directors and key personnel of the AMC;
  - c. a certificate to the effect that the AMC has been managing the Schemes independently of any other activities and in case any activities of the nature referred to in Regulations 24, sub regulation (2) of the Regulations have been undertaken, the AMC has taken adequate steps to ensure that the interest of the Unitholders is protected.
24. The independent Directors of the Trustee are required to give their comments on the report received from the AMC regarding the investments by the Mutual Fund in the securities of the group companies of the Sponsors.

**General Due Diligence:**

25. The Trustee shall be discerning in the appointment of the directors of the Asset Management Company.
26. The Trustee shall review the desirability of continuance of the AMC if substantial irregularities are observed in any of the Schemes and shall not allow the AMC to float any new Schemes.
27. The Trustee shall ensure that all service providers are holding appropriate registrations from SEBI or the concerned regulatory authority.
28. The Trustee shall arrange for test checks of service contracts.
29. The Trustee shall immediately report to SEBI of any special developments in the mutual fund.

**Specific Due Diligence:**

30. The Trustee shall:
  - a. Obtain internal / concurrent audit reports at regular intervals from independent auditors appointed by the Trustee.
  - b. Obtain compliance certificates at regular intervals from the AMC.
  - c. Hold meeting of Trustees more frequently and at least six such meetings shall be held in every year.
  - d. Consider the reports of the independent auditor and compliance reports of the AMC at the meetings of the Trustee for appropriate action.
  - e. Maintain records of the decisions of the Trustees at their meetings and of the minutes of the meetings.
  - f. Prescribe and adhere to the code of ethics by the Trustees, AMC and its personnel.

- g. Communicate in writing to the AMC of the deficiencies and checking on the rectification of deficiencies. Notwithstanding anything contained in sub-regulations (1) to (25), the trustees shall not be held liable for acts done in good faith if they have exercised adequate due diligence honestly.
31. The independent directors of the Trustee or AMC shall pay specific attention to the following, as may be applicable, namely:
- a. The Investment Management Agreement and the compensation paid under the agreement.
  - b. Service contracts with affiliates; whether the AMC has charged higher fees than most contractors for the same services.
  - c. Selection of the AMC's independent Directors.
  - d. Securities transactions involving affiliates to the extent such transactions are permitted.
  - e. Selecting and nominating individuals to fill independent directors' vacancies.
  - f. Ensure that the Code of Ethics is designed to prevent fraudulent, deceptive or manipulative practices by insiders in connection with personal securities transactions.
  - g. Ensure the reasonableness of fees paid to Sponsor, the AMC and any others for services provided.
  - h. Review principal underwriting contracts and their renewals.
  - i. Review any service contract with the associates of the AMC.

Notwithstanding anything contained in the Regulations, the Trustee and its Directors shall not be held liable for acts done in good faith if they have exercised adequate due diligence honestly.

### **Supervisory role of the Trustee**

From April 1, 2011 till date, four meetings of the Directors of the Trustee were held. The Trustee's supervisory role is discharged interalia by reviewing the activities of the Asset Management Company through perusal of the Half-Yearly and Annual Accounts of the Fund and the Bi-monthly, Quarterly and Half-Yearly compliance reports. Further, the Audit Committee of the Trustee has been set up which reviews reports being submitted by the Concurrent Auditors of the Fund

### **D. Asset Management Company**

IDFC Asset Management Company Limited (which was earlier known as IDFC Asset Management Company Private Limited), a company incorporated under the Companies Act, 1956 on May 27<sup>th</sup> 2008, having its Registered Office at One India Bulls Centre, 841, Jupiter Mills Compound, Senapati Bapat Marg, Elphinstone Road, (West), Mumbai 400 013 is the Asset Management Company of IDFC Mutual Fund. It had been appointed as the investment manager of the Mutual Fund vide a deed of variation to the Investment Management Agreement, dated May 30<sup>th</sup> 2008. The Deed of variation to the IMA was entered into between IDFC Asset Management Company Limited and IDFC AMC Trustee Company Limited.

The Company originally known as ANZ Grindlays Asset Management Company Private Limited, was established by Australia and New Zealand Banking Group (ANZ), and had been appointed by the Trustee to act as the Investment Manager of the ANZ Grindlays Mutual Fund vide the Investment Management Agreement dated January 3, 2000. Consequent to sale of business by ANZ to Standard Chartered Bank (SCB) in 2001, 75% stake in the equity share capital of the AMC and 100% stake in the Preference Share

Capital of the AMC had been transferred to SCB. IDFC acquired the equity and preference shares held by SCB in the Asset Management Company Private Limited (AMC) on May 30<sup>th</sup> 2008. IDFC also acquired the equity shares held by minority shareholders in the AMC. On December 8, 2011, NGAM Asia, a Singapore Limited company, which is a 100% indirect subsidiary of NGAM, acquired 25% of the total issued and paid up equity share capital plus one equity share in each of IDFC Asset Management Co. Ltd and IDFC AMC Trustee Company Ltd respectively.

NGAM is an international asset management group with assets under management of US\$719 billion as of December 31, 2010 Headquartered in Paris, France. NGAM, is a multi-boutique firm, with more than 20 independent investment affiliates offering a comprehensive range of products across all asset classes, styles and geographic zones to institutional and individual investors. In addition, NGAM possesses a proprietary distribution network to distribute its affiliate products in Europe, the Middle East, the Americas and Asia.

NGAM is owned by Natixis, a French investment banking and financial services firm. Natixis is principally owned by BPCE, France's second largest banking group. BPCE is owned by banks comprising two autonomous and complementary retail banking networks consisting of the Caisse d'Epargne regional savings banks and the Banque Populaire regional cooperative banks.

IDFC Asset Management Company Limited through its subsidiary IDFC Investment Advisors Ltd. acts as a Portfolio Manager and is registered with SEBI under the SEBI (Portfolio Managers) Regulation Act, 1993. The SEBI registration number is INP000002064. IDFC Investment Advisors Ltd is also Investment Manager to registered Venture Capital Fund - IDFC SPICE Fund. IDFC Asset Management Company Limited through its subsidiary, IDFC Pension Fund Management Company Ltd acts as a pension fund manager to the New Pension Schemes. All these activities are not in conflict with the activities of the mutual fund.

#### Shareholding pattern of the AMC:

Shareholder	Percentage
IDFC / persons / entities nominated by IDFC	74.998%
Natixis Global Asset Management Asia Pte. Ltd.	25.002%

#### Details of the AMC Directors:

Name	Age/Qualification	Brief Experience
<b>Dr. Rajiv Lall</b>	54 Years / B.A.(Hons) with Politics, Philosophy, Economics from Oxford University, UK. Ph. D. with Economics from University of Columbia, USA.	He is the Managing Director and Chief Executive Officer of Infrastructure Development Finance Company Limited (IDFC), the sponsor of IDFC Mutual Fund. He is also the Chairman of the Board of Directors of IDFC Asset Management Company Limited. Prior to IDFC, he was a partner at Warburg Pincus. Prior to which he was with Morgan Stanley Asia Limited, Hong Kong as Executive Director. He had also been with the World Bank, Washington DC for a period of 8 Years, as Senior Economist for China.

		<p><b>Other Directorships :</b>  Infrastructure Development Finance Company Limited</p> <ol style="list-style-type: none"> <li>1. IDFC Trustee Company Ltd</li> <li>2. Infrastructure Development Finance Company Limited</li> <li>3. IDFC Private Equity Company Limited</li> <li>4. IDFC Securities Limited</li> <li>5. IDFC Project Equity Company Limited</li> <li>6. National Securities Depository Limited</li> <li>7. National Stock Exchange of India Limited</li> <li>8. Delhi Integrated Multi-Modal Transit System Limited</li> <li>9. IDFC Asset Management Company Ltd</li> <li>10. Greatship (India) Limited</li> <li>11. Uniquet Infra Ventures Private Limited</li> </ol>
<b>Mr. Pradip Madhavji</b>	75 Years / B.A, B.Com, LLB	<p>He was the Chairman of Thomas Cook (India) Limited and was responsible for enhancing its position externally, through further strengthening the company's relationships with business partners, trade bodies and associates. He had been with Thomas Cook since 1977 and had held senior positions as Managing Director in 1979, Deputy Chairman &amp; Managing Director in 1982, Executive Chairman in 1993 and was the Chairman since 1995. Prior to this he was with Dena Bank for over 18 years.</p> <p><b>Other Directorships :</b></p> <ol style="list-style-type: none"> <li>1. Kishco Cutlery Limited</li> <li>2. United Phosphorus Limited</li> <li>3. Parmananddas Jivandas Hindu Gymkhana – Trustee</li> <li>4. Australia New Zealand Business Association In India</li> <li>5. India Beachheads Advisory Board</li> </ol>
<b>Mrs. Bakul Patel</b>	73 Years / B.Sc. (Microbiology & Chemistry), Master of Social Work, (Tata Institute of Social Sciences, Bombay), Chartered Secretary, Chartered Institute of Companies Secretary, U.K.	<p>She is a Chartered Secretary from the Chartered Institute of Company Secretaries, U.K. She was the Sheriff of Mumbai from 1992 – 1993. She is a Member of Zonal Advisory Board, Western Zone, Life Insurance Corporation of India and Western Regional Advisory Committee, Industrial Development Bank of India. She was a member on the Indian Advisory Board, Standard Chartered Grindlays Bank Limited and the Chairperson of Maharashtra State Financial Corporation from 1992 to 1995.</p> <p><b>Other Directorships :</b></p> <ol style="list-style-type: none"> <li>1. Neo Indcom Consultancy Pvt. Limited</li> <li>2. Bay Petroplast Pvt. Limited</li> </ol>

		<p>3. M/s Merchant Media Pvt. Limited</p> <p>4. Dynamic Advertising &amp; Research Team Pvt. Limited</p> <p>5. Vinyl Processors &amp; Co.</p>
<p><b>Mr. Vikram Limaye</b></p>	<p>45 Years / Chartered Accountant and MBA (Wharton School of University of Pennsylvania)</p>	<p>Vikram Limaye is the Executive Director and a Member of the Board of Directors of IDFC. He has over 20 years of experience working with Global Investment Banks, International Commercial Banks and Global Accounting firms.</p> <p>Prior to joining IDFC, Mr. Limaye served Credit Suisse First Boston (CSFB) in U.S. in a variety of roles in investment banking, capital markets, structured finance and credit portfolio management. Having started his corporate career with Arthur Andersen in Mumbai, Mr. Limaye's previous experience includes working with the Business Advisory Services Group at Ernst and Young and the Global Consumer Banking Group at Citibank N.A.</p> <p>Mr. Limaye is a qualified Chartered Accountant and an MBA from the Wharton School of the University of Pennsylvania, U.S.A.</p> <p><b>Other Directorships :</b></p> <ol style="list-style-type: none"> <li>1. Infrastructure Development Finance Company Limited</li> <li>2. Asset Reconstruction Company (India) Limited</li> <li>3. E-Clerx Services Limited</li> <li>4. Human Value Developers Private Limited</li> <li>5. IDFC Capital Limited</li> <li>6. IDFC Investment Advisors Limited</li> <li>7. IDFC Pension Fund Management Company Limited</li> <li>8. IDFC Private Equity Company Limited</li> <li>9. IDFC Project Equity Company Limited</li> <li>10. IDFC Projects Limited</li> <li>11. IDFC Securities Limited</li> <li>12. IDFC Trustee Company Limited</li> <li>13. Orbis Capital Limited</li> <li>14. Securities Trading Corporation of India Limited</li> <li>15. Sharekhan Limited</li> <li>16. IDFC Asset Management Company Limited</li> </ol>
<p><b>Mr Eric Norman Ward</b></p>	<p>42 years / Corporate Lawyer (B.A., in history and French, DePauw University, J.D., Indiana)</p>	<p>Eric N. Ward is the Senior Vice President &amp; Deputy General Counsel of Natixis Global Asset Management, and is based in Boston, Massachusetts, USA. He is responsible for US and Asian legal affairs. Prior to joining Natixis Global Asset Management in 2004, he</p>

	University School of Law)	<p>was an Associate in the Corporate and Capital Markets departments of Linklaters, in the London and Paris offices, and Hughes Hubbard &amp; Reed LLP in New York City, practicing in the areas of securities and mergers and acquisitions transactions. In 1996 and 1997, he was a Legal Officer at the International Court of Justice in The Hague.</p> <p><b>Other Directorships :</b></p> <p>1. Absolute Asia Asset Management Limited.</p>
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**Duties and obligations of AMC:**

The Regulations and the Investment Management Agreement shall govern the duties and responsibilities of the AMC. The AMC, in the course of managing the affairs of the Mutual Fund, has the power, inter-alia:

- a. to invest in, acquire, hold, manage or dispose of all or any securities and to deal with, engage in and carry out all other functions and to transact all business pertaining to the Fund;
- b. to keep the moneys belonging to the Trust with scheduled banks and Custodians as it may deem fit;
- c. to issue, sell and purchase Units under any Scheme;
- d. to repurchase the Units that are offered for repurchase and hold, reissue or cancel them;
- e. to formulate strategies, lay down policies for deployment of funds under various Schemes and set limits collectively or separately for privately placed debentures, unquoted debt instruments, securitised debts and other forms of variable securities which are to form part of the investments of the Trust Funds;
- f. to arrange for investments, deposits or other deployment as well as disinvestments or refund out of the Trust Funds as per the set strategies and policies;
- g. to make and give receipts, releases and other discharges for money payable to the Trust and for the claims and demands of the Trust;
- h. to get the Units under any Scheme listed on any one or more stock exchanges in India or abroad;
- i. to open one or more bank accounts for the purposes of the Fund, to deposit and withdraw money and fully operate the same;
- j. to pay for all costs, charges and expenses, incidental to the administration of the Trust and the management and maintenance of the Trust property, Custodian and/or any other entities entitled for the benefit of the Fund, audit fee, management fee and other fees;
- k. to provide or cause to provide information to SEBI and the Unitholders as may be specified by SEBI; to generally do all acts, deeds, matters and things, which are necessary for any object, purpose or in relation to the IDFC Mutual Fund in any manner or in relation to any Scheme of the IDFC Mutual Fund.

**Obligations of the AMC, as specified in the SEBI (Mutual Funds) Regulations 1996 are as under:**

(1) The asset management company shall take all reasonable steps and exercise due diligence to ensure that the investment of funds pertaining to any scheme is not contrary to the provisions of these regulations and the trust deed.

(2) The asset management company shall exercise due diligence and care in all its investment decisions as would be exercised by other persons engaged in the same business.

(3) The asset management company shall be responsible for the acts of commissions or omissions by its employees or the persons whose services have been procured by the asset management company.

(4) The asset management company shall submit to the trustees quarterly reports of each year on its activities and the compliance with these regulations

(5) The trustees at the request of the asset management company may terminate the assignment of the asset management company at any time:

Provided that such termination shall become effective only after the trustees have accepted the termination of assignment and communicated their decision in writing to the asset management company.

(6) Notwithstanding anything contained in any contract or agreement or termination, the asset management company or its directors or other officers shall not be absolved of liability to the mutual fund for their acts of commission or omissions, while holding such position or office

(7) (a) An asset management company shall not through any broker associated with the sponsor, purchase or sell securities, which is average of 5% or more of the aggregate purchases and sale of securities made by the mutual fund in all its schemes.

Provided that for the purpose of this sub-regulation, aggregate purchase and sale of securities shall exclude sale and distribution of units issued by the mutual fund.

Provided further that the aforesaid limit of 5% shall apply for a block of any three months.

(b) An asset management company shall not purchase or sell securities through any broker [other than a broker referred to in clause (a) of sub-regulation (7)] which is average of 5% or more of the aggregate purchases and sale of securities made by the mutual fund in all its schemes, unless the asset management company has recorded in writing the justification for exceeding the limit of 5% and reports of all such investments are sent to the trustees on a quarterly basis.

Provided that the aforesaid limit shall apply for a block of three months.

(8) An asset management company shall not utilize the services of the sponsor or any of its associates, employees or their relatives, for the purpose of any securities transaction and distribution and sale of securities:

Provided that an asset management company may utilise such services if disclosure to that effect is made to the unit holders and the brokerage or commission paid is also disclosed in the half yearly annual accounts of the mutual fund.

[Provided further that the mutual funds shall disclose at the time of declaring half-yearly and yearly results;

- any underwriting obligations undertaken by the schemes of the mutual funds with respect to issue of securities associate companies,
- devolvement, if any,
- subscription by the schemes in the issues lead managed by associate companies
- subscription to any issue of equity or debt on private placement basis where the sponsor or its associates have acted as arranger or manager]<sup>22</sup>.

(9) The asset management company shall file with the trustees the details of transactions in securities by the key personnel of the asset management company in their own name or on behalf of the asset management company and shall also report to the Board, as and when required by the Board.

(10) In case the asset management company enters into any securities transactions with any of its associates a report to that effect shall be sent to the trustees at its next meeting

(11) In case any company has invested more than 5 per cent of the net asset value of a scheme, the investment made by that scheme or by any other scheme of the same mutual fund in that company or its subsidiaries shall be brought to the notice of the trustees by the asset management company and be disclosed in the half yearly and annual accounts of the respective schemes with justification for such investment provided the latter investment has been made within one year of the date of the former investment calculated on either side.

(12) The asset management company shall file with the trustees and the Board -

(a) detailed bio-data of all its directors alongwith their interest in other companies within fifteen days of their appointment; and

(b) any change in the interests of directors every six months.

(c) a quarterly report to the trustees giving details and adequate justification about the purchase and sale of the securities of the group companies of the sponsor or the asset management company as the case may be, by the mutual fund during the said quarter.

(13) Each director of the Asset Management Company shall file the details of his transactions of dealing in securities with the trustees on a quarterly basis in accordance with guidelines issued by the Board.

(14) The asset management company shall not appoint any person as key personnel who has been found guilty of any economic offence or involved in violation of securities laws.

(15) The asset management company shall appoint registrars and share transfer agents who are registered with the Board.

Provided if the work relating to the transfer of units is processed in-house, the charges at competitive market rates may be debited to the scheme and for rates higher than the competitive market rates, prior approval of the trustees shall be obtained and reasons for charging higher rates shall be disclosed in the annual accounts.

(16) The asset management company shall abide by the Code of Conduct as specified in the Fifth Schedule.

**Information on Key Personnel:**



<b>Name/Designation</b>	<b>Age/Qualification</b>	<b>Brief Experience</b>
Mr. Naval Bir Kumar President & CEO	46 Years / PGDM – IIM Calcutta, BA - Mathematics (Bombay University)	He is the President & CEO of IDFC Asset Management Company Limited. He has over 22 years of experience in Capital Markets. Prior to this he was Director & Head Originations of Global Capital Markets for ANZ Investment Bank. In this role he has handled debt and equity capital market transactions for a number of leading Indian corporates and was successful in improving the Bank's position in the domestic capital markets from 193 to number 6. He joined the Bank in 1990 in the Merchant Banking Division and was appointed Head of the Merchant Bank for West India in 1994 and subsequently Head of the Investment Bank for West India in 1996. In these roles he has worked on a cross-section of investment banking products such as: Infrastructure financing, Corporate finance, Cross-border debt financing and Domestic capital market transactions. He worked briefly with Colgate Palmolive (India) Limited as a Brand Manager prior to joining Standard Chartered Grindlays Bank.
Mr. Sandeep Prabhani	42 Years / Bsc Physics, DBF, MFM	He has over 20 years of experience in Depository and Broking Operations. In his last assignment with JP Morgan Services India Pvt Ltd, he was responsible for ensuring OTC Derivative confirmations are tracked & resolved accurately, people management, and mentoring and risk review of operations during the period March 2003 to June 2009. Prior to this, he worked with SSKI Investor Services as Head – Operations responsible to manage depository and broking operations and To service all branches / franchisees and Customers of SSKI for the period July 2000 to March 2003. He has also worked with SCHIL during the period December 1991 to May 2000.
Kalpen Parekh (Deputy CEO and Head – Sales & Marketing)	38 years MMS (Finance), BE Chemical	He has over 10 years of experience in retail Sales & Distribution. Prior to joining IDFC AMC, Kalpen was with Birla Sun Life AMC where he was Head Sales & Distribution across Mutual Fund, PMS and Real Estate. Prior to Birla AMC, he was working with ICICI Prudential AMC as Joint Head – Retail Sales & Distribution where he handled sales responsibility for West and South Zone, and an additional pan India responsibility of heading Banks and National Brokers channel.
Mr. Sanjay Lakra (Head – Legal & Compliance)	42 Years, / PDGM, B. Com	He has about 17 years of experience in Legal, Compliance & Secretarial. In his last assignment with DSP Merrill Lynch, he was responsible for Branch Administration for the Wealth Management Business during the period November 2006 – February 2009. Prior to this, he worked with Dawnay Day Financial Services as Head – Legal & Compliance (November 2005 to October 2006). He has also worked with JM Financial

		Asset Management Private Limited as Head – Legal & Compliance for the period November 2001 to October 2005. Prior to this, he was working with HCL Perot Systems as Business Analyst (March 2001 – November 2001). He has also worked with Securities & Exchange Board of India during the period (May 1994 – March 2001).
Ms. Jyothi Krishnan (Compliance Officer)	30 Years, / A. C. S., B.G.L., B. Com	She has about 8 years of experience in Compliance, Risk Management, Secretarial, etc. In her last assignment with ING Investment Management (I) Private. Limited, she was designated as VP – Compliance & Risk (April 2005 – February 2009). Prior to this, she was with Standard Chartered Asset Management Company Private Limited as an Officer & Management Trainee (June 2003-April 2005).
Ms. Punam Sharma  Associate Director- Fund Management	36 Years / B.Sc- Non Medical, MBA - Finance	She is a management graduate with over 12 years of experience, 11 years of which has been in the Indian Mutual Fund Industry.  She has over 7 years of experience in equity market research spanning companies across market capitalizations and sectors. In her more than a decade long career with the Mutual Fund Industry she has amassed experience in product planning and development, mutual fund research and fixed income training Her last Assignment was at Kotak Mahindra Asset management Company where she was responsible for setting up of the research desk, Product Planning and development.
Mr. Kenneth Andrade  Head Investments	41 Years / Graduate (B.Com)	He has around 15 years experience in Equity Research & fund management. In his last assignment has was designated as Fund Manager (Equity) with Kotak Mahindra Asset Management Company Limited (July 2002- Sept.2005), managed equity portfolios. SSKI Investor Services (March 1999- July 2001)& (Jan 2002 – July 2002) was involved in Portfolio advisory –Retail Broking Services, Nimbus Communications-(July 2001-Jan 2002) was involved in Broadcasting – Content Development, LKP Shares & Stock Brokers Pvt. Ltd (January 1998- March 1999) was a Analyst -Equity Research, Meghraj Financial Services (July 1996-July 1998) was a Portfolio Manager .
Mr. Suyash Choudhary	33 years/BA (Hons) Economics from Delhi University, PGDM from IIM Calcutta	He was previously designated as Head of Fund Management, Fixed Income at HSBC Asset Management (India) Pvt Ltd wherein he was responsible for investments of all fixed income funds. In his previous assignment at Standard Chartered Asset Management Co. Pvt. Ltd. he was designated as fund manager before which he started his career at Deutsche Bank in Mumbai. He has an overall experience of over 11 years.
Mr. Sunil Nair  Equity Dealer	38 Years / B.A	He has around 17 years of experience in equity trading. In his last assignment he was designated as Equity – Dealer in Birla Sunlife AMC Ltd. (1995 – 2005). Prior to

		which he was employed with Insec Shares & Stock (1994 - 1995).
Mr. Anupam Joshi Fund Manager	33 Years/P. G. Diploma in Business Management	He has over 10 years of experience in Portfolio Management & Dealing. In his last assignment with Principal PNB Asset Management Company, he was involved in Portfolio Management & Dealing (November 2005 – August 2008). Prior to this he had worked with ICAP India Private Ltd as a Dealer (May 2003 – November 2005).
Ms Meenakshi Dawar	28 Years/Senior Manager- Fund Management	With over 5 years of experience, she has developed an acute understanding of Indian equity markets. She has previously worked in Institutional Equities-Sales and Research divisions on sell side.
Mr. Tanwir Alam Head – Sales - Retail	39 Years/ Associate Financial Planner – Investment Planning	He has over 16 years of experience in Sales, Product Managing, etc. He has been working with IDFC AMC (erstwhile Standard Chartered AMC) since July 2001. In his last assignment with ICICI Capital Services Limited, he was designated as Regional Product Manager – Third Party Products. (January 2000 – June 2001). Prior to that, he worked with Times Bank as a Personal Banking Executive. (January 1999 – December 1999). He has also worked with Udit Financial Services Pvt. Ltd. as a Senior Manager – Loan Syndication. (July 1996 – December 1998). From January 1995 to June 1996 he worked with Pioneer Financial Services Limited as Manager – Institutional Broking & Loan Syndication. He is based at Kolkata, India.
Mr. Sibesh Kumar National Sales Head – Wholesale	39 Years/ MBA (Finance)	He has over 14 years of experience in Sales & Marketing. He was designated as Regional Head – West India, IDFC AMC (erstwhile Standard Chartered AMC) till August 2008. In his last assignment with HDFC Bank Limited, he started the sales and marketing of mutual fund for HDFC Bank network in North India (October 1999 to March 2001). Prior to that he worked at Sundaram Newton AMC and was involved in sales & marketing of the company’s product in Delhi, setting up distribution network in Delhi & spearheading institutional Sales (May 1998 to September 1999). Prior to this he worked at Bajaj Capital and was involved in Sales & Marketing of investment products like Mutual Funds & Fixed Deposits (April 1997 to May 1998)
Mr. Rupesh H Acharya Financial Controller	39 Years/ B. Com, ACA, Grad CWA, Lic. ICSI	He has over 14 years of experience in Finance, Accounts, etc. In his last assignment with ICICI Securities Ltd, he was designated as AVP – Finance & Accounts (April 2007 – September 2008). Prior to this he had worked with Carl F India Private Ltd as Head Finance (July 2003 – March 2007). Before that he had worked with Patni Computers Ltd, where he was designated as Finance Manager (October 2001 – July 2003). He had also worked with Nicholas Piramal India Ltd as Divisional Finance Controller (March 2001 – September 2001).

		Prior to that he worked with Nocil as a Accounts Officer (January 1997 – February 2001).
Mr. Neelotpal Sahai (Fund Manager)	43 Years/ B.Tech from IT-BHU varanasi PGDM from IIM Calcutta	He was previously designated as Director Equity in IDFC Investment Advisors wherein he was Managing Equity Portfolios (PMS) and Generating stock ideas In his previous assignment in Motilal Oswal Securities Ltd he was designated as Senior research analyst before which in Infosys Technologies Ltd. he was designated as Senior Project Manager He has an overall experience of 17 years.
Mr Tridib Pathak (Senior Fund Manager)	45 Years Bcom, A.C.A	He has 22 years of experience in securities market spanning term lending, credit ratings, equity research and Fund Management. Began career in 1989 with IDBI in the Project Finance function and then with CARE as a credit analyst. Spent 5 years with IDBI group. Moved to Equities market in 1995 as Equity Research analyst at UBS Securities and spent 4 years there. Post UBS, WORKED WITH Principal Mutual Fund as Equity Fund Manager for 5 years. Then CIO at DBS Chola Mutual Fund for 2 ½ years. Before joining IDFC Asset Management, was CIO – Equity at Lotus Asset Management for 2 years.

No of staff involved in equity research: 3

No of persons involved in Fund Management (not including Dealers and Analysts): 6

## E. Service providers

### Custodian & Fund Accountant

Deutsche Bank AG, Mumbai (DB) has been appointed as Custodian and Fund Accountant for all the Schemes of IDFC Mutual Fund. The custodian has been registered with SEBI and has been awarded registration No. IN/CUS/003 dated March 20, 1998. The important services provided by DB are to:

- a. Provide post-trading and custodial services to the Mutual Fund.
- b. Ensure benefits due on the holdings are received.
- c. Provide detailed management information and other reports as required by the AMC.
- d. Maintain confidentiality of the transactions.
- e. Be responsible for the loss or damage to the assets belonging to the Scheme due to negligence on its part or on the part of its approved agents.
- f. Segregate assets of each Scheme.

g. To ensure that it does not assign, transfer, hypothecate, pledge, lend, use or otherwise dispose any assets or property, except pursuant to instruction from the Trustee/AMC or under the express provisions of the Custodian Agreement.

h. Maintain financial accounts, prepare financial statements, compute NAV, etc

The service provider will be entitled to remuneration for its services in accordance with the terms of the relevant agreements.

### **Registrar & Transfer agent**

Computer Age Management Services Pvt. Limited, (CAMS) Ground Floor, 178/10, Kodambakkam High Road, Opposite Palm Grove, Numgambakkam, Chennai 600 034. The Registrar is registered with SEBI under registration No: INR000002813 dated July 22, 1995. As Registrar to the Scheme, CAMS will inter alia handle communications with investors, perform data entry services and despatch Account Statements. 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**

Deloitte Haskins and Sells.  
12, Dr. Annie Besant Road,  
Opp Shiv Sagar Estate,  
Worli,  
Mumbai 400 018.

### **Legal counsel**

Based on the matter involved, the AMC reserves the right to appoint appropriate legal counsel.

### **Collecting Bankers**

The collecting bankers of various schemes of IDFC Mutual Fund include:

- (1) Standard Chartered Bank (SEBI registration no. INBI0000885)  
90 MG Road,  
Fort, Mumbai – 400 001
- (2) HDFC Bank (SEBI registration no. INBI00000063)  
Sandoz House, Dr Annie Besant Road, Worli  
Mumbai - 400018
- (3) HSBC Bank (SEBI registration no. INBI00000027)  
52/60, MG Road,  
Fort, Mumbai – 400 001
- (4) Kotak Bank (SEBI registration no. INBI00000927)  
36/38 A, Nariman Bhawan,

227, Nariman Point,  
Mumbai – 400 021

(5) ICICI Bank (SEBI registration no. INBI00000004)

ICICI Bank Ltd  
Landmark, Race Course Circle,  
Vadodara-390 007

(6) RBS (SEBI registration no. IN-DP-NSDL-64-98)

31/32 , 3<sup>rd</sup> floor, Sakhar Bhavan,  
Nariman Point,  
Mumbai – 400 021

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

**F. Condensed Financial Information:**

(For all the schemes launched by the MF during the last three fiscal years, excluding the redeemed schemes)

Historical per Unit Statistics	IDFC Asset Allocation Fund - Fund of Funds -Aggressive Plan			IDFC Asset Allocation Fund - Fund of Funds - Conservative Plan		
	February 11, 2010			February 11, 2010		
Date of Allotment	March 31, 2010	March 31, 2011	September 30, 2011	March 31, 2010	March 31, 2011	September 30, 2011
NAV at the beginning of the year	(In Rs./-)	(In Rs./-)	(In Rs./-)	(In Rs./-)	(In Rs./-)	(In Rs./-)
<b>(Plan - A)</b>						
Growth Option	^10.0000	10.3373	11.1663	^10.0000	10.1220	10.6517
Dividend Option	^10.0000	10.3338	10.9775	^10.0000	10.1234	10.4477
Dividend (Quarterly) Option	-	-	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-	-	-
Dividend (Annual) Option	-	-	-	-	-	-
Dividend (Monthly) Option	-	-	-	-	-	-
<b>(Plan - B)</b>						
Growth Option	-	-	-	-	-	-
Dividend Option	-	-	-	-	-	-
Dividend (Quarterly) Option	-	-	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-	-	-
Dividend (Annual) Option	-	-	-	-	-	-
Dividend (Monthly) Option	-	-	-	-	-	-
<b>Dividend per unit:</b>						
<b>Dividend Plan - A</b>						
Corporate	-	0.1471	0.0946	-	0.1639	0.0932
Non- Corp	-	0.1580	0.1058	-	0.1759	0.1056
<b>Quarterly Option</b>						
<b>Dividend Plan - B</b>						
Corporate	-	-	-	-	-	-
Non- Corp	-	-	-	-	-	-
<b>Dividend Option</b>						
Corporate	-	-	-	-	-	-
Non- Corp	-	-	-	-	-	-
<b>NAV at the end of the year</b>						
<b>(Plan - A)*</b>						
Growth Option	10.3373	11.1663	11.3296	10.1220	10.6517	10.9178
Dividend Option	10.3338	10.9775	11.0183	10.1234	10.4477	10.5878
Dividend (Quarterly) Option	-	-	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-	-	-
Dividend (Annual) Option	-	-	-	-	-	-
Dividend (Monthly) Option	-	-	-	-	-	-
<b>(Plan - B)</b>						
Growth Option	-	-	-	-	-	-
Dividend Option	-	-	-	-	-	-
Dividend (Quarterly) Option	-	-	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-	-	-
Dividend (Annual) Option	-	-	-	-	-	-
<b>Absolute return</b>						
Returns during the half year (absolute)	-	-1.47%	1.46%	-	1.41%	2.50%
Benchmark performance (Absolute)	-	-0.68%	-8.19%	-	1.77%	0.44%
Returns since inception (Absolute) for schemes which have not completed 1	3.37%	-	-	1.22%	-	-
Benchmark performance (Absolute) for schemes which hav not completed 1	5.99%	-	-	2.14%	-	-
CAGR ( since inception)	-	10.24%	7.96%	-	5.74%	5.53%
Benchmark performance in case of schemes in existence for more than 1 year - Since Inception	-	13.93%	3.89%	-	7.39%	5.36%
CAGR -(last 1 year)	-	8.02%	-0.03%	-	5.23%	3.94%
Benchmark performance Last 1 year	-	9.37%	-8.82%	-	6.17%	2.21%
Alternate Benchmark performance	-	-	-	-	-	-
Sep 30, 2010 To Sep 30, 2011	-	-	NA	-	-	NA
Sep 30, 2009 To Sep 30,2010	-	-	NA	-	-	NA
Net Assets end of period (Rs. Crs.)	85.23	233.48	186.61	43.19	87.79	59.60
Ratio of Recurring Expenses to net assets - Plan A	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%
Ratio of Recurring Expenses to net assets - Plan B	-	-	-	-	-	-

Historical per Unit Statistics	IDFC Asset Allocation Fund - Fund of Funds -Moderate Plan			IDFC Monthly Income Plan		
Date of Allotment	February 11, 2010			February 25, 2010		
	March 31, 2010	March 31, 2011	September 30, 2011	March 31, 2010	March 31, 2011	September 30, 2011
	(In Rs./-)	(In Rs./-)	(In Rs./-)	(In Rs./-)	(In Rs./-)	(In Rs./-)
<b>NAV at the beginning of the year</b>						
<b>(Plan - A)</b>						
Growth Option	^10.0000	10.2204	10.9629	^10.0000	10.1691	10.7326
Dividend Option	^10.0000	10.2205	10.8387	^10.0000	10.169	10.3358
Dividend (Quarterly) Option	-	-	-	-	^10.0000	10.0669
Dividend (Half Yearly) Option	-	-	-	-	-	-
Dividend (Annual) Option	-	-	-	-	-	-
Dividend (Monthly) Option	-	-	-	-	-	-
<b>(Plan - B)</b>						
Growth Option	-	-	-	-	-	-
Dividend Option	-	-	-	-	-	-
Dividend (Quarterly) Option	-	-	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-	-	-
Dividend (Annual) Option	-	-	-	-	-	-
Dividend (Monthly) Option	-	-	-	-	-	-
<b>Dividend per unit:</b>						
<b>Dividend Plan - A</b>	-	-	-	-	-	-
Corporate	-	0.0980	0.0631	-	0.3188	0.1314
Non- Corp	-	0.1052	0.0704	-	0.3422	0.1470
<b>Quarterly Option</b>	-	-	-	-	-	-
<b>Dividend Plan - B</b>	-	-	-	-	-	-
Corporate	-	-	-	-	-	-
Non- Corp	-	-	-	-	-	-
<b>Dividend Option</b>	-	-	-	-	-	-
Corporate	-	-	-	-	-	-
Non- Corp	-	-	-	-	-	-
<b>NAV at the end of the year</b>						
<b>(Plan - A)*</b>						
Growth Option	10.2204	10.9629	11.2555	10.1691	10.7326	10.8886
Dividend Option	10.2205	10.8387	11.0472	10.1690	10.3358	10.3185
Dividend (Quarterly) Option	-	-	-	-	10.0669	10.2133
Dividend (Half Yearly) Option	-	-	-	-	-	-
Dividend (Annual) Option	-	-	-	-	-	-
Dividend (Monthly) Option	-	-	-	-	-	-
<b>(Plan - B)</b>						
Growth Option	-	-	-	-	-	-
Dividend Option	-	-	-	-	-	-
Dividend (Quarterly) Option	-	-	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-	-	-
Dividend (Annual) Option	-	-	-	-	-	-
<b>Absolute return</b>						
Returns during the half year (absolute)	-	0.74%	2.67%	-	0.32%	1.45%
Benchmark performance (Absolute)	-	1.77%	0.44%	-	1.77%	0.44%
Returns since inception (Absolute) for schemes which have not completed 1	2.20%	-	-	1.69%	-	-
Benchmark performance (Absolute) for schemes which hav not completed 1	2.14%	-	-	1.81%	-	-
CAGR ( since inception)	-	8.46%	7.53%	-	6.68%	5.49%
Benchmark performance in case of schemes in existence for more than 1 year - Since Inception	-	7.39%	5.36%	-	7.37%	5.29%
CAGR -(last 1 year)	-	7.26%	3.43%	-	5.54%	1.77%
Benchmark performance Last 1 year	-	6.17%	2.21%	-	6.17%	2.21%
Alternate Benchmark performance						
Sep 30, 2010 To Sep 30, 2011	-	-	NA	-	-	NA
Sep 30, 2009 To Sep 30,2010	-	-	NA	-	-	NA
Net Assets end of period (Rs. Crs.)	53.36	208.56	168.27	226.68	248.27	145.60
Ratio of Recurring Expenses to net assets - Plan A	0.75%	0.65%	0.65%	0.30%	0.67%	0.85%
Ratio of Recurring Expenses to net assets - Plan B	-	-	-	-	-	-



Historical per Unit Statistics	IDFC Capital Protection Oriented Fund - Series I			IDFC Capital Protection Oriented Fund Series II	
Date of Allotment	March 31, 2010			July 10, 2010	
	March 31, 2010	March 31, 2011	September 30, 2011	March 31, 2011	September 30, 2011
NAV at the beginning of the year	(In Rs./-)	(In Rs./-)	(In Rs./-)	(In Rs./-)	(In Rs./-)
<b>(Plan - A)</b>					
Growth Option	^10.0000	10.0005	10.3902	^10.0000	10.2293
Dividend Option	^10.0000	10.0005	10.3902	^10.0000	10.2293
Dividend (Quarterly) Option	-	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-	-
Dividend (Annual) Option	-	-	-	-	-
Dividend (Monthly) Option	-	-	-	-	-
<b>(Plan - B)</b>					
Growth Option	-	-	-	-	-
Dividend Option	-	-	-	-	-
Dividend (Quarterly) Option	-	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-	-
Dividend (Annual) Option	-	-	-	-	-
Dividend (Monthly) Option	-	-	-	-	-
<b>Dividend per unit:</b>					
<b>Dividend Plan - A</b>	-	-	-	-	-
Corporate	-	-	-	-	-
Non- Corp	-	-	-	-	-
<b>Quarterly Option</b>	-	-	-	-	-
<b>Dividend Plan - B</b>	-	-	-	-	-
Corporate	-	-	-	-	-
Non- Corp	-	-	-	-	-
<b>Dividend Option</b>	-	-	-	-	-
Corporate	-	-	-	-	-
Non- Corp	-	-	-	-	-
<b>NAV at the end of the year</b>					
<b>(Plan - A)*</b>					
Growth Option	10.0005	10.3902	10.5023	10.2293	10.3390
Dividend Option	10.0005	10.3902	10.5023	10.2293	10.3390
Dividend (Quarterly) Option	-	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-	-
Dividend (Annual) Option	-	-	-	-	-
Dividend (Monthly) Option	-	-	-	-	-
<b>(Plan - B)</b>					
Growth Option	-	-	-	-	-
Dividend Option	-	-	-	-	-
Dividend (Quarterly) Option	-	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-	-
Dividend (Annual) Option	-	-	-	-	-
<b>Absolute return</b>					
Returns during the half year (absolute)	-	0.23%	1.08%	0.36%	1.07%
Benchmark performance (Absolute)	-	1.77%	0.44%	1.77%	0.44%
Returns since inception (Absolute) for schemes which have not completed 1	0.01%	-		2.29%	
Benchmark performance (Absolute) for schemes which hav not completed 1	-	-		4.20%	
CAGR ( since inception)	-	3.90%	3.32%	-	2.77%
Benchmark performance in case of schemes in existence for more than 1 year - Since Inception	-	6.17%	4.38%	-	3.80%
CAGR –(last 1 year)	-	3.90%	1.31%	-	1.44%
Benchmark performance Last 1 year	-	6.17%	2.21%	-	2.21%
Alternate Benchmark performance					
Sep 30, 2010 To Sep 30, 2011	-	-	-	-	-
Sep 30, 2009 To Sep 30,2010	-	-	-	-	-
Net Assets end of period (Rs. Crs.)	141.44	146.99	148.34	38.64	39.00
Ratio of Recurring Expenses to net assets - Plan A	0.51%	1.51%	1.58%	1.44%	1.53%
Ratio of Recurring Expenses to net assets - Plan B	-	-	-	-	-

	IDFC Capital Protection Oriented Fund Series III		IDFC Fixed Maturity Plan - Yearly Series 34	
<b>Historical per Unit Statistics</b>				
Date of Allotment	August 20, 2010		October 5, 2010	
	<b>March 31, 2011</b>	<b>September 30, 2011</b>	<b>March 31, 2011</b>	<b>September 30, 2011</b>
<b>NAV at the beginning of the year</b>	(In Rs./-)	(In Rs./-)	(In Rs./-)	(In Rs./-)
<b>(Plan - A)</b>				
Growth Option	^10.0000	10.1595	^10.0000	10.2920
Dividend Option	^10.0000	10.1595	^10.0000	10.0406
Dividend (Quarterly) Option	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-
Dividend (Annual) Option	-	-	-	-
Dividend (Monthly) Option	-	-	-	-
<b>(Plan - B)</b>				
Growth Option	-	-	-	-
Dividend Option	-	-	-	-
Dividend (Quarterly) Option	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-
Dividend (Annual) Option	-	-	-	-
Dividend (Monthly) Option	-	-	-	-
<b>Dividend per unit:</b>				
<b>Dividend Plan - A</b>	-	-	-	-
Corporate	-	-	0.2047	0.3952
Non- Corp	-	-	0.2196	0.4508
<b>Quarterly Option</b>	-	-	-	-
<b>Dividend Plan - B</b>	-	-	-	-
Corporate	-	-	-	-
Non- Corp	-	-	-	-
<b>Dividend Option</b>	-	-	-	-
Corporate	-	-	-	-
Non- Corp	-	-	-	-
<b>NAV at the end of the year</b>				
<b>(Plan - A)*</b>				
Growth Option	10.1595	10.2375	10.2920	10.7818
Dividend Option	10.1595	10.2375	10.0406	10.0025
Dividend (Quarterly) Option	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-
Dividend (Annual) Option	-	-	-	-
Dividend (Monthly) Option	-	-	-	-
<b>(Plan - B)</b>				
Growth Option	-	-	-	-
Dividend Option	-	-	-	-
Dividend (Quarterly) Option	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-
Dividend (Annual) Option	-	-	-	-
<b>Absolute return</b>				
Returns during the half year (absolute)	-0.10%	0.77%	-	4.76%
Benchmark performance (Absolute)	1.77%	0.44%	-	3.08%
Returns since inception (Absolute) for schemes which have not completed 1	1.59%	-	2.92%	7.82%
Benchmark performance (Absolute) for schemes which hav not completed 1	3.64%	-	2.41%	5.57%
CAGR ( since inception)	-	2.14%	-	-
Benchmark performance in case of schemes in existence for more than 1 year - Since Inception	-	3.69%	-	-
CAGR –(last 1 year)	-	0.67%	-	-
Benchmark performance Last 1 year	-	2.21%	-	-
Alternate Benchmark performance				
Sep 30, 2010 To Sep 30, 2011	-	-	-	-
Sep 30, 2009 To Sep 30,2010	-	-	-	-
Net Assets end of period (Rs. Crs.)	16.34	16.44	148.07	154.87
Ratio of Recurring Expenses to net assets - Plan A	2.25%	2.25%	0.25%	0.36%
Ratio of Recurring Expenses to net				

Historical per Unit Statistics	IDFC Fixed Maturity Plan - Eighteen Months Series 7		IDFC Saving Scheme Series I	
	March 31, 2011	September 30, 2011	March 31, 2011	September 30, 2011
Date of Allotment	November 4, 2010		November 8, 2010	
	(In Rs./-)	(In Rs./-)	(In Rs./-)	(In Rs./-)
<b>NAV at the beginning of the year (Plan - A)</b>				
Growth Option	^10.0000	10.2585	^10.0000	9.8059
Dividend Option	^10.0000	10.0606	^10.0000	9.8059
Dividend (Quarterly) Option	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-
Dividend (Annual) Option	-	-	-	-
Dividend (Monthly) Option	-	-	-	-
<b>(Plan - B)</b>				
Growth Option	-	-	-	-
Dividend Option	-	-	-	-
Dividend (Quarterly) Option	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-
Dividend (Annual) Option	-	-	-	-
Dividend (Monthly) Option	-	-	-	-
<b>Dividend per unit:</b>				
<b>Dividend Plan - A</b>	-	-	-	-
Corporate	0.1618	-	-	-
Non- Corp	0.1736	-	-	-
<b>Quarterly Option</b>	-	-	-	-
<b>Dividend Plan - B</b>	-	-	-	-
Corporate	-	-	-	-
Non- Corp	-	-	-	-
<b>Dividend Option</b>	-	-	-	-
Corporate	-	-	-	-
Non- Corp	-	-	-	-
<b>NAV at the end of the year (Plan - A)*</b>				
Growth Option	10.2585	10.7108	9.8059	9.8259
Dividend Option	10.0606	10.5041	9.8059	9.8259
Dividend (Quarterly) Option	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-
Dividend (Annual) Option	-	-	-	-
Dividend (Monthly) Option	-	-	-	-
<b>(Plan - B)</b>				
Growth Option	-	-	-	-
Dividend Option	-	-	-	-
Dividend (Quarterly) Option	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-
Dividend (Annual) Option	-	-	-	-
<b>Absolute return</b>				
Returns during the half year (absolute)	-	4.41%	-	0.20%
Benchmark performance (Absolute)	-	3.08%	-	0.44%
Returns since inception (Absolute) for schemes which have not completed 1	2.59%	7.11%	-1.94%	-1.74%
Benchmark performance (Absolute) for schemes which hav not completed 1	1.96%	5.11%	0.62%	1.06%
CAGR ( since inception)	-	-	-	-
Benchmark performance in case of schemes in existence for more than 1 year - Since Inception	-	-	-	-
CAGR –(last 1 year)	-	-	-	-
Benchmark performance Last 1 year	-	-	-	-
Alternate Benchmark performance				
Sep 30, 2010 To Sep 30, 2011	-	-	-	-
Sep 30, 2009 To Sep 30,2010	-	-	-	-
Net Assets end of period (Rs. Crs.)	105.31	109.98	36.81	36.81
Ratio of Recurring Expenses to net assets - Plan A	0.80%	1.00%	2.06%	2.04%
Ratio of Recurring Expenses to net				

Historical per Unit Statistics	IDFC Fixed Maturity Plan - Yearly Series 35		IDFC Fixed Maturity Plan - Thirty Six Months Series 2	
	January 14, 2011		January 25, 2011	
	March 31, 2011	September 30, 2011	March 31, 2011	September 30, 2011
	(In Rs./-)	(In Rs./-)	(In Rs./-)	(In Rs./-)
<b>NAV at the beginning of the year (Plan - A)</b>				
Growth Option	^10.0000	10.2034	^10.0000	10.1621
Dividend Option	^10.0000	10.0704	^10.0000	10.0487
Dividend (Quarterly) Option	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-
Dividend (Annual) Option	-	-	-	-
Dividend (Monthly) Option	-	-	-	-
<b>(Plan - B)</b>				
Growth Option	-	-	-	-
Dividend Option	-	-	-	-
Dividend (Quarterly) Option	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-
Dividend (Annual) Option	-	-	-	-
Dividend (Monthly) Option	-	-	-	-
<b>Dividend per unit:</b>				
<b>Dividend Plan - A</b>				
Corporate	0.1087	0.4040	0.0928	-
Non- Corp	0.1167	0.4597	0.0996	-
<b>Quarterly Option</b>				
<b>Dividend Plan - B</b>				
Corporate	-	-	-	-
Non- Corp	-	-	-	-
<b>Dividend Option</b>				
Corporate	-	-	-	-
Non- Corp	-	-	-	-
<b>NAV at the end of the year (Plan - A)*</b>				
Growth Option	10.2034	10.6661	10.1621	10.5930
Dividend Option	10.0704	10.0001	10.0487	10.4747
Dividend (Quarterly) Option	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-
Dividend (Annual) Option	-	-	-	-
Dividend (Monthly) Option	-	-	-	-
<b>(Plan - B)</b>				
Growth Option	-	-	-	-
Dividend Option	-	-	-	-
Dividend (Quarterly) Option	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-
Dividend (Annual) Option	-	-	-	-
<b>Absolute return</b>				
Returns during the half year (absolute)		4.53%	-	4.24%
Benchmark performance (Absolute)		3.08%	-	3.08%
Returns since inception (Absolute) for schemes which have not completed 1	2.03%	6.66%	1.62%	5.93%
Benchmark performance (Absolute) for schemes which hav not completed 1	1.54%	4.67%	1.56%	4.69%
CAGR ( since inception)	-	-	-	-
Benchmark performance in case of schemes in existence for more than 1 year - Since Inception	-	-	-	-
CAGR –(last 1 year)	-	-	-	-
Benchmark performance Last 1 year	-	-	-	-
Alternate Benchmark performance				
Sep 30, 2010 To Sep 30, 2011	-	-	-	-
Sep 30, 2009 To Sep 30,2010	-	-	-	-
Net Assets end of period (Rs. Crs.)	502.90	523.14	42.69	44.52
Ratio of Recurring Expenses to net assets - Plan A	0.35%	0.35%	0.44%	0.45%
Ratio of Recurring Expenses to net				

Historical per Unit Statistics	IDFC Fixed Maturity Plan - Yearly Series 36		IDFC Fixed Maturity Plan - Sixteen Months Series 3	
	March 31, 2011 (In Rs./-)	September 30, 2011 (In Rs./-)	March 31, 2011 (In Rs./-)	September 30, 2011 (In Rs./-)
Date of Allotment	February 2, 2011		February 21, 2011	
<b>NAV at the beginning of the year (Plan - A)</b>				
Growth Option	^10.0000	10.1837	^10.0000	10.1466
Dividend Option	^10.0000	10.0742	^10.0000	10.0729
Dividend (Quarterly) Option	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-
Dividend (Annual) Option	-	-	-	-
Dividend (Monthly) Option	-	-	-	-
<b>(Plan - B)</b>				
Growth Option	-	-	-	-
Dividend Option	-	-	-	-
Dividend (Quarterly) Option	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-
Dividend (Annual) Option	-	-	-	-
Dividend (Monthly) Option	-	-	-	-
<b>Dividend per unit:</b>				
<b>Dividend Plan - A</b>				
Corporate	0.0895	0.4053	0.0602	-
Non- Corp	0.0960	0.4612	0.0646	-
<b>Quarterly Option</b>				
<b>Dividend Plan - B</b>				
Corporate	-	-	-	-
Non- Corp	-	-	-	-
<b>Dividend Option</b>				
Corporate	-	-	-	-
Non- Corp	-	-	-	-
<b>NAV at the end of the year (Plan - A)*</b>				
Growth Option	10.1837	10.6467	10.1466	10.5605
Dividend Option	10.0742	10.0036	10.0729	10.4839
Dividend (Quarterly) Option	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-
Dividend (Annual) Option	-	-	-	-
Dividend (Monthly) Option	-	-	-	-
<b>(Plan - B)</b>				
Growth Option	-	-	-	-
Dividend Option	-	-	-	-
Dividend (Quarterly) Option	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-
Dividend (Annual) Option	-	-	-	-
<b>Absolute return</b>				
Returns during the half year (absolute)	-	4.55%	-	4.08%
Benchmark performance (Absolute)	-	3.94%	-	3.94%
Returns since inception (Absolute) for schemes which have not completed 1	1.84%	6.47%	1.47%	5.61%
Benchmark performance (Absolute) for schemes which hav not completed 1	1.38%	5.37%	0.99%	4.97%
CAGR ( since inception)	-	-	-	-
Benchmark performance in case of schemes in existence for more than 1 year - Since Inception	-	-	-	-
CAGR –(last 1 year)	-	-	-	-
Benchmark performance Last 1 year	-	-	-	-
Alternate Benchmark performance				
Sep 30, 2010 To Sep 30, 2011	-	-	-	-
Sep 30, 2009 To Sep 30,2010	-	-	-	-
Net Assets end of period (Rs. Crs.)	142.90	149.08	106.39	110.76
Ratio of Recurring Expenses to net assets - Plan A	0.25%	0.25%	0.45%	0.45%
Ratio of Recurring Expenses to net				

	IDFC Fixed Maturity Plan - Yearly Series 37		IDFC Fixed Maturity Plan - Yearly Series 38	
Historical per Unit Statistics				
Date of Allotment	February 15, 2011		February 23, 2011	
	March 31, 2011	September 30, 2011	March 31, 2011	September 30, 2011
NAV at the beginning of the year (Plan - A)	(In Rs./-)	(In Rs./-)	(In Rs./-)	(In Rs./-)
Growth Option	^10.0000	10.1592	^10.0000	10.1525
Dividend Option	^10.0000	10.0731	^10.0000	10.0796
Dividend (Quarterly) Option	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-
Dividend (Annual) Option	-	-	-	-
Dividend (Monthly) Option	-	-	-	-
(Plan - B)				
Growth Option	-	-	-	-
Dividend Option	-	-	-	-
Dividend (Quarterly) Option	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-
Dividend (Annual) Option	-	-	-	-
Dividend (Monthly) Option	-	-	-	-
<b>Dividend per unit:</b>				
<b>Dividend Plan - A</b>				
Corporate	0.0703	0.4109	0.0596	0.4067
Non- Corp	0.0755	0.4676	0.0639	0.4626
<b>Quarterly Option</b>	-	-	-	-
<b>Dividend Plan - B</b>	-	-	-	-
Corporate	-	-	-	-
Non- Corp	-	-	-	-
<b>Dividend Option</b>	-	-	-	-
Corporate	-	-	-	-
Non- Corp	-	-	-	-
<b>NAV at the end of the year (Plan - A)*</b>				
Growth Option	10.1592	10.6261	10.1525	10.6108
Dividend Option	10.0731	10.0000	10.0796	10.0042
Dividend (Quarterly) Option	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-
Dividend (Annual) Option	-	-	-	-
Dividend (Monthly) Option	-	-	-	-
(Plan - B)				
Growth Option	-	-	-	-
Dividend Option	-	-	-	-
Dividend (Quarterly) Option	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-
Dividend (Annual) Option	-	-	-	-
<b>Absolute return</b>				
Returns during the half year (absolute)	-	4.60%	-	4.51%
Benchmark performance (Absolute)	-	3.94%	-	3.94%
Returns since inception (Absolute) for schemes which have not completed 1	1.59%	6.26%	1.53%	6.11%
Benchmark performance (Absolute) for schemes which hav not completed 1	1.14%	5.13%	0.95%	4.92%
CAGR ( since inception)	-	-	-	-
Benchmark performance in case of schemes in existence for more than 1 year - Since Inception	-	-	-	-
CAGR –(last 1 year)	-	-	-	-
Benchmark performance Last 1 year	-	-	-	-
Alternate Benchmark performance				
Sep 30, 2010 To Sep 30, 2011	-	-	-	-
Sep 30, 2009 To Sep 30,2010	-	-	-	-
Net Assets end of period (Rs. Crs.)	650.43	680.24	246.76	257.65
Ratio of Recurring Expenses to net assets - Plan A	0.10%	0.10%	0.15%	0.15%
Ratio of Recurring Expenses to net				

Historical per Unit Statistics	IDFC Fixed Maturity Plan - Yearly Series 39		IDFC Fixed Maturity Plan - Seventeen Months Series 3	
Date of Allotment	March 7, 2011		March 11, 2011	
	March 31, 2011	September 30, 2011	March 31, 2011	September 30, 2011
<b>NAV at the beginning of the year</b>	(In Rs./-)	(In Rs./-)	(In Rs./-)	(In Rs./-)
<b>(Plan - A)</b>				
Growth Option	^10.0000	10.1331	^10.0000	10.0852
Dividend Option	^10.0000	10.0940	^10.0000	10.0637
Dividend (Quarterly) Option	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-
Dividend (Annual) Option	-	-	-	-
Dividend (Monthly) Option	-	-	-	-
<b>(Plan - B)</b>				
Growth Option	-	-	-	-
Dividend Option	-	-	-	-
Dividend (Quarterly) Option	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-
Dividend (Annual) Option	-	-	-	-
Dividend (Monthly) Option	-	-	-	-
<b>Dividend per unit:</b>				
<b>Dividend Plan - A</b>	-	-	-	-
Corporate	0.0319	0.4039	0.0176	-
Non- Corp	0.0343	0.4593	0.0189	-
<b>Quarterly Option</b>	-	-	-	-
<b>Dividend Plan - B</b>	-	-	-	-
Corporate	-	-	-	-
Non- Corp	-	-	-	-
<b>Dividend Option</b>	-	-	-	-
Corporate	-	-	-	-
Non- Corp	-	-	-	-
<b>NAV at the end of the year</b>				
<b>(Plan - A)*</b>				
Growth Option	10.1331	10.5730	10.0852	10.5302
Dividend Option	10.0940	10.0056	10.0637	10.5077
Dividend (Quarterly) Option	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-
Dividend (Annual) Option	-	-	-	-
Dividend (Monthly) Option	-	-	-	-
<b>(Plan - B)</b>				
Growth Option	-	-	-	-
Dividend Option	-	-	-	-
Dividend (Quarterly) Option	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-
Dividend (Annual) Option	-	-	-	-
<b>Absolute return</b>				
Returns during the half year (absolute)	-	4.34%	-	4.41%
Benchmark performance (Absolute)	-	3.94%	-	3.94%
Returns since inception (Absolute) for schemes which have not completed 1	1.33%	5.73%	0.85%	5.30%
Benchmark performance (Absolute) for schemes which hav not completed 1	0.68%	4.64%	0.55%	4.51%
CAGR (since inception)	-	-	-	-
Benchmark performance in case of schemes in existence for more than 1 year - Since Inception	-	-	-	-
CAGR –(last 1 year)	-	-	-	-
Benchmark performance Last 1 year	-	-	-	-
Alternate Benchmark performance				
Sep 30, 2010 To Sep 30, 2011	-	-	-	-
Sep 30, 2009 To Sep 30,2010	-	-	-	-
Net Assets end of period (Rs. Crs.)	174.34	181.74	40.78	42.59
Ratio of Recurring Expenses to net assets - Plan A	0.45%	0.45%	0.47%	0.50%
Ratio of Recurring Expenses to net assets - Plan B	-	-	-	-

Historical per Unit Statistics	IDFC Fixed Maturity Plan - Yearly Series 40		IDFC Fixed Maturity Plan - Yearly Series 41	
Date of Allotment	March 11, 2011		March 18, 2011	
	March 31, 2011	September 30, 2011	March 31, 2011	September 30, 2011
<b>NAV at the beginning of the year</b>	(In Rs./-)	(In Rs./-)	(In Rs./-)	(In Rs./-)
<b>(Plan - A)</b>				
Growth Option	^10.0000	10.1017	^10.0000	10.0850
Dividend Option	^10.0000	10.0841	^10.0000	10.0771
Dividend (Quarterly) Option	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-
Dividend (Annual) Option	-	-	-	-
Dividend (Monthly) Option	-	-	-	-
<b>(Plan - B)</b>				
Growth Option	-	-	-	-
Dividend Option	-	-	-	-
Dividend (Quarterly) Option	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-
Dividend (Annual) Option	-	-	-	-
Dividend (Monthly) Option	-	-	-	-
<b>Dividend per unit:</b>				
<b>Dividend Plan - A</b>	-	-	-	-
Corporate	0.0143	0.4135	0.0065	0.4053
Non- Corp	0.0154	0.4702	0.0069	0.4612
<b>Quarterly Option</b>	-	-	-	-
<b>Dividend Plan - B</b>	-	-	-	-
Corporate	-	-	-	-
Non- Corp	-	-	-	-
<b>Dividend Option</b>	-	-	-	-
Corporate	-	-	-	-
Non- Corp	-	-	-	-
<b>NAV at the end of the year</b>				
<b>(Plan - A)*</b>				
Growth Option	10.1017	10.5637	10.0850	10.5417
Dividend Option	10.0841	10.0062	10.0771	10.0048
Dividend (Quarterly) Option	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-
Dividend (Annual) Option	-	-	-	-
Dividend (Monthly) Option	-	-	-	-
<b>(Plan - B)</b>				
Growth Option	-	-	-	-
Dividend Option	-	-	-	-
Dividend (Quarterly) Option	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-
Dividend (Annual) Option	-	-	-	-
<b>Absolute return</b>				
Returns during the half year (absolute)	-	4.57%	-	4.53%
Benchmark performance (Absolute)	-	3.94%	-	3.94%
Returns since inception (Absolute) for schemes which have not completed 1	1.02%	5.64%	0.85%	5.42%
Benchmark performance (Absolute) for schemes which hav not completed 1	0.55%	4.51%	0.39%	4.34%
CAGR (since inception)	-	-	-	-
Benchmark performance in case of schemes in existence for more than 1 year - Since Inception	-	-	-	-
CAGR –(last 1 year)	-	-	-	-
Benchmark performance Last 1 year	-	-	-	-
Alternate Benchmark performance				
Sep 30, 2010 To Sep 30, 2011	-	-	-	-
Sep 30, 2009 To Sep 30,2010	-	-	-	-
Net Assets end of period (Rs. Crs.)	365.88	381.83	245.61	256.65
Ratio of Recurring Expenses to net assets - Plan A	0.10%	0.10%	0.10%	0.10%
Ratio of Recurring Expenses to net assets - Plan B	-	-	-	-



Historical per Unit Statistics	IDFC Fixed Maturity Plan - Yearly Series 42		IDFC Fixed Maturity Plan - 200 Days Series 1	IDFC Fixed Maturity Plan - 200 Days Series 2
Date of Allotment	March 25, 2011		May 9, 2011	May 25, 2011
	March 31, 2011	September 30, 2011	September 30, 2011	September 30, 2011
<b>NAV at the beginning of the year</b>	(In Rs./-)	(In Rs./-)	(In Rs./-)	(In Rs./-)
<b>(Plan - A)</b>				
Growth Option	^10.0000	10.0811	10.0000^	10.0000^
Dividend Option	^10.0000	10.0811	10.0000^	10.0000^
Dividend (Quarterly) Option	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-
Dividend (Annual) Option	-	-	-	-
Dividend (Monthly) Option	-	-	-	-
<b>(Plan - B)</b>				
Growth Option	-	-	-	-
Dividend Option	-	-	-	-
Dividend (Quarterly) Option	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-
Dividend (Annual) Option	-	-	-	-
Dividend (Monthly) Option	-	-	-	-
<b>Dividend per unit:</b>				
<b>Dividend Plan - A</b>	-	-	-	-
Corporate	-	0.4012	0.2873	0.2554
Non- Corp	-	0.4572	0.3339	0.2980
<b>Quarterly Option</b>	-	-	-	-
<b>Dividend Plan - B</b>	-	-	-	-
Corporate	-	-	-	-
Non- Corp	-	-	-	-
<b>Dividend Option</b>	-	-	-	-
Corporate	-	-	-	-
Non- Corp	-	-	-	-
<b>NAV at the end of the year</b>				
<b>(Plan - A)*</b>				
Growth Option	10.0811	10.5377	10.3796	10.3388
Dividend Option	10.0811	10.0138	10.0000	10.0006
Dividend (Quarterly) Option	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-
Dividend (Annual) Option	-	-	-	-
Dividend (Monthly) Option	-	-	-	-
<b>(Plan - B)</b>				
Growth Option	-	-	-	-
Dividend Option	-	-	-	-
Dividend (Quarterly) Option	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-
Dividend (Annual) Option	-	-	-	-
<b>Absolute return</b>				
Returns during the half year (absolute)	-	4.53%	0.00%	0.00%
Benchmark performance (Absolute)	-	3.94%	0.00%	0.00%
Returns since inception (Absolute) for schemes which have not completed 1	0.81%	5.38%	3.80%	3.39%
Benchmark performance (Absolute) for schemes which hav not completed 1	0.23%	4.18%	2.69%	2.62%
CAGR (since inception)	-	-	-	-
Benchmark performance in case of schemes in existence for more than 1 year - Since Inception	-	-	-	-
CAGR –(last 1 year)	-	-	-	-
Benchmark performance Last 1 year	-	-	-	-
Alternate Benchmark performance				
Sep 30, 2010 To Sep 30, 2011	-	-	-	-
Sep 30, 2009 To Sep 30,2010	-	-	-	-
Net Assets end of period (Rs. Crs.)	702.84	734.49	452.26	350.34
Ratio of Recurring Expenses to net assets - Plan A	0.09%	0.10%	0.25%	0.10%
Ratio of Recurring Expenses to net assets - Plan B	-	-	-	-

Historical per Unit Statistics	IDFC Fixed Maturity Plan - Yearly Series 43	IDFC Fixed Maturity Plan - Yearly Series 44	IDFC Fixed Maturity Plan - Yearly Series 45	IDFC Fixed Maturity Plan - Yearly Series 46
Date of Allotment	June 23, 2011	July 15, 2011	July 5, 2011	August 25, 2011
	September 30, 2011	September 30, 2011	September 30, 2011	September 30, 2011
<b>NAV at the beginning of the year</b>	(In Rs./-)	(In Rs./-)	(In Rs./-)	(In Rs./-)
<b>(Plan - A)</b>				
Growth Option	10.0000^	10.0000^	10.0000^	10.0000^
Dividend Option	10.0000^	10.0000^	10.0000^	10.0000^
Dividend (Quarterly) Option	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-
Dividend (Annual) Option	-	-	-	-
Dividend (Monthly) Option	-	-	-	-
<b>(Plan - B)</b>				
Growth Option	-	-	-	-
Dividend Option	-	-	-	-
Dividend (Quarterly) Option	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-
Dividend (Annual) Option	-	-	-	-
Dividend (Monthly) Option	-	-	-	-
<b>Dividend per unit:</b>				
<b>Dividend Plan - A</b>	-	-	-	-
Corporate	0.1872	0.1416	0.1113	0.0683
Non- Corp	0.2184	0.1652	0.1298	0.0796
<b>Quarterly Option</b>	-	-	-	-
<b>Dividend Plan - B</b>	-	-	-	-
Corporate	-	-	-	-
Non- Corp	-	-	-	-
<b>Dividend Option</b>	-	-	-	-
Corporate	-	-	-	-
Non- Corp	-	-	-	-
<b>NAV at the end of the year</b>				
<b>(Plan - A)*</b>				
Growth Option	10.2479	10.1875	10.1474	10.0904
Dividend Option	10.0000	10.0000	10.0001	10.0000
Dividend (Quarterly) Option	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-
Dividend (Annual) Option	-	-	-	-
Dividend (Monthly) Option	-	-	-	-
<b>(Plan - B)</b>				
Growth Option	-	-	-	-
Dividend Option	-	-	-	-
Dividend (Quarterly) Option	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-
Dividend (Annual) Option	-	-	-	-
<b>Absolute return</b>				
Returns during the half year (absolute)	0.00%	0.00%	0.00%	0.00%
Benchmark performance (Absolute)	0.00%	0.00%	0.00%	0.00%
Returns since inception (Absolute) for schemes which have not completed 1	2.48%	1.88%	1.47%	0.90%
Benchmark performance (Absolute) for schemes which hav not completed 1	2.34%	1.58%	1.12%	0.55%
CAGR (since inception)	-	-	-	-
Benchmark performance in case of schemes in existence for more than 1 year - Since Inception	-	-	-	-
CAGR –(last 1 year)	-	-	-	-
Benchmark performance Last 1 year	-	-	-	-
Alternate Benchmark performance				
Sep 30, 2010 To Sep 30, 2011	-	-	-	-
Sep 30, 2009 To Sep 30,2010	-	-	-	-
Net Assets end of period (Rs. Crs.)	110.25	124.29	192.05	185.69
Ratio of Recurring Expenses to net assets - Plan A	0.12%	0.36%	0.10%	0.15%
Ratio of Recurring Expenses to net assets - Plan B	-	-	-	-

Historical per Unit Statistics	IDFC Tax Advantage (ELSS) Fund			
	December 26, 2008			
Date of Allotment	March 31, 2009	March 31, 2010	March 31, 2011	September 30, 2011
NAV at the beginning of the year /period (Plan - A)	(In Rs./-)	(In Rs./-)	(In Rs./-)	(In Rs./-)
Growth Option	^10.0000	10.2873	18.0319	19.9468
Dividend Option	^10.0000	10.2857	14.4417	12.3012
<b>(Plan - B)</b>				
Growth Option	-	-	-	-
Dividend Option	-	-	-	-
<b>Net Income per unit</b>	(0.0191)			
<b>Dividend per unit:</b>				
<b>Plan A</b>				
Corporate	-	-	3.5000	-
Non- Corp	-	-	3.5000	-
<b>Plan B</b>				
Corporate	-	-	-	-
Non- Corp	-	-	-	-
<b>Transfer to reserves(if any)</b>	-	-	-	-
<b>NAV at the end of the year/period (Plan - A)</b>				
Growth Option	10.2873	18.0319	19.9468	18.1067
Dividend Option	10.2857	14.4417	12.3012	11.1671
<b>(Plan - B)</b>				
Growth Option	-	-	-	-
Dividend Option	-	-	-	-
<b>Absolute return</b>				
Returns during the half year (absolute)	-	10.01%	-5.78%	-9.23%
Benchmark performance (Absolute)	-	4.99%	-6.00%	-14.73%
Returns since inception (Absolute) for schemes which have not completed 1 year	2.87%	-	-	-
Benchmark performance (Absolute) for schemes which hav not completed 1 year	2.20%	-	-	-
CAGR ( since inception)	-	59.65%	35.73%	23.98%
Benchmark performance in case of schemes in existence for more than 1 year - Since Inception	-	71.34%	39.78%	24.16%
<b>CAGR –(last 1 year)</b>	-	75.28%	10.62%	-14.47%
<b>Benchmark performance Last 1 year CAGR</b>	-	92.87%	8.15%	-19.85%
Alternate Benchmark performance				
Sep 30, 2010 To Sep 30, 2011	-	-	-	-18.02%#
Sep 30, 2009 To Sep 30,2010	-	-	-	18.61%#

Historical per Unit Statistics	IDFC Strategic Sector (50-50) Equity Fund			
	October 3, 2008			
Date of Allotment	October 3, 2008			
	March 31, 2009	March 31, 2010	March 31, 2011	September 30, 2011
NAV at the beginning of the year /period (Plan - A)	(In Rs./-)	(In Rs./-)	(In Rs./-)	(In Rs./-)
Growth Option	^10.0000	8.5425	13.0908	15.2732
Dividend Option	^10.0000	8.5434	12.9508	15.1057
<b>(Plan - B)</b>				
Growth Option	-	-	14.3384	16.7322
Dividend Option	-	-	14.3438	16.7384
<b>Net Income per unit</b>	(1.3430)			
<b>Dividend per unit:</b>				
<b>Plan A</b>				
Corporate	-	-	-	-
Non- Corp	-	-	-	-
<b>Plan B</b>				
Corporate	-	-	-	-
Non- Corp	-	-	-	-
<b>Transfer to reserves(if any)</b>	-	-	-	-
<b>NAV at the end of the year/period (Plan - A)</b>				
Growth Option	8.5425	13.0908	15.2732	12.7310
Dividend Option	8.5434	12.9508	15.1057	12.5958
<b>(Plan - B)</b>				
Growth Option	-	14.3384	16.7322	13.9478
Dividend Option	-	14.3438	16.7384	13.9569
<b>Absolute return</b>				
Returns during the half year (absolute)	-	-0.46%	-2.79%	-16.64%
Benchmark performance (Absolute)	-	3.25%	-3.25%	-15.26%
Returns since inception (Absolute) for schemes which have not completed 1 year	-14.58%	-	-	-
Benchmark performance (Absolute) for schemes which hav not completed 1 year	-20.88%	-	-	-
CAGR ( since inception)	-	19.81%	18.54%	8.41%
Benchmark performance in case of schemes in existence for more than 1 year - Since Inception	-	23.80%	18.55%	9.01%
<b>CAGR –(last 1 year)</b>	-	53.24%	16.67%	-18.97%
<b>Benchmark performance Last 1 year CAGR</b>	-	73.76%	11.14%	-18.02%
<b>Alternate Benchmark performance</b>				
Sep 30, 2010 To Sep 30, 2011	-	-	-	-18.01% @
Sep 30, 2009 To Sep 30,2010	-	-	-	17.18% @

Historical per Unit Statistics	IDFC India GDP Growth Fund			
	March 13, 2009			
Date of Allotment	March 31, 2009	March 31, 2010	March 31, 2011	September 30, 2011
NAV at the beginning of the year /period (Plan - A)	(In Rs./-)	(In Rs./-)	(In Rs./-)	
Growth Option	^10.0000	10.1164	14.7971	16.8248
Dividend Option	^10.0000	10.1163	14.8000	14.5270
(Plan - B)				
Growth Option	-	-	-	-
Dividend Option	-	-	-	-
Net Income per unit	0.0003			
Dividend per unit:				
Plan A				
Corporate	-	-	-	1.5000
Non- Corp	-	-	-	1.5000
Plan B				
Corporate	-	-	2.0000	-
Non- Corp	-	-	2.0000	-
Transfer to reserves(if any)	-	-	-	-
NAV at the end of the year/period (Plan - A)				
Growth Option	10.1164	14.7971	16.8248	15.6850
Dividend Option	10.1163	14.8000	14.5270	12.1088
(Plan - B)				
Growth Option	-	-	-	-
Dividend Option	-	-	-	-
Absolute return				
Returns during the half year (absolute)	-	0.32%	-5.72%	-6.77%
Benchmark performance (Absolute)	-	5.60%	-6.85%	-14.14%
Returns since inception (Absolute) for schemes which have not completed 1 year	1.16%	-	-	-
Benchmark performance (Absolute) for schemes which hav not completed 1 year	18.12%	-	-	-
CAGR ( since inception)	-	44.99%	28.81%	19.25%
Benchmark performance in case of schemes in existence for more than 1 year - Since Inception	-	122.04%	55.99%	34.68%
CAGR –(last 1 year)	-	46.27%	13.70%	-12.11%
Benchmark performance Last 1 year CAGR	-	96.38%	7.48%	-20.02%
Alternate Benchmark performance				
Sep 30, 2010 To Sep 30, 2011	-	-	-	-18.02%#
Sep 30, 2009 To Sep 30,2010	-	-	-	18.61%#

Historical per Unit Statistics	IDFC Nifty Fund		IDFC Infrastructure Fund	
	March 31, 2011	September 30, 2011	March 31, 2011	September 30, 2011
Date of Allotment	April 30, 2010		March 8, 2011	
	(In Rs./-)		(In Rs./-)	(In Rs./-)
<b>NAV at the beginning of the year /period</b>				
<b>(Plan - A)</b>				
Growth Option	^10.0000	11.0212	^10.0000	10.2396
Dividend Option	^10.0000	11.0911	^10.0000	10.2397
<b>(Plan - B)</b>				
Growth Option	-	-	-	-
Dividend Option	-	-	-	-
<b>Net Income per unit</b>				
<b>Dividend per unit:</b>				
<b>Plan A</b>				
Corporate	-	-	-	-
Non- Corp	-	-	-	-
<b>Plan B</b>				
Corporate	-	-	-	-
Non- Corp	-	-	-	-
<b>Transfer to reserves(if any)</b>			-	-
<b>NAV at the end of the year/period</b>				
<b>(Plan - A)</b>				
Growth Option	11.0212	9.5337	10.2396	9.2734
Dividend Option	11.0911	9.5942	10.2397	9.2750
<b>(Plan - B)</b>				
Growth Option	-	-	-	-
Dividend Option	-	-	-	-
<b>Absolute return</b>				
Returns during the half year (absolute)	-3.80%	-13.50%	-	-9.44%
Benchmark performance (Absolute)	-3.25%	-15.26%	-	-14.73%
Returns since inception (Absolute) for schemes which have not completed 1 year	10.21%	-	2.40%	-7.27%
Benchmark performance (Absolute) for schemes which hav not completed 1 year	10.53%	-	5.19%	-10.31%
CAGR ( since inception)	-	-3.31%	-	-
Benchmark performance in case of schemes in existence for more than 1 year - Since Inception	-	-4.51%	-	-
CAGR –(last 1 year)	-	-16.78%	-	-
Benchmark performance Last 1 year CAGR	-	-18.02%	-	-
Alternate Benchmark performance				
Sep 30, 2010 To Sep 30, 2011	-	-18.01% @	-	-
Sep 30, 2009 To Sep 30,2010	-	-	-	-

## Performance of the Schemes of IDFC Mutual Fund as on October 31, 2011.

<b>IDFC Cash Fund - Plan A - Growth</b>	Since Allotment 02/07/20	Last 5 year	Last 3 Year	Last 2 Year	Last 1 Year
Returns 31st -Oct-2011	6.01%	6.38%	6.06%	6.29%	8.13%
Benchmark returns	-	6.72%	6.17%	6.13%	7.93%
Past performance may or may not be substantiated in future.					
Benchmark: Crisil Liquid Fund Index					
<b>IDFC Money Manager - Treasury Plan - Plan A - Growth</b>	Since Allotment 18/02/20	Last 5 year	Last 3 Year	Last 2 Year	Last 1 Year
Returns 31st -Oct-2011	5.94%	6.49%	6.40%	6.48%	8.29%
Benchmark returns	5.90%	6.29%	5.47%	6.09%	7.64%
Past performance may or may not be substantiated in future.					
Benchmark:NSE MIBOR Index					
<b>IDFC SSIF - Short Term - Plan A - Growth</b>	Since Allotment 14/12/20	Last 5 year	Last 3 Year	Last 2 Year	Last 1 Year
Returns 31st -Oct-2011	7.14%	7.93%	8.53%	6.08%	7.99%
Benchmark returns	-	7.14%	7.39%	5.98%	7.12%
Past performance may or may not be substantiated in future.					
Benchmark: CRISIL Short-Term Bond Fund Index					
<b>IDFC SSIF - MT - Plan A - Growth</b>	Since Allotment 08/07/20	Last 5 year	Last 3 Year	Last 2 Year	Last 1 Year
Returns 31st -Oct-2011	6.94%	8.54%	9.83%	7.63%	7.49%
Benchmark returns	6.09%	7.14%	7.39%	5.98%	7.12%
Past performance may or may not be substantiated in future.					
Benchmark: CRISIL Short-Term Bond Fund Index					
<b>IDFC SSIF - Inv. Plan - Plan A - Growth</b>	Since Allotment 14/07/20	Last 5 year	Last 3 Year	Last 2 Year	Last 1 Year
Returns 31st -Oct-2011	8.10%	7.73%	7.24%	4.88%	6.13%
Benchmark returns	-	5.99%	7.00%	5.58%	5.84%
Past performance may or may not be substantiated in future.					
Benchmark: Crisil Composite Bond Fund Index					
<b>IDFC D B F- Plan A - Growth</b>	Since Allotment 25/06/20	Last 5 year	Last 3 Year	Last 2 Year	Last 1 Year
Returns 31st -Oct-2011	7.71%	8.65%	8.07%	5.50%	8.51%
Benchmark returns	5.86%	5.99%	7.00%	5.58%	5.84%
Past performance may or may not be substantiated in future.					
Benchmark: Crisil Composite Bond Fund Index					
<b>IDFC Money Manager - Invest Plan - Plan A - Growth</b>	Since Allotment 09/08/20	Last 5 year	Last 3 Year	Last 2 Year	Last 1 Year
Returns 31st -Oct-2011	6.43%	6.97%	6.44%	6.64%	8.25%
Benchmark returns	6.11%	6.29%	5.47%	6.09%	7.64%
Past performance may or may not be substantiated in future.					
Benchmark:NSE MIBOR Index					
<b>IDFC G Sec Fund - Investment - Plan A - Growth</b>	Since Allotment 09/03/20	Last 5 year	Last 3 Year	Last 2 Year	Last 1 Year
Returns 31st -Oct-2011	6.88%	7.13%	5.85%	4.52%	7.44%
Benchmark returns	-	7.06%	6.23%	5.29%	4.96%
Past performance may or may not be substantiated in future.					
Benchmark: I-Sec Composite Index*					
<b>IDFC G-Sec Fund - PF Plan - Plan A - Growth</b>	Since Allotment 29/03/20	Last 5 year	Last 3 Year	Last 2 Year	Last 1 Year
Returns 31st -Oct-2011	6.44%	8.02%	6.65%	4.94%	7.29%
Benchmark returns	5.71%	7.06%	6.23%	5.29%	4.96%
Past performance may or may not be substantiated in future.					
Benchmark : I-Sec Composite Index*					
<b>IDFC G Sec Fund - Short Term - Plan A - Growth</b>	Since Allotment 09/03/20	Last 5 year	Last 3 Year	Last 2 Year	Last 1 Year
Returns 31st -Oct-2011	3.85%	3.15%	2.76%	2.58%	2.12%
Benchmark returns	-	7.06%	6.23%	5.29%	4.96%
Past performance may or may not be substantiated in future.					
Benchmark : I-Sec Composite Index					
<b>IDFC Ultra Short Term Fund - Growth</b>	Since Allotment 17/01/20	Last 5 year	Last 3 Year	Last 2 Year	Last 1 Year
Returns 31st -Oct-2011	6.31%	6.39%	6.19%	7.05%	9.17%
Benchmark returns	6.62%	6.72%	6.17%	6.13%	7.93%
Past performance may or may not be substantiated in future.					
Benchmark :Crisil Liquid Fund Index					
<b>IDFC All Season s Bond Fund -Growth</b>	Since Allotment 13/09/20	Last 5 year	Last 3 Year	Last 2 Year	Last 1 Year
Returns 31st -Oct-2011	6.86%	7.58%	7.11%	5.42%	6.77%
Benchmark returns	5.46%	5.99%	7.00%	5.58%	5.84%
Past performance may or may not be substantiated in future.					
Benchmark: Crisil Composite Bond Fund Index					
<b>IDFC India GDP Growth Fund</b>	Since Inception CAGR	Last 2 Years CAGR	Last 1 Year CAGR	6 Month (Absolute)	3 Month (Absolute)
Returns 31st -Oct-2011	21.06%	9.16%	-8.19%	-1.07%	-0.69%
Benchmark returns	36.33%	4.93%	-15.77%	-8.94%	-4.89%
Past performance may or may not be substantiated in future.					
Benchmark: BSE 500					
<b>IDFC Tax Advantage Fund</b>	Since Inception CAGR	Last 2 Years CAGR	Last 1 Year CAGR	6 Month (Absolute)	3 Month (Absolute)
Returns 31st -Oct-2011	25.51%	10.61%	-12.73%	-4.45%	-1.94%
Benchmark returns	26.02%	4.79%	-15.12%	-8.80%	-4.47%

<b>IDFC 50-50 Strategic Sector Fund</b>	Since Inception CAGR	Last 3 Years CAGR	Last 2 Years CAGR	Last 1 Year CAGR	6 Month (Absolute)	3 Month (Absolute)
Returns 31st -Oct-2011	10.14%	18.73%	5.12%	-16.06%	-9.36%	-6.07%
Benchmark returns	11.43%	22.67%	6.32%	-11.43%	-7.36%	-2.83%
Past performance may or may not be substantiated in future.						
Benchmark: S & P CNX Nifty						
<b>IDFC Tax Saver ELSS Fund</b>	Since Inception CAGR	Last 3 Years CAGR	Last 2 Years CAGR	Last 1 Year CAGR	6 Month (Absolute)	3 Month (Absolute)
Returns 31st -Oct-2011	7.49%	23.48%	8.74%	-13.19%	-3.58%	-2.93%
Benchmark returns	8.19%	23.45%	4.79%	-15.12%	-8.80%	-4.47%
Past performance may or may not be substantiated in future.						
Benchmark: BSE 200						
<b>IDFC Arbitrage Fund</b>	Since Inception CAGR	Last 3 Years CAGR	Last 2 Years CAGR	Last 1 Year CAGR	6 Month (Absolute)	3 Month (Absolute)
Returns 31st -Oct-2011	6.53%	5.48%	5.96%	7.74%	3.52%	1.52%
Benchmark returns	6.75%	6.17%	6.13%	7.93%	4.03%	2.07%
Past performance may or may not be substantiated in future.						
Benchmark: Crisil Liquid Fund Index						
<b>IDFC Arbitrage Plus Fund</b>	Since Inception CAGR	Last 3 Years CAGR	Last 2 Years CAGR	Last 1 Year CAGR	6 Month (Absolute)	3 Month (Absolute)
Returns 31st -Oct-2011	5.92%	5.38%	5.28%	6.38%	2.41%	1.13%
Benchmark returns	6.44%	6.17%	6.13%	7.93%	4.03%	2.07%
Past performance may or may not be substantiated in future.						
Benchmark: Crisil Liquid Fund Index						
<b>IDFC Sterling Equity Fund</b>	Since Inception CAGR	Last 3 Years CAGR	Last 2 Years CAGR	Last 1 Year CAGR	6 Month (Absolute)	3 Month (Absolute)
Returns 31st -Oct-2011	16.85%	37.97%	13.72%	-11.70%	-5.54%	-6.70%
Benchmark returns	3.10%	28.93%	5.09%	-22.26%	-11.39%	-9.36%
Past performance may or may not be substantiated in future.						
Benchmark: CNX Midcap						

<b>IDFC Equity Fund</b>	Since Inception CAGR	Last 5 Years CAGR	Last 3 Years CAGR	Last 2 Years CAGR	Last 1 Year CAGR	6 Month (Absolute)	3 Month (Absolute)
Returns	8.15%	6.80%	25.09%	6.71%	-10.49%	-6.85%	-2.85%
Benchmark returns	12.17%	7.66%	25.41%	6.32%	-11.43%	-7.36%	-2.83%
Past performance may or may not be substantiated in future.							
Benchmark: S & P CNX Nifty							
<b>IDFC Imperial Equity Fund</b>	Since Inception CAGR	Last 5 Years CAGR	Last 3 Years CAGR	Last 2 Years CAGR	Last 1 Year CAGR	6 Month (Absolute)	3 Month (Absolute)
Returns 31st -Oct-2011	11.70%	10.33%	21.61%	6.49%	-10.82%	-5.57%	-3.26%
Benchmark returns	9.31%	7.30%	22.67%	6.32%	-11.43%	-7.36%	-2.83%
Past performance may or may not be substantiated in future.							
Benchmark: S & P CNX Nifty							
<b>IDFC Premier Equity Fund</b>	Since Inception CAGR	Last 5 Years CAGR	Last 3 Years CAGR	Last 2 Years CAGR	Last 1 Year CAGR	6 Month (Absolute)	3 Month (Absolute)
Returns 31st -Oct-2011	21.70%	22.93%	37.99%	19.46%	-6.28%	1.56%	-0.61%
Benchmark returns	11.29%	6.41%	23.74%	4.93%	-15.77%	-8.94%	-4.89%
Past performance may or may not be substantiated in future.							
Benchmark: BSE 500							
<b>IDFC Classic Equity Fund</b>	Since Inception CAGR	Last 5 Years CAGR	Last 3 Years CAGR	Last 2 Years CAGR	Last 1 Year CAGR	6 Month (Absolute)	3 Month (Absolute)
Returns 31st -Oct-2011	10.90%	5.56%	16.83%	2.41%	-16.62%	-8.27%	-4.86%
Benchmark returns	13.35%	6.67%	23.45%	4.79%	-15.12%	-8.80%	-4.47%
Past performance may or may not be substantiated in future.							
Benchmark: BSE 200							

<b>IDFC Nifty Fund</b>	Since Inception CAGR	Last 1 Year CAGR	6 Month (Absolute)	3 Month (Absolute)
Returns 31st -Oct-2011	1.69%	-10.26%	-5.61%	-2.36%
Benchmark returns	0.61%	-11.43%	-7.36%	-2.83%
Past performance may or may not be substantiated in future.				
Benchmark: S & P CNX Nifty				

<b>IDFC Infrastructure Fund</b>	Since Inception - (Absolute)	6 Month (Absolute)	3 Month (Absolute)
Returns 31st -Oct-2011	-5.49%	-7.67%	-4.60%
Benchmark returns	-4.68%	-8.80%	-4.47%
Past performance may or may not be substantiated in future.			
Benchmark: CNX Infrastructure Index			



<b>IDFC Asset Allocation FoF - Aggressive - Growth</b>	Since Allotment 11/02/2010 CAGR	Last 1 Year CAGR
Returns 31st -Oct-2011	8.40%	0.54%
Benchmark returns	6.20%	-5.30%
Past performance may or may not be substantiated in future.		
Benchmark :Crisil Balanced Fund Index		
<b>IDFC Asset Allocation FoF - Moderate - Growth</b>	Since Allotment 11/02/2010 CAGR	Last 1 Year CAGR
Returns 31st -Oct-2011	7.69%	3.92%
Benchmark returns	5.87%	3.31%
Past performance may or may not be substantiated in future.		
Benchmark :Crisil MIP Blended Index		
<b>IDFC Asset Allocation FoF - Conservative - Growth</b>	Since Allotment 11/02/2010 CAGR	Last 1 Year CAGR
Returns 31st -Oct-2011	5.57%	4.27%
Benchmark returns	5.87%	3.31%
Past performance may or may not be substantiated in future.		
Benchmark :Crisil MIP Blended Index		
<b>IDFC Monthly Income Plan - Growth</b>	Since Allotment 25/02/2010 CAGR	Last 1 Year CAGR
Returns 31st -Oct-2011	5.38%	1.65%
Benchmark returns	5.83%	3.31%
Past performance may or may not be substantiated in future.		
Benchmark: Crisil MIP Blended Index		

## II. HOW TO APPLY?

Application form for transactions (including subscription / redemption / switches) in the schemes of IDFC Mutual Fund would be available at the offices of the Distributors, Official point of acceptance of transactions, at the corporate office of the AMC and / or the offices of the Registrar.

Applications complete in all respects, may be submitted before closure of the New Fund Offer Period / during the ongoing offer at specified centres / during the business hours at the Official point of acceptance of transactions, or may be sent by mail to the Registrar, Computer Age Management Services Pvt. Ltd, 148, Old Mahabalipuram Road, Okkiyam Thuraipakkam ,Chennai 600096. or at IDFC Asset Management Co.. Ltd., One IndiaBulls Centre, 841, Jupiter Mills Compound, Senapati Bapat Marg, Elphinstone Road, (West), Mumbai 400 013. The AMC reserves the right to reject transaction requests which do not have adequate information.

Kindly retain the acknowledgment slip initialed/stamped by the collecting entity.

Investors may note and follow the below-mentioned directions while applying for the units of the schemes of IDFC Mutual Fund:

- (1) *In case of direct applications*, the Investor should write in the space provided for the broker code “Direct Application” or “Not Applicable (N.A.)”.
- (2) In case of change in broker, the investor will be required to strike off the old broker code and countersign near the new broker code, before submitting the application form / transaction form / purchase form at the applicable collection centres / OPA (Official points of Acceptance).
- (3) The Registrar and the AMC shall effect the received changes in the broker code within the reasonable period of time from the time of receipt of written request from the investor at the designated collection centres / OPA. Decision of the Registrar/AMC in this regard shall be final and acceptable to all.
- (4) All Unitholders who have currently invested through channel distributors and intend to make their future investments through the Direct route, are advised to complete the procedural formalities prescribed by AMC from time to time.
- (5) List of Official Points of Acceptance is available on the website of the Mutual Fund. [www.idfcmf.com](http://www.idfcmf.com)

The Mutual Fund need to use intermediaries such as post office, local and international couriers, banks and other intermediaries for correspondence with the investor 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 NFO launched on or after October 01, 2010. 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 NFO. 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](http://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 SID. 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 as mentioned in the SID.

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 callbacks or a combination of the same. Callbacks 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, IDFC Mutual Fund, 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.

#### A. Restriction on Acceptance of Third Party Payments for Subscription of Units

1. IDFC Asset Management Co. Ltd (“AMC”)/ IDFC Mutual Fund (“Mutual Fund”), shall not accept applications for subscriptions of units accompanied with Third Party Payments from the Effective Date except in cases as enumerated in para 2A below.

“Third Party Payment” means payment made through an instrument issued from a bank account other than that of the beneficiary investor i.e first named applicant/investor mentioned in the application form. In case of payment instruments issued from a joint bank account, the first named applicant/investor must be one of the joint holders of the bank account from which the payment instrument is issued.

#### **For example:**

Illustration 1: An Application submitted in joint names of A, B & C along with cheque issued from a bank account in names of C, A & B. This is a valid application.

Illustration 2: An Application submitted in joint names of A & B & C along with cheque issued from a bank account in names of B, C & Y. This is an invalid application.

Illustration 3: An Application submitted in joint names of A, B & C along with cheque issued from a bank account in name of A. This is a valid application.

2. A. As referred to in para 1 above, following are the exceptional cases where third party payments will be accepted subject to submission of requisite documentation/declarations.

i) Payment by Parents/Grand-Parents/Related Persons\* on behalf of a minor in consideration of natural love and affection or as gift for a value not exceeding Rs. 50,000 for each regular purchase or per SIP installment. 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.

ii) Payment by employer on behalf of employee under Systematic Investment Plan (SIP) facility through payroll deductions;

iii) Custodian on behalf of an FII or a Client.

\* ‘Related Person’ means any person investing on behalf of a minor in consideration of natural love and affection or as a gift.

2. B. Investors submitting their applications through the above mentioned ‘exceptional cases’ are required to comply with the following, 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.

(i) 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.

(ii) Submission of a separate, complete and valid ‘Third Party Payment Declaration Form’ from the investors (guardian in case of minor) and the person making the payment i.e. third party. The said Declaration Form shall, inter alia, contain the details of the bank account from which the Payment is made and the relationship with the investor(s). Please contact the nearest Investor Service Centre of IDFC Mutual Fund or visit our website [www.idfcmf.com](http://www.idfcmf.com) for the said Declaration Form.

3. The Mutual Fund shall adopt the following procedures to ascertain whether payments are Third Party Payments and investors are therefore required to comply with the requirements specified herein below.

**(i) Source of funds - if paid by cheque**

An investor at the time of his/her purchase of units must provide in the application form the details of his pay-in bank account (i.e. account from which a subscription payment is made) and his pay-out bank account (i.e. account into which redemption/dividend proceeds are to be paid).

Identification of third party cheques by the AMC/Mutual Fund/Registrar & Transfer Agent (R&TA) will be on the basis of either matching of payin bank account details with pay-out bank account details or by matching the bank account number/name/signature of the first named applicant/ investor with the name/account number/signature available on the cheque. If the name is not pre-printed on the cheque or signature on the

cheque does not match, then the first named applicant/investor should submit any one of the following documents:

(a) a copy# of the bank passbook or a statement of bank account having the name and address of the account holder and account number;

(b) a letter\* (in original) from the bank on its letterhead certifying that the investor maintains an account with the bank, along with information like bank account number, bank branch, account type, the MICR code of the branch & IFSC Code (where available).

# Investors should also bring the original documents along with the documents mentioned in (a) above to the ISCs/Official Points of Acceptance of IDFC Mutual Fund. The copy of such documents will be verified with the original documents to the satisfaction of the AMC/Mutual Fund/ R&TA. The original documents will be returned across the counter to the investor after due verification.

\* In respect of (b) above, it should be certified by the bank manager with his/her full signature, name, employee code, bank seal and contact number.

Investors should note that where the bank account numbers have changed on account of the implementation of core banking system at their banks, any related communication from the bank towards a change in bank account number should accompany the application form for subscription of units.

The Mutual Fund has also provided a facility to the investors to register multiple bank accounts. By registering multiple bank accounts, the investors can use any of the registered bank accounts to receive redemption/dividend proceeds. These account details will be used by the AMC/ Mutual Fund/R&TA for verification of instrument used for subscription to ensure that third party payments are not used for mutual fund subscription, except where permitted in (2A) above. Investors are requested to avail the facility of registering multiple bank accounts by filling in the Application Form for Registration of Multiple Bank Accounts available at our Investor Service Centres (ISCs) or on our website [www.idfcmf.com](http://www.idfcmf.com)

**(ii) Source of funds - if funded by pre-funded instruments such as Pay Order, Demand Draft, Banker's cheque etc.**

Investors should attach a Certificate (in original) from the issuing banker with the purchase application, stating the Account holder's name and the Account Number which has been debited for issue of the instrument. The said Certificate should be duly certified by the bank manager with his/her full signature, name, employee code, bank seal and contact number. The account number mentioned in the Certificate should be a registered bank account or the first named applicant/investor should be one of the account holders to the bank account debited for issue of such instruments.

(I) Payments towards subscription of Units - DD issued against debit to investor's bank account:

Where an investor subscribes for units vide a DD issued by way of debit to his / her bank account, the investor shall submit any one of the following additional documents along with the application form:

A proof of debit to the investor's bank account in the form of a bank manager's certificate with details of account holder's Name, bank account number and PAN as per bank records, if available.

A copy of the acknowledgement from the bank, wherein the instructions to debit carry the bank account details and name of the investor as an account holder are available.

A copy of the passbook/bank statement evidencing the debit for issuance of a DD

(ii) Source of funds – if paid by a pre-funded instrument issued by the Bank against Cash

The AMC/Mutual Fund/R&TA will not accept any purchase applications from investors if accompanied by a pre-funded instrument issued by a bank against cash for investments of Rs. 50,000 or more, unless investor has submitted a Certificate (in original) obtained from the bank giving name, address, Bank account number and PAN (if available) of the person who has requested for the payment instrument. The said Certificate should be duly certified by the bank manager with his/her full signature, name, employee code, bank seal and contact number. The AMC/Mutual Fund/R&TA will check that the name mentioned in the Certificate matches with the first named investor.

In both the instance mentioned above, the examples as shown above, that such bank account number of the investor is the same as the / one of the registered bank account mandate(s) with the fund or the bank details mentioned in the application form.

In case the application for subscription does not comply with the above provisions, the AMC/Trustee retains the sole and absolute discretion to reject/not process such application and refund the subscription money and shall not be liable for any such rejection.

**(iii)Source of funds - if paid by RTGS, Bank Account-to-Account Transfer, NEFT, ECS, etc.**

Investors should attach to the purchase application form, an acknowledged copy of the instruction to the bank also stating the account number debited. The account number mentioned on the transfer instruction copy should be a registered bank account or the first named applicant/ investor should be one of the account holders to the bank account debited for such electronic transfer of funds.

**(iv)Source of funds – if paid by a pre-funded instrument issued by the Bank against Cash**

The AMC/Mutual Fund/R&TA will not accept any purchase applications from investors if accompanied by a pre-funded instrument issued by a bank against cash for investments of Rs. 50,000 or more. The investor should submit a Certificate (in original) obtained from the bank giving name, address and PAN (if available) of the person who has requested for the payment instrument. The said Certificate should be duly certified by the bank manager with his/her full signature, name, employee code, bank seal and contact number. The AMC/Mutual Fund/R&TA will check that the name mentioned in the Certificate matches with the first named investor.

The above broadly covers the various modes of payment for mutual fund subscriptions. The above list is not a complete list and is only indicative in nature and not exhaustive. Any other method of payment, as introduced by the Mutual Fund, will also be covered under these provisions.

**B.** In order to prevent frauds and misuse of payment instruments, the investors are mandated to make the payment instrument (cheque, demand draft, pay order, etc.) favouring either of the following (Investors are urged to follow the order of preference in making the payment instrument favouring as under):

- 1 “XYZ Scheme A/c Permanent Account Number”
2. “XYZ Scheme A/c First Investor Name” or

3. “XYZ Scheme A/c Folio number”

**For example:** IDFC Classic Equity Fund A/c ABCDE1234F OR IDFC Classic Equity Fund A/c Bhavesh Shah or IDFC Classic Equity Fund A/c 657895/00

C. Investors transacting through MFSS/BSE STAR MF Platform under the electronic order collection system for schemes which are unlisted and Stock Exchange(s) for the listed schemes will have to comply with norms/rules as prescribed by Stock Exchange(s).

In case the application for subscription does not comply with the above provisions, the AMC/Trustee retains the sole and absolute discretion to reject/not process such application and refund the subscription money and shall not be liable for any such rejection.

The Trustee reserves the right to modify the aforesaid requirements at their sole discretion. All other terms and conditions of the Statement of Additional Information will remain unchanged.

**Mode of Payment -Resident Investors:**

Investors shall make payments for subscription to the Units of the Scheme at the bank collection centre / official points of acceptance by local Cheque/Payorder/ Bank Draft, drawn on any bank branch, which is a member of Bankers Clearing House and located in the Official points of acceptance of transactions where the application is lodged.

The Cheque/ DD/ Payorder should be drawn in favour of the relevant scheme / plan as per the instructions provided in the application forms etc.

Please note that all cheques / DDs/ Payorders should be crossed as account payee and the DD/bank charges on the same will have to be borne by the investor. However in case of outstation demand drafts the bank charges for the same could be borne by the AMC in some schemes, the details of which will be communicated to the investors.

Payments by Cash, money orders, postal orders, Stockinvests and out-station and/ or post-dated cheques will not be accepted.

Centres other than the places where there are Official Points of Acceptance of Transactions as designated by the AMC from time to time are Outstation centres. Investors residing at outstation centres should send demand drafts drawn on any bank branch which is a member of Bankers Clearing House payable at any of the places where an Official Points of Acceptance of Transactions is located.

In case of an applicant who is a resident of a city which is not serviced by any ISC, the AMC shall bear the bank charges for the demand draft borne by such applicant, and allot Units for the amount inclusive of such charges. The AMC will bear the demand draft charges only in case of investments in equity schemes (excluding FOF and NIFTY Fund) of the Mutual Fund as mentioned below:

**Amount of investment Demand Draft charges**

Upto Rs. 10,000/- At actuals, subject to a maximum of Rs. 50/-

Above Rs. 10,000/- Rs. 3/- per Rs. 1,000/- subject to a maximum of Rs. 10,000/-

The AMC may, at its discretion, refuse to bear the demand draft charges in case of investments made by the same applicant(s) through multiple applications and such decision of the AMC will be final and binding on the investor. It may be noted that other than demand draft charges, any other charge incurred by the investor will not be borne by the AMC. Further, additional charges, if any, incurred by an investor over and above the levels indicated above will not be borne by the AMC. The AMC will not entertain any request for refund of demand draft charges. No demand draft charges will be borne by the AMC for purchase of Units by investors residing at such locations where the ISCs / Designated Collection Centres of the AMC are located

For payments through net banking and debit cards, investors shall provide details of the bank account debited from the payment gateway service provider and the AMC shall match the same with the registered pay-in accounts. In case it is found that the payment is not made from a registered bank account or from an account not belonging to the first named unit holder, the AMC/R&TA shall reject the transaction with due intimation to the investor.

## **NRI, FIIs**

### **i) NRIs:**

**The Reserve Bank of India, in terms of Notification No. FERA.195/99-RB dated March 30, 1999 has granted general permission to mutual funds referred to in clause (23D) of Section 10 of Income Tax Act, 1961:**

1.(a) to issue, to Non-Residents of Indian nationality or origin (NRIs) units or similar other instruments of the Scheme approved by Securities and Exchange Board of India subject to conditions stated in para 2) below,

(b) to send such units/instruments out of India to their place of residence or location as the case may be and

(c) to make payment to non-resident investors, on repurchase of units or other instruments subject to conditions in paragraph 3.

2. The general permission granted herein to issue units is subject to the following conditions:

(a) the Mutual Fund complies with terms and conditions stipulated by Securities and Exchange Board of India;

(b) in respect of investment made on repatriation basis, the amount representing the investment is received by inward remittance through normal banking channel or by debit to NRE/FCNR account of the non-resident investor maintained with an authorised dealer in India;

(c) in respect of investment made on non-repatriation basis, the amount representing the investment is received by inward remittance through normal banking channel or by debit to the NRE/FCNR/NRO/NRSR account of the non-resident investor maintained with an authorised dealer in India.

3. The general permission granted herein to repurchase units is subject to the following conditions:

(a) Where the investment is made on repatriation basis, the amount representing the dividend/interest and maturity proceeds may be remitted through normal banking channel or credited to NRE/FCNR/NRO/NRSR account of the non-resident investor.

(b) Where the investment is made by remittance from abroad through normal banking channel or by debit to NRE/FCNR/NRO account of the non-resident investor on non-repatriation basis the interest/dividend and maturity proceeds may be credited to the NRO/NRSR account of the non-resident investor.

(c) Where the investment is made by debit to NRSR account of the non-resident investor the dividend/interest and maturity proceeds shall be credited to the NRSR account of the non-resident investor.

**ii) FIIs:**

**The Reserve Bank of India, in terms of its notification No. FERA.212/99-RB dated October 18,**

**1999, has granted general permission to Mutual Funds:**

1.(a) to issue, units or similar instruments under Plans approved by Securities and Exchange Board of India to Foreign Institutional Investors (FIIs) subject to para 2 below,

(b) to send such units/ instruments out of India to their global custodians,

(c) to repurchase units or other instruments issued to FIIs and make payment thereof, subject to para 3 below.

**2. The general permission granted herein to issue units is subject to the following conditions: -**

(a) The Mutual Fund complies with terms and conditions stipulated by the Securities and Exchange Board of India;

(b) The amount representing the investment is received by debit to the Special Non-Resident Rupee Account of the FII maintained with a designated bank, approved by the bank.

3. The general permission granted herein to repurchase units is subject to the condition that the amount representing dividend/interest and maturity proceeds are credited to the Special Non-Resident Rupee Account.

Explanation: Foreign Institutional Investor means an institution established or incorporated outside India and registered with SEBI which proposes to make investment in India in securities, as defined in SEBI (FII) Regulations, 1995.

**Mode of Payment on Repatriation basis**

In case of NRIs, and persons of Indian origin residing abroad, payment may be made by way of Indian Rupee drafts purchased abroad or by way of cheques/ demand draft drawn on Non-Resident (External) (NRE) Accounts payable at par at Mumbai or alternatively by way of a debit mandate on their Non-Resident (External) (NRE) Account with Standard Chartered Bank or such other banks with whom the fund has an arrangement from time to time and is approved by RBI in India. Payments can also be made by means of rupee drafts payable at Mumbai and purchased out of funds held in NRE



Accounts/ FCNR Accounts. Payments may also be made through Demand Drafts or other instruments permitted under the Foreign Exchange Management Act.

Indian Rupee Drafts purchased abroad by NRIs/ PIOs will be subject to fulfillment of conditions and/ or submission of documents as per operational procedure/ guidelines as may be issued by the AMC from time to time.

FII's and International Multilateral Agencies may pay the Subscription amount by direct remittance from abroad or out of their Non Resident Rupee Accounts maintained with a designated bank in India or as may be permitted by law.

All cheques/ drafts should be made out in favour the scheme / plan - ***NRI/ FII Subscription***

The cheques/drafts should be crossed "*Account Payee Only*". In case Indian Rupee drafts are purchased abroad or from FCNR/ NRE Account, a certificate from the Bank issuing the draft confirming the debit shall also be enclosed.

#### **Mode of payment on Non-Repatriation basis**

In case of NRIs/ Persons of Indian origin applying for Units on a non-repatriation basis, payments may be made by local Cheques or Payorder or Demand Drafts drawn on any bank branch which is a member of Bankers Clearing House located in the Official points of acceptance of transactions where the application is accepted, out of Non-Resident Ordinary (NRO) accounts or by way of a debit mandate on their NRO account with Standard Chartered Bank or such other banks with whom the fund has an arrangement from time to time and is approved by RBI in India.

Payments received will be subject to fulfillment of conditions and/or submission of documents as per the operational procedure/guidelines as may be issued by the AMC from time to time.

The AMC reserves the right to reject applications received by any mode of payment other than mentioned above.

#### **Deduction of Transaction charges for investments through distributors/agents:**

SEBI has allowed Asset Management Companies (AMCs) to deduct transaction charges per subscription of Rs. 10,000/- and above, vide its Circular No. Cir/ IMD/ DF/13/ 2011 dated August 22, 2011.

In accordance with said circular, the AMC/Mutual Fund shall deduct the Transaction Charges on purchase / subscription received from first time mutual fund investors and investor other than first time mutual fund investors through the distributor/agent (**who have opted to receive the transaction charges**) as under:

##### **a) First Time Mutual Fund Investor (across Mutual Funds):**

Transaction charge of Rs. 150/- for subscription of Rs. 10,000 and above will be deducted from the subscription amount and paid to the distributor/agent of the first time investor and the balance shall be invested.

##### **b) Investor other than First Time Mutual Fund Investor:**

Transaction charge of Rs. 100/- per subscription of Rs. 10,000 and above will be deducted from the subscription amount and paid to the distributor/agent of the investor and the balance shall be invested.

However, transaction charges in case of investments through Systematic Investment Plan (SIP) shall be deducted only if the total commitment (i.e. amount per SIP installment x No. of installments) amounts to Rs. 10,000/- or more. The Transaction Charges shall be deducted in 3-4 installments.

**c) Transaction charges shall not be deducted for:**

- (a) purchases /subscriptions for an amount less than Rs. 10,000/-;
- (b) transaction other than purchases/ subscriptions relating to new inflows such as Switch/ STP/SWAP/DTP, etc.
- (c) purchases/subscriptions made directly with the Fund (i.e. not through any distributor/agent).

**Investors are requested to contact any of the Investor Service Centres (ISCs) of IDFC Mutual Fund for further details.**

**APPLICATION UNDER POWER OF ATTORNEY/BODY CORPORATE/REGISTERED SOCIETY/ TRUST/ PARTNERSHIP**

In case of an application under a Power of Attorney or by a limited company, body corporate, registered society, trust or partnership, etc., the relevant Power of Attorney or the relevant resolution or authority to make the application as the case may be, or duly certified copy thereof, along with the memorandum and articles of association/ bye-laws must be lodged at the Registrar's Office.

**JOINT APPLICANTS**

In the event an Account has more than one registered owner, the first-named holder (as determined by reference to the original Application Form) shall receive the Account Statement, all notices and correspondence with respect to the Account, as well as the proceeds of any redemption requests or dividends or other distributions. In addition, such Unitholders shall have the voting rights, as permitted, associated with such Units, as per the applicable guidelines.

Applicants can specify the 'mode of holding' in the Application Form. An applicant can hold units either 'Singly' or 'Jointly' or on the basis of 'Anyone or Survivor'. In the case of holding specified as 'Jointly', redemptions and all other requests relating to monetary transactions would have to be signed by all joint holders. However, in cases of holding specified as 'Anyone or Survivor', any one of the Unitholders will have the power to make redemption requests, without it being necessary for all the Unitholders to sign. In case of valid application received without indicating "Mode of holding", it will be considered on "Anyone or Survivor" & processed accordingly. However, in all cases, the proceeds of the redemption will be paid to the first-named holder.

**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 transaction 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.

8. 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 NAV of the Units of the Scheme will be computed by dividing the net assets of the Scheme by the number of Units outstanding on the valuation date. The Fund shall value its investments according to the valuation norms, as specified in Schedule VIII of the Regulations, or such norms as may be prescribed by SEBI from time to time. The broad valuation norms are detailed below.

These norms are indicated based on the current Regulations and the guidelines/instructions issued by SEBI i.e. MFD/CIR/8/92/2000 dated September 18, 2000. In terms of SEBI letter no MFD/CIR/8(A)/104/2000 dated October 3, 2000, the said guidelines on valuation of non-traded and thinly traded debt securities came into force from December 1, 2000 and the same was modified vide letter no. MFD/CIR/14/088/2001 dated March 28, 2001 & MFD/CIR/No.14/.442/2002 dated February 20, 2002.

##### **1) Traded Securities**

- (i) Traded securities (other than Government Securities) are valued at the last quoted closing price on the National Stock Exchange of India (NSE). If a particular security is not listed on the NSE, it is valued at the last quoted closing price on the stock exchange where it is principally traded ("another stock exchange").
- (ii) When on a particular Valuation Day, a security listed on the NSE has not been traded on the NSE, the value at which it has been traded on another stock exchange is used.

When an equity security is not traded on any stock exchange on a particular valuation day, the value at which it was traded on the selected stock exchange or any other stock exchange, as the case may be, on the earliest previous day may be used provided such date is not more than 30 days prior to the Valuation Day.

(ii) All Government bonds are to be valued at the prices provided by CRISIL.COM on a daily basis. In the event of non availability of the CRISIL.COM's prices for any reason whatsoever prices released by FIMMDA will be used. When prices from both the aforesaid sources are not available, Reuters or Bloomberg price quotes (bid price quotes) will be used, failing which the average of the indicative bid price quotes obtained from two Government securities brokers will be used.

Traded Treasury Bills (T-Bills) are to be valued at last traded yield to maturity (YTM) for up to next 15 days and are to be amortized at YTM on a straight-line basis from that level.

*Valuation – ADRs /GDR s/other foreign securities (equities)*

Trades in ADRs/GDRs /other foreign securities shall be accounted for on the day following the trade on the relevant stock exchanges where such ADRs/GDRs/other foreign securities are listed viz. New York Stock Exchange, NASDAQ, London Stock Exchange (LSE), Luxembourg Stock Exchange etc. The valuation of such investments shall be done at the last traded price of the previous day on the relevant exchange where the ADR/GDR/other foreign securities is listed and traded. For instance, in case of GDR listed on Luxembourg Stock Exchange, the last traded price on Luxembourg Stock Exchange shall be used for the purpose of valuation. In case of GDRs listed on more than one foreign stock exchange, the scheme shall use the last traded price on LSE, in the absence of which last traded price on Luxembourg stock exchange shall be used. If the GDR was not traded on Luxembourg stock exchange too, the last traded price on such other stock exchange as the AMC may deem appropriate shall be used for portfolio valuation, the intention being to provide fair valuation to the investors of the Scheme. In case of an ADR listed on more than one stock exchange the last traded price on NYSE shall be used for valuation. If the ADR is not traded on NYSE, the last traded price on NASDAQ shall be used for valuation and if the ADR is not traded on NASDAQ too, the last traded price on such other stock exchange as the AMC may deem appropriate shall be used for portfolio valuation, the intention being to provide fair valuation to the investors of the Scheme.

In the absence of prices on any exchange on the concerned valuation date, the price prevailing at the close of business on the previous date of trade in such ADR/GDR/other foreign securities shall be used for valuation provided that such previous date is not more than 30 days prior to the date of valuation.

However, the AMC reserves the right to choose the price for valuation of ADRs/GDRs/other foreign securities which may be different from the procedure given above depending upon the prevailing circumstances, the intention being to provide fair valuation to the investors of the Scheme.

Since the traded price would be in foreign currency the conversion rate to INR would also be as of the previous day.

In case such quotes are not available on any day, the foreign exchange rates as available for the immediately preceding day may be used. The AMC reserves the right to choose appropriate rates for conversion of the last traded price for the purpose of valuation, depending upon the

prevailing circumstances, the intention being to provide fair valuation to the investors of the Scheme.

*Valuation policy for foreign debt instruments :*

Where Debt Instruments are listed and regularly traded on stock exchanges the last traded price at the close of business will be considered for valuation. In view of the time zone difference it is possible that the price taken for valuation would be the previous day's closing price. Since the traded price would be in foreign currency the conversion rate to INR would also be as of the previous day.

Where the securities are either not listed on stock exchanges or listed but not traded, but whose prices are transmitted via news agency such as Reuters / Bloomberg / Bridge, the prices at a predetermined time from a predetermined source (page) would be considered for the valuation. It will be the responsibility of the fund to ensure that the source is reliable and authentic for valuation purpose and reflects the fair prices.

For Debt Instruments where regular market-making facility is available, the bid price will be taken for valuation. The fund will procure tradable quotes from the market maker i.e. quotes at which actual buying and selling can happen . The communication for two-way quotes would be documented.

## **2) Thinly Traded Securities / Non-Traded Securities / Unlisted Equity Securities**

### **i) Thinly Traded Equity/Equity related securities**

When trading in an equity / equity related security (such as convertible debentures, equity warrants, etc.) in a month is less than Rs. 5 lakh and the total volume is less than 50,000 shares, it shall be considered as a thinly traded security and valued accordingly.

Where a stock exchange identifies the "thinly traded" securities by applying the above parameters for the preceding calendar month and publishes/provides the required information along with the daily quotations, the same can be used by the Fund.

If the share is not listed on the stock exchanges which provide such information, then it will be obligatory on the part of the Fund to make its own analysis in line with the above criteria to check whether such securities are thinly traded which would then be valued accordingly.

In case trading in an equity security is suspended upto 30 days, then the last traded price would be considered for valuation of that security. If an equity security is suspended for more than 30 days, then the AMC/Trustees will decide the valuation norms to be followed and such norms would be documented and recorded.

### **(ii) Non-Traded Equity Securities**

When a security (other than debt and Government securities) is not traded on any stock exchange for a period of 30 days prior to the Valuation Day, the scrip is treated as non-traded scrip.

Non traded/ thinly traded equity securities shall be valued "in good faith" by the asset management company on the basis of the valuation principles laid down below:

a) Based on the latest available Balance Sheet, net worth shall be calculated as follows :

(b) Net Worth per share = [share capital+ reserves (excluding revaluation reserves) - Miscellaneous expenditure and Debit Balance in P&L A/c] Divided by No. of Paid up Shares.

(c) Average capitalisation rate (P/E ratio) for the industry based upon either BSE or NSE data (which should be followed consistently and changes, if any noted with proper justification thereof) shall be taken and discounted by 75% i.e. only 25% of the Industry average P/E shall be taken as capitalisation rate (P/E ratio). Earnings per share of the latest audited annual accounts will be considered for this purpose.

(d) The value as per the net worth value per share and the capital earning value calculated as above shall be averaged and further discounted by 10% for illiquidity so as to arrive at the fair value per share.

(e) In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised earning.

(f) In case where the latest balance sheet of the company is not available within nine months from the close of the year, unless the accounting year is changed, the shares of such companies shall be valued at zero.

(g) In case an individual security accounts for more than 5% of the total assets of the scheme, an independent valuer shall be appointed for the valuation of the said security.

### **(iii) Unlisted Equity Shares**

Unlisted equity shares of a company shall be valued "in good faith" on the basis of the valuation principles laid down below:

a) Based on the latest available audited balance sheet, net worth shall be calculated as lower of (i) and (ii) below:

i. Net worth per share = [share capital plus free reserves (excluding revaluation reserves) minus Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses] divided by Number of Paid up Shares.

ii. After taking into account the outstanding warrants and options, Net worth per share shall again be calculated and shall be = [share capital plus consideration on exercise of Option/Warrants received/receivable by the Company plus free reserves(excluding revaluation reserves) minus Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses] divided by {Number of Paid up Shares plus Number of Shares that would be obtained on conversion/exercise of Outstanding Warrants and Options}

The lower of (i) and (ii) above shall be used for calculation of net worth per share and for further calculation in (c) below.

(b) Average capitalisation rate (P/E ratio) for the industry based upon either BSE or NSE data (which should be followed consistently and changes, if any, noted with proper justification thereof) shall be taken and discounted by 75% i.e. only 25% of the Industry average P/E shall be taken as capitalisation rate (P/E ratio). Earnings per share of the latest audited annual accounts will be considered for this purpose.

(c) The value as per the net worth value per share and the capital earning value calculated as above shall be averaged and further discounted by 15% for illiquidity so as to arrive at the fair value per share.

The above methodology for valuation shall be subject to the following conditions:

- i. All calculations as aforesaid shall be based on audited accounts.
- ii. In case where the latest balance sheet of the company is not available within nine months from the close of the year, unless the accounting year is changed, the shares of such companies shall be valued at zero.
- ii. If the net worth of the company is negative, the share would be marked down to zero.
- iii. In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised earning.
- iv. In case an individual security accounts for more than 5% of the total assets of the scheme, an independent valuer shall be appointed for the valuation of the said security. To determine if a security accounts for more than 5% of the total assets of the scheme, it should be valued in accordance with the procedure as mentioned above on the date of valuation.

At the discretion of the AMC and with the approval of the trustees, an unlisted equity share may be valued at a price lower than the value derived using the aforesaid methodology.

**3)** While investments in call money, bills purchased under rediscounting plan and short term deposits with banks shall be valued at cost plus accrual, other money market instruments shall be valued at the yield at which they are currently traded. For this purpose, non-traded instruments, that is instruments not traded for a period of 7 days, will be valued at cost plus interest accrued till the beginning of the Valuation Day plus the difference between the redemption value and the cost spread uniformly over the remaining maturity period of the instruments.

**4)** Non-traded T-Bills with residual maturity up to 182 days (not traded for more than 15 days or one which would qualify as a thinly traded security), will be valued on straight-line amortization of last traded YTM or purchased YTM. Non-traded T-Bills with residual maturity greater than 182 days (not traded for more than 15 days or one which would qualify as a thinly traded security), will be valued at the average of the indicative bid YTM obtained from two Government security brokers failing which at prices provided by FIMMDA or REUTERS or Bloomberg price quotes.

**5)** The non-convertible and convertible components of convertible debentures and bonds shall be valued separately. The non-convertible component would be valued on the same basis as would be applicable to a debt instrument.

**6)** Where an instrument has been bought on a 'Repo' basis, the instrument would be valued at the resale price after deduction of applicable interest upto the date of resale. Where an instrument has been sold on a 'Repo' basis, adjustment would be made for the difference between the repurchase price (after deduction of applicable interest up to date of repurchase) and the value of the instrument. If the repurchase price exceeds the value of the instrument, the depreciation would be provided for, and if the repurchase price is lower than the value of the instrument, credit would be taken for the appreciation.

**7)** In respect of warrants to subscribe attached to instruments, the warrants would be valued at the value of the share which would be obtained on exercise of the warrant as reduced by the amount which would be payable on exercise of the warrant. A discount similar to the discount to be

determined in respect of convertible debentures shall be deducted to account for the period, which must elapse before the warrant can be exercised.

8) Until they are traded, the value of "rights" shares shall be calculated as:

$$V_r = n \div m \times (P_{ex} - P_{of})$$

Where  $V_r$  = Value of rights

$n$  = no. of rights offered

$m$  = no. of original shares held

$P_{ex}$  = Ex-rights price

$P_{of}$  = Rights Offer Price

Where the rights are not treated pari passu with the existing shares, suitable adjustments shall be made to the value of the rights. Where it is decided not to subscribe for the rights but to renounce them and renunciations are being traded, the rights can be valued at the renunciation value.

#### ***Valuation Of Non-Traded / Thinly Traded Securities:***

#### **(II)(A) NON-TRADED /THINLY TRADED DEBT SECURITIES OF UPTO 182 DAYS TO MATURITY:**

As the money market securities are valued on the basis of amortization (cost plus accrued interest till the beginning of the day plus the difference between the redemption value and the cost spread uniformly over the remaining maturity period of the instruments) a similar process should be adopted for non-traded debt securities with residual maturity of upto 182 days, in the absence of any other standard benchmarks in the market. Debt securities purchased with residual maturity of upto 182 days are to be valued at cost (including accrued interest till the beginning of the day) plus the difference between the redemption value (inclusive of interest) and cost spread uniformly over the remaining maturity period of the instrument. In case of a debt security with maturity greater than 182 days at the time of purchase, the last valuation price plus accrued interest should be used instead of purchase cost. All other non-traded Non Government debt instruments shall be valued using the method suggested below.

#### **(II) (B) NON-TRADED/ THINLY TRADED DEBT SECURITIES OF OVER 182 DAYS TO MATURITY:**

For the purpose of valuation, all Non-Traded Debt Securities would be classified into "Investment grade" and "Non-Investment grade" securities based on their credit ratings. The non-investment grade securities would further be classified as "Performing" and "Non Performing" assets.

- All Non Government investment grade debt securities, classified as not traded, shall be valued on yield to maturity basis as described below.
- All Non Government non investment grade performing debt securities would be valued at a discount of 25% to the face value.
- All Non Government non-investment grade non-performing debt securities would be valued based on the provisioning norms.

The approach in valuation of non-traded debt securities is based on the concept of using spreads over the benchmark rate to arrive at the yields for pricing the non-traded security.

The Yields for pricing the non-traded debt security would be arrived at using the process as described:



### *Step A*

A Risk Free Benchmark Yield is built using the government securities (GOI Sec) as the base. GOI Secs are used as the benchmarks as they are traded regularly, free of credit risk, and traded across different maturity spectra every week.

### *Step B*

A Matrix of spreads (based on the credit risk) is built for marking up the benchmark yields. The matrix is built based on traded corporate paper on the wholesale debt segment of an appropriate stock exchange and the primary market issuances. The matrix is restricted only to investment grade corporate paper.

### *Step C*

The yields as calculated above are Marked-up/Marked-down for illiquidity risk.

### *Step D*

#### a. Construction of Risk-Free Benchmark

Using Government of India dated securities, the Benchmark shall be constructed as below:

#### METHODOLOGY

□ Government of India Dated securities will be grouped into the following duration buckets viz., 0.5-1 year, 1-2 years, 2-3 years, 3-4 years, 4-5 years, 5-6 years and greater than 6 years and the volume weighted yield would be computed for each bucket. Accordingly, there will be a benchmark YTM for each duration bucket. These duration buckets may be changed to reflect the market value more closely by any agency suggested by AMFI giving benchmark yield/matrix of spreads over benchmark yield.

The benchmark as calculated above will be set weekly, and in the event of any change in the Reserve Bank of India (RBI) policies affecting interest rates during the week, the benchmark will be reset to reflect any change in the market conditions.

Note: The concept of duration over tenor has been chosen in order to capture the reinvestment risk. It is intended to gradually move towards a methodology that incorporates the continuous curve approach for valuation of such securities. However, in view of the current lack of liquidity in the corporate bond markets, a continuous curve approach to valuation would be necessarily based on limited data points, and this would result in out of line valuations. As an interim methodology therefore it is proposed that the Duration Bucket approach be adopted and continuously tracked in order to fine tune the duration buckets on a periodic basis. Over the next few years it is expected that with the deepening of the secondary market trading, it would be possible to make a gradual move from the Duration Bucket approach towards a continuous curve approach.

The Yields so arrived at are used to price the portfolio

#### b. Building a Matrix of Spreads for Marking-up the Benchmark Yield

Mark-up for credit risk over the risk free benchmark YTM as calculated in step a, will be determined using the trades of corporate debentures/bonds of different ratings. All trades on appropriate stock exchanges during the fortnight prior to the benchmark date will be used in building the corporate YTM and spread matrices. Initially these matrices will be built only for corporate securities of investment grade. The matrices are dynamic and the spreads will be computed every week. The

matrix will be built for all duration buckets for which the benchmark GOI matrix is built to effectively link the corporate matrix with the GOI securities matrix. Accordingly:

- All traded paper (with minimum traded value of Rs. 1 crore) will be classified by their ratings and grouped into 7 duration buckets; for rated securities, the most conservative publicly available rating will be used.
- For each rating category, average volume weighted yield will be obtained both from trades on the appropriate stock exchange and from the primary market issuances.
- Where there are no secondary trades on the appropriate stock exchange in a particular rating category and no primary market issuances during the fortnight under consideration, then trades on the appropriate stock exchange during the 30 day period prior to the benchmark date will be considered for computing the average YTM for such rating category.
- If the matrix cannot be populated using any or all of the above steps, then credit spreads from trades on appropriate stock exchange of the relevant rating category over the AAA trades will be used to populate the matrix.
- In each rating category, all outliers will be removed for smoothening the YTM matrix.
- Spreads will be obtained by deducting the YTM in each duration category from the respective YTM of the GOI securities.
- In the event of lack of trades in the secondary market and the primary market the gaps in the matrix would be filled by extrapolation. If the spreads cannot be extrapolated for the reason of practicality, the gaps in the matrix will be filled by carrying the spreads from the last matrix.

### **c. Mark-up/ Mark-down Yield**

The Yields calculated would be marked-up/marked -down to account for the illiquidity risk, promoter background, finance company risk and the issuer class risk. As the level of illiquidity risk would be higher for non-rated securities, the marking process for rated and non-rated securities, would be differentiated as follows:

#### **(i) Adjustments for Securities rated by external rating agencies:**

The Yields so derived out of the above methodology could be adjusted to account for risk mentioned above.

A discretionary discount/premium of upto +100/-50 basis points for securities having a duration of upto 2 years and upto +75/- 25 basis points for securities having duration higher than 2 years will be permitted to be provided for the above mentioned types of risks. The rationale for the above discount structure is to take cognizance of the differential interest rate risk of the securities. This structure will be reviewed periodically.

#### **(ii) Adjustments for Internally Rated Securities:**

To value an un-rated security, the fund manager has to assign an internal credit rating, which will be used for valuation. Since un-rated instruments tend to be more illiquid than rated securities, the yields would allow discretion mentioned below to account for the aforesaid risks is inadequate as debt securities of similar maturity and credit rating are being traded over wide range of yields.

Category	Discretionary discount over benchmark yield in basis points
Unrated Instruments with duration upto 2 years	Discretionary discount of upto +50 bps over and above mandatory discount of +50 bps
Unrated Instruments with duration over 2 years	Discretionary discount of upto +50 bps over and above mandatory discount of +25 bps

(iii) The benchmark yield/matrix of spreads over benchmark yield obtained from any agency suggested by AMFI (currently CRISIL) as a provider of benchmark yield/matrix of spreads over benchmark yield to mutual funds, must be applied for valuation of securities on the day on which the benchmark yield/matrix of spreads over benchmark yield is released by the aforesaid agency.

#### Valuation of Debt and Money Market Instruments (effective July 1, 2010)

Pursuant to the SEBI Circular no. SEBI/IMD/CIR No.16/ 193388/ 2010 dated February 02, 2010 on “Valuation of Debt and Money Market Instruments”, the current provisions regarding valuation of these securities will be modified, as under effective July 1, 2010:

##### I. Valuation of money market and debt securities with residual maturity of upto 91 days:

All money market and debt securities, including floating rate securities, with residual maturity of upto 91 days shall be valued at the weighted average price at which they are traded on the particular valuation day. When such securities are not traded on a particular valuation day they shall be valued on amortization basis. It is further clarified that in case of floating rate securities with floor and caps on coupon rate and residual maturity of upto 91 days then those shall be valued on amortization basis taking the coupon rate as floor.

##### II. Valuation of money market and debt securities with residual maturity of over 91 days:

All money market and debt securities, including floating rate securities, with residual maturity of over 91 days shall be valued at weighted average price at which they are traded on the particular valuation day. When such securities are not traded on a particular valuation day they shall be valued at benchmark yield / matrix of spread over risk free benchmark yield obtained from agency(ies) entrusted for the said purpose by AMFI.

##### III. Valuation of securities not covered under the current valuation policy:

In case of securities purchased by mutual fund does not fall within the current framework of the valuation of securities then the mutual fund shall report immediately to AMFI regarding the same. Further, at the time of investment AMCs shall ensure that the total exposure in such securities does not exceed 5% of the total AUM of the scheme.

AMFI has been advised that the valuation agencies should ensure that the valuation of such securities gets covered in the valuation framework within six weeks from the date of receipt of such intimation from mutual fund.

In the interim period, till AMFI makes provisions to cover such securities in the valuation of securities framework, the mutual funds shall value such securities using their proprietary model which has been approved by their independent trustees and the statutory auditors.

#### **Valuation of securities with Put/Call Options:**

The option embedded securities would be valued as follows:

### ***Securities with Call option:***

The securities with call option shall be valued at the lower of the value as obtained by valuing the security to final maturity and valuing the security to call option.

In case there are multiple call options, the lowest value obtained by valuing to the various call dates and valuing to the maturity date is to be taken as the value of the instrument.

### **Securities with Put option:**

The securities with put option shall be valued at the higher of the value as obtained by valuing the security to final maturity and valuing the security to put option.

In case there are multiple put options, the highest value obtained by valuing to the various put dates and valuing to the maturity date is to be taken as the value of the instruments.

Securities with both Put and Call option on the same day:

The 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.

### **3) Asset backed securities**

- Asset backed securities with a residual maturity over 182 days and where the cash flows are variable are valued on the same basis as that for non-traded securities with residual maturity over 182 days.
- Asset backed securities with a residual maturity upto 182 days and where cashflows are variable are valued on the basis of amortisation, the last valued yield being the base for amortisation.

### **4) Government Securities**

Government securities are valued at prices obtained from CRISIL in accordance with the guidelines for valuation of securities for mutual funds issued by SEBI.

### ***5) Repos***

Instruments bought on 'repo' basis are valued at the resale price after deduction of applicable interest upto date of resale.

### ***6) Valuation of Derivative Products***

- i) The traded derivatives shall be valued at market price in conformity with the stipulations of sub clauses (i) to (v) of clause 1 of the Eighth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended by SEBI Circular No.MFD/CIR/8/92/2000 and MFD/CIR/14/088/2001 dated September 18, 2000 and March 28, 2001 respectively.
- ii) The valuation of untraded derivatives shall be done in accordance with the valuation method for untraded investments prescribed in sub clauses (i) and (ii) of clause 2 of the Eighth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended by

SEBI Circular No.MFD/CIR/8/92/2000 and MFD/CIR/14/088/2001 dated September 18, 2000 and March 28, 2001 respectively.

**In accordance with SEBI guidelines, the Fund enters into derivative transactions in the form of Interest Rate Swaps for the purposes of hedging and portfolio balancing.**

RBI vide its circular no. MPD.BC.191/07.01.279/1999-2000 dated November 1, 1999 has permitted mutual funds to enter into Interest Rate Swaps/Forward Rate Agreement for hedging and portfolio balancing. As per RBI circular no MPD.BC.187/07.01.279/1999-2000 dated July 7, 1999 it specifies that “The Swap that is accounted for like a hedge should be accounted for on accrual basis except the swap designated with an asset or liability that is carried at market value or lower of cost or market value in the financial statements. In that case the swap should be marked to market with the resulting gain or loss recorded as an adjustment to the market value of designated asset or liability.”

As per the said circular, swaps less than 6 months to be amortised and more than six months has to be valued/marked to market.

The valuation methods have not been prescribed either by RBI, SEBI or AMFI and as per Eighth Schedule of SEBI Regulation, the security should be marked to market and the Mutual Fund should adopt fair valuation methods.

- Any swap with maturity of less than 6 months shall be amortized
- Any swap with a maturity of greater than 6 months has to be marked to market.
- The swap and the underlying instrument have to be valued separately and not bundled into one instrument for valuation purposes to reflect the basis risk, if any.
- Each swap to be earmarked to specific underlying assets.
- The Face value of the swap to be less than or equal to the face value of the underlying cash asset
- The underlying can be substituted with another suitable cash asset in case the original underlying is sold off.

**Valuation of swaps**

- The fixed and the floating rate sides have to be valued.
- Use the Bloomberg benchmark curves for valuation.
  - EOD mid rate
    - Fixed rate coupon to be discounted using the swap curve.
- Floating leg valuation :
  - Estimate the zero coupon curve based on the benchmark par coupon curve
  - Determine FRAs
  - Estimate future cash flows on the floating leg
  - PV the same using the benchmark curve.
- Final value of the swap : Sum of principal value of fixed leg and the principal value of the floating leg.
- Interest accrued: Sum of interest accrued on the fixed leg and interest accrued on the floating leg.

The valuation guidelines as outlined above are as per prevailing Regulations and are subject to change from time to time in conformity with changes made by SEBI.

All expenses and incomes accrued up to the valuation date shall be considered for computation of NAV. For this purpose, major expenses like management fees and other periodic expenses would be accrued on a day to day basis. The minor expenses and income will be accrued on a periodic basis, provided the non-daily accrual does not affect the NAV calculations by more than 1%.

Any changes in securities and in the number of units be recorded in the books not later than the first valuation date following the date of transaction. If this is not possible given the frequency of the Net Asset Value disclosure, the recording may be delayed upto a period of seven days following the date of the transaction, provided that as a result of the non-recording, the Net Asset Value calculations shall not be affected by more than 1%.

In case the Net Asset Value of a scheme differs by more than 1%, due to non - recording of the transactions, the investors or scheme/s as the case may be, shall be paid the difference in amount as follows:-

- (i) If the investors are allotted units at a price higher than Net Asset Value or are given a price lower than Net Asset Value at the time of sale of their units, they shall be paid the difference in amount by the scheme.
- (ii) If the investors are charged lower Net Asset Value at the time of purchase of their units or are given higher Net Asset Value at the time of sale of their units, asset management company shall pay the difference in amount to the scheme. The asset management company may recover the difference from the investors

## **ACCOUNTING POLICIES & STANDARDS**

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

- a) The AMC, for the Scheme, shall keep and maintain proper books of account, records and documents, so as to explain its transactions and to disclose at any point of time the financial position of the Scheme and, in particular, give a true and fair view of the state of affairs of the Fund.
- b) For the purposes of the financial statements, the Scheme shall mark all investments to market and carry investments in the balance sheet at market value. However, since the unrealized gain arising out of appreciation on investments cannot be distributed, provision shall be made for exclusion of this item when arriving at distributable income.
- c) In respect of all interest-bearing investments, income shall be accrued on a day-to-day basis as it is earned. Therefore, when such investments are purchased, interest paid for the period from the last interest due date up to the date of purchase shall not be treated as a cost of purchase but shall be debited to Interest Recoverable Account. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale must not be treated as an addition to sale value but shall be credited to Interest Recoverable Account.
- d) In determining the holding cost of investments and the gains or loss on sale of investments, the “average cost” method shall be followed for each security.
- e) Transactions for purchase or sale of investments shall be recognised as of the trade date and not as of the settlement date, so that the effect of all investments traded during a financial year are recorded and reflected in the financial statements for that year. Where investment transactions take place

outside the stock market, for example, acquisition through private placement or purchases or sales through private treaty, the transaction would be recorded, in the event of a purchase, as of the date on which the Scheme obtains an enforceable obligation to pay the price or, in the event of a sale, when the Scheme obtains an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold.

f) Where income receivable on investments has been accrued and has not been received for a period specified in the guidelines issued by SEBI, provision shall be made by debiting to the revenue account for the income so accrued in the manner specified by guidelines issued by SEBI

g) When units are sold, the difference between the sale price and the face value of the unit, if positive, shall be credited to reserves and if negative shall be debited to reserves, the face value being credited to Capital Account. Similarly, when units are repurchased, the difference between the purchase price and face value of the unit, if positive, shall be debited to reserves and, if negative, shall be credited to reserves, the face value being debited to the Capital Account.

h) When units are sold an appropriate part of the sale proceeds shall be credited to an Equalisation Account and when units are repurchased an appropriate amount would be debited to Equalisation Account. The net balance on this account shall be credited or debited to the Revenue Account. The balance on the Equalisation Account debited or credited to the Revenue Account shall not decrease or increase the net income of the Fund but is only an adjustment to the distributable surplus. It shall, therefore, be reflected in the Revenue Account only after the net income of the Fund is determined.

i) The cost of investments acquired or purchased shall include brokerage, stamp charges and any charge customarily included in the broker's bought note. In respect of privately placed debt instruments any front-end discount offered shall be reduced from the cost of the investment. j) Underwriting commission shall be recognised as revenue only when there is no devolvement on the Scheme. Where there is devolvement on the Scheme, the full underwriting commission received and not merely the portion applicable to the devolvement shall be reduced from the cost of the investment.

The accounting policies and standards outlined above are as per the existing Regulations and are subject to change as per changes in the Regulations.

### **Guidelines for Identification and Provisioning for Non Performing Assets (Debt Securities) for Mutual Funds:**

#### **(a) Definition of a Non Performing Asset (NPA):**

An 'asset' shall be classified as non performing, if the interest and/or principal amount have not been received or remained outstanding for one quarter from the day such income / installment has fallen due.

#### **(b) Effective date for classification and provisioning of NPAs :**

The definition of NPA may be applied after a quarter past due date of the interest. For e.g. if the due date for interest is 30.06.2003, it will be classified as NPA from 01.10.2003.

#### **(c) Treatment of income accrued on the NPA and further accruals:**

- After the expiry of the 1st quarter from the date the income has fallen due, there will be no further interest accrual on the asset i.e. if the due date for interest falls on 30.06.2003 and if the provision of principal was made due to the interest defaults only.

- 50% of the asset provided for in the books will be written back at the end of the 2nd calendar quarter and 25% after every subsequent quarter where both installments and interest were in default earlier.

**(d) Provision for NPAs - Debt Securities:**

Both secured and unsecured investments once they are recognized as NPAs call for provisioning in the same manner and where these are related to close ended schemes the phasing would be such as to ensure full provisioning prior to the closure of the scheme or the scheduled phasing whichever is earlier.

The value of the asset must be provided in the following manner or earlier at the discretion of the fund. Fund will not have discretion to extend the period of provisioning. The provisioning against the principal amount or installments should be made at the following rates irrespective of whether the principal is due for repayment or not.

- 10% of the book value of the asset should be provided for after 6 months past due date of interest i.e. 3 months from the date of classification of the asset as NPA.
- 20% of the book value of the asset should be provided for after 9 months past due date of interest i.e. 6 months from the date of classification of the asset as NPA.
- Another 20% of the book value of the assets should be provided for after 12 months past due date of interest i.e. 9 months from the date of classification of the asset as NPA.
- Another 25% of the book value of the assets should be provided for after 15 months past due date of interest i.e. 12 months from the date of classification of the asset as NPA.
- The balance 25% of the book value of the asset should be provided for after 18 months past due date of the interest i.e. 15 months from the date of classification of the assets as NPA.

Book value for the purpose of provisioning for NPAs shall be taken as a value determined as per the prescribed valuation method.

**This can be explained by an illustration:**

**Let us consider that interest income is due on a half yearly basis and the due date falls on 30.06.2002 and the interest is not received till 1st quarter after due date i.e. 30.09.2002. This provisioning will be done in the following phased manner:**

10% provision	01.01.2003	6 months past due date of interest i.e. 3 months from the date of classification of asset as NPA (01.10.2002)
20% provision	01.04.2003	9 months past due date of interest i.e. 6 months from the date of classification of asset as NPA (01.10.2002)
20% provision	01.07.2003	12 months past due date of interest i.e. 9 months from the date of classification of asset as NPA (01.10.2002)
25% provision	01.10.2003	15 months past due date of interest i.e. 12 months from the date of classification of asset as NPA (01.10.2002)
25% provision	01.01.2004	18 months past due date of interest i.e. 15 months from the date of classification of asset as NPA (01.10.2002)



**Thus, 1 1/2 years past the due date of income or 1 1/4 years from the date of classification of the 'asset' as an NPA, the 'asset' will be fully provided for. If any instalment has fallen due, during the period of interest default, the amount of provision should be instalment amount or above provision amount, whichever is higher.**

**(e) Reclassification of assets :**

**Upon reclassification of assets as 'performing assets':**

1. In case a company has fully cleared all the arrears of interest, the interest provisions can be written back in full.
2. The asset will be reclassified as performing on clearance of all interest arrears and if the debt is regularly serviced over the next two quarters.
3. In case the company has fully cleared all the arrears of interest, the interest not credited on accrual basis would be credited at the time of receipt.
4. The provision made for the principal amount can be written back in the following manner:
  - 100% of the asset provided for in the books will be written back at the end of the 2nd calendar quarter where the provision of principal was made due to the interest defaults only.
  - 50% of the asset provided for in the books will be written back at the end of the 2nd calendar quarter and 25% after every subsequent quarter where both instalments and interest were in default earlier.
5. An asset is reclassified, as 'standard asset' only when both overdue interest and overdue instalments are paid in full and there is satisfactory performance for a subsequent period of 6 months.

**(f) Receipt of past dues :**

When the fund has received income/principal amount after their classifications as NPAs,

- For the next two quarters, income should be recognised on cash basis and thereafter on accrual basis. The asset will be continued to be classified as NPA for these two quarters.
- During this period of two quarters although the asset is classified as NPA no provision needs to be made for the principal if the same is not due and outstanding.
- If part payment is received towards principal, the asset continues to be classified as NPA and provisions are continued as per the norms set at (d) above. Any excess provision will be written back.

**(g) Classification of Deep Discount Bonds as NPAs :**

Investments in Deep Discount Bonds can be classified as NPAs, if any two of the following conditions are satisfied:

- If the rating of the Bond comes down to grade 'BB' or below.
- If the company is defaulting in their commitments in respect of other assets, if available.
- Full Net worth erosion.

Provision should be made as per the norms set at (d) above as soon as the asset is classified as NPA.

**Full provision can be made if the rating comes down to grade 'D'.**

**(h) Reschedulement of an asset :**

In case any company defaults on either interest or principal amount and the fund has accepted a reschedulement of the schedule of payments, then the following practice may be adhered to:

- i. In case it is a first reschedulement and only interest is in default, the status of the asset, namely 'NPA' may be continued and existing provisions should not be written back. This practice should be continued for two quarters of regular servicing of the debt. Thereafter, this may be classified as 'performing asset' and the interest provided may be written back.
- ii. If the reschedulement is done due to default in interest and principal amount, the asset should be continued as non-performing for a period of 4 quarters, even though the asset is continued to be serviced during these 4 quarters regularly. Thereafter, this can be classified as 'performing asset' and all the interest provided till such date should be written back.
- iii. If the reschedulement is done for a second/third time or thereafter, the characteristic of NPA should be continued for eight quarters of regular servicing of the debt. The provision should be written back only after it is reclassified as 'performing asset'.

**(i) Disclosure in the Half Yearly Portfolio Reports:**

The mutual funds shall make scripwise disclosures of NPAs on half yearly basis along with the half yearly portfolio disclosure.

The total amount of provisions made against the NPAs shall be disclosed in addition to the total quantum of NPAs and their proportion of the assets of the mutual fund scheme. In the list of investments an asterisk mark shall be given against such investments, which are recognized as NPAs. Where the date of redemption of an investment has lapsed, the amount not redeemed shall be shown as 'Sundry Debtors' and not investment provided that where an investment is redeemable by instalments that will be shown as an investment until all instalments have become overdue.

The guidelines for identification and provisioning for non-performing assets in respect of debt securities are as per the existing Regulations and are subject to change as per changes in the Regulations.

## **V. TAX & LEGAL & GENERAL INFORMATION**

### **A. Taxation on investing in Mutual Funds**

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

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

***Implications of the Income-tax Act, 1961 as amended by the Finance Act, 2011***

**(i) To the Mutual Fund**

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

The Fund will receive all its income without any deduction of tax at source under the provisions of Section 196(iv) of the Act.

**(a) Securities Transaction Tax (STT)**

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

The rates of STT are as under:

<b>Nature of Transaction</b>	<b>Payable by</b>	<b>Value on which tax shall be levied</b>	<b>Rates (%)</b>
Delivery based purchase transaction in equity shares or units of equity oriented fund entered in a recognized stock exchange	Purchaser	Value at which shares / units are bought	0.125
Delivery based sale transaction in equity shares or units of equity oriented fund entered in a recognized stock exchange	Seller	Value at which shares / units are sold	0.125
Non-delivery based sale transaction in equity shares or units of equity oriented fund entered in a recognised stock exchange.	Seller	Value at which shares / units are sold	0.025
Transaction for sale of futures in securities, entered in a recognised stock exchange	Seller	Value at which futures are traded	0.017
Transaction for sale of an option in securities, entered in a recognised stock exchange	Seller	The option premium	0.017
Transaction for sale of an option in securities, where the option is exercised, entered in a recognised stock exchange	Purchaser	The settlement price	0.125
Sale of units of an equity oriented fund to the mutual fund	Seller	Value at which units are sold	0.25

Securities transaction tax is not leviable in respect of taxable securities transactions entered into by any person for, or on behalf of, the New Pension System Trust.

For this purpose, an “equity oriented fund” is defined to mean:

- such fund where the investible funds are invested by way of equity shares in domestic companies to the extent of more than 65 per cent of the total proceeds of such fund; and
- which has been set up under a scheme of mutual fund specified under clause (23D)

The percentage of equity shares holdings of such fund is required to be computed with reference to the annual average of the monthly averages of the opening and closing figures.

**b) Income Distribution Tax:** No income distribution tax is payable by the Fund, in respect of schemes in the nature of equity oriented fund, in terms of section 115R of the Act, which deals with tax on income distributable to unitholders of mutual funds. For this purpose, “equity oriented fund” is defined to mean, inter alia, a fund where the investible funds are invested by way of equity shares in domestic companies to the extent of more than 65 per cent of the total proceeds of such funds. The percentage of equity shares holdings of such fund is required to be computed with reference to the annual average of the monthly averages of the opening and closing figures.

The benefit of exemption from income distribution tax is available to both open ended and close ended equity oriented schemes.

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

<b>Particulars</b>	<b>Rate in % From 1 April 2011 to 31 May 2011)</b>	<b>Rate in % From 1 June 2011 onwards</b>
On income distributed to any individual or a Hindu Undivided family by a money market mutual fund or a liquid fund;	<b>27.0375</b> (aggregate of base tax at the rate of 25%, surcharge <sup>1</sup> and education cess <sup>2</sup> on the base tax plus surcharge)	<b>27.0375</b> (aggregate of base tax at the rate of 25%, surcharge <sup>1</sup> and education cess <sup>2</sup> on the base tax plus surcharge)
On income distributed to any other person, for instance, corporates, by a money market mutual fund or a liquid fund	<b>27.0375</b> (aggregate of base tax at the rate of 25%, surcharge <sup>1</sup> and education cess <sup>2</sup> on the base tax plus surcharge)	<b>32.445</b> (aggregate of base tax at the rate of 30%, surcharge <sup>1</sup> and education cess <sup>2</sup> on the base tax plus surcharge)
On income distributed to any individual or a Hindu Undivided family by a debt fund other than a money market mutual fund or a liquid fund	<b>13.5187</b> (aggregate of base tax at the rate of 12.5%, surcharge <sup>1</sup> and education cess <sup>2</sup> on the base tax plus surcharge)	<b>13.5187</b> (aggregate of base tax at the rate of 12.5%, surcharge <sup>1</sup> and education cess <sup>2</sup> on the base tax plus surcharge)
On income distributed to any other person, for instance, corporates, by a	<b>21.63</b> (aggregate of base tax at the rate of 20%, surcharge <sup>1</sup> and	<b>32.445</b> (aggregate of base tax at the rate of 30%, surcharge <sup>1</sup> and

<sup>1</sup> Surcharge applicable at the rate of 5 percent

<sup>2</sup> Education cess applicable at the 3 percent

debt fund other a money market mutual fund or a liquid fund	education cess <sup>2</sup> on the base tax plus surcharge)	education cess <sup>2</sup> on the base tax plus surcharge)
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**c) Service tax**

The Mutual Fund is liable for payment of service tax as recipient of services on various services availed by it. The rate of service tax is 10.30 percent (tax rate of 10 percent plus education cess at 3 percent of the tax).

**(ii) To the Unit holders**

**a. Tax on Income**

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

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

**b. Tax on capital gains**

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

***Computation of capital gain***

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

***Long-term capital gains***

***Schemes in the nature of equity oriented fund***

As per Section 10(38) of the Act, long-term capital gains arising from the sale of units of an equity oriented fund entered into in a recognised stock exchange or sale of such units of an equity oriented fund to the mutual fund would be exempt from income-tax, provided such transaction of sale is chargeable to securities transaction tax.

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

Schemes other than equity oriented fund

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

- (i) As per section 112 of the Act, long-term capital gains on transfer of units are liable to tax at the rate of 20 per cent. Income tax on long-term capital gains on transfer of units shall, however, be limited to 10 per cent of the gains computed without the benefit of cost indexation.

Further, in case of individuals/ HUFs, being residents, where the total income excluding long-term capital gains is below the maximum amount not chargeable to tax<sup>3</sup>, then the difference between the maximum amount not chargeable to tax and total income excluding long-term capital gains, shall be adjusted from long-term capital gains. Therefore only the balance long term capital gains will be liable to income tax at the rate of 20 / 10 per cent.

The tax as calculated above shall be increased by a surcharge as under:

Type of person	Surcharge (%)
Company other than domestic company, with income exceeding Rs.10,000,000 in a year	2*
Domestic company, with income exceeding Rs.10,000,000 in a year	5*
Individuals, HUFs, Association of Persons or Body of Individuals, whether incorporated or not, firm, LLP and artificial juridical person	Nil*

\*An additional surcharge, by way of education cess, is payable at the rate of 3 per cent on the amount of tax payable plus surcharge, if any, as calculated above.

- (ii) As per the provisions of section 115AB of the Act, long-term capital gains on transfer of units arising to specified overseas financial organisations being companies, on transfer of units purchased by them in foreign currency shall be liable to tax at an effective tax rate of 10.506 per cent (10 per cent tax plus 2 per cent surcharge<sup>4</sup> thereon plus additional surcharge of 3 per cent by way of education cess on the tax plus surcharge). However, such gains shall be computed without the benefit of cost indexation.

<sup>3</sup> Effective 1 April 2011, the maximum amounts of total income, not chargeable to tax would be as under:

Type of person	Maximum amount of income not chargeable to tax
Women below 60 years, being residents	Rs. 190,000
Senior citizens, of 60 years but below 80 years, being residents	Rs. 250,000
Senior citizens, of 80 years or more, being residents	Rs. 500,000
Other individuals and HUFs	Rs. 180,000

<sup>4</sup> Assuming that the total income of the corporate unit holder is in excess of Rs. 10,000,000 in a tax year

In case of long-term capital gains on transfer of units arising to specified overseas financial organisations being persons other than companies, tax shall be chargeable at the effective tax rate of 10.30 per cent (10 per cent tax plus additional surcharge of 3 per cent by way of education cess on the tax).

(iii) As per the provisions of section 115AD of the Act, long-term capital gains on transfer of units arising to Foreign Institutional Investors (FIIs), being foreign companies, shall be liable to tax at the effective tax rate of 10.506 per cent (10 per cent tax plus 2 per cent surcharge<sup>5</sup> thereon plus additional surcharge of 3 per cent by way of education cess on the tax plus surcharge). However, such gains shall be computed without the benefit of cost indexation.

In case of long-term capital gains on transfer of units arising to Foreign Institutional Investors (FII) not being companies, tax shall be chargeable at the effective tax rate of 10.30 per cent (10 per cent tax plus additional surcharge of 3 per cent by way of education cess on the tax).

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

#### ***Schemes in the nature of equity oriented fund***

As per Section 111A of the Act, short-term capital gains from the sale of unit of an equity oriented fund entered into in a recognised stock exchange or sale of such unit of an equity oriented fund to the mutual fund is taxed at 15 per cent, provided such transaction of sale is chargeable to securities transaction tax.

The said tax rate would be increased by a surcharge of:

- 5 per cent in case of resident corporate Unit holders, and
- 2 per cent in case of non-resident corporate unit holders.

However, surcharge is leviable on companies if their total income is in excess of Rs. 10,000,000.

Further, an additional surcharge of 3 per cent by way of education cess would be charged on amount of tax inclusive of surcharge to all assessees

Further, in case of individuals/ HUFs, being residents, where the total income excluding short-term capital gains is below the maximum amount not chargeable to tax<sup>6</sup> then the difference between the current maximum amount not chargeable to tax and total income excluding short-term capital gains, shall be adjusted from short-term capital gains.

Therefore only the balance short term capital gains will be liable to income tax at the rate of 15 percent plus education cess.

<sup>5</sup> Assuming that the total income of the corporate unit holder is in excess of Rs. 10,000,000 in a tax year

<sup>6</sup> Effective 1 April 2011, the maximum amounts of total income, not chargeable to tax would be as under:

Type of person	Maximum amount of income not chargeable to tax
Women below 60 years, being residents	Rs. 190,000
Senior citizens, of 60 years but below 80 years, being residents	Rs. 250,000
Senior citizens, of 80 years or more, being residents	Rs. 500,000
Other individuals and HUFs	Rs. 180,000

Schemes other than equity oriented fund

- i Short-term capital gains arising to domestic companies, are taxable at the rate of 32.445 per cent (30 per cent tax plus 5 per cent surcharge<sup>7</sup> thereon plus additional surcharge of 3 per cent by way of education cess on the tax plus surcharge)
- ii Short-term capital gains arising to firms, are taxable at the rate of 30.90 per cent (30 per cent tax plus additional surcharge of 3 per cent by way of education cess on the tax)
- iii Short-term capital gains arising to FIIs, being foreign companies, are taxable at 31.518 per cent (30 per cent tax plus 2 per cent surcharge<sup>8</sup> on tax plus additional surcharge of 3 per cent by way of education cess on the tax plus surcharge).

Short-term capital gains arising to FIIs, other than foreign companies, are taxed at the rate of 30.90 (30 per cent tax plus additional surcharge of 3 per cent by way of education cess on the tax).

- iv Short-term capital gains arising to individuals and HUFs are taxable on progressive basis, as per the slabs of income given below:

*In case of persons, other than women and senior citizens:*

Where total income for a tax year (April to March) is less than or equal to Rs. 180,000	Nil
Where such total income is more than Rs. 180,000 but is less than or equal to Rs. 500,000	10 per cent of the amount by which the total income exceeds Rs. 180,000
Where such total income is more than Rs. 500,000 but is less than or equal to Rs. 800,000	Rs. 32,000 plus 20 per cent of the amount by which the total income exceeds Rs. 500,000
Where such total income is more than Rs. 800,000	Rs. 92,000 plus 30 per cent of the amount by which the total income exceeds Rs. 800,000

*In case of women below 60 years of age, being residents:*

Where total income for a tax year (April to March) is less than or equal to Rs. 190,000	Nil
Where such total income is more than Rs. 190,000 but is less than or equal to Rs. 500,000	10 per cent of the amount by which the total income exceeds Rs. 190,000
Where such total income is more than Rs. 500,000 but is less than or equal to Rs. 800,000	Rs. 31,000 plus 20 per cent of the amount by which the total income exceeds Rs. 500,000
Where such total income is more than Rs. 800,000	Rs. 91,000 plus 30 per cent of the amount by which the total income exceeds Rs. 800,000

<sup>7</sup> Assuming that the total income of unit holder is in excess of Rs. 10,000,000 in a tax year

<sup>8</sup> Assuming that the total income of unit holder is in excess of Rs. 10,000,000 in a tax year



*In case of senior citizens, (i.e. citizens of 60 years and below 80 years of age) being residents*

Where total income for a tax year (April to March) is less than or equal to Rs. 250,000	Nil
Where such total income is more than Rs. 250,000 but is less than or equal to Rs. 500,000	10 per cent of the amount by which the total income exceeds Rs. 250,000
Where such total income is more than Rs. 500,000 but is less than or equal to Rs. 800,000	Rs. 25,000 plus 20 per cent of the amount by which the total income exceeds Rs. 500,000
Where such total income is more than 800,000	Rs. 85,000 plus 30 per cent of the amount by which the total income exceeds Rs. 800,000

Education cess is payable at the rate of 3 per cent on the amount of tax payable, as calculated above.

- v The short-term capital gains arising to a local authority, being a resident, are taxed at the effective rate 30.90 percent (30 per cent tax plus additional surcharge of 3 per cent by way of education cess on the tax)
- vi Short-term capital gains arising to a cooperative society, being a resident, are taxable on a progressive basis as under:

Where total income for a tax year (April to March) is less than or equal to Rs. 10,000	10% of the total income
Where such total income is more than Rs. 10,000 but is less than or equal to Rs. 20,000	Rs. 1,000 plus 20 per cent of the amount by which the total income exceeds Rs. 10,000
Where such total income is more than Rs. 20,000	Rs. 3,000 plus 30 per cent of the amount by which the total income exceeds Rs. 20,000

Education cess at the rate of 3 percent is payable on tax, as calculated above

- vii Short-term capital gains arising to a foreign company (other than an FII) including overseas financial organizations covered under section 115AB of the Act and OCBs will be taxable at the effective tax rate of 42.024 per cent (40 per cent tax plus 2 per cent surcharge<sup>9</sup> thereon plus additional surcharge of 3 percent by way of education cess on the tax plus surcharge).

### ***Non-residents***

<sup>9</sup> Assuming that the total income of unit holder is in excess of Rs. 10,000,000 in a tax year

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

The Finance Minister in his Budget Speech on 28 February 2011 has announced a proposal to allow SEBI registered mutual funds to accept subscriptions from foreign investors (other than FII's and sub-accounts registered with SEBI) who meet the Know your customer ("KYC") requirements for equity schemes. SEBI and RBI are still in the process of working out the modalities of this announcement.

### ***Investment by Minors***

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

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

- As per the provisions of section 94(7) of the Act, loss arising on transfer of units, which are acquired within a period of three months prior to the record date (date fixed by the Fund for the purposes of entitlement of the unit holder to receive the income from units) and sold within a period of nine months after the record date, shall not be allowed to the extent of income distributed by the Fund in respect of such units.
- As per the provisions of section 94(8) of the Act, where any units ("original units") are acquired within a period of three months prior to the record date (date fixed by the Fund for the purposes of entitlement of the unitholder to receive bonus units) and any bonus units are allotted (free of cost) based on the holding of the original units, the loss, if any, on sale of the original units within a period of nine months after the record date, shall be ignored in the computation of the unit holder's taxable income. Such loss will however, be deemed to be the cost of acquisition of the bonus units.
- The long-term capital loss suffered on sale / repurchase of any units shall be available for set off against long-term capital gains arising on sale of other assets and balance long-term capital loss shall be carried forward separately for set off only against long-term capital gains in subsequent years. However, each unit holder is advised to consult his / her or its own professional tax advisor before claiming set off of long-term capital loss arising on sale / repurchase of units of an equity oriented fund referred to above, against long-term capital gains arising on sale of other assets.
- Short-term capital loss suffered on sale / repurchase of any units shall be available for set off against both long-term and short-term capital gains arising on sale of other assets and balance short-term capital loss shall be carried forward for set off against capital gains in subsequent years.
- Carry forward of losses is admissible maximum upto eight assessment years.

### ***Exemption from long term capital gains***

In respect of long term capital gains arising from sale of units in respect of schemes other than equity oriented fund schemes, exemption may be claimed as under:

As per the provisions of section 54EC of the Act, long-term capital gains arising on transfer of units shall be exempt from tax to the extent such capital gains are invested, within a period of six months of such transfer, in acquiring specified bonds and remain so invested as specified. However, investment ceiling in the notified bonds has been restricted to Rs 50 lakhs per investor in any financial year.

Bonds issued by National Highways Authority of India and the Rural Electrification Corporation Limited and redeemable after three years would be eligible investments for this purpose.

### ***New pension Scheme***

Any income, including gains from redemption of units of scheme of Mutual Fund, received by any person for, or on behalf of, the New Pension System Trust<sup>10</sup>, is exempt in the hands of such person under section 10(44) of the Act.

### **c. Tax withholding on capital gains**

Subject to furnishing of the unit holder's PAN to the Fund, capital gains arising to a unit holder on repurchase of units by the Fund should attract tax withholding as under:

- No tax needs to be withheld from capital gains arising to a FII on the basis of the provisions of section 196D of the Act.
- In case of non-resident unit holder who is a resident of a country with which India has signed a double taxation avoidance agreement (which is in force) the tax should be deducted at source under section 195 of the Act at the rate provided in the Finance Act of the relevant year or the rate provided in the said agreement, whichever is beneficial to such non-resident unit holder. However, such a non-resident unit holder will be required to provide appropriate documents to the Fund, to be entitled to the beneficial rate provided under such agreement.
- No tax needs to be withheld from capital gains arising to a resident unit holder on the basis of the Circular no. 715 dated 8 August 1995 issued by the CBDT.

Subject to the above, the provisions relating to tax withholding in respect of gains arising from the sale of units of the various schemes of the fund are as under:

#### ***Schemes in the nature of equity oriented fund***

- No tax is required to be withheld from long term capital gains arising from sale of units in equity oriented fund schemes, that are subject to securities transaction tax.
- In respect of short-term capital gains arising to foreign companies (including Overseas Corporate Bodies), the Fund is required to deduct tax at source at the effective tax rate of 15.759 percent (15 per cent tax plus 2 per cent surcharge<sup>11</sup> thereon plus additional surcharge of 3 per cent by way of education cess on the tax plus surcharge).
- In respect of short-term capital gains arising to non-resident individual unit holders, the Fund is required to deduct tax at source at the effective tax rate of 15.45 per cent, (15 per cent tax plus additional surcharge of 3 per cent by way of education cess on the tax).

#### ***Schemes other than equity oriented funds***

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<sup>10</sup> As established under the provisions of Indian Trust Act, 1882, on 27 February 2008.

<sup>11</sup> Assuming that the total income of the unit holder is in excess of Rs. 10,000,000 in a tax year

- The Fund is required to withhold tax at the effective tax rate of 10.506 per cent (10 per cent tax plus 2 per cent surcharge<sup>12</sup> thereon plus additional surcharge of 3 per cent by way of education cess on the tax plus surcharge) from long-term capital gains on units purchased in foreign currency arising to non-resident unitholders, being specified overseas financial organizations, that are companies, in terms of section 196B of the Act.
- The Fund is required to withhold tax at the rate of 20.60 per cent (20 per cent tax plus additional surcharge of 3 per cent by way of education cess on the tax plus surcharge) from long-term capital gains arising to non-resident individual unitholders.
- In respect of short-term capital gains arising to foreign companies (other than FII's and overseas financial organisation but including OCBs), the Fund is required to deduct tax at source at the rate of 42.024 per cent (40 per cent tax plus 2 per cent surcharge<sup>13</sup> thereon plus additional surcharge of 3 percent by way of education cess on the tax plus surcharge).
- In respect of short-term capital gains arising to non-resident individual unit holders, the Fund is required to deduct tax at source at the rate of 30.90 percent (30 per cent tax plus additional surcharge of 3 percent by way of education cess on the tax).

The payer would be obliged to withhold tax at penal rates of TDS in case of payments to investors who have not furnished their PAN to the payer. The penal rate of TDS is 20 percent or any higher rate of TDS, as may be applicable, plus applicable surcharge and cess.

#### **d. Wealth Tax**

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

#### **e. Securities Transaction Tax**

The investor is required to pay STT on the following transactions in respect of units of equity oriented schemes of the fund:

<b>Nature of Transaction</b>	<b>Tax rate (%)</b>
Delivery based purchase transaction in units of equity oriented fund entered in a recognized stock exchange	0.125
Delivery based sale transaction in units of equity oriented fund entered in a recognized stock exchange	0.125
Non-delivery based sale transaction in units of equity oriented fund entered in a recognised stock exchange.	0.025
Sale of units of an equity oriented fund to the mutual fund	0.25

<sup>12</sup> Assuming that the total income of unit holder is in excess of Rs. 10,000,000 in a tax year

<sup>13</sup> Assuming that the total income of unit holder is in excess of Rs. 10,000,000 in a tax year

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

*Deduction on account of STT*

Securities transaction tax paid is allowable in the computation of business income. This is subject to the condition that such income from taxable securities transaction is included in computing such business income.

Securities transaction tax is not leviable in respect of taxable securities transactions entered into by any person for, or on behalf of, the New Pension System Trust.

## **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 a Official point of acceptance of transactions, request for a Nomination Form in order to nominate one/more person/s (multiple nominations) to receive the Units upon his/ her death subject to the completion of the necessary formalities eg. 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, IDFC Mutual Fund / IDFC 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.

Pursuant to AMFI Best Practice Guidelines Circular No.20/2010-11 the following additional Operational guidelines has 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 including fresh registration of Systematic Transfer Plan (STP), Systematic Investment Plan (SIP) and Systematic Withdrawal Plan (SWP) after the date of the minor attaining majority till the time the above application form along with the prescribed documents are received by the 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.
- c) In case of existing standing instructions for STP, SIP and SWP have already been registered for a period beyond the minor’s date of attaining majority, the AMC/RTA shall send an advance notice advising the guardian and the minor that the existing standing instructions will continue to be processed beyond the date of the minor attaining majority, until an instruction to terminate the existing instructions is received by the AMC/RTA from the minor. However, for fresh SIP, STP or SWP registered post April 01, 2011, the AMC shall register standing instructions only till the date of minor attaining majority.

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.

#### **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.

Currently the amount lying as Unclaimed redemption and dividend are 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. To facilitate uniform implementation of these guidelines, AMFI had circulated Client Identification implementation procedure to all the Mutual Funds.

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.

### **KYC Compliance**

Investors need to submit a completed Application Form for KYC Compliance along with all the prescribed documents listed in the Form (formerly 'MIN Form'), at any of the Point of Service ('POS'). The Form is available at our website ([www.idfcmf.com](http://www.idfcmf.com)) and at the AMFI website ([www.amfiindia.com](http://www.amfiindia.com)). POS are the designated centres appointed by the Central Agency for receiving application forms, processing data and providing customers with evidence of KYC Compliance. List of and location of POS is available at [www.amfiindia.com](http://www.amfiindia.com). On submission of application, documents and information to the satisfaction of the POS, the Central Agency will scrutinise the information and documents submitted by the investor, and confirm the KYC Compliance. However, the Central Agency may cancel the evidence of KYC Compliance within 15 working days from the date of allotment of provisional certification, in case of any deficiency in the document/information. Intimation on cancellation of KYC Compliance certificate will be dispatched by the Central Agency to the investor immediately. No communication will be sent to the investor if the KYC Compliance certificate as allotted is confirmed.

It has now been decided that it shall be mandatory for all Investors, irrespective of the amount of investment, (except for investments through Micro Systematic Investment Plan(SIP) upto 50, 000 per year per investor) to quote the KYC Compliance Status of each applicant and attach a proof of KYC Compliance.

1. All non-individual investors such as Companies, Body Corporate, Association of Persons, Banks, Financial Institutions, Funds, Trusts, Societies, Hindu Undivided Family (HUF), Partnership Firms, Limited Liability Partnerships (LLPs), Foreign Institutional Investors (FIIs), etc.;
2. Non Resident Indians (NRIs) [including Persons of Indian Origin (PIOs)];
3. All Investors (individuals and non-individuals) investing either directly / through distributor or through the Channel Distributors\* route.

\*Channel Distributors are those distributors who have an arrangement with IDFC Asset Management Company Limited (IDFC AMC) wherein they will submit the mutual fund transactions detail (viz. subscriptions/redemptions/switches, other non-financial transactions etc.) of their clients electronically to IDFC AMC.

Individual investors for the purpose of KYC compliance means (i) their constituted Power Of Attorney (PoA) holder, in case of investments through a PoA; (ii) guardian, in case of minor; and (iii) each of the applicants, in case of application in joint names.

As per the guidelines this is applicable for all Client categories and any amount of investment for the following transactions:

1. New / Additional Purchases
2. Switch Transactions,
3. New SIP Registrations (including SIP related products) received from effective date (Jan 01, 2011).
4. New STP Registrations (including STP related products like trigger facilities) received from effective date (Jan 01, 2011).



5. New DTP Registrations (including DTP related products like auto sweep facility) received from effective date (Jan 01, 2011).

**Investments in Micro SIP and investments from investors residing in Sikkim :**

- A. In case of Micro schemes such as Micro SIPs upto Rs. 50,000 per year per investor the additional documents are required to be submitted by the investor:
1. Standard specified identification instruments like Voter ID card, Government/Defense ID card, Card of Reputed employer, Driving License, Passport in lieu of PAN as mentioned in the Scheme Information Document.
  2. Copy of Proof of address. It is clarified that where photo identification documents contains the address of the investor, a separate proof of address is not required.
  3. Supporting documents copy shall be self attested by the investor / attested by the ARN holder mentioning the ARN number or attested by any competent authority.
- B. In case of Investments from Investors residing in Sikkim the documents required to be submitted by the investor:
1. Proof of address of Sikkim state and application form should mention the same address.
  2. Address proof shall be self attested by the investor / attested by the ARN holder mentioning the ARN number or attested by any competent authority.

In case of Micro schemes such as Micro SIP upto Rs. 50,000 per year per investor, the additional documents as mentioned in addendum dated December 29, 2010 is required to be submitted by the investor. However, please note that, an investor submitting PAN as identity proof shall undergo the detailed KYC procedure as mentioned in Statement of Additional Information (SID)

In the event of any KYC Compliance Application Form (formerly MIN application form) being subsequently rejected for lack of information / deficiency / insufficiency of mandatory documentation, the investment transaction may be cancelled and the amount may be redeemed at applicable NAV, subject to payment of exit load, wherever applicable. Such redemption proceeds may be despatched within a maximum period of 21 days from date of acceptance of application. The decision of AMC/ Registrar/ CDSL Ventures Ltd. in this regard will be considered final.

However, applicants should note that minors cannot apply for a KYC Compliance and any investment in the name of minors should be along with a Guardian, who should obtain a KYC Compliance certificate for the purpose of investing with a Mutual Fund. In case of applicants / unit holders intending to apply for units / currently holding units and operating their Mutual Fund folios through a Power of Attorney (PoA) must ensure that the issuer of the PoA and the holder of the PoA must mention their respective KYC Compliance certificate at the time of investment above the threshold. PoA holders are not permitted to apply for a KYC Compliance on behalf of the issuer of the PoA. Separate procedures are prescribed for change in name, address and other KYC Compliance related details, should the applicant desire to change such information. POS will extend the services of effecting such changes.

Applicants / Unit holders may contact Investor Service Centers / the registrar / distributors, for any additional information/clarifications (Especially clarification on the process for KYC Compliance certification replacing MIN process). Please visit the website of the fund, [www.idfcmf.com](http://www.idfcmf.com) and/ or [www.amfiindia.com](http://www.amfiindia.com) for any other related information.

The AMC reserves the right to scrutinise/verify the application/applicant and the source of the applicant's funds and also reserves the right on the grounds of non compliance with the anti money laundering norms / know your customer norms, by the applicant to force redemption at the applicable NAV prevalent at the

time of such redemption, by redeeming the proceeds in favour of the applicant and/or undertaking such other action with the funds, that may be prescribed under applicable law including redeeming the proceeds in favour of the source account from which the funds had been invested in the mutual fund. In line with the applicable regulations, the AMC may implement such anti money laundering measures and Know Your Customers norms, as it may deem appropriate. The investors would be required to adhere to these norms.

**TRANSFER AND TRANSMISSION (applicable for all schemes except Close ended Schemes launched after December 12, 2008)**

Units of the all open ended Schemes, any close ended equity linked saving scheme and all close ended schemes launched on or before December 12, 2008 of IDFC Mutual Fund are presently not listed on any stock exchange and no transfer facility is provided. However, 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.idfcmf.com](http://www.idfcmf.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.idfcmf.com](http://www.idfcmf.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.idfcmf.com](http://www.idfcmf.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.idfcmf.com](http://www.idfcmf.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.idfcmf.com](http://www.idfcmf.com).
- Individual affidavits from legal heir/s as per the format as mentioned on our website [www.idfcmf.com](http://www.idfcmf.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.idfcmf.com](http://www.idfcmf.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.idfcmf.com](http://www.idfcmf.com).
- In case of no surviving co-parceners 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.

## **LISTING AND TRANSFER OF UNITS (applicable for Close ended Schemes launched on or after December 12, 2008 except close ended Equity Linked saving scheme)**

### **LISTING**

The units of the close ended schemes shall be listed. The units are proposed to be listed on the NSE or BSE. The In – principle approval from NSE or BSE shall be taken from NSE or BSE. for listing of units of the scheme. Buying or selling of Units by investors can be made from the secondary market on the NSE or 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 NSE or BSE.. Unitholders who wish to trade in units would be required to have a demat account. All investors may buy/sell Units on NSE or BSE. on all the trading days of NSE or BSE as per the settlement cycle of the Stock Exchange.

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

Although Units of close ended schemes are proposed to be listed on NSE or BSE, there can be no assurance that an active secondary market will develop or be maintained. Trading on NSE or 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 NSE 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 IDFC Mutual Fund 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. However, restrictions on transfer of ELSS Schemes viz. IDFC Tax Advantage ELSS Fund & IDFC Tax Saver ELSS Fund during the lock-in period shall continue to be applicable as per the ELSS Guidelines.

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 pledgor will not be able to redeem Units that are pledged until the entity to which the Units are pledged provides written authorisation to the fund that the pledge/lien charge may be removed. As long as Units are pledged, the pledgee will have complete authority to redeem such Units. 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 are 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 seventy five percent (75%) of the Unitholders of the Scheme pass a resolution that the Scheme be wound up, or
4. 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 to in item (vii) 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.

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

#### **SECURITIES LENDING AND BORROWING**

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.

### 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

#### 1. Investment in Group Companies

The AMC has till date not made investment in any of its Group Companies.

**IDFC Group Companies as on March 31, 2011 are:** IDFC Asset Management Company Limited, IDFC AMC Trustee Company Limited, IDFC Finance Limited, IDFC Foundation (with effect from March 4, 2011), IDFC PPP Trusteeship Company Limited, IDFC Private Equity Company Limited, IDFC Project Equity Company Limited, IDFC Projects Limited, IDFC Securities Limited, IDFC Trustee Company Limited, Jetpur Somnath Highway Limited, (formerly IDFC Capital Company Limited) (up to November 14, 2010), Uniquist Infra Ventures Private Limited (with effect from February 3, 2011), Dheeru Powergen Limited, (formerly Dheeru Powergen Private Limited) (with effect from February 5, 2010), IDFC Capital Limited, IDFC Capital (USA) Inc. (with effect from August 4, 2010), IDFC Capital (Singapore) Pte. Ltd., IDFC Distribution Company Limited (formerly IDFC-SSKI Stock Broking Limited), IDFC Fund of Funds Limited (with effect from October 28,



2009), IDFC General Partners Limited (with effect from November 30, 2009), IDFC Investment Advisors Limited, IDFC Investment Managers (Mauritius) Limited (with effect from September 13, 2010), IDFC Pension Fund Management Company Limited, Delhi Integrated Multi-Modal Transit System Limited (up to March 23, 2011), Infrastructure Development Corporation (Karnataka) Limited (up to March 23, 2011), Uttarakhand Infrastructure Development Company Limited (up to March 23, 2011)

**Market value of investments in group companies of the Sponsor and Asset Management Company by all the schemes of the Mutual Fund and its percentage of the aggregate net asset value of the Mutual Fund as on March 31, 2011**

<b>Scheme Name</b>	<b>Issuer</b>	<b>market value</b>	<b>Net Assets (Rs.)</b>	<b>% Net Assets</b>
IDFC Ultra Short Term Fund	Infrastructure Development Finance Company Ltd.	99,903,448.00	7,351,015,100.67	1.36%
IDFC Equity Fund	Infrastructure Development Finance Company Ltd.	28,213,417.80	4,841,032,392.49	0.58%
IDFC Nifty Fund	Infrastructure Development Finance Company Ltd.	658,596.00	76,711,255.27	0.86%
IDFC Savings Scheme Series 1	Infrastructure Development Finance Company Ltd.	48,981,950.50	368,128,793.76	13.31%
IDFC Savings Scheme Series 1	Infrastructure Development Finance Company Ltd.	420,512.00	368,128,793.76	0.11%
IDFC FMP- Seventeen Months Series 1	Infrastructure Development Finance Company Ltd.	31,867,328.00	219,625,135.27	14.51%
IDFC Hybrid Portfolio Fund Series 1	Infrastructure Development Finance Company Ltd.	357,589.80	388,474,458.09	0.09%
IDFC Capital Protection Oriented Fund Series 1	Infrastructure Development Finance Company Ltd.	1,979,498.40	1,469,931,705.95	0.13%
IDFC FMP - Fourteen Months Series 1	Infrastructure Development Finance Company Ltd.	117,510,772.00	2285234266	5.14%
IDFC Capital Protection Oriented Fund Series 2	Infrastructure Development Finance Company Ltd.	507,861.00	386442911.8	0.13%
IDFC Capital Protection	Infrastructure Development	211,492.80	163441872.4	0.13%

Oriented Series 3	Fund	Finance Ltd.	Company			
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**Following are the list of associates of Sponsor (as on March 31, 2011):**

Sr.No.	Name of the Company	Holding of IDFC
1.	Feedback Ventures Pvt Ltd	24.61%
2.	Uniquet InfraVentures Private Limited	19.90%

**Name of Associates of IDFC AMC are as under (as on November 30, 2011):** Bay Petroplast Pvt Ltd, Dynamic Advertising & Research Team Pvt. Ltd., Kishco Cutlery Ltd, M/S Merchant Media Pvt Ltd, Neo Indcom Consultancy Pvt Ltd, Parmanddas Jivandas Hindu Gymkhana, United Phosphorus Limited, Australia New Zealand Business Association In India, Vinyl Processors & Co., Infrastructure Development Finance Company Limited, IDFC Trustee Company Ltd, IDFC Private Equity Company Limited, IDFC Projects Limited, IDFC Securities Limited, IDFC Capital Limited, IDFC Project Equity Company Limited, National Securities Depository Limited, National Stock Exchange of India Limited, Delhi Integrated Multi-Modal Transit System Limited, Greatship (India) Limited, Asset Reconstruction Company (India) Limited, E-Clerx Services Limited, Human Value Developers Private Limited, DFC Pension Fund Management Company Limited, IDFC Securities Limited, Orbis Capital Limited, Securities Trading Corporation of India Limited, Sharekhan Limited, IDFC Investment advisors Limited, Uniquet Infra Ventures Private Limited, Jetpur Somnath Tollways Limited.

**2. Underwriting obligations with respect to issues of Associate Companies:**

The Mutual Fund schemes have, till date, not entered into any underwriting contracts in respect of any public issue made by any of its associate companies.

**3. Subscription in issues lead managed by the Sponsor or any of its associates:**

IDFC Asset Management Company limited may subscribe to issues lead managed by the Sponsor or any of its associates. Such subscriptions shall be in accordance with the applicable regulatory requirements. Disclosures pertaining to such subscriptions, wherever required, shall be disclosed appropriately to interalia, the unitholders and trustees.

IDFC Securities Ltd, associates acted as Lead Managers to the various Securities in which the scheme/s of IDFC Mutual Fund had invested. Details on the same is as under for the period April 2010 to June 30, 2011

Scheme Invested	Security Name	Amount
IDFC Premier Equity Fund	SJVN	1,60,54,220
IDFC Small & Mid Cap Equity Fund	SJVN	1,20,40,886
IDFC Enterprise Equity Fund	SJVN	1,20,40,886
IDFC Equity Fund (September 30, 2010)	Engineers India Limited	6279950
IDFC Classic Equity Fund	Engineers India Limited	3340800
IDFC India GDP Growth Fund	Engineers India Limited	502280
IDFC Imperial Equity Fund	Engineers India Limited	6832110
IDFC Equity Fund	Gujarat Pipavav Port Limited	5572740

IDFC Equity Fund	V A Tech Wabag Limited	5572740
IDFC Premier Equity Fund	Nilkamal Limited	224999938.8
IDFC Arbitrage Plus Fund	Adani Enterprises Limited	69699500
IDFC Imperial Equity Fund	Adani Enterprises Limited	53615000
IDFC Arbitrage Plus Fund	The Shipping Corporation of India	39998000

However during the period July 2011 to September 2011 no investments have been made by schemes of IDFC Mutual Fund in to the Securities in which associates of IDFC Mutual Fund acted as Lead Mangers.

#### **4. Dealings with Associate Companies**

IDFC AMC may, from time to time, for the purpose of conducting its normal business, use the services of the subsidiaries / group companies of its Sponsors and /or enter into transaction with sponsor and other associates of AMC or sponsor. The AMC may utilise the services of these group companies and any other subsidiary or associate company of the Sponsors or the AMC established or to be established at a later date in case such an associate company is in a position to provide the requisite services to the AMC. The AMC will conduct its business with the aforesaid companies on commercial terms and on arm's length basis and at the then prevailing market prices to the extent permitted under the applicable laws including the Regulations, after an evaluation of the competitiveness of the pricing offered by the associate companies and the services to be provided by them. The AMC will, before investing in the securities of the group companies of the Sponsor, evaluate such investments, the criteria for the evaluation being the same as is applied to other similar investments to be made under the Scheme. Investments under the Scheme in the securities of the group companies will be subject to the limits under the Regulations. Services of the group /associate companies may be used for broking, investment and other advice, outsourcing of operational activities etc. (not an exhaustive list of activities).

Transactions with associates / group companies / any services availed from them, if carried out, will be as per the Applicable Regulations and the limits prescribed there under the Applicable Regulations. Appropriate disclosures, wherever required, shall be made by IDFC AMC.

The total business given to IDFC Securities Limited, associate broker, is as under (brokerage is in line with the amount paid to non-associate brokers):

The services of IDFC Securities Limited have been utilized by the AMC for the purpose of sale and distribution of the units of the schemes of the Mutual Fund. The total amount of brokerage paid to IDFC Securities Limited for distribution of units aggregated to Rs. 903,407.41 Crs. for the period August 01, 2011 to September 30, 2011.

**Commission paid to associates/related parties/group companies of sponsor/AMC**

Name of associates/related parties/group companies of Sponsor/AMC	Nature of Association/nature of relation	Period covered	Value of transaction (in Rs. Cr. & % of total value of transaction of the fund)		Commission (Rs. Cr. & % of total commission paid by the fund)	
			Rs. Cr.	% to total transaction of fund	Rs. Cr.	% to total commission of fund
Axis Bank Ltd	Associate Co.	FY 2007-08	264.71	0.13	0.12	0.26
		FY 2008-09	143.42	0.09	0.16	0.29
		FY 2009-10	70.12	0.02	0.11	0.27
		FY 2010-11	0.12	0.04	0.00	0.00

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

Name of the Associate/related parties/group companies of the Sponsor/AMC	Nature of Association / Nature of relation	Period Covered	Value of Transaction (in Crs and % of total Value of transaction of the Fund)		Brokerage(in Crs and % of total Brokerage paid by the Fund)	
Securities Trading Corporation Of India Ltd.	Associate Company	01-April-2008 to 30-May-2008	89,792,159.57	0.08%	17,951.38	0.05%
IDFC Securities Limited	Associate Company	01-April-2008 to 30-June-2008	4,122,241,626.52	3.62%	1,578,420.62	4.73%
IDFC Securities Limited	Associate Company	01-July-2008 to 30-September-2008	2,066,645,202.78	2.13%	828,732.66	2.26%
IDFC Securities Limited	Associate Company	01-September-2008 to 31-December-2008	1,296,327,124.91	1.71%	959,168.37	4.22%
IDFC Securities Limited	Associate Company	01-Jan-2009 to 31-March-2009	1,767,906,141.72	1.48%	707,536.24	2.88%
IDFC Securities Limited	Associate Company	01-April 09 - 30-June 09	2,058,339,390.53	0.07%	1337191.25	2.51%
IDFC Securities Limited	Associate Company	01-July-2009 to 30-September-2009	3,126,109,674.25	1.31%	2315381.773	2.47%

IDFC Securities Limited	Associate Company	01-October-2009 to 31-December-2009	1,956,503,398.64	0.93%	2,034,856.84	3.43%
IDFC Securities Limited	Associate Company	01-Jan-10 to 31-March 10	2,046,475,892.67	1.00%	2,273,234.92	4.07%
IDFC Securities Limited	Associate Company	01-April-10 to 31-June 10	1,935,599,235.77	1.10%	2,513,059.68	4.74%
IDFC Securities Limited	Associate Company	01-July -10 - to- 30-Sep-10	1,307,845,497.12	1.29%	1,684,144.34	3.14%
IDFC Securities Limited	Associate Company	01-October - 10 to 31-December 2010	2,211,940,981.45	1.70%	2,244,338.04	3.73%
IDFC Securities Limited	Associate Company	01 Jan 2011- 31 May 2011	9,958,538,200.00	0.11%	7,900,000.00	3.46%
IDFC Securities Limited	Associate Company	01June 2011 – July 31,2011	1169423531.98	0.92%	1237269.42	2.46%
IDFC Securities Limited	Associate Company	01 August 2011 – October 31, 2011	224,486,5145.00	1.55%	1,107,487.19	2.79%
		<b>Total</b>	<b>37,358,553,202.91</b>	<b>19%</b>	<b>28,738,772.72</b>	<b>46.94%</b>

#### **Additional Information pertaining to Dealing with associates**

The AMC had for the purpose of conducting its normal business, used the services of the sponsor and its subsidiaries. The AMC had utilised the services of group companies and any other subsidiary or associate company of the Sponsors established in case such an associate company was in a position to provide the requisite services to the AMC. The AMC has utilized the services of IDFC Securities Limited to place trades for IDFC Mutual Fund. The AMC has entered into premise sharing agreement with its subsidiaries IDFC Investment Advisors Ltd. and IDFC Pension Fund Management Company Ltd. Further, the AMC engages the services of NSE and depositories to list the schemes of IDFC Mutual Fund. The AMC had conducted its business with the companies on commercial terms and on arm's length basis and at prevailing market prices to the extent permitted under the applicable laws including the Regulations, after an evaluation of the competitiveness of the pricing offered by the associate companies and the services provided by them. The AMC had, before investing in the securities of the group companies of the Sponsor, evaluated such investments, the criteria for the evaluation were the same as was applied to other similar investments made under the Scheme. Investments under the Scheme in the securities of the group companies were subject to the limits under the Regulations. Services of the group /associate companies had been used for outsourcing of certain other activities such as Human Resource, Administration, placing broker trades, , Advisory etc. (not an exhaustive list of activities).

### **Documents Available for Inspection**

The following documents will be available for inspection at the office of the Mutual Fund at One IndiaBulls Centre, 841, Jupiter Mills Compound, Senapati Bapat Marg, Elphinstone Road, (West), Mumbai 400 013 during business hours on any day (excluding Saturdays, Sundays and public holidays):

- Memorandum and Articles of Association of the AMC
- Investment Management Agreement
- Trust Deed and amendments thereto, if any
- Mutual Fund Registration Certificate
- Agreement between the Mutual Fund and the Custodian
- Agreement with Registrar and Share Transfer Agents
- Consent of Auditors to act in the said capacity
- 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**

Investor grievances are normally received at the Corporate Office of the AMC or at the official point of acceptance of transactions or directly by the Registrar. All grievances will be forwarded to the Registrar for their necessary action. The complaints will be closely followed up with the Registrar to ensure timely redressal and prompt investor service.

### **The status of complaints received**

<b>Period</b>	<b>Complaints received</b>	<b>Complaints redressed</b>	<b>Complaints pending</b>
April 2005 to March, 2006	4888	4888	NIL
April 2006 to March 2007	12949	12949	NIL
April 2007 to March 2008	3897	3897	NIL
April 2008 to March 2009	3572	3571	1
April 2009 to March 2010	3928	3928	0
April 2010-March 2011	5396	5396	0
April 2011-November 2011	2329	2305	24

**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.**

**Note: The Statement of Additional Information (SAI) containing details of IDFC Mutual Fund, IDFC Asset Management Company Limited and IDFC AMC Trustee Company Limited has been approved by the Board of IDFC AMC Trustee Company Limited (formerly known as Standard Chartered Trustee Company Private Limited) on June 16, 2008. (Further updated upto December 19, 2011)**

**For and on behalf of the Board of Directors of  
IDFC Asset Management Company Limited**

*Sd/-*  
**Naval Bir Kumar**  
*President & CEO*  
**Mumbai, dated December 19, 2011**