INDIABULLS MUTUAL FUND

STATEMENT

OF

ADDITIONAL INFORMATION

(SAI)

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

This SAI is dated **June 25, 2013.**

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Abbreviations:

In the SAI the following abbreviations have been used.

AMC : Asset Management Company
AMFI : Association of Mutual Funds in India
AOP : Association of Persons
BOI : Body of Individuals
BSE : Bombay Stock Exchange Limited
CBLO : Collateralised Borrowing and Lending Obligation
CDSC : Contingent Deferred Sales Charge
ECS : Electronic Clearing System
EFT : Electronic Funds Transfer
FII : Foreign Institutional Investor
IBFSL : Indiabulls Financial Services Limited, the Sponsor of Indiabulls Mutual Fund
FOF : Fund of Funds
HUF : Hindu Undivided Family
IBMF: Indiabulls Mutual Fund
IMA : Investment Management Agreement
ISC : Investor Service Centre
KYC: Know Your Customer
NAV : Net Asset Value
NRI : Non-Resident Indian
NSE : National Stock Exchange of India Limited
PIO : Persons of Indian Origin
POA : Power of Attorney
RBI : Reserve Bank of India
RTGS : Real Time Gross Settlement
SEBI : Securities and Exchange Board of India established under the SEBI Act, 1992
SEBI Act : Securities and Exchange Board of India Act, 1992
SEFT : Special Electronic Funds Transfer

Interpretation

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

(a) The terms defined in the SAI include the plural as well as the singular.

(b) Pronouns having a masculine or feminine gender shall be deemed to include the other.

(c) All references to "US$" refer to United States Dollars and "Rs." refer to Indian Rupees. A "Crore" means "ten million" and a "Lakh" means a "hundred thousand".

(d) References to times of day (i.e. a.m. or p.m.) are to Mumbai (India) times and references to a day are to a calendar day including non Business Day.

Please note that words and expressions used in the SAI but not defined will have the same meaning as assigned to them in the Scheme Information Document ("SID").

I. INFORMATION ABOUT SPONSOR, AMC AND TRUSTEE COMPANY

A. Constitution of the Mutual Fund

Indiabulls Mutual Fund (the "Mutual Fund") has been constituted as a trust in terms of the Trust Deed dated November 07, 2008 in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) with Indiabulls Financial Services Ltd as Sponsor as the Sponsor and Indiabulls Trustee Company Limited as the Trustee. The Trust Deed has been registered under the Indian Registration Act, 1908. The Sponsor has entrusted a sum of Rs.50,000/- to the Trustee as the initial contribution towards the corpus of the Mutual Fund. During the FY 2012-13, Indiabulls Financial Services Ltd (IBFSL) amalgamated into its wholly-owned subsidiary Indiabulls Housing Finance Ltd (IHFL) through a scheme of arrangement under sections 391-394 of the Companies Act, 1956 pursuant to the approval of the Hon'ble High Court of Delhi vide order dated December 12, 2012. The aforesaid scheme of arrangement became effective on the date of filing of the certified copy of the High Court Order with the Registrar of Companies, NCT of Delhi & Haryana on March 08, 2013 and IBFSL, as a going concern, amalgamated with IHFL with effect from the Appointed Date, being April 01, 2012 in terms of the Scheme. As a result of the above, IHFL has become the Sponsor of Indiabulls Mutual Fund and IBFSL has ceased to be the Sponsor.

The Mutual Fund was registered with SEBI on March 24, 2011 under Registration Code MF / 068 / 11/ 03.

B. Sponsor

Indiabulls Mutual Fund is sponsored by Indiabulls Housing Finance Limited (IHFL), Indiabulls Housing Finance Limited is one of India's leading and fastest growing private sector financial services companies providing Consumer Finance, Housing Finance, Commercial Loans, Asset Management and Advisory services. The company is focused on providing multiple financial services through an extensive network of consumer touch-points. Indiabulls serves more than 500,000 customers across different financial products through its branch network, call centre & the internet. It also ranks among the top private sector financial services groups in terms of net worth.

Amongst its financial services and banking peers, Indiabulls Housing Finance ranks amongst the top few companies both in terms of net worth and capital adequacy. Indiabulls Housing Finance has been assigned 'AA+' rating and has presence in over 87 cities and towns with a total branch network of 170 branches."

The Sponsor is responsible for discharging its functions and responsibilities towards the Mutual Fund in accordance with SEBI (Mutual Funds) Regulations, 1996, and the various constitutive documents of the Mutual Fund.

Financial performance of the Sponsor (**Indiabulls Housing Finance Ltd)** (past three years) is as under:

PARTICULARS	F.Y. 2012-13	F.Y. 2011-12	F.Y. 2010-11
Net Worth*	49,390,362,667	9,550,842,542	7,335,042,022
Total Income	47,282,167,789	8,040,489,011	3,333,839,827
Profit After Tax	12,279,069,554	2,499,873,358	788,274,190
Asset Under Management (If Applicable)	338,964,707,104	100,009,155,134	48,247,907,231

*Net Worth & Market Cap as on 31st March each year.

C. The Trustee Company

Indiabulls Trustee Company Limited (the "Trustee"), through its board of directors, shall manage and supervise the functioning of Indiabulls Mutual Fund. The Trustee shall ensure 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 details of the Trustee Directors of Indiabulls Mutual Fund are as under:

1. **Directors on the Board of Trustee Company:**

Name	Age	Qualification	Brief Experience
1. **Mr. Prabhat Kumar (IAS – Retired) (Independent Trustee)**	71	M.Sc (Math.), M.Sc (Physics), M.Sc (Economics)	He has a vast experience in handling Constitutional and Governance responsibilities. He held the position of Cabinet Secretary in Govt. of India (1998-2000). He also held the position of Governor of Jharkhand (2000-2002).
2. **Lt. Gen K. M. Seth (Independent Trustee)**	72	M.Sc. (Madras Univ), M.Sc. (JNU), MBA from SIMS, Pune.	He served as Governor of Tripura (2000-2003) and Governor of Chhattisgarh (2003-2007). As the Chairman of Army Group of Insurance of Indian Army (1995-1997) he has exercised directional control over investment of approximately 700 crores with 200 crores deployment of monthly investable funds. He was a Member of UTI-AMC (1998-2000).
3. **Justice O. P. Verma (Independent Trustee)**	75	B.A., L.L.B	He has served as Chief Justice of Kerela High Court. He has immense administrative experience having served as Governor of Punjab during the period between 2003 and 2004. During the period between 1999 and 2003, he served as Chairman of Human Rights Commission (Himachal Pradesh).
4. **Mr. K. Vasudevan (Independent Trustee)**	62	M.Sc. (Fiscal Studies), B.A. Hons. (Eco)	He joined IRS in 1974. He has worked as Under Secretary, Department of Revenue, Ministry of Finance from 1982 – 1985 and later as Director in the same Ministry from 1989 to 1995. He has worked at different levels in the Income Tax Department at the apex level as Director of Income Tax (Investigation) for about 5 years and Commissioner of Income Tax (Central) for 2 years at Mumbai, Delhi, Uttar Pradesh (Kanpur & Lucknow) and Madhya Pradesh. He has a varied and wide experience in the areas of Finance, Legislation, Investigation, Audit and Administration.
5. Mr. Ajit Mittal (Associate Trustee)*	53	MBA (University of Illinois, USA)	He has a vast experience in the Finance sector. He had served two decades with Reserve Bank of India and was awarded with the Golden Jubilee Scholarship to pursue higher studies at University of Illinois, USA. He had published several research papers, including on “Private Placement of Debt Market in India” and “Monetary Policy Transmission Mechanism”. He had also been involved with various committees and working groups, which led to far reaching policy improvement in financial sector. He is the Group Executive Director at Indiabulls Financial Services Ltd since 2007. He has done MBA (with Academic Excellence) from University of Illinois, USA.

*Change in Trustee w.e.f. November 19, 2012

2. Rights of the Trustee Company

The Trustee Company, through the Asset Management Company registered with SEBI and appointed by the Trustee Company for managing the Mutual Fund, shall be, inter alia, empowered and entitled to:

(a) frame one or more Schemes for the issue of Units to be subscribed by the public or class of public or specified person or persons whether singly or otherwise and shall frame such rules and regulations for the issue, repurchase and redemption thereof and for the distribution of income on Units, and modify or alter the said rules and regulations as the Trustee Company may in its absolute discretion deem fit, the duration of each Scheme being such as may be decided from time to time by the Trustee Company;

(b) acquire, hold, manage, trade, lend and dispose of shares, debentures (convertible, partly convertible or non-convertible), bonds, instruments, obligations, warrants, notes, money market papers, instruments and other stocks and securities of all kinds (including, without limitation, listed or unlisted) issued by any company or body corporate, local authority, public body in India or Government of India or by the Government of, any local authority or any company, body corporate or public international body in any country outside India as may be approved by the Reserve Bank of India ("RBI"); to acquire or enter into or deal in any derivative, option, hedging (including currency hedging), swap or other contract of a similar nature, repurchase agreement transactions, whether in India or abroad and to enter into securities lending and borrowing transactions, underwriting and sub underwriting contracts and placings;

(c) calculate the offer, repurchase and redemption prices of Units including *inter alia* the allowance to be made in computing these prices for contingent liabilities;

(d) keep the capital and moneys of the Mutual Fund in call or repurchase options or deposit with banks or other financial institutions or companies or any other financial instruments as may be permitted under the Regulations;

(e) enter into agency arrangements with one or more banks in and outside India for the following functions:
   (i) to mobilise collections for various Schemes of the Mutual Fund and to render all services as are being rendered by the authorised agents of the Mutual Fund; and
   (ii) to display the advertisements and other marketing materials. However, the arrangements outside India shall always be subject to necessary permissions from RBI and other authorities as may be required.

(f) enter into agreements or arrangements (that may cover *inter alia* functions included in Clause (e) above) including agreements/arrangements by way of tie-ups, collaborations, joint ventures with mutual funds, asset management companies, financial institutions, investment companies, banks and other institutions in or outside India;

(g) do any other kind of business connected with mobilisation of savings and Investments;

(h) accept contributions, grants, and donations;

(i) collect, get in and receive the profit, interest, dividend and income of the Trust Property from time to time as and when the same becomes due and receivable;

(j) pay all costs, charges, expenses and outgoings of and incidental to the administration and execution of the Trust and the management and maintenance of the Trust Property and incurred for the same (including remuneration of the Trustee Company and the Asset Management Company) in accordance with and subject to the limits under the Regulations as may be stipulated from time to time and, without prejudice to the generality of the foregoing, the following expenses may be charged to the Mutual Fund:

   (i) marketing and selling expenses including agents commission**,** if any**;**
   (ii) brokerage and transaction costs;
   (iii) charges for registrar services, inter-alia for the issue, transfer, repurchase and redemption of Units;
   (iv) fees and expenses of the Trustee Company;
   (v) audit fees;
   (vi) custodian fees;
   (vii) costs related to investor communication;
   (viii) cost of transfer of funds from location to location;
   (ix) cost of providing account statements and dividend/redemption cheques and warrants;
   (x) insurance premium paid by the Mutual Fund;

(xi) winding up cost for terminating a Scheme or the Mutual Fund;
(xii) cost of statutory advertisements;
(xiii) costs, charges and expenses for instituting any suits or defending any claims;
(xiv) subject to the Regulations and applicable regulatory approvals, payment of a fee for the use of the Indiabulls name and brand; and
(xv) such other costs as may be permitted under the Regulations.

(k) appoint brokers, sub-brokers, agents, custodial agents, registrars, share transfer agents for the purpose of purchase and sale of securities, investment under the Scheme and to pay their charges;
(l) appoint and engage advocates, solicitors, valuers, chartered accountants, credit rating agencies, etc. and such experts for the purpose of the Schemes and to pay their remuneration and charges;
(m) do all such acts, deeds and things and exercise such powers and sign and execute all such documents, Unit certificates, transfer forms, declarations, affidavits, indemnities as it may in its absolute discretion deem fit;
(n) open one or more bank accounts, securities account/s with RBI and other banks (if permitted) and operate the same;
(o) deal with all matters arising from the Mutual Fund/Asset Management Company, on the one hand and Unit Holders on the other, and to settle disputes, if any, with Unit Holders;
(p) generally to exercise all such powers as it may be required to be exercised under the Regulations for the time being in force and do all such matters and things as may promote the Mutual Fund or as may be incidental to or consequential upon the discharge of its functions and the exercise and enforcement of all or any of the powers and rights under this Deed;
(q) pay out of the income of the Trust Property after deducting all expenses the interest and dividend in accordance with the Scheme and the Scheme Information Document applicable to each Scheme; and
(r) the Trustee Company shall, subject to the provisions of the Regulations and this Deed, have all powers and rights of a trustee under the Indian Trusts Act, 1882 to achieve the objects of this Trust and protect the interests of the Unit Holders.

3. Duties of the Trustee Company

a. The Trustee Company shall be responsible for supervising the collection of all income due to be paid to the Schemes and for claiming any repayment of tax and holding any income received in trust for the Unit Holders in accordance with this Deed and the Regulations.
b. The Trustee Company shall act at all times in the interest of Unit Holders and provide all such information to Unit Holders and SEBI as may be specified by SEBI. The Trustee Company shall provide or cause to provide information to the Unit Holders and SEBI as may be specified by SEBI from time to time.
c. The Trustee Company shall at no time acquire any asset out of the Trust Property, which involves the assumption of any liability which is unlimited or results in the encumbrance of the Trust Property in any way, except to the extent permitted by the Regulations.
d. Except with the prior approval of the Trustee Company and if so required, from SEBI in writing, the Mutual Fund shall not make or grant loans or guarantee loans nor shall they carry out at any time any activity in contravention of the Regulations.
e. The Trustee Company shall generally do all such matters and things as may promote the Trust or as may be incidental to or consequential upon the discharge of its functions and the exercise and enforcement of all or any of the powers and rights under this Deed.
f. The Trustee Company shall take reasonable care to ensure that the Schemes floated and managed by the Asset Management Company, are in accordance with this Deed, the Scheme Information Document(s) and the Regulations.
g. The Trustee Company shall cause the Asset Management Company to ensure that the manner of calculating the offer, repurchase and redemption prices of Units including inter alia the allowance to be made in computing these prices for contingent liabilities would be in accordance with the Regulations and any guidelines issued by SEBI from time to time.
h. The Trustee Company shall be bound to discharge all obligations, duties and responsibilities entrusted to them under the Regulations.

i. The Trustee Company shall be discerning in the appointment of the key personnel of the Asset Management Company.
j. The Trustee Company shall review the desirability or continuance of the Asset Management Company if substantial irregularities are observed in any of the Schemes and shall not allow the Asset Management Company to float new Schemes.
k. The Trustee Company shall ensure that the Trust Property is properly protected, held and administered by proper persons and by a proper number of such persons.
l. The Trustee Company shall ensure that all service providers hold appropriate registrations from SEBI or concerned regulatory authorities.
m. The Trustee Company shall arrange for test checks of service contracts at such frequency and in such manner as it shall deem appropriate from time to time.
n. The Trustee Company shall immediately report to SEBI of any special developments in the Mutual Fund.
o. The Trustee Company shall:
   (i) obtain internal audit reports at regular intervals from independent auditors appointed by the Trustee Company;
   (ii) obtain compliance certificates at regular intervals from the Asset Management Company
   (iii) hold meetings of the Board of Directors of the Trustee Company regularly and frequently;
   (iv) consider the reports of the independent auditor and compliance reports of Asset Management Company at the meetings of the Board of Directors of the Trustee Company for appropriate action;
   (v) maintain minutes of the meetings of the Board of Directors of the Trustee Company;
   (vi) prescribe and adhere to a code of ethics by the Trustee Company, Asset Management Company and its personnel; and
   (vii) communicate in writing to the Asset Management Company of the deficiencies and checking on the rectification of deficiencies.
p. The Independent Directors of the Trustee Company or the independent Trustees (in cases where there is a Board of Trustees), as the case may be, shall pay specific attention to the following:
   (i) the IMA and the compensation paid under the said agreement;
   (ii) service contracts with affiliates to examine whether the Asset Management Company has charged higher fees than outside contracts for the same services;
   (iii) selection of the Asset Management Company's independent directors;
   (iv) transactions in securities involving affiliates to the extent that such transactions are permitted under the Regulations;
   (v) selection and nomination of individuals to fill vacancies in the positions of independent directors;
   (vi) ensuring that the code of ethics is designed to prevent fraudulent, deceptive or manipulative practices by insiders in connection with personal securities transactions;
   (vii) examining the reasonableness of fees paid to sponsors, Asset Management Company and any others for services provided;
   (viii) principal underwriting contracts and their renewals; and
   (ix) any service contract with the Associates of the Asset Management Company.

   Each member of the Board of Directors of the Trustee Company or, as the case may be, each member of the Board of Trustee shall furnish the details of his/her holdings in securities to the Trust at such intervals as may be specified in the Regulations from time to time.
q. Notwithstanding anything contained in this Deed or the Regulations, the Trustee Company shall not be held liable for acts done in good faith if it has exercised adequate due diligence honestly.

4. Trustee – Supervisory role

The supervisory role of the Trustees will be discharged by reviewing the information and the operations of the Fund based on the reports submitted at the meetings of the trustees. Presently, the Board of Trustees are required to hold a meeting at least once in 2 calendar months and at least 6 such meetings are required to be held every year.

The Compliance Officer reports directly to the Board of Directors of the Trustee and carries out the supervisory role on behalf of the Trustee. In addition, the Trustee may seek any information from time to time from the AMC. The internal audit of the Fund will be carried out by the internal auditor M/s. DH Consultants Pvt. Ltd., to facilitate monitoring the activities of the AMC.

During the F.Y 2012-2013, 6 meetings of the Board of Directors of Trustee were held. The Audit Committee, comprising of 3 independent directors on the board of the Trustee with an independent director as its chairman, has been constituted pursuant to the SEBI circular MFD / CIR / 010 / 024 / 2000 dated January 17, 2000 to, inter alia, review internal audit systems and reports from internal and statutory auditors.

5. Trustee – Fees and Expenses

Subject to the regulations, the Trustee Company shall during the term of the Mutual Fund, and whether or not the Mutual Fund shall be in course of administration by or under the order or direction of any competent court or regulatory authorities, be paid an annual fees out of the mutual fund as may be agreed between the Sponsor and the trustee company at the beginning of each year. The annual fees decided by the trustee company for the current year is 0.01% per annum of the average daily net assets of the Fund subject to a maximum of Rs. 10 lakhs. The aforesaid remuneration shall be in addition to reimbursement of all costs, charges and expenses incurred in or about the administration and execution of the Trust and to be reimbursed from and out of the trust funds. Payment of trusteeship fee as aforesaid shall be subject to the limits, if any, prescribed under the Regulations.

D. Asset Management Company

Indiabulls Asset Management Company Limited (IBAMC) was incorporated under the Companies Act, 1956 on April 10, 2008 having its registered office at M-62 & 63, First Floor, Connaught Place, New Delhi – 110001. The Corporate Office of IBAMC is located at 11th Floor, Tower-1, Indiabulls Finance Centre, Senapati Bapat Marg, Elphinstone (West), Mumbai - 400013 and the operations of the AMC including investor servicing are handled and coordinated from the aforesaid Corporate Office. Indiabulls Asset Management Company Limited has been appointed as the Asset Management Company of Indiabulls Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated November 07, 2008, executed between the Trustee and the Asset Management Company.

1. Directors on the Board of AMC

Name	Age	Qualification	Brief Experience
1. Mr. Ashok Kacker (Chairman) (Associate Director)	61	M. Sc. (Physics)	After his retirement from Government Services, Mr. Ashok Kacker is currently providing Consultancy and Advisory services in the field of Taxation, Administration and Financial Services including Capital Markets. He has been engaged by several corporate houses in the field of Securities & Financial Services, Real Estate and Infrastructure, Health Care and Education. Presently, he is working with Indiabulls Group as the Group President. He has been a seasoned and consummate Senior Government Executive of the Indian Revenue Service (Income Tax) with more than 32 years of experience in the field of Administration and Finance. He was as an Executive Director for 6 years (1995-2001) with Securities Exchange Board of India (SEBI), where he had direct responsibilities in various positions of Administration and Stock Exchange regulation apart from other regulatory responsibilities. His vast experience spans Administration, Investigation, Property, Valuation, and Assessments coupled with knowledge of Capital and Financial Markets including interaction with International Agencies like US AID (United States Aid for International Development) and

			Canadian AID.
2. **Mr. Sanjay Chandel (Chief Executive Officer) (Associate Director)**	42	M. Com., M.M.S. (MBA)	Mr. Sanjay Chandel has over 15 years of experience in Capital Markets. He has worked with SEBI for over 11 years in the areas of rules and regulations governing Indian capital markets. During his tenure in SEBI, he has worked closely in the areas of Investigations handling sensitive cases relating to price manipulation, insider trading, public issues irregularities etc., Stock Exchange Administration, and Office of International Affairs (OIA) where he handled responsibilities such as liaison with overseas regulators, International Organisation of Securities Commission (IOSCO) and hosting of 32nd Annual Conference of IOSCO in April 2007. Since August 2007 he has been associated with Indiabulls Financial Services Ltd. as their Director – Compliance. Later he was appointed as the CEO of the Indiabulls Asset Management Company Ltd. He holds management degree in business administration with specialization in finance from Sydenham Institute of Management Studies, Mumbai University.
3. **Mr. Jitendra Sanghavi (Independent Director)**	58	B.Com., F.C.A.	Mr. Sanghavi has practiced on Tax Law including International Taxation and Transfer Pricing since 1982. Prior to this, he also practiced in partnership with another firm of Chartered Accountants since 1976. He has also been a member of International Fiscal Association and acted as Panel Speaker for their Congress at Israel in October 1999 for a seminar on "Taxation of Congress Border Services". He is also the co-author of the book "Search Seizure and Survey" published by Bombay Chartered Accountant Society and has contributed to various articles on International Taxation and Post IFA Congress Workshop. A sole practitioner in the name of Jitendra Sanghavi & Co. he specializes in International Taxation and is a member of International Taxation Committee of Bombay Chartered Accountants' Society. He is a regular speaker on topics of International Taxation.
4. **Mr. G.C. Srivastava (Independent Director)**	64	M.A., L.L.B.	Mr. Srivastava was an officer of Indian Revenue Service till September 2007 when he retired from the post of Director General (International Taxation), New Delhi. He has served the Income Tax department in various capacities in different parts of the country, handling issues of large corporate/high income individuals. He has handled several cases of Financial Institutions, brokers of stock exchanges, entitities related with Mutual Funds and a host of other areas in Finance and Financial Services. As Commissioner of Income Tax, he was assigned the judicial functions of adjudicating complex legal issues arising in cases of large corporate. He held the post of Joint Secretary in the Tax Policy Division of the Ministry of Finance from 1998-2001 looking after policy matters and more particularly changes in Direct Tax Laws during the period. He was responsible for the drafting and introduction of Transfer Pricing laws

			and regulations in India. He also worked as Joint Secretary in the Foreign tax Division of the Finance Ministry and worked as the chief treaty negotiator for India for the avoidance of double taxation. He has completed the course on Tax Analysis and Revenue Forecasting from Harvard (USA) in the year 1999. After his retirement, he is working as an Advocate and tax consultant and has actively been providing consultancy in tax matters more particularly in cross border transactions and in the cases of Financial Sector and Real Estate.

2. Duties and Responsibilities of the AMC

a. The AMC shall be responsible for floating and issuing Schemes for the Trust after approval of the same by the Trustee Company Board and SEBI, as well as investing and managing the Funds mobilized under various Schemes, in accordance with the provisions of the Trust Deed and the Regulations.
b. The AMC shall ensure that no Scheme Information Document of a Scheme, key information memorandum, abridged half yearly results and annual results are issued or published without the prior approval of the Trustee Company Board or the Authorised Director in writing, and also ensure that such documents do not contain any statements or matter extraneous to the Trust Deed or particulars stated in the Scheme Information Document for the Scheme approved by the Trustee Company Board and SEBI.
c. The AMC shall disclose the basis of calculating the repurchase price and NAV of the various Schemes of the Trust to the investors, at such intervals as may be specified by the Trustee Company Board and in accordance with the Regulations issued from time to time.
d. The AMC shall maintain books and records about the operation of various Schemes of the Fund to ensure compliance with the Regulations and shall submit a Scheme wise quarterly report on functioning of the various Schemes of the Fund to the Trustee Company or at such intervals and in such manner as may be required or called for by the Trustee Company or by SEBI.
e. It shall be the duty of the AMC to send periodical reports, as required under the Regulations, in addition to any other reports called for by the Trustee Company or SEBI from time to time.
f. The AMC shall instruct the auditor to examine the Trust's annual Statement of Accounts and to report on their correctness and shall authorise the auditors to communicate directly with the Trustee Company at any time.
g. The AMC shall publish by public advertisement in newspapers and in its discretion, in any other manner, the un-audited half-yearly accounts and audited annual accounts of the various Schemes as required under the Regulations.
h. The AMC shall exercise all due diligence and vigilance in carrying out its duties and in protecting the rights and interests of the Unit Holders.
i. The AMC shall at all times ensure that the Trust Fund is segregated from assets of the AMC and assets of any other funds for which the AMC is responsible;
j. The AMC shall, as required under the Regulations, provide compliance certificates to the Trustee Company at regular intervals.
k. The AMC shall provide to the Unit Holder an option of nomination in the event of the death of the unit holder or an option to cancel the nomination in terms of the Regulations, in the form prescribed in the Schedule to this Agreement.
l. As required under the Regulations, in the case of a shortfall in returns / redemption value in case of Schemes where the returns / redemption value have been assured / guaranteed by the AMC in the Scheme Information Document of the Scheme(s) or in terms of the Regulations as amended from time to time, the AMC shall be liable to make good any such shortfall in the returns / redemption value to the Mutual Fund. Provided that no such assurance/guarantee shall be provided by the AMC, either directly or indirectly, without the prior approval of a majority of the shareholders of the AMC (either at a general meeting or through written approval).

3. Information on Key Personnel

The day-to-day operations of the AMC for Mutual Fund are looked after by experienced and qualified professionals. All the key personnel are based at the registered office of the AMC.

Name	Age (yrs)	Qualification	Brief Experience
1. Sanjay Chandel (Chief Executive Officer)	42	M. Com., M.M.S. (MBA)	Mr. Sanjay Chandel has over 15 years of experience in Capital Markets. He has worked with SEBI for over 11 years in the areas of rules and regulations governing Indian capital markets. During his tenure in SEBI, he has worked closely in the areas of Investigations handling sensitive cases relating to price manipulation, insider trading, public issues irregularities etc., Stock Exchange Administration, and Office of International Affairs (OIA) where he handled responsibilities such as liaison with overseas regulators, International Organisation of Securities Commission (IOSCO) and hosting of 32nd Annual Conference of IOSCO in April 2007. Since August 2007 he has been associated with Indiabulls Financial Services Ltd. as their Director – Compliance. Later he was appointed as the CEO of the Indiabulls Asset Management Company Ltd. He holds management degree in business administration with specialization in finance from Sydenham Institute of Management Studies, Mumbai University.
2. Raju Sharma (Head – Fixed Income)	45	B. Com, CA, LLB (Gen)	Mr. Raju Sharma has over 20 years of work experience in the financial services industry. He has exposure to fixed income fund management, investment banking, treasury, debt broking etc. Prior to joining Indiabulls Asset Management Company Limited, he was working in the capacity of Senior Fund Manager and Head Cash & Hybrid Funds with Tata Asset Management Limited. He has also worked with broking companies and NBFCs.
3. Puneet Srivastava (Fund Manager - Debt)	40	B. Com, MBA (Finance)	He has an overall work experience of 15 years in the field of finance. He has exposure to Debt – Dealing, Research and Fund Management. Prior to joining Indiabulls Asset Management Company Private Limited, he was working in the capacity of Fund Manage – Debt with Sahara Asset Management Company Private Limited.
4. Deepali Menon (Head –Operations & Investor Services)	34	B. Com., A.C.A.	She has around 13 years of experience in the areas of Risk Management and Operations of AMC. Earlier she set up and led the Risk Management Team in JM Financial Mutual Fund, wherein she had established an integrated risk management framework, developed Risk management policies and the analytical systems/data management capacities to support the risk management program. She was also involved in development and implementation of effective Cash Management System, calculation, declaration and dissemination of NAV of the schemes of the fund, regular interaction with the registrar of the fund, preparation of annual plan, budgets, annual report and their subsequent review,

5. Prabhat Bhardwaj (Head –Compliances and Risk Mgmt.)	34	MBE (Finance)	Mr. Prabhat Bhardwaj has over 10 years of experience in the capital markets space spanning Indian Capital Market Regulator, Stock Exchange, Global Financial Groups and Stock Broking (Institutional & Retail). He started his career with NSE where he handled Risk Management including Collaterals Management. He has served more than 5 years in SEBI and handled various challenging assignments, including Investigations, Stock Exchange Inspections & policy matters pertaining to market intermediaries. He has also provided consulting on compliances to Global Financial Groups like Royal Bank of Canada.
6. Sumit Bhatnagar (Fund Manager- Equity)***	34	MBA (Univ. of Toronto), CFA (USA)	He has close to 10 years of experience in Banking & Capital Markets. Prior to joining Indiabulls AMC, he has worked with SEBI for close to 4.5 years in Investment Management Department. He has also worked in Banking Industry in retail and corporate assets. He has been with Indiabulls AMC since February 2009.
7. Udayan Basu (Director – Sales & Marketing)*	54	M.Com, MBA and CFP	He has over 25 years of work experience, out of which over 20 years are in the asset management industry. Prior to joining Indiabulls Mutual Fund he was Director of Sales and Distribution for Daiwa Mutual Fund. In the past, he was the Director & Head of Institutional Business for Mirae Asset Mutual Fund for Asia Pacific Region. He had also been associated with Principal - PNB Asset Management, Zurich Asset Management (now HDFC Mutual Fund), JM Capital Management, Credit Capital Asset Management and BOI Asset Management.
8. Suresh Ranout (Head – Sales)	39	MBA – Marketing, B.Sc	He has close to 8 years of experience in marketing and distribution across various financial services companies including Sanlam Inv and Advisors (India) Ltd, Lotus AMC, Reliance AMC & Kotak AMC since June 2004. He has been with Indiabulls AMC since September 2011.
9. Amit Sampat (Dealer – Equity)	41	B.Com	He has close to 7 years of work experience in Capital Markets. He has worked at Alchemy Shares from January 2005 to July 2011 & M/s. D.D Shah from January 2000 to January 2005. He has been with Indiabulls AMC since September 2011.
10. Sourabh Sharma (Dealer – Fixed Income)**	23	B.Com	He has worked at D.R. Mehta & Associates prior to joining Indiabulls AMC. He has been with Indiabulls AMC since December 2012.

***** Change in key personnel w.e.f July 24, 2012

** Change in key personnel w.e.f December 14, 2012

***Change in key personnel w.e.f December 17, 2012

4. Shareholding Pattern of the AMC

The shareholding pattern of the AMC is as follows:

S No.	Name	Total No of Shares	% Holding
1	Indiabulls Housing Finance Ltd.	1,49,99,994 Equity Shares of Rs. 10 Each	100 %
2	Tejinderpal Singh Miglani	1* Equity Share of Rs. 10 Each	0 %
3	Anil Malhan	1* Equity Share of Rs. 10 Each	0 %
4	Ashok Sharma	1* Equity Share of Rs. 10 Each	0 %
5	Hitnder Kumar	1* Equity Share of Rs. 10 Each	0 %
6	Satish Chand	1* Equity Share of Rs. 10 Each	0 %
7	Somesh Singh	1* Equity Share of Rs. 10 Each	0 %
	Total	**1,50,00,000 Equity Shares of Rs. 10 Each**	**100 %**

*** Held as Nominee of Indiabulls Housing Finance Limited w.e.f March 8, 2013**

5. Procedure for Recording of Investment Decisions

All investment decisions, relating to the Schemes, will be undertaken by the AMC in accordance with the Regulations, the investment objectives specified in the SID and the Investment Manual of the AMC. All investment decisions taken by the AMC in relation to the corpus of the Schemes will be recorded.

A detailed report will be made before taking any decision to invest in a company/issuer for the first time. Individual scrip wise reasons will be recorded by the fund manager at the time of placing individual orders. Performance of the Schemes will be periodically tabled before the boards of the AMC and the Trustee respectively. Performance of the Schemes vis-à-vis their respective benchmark indices will be periodically monitored by the boards of the Trustee and the AMC. Further, the boards of the Trustee and the AMC will also review the performance of the Schemes in the light of performance of the mutual fund industry.

The AMC has appointed an Investment Committee consisting of CEO, Head – Investments/Fund Managers and Head – Compliance of the AMC. The Committee would lay down the broad investment policy for the Schemes, review the policy and to review the portfolio and performance of the Schemes periodically. However, the day to day investment management decision will solely be of the fund manager of the respective Scheme.

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

E. Service Providers

1. **Fund Accountant & Custodian**

Citi Bank N.A

TrentHouse, 3rd Floor,
G-60, Bandra Kurla Complex,
Bandra (East), Mumbai - 400 051

Citi Bank N.A has been appointed as Custodian of the Fund vide agreement dated March 20, 2012. The Custodian is registered with SEBI under the SEBI (Custodians of Securities) Regulations, 1996. The Trustee has the right to change the Custodian, in certain circumstances.

2. Registrar and Transfer Agent

Karvy Computershare Private Limited,
Karvy Registry House, Road No. 1,
Banjara Hills, Hyderabad - 500 034,

It has been appointed to act as the registrar and transfer agent to the schemes of the Fund in accordance with the Registrar and Transfer Agent Agreement dated June 09, 2011.

The Registrar is registered with SEBI under the SEBI (Registrar and Transfer Agents) Regulations, 1993 vide registration no. INR000000221 dated September 11, 2006.

The Boards of the Trustee and the AMC have ensured that the Registrar has adequate capacity to discharge responsibilities with regard to processing of applications and dispatching unit certificates to Unit holders within the time limit prescribed in the Regulations and also has sufficient capacity to handle investor complaints. The AMC has the right to change the Registrar in certain circumstances.

In accordance with the SEBI Circular No. CIR/MIRSD/24/2011 dated December 15, 2011, the AMC shall render at all times high standards of service and exercise due diligence and ensure proper care in their operations.

3. Statutory Auditor

M/s Sharma Goel and Co., having office at Y-59, Hauz-khas, New Delhi – 110 016, have been appointed as the Statutory Auditor for the Fund.

4. Collecting Bankers

Collection banks may be appointed by the AMC from time to time. Applications for the NFO will also be accepted at Designated Collection Centers. For details of Collecting banks, please refer to the SID of the scheme.

F. CONDENSED FINANCIAL INFORMATION

For the F.Y. 2010-2011: Not Applicable since none of the schemes were launched

For the F.Y. 2011-2012:

S. No.	Scheme Name		INDIABULLS LIQUID FUND	INDIABULLS ULTRA SHORT TERM FUND	INDIABULLS BLUE CHIP FUND	INDIABULLS FMP 387 DAYS MARCH 2012 (1)	INDIABULLS FMP 377 DAYS MARCH 2012 (2)
	Date of Allotment		25-Oct-11	06-Jan-12	10-Feb-12	15-Mar-12	28-Mar-12
	Financial Year		2011-12	2011-12	2011-12	2011-12	2011-12
	Plans		NA	NA	NA	NA	NA
1	NAV at the beginning of the year (as on April 1) (Rs.) *	Growth Option	-	-	-	-	-
		Dividend Option	-	-	-	-	-
		Daily Dividend Option	-	-	-	-	-

		Weekly Dividend Option	-	-	-	-	-
		Fortnightly Dividend Option	-	-	-	-	-
		Monthly Dividend Option	-	-	-	-	-
2	Total Dividend per unit distributed during the period (plan wise) #	Daily Dividend Option	41.1355	6.1492	-	-	-
		Weekly Dividend Option	13.7413	21.1151	-	-	-
		Monthly Dividend Option	29.4252	21.1715	-	-	-
3	NAV at the end of the year	Growth Option	1,042.3125	1,022.8692	9.45	10.0798	10.0138
	(as on March 31) (Rs.)	Dividend Option	-	-	9.45		
		Daily Dividend Option	1,000.3158	1,000.4077	-		
		Weekly Dividend Option	-	1,001.5190	-		
		Fortnightly Dividend Option	-	-	-		
		Monthly Dividend Option	1,000.9978	1,001.5191	-		
		Quarterly Dividend Option	-	-	-		
		Half Yearly Dividend Option	-	-	-		
		Bonus Option	-	-	-		
4	Annualised Return (Growth Option) $		NA	NA	NA	NA	NA
5	Absolute Return (Growth Option)		4.20%	2.26%	-5.50%	0.77%	0.11%
6	Benchmark Returns		3.79%	2.08%	-1.60%	0.37%	0.04%
7	Name of Benchmark adopted		CRISIL Liquid Fund Index	CRISIL Liquid Fund Index	S&P CNX Nifty Index	CRISIL Short Term Bond Fund Index	CRISIL Short Term Bond Fund Index

8	Net Assets at end of Period (Rs. Crs)		428.11	96.83	6.12	150.73	32.40
9	Total Expense as % of AAuM (excluding unrealised depreciation)		0.14%	0.15%	2.50%	0.24%	0.15%
* As on April 1st 2011, there was no NAV since none of the schemes were launched.							
# Gross dividend declared during the year							
$ Since none of the schemes have completed 1 year, annualized returns are not given.							

SCHEME PERFORMANCE

1. **Indiabulls Liquid Fund**

Period	**Indiabulls Liquid Fund** (Growth Option)	**Crisil Liquid Fund Index** (Scheme Benchmark)	**Crisil 1 Yr T-Bill Index** (Additional Benchmark)
Last 7 days till 31 May 2013	8.37%	7.28%	3.58%
Last 15 days till 31 May 2013	8.46%	7.20%	5.27%
Last 30 days till 31 May 2013	8.57%	8.17%	8.60%
31 May 2012 till 31 May 2013	9.18%	8.14%	8.40%
Since Inception (CAGR)	9.59%	8.47%	8.44%
Since Inception (Value#) (INR)	11,577.86	11,392.51	11,381.67
NAV/ Index Value (as of 31 May 2013)	1,157.79	1,972.02	3648.68

#Based on investment of Rs. 10,000 made at inception. All returns are for Growth Option only. Since inception returns have been calculated from the date of allotment till 31 May 2013. Returns shown for 7 days, 15 days and 30 days are computed on Simple Annualised basis, Greater than/ equal to 1 year returns are Compounded Annualised Returns (CAGR). **Past performance may or may not be sustained in future.**

Raju Sharma is also the Fund Manager for Indiabulls Ultra Short Term Fund and Indiabulls Income Fund. Since Indiabulls Income Fund has been in existence for less than 1 year as on 31 May 2013, past performance of the scheme has not been provided.

2. **Indiabulls Ultra Short Term Fund**

Period	**Indiabulls Ultra Short Term Fund** (Growth Option)	**Crisil Liquid Fund Index** (Scheme Benchmark)	**Crisil 1 Yr T-Bill Index** (Additional Benchmark)
Last 7 days till 31 May 2013	7.15%	7.28%	3.58%
Last 15 days till 31 May 2013	7.96%	7.20%	5.27%
Last 30 days till 31 May 2013	8.76%	8.17%	8.60%
31 May 2012 till 31 May 2013	9.79%	8.14%	8.40%
Since Inception (CAGR)	10.05%	8.45%	8.16%
Since Inception (Value#) (INR)	11,434.40	11,205.49	11,165.32
NAV/ Index Value (as of 31 May 2013)	1,143.44	1,972.02	3,648.68

#Based on investment of Rs. 10,000 made at inception. All returns are for Growth Option only. Since inception returns have been calculated from the date of allotment till 31 May 2013. Returns shown for 7 days, 15 days and 30 days are computed on Simple Annualised basis, Greater than/ equal to 1 year returns are Compounded Annualised Returns (CAGR). **Past performance may or may not be sustained in future.**

Raju Sharma is also the Fund Manager for Indiabulls Liquid Fund and Indiabulls Income Fund. Puneet Srivastava is also the Fund Manager for Indiabulls Gilt Fund.
Since Indiabulls Gilt Fund and Indiabulls Income Fund have been in existence for less than 1 year as on 31 May 2013, past performance of the schemes have not been provided.

3. Indiabulls Blue Chip Fund

Period	**Indiabulls Blue Chip Fund** (Growth Option)	**S & P CNX Nifty Index** (Scheme Benchmark & Additional Benchmark)
31 May 2012 till 31 May 2013	21.79%	21.56%
Since Inception (CAGR)	5.55%	8.03%
Since Inception (Value#) (INR)	10,730	11,059.80
NAV/ Index Value (as of 31 May 2013)	10.73	5,985.95

#Based on investment of Rs. 10,000 made at inception. All returns are for Growth Option only. Since inception returns have been calculated from the date of allotment till 31 May 2013. Greater than/ equal to 1 year returns are Compounded Annualised Returns (CAGR). **Past performance may or may not be sustained in future.**

4. Indiabulls Gilt Fund

Since Indiabulls Gilt Fund has been in existence for less than 1 year as on 31 May 2013, past performance of the scheme has not been provided.

5. Indiabulls Income Fund

Since Indiabulls Income Fund has been in existence for less than 1 year as on 31 May 2013, past performance of the scheme has not been provided.

II. HOW TO APPLY

Applications should be made for atleast a minimum amount as mentioned in Scheme Information Document (SID) of the respective Schemes. Application Forms / Transaction Slips for purchase of Units of the Scheme will be available at the ISCs / distributors / designated branches of the AMC. Applications filled up and duly signed by all joint investors should be submitted along with the cheque /draft / other payment instrument to a Designated Collection Centre. Please refer to the paragraph “How to pay” below for details for making payment.

In order to protect investors from fraudulent encashment of cheques, the Regulations require that cheques for Redemption of Units specify the name of the Unit Holder and the bank name and account number where payments are to be credited. Hence, all applications for Purchase of Units must provide a bank name, bank account number, branch address, and account type in the Application Form. Application Form without these details will be treated as incomplete, and rejected. The Investor is required to provide a blank cancelled cheque or its photocopy for the purpose of enabling verification of his bank mandate particulars where the Investor pays application money through cheque drawn on bank account different than bank mandate specified in the Application Form or through demand draft.

Submission of PAN Card: With effect from January 1, 2008 it is mandatory for investors to provide a certified copy of their PAN number card (PAN Card) which should be attached alongwith their application. In case of application in name of minors, PAN Card of parent / guardian signing on behalf of the minor shall be furnished.

The PAN number of the investor will be duly verified by the AMC as required by Regulations. In the event of certified copy of PAN Card not attached to the application, or in case of un-successful verification of PAN number, the application is liable to be rejected.

This clause does not apply to investors residing in the state of Sikkim, investors in a Micro SIP (as mentioned below), officials of Central Government, State Government and those appointed by the Courts e.g. Official Liquidator, Court Receiver, etc. (under the category of Government). Alternatively, the investor may provide the KYC acknowledgement letter in lieu of the copy of the PAN card.

In accordance with the guidelines issued by AMFI on July 14, 2009 and in terms of SEBI letter dated June 19, 2009, investors investing under a SIP up to Rs. 50,000 per year i.e. the aggregate of installments in a rolling 12 month period ("Micro SIP"), are exempt from the requirement of providing PAN as a proof of identification and a copy of the KYC Compliance letter. However, as per AMFI Circular dated December 23, 2010 such investors are required to furnish an attested copy (self attested / attested by an AMFI registered distributor bearing its AMFI Registration Number) of any of the photo identification documents and proof of address as specified in the respective scheme information documents / key information memorandum / application forms. It is clarified that where photo identification documents contains the address of the investor, a separate proof of address is not required.
The aforesaid exemption is applicable to (i) investments only by individuals (including Non Resident Indians, but not Persons of Indian Origin), minors and sole proprietary firms; and (ii) joint holders.

As per AMFI Guidelines with effect from January 01, 2011, Know Your Client ("KYC") formalities under the Prevention of Money Laundering Act, 2002 ("PMLA") and the related guidelines issued by SEBI are required to be completed by all investors (including Power of Attorney holder and guardian in case of a minor) intending to invest any amount in units of mutual funds. However, investors investing through Micro SIP and investors residing in the State of Sikkim shall not be subject to the KYC formalities as stated herein and as per the respective scheme information documents. Please refer to section on 'Requirements of Prevention of Money Laundering Act and KYC Requirements' for further details

A. How to Pay

All subscription cheques / drafts / payment instruments must be drawn favouring the name of the Scheme or in such name as mentioned in the SID of the respective Scheme. They should be crossed "Account Payee only". A separate cheque or bank draft must accompany each application. Multiple cheques with single application are not permitted.

Payment can be made by any of the following modes:

- Cheque;
- Demand draft;
- a payment instrument (such as pay order, bankers' cheque etc.); or
- Electronic transfer of funds over the internet or by way of direct credit / RTGS / NEFT to designated Scheme collection account.

The payment instrument should be payable at a bank's branch, which is situated at and is a member of the Banker's Clearing House / Zone in the city where the application is submitted to a Designated Collection Centre.

An investor may invest through a distributor with whom the AMC has made an arrangement, whereby payment may be made through NEFT / RTGS / Wire Transfer or in any manner acceptable to the AMC, and is evidenced by receipt of credit in the bank account of the Fund.

The following modes of payment are not valid, and applications accompanied by such payments are liable to be rejected.

- Outstation cheques;
- Cash, money orders or postal orders;
- Post dated cheques excluding SIP;
- Multiple cheques with a single application; and
- Payments received from any person other than the applicant investor or a person holding a bank account jointly with the applicant investor, except that guardians / parents / authorized persons can make payments in respect of their minor children / wards / persons of whom they have lawful custody or in any other specific circumstances as AMC may agree.

In case of subscription through pre-funded instruments like Pay Order/Demand Draft/ Banker's cheque, such pre-funded instruments should be procured by the investors only against a registered Pay-in account. Along with the payment instrument, the investor is also required to submit a Certificate from the Banker issuing the pre-funded payment instruments stating the account holder's name and the account number from which the amount has been bebited for the issue of the instrument. The said Certificate should be duly certified by the bank manager with his/her full signature, name, employee code, bank seal and contact number.
Subscription through pre-funded instruments procured against cash shall only be accepted for investment below Rs. 50,000. Investor is required to provide a certificate from Banker issuing the pre-funded payment instrument stating the name, address and PAN (if available) of the person who has requested for such pre-funded instruments. The said Certificate should be duly certified by the bank manager with his/her full signature, name, employee code, bank seal and contact number. The AMC/Mutual Fund/ RTA will check that the name mentioned in the certificate matches with the first named investor.

Applications accompanied by cheques / drafts not fulfilling the above criteria are liable to be rejected. Returned cheques will not be re-presented for collection and the accompanying application will be rejected.

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

B. Payment by NRIs, PIOs, FIIs

In terms of Schedule 5 of Notification No. FEMA 20/2000 dated May, 2000, the RBI has granted general permission to NRIs and FIIs to purchase, on a repatriation basis, units of domestic mutual funds subject to conditions mentioned therein. Further, the general permission has also been granted to NRIs and FIIs to sell the Units to the mutual funds for repurchase or for the payment of maturity proceeds provided that the Units have been purchased in accordance with the conditions set out in the aforesaid notification. For the purpose of this Para, the term "mutual funds" has same meaning as in Clause (23 D) of Section 10 of the Income-Tax Act 1961.

However, NRI investors, if they so desire, also have the option of investing on a non-repatriable basis.

(i) Repatriable basis

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

In case Indian Rupee drafts are purchased abroad or from FCNR/ NRE accounts, an account debit certificate from the bank issuing the draft confirming the debit shall also be enclosed. NRIs shall also be required to furnish such other documents as may be necessary and as desired by the Fund in connection with the investment in the Scheme.

Flls may pay their subscriptions either by inward remittance through normal banking channels or out of funds held in a Non- Resident Rupee Account maintained with the designated branch of an authorised dealer.

In case Indian rupee drafts are purchased by the FII from abroad or from Foreign Currency Accounts or Non-resident Rupee Accounts, an account debit certificate from the bank issuing the draft confirming the debit shall also be enclosed. Payments shall be made by cheques/demand drafts crossed "Account Payee Only".

(ii) Non-repatriable basis

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

C. ASBA Facility

In accordance with SEBI circulars dated March 15, 2010 and July 28, 2010, the investors can additionally make payments through Applications Supported by Blocked Amount facility ("ASBA facility") for investments in a Scheme / Plan / Option. The ASBA facility will be available only during the NFO of a Scheme.

Under the ASBA facility, the investor gives an authorization to the bank concerned to block the amounts towards subscription of the Units in the mandated bank account till the allotment of Units. On allotment, in respect of investors who have made applications through the ASBA facility, the amounts towards subscription of Units blocked in the respective bank accounts as mandated by the investors will be unblocked to the extent of Units allotted and the amounts so unblocked will be transferred to the bank account of a scheme.

The procedure to be followed for ASBA facility:

1. An investor intending to subscribe to the Units of a scheme during the NFO through ASBA, is required to submit a duly completed ASBA Application Form ("ASBA Form") to a Self Certified Syndicate Bank ("SCSB"), with whom the investor has a bank account.

2. The ASBA Form can be submitted through anyone of the following modes :

• Physical mode : Under this mode the ASBA Form can be submitted to the Designated Branches ("DBs") of the SCSB ("Physical ASBA");

• Electronic mode: Under this mode the ASBA Form can be submitted electronically through the internet banking facility offered by the SCSB ("Electronic ASBA").

3. On submission of the ASBA form, an acknowledgement will be given by the SCSB Such acknowledgement does not guarantee, in any manner that the investors will be allotted the Units applied for.

Note: If the bank account specified in the ASBA Form does not have sufficient amount mentioned towards the subscription of Units, the bank shall reject the ASBA Form.

4. On acceptance of ASBA Form, the SCSB shall block funds available in the bank account specified to the extent of amount towards subscription of units.

5. The amounts as specified above shall be blocked in the specified bank account until; (i) Allotment of Units or (ii) Rejection of the ASBA Form, as the case may be.

6. The amounts so blocked shall be unblocked by the SCSBs; (i) on allotment of units and the SCSB shall transfer the amount to the bank account of the scheme, or (ii) in case the ASBA form is rejected.

7. The list of SCSBs and the DBs where ASBA Form can be submitted is available on the websites of BSE (www.bseindia.com), NSE (www.nseindia.com) and SEBI (www.sebi.gov.in).

Note: The investors will not be allowed to withdraw the ASBA Form submitted during the NFO, post closure of NFO period.

D. Registration of Multiple Bank Accounts

In accordance with the AMFI Circular on Risk Mitigation process against Third – Party Cheques in Mutual Fund Subscriptions, the Fund has set up a verification process for identifying the Third Party Payments. With reference to the same, for investors to have a hassle free transactions the Indiabulls Mutual Fund provides a facility to register more than one bank account for the purpose of subscription, receiving redemption and dividend proceeds.
Individuals, HUF and Sole Proprietary firms are permitted to register upto 5 bank accounts and non individuals are permitted to register upto 10 bank accounts.
Investors are advised to visit AMC's website www.indiabullsmf.com/Downloads/Forms or any of the AMC branches / ISCs of Karvy for the list of following documents or clarifications for the above.

a) Cancelled cheque leaf,
b) Bank Statement / Pass Book Page with account number, name and address, or
c) Bank letter / certificate with the account holders' name, account number, MICR, IFSC and branch address.

If a copy of the above mentioned documents is submitted, investors should bring the original of the referred documents to the ISCs /Official Point of Acceptance of Fund the office for verification. Investors shall ensure that the first-named unit holder in the folio is one of the bank account holders.

Investors are requested to note the following process shall be adopted for Change of Bank Mandate in the folio:

a) Investors shall submit duly filled in "Non Financial Transaction Form & Multiple Bank Accounts Registration Form" alongwith the prescribed documents at any of the AMC branches / ISCs of Karvy.
b) Any unregistered bank account or a new bank account forming part of redemption request shall not be processed.
c) There shall be a cooling period of 10 calendar days for validation and registration of new bank account. Further, in case of receipt of redemption request during this cooling period, the validation of bank mandate and dispatch of redemption proceeds shall be completed within a period of 10 working days from the date of receipt of redemption request.
d) In the interim, redemptions / dividend payments, if any, will be processed as per specified service standards and the last registered bank account information will be used for such payments to Unit holders.
e) In case, the request for change in bank account information being invalid / incomplete / dissatisfactory in respect of signature mismatch/ document insufficiency/ not complying with any requirements as stated above, the request for such change will not be processed.

E. Application via Electronic mode

Subject to the investor fulfilling certain terms and conditions stipulated by the AMC as under, Indiabulls AMC, Indiabulls Mutual Fund or any other agent or representative of the AMC, Mutual Fund, the Registrar may accept transactions through any electronic mode ["fax /web/electronic transactions"] as permitted by SEBI or other regulatory authorities:

1. The acceptance of the fax / web / electronic transactions will be solely at the risk of the transmitter of the fax / web / electronic transactions and the recipient shall not in any way be liable or responsible for any loss, damage caused to the transmitter directly or indirectly, as a result of the transmitter sending or purporting to send such transactions.
2. The recipient will also not be liable in the case where the transaction sent or purported to be sent is not processed on account of the fact that it was not received by the recipient.
3. The transmitter's request to the recipient to act on any fax / web / electronic transmission is for the transmitter's convenience and the recipient is not obliged or bound to act on the same.
4. The transmitter acknowledges that fax / web / electronic transactions is not a secure means of giving instructions / transactions requests and that the transmitter is aware of the risks involved including those arising out of such transmission.
5. The transmitter authorizes the recipient to accept and act on any fax / web / electronic transmission which the recipient believes in good faith to be given by the transmitter and the recipient shall be entitled to treat any such fax / web / electronic transaction as if the same was given to the recipient under the transmitter's original signature.
6. The transmitter agrees that security procedures adopted by the recipient may include signature verification, telephone call backs which may be recorded by tape recording device and the transmitter consents to such

recording and agrees to cooperate with the recipient to enable confirmation of such fax / web / electronic transaction requests.

7. The transmitter accepts that the fax / web / electronic transactions shall not be considered until time stamped as a valid transaction request in the Scheme in line with SEBI regulations.
8. In consideration of the recipient from time to time accepting and at its sole discretion acting on any fax / web / electronic transaction request received / purporting to be received from the transmitter, the transmitter agrees to indemnify and keep indemnified the AMC, Directors, employees, agents, representatives of the AMC, Indiabulls Mutual Fund and Trustees from and against all actions, claims, demands, liabilities, obligations, losses, damages, costs and expenses of whatever nature [whether actual or contingent] directly or indirectly suffered or incurred, sustained by or threatened against the indemnified parties whatsoever arising from or in connection with or any way relating to the indemnified parties in good faith accepting and acting on fax / web / electronic transaction requests including relying upon such fax / electronic transaction requests purporting to come from the transmitter even though it may not come from the transmitter.

F. Additional Facilities for Transaction of Units

(a) **Transactions through Channel Distributors:** Investors may enter into an agreement with certain distributors (with whom AMC also has a tie up) referred to as "Channel Distributors" who provide the facility to investors to transact in units of mutual funds through various modes such as their website /other electronic means or through Power of Attorney in favour of the Channel Distributor, as the case may be. Under such arrangement, the Channel Distributors will aggregate the details of transactions (viz. subscriptions/ redemptions/switches) of their various investors and forward the same electronically to the AMC / R&TA for processing on daily basis as per the cut-off timings applicable to the relevant schemes.

(b) **Transactions through Online Portal:** Indiabulls Mutual Fund provides facility to investors to transact online through '*TRANSACT ONLINE'* section on its website www.indiabullsmf.com. Through *TRANSACT ONLINE*, investors can execute transactions online for purchase, redemption, switch and also register for Systematic Transfer Plan (STP)/Systematic Withdrawal Plan (SWP) of units of schemes of the Fund as may be introduced by Indiabulls Mutual Fund from time to time. Investors can also view account details and portfolio valuation online, download account statements and request for documents via email, besides other options. Investors may also avail such other facilities for transactions in units of schemes of the Fund as may be introduced by Indiabulls Mutual Fund from time to time. The purchase facility is available with select banks and subject to submission of Permanent Account Number (PAN) and Know Your Customer (KYC) compliance.

The AMC reserves the right to discontinue the facility at any point of time.

G. Applications under Power of Attorney

An applicant applying through his power of attorney holder must lodge a copy of the Power of attorney (POA) attested by a notary public or the original POA (which will be returned after verification) within 30 days of submitting the Application Form / Transaction Slip at an ISC. In case the POA is not submitted timely, the allotment will be compulsorily reversed and proceeds credited back. The enclosure of original POA should be duly indicated in the Application Form.

H. Application by Non-Individual Investor

In case of an application by a company, body corporate, society, mutual fund, trust or any other organisation not being an individual, a duly certified copy of the relevant resolution or a document providing evidence of the authority to the organisation to invest in units of mutual fund(s), along with the updated specimen signature list of authorised signatories must be submitted along with the Application Form / Transaction Slip. Further, a certified copy of the incorporation deeds / constitutive documents (e.g. memorandum of association and articles of association) should be submitted, where the AMC so requires. Any request may not be processed if the necessary documents are not submitted.

I. Mode of Holding

An application can be made by up to a maximum of three applicants. Applicants must specify the 'mode of holding' in the Application Form.

If an application is made by one Unit Holder only, then the mode of holding will be considered as 'Single '. If an application is made by more than one investors, they have an option to specify the mode of holding as either 'Joint' or 'Anyone or Survivor'.

If the mode of holding is specified as 'Joint', all instructions to the Fund would have to be signed jointly by all the Unit Holders. The Fund will not be empowered to act on the instruction of any one of the Unit Holders in such cases.

If the mode of holding is specified as 'Anyone or Survivor', an instruction signed by any one of the Unit Holders will be acted upon by the Fund. It will not be necessary for all the Unit Holders to sign.

In case if nothing is mentioned by the investor in the application form the default option shall be 'Joint' or as mentioned in the SID of the Scheme.

In all cases, all communication to Unit Holders (including account statements, statutory notices and communication, etc.) will be addressed to the Unit Holder whose name appears first in terms of priority in the Register. All payments, whether for Redemptions, dividends, etc will be made favouring the first-named Unit Holder. Service of a notice on or delivery of a document to any one of several joint Unit Holders shall be deemed effective service on or delivery to the other joint Unit Holders.

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

J. Where to Submit Application Forms

Duly completed application forms for purchase of Units under a Scheme during the New Fund Offer period along with full payment may be submitted to any of the Designated Collection Centres or ISCs notified by the AMC. (Details in respect of this shall be provided in the Combined Scheme Information Document (SID) of the respective Schemes).

K. Eligibility for Investment:

(i) Who can invest?

Prospective investors are advised to satisfy themselves that they are not prohibited or restricted under any law from investing in the Scheme and are authorised to subscribe to or purchase units in the Scheme as per their respective constitutions, charter documents, corporate / other authorizations and relevant statutory provisions.

The following is an indicative list of persons who are generally eligible and may apply for subscription to the Units of the Scheme:

- Resident Indian adult individuals, either singly or jointly (not exceeding three);
- Minor through parent / lawful guardian; (refer note below);
- Companies, bodies corporate, public sector undertakings, association of persons or bodies of individuals and societies registered under the Societies Registration Act, 1860;

- Religious and Charitable Trusts, Wakfs or endowments of private trusts (subject to receipt of necessary approvals as required) and Private Trusts authorised to invest in Mutual Fund Schemes under their trust deeds;
- Partnership Firms constituted under the Indian Partnership law;
- A Hindu Undivided Family (HUF) through its Karta;
- Banks (including Co-operative Banks and Regional Rural Banks) and Financial Institutions;
- Non-Resident Indians (NRIs) / Persons of Indian Origin (PIO,) on full repatriation basis or on non-repatriation basis;
- Foreign Institutional Investors (FIIs) registered with SEBI , on full repatriation basis;
- Army, Air Force, Navy and other para-military funds and eligible institutions;
- Scientific and Industrial Research Organisations;
- Provident / Pension / Gratuity and such other Funds as and when permitted to invest;
- International Multilateral Agencies approved by the Government of India / RBI;
- The Trustee, AMC, their Shareholders, Sponsor or their affiliate, associate or group entities (as per prevailing laws); and
- The Fund or any other mutual fund through its Schemes, including fund of funds Schemes, subject to Regulations.
- Qualified Institutional Investor (QFI)
- Such other category of investors that the AMC may permit.

Note: A minor Unit Holder, on attaining majority, may inform the Scheme Registrar about attaining majority and provide his/her specimen signature duly authenticated by his/her banker as well as details of his/her bank account and PAN number to enable the Registrar to update records and allow him/her to operate the Account in his/her own right.

The above list is only indicative and exact eligibility for investment may be referred to the SID of the respective Scheme.

Any application for Units may be accepted or rejected in the sole and absolute discretion of the AMC / Trustee and further in accordance with the provisions of the SID. For example, the Trustee may reject any application for the Purchase of Units if the application is invalid or incomplete or if, in its opinion, increasing the size of any or all of the Scheme's Unit capital is not in the general interest of the Unit Holders, or if the Trustee for any other reason does not believe that it would be in the best interest of the Scheme or its Unit Holders to accept such an application.

(ii) Who cannot invest?

It should be noted that the following persons / entities cannot invest in a Scheme:

- Any individual who is a Foreign National or any other entity that is not an Indian resident (other than PIO) under the Foreign Exchange Management Act, 1999, except where registered with SEBI as a FII or FII sub account.

- Overseas Corporate Bodies, as defined under the Foreign Exchange Management Act, 1999.

- NRIs residing in Non-Compliant Countries and Territories (NCCTs) as determined by the Financial Action Task Force (FATF), from time to time.

The Fund reserves the right to include / exclude new / existing categories of investors to who can invest in the Scheme from time to time, subject to SEBI Regulations and other prevailing statutory regulations, if any.

The AMC / Trustee may need to obtain from the investor verification of identity or such other details relating to a subscription for Units as may be required under any applicable law, which may result in delay in processing the application.

Subject to the Regulations and other applicable laws, the AMC / Trustee may reject any application received in case the application is found invalid / incomplete or for any other reason in the Trustee's sole discretion.

III. RIGHTS OF THE UNITHOLDERS OF A SCHEME

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

2. When the Mutual Fund declares a dividend under a 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 5 business days from the date of acceptance of such requests. Provided if a Unit holder so desires the Mutual Fund shall issue a Unit certificate (non- transferable) within 5 working days of the receipt of request for the certificate.

3. The Mutual Fund shall dispatch Redemption proceeds within 10 Business Days of accepting 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 respective scheme.

6. 75% of the Unit holders of a scheme can pass a resolution to wind- up that 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 that 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:

        - 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

        - the Unit holders of that scheme are given an option to exit at the prevailing Net Asset Value without any Exit Load.

8. In specific circumstances, where the approval of Unit holders 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.

9. No amendments to the Trust Deed shall be carried out without prior approval of SEBI, and Unitholders approval would be obtained if it affects their interests.

IV. INVESTMENT VALUATION NORMS FOR SECURITIES AND OTHER ASSETS

A. SEBI has amended Regulation 47 and the Eighth Schedule relating to valuation of investments on February 21, 2012 to introduce overriding principles in the form of "Principles of Fair Valuation". Prior to this amendment, Eighth schedule and various circulars issued from time to time provided detailed guidelines on valuation of traded securities, non-traded securities, thinly traded securities, etc. The amended regulations require that mutual funds shall value their investments in accordance with principles of fair valuation so as to ensure fair treatment to all investors i.e. existing investors as well as investors seeking to subscribe or redeem units.
It further prescribes that the valuation shall be reflective of the realizable value of securities and shall be done in good faith and in a true and fair manner through appropriate valuation policies and procedures approved by the Board of the asset management company (AMC).
The amendment also states that in case of any conflict between the principles of fair valuation and valuation guidelines as per Eighth Schedule and circulars issued by SEBI, the Principles of Fair Valuation shall prevail.

B. Policy Coverage
This policy shall cover the following:
1. Valuation methodologies for particular types of securities.
2. Inter-scheme transfers.
3. Composition and role of the Valuation Committee.
4. Periodic review
5. Conflict of interest
6. Exceptional events
7. Record keeping

C. Valuation methodologies
1. Annexure I describe the methodologies for valuing each and every type of security held by the schemes.
2. Investment in any new type of security shall be made only after establishment of the valuation methodology for such security with the approval of the board of the AMC.

D. Inter-scheme transfers
1. Inter-scheme transfers shall be done as per regulations and internal policy at prevailing market price (essentially fair valuation price).
2. Annexure I describe the methodology to determine the fair valuation of securities which are intended to be transferred from one scheme to another.

E. Valuation Committee
Valuation Committee comprising of the CEO, Heads of Investment, Head of Compliance and the Head of Operations of the AMC will review and recommend matters pertaining to the valuation of securities in which the various schemes of Indiabulls Mutual Fund has invested or may invest.

F. Periodic Review
The valuation committee shall be responsible for ongoing review of the valuation methodologies in terms of its appropriateness and accuracy in determining the fair value of each and every security.

G. Conflict of Interest
The valuation committee shall be responsible for ongoing review of areas of conflict (including potential areas, if any) and should recommend to the AMC Board the procedures to mitigate it.

H. Exceptional Events
1. Following types of events could be classified as Exceptional events where current market information may not be available / sufficient for valuation of securities:

a. Major policy announcements by the Central Bank, the Government or the Regulator.

b. Natural disasters or public disturbances that force the markets to close unexpectedly.
c. Absence of trading in a specific security or similar securities.
d. Significant volatility in the capital markets.

2. **Escalation Procedure:**

a. Valuation Committee shall be responsible for monitoring Exceptional events and recommending appropriate valuation methods under the circumstances with due guidance from the AMC Board.
b. Under such circumstances, Valuation committee shall seek the guidance of the AMC Board in deciding the appropriate methodology for valuation of affected securities.
c. Deviations from the valuation policy and principles, if any, will be communicated to the unit holders' wide suitable disclosures on the fund website.

I. Record keeping

Policy document should be updated in SID / SAI, website and other documents as prescribed by the SEBI regulations and guidelines. All the documents which form the basis of valuation including inter-scheme transfers (the approval notes & supporting documents) should be maintained in electronic form or physical papers. Above records will be preserved in accordance with the norms prescribed by the SEBI regulations and guidelines.

Valuation Policy: Annexure I

The revised policy is to be implemented from **July 01, 2012** and will stand modified to the extent it is inconsistent with any regulatory pronouncements thereafter:

A. Equity and related securities

Asset Class	Traded / Non-traded	Basis of Valuation
Equity Shares, Preference Shares, Equity Warrants	Traded	On the valuation day, at the last quoted closing price on the National Stock Exchange (NSE)/ Bombay Stock Exchange (BSE) or other stock exchange, where such security is listed. If not traded on the primary stock exchange, the closing price on the other stock exchange will be considered. NSE will be the primary stock exchange.
	Non Traded	1. When a security is not traded on any stock exchange, on the date of valuation, then the previous closing price on NSE / any other SE will be used, provided such closing price is not exceeding a period of 30 calendar days. 2. In all other cases a. **Equity Shares:** Valuation price will be in accordance with the norms prescribed, i.e. valuation will be computed on the basis of average of book value and the price computed on the basis of the PE ratio (after appropriate discount to industry PE), further discounted for illiquidity. b. **Preference Shares:** Intrinsic value will be considered c. **Equity Warrants / Rights entitlement / partly paid up rights shares:** Valuation price will be arrived, after applying appropriate discount (valuation committee delegated the power to decide the discount factor), after reducing the exercise price / issuance price from the closing price of the underlying cash equity security. d. **Demerger:** Where at least one resultant company is not immediately listed, valuation price will be worked out by using cum-price, before demerger reduced for quoted price of the listed resultant company(s). OR In case of a demerger pending listing, the resultant company/ies shall be valued at the intrinsic value arrived at on the date

		of corporate action
	Thinly Traded	Valuation will be computed on the basis of average of book value and the price computed on the basis of the PE ratio (after appropriate discount to industry PE), further discounted for illiquidity. Definition of thinly traded equity/ equity related security: When trading in an equity/equity related security in a calendar month is both less than INR 5 lacs and the total volume is less than 50,000 shares, it shall be considered as a thinly traded security.
Futures & Options	Traded Non Traded	On the valuation day, at the closing price provided by the respective stock exchanges. When a security is not traded on the respective stock exchange on the date of valuation, then the settlement price / any other derived price provided by the respective stock exchange.

B. Fixed Income and related securities

<table>
<tr><th>Asset Category</th><th>Proposed Policy w.e.f. July 01, 2012</th></tr>
<tr><td>Traded Securities:
Securities having maturity above 91 days (60 days from 30th September 2012)</td><td>Weighted Average YTM to be taken.

(A security will qualify as traded security if:
<u>For securities with residual maturity >1 Year:</u> At least two trades and aggregate volume of INR 25 Crores face value or more on a public platform.
<u>For securities with residual maturity</u> <u><= 1 Year but above 91 days</u> (60 days from 30th September 2012): At least three trades and aggregate volume of INR 100 Crores face value or more on a public platform)
Self trade price (market lot) has to be considered.</td></tr>
<tr><td>Traded Securities:
Securities having maturity below or equal to 91 days (60 days from 30th September 2012)</td><td>The amortized price based on cost or last valuation price may be used for valuation as long as it is within ±0.10% of the reference price. Benchmark yields for calculating reference price to be provided by CRISIL/ICRA.
At the time of first purchase the spread between the purchase yield and the benchmark yield should be fixed. However, in case of securities bought before 01st July 2012, the spread between benchmark yield as on 01st July 2012 and yield based on amortized price of the security as on 01st July 2012 shall be fixed. In case the variance exceeds ±0.10%, the valuation shall be adjusted to bring it within the ±0.10% band.
Self trade price (market lot) has to be considered.</td></tr>
<tr><td>Non Traded Securities:
Securities having maturity above 91 days (60 days from 30th September 2012)</td><td>Current practice on matrix-based valuation may be continued to determine the valuation price for instruments maturing beyond 91 days (60 days from 30th September 2012). This valuation method is based on the concept of using spreads over the benchmark rate to arrive at the yields for pricing the non-traded security. At the time of first purchase the spread between the purchase yield and the benchmark yield should be fixed. However, in case of securities bought before 01st July 2012, the spread between benchmark yield as on 01st July 2012 and yield based on valuation price of the security as on 01st July 2012 shall be fixed. To ensure fair valuation, the fund manager shall have the discretion to mark-up/mark-down to account for the illiquidity risk, promoter background, finance company risk and the issuer class risk as per below:
<table>
<tr><th>Category</th><th colspan="2">Discretionary mark up/mark down</th></tr>
<tr><td></td><td>+</td><td>-</td></tr>
<tr><td>Rated instruments with duration upto 2 years</td><td>100 bps</td><td>50 bps</td></tr>
<tr><td>Rated instruments with duration over 2 years</td><td>75 bps</td><td>25 bps</td></tr>
</table></td></tr>
</table>

Non Traded Securities: Securities having maturity below or equal to 91 days (60 days from 30th September 2012)	The amortized price based on cost or last valuation price may be used for valuation as long as it is within ±0.10% of the reference price. Benchmark yields for calculating reference price to be provided by CRISIL/ICRA. At the time of first purchase the spread between the purchase yield and the benchmark yield should be fixed. However, in case of securities bought before 01st July 2012, the spread between benchmark yield as on 01st July 2012 and yield based on amortized price of the security as on 01st July 2012 shall be fixed. In case the variance exceeds ±0.10%, the valuation shall be adjusted to bring it within the ±0.10% band. Self trade price (market lot) has to be considered.
Inter-scheme Transfers	At weighted average YTM. If same security on a public platform is not available at the time of inter-scheme, then the previous day's public platform data will used and similar criteria as above will be applied. Note: Outlier trades, if any, should be ignored after suitable justification by Fund Managers. In case no data point available for a security, in accordance with above principles: Valuation at previously valued YTM.
Self Trades	A self traded security (including inter-scheme) of market lot will be recognized at weighted average YTM for valuation across all schemes.

Notes:

1. Public Platform refers to:
   a) F-Trac: For corporate bonds / debentures, commercial papers, certificate of deposits and securitized debts
   b) NDS-OM: For Treasury bills (<= 91 days of residual maturity)
2. Government Securities and Treasury bills (> 91 days of residual maturity) will be valued at prices provided by Crisil or any other agency.
3. Following assets will be valued at cost plus accruals / amortization:
   a) Bank Fixed Deposits
   b) CBLO / Reverse Repo
   c) Bills rediscounting
   d) Cash Management Bills
4. Units / shares of mutual funds will be valued at the last published NAV.
5. Weighted average YTM shall be rounded up to two digits after decimal point.

Further to the Valuation Policy above, the valuation methodology in respect of securities not specifically covered above shall continue to be governed as per the existing valuation methodology as per below:

1. 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 thirty days, then the last traded price would be considered for valuation of that security. If an equity security is suspended for more than thirty 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:

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

a) 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.

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 10% for illiquidity so as to arrive at the fair value per share.

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

e) 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.

f) 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 by the procedure above and the proportion which it belongs would be compared on the date of valuation.

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.

iii. If the net worth of the company is negative, the share would be marked down to zero.

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

v. 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.

2. Valuation of Non Convertible and Convertible Debentures and Bonds

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. The convertible component should be valued on the same basis as would be applicable to an equity instrument. If, after conversion the resultant equity instrument would be traded pari passu with an existing instrument which is traded, the value of the latter instrument can be adopted after an appropriate discount for the non-tradability of the instrument during the period preceding the conversion. While valuing such instruments, the fact whether the conversion is optional should also be factored in.

3. Valuation of Repo

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.

4. Valuation of Warrants

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.

5. Valuation of Right Shares

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

Vr = n ÷ m x (Pex - Pof)

Where,

Vr = Value of rights

n = no. of rights offered

m = no. of original shares hel

Pex = Ex-rights price

Pof = 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.

6. Illiquid Securities

i. Aggregate value of "illiquid securities" of the scheme, which are defined as non-traded, thinly traded and unlisted equity shares, shall not exceed 15% of the total assets of that scheme and any illiquid securities held above 15% of the total assets shall be assigned zero value.

ii. All funds shall disclose as on March 31 and September 30 the scheme-wise total illiquid securities in value and percentage of the net assets while making disclosures of half yearly portfolios to the Unit Holders. In the list of investments, an asterisk mark shall also be given against all such investments which are recognised as illiquid securities.

iii. Mutual Funds shall not be allowed to transfer illiquid securities among their schemes.

7. Valuation in respect of Non-Performing Assets (NPAs)

Valuation of Non-Performing assets (debt securities) will be done in accordance with "SEBI Guidelines for Identification and Provisioning for NPAs" issued vide circular dated September 18, 2000 (as modified), which will form part of valuation policy of a scheme. An asset shall be classified as "Non-Performing" if the interest and / or principal amount have not been received or remained outstanding for three months from the day such income/installment has fallen due.

The Fund shall make scrip-wise disclosures of NPAs on a 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 a scheme. In the list of investments, an asterisk mark shall be given against such investments which are recognised 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.

8. Valuation of securities not covered under the current valuation policy

In case of securities purchased by mutual funds do not fall within the current framework of the valuation of securities then such 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.

9. Accounting and Valuation Policies with respect to Derivative Products:

i. Equity Option Derivatives

Premium paid / received on bought / written option contracts shall be debited / credited to "equity option premium account" and recorded as an asset / liability.

When the option contracts are squared off before expiry, the difference between the premium paid and received on the squared off transactions shall be recognised in the revenue account. When the option contracts are exercised on or before expiry, the difference between the option settlement price as determined by the exchange and the premium shall be recognised in the revenue account. If more than one option contracts in respect of the same stock / index with the same strike price and expiry date to which the squared off / exercised contract pertains is outstanding at the time of square off / exercise of the contract, the weighted average method shall be followed for determining the gain or loss.

Premium asset / liability in respect of options not exercised / squared off as on expiry date shall be transferred to revenue account.

As at the balance sheet date / date of determination, all open option positions shall be valued at the last quoted price at the exchange where it is traded. Non-traded equity option contracts shall be valued at fair value as per procedures determined by the AMC and approved by the Trustee. The unrealised appreciation / depreciation on all open positions shall be considered for determining net asset value.

ii. Equity Futures Derivatives

Futures contracts are marked to market daily at the futures settlement price as determined by the exchange and correspondingly, variation margin calculated as the difference between the trade price or the previous day's settlement price, as the case may be, and the current day's settlement price shall be recorded as a receivable or payable.

When a contract is squared off / settled on expiry, the difference between the square-off price / the final settlement price and the contract price shall be recognized in the revenue account. If more than one futures contracts in respect of the same stock and expiry date, to which the squared off / settled contract pertains, is outstanding at the time of square off / settlement of the contract, the weighted average method shall be followed for determining the gain or loss.

As at the balance sheet date / date of determination, all open futures positions shall be valued at the last quoted price at the exchange where it is traded. Non-traded equity futures contracts shall be valued at fair value as per procedures determined by the AMC and approved by the Trustee. The unrealised appreciation / depreciation on all open positions shall be considered for determining net asset value.

iii. 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 SEBI Regulations, as amended from time to time.

iv. 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 SEBI Regulations as amended from time to time.

10. Valuation of Units of Mutual Fund

i. In case of traded Mutual Fund schemes, the units would be valued at closing price on the stock exchange on which they are traded like equity instruments. In case the units are not traded for more than 7 days, last declared NAV would be considered for valuation (NAV is declared by Mutual Fund on weekly basis in case of close-ended schemes.)
ii. In case of non-traded Mutual Fund scheme (investment in own schemes and other mutual fund schemes), the last declared NAV would be considered for valuation.

11. Valuation of Securitised Debt

i. In case of securitized debt, the redemption of principal amount takes place at determined periodicity i.e. monthly, quarterly etc. Expected cash flow statements received from the issuer should be entered in the security master of the CRISIL Bond Valuer. Subsequent change, if any, in the future cash flow is updated in the security master. The CBV provides the clean price for PTCs The derived clean price is consider for valuation.

ii. CBV calculates the average maturity (WAM) of the security and that average maturity will be used to determine whether the PTC will be amortized or valued at Matrix YTM. If average maturity is greater than 91days, the security would be valued as per the CRISIL Bond Valuer at Matrix YTM. In case, average maturity is less than & equal to 91 days, the security would be amortised on the basis of the price at which it was valued one day prior to amortisation date i.e. (If subsequently average maturity turned to equal or less than 91 days then ammort the same by freezing 92nd day price).

iii. In case of upto 91 days PTC to be valued at cost if purchased from primary market i.e.purchased at face value. In case of purchase from secondary market at premium/discount, the same shall be amortised from CBV (WAM to be considered).

12. Valuation Norms for Foreign Securities

Foreign Securities – Equity

On the Valuation Day, the securities issued outside India and listed on the stock exchanges outside India shall be valued at the closing price on the stock exchange at which it is listed or at the last available traded price. However in case a security is listed on more than one stock exchange, the AMC reserves the right to determine the stock exchange, the price of which would be used for the purpose of valuation of that security. In such cases, the AMC shall record the justification for selecting a particular stock exchange whose price is used for valuation. Further in case of extreme volatility in the international markets, the securities listed in those markets may be valued on a fair value basis.

Due to difference in time zones of different markets, in case the closing prices of securities are not available within a given time frame to enable the AMC to upload the NAVs for a Valuation Day, the AMC may use the last available traded price for the purpose of valuation. The use of the closing price / last available traded price for the purpose of valuation will also be based on the practice followed in a particular market. In case any particular security is not traded on the Valuation Day, the same shall be valued on a fair value basis by the Valuation Committee of the AMC.

Foreign Securities - Debt

In case of investments in foreign debt securities, on the Valuation Day, the securities shall be valued in line with the valuation norms specified by SEBI for Indian debt securities. However, in case valuation of a specific debt security is not covered by SEBI Regulations, then the security will be valued on a fair value basis by the Valuation Committee of the AMC.

13. Conversion of assets and liabilities held in foreign currency

On the Valuation Day, all assets and liabilities denominated in foreign currency will be valued in Indian Rupees at the exchange rate available on Bloomberg at the close of banking hours in India. However, in case the exchange rate is not available on Bloomberg on a particular Valuation Day, the exchange rate available on Reuters / RBI will be used for conversion. The Trustees reserve the right to change the source for determining the exchange rate.

The exchange gain / loss resulting from the aforesaid conversion shall be recognized as unrealized exchange gain / loss in the books of the scheme on the day of valuation. Further, the exchange gain / loss resulting from the settlement of assets / liabilities denominated in foreign currency shall be recognized as realized exchange gain / loss in the books of the scheme on the settlement of such assets / liabilities.

V. TAX AND LEGAL AND GENERAL INFORMATION

A. Taxation on investing in Mutual Funds

The information furnished below outlines briefly the tax implications with respect to the unit holders of the Scheme and with respect to the Fund and is based on relevant provisions of the Income Tax Act, 1961 and Wealth Tax Act, 1957 (collectively called 'the relevant provisions') as at June 1, 2013. For this purpose, the provisions of the Finance Act, 2013 as assented by the President of India have been considered.

The Fund does not make any representations on the procedures for ascertaining the tax benefits nor do they make any representation regarding any legal interpretations. Since the information below is based on the relevant provisions as on June 1, 2013, any subsequent changes in the said provisions could affect the tax benefits.

THE FOLLOWING INFORMATION IS PROVIDED FOR GENERAL INFORMATION PURPOSES ONLY AND APPLIES TO THE SCHEME. IN VIEW OF THE INDIVIDUAL NATURE OF TAX BENEFITS, EACH INVESTOR IS ADVISED TO CONSULT HIS OR HER OWN TAX CONSULTANT WITH RESPECT TO THE SPECIFIC TAX IMPLICATIONS ARISING OUT OF HIS OR HER PARTICIPATION IN THE SCHEMES.

A) FOR UNIT HOLDERS

1. Income from units

Under the provisions of section 10(35) of the Income Tax Act, 1961 ('the Act'), income received in respect of the units of a Mutual Fund (other than income on redemption / transfer of units) specified under section 10(23D) will be exempt from income-tax in the hands of all unit holders.

2. Characterization of Income

The characterization of gains / losses arising from sale / transfer of units as capital gains or business income would depend on whether the units are treated as stock in trade or capital asset.

3. Capital Gains

Under Section 2(29A) read with 2(42A) of the Act, units of a mutual fund are treated as a long-term capital asset if they are held for a period of more than 12 months preceding the date of transfer. Units held for not more than 12 months preceding the date of their transfer are short-term capital assets.

3.1. Long-term capital gains

As per section 112 of the Act, income arising on transfer of units being long-term capital assets by resident and non-resident investors [other than Foreign Institutional Investor ('FII')], would be chargeable to tax at the rate of 20% after indexation or at 10% without indexation, if applicable. In case of FII, such income is chargeable to tax at the rate of 10% under section 115AD of the Act.

In case of an individual or Hindu Undivided Family ('HUF'), being a resident, where the total income as reduced by the long-term capital gains is below the maximum amount not chargeable to tax (i.e. upto Rs. 250,000 for all senior citizens (60 years and above), upto Rs. 500,000 for all very senior citizens (80 years and above), upto Rs.190,000 in case of women not being a senior citizen and upto Rs.180,000 in case of other individuals), the long term capital gains shall be reduced to the extent of the shortfall and only the balance long term capital gains will be subject to the flat rate of taxation.

In addition to the aforesaid tax, surcharge at the following rates is also payable:

- In case of foreign companies, at the rate of 2.5% where the income exceeds Rs.10,000,000;
- In case of domestic company / firm, at the rate of 7.5% where the income exceeds Rs.10,000,000;
- In the case of an individual, HUF or Association of Persons ('AOP'), or Body of individuals, whether incorporated or not, firm, LLP and artificial judicial person - Nil

An education cess of 3% (inclusive of 1% additional cess for Secondary and Higher education) on total income-tax including surcharge is payable by all categories of taxpayers.

However, in case of an equity-oriented fund, long term capital gains arising from the sale of units of such equity oriented fund are exempt from tax under section 10(38) of the Act, where such sale attracts Securities Transaction Tax (‘STT’). At the time of sale of units (redemption) the unit holder will have to pay STT of 0.25% on value of sale of the unit to the Mutual Fund, which will be collected by the Mutual Fund and deposited into Government Treasury.

For this purpose, ‘an equity oriented fund’ is a fund where the investible funds are invested in equity shares of domestic companies to the extent of more than 65% of the total proceeds of such fund. Further, as per the proviso to the Explanation (b) to section 115T, the percentage of equity shareholding of the fund shall be computed with reference to the annual average of the monthly averages of the opening and closing figures.

Income by way of long-term capital gains exempt under section 10(38) of the Act, would be taken into account while computing the book profits of a Company for the purpose of Minimum Alternate Tax payable under section 115JB of the Act.

3.2. Short-term capital gains

Short-term capital gains arising to a unit holder will be taxed at the normal rates applicable to that unit holder as per the provisions of the Act as under:

In case of an individual or HUF, being a resident, where the total income as reduced by the short term capital gains is below the maximum amount not chargeable to tax (i.e. upto Rs. 250,000 for all senior citizens(60 years and above), upto Rs. 500,000 for all very senior citizens(80 years and above), upto Rs.190,000 in case of women not being a senior citizen and upto Rs.180,000 in case of other individuals), the short term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income tax and the tax on the balance of such short term capital gains shall be computed at the applicable slab rates.

In case of domestic companies the short-term capital gains are taxable at the rate of 30%, in case of foreign companies(other than an FII) at the rate of 40% and in case of FII, as per section 115AD of the Act at the rate of 30% (except the case covered by section 111A of the Act discussed in the paragraph below).

As per section 111A of the Act, short term capital gains arising from the sale (redemption) of a unit of an equity oriented fund, where such sale (redemption) attracts STT, is taxable at the rate of 15%. However, at the time of sale of units (redemption) the unit holder will have to pay a STT of 0.25% on the value of the sale of the unit to the Mutual Fund, which will be collected by the Mutual Fund and deposited into Government Treasury.

In addition to the aforesaid tax, surcharge and education cess is also payable as mentioned in para 3.1 above.

4. Units held as Stock-in-trade and rebate of STT

Where the units are treated as ‘stock in trade’ and the profits arising from the sale of units are taxed under the head "Profits & Gains of business or profession", the amount equal to the STT paid by the unit holder can be claimed as deductible expenses.

5. Deduction under Section 54EC of the Act

The long-term capital gains on transfer of units would be exempt from tax under Section 54EC of the Act, subject to fulfillment of certain conditions specified in the section. This section requires investments in specified bonds. However, if the amount invested is less than the capital gains realized, only proportionate capital gains would be exempt from tax.

6. Deduction under section 80C of the Income-tax Act, 1961 ('Act')

In terms of the provisions of section 80C of the Act, an Individual or a HUF is entitled to claim a deduction for investments made in specified securities etc. up to a maximum amount of Rs. 100,000. Subscription to any units of any Mutual Fund notified under clause (23D) of section 10 of the Act under any plan formulated in accordance with such scheme as the Central Government may, by notification in the Official Gazette, specify in this behalf, qualify for deduction under section 80C of the Act.

The Central Government has notified the Equity Linked Savings Scheme, 2005 ('ELSS, 2005') in this regard vide Notification No. 226 dated November 3, 2005 as amended by Notification No. 259 dated December 13, 2005.

The investors would be entitled to the benefit under section 80C of the Act for investments made under such schemes of the Fund, which are in accordance with ELSS 2005, subject to the aggregate limit of Rs. 100,000 provided under section 80C of the Act.

In case of such scheme, the unit holder would not be permitted to transfer or switch to another scheme / option before completion of 3 years from the date of allotment of units (1 year in the event of death of an investor).

7. Set-off and carry forward of losses

The capital loss resulting from sale of units would be available for set off against other capital gains made by the investor and would reduce the tax liability of the investor to that extent. However, losses on transfer of long-term capital assets (except the long term capital losses arising in a sale transaction subject to STT) would be allowed to be set-off only against gains from transfer of long-term capital assets (except long term capital gains arising in a sale transaction subject to STT) and the balance long-term capital loss shall be carried forward separately for a period of eight assessment years to be set off only against long-term capital gains.

8. Dividend Stripping

Where a person buys any units within a period of three months before the record date, sells such units within nine months after such date and the income distributed on such units is exempt from tax, the loss on such sale to the extent of the income distributed on units shall be ignored while computing the income chargeable to tax.

9. Bonus Stripping

Where a person buys units (original units) within a period of three months before the record date, receives bonus units on such original units, and then sells the original units within a period of nine months after the record date and continues to hold the bonus units, then the loss incurred on the original units shall be ignored while computing the income chargeable to tax but shall be deemed to be the cost of acquisition of the bonus units.

10. Switching from one scheme to another

As stated in the respective Scheme Information Documents switching from one Scheme/option to another Scheme/option will be effected by way of redemption of units of the relevant Scheme/option and reinvestment of the redemption proceeds in the other Scheme/option selected by the unit holder. Hence switching will attract the same implications as applicable on transfer of such units.

11. STT

STT would be chargeable as specified in paragraph B.3 below on purchase and sale of units of an equity oriented scheme by the unit holders.

12. Tax withholding

No deduction of tax at source shall be made from income credited or paid by a mutual fund to a Unit holder. However, dividend distribution tax, as applicable would be payable by the mutual fund.

12.1. Resident Investors

As per Circular no. 715 dated August 8, 1995 issued by the CBDT in case of resident Unit holders, no tax is required to be deducted at source from capital gains arising at the time of repurchase or redemption of the units.

12.2. Foreign Institutional Investors

Under section 196D of the Act, no tax is required to be deducted at source on income by way of capital gains earned by a FII.

12.3 Non-resident Investors other than FII's

Under Section 195 of the Act, the Mutual Fund is required to deduct tax at source at the rate of 20% on any long-term capital gains arising to non-resident investors from units other than units of an equity oriented scheme. Long term capital gains from equity oriented schemes are exempt from tax under section 10(38) of the Act.

In respect to short-term capital gains from units other than units of an equity oriented scheme, tax is required to be deducted at source at the rate of 30% if the payee unit holder is a non-resident non-corporate and at the rate of 40% if the payee unit holder is a foreign company. In case of equity oriented schemes, tax is required to be deducted at the rate of 15% for both corporate and non-corporate non-resident unit holders.
Further, the aforesaid tax to be deducted is required to be increased by surcharge and education cess, as applicable.

As per circular no. 728 dated October 30, 1995 issued by the CBDT, in the case of a remittance to a country with which a Double Tax Avoidance Agreement ('DTAA') is in force, the tax should be deducted at the rate provided in the Finance Act of the relevant year or at the rate provided in the DTAA, whichever is more beneficial to the assessee.

13. Religious and Charitable Trusts

Investment in units of the Fund by Religious and Charitable Trusts is an eligible investment under Section 11(5) of the Act, read with Rule 17C of the Income Tax Rules, 1962.

14. Double Tax Avoidance Agreement (DTAA)

The tax rates given hereinabove are subject to any relief that an investor may be entitled to claim under the relevant DTAA.

15. Wealth Tax Act, 1957

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

B) FOR THE FUND

1. Income of the Mutual Fund

Indiabulls Mutual Fund is a Mutual Fund registered with the Securities and Exchange Board of India and its entire income is exempt from tax under section 10(23D) of the Act.

2. Dividend Distribution Tax

Income distributed by an equity-oriented fund is not liable for any dividend distribution tax.

Under Section 115R of the Act, a Mutual Fund shall be liable to pay dividend distribution tax (including applicable surcharge and education cess) as under:

Income distributed by money market mutual fund or liquid fund will be liable to dividend distribution tax at the rate of

- 28.325%* on income distributed to any person being an individual or Hindu Undivided Family and 33.99%* on income distributed to any other person.

Income distributed by any other fund will be liable to dividend distribution tax at the rate of

- 14.1625%* (upto May 31, 2013) / 28.325%* (from June 1, 2013) on income distributed to any person being an individual or Hindu Undivided Family and 33.99%* on income distributed to any other person.

* Including applicable surcharge, education cess and secondary and higher education cess.

3. Securities Transaction Tax (‘STT’)

Securities Transaction Tax (‘STT’)	As specified in Chapter VII of the Finance (No. 2) Act, 2004, as and when the mutual fund purchases and sells equity shares/units or invests into derivative instruments, it would be required to pay the STT applicable on such purchases and sales to the concerned Recognized Stock Exchange at the following rates:	
Transaction	Rate of STT	Payable by
Purchase of an equity share in a company / unit of an equity-oriented fund where the transaction is entered into in a Recognised Stock Exchange and the contract is settled by actual delivery or transfer of shares / units.	0.125%	Purchaser
Sale of an equity share in a company / unit of an equity-oriented fund where the transaction is entered into in a Recognised Stock Exchange and the contract is settled by actual delivery or transfer of shares / units.	0.125%	Seller
Sale of an equity share in a company / unit of an equity-oriented fund where the transaction is entered into in a Recognised Stock Exchange and the contract is settled otherwise than by actual delivery or transfer of shares / units.	0.025%	Seller
Sale of an option in securities.	0.017%	Seller
Sale of an option in securities where option is exercised.	0.125%	Purchaser
Sale of futures in securities.	0.017%	Seller
Sale of a unit of an equity oriented fund to the Mutual Fund	0.25%	Seller

In case of equity oriented funds, the Fund would be liable to collect STT from every person who sells such units to the Fund at the rate of 0.25% and pay the same to the credit of the Central Government within the specified time limits.

B. Legal Information

i. Nomination Facility:

Unit holders, being individuals, have option to nominate (in the manner prescribed under the Regulations), beneficiary(s) / successor(s) in whom the Units held by him shall vest in the event of his death. Where the Units are held by more then one person jointly, the joint Unit holders may together nominate a person in whom all the rights in the Units shall vest in the event of death of all the joint Unit holders. Unitholders can also nominate one or more nominee(s). In case of more than one nominee, the Unit Holder will have the option to specify share of each nominee, failing which the Fund will presume equal share of all registered nominees. The share will be reckoned at the time of receipt of intimation of death and when nomination is invoked. However, in the event of death of a minor unitholder, where nomination has been made in the prescribed manner, the rights in the Units will not be vested in the nominee but in the legal heirs of the minor.

Nomination does not confer any rights other than those granted by law to the Nominee. A nomination in respect of the Units does not create an interest in the property after the death of the Unit holder and the Nominee does not acquire any title or beneficial interest in the property by virtue of this nomination. The Nominee will receive the Units only as an agent and trustee for the legal heirs or legatees of the deceased Unitholder as the case may be and the transmission of units would normally be governed as per succession certificate / probate of the will.

Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot avail nomination facility.

The Nominee cannot 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 foreign exchange regulations in force from time to time. A minor 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. Units which are pledged and offered as security in favour of any entity/body for any purpose can also have the nomination facility after obtaining "approval"/ "no objection" clearance from such entity/ body. Notwithstanding anything contained in any other law for the time being in force or in disposition, whether testamentary or otherwise, in respect of such pledged units of the Scheme, where a nomination made in the prescribed manner purports to confer on any person(s) the right to vest the pledged units of the Scheme, on the death of the unitholders (single holder or all the joint holder(s)), the nominee(s) shall become entitled to all the rights in the pledged units of the Scheme to the exclusion of all other persons except the entity/body in whose favour the units are pledged by way of lien, unless the nomination is cancelled or varied.

Nomination in respect of the Units stands cancelled automatically upon the Redemption/Repurchase or Transfer of Units by the nominating unitholder in full. 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 Fund / AMC shall not be under any obligation to transfer the Units in favour of the Nominee. 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. Transfer of Units / payment of the sums to the Nominee shall discharge the Fund / AMC of all liability towards the estate of the deceased Unit holder and his/their successors/legal heirs.

If the Fund or the AMC or the Trustee were to incur or suffer any claim, demand, liabilities or proceedings or actions are filed, made or initiated against any of them in respect of or in connection with any nomination, they shall be entitled to be indemnified for all loss, expenses, costs, and charges that any of them may suffer or incur absolutely from the investor's estate.

To enable AMC to transfer the unitholdings in the name of the Nominee upon death of a Unitholder, the Nominee will be required to provide such documents as the AMC may require, which may include the following:
a. Death Certificate

b. Identity document proving identity of the nominee
c. Indemnity
d. Proof of guardianship, in case the nominee is a minor and or an unsound person.

The Nominee will also be required to complete 'Know Your Customer' requirements under applicable anti-money laundering law provisions.

ii. Requirements of Prevention of Money Laundering Act and KYC Requirements

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

With a view to streamline implementation of KYC procedures and ensure compliance with the AML Regulations, the mutual fund industry has collectively put in place arrangement with an independent agency (currently CDSL Ventures Limited) that will act as central record keeping agency ('Central Agency'), and as Central Agency will have responsibility for collection of documents relating to identity and address of investors.

The procedure to complete KYC is given below in brief:

(i) Investors are required to complete KYC Verification form called "Know Your Client Application Form" (KYC Form) (KYC Forms are available (a) with your Distributor; (b) on AMC Website; (c) at Points of service (POS) designated by AMFI, list of which is given on the AMC Website; and (d) on website of AMFI.

(ii) POS are the designated centres appointed by the Central Agency for receiving application forms, processing data and providing customers with evidence of KYC Compliance

(iii) There are separate KYC Form for Individual and non-Individual investors, which should be chosen accordingly. Completed KYC Form, together with supporting documents for proof of identity and address, can be lodged with a POS. Originals of all supporting documents must be produced for verification, if the supporting documents attached to the KYC Form are not notarized. Alternatively, if the supporting documents are notarized, then originals need not be produced for verification. **It is not necessary to visit POS personally. The original documents submitted for verification will be returned immediately after verifying the same.**

(iv) Upon submission of KYC Form, the investor will be issued a KYC Acknowledgement in token of receipt of KYC Form. A copy of KYC Acknowledgement shall be attached by the investor / Unitholder to application for Purchase of Units.

The above procedure may change from time to time as may be deemed fit.

Important: Please note:

(i) In case of joint-applicants, KYC should be completed by all joint applicants.
(ii) In case of applications under Power of attorney, KYC has to be completed by both the investor and the power of attorney holder.
(iii) In case of NRIs / PIOs, they are required to complete KYC.
(iv) In case of minor, the KYC should be completed by the Parent / Guardian signing on behalf of the Minor. However, in the event of such minor person becoming major, the KYC has to be completed on becoming major.
(v) In case of transmission, KYC has to be completed by the person claiming under such transmission.
(vi) In case of nomination, KYC has to be completed by the Nominee before invoking the nomination
(vii) In case of lien / pledge etc, KYC has to be completed by the lien / pledge-holder

Investors having Mutual Fund Identification number (MIN): Investors who submitted their PAN and were issued with a MIN can attach copy of MIN letter with their application form, and they need not undergo KYC again.

Change of Address

Investors are requested to note of the following documents shall be submitted alongwith duly filled in "Non Financial Transaction Form" for Change of Address:

a) For KYC not complied folios:

• Proof of new address (POA) and

• Proof of identity (POI): Only PAN card copy shall be considered if PAN is updated in the folio or other proof of identity if PAN is not updated in the folio.

b) For KYC complied folios will ONLY be done via KYC Registration Agency (KRA):

• Proof of new address (POA) and

• Any other document/ form that the KRA may specify form time to time.

The AMC reserves the right to collect proof of old address on a case to case basis while effecting the change of address. The self attested copies of above stated documents shall be submitted along with original for verification at any of the AMC branches / Investor Service Centres (ISCs) of Karvy. The original document shall be returned to the investors over the counter upon verification. In case the original of any document is not produced for verification, then the copies should be properly attested / verified by entities authorized for attesting/verification of the documents. List of admissible documents for POA & POI mentioned in SEBI Circular MIRSD/SE/Cir-21/2011 dated October 05, 2011 shall be considered.

Change of any particulars mentioned in KYC Form

Investors / Unitholders should note that in case of any change in future in any particulars furnished in KYC Form, they should notify such changes in writing to the POS, and NOT to the Registrar.

After issuing KYC Acknowledgement, the Central Agency may cancel the evidence of KYC Compliance within prescribed time period in case of any deficiency in the document/information. Intimation of such cancellation of KYC Compliance will be sent by the Central Agency to the investor. No separate communication will be sent to the investor if the KYC Form and documents submitted are found to be in order.

The Fund will normally validate the copy of KYC Acknowledgement received from the investors / Unitholder with the records of the Central Agency before allotting units.

With a view to ensure compliance with AML Regulations, AMC has the right to scrutinize/verify the application/applicant and the source of the applicant’s funds and also reserves the right to redeem / reverse / cancel, in its sole discretion, the investment or redeem the investment proceeds in favor of the source account from which the monies had been invested, reporting the transaction / account to anti-money laundering authorities and/or taking such other action, that may be necessary under AML Regulations.

The Fund, Trustee, AMC or Registrar shall not be liable for any failure to perform its obligations or for any delay therein so as to complete verification of KYC compliance status of any investor.

The above provisions relating to prevention of money laundering and ‘Know Your Client’ may change from time to time.

iii. Transmission of Units

In case of death of the Unit Holder being an individual and in absence of any valid nomination, the Units shall be transmitted in favour of the second-named joint holder or nominee or legal heir/successor, as the case may be, on production of a death certificate or any other document to the satisfaction of the AMC/Registrar. This facility is subject to the succession laws applicable to the Unitholders.

iv. Pledge of Units

The Units of the Scheme may be offered as security by way of a pledge in favour of scheduled banks, financial institutions, NBFC, or any other body (“Lien Holder”) approved by the AMC. For the purpose, the Unitholder should make a request in relevant form, which can be obtained from the Registrar or on the AMC Website. The AMC and/or its Registrar will, upon receiving such request and if found to be in order in all respects, note and record such Pledge of Units.

It may be noted AMC / Fund is not liable or responsible for application / approval / disbursement / repayment of loans / financial facilities in relation to which Pledge is proposed to be / has been created and assumes no responsibility thereof.

As long as the pledge / lien remains marked in the records of the AMC/Fund, the Unit Holder will not be able to redeem / switch Units under lien, until the Lien Holder provides written authorisation to the Fund that the lien / charge can be vacated. As long as Units are under lien, the Lien Holder will have complete authority to exercise the lien, thereby redeeming such Units and receiving redemption proceeds. In such instance, the Unit Holder will be informed by the Registrar through an account statement. In no case will the Units be transferred from the Unit Holder to the Lien Holder. Dividends declared on Units under Lien will be paid / re-invested to the credit of the Unit Holder and not the Lien Holder unless specified otherwise in the lien letter.

v. Investor Protection

The Fund may refuse to accept applications for Purchase, especially where transactions are deemed disruptive, particularly from market timers or investors who, in their opinion, have a pattern of short term or excessive trading or whose trading has been or may be disruptive for the Scheme.

vi. Signature Mismatches

If the AMC / Registrar finds a signature mismatch, while processing the redemption / switch out request, then the AMC / Registrar reserves the right to process the redemption only on the basis of additional supporting documents, if so desired by the AMC / Registrar, confirming the identity of the investors.

vii. Maturity of the Scheme

The tenure of the Scheme / Plan is mentioned in the Scheme Information Document of the respective Schemes. In case of close– ended Schemes on completion of their respective terms, the Units shall be compulsorily redeemed and the Scheme wound-up, unless the tenure is extended in line with regulatory requirements. In certain circumstances, being the following, the Scheme may be wound up at any time prior to the designated Maturity Date: (a) on the happening of any event which, in the opinion of the Trustee, requires that the Scheme concerned be wound up; (b) if seventy five per cent of the Unit Holders of the Scheme concerned pass a resolution that the Scheme be wound up; (c) if SEBI so directs in the interest of the Unit Holders.

viii. Lien / Set – off

The Fund will have a first and paramount right of lien/set-off with respect to every unit/dividend under any scheme of the fund for any money that may be owed by the unit holder, to the Fund.

ix. Duration of the Scheme / Winding up

The open-ended Schemes / plans do not have any fixed maturity / tenure. The close-ended Schemes / Plans has fixed maturity, unless rolled over and subject to roll-over provisions given below. Upon completion of respective maturity period, the Plans will stand terminated. The Scheme will stand wound-up upon maturity of the last of the Plans under the Scheme.

On termination of the Plans, the Unit Holders will be entitled to the redemption proceeds based on the Redemption Price and thereafter no further benefit of any kind, whether by way of increase in the repurchase value or by way of income for any subsequent period, shall accrue to them. Extension, if any, of the maturity period of the Plans beyond the Maturity Date and/or roll over shall be in accordance with the Regulations.

Further, in accordance with the Regulations, the Scheme may be wound up before maturity, after repaying the amount due to the Unit Holders:
a) on the happening of any event which, in the opinion of the Trustee, requires the Scheme to be wound up;
b) if 75% of the Unit Holders of the Scheme pass a resolution that the Scheme be wound up;
c) if SEBI so directs in the interests of Unit Holders; or
d) in case of non-fulfillment of two conditions prescribed in terms Statement of Additional Information (SAI) of minimum number of investors vide SEBI circular No. SEBI/ IMD/CIR No. 10/22701/03 dated December 12, 2003 (including amendments thereto from time to time).

When or if the Scheme is so wound up, the Trustee shall give notice of the circumstances leading to the winding up of the Scheme:
a) to SEBI; and
b) in two daily newspapers having a circulation all over India and in a vernacular newspaper with circulation in Mumbai.
On and from the date of the publication of notice of winding up, the Trustee or the AMC, as the case may be, shall:
a) cease to carry on any business activities in respect of the Scheme so wound up;
b) cease to create or cancel Units in the Scheme; and
c) cease to issue or redeem Units in the Scheme.
In case of a close-ended Scheme at the time of maturity of a Scheme(s) / Plan (s), if the Fund is of the view that the market outlook for the similar securities/ instruments is positive and investment in the similar kind of instruments would likely to fetch better returns for the investors, then in the interest of the Investor/ Unitholders, the Trustee may decide to rollover the Plan for same duration, subject to Regulations. The Plan can be rolled-over multiple times. Trustee will take into account demand/ request of the Unitholders for the same. All other material details of the Scheme/ Plans including the likely composition of assets immediately before the roll over, the net assets and net asset value of the relevant under the Scheme will be disclosed to the Unitholders and a copy of the same filed with the SEBI. Such rollover will be made in respect of only those Unitholders who have provided their consent in writing, and for those not providing consent, it will be redeemed. On redemption of all the Units under the Plan either before or at maturity, including the roll-over maturity, the Plan will be wound up as per the details specified in this Scheme Information Document.

x. Listing and Transfer of Units

All close ended schemes (except Equity Linked Savings Schemes) to be launched shall be mandatorily listed. The provisions in the SEBI (Mutual Funds) Regulations, 1996 regarding repurchase, re-issue and exemption from listing of units of close ended scheme would be followed in due course. The Units of the Open ended schemes are not proposed to be listed on any stock exchange. However, for details please refer to the SID.

The Fund will offer and redeem the Units at Applicable NAV. If a person becomes a Unit Holder in a scheme consequent to operation of law, 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 or insolvency, the transferee's name will be recorded by the Fund subject to production of satisfactory evidence and if the transferee is otherwise eligible to hold the Units. In all such cases, if the transferee is not eligible to hold the Units, the Units will be redeemed and the proceeds will be disbursed to the transferee if such transferee is entitled to the same.

xi. Investor's personal information

The AMC may share investors' personal information with the following third parties:

- Registrar, Banks and / or authorised external third parties who are involved in transaction processing, despatches, etc. of investors' investment in any scheme;
- Distributors through whom applications of investors are received for the Schemes;
- Any other organisations for compliance with any legal or regulatory requirements or to verify the identity of investors for complying with anti-money laundering requirements.

Account statements or financial information pertaining to the investor, if it is to be sent over the internet to the Unit Holder, distributors or any other entity as indicated above, will be sent only through a secure means and / or through electronic mail.

xii. Folio Number

Unless otherwise requested by the Unit Holder, a single folio number may be assigned if an investor invests in different schemes of the Fund and a consolidated account statement will then be provided for investments in all the schemes.

xiii. Fractional Units

Since a request for Purchase or Redemption is generally made in rupee amounts and not in terms of a fixed number of Units of a scheme, an investor may be left with fractional Units. Fractional Units will be computed and accounted for up to three decimal places in case of Equity schemes and four decimal places in case of Debt schemes. However, fractional Units will in no way affect the investor's ability to redeem the Units, either in part or in full, standing to the Unit Holder's credit.

xiv. Consolidation of folios

In case an investor holds investments in multiple folios under the Fund, the AMC has the right to consolidate all the folios belonging to the same investor into one folio.

xv. Provisions applicable to redemption of Units

a) How to Redeem

A Transaction Slip can be used by the Unit Holder to request for a Redemption. The requisite details should be entered in the Transaction Slip and submitted at an ISC. Transaction Slips can be obtained from any of the ISCs.

b) Payment of Proceeds

Resident Investors

Redemption proceeds will be paid by cheques, marked "A / c Payee only" and drawn in the name of the sole holder / first-named holder (as determined by the records of the Registrar).

The Mutual Fund will endeavour to despatch the Redemption proceeds within 3 Business Days from the acceptance of the Redemption request, but not beyond 10 Business Days from the date of Redemption. If the payment is not made within the period stipulated in the Regulations, the Unit Holder shall be paid interest as stipulated in the regulations/guidelines (currently 15% p.a.) for the delayed period and the interest shall be borne by the AMC.

The bank name and bank account number, as specified in the Registrar's records, will be mentioned in the cheque. The cheque will be payable at par at all the cities having ISCs. If the Unit Holder resides in any other city, he will be paid by a demand draft payable at the city of his residence and the demand draft charges shall be borne by the AMC. The proceeds may be paid by way of direct credit / EFT / SEFT / RTGS / Wired Transfer / any other manner through which the investor's bank account specified in the Registrar's records is credited with the Redemption proceeds.

Note: The Trustee, at its discretion at a later date, may choose to alter or add other modes of payment.

The redemption proceeds will be sent by courier or (if the addressee city is not serviced by the courier) by registered post. The despatch for the purpose of delivery through the courier / postal department, as the case may be, shall be treated as delivery to the investor. The AMC / Registrar are not responsible for any delayed delivery or non-delivery or any consequences thereof, if the despatch has been made correctly as stated in this paragraph.

Non-Resident Investors

For NRIs, Redemption proceeds will be remitted depending upon the source of investment as follows:

(i) Repatriation Basis

When Units have been purchased through remittance in foreign exchange from abroad or by cheque / draft issued from proceeds of the Unit Holder's FCNR deposit or from funds held in the Unit Holder's Non Resident (External) account kept in India, the proceeds can be remitted to the Unit Holder in foreign currency (any exchange rate fluctuation will be borne by the Unit Holder). The proceeds can also be sent to his Indian address for crediting to his NRE / FCNR / non-resident (Ordinary) account, if desired by the Unit Holder.

(ii) Non Repatriation Basis

When Units have been purchased from funds held in the Unit Holder's non-resident (Ordinary) account, the proceeds will be sent to the Unit Holder's Indian address for crediting to the Unit Holder's non-resident (Ordinary) account.

For FIIs, the designated branch of the authorised dealer may allow remittance of net sale / maturity proceeds (after payment of taxes) or credit the amount to the Foreign Currency account or Non-resident Rupee account of the FII maintained in accordance with the approval granted to it by the RBI.

The Fund will not be liable for any delays or for any loss on account of any exchange fluctuations, while converting the rupee amount in foreign exchange in the case of transactions with NRIs / FIIs.

The Fund may make other arrangements for effecting payment of Redemption proceeds in future.

c) Effect of Redemptions

The number of Units held by the Unit Holder in his/her/its folio will stand reduced by the number of Units Redeemed.

Units once redeemed will be extinguished and will not be re-issued.

xvi. Unclaimed Redemptions and Dividends

As per the SEBI circular no. MFD / CIR / 9 / 120 / 2000, dated November 24, 2000, the unclaimed Redemption and dividend amounts shall be deployed by the Fund in call money market or money market instruments only. The investment management fee charged by the AMC for managing such unclaimed amounts shall not exceed 50 basis points. The circular also specifies that investors who claim these amounts during a period of three years from the due date shall be paid at the prevailing NAV. Thus, after a period of three years, this amount can be transferred to a pool account and the investors can claim the said amounts at the NAV prevailing at the end of the third year. In terms of the circular, the onus is on the AMC to make a continuous effort to remind investors through letters to take their unclaimed amounts. The details of such unclaimed amounts shall be disclosed in the annual report sent to the Unit Holders.

xvii. Suspension of the Purchase and Redemption of Units

Subject to the approval of the Boards of the AMC and of the Trustee, and subject also to necessary communication of the same to SEBI, the determination of the NAV of the Units of a scheme, and consequently of the Purchase, Redemption and switching of Units, may be temporarily suspended in any of the conditions described below:

a) When one or more stock exchanges or markets which provide the basis of valuation for a substantial portion of the assets of the scheme is closed otherwise than for ordinary holidays.
b) When, as a result of political, economic or monetary events or any other circumstances outside the control of the Trustee and the AMC, the disposal of the assets of the scheme is not considered to be reasonably practicable or might otherwise be detrimental to the interests of the Unit Holders.
c) In the event of breakdown in the means of communication used for the valuation of investments of the scheme, so that the value of the securities of the scheme cannot be accurately or reliably arrived at.

d) If, in the opinion of the AMC, extreme volatility of markets causes or might cause, prejudice to the interests of the Unit Holders of the scheme.
e) In case of natural calamities, war, strikes, riots, and bandhs.
f) In case of any other event of force majeure or disaster that in the opinion of the AMC affects the normal functioning of the AMC or the Registrar.
g) If so directed by SEBI.

In any of the above eventualities, the time limits for processing requests for subscription and Redemption of Units will not be applicable. All types of subscription and Redemption of Units will be processed on the basis of the immediately next Applicable NAV after the resumption of dealings in Units.

xviii. Right to Limit Redemptions

The Trustee may, in the general interest of the Unit Holders of the scheme and when considered appropriate to do so based on unforeseen circumstances / unusual market conditions, limit the total number of Units which may be redeemed on any Business Day to 5% of the total number of Units then in issue, under the scheme and option(s) thereof, or such other percentage as the Trustee may determine. Any Units which consequently are not redeemed on a particular Business Day, will be carried forward for Redemption to the next Business Day, in order of receipt. Redemptions so carried forward will be priced on the basis of the Applicable NAV (subject to the prevailing Load) of the Business Day on which Redemption is made. Under such circumstances, to the extent multiple Redemption requests are received at the same time on a single Business Day, redemptions will be made on a pro-rata basis, based on the size of each Redemption request, the balance amount being carried forward for Redemption to the next Business Day. In addition, the Trustee reserves the right, in its sole discretion, to limit redemptions with respect to any single account to an amount of Rs. 1 Lakh in a single day.

xix. Voting rights of the Unit Holders

Subject to the provisions of the Regulations as amended from time to time, the consent of the Unit Holders shall be obtained, entirely at the option of the Trustee, either at a meeting of the Unit Holders or through postal ballot.

xx. Duration of the schemes

The duration of the open –ended schemes is perpetual while the closed-ended schemes will mature at the end of the maturity period as specified in the respective Scheme Information Document. However, in accordance with the Regulations, schemes may be wound up, after repaying the amount due to the Unit Holders:

a) on the happening of any event which, in the opinion of the Trustee, requires the schemes to be wound up; or
b) if 75% of the Unit Holders of the scheme pass a resolution that the scheme be wound up; or
c) if SEBI so directs in the interests of Unit Holders.

If the scheme is so wound up, the Trustee shall give notice of the circumstances leading to the winding up of the schemes:

a) to SEBI; and
b) in two daily newspapers having a circulation all over India, and in a vernacular newspaper with circulation in Mumbai.

On and from the date of the publication of notice of winding up, the Trustee or the AMC, as the case may be, shall
a) cease to carry on any business activities in respect of the schemes so wound up;
b) cease to create or cancel Units in the schemes; and
c) cease to issue or redeem Units in the schemes.

xxi. Procedure and Manner of Winding Up

The Trustee shall call a meeting of the Unit Holders to approve, by simple majority of the Unit Holders present and voting at the meeting, a resolution authorising the Trustee or any other person to take steps for winding up of the scheme.

The Trustee, or other person authorised as above, shall dispose of the assets of the scheme concerned in the best interest of Unit Holders of the scheme. The proceeds of sale shall be first utilised towards discharge of such liabilities as are due and payable under the scheme, and, after meeting the expenses connected with the winding up, the balance shall be paid to the Unit Holders in proportion to their respective interests in the assets of the scheme, as on the date when the decision for winding up was taken.

On completion of the winding up, the Trustee shall forward to SEBI and Unit Holders 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 Unit Holders and a certificate from the Auditors of the Fund. Notwithstanding anything contained herein above, the provisions of the SEBI Regulations in respect of disclosures of half-yearly reports and annual reports shall continue to be applicable until winding up is completed or the scheme ceases to exist.

After the receipt of the Trustee's report referred to above, and if SEBI is satisfied that all measures for winding up of the scheme have been complied with, the scheme shall cease to exist.

C. General Information

i. Securities Lending

If permitted by SEBI under extant Regulations / guidelines, the Equity Schemes may also engage in scrip lending. The AMC shall comply with all reporting requirements and the Trustee shall carry out periodic review as required by SEBI guidelines. Scrip lending means the lending of stock to another person or entity for a fixed period of time, at a negotiated compensation. The securities lent will be returned by the borrower on expiry of the stipulated period.

ii. Underwriting

The schemes launched by the Mutual Fund may underwrite securities of other issuers in accordance with SEBI guidelines in that regard, as amended from time to time.

iii. Borrowing Powers

Under the Regulations, the Fund is allowed to borrow to meet the temporary liquidity needs of a scheme for the purpose of repurchase, Redemption of Units or payment of interest or dividend to the Unit Holders. Further, as per Regulations, the Fund shall not borrow more than 20% of the net assets of a scheme and the duration of such borrowing shall not exceed a period of 6 months. The Fund may enter into necessary arrangements with banks / financial institutions for borrowing purposes. The scheme may bear the interest charged on such borrowings.

iv. Inter scheme transfer of investments

Transfers of investments from one scheme to another scheme in the Fund shall be made only if, -

a) such transfers are done at the prevailing market price for quoted instruments on spot basis.
   Explanation - "spot basis" shall have the 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.

v. Associate transactions

The AMC shall use the service of Indiabulls Financial Services Limited (Sponsor) for the purposes of distribution of MF products.

The AMC, on behalf of the Fund, shall conduct its business with the aforesaid companies (including their employees or relatives) on commercial terms and on arms-length basis and at mutually agreed terms and conditions to the extent permitted under the SEBI Regulations.

Indiabulls MUTUAL FUND

A. Policy of Investing in Group Companies of the Sponsor

The AMC has adopted the policy for investment in group companies of the Sponsor in line with the restrictions given under SEBI (Mutual Funds) Regulations, 1996 i.e. no investment will be made in any unlisted security of an associate or Group Company of the sponsor and in any security issued by way of private placement by an associate or group company of the sponsor. Further, no investment will be made in listed securities of the group company of the sponsor, which is in excess of 25% of the net assets of the Scheme of the fund.

Investment in group companies will be done only in the interest of the Fund and as per the SEBI (Mutual Funds) Regulations, 1996.

B. Investments made by Schemes of IBMF more than 25% of its Net Asset in Group Companies: None of the Scheme has made investments in Group Companies.

C. Investments by Associates in the Schemes of IBMF for the F.Y. 2011-12

S.No	Name of the Associate	Scheme Name	Amount Invested (Rs.)
1	Indiabulls Housing Finance Limited	FMP 387 days March 2012 (1) & FMP 377 days March 2012 (2)	43,27,95,900.00
2	Indiabulls Infrastructure Credit Ltd	FMP 387 days March 2012 (1) & FMP 377 days March 2012 (2)	16,09,06,800.00
3	Indiabulls Advisory Services Limited	FMP 387 days March 2012 (1)	2,62,00,980.00
4	Indiabulls Collection Agency Ltd	FMP 387 days March 2012 (1)	3,02,31,900.00
5	Indiabulls Asset Management Co Ltd	FMP 387 days March 2012 (1)	7,05,41,100.00
6	Nilgiri Financial Consultants Ltd	FMP 387 days March 2012 (1)	1,91,46,870.00
7	Indiabulls Financial Services Limited	FMP 387 days March 2012 (1) & FMP 377 days March 2012 (2)	43,27,95,900.00

Investments by Associates in the Schemes of IBMF for the F.Y. 2012-13

S.No	Name of the Investor	Indiabulls Gilt Fund	Indiabulls Income Fund	Indiabulls Liquid Fund	Indiabulls Ultra Short Term Fund	Grand Total
1	INDIABULLS ASSET RECONSTRUCTION CO LIMITED	0.00	0.00	6,54,93,902.74	13,47,31,604.79	20,02,25,507.53
2	INDIABULLS FINANCE COMPANY PVT LTD	0.00	0.00	0.00	43,00,00,000.00	43,00,00,000.00
3	INDIABULLS INFRASTRUCTURE CREDIT LTD	0.00	0.00	0.00	4,00,00,000.00	4,00,00,000.00
4	INDIABULLS ASSET MANAGEMENT CO LTD	0.00	0.00	1,11,48,70,000.00	5,22,48,757.60	1,16,71,18,757.60
5	INDIABULLS FINANCIAL SERVICES LIMITED	0.00	0.00	2,36,32,69,28,743.56	9,22,50,00,000.00	2,45,55,19,28,743.56
6	INDIABULLS HOUSING FINANCE LIMITED	50,00,00,000.00	7,00,00,000.00	29,50,16,00,000.00	3,62,65,30,571.82	33,69,81,30,571.82
7	NILGIRI FINANCIAL CONSULTANTS LTD	0.00	0.00	8,25,11,510.37	5,71,39,757.38	13,96,51,267.75
8	INDIABULLS ADVISORY SERVICES	0.00	0.00	2,11,78,396.00	4,16,29,165.48	6,28,07,561.48

	LIMITED					
9	INDIABULLS COLLECTION AGENCY LTD	0.00	0.00	63,30,07,237.61	17,35,36,585.85	80,65,43,823.46
10	INDIABULLS TECHNOLOGY SOLUTIONS LIMITED	0.00	0.00	2,00,70,00,000.00	0.00	2,00,70,00,000.00
11	INDIABULLS HOLDINGS LIMITED	0.00	0.00	5,12,117.09	0.00	5,12,117.09
12	INDIABULLS VENTURE CAPITAL MANAGEMENT CO LTD	0.00	0.00	5,11,670.09	0.00	5,11,670.09
13	INDIABULLS INSURANCE ADVISORS LTD	0.00	0.00	27,25,04,559.57	3,41,24,942.51	30,66,29,502.08
14	IBULLS SALES LIMITED	0.00	0.00	89,57,77,742.35	0.00	89,57,77,742.35
15	INDIABULLS CAPITAL SERVICES LTD	0.00	0.00	36,85,55,651.75	0.00	36,85,55,651.75
16	INDIABULLS ASSET HOLDING CO LTD	0.00	0.00	10,000.00	0.00	10,000.00
17	INDIABULLS VENTURE CAPITAL TRUSTEE CO LTD	0.00	0.00	2,00,000.00	0.00	2,00,000.00

A. Investments made by AMC with Sponsor :

Indiabulls Mutual Fund has not invested in any securities of the Sponsor or any of its Associates from the date of registration until the date of the Statement of Additional Information.

Investment in securities issued by group companies shall be in accordance with the SEBI (Mutual Funds) Regulations, 1996 and guidelines issued by SEBI from time to time.

B. Brokerage and Commission paid to associates/related parties/group companies of Sponsor/AMC

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

Name of associate 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)	Brokerage (Rs Cr & % of total brokerage paid by the fund)
NA	Associate broker	2010-2011	NA	NA
NIL	Associate broker	2011-2012	NIL	NIL
NIL	Associate broker	2012-2013	NIL	NIL

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

Name of associate related parties/ group companies of Sponsor/ AMC	Nature of Association/ Nature of relation	Period covered	Business given (Rs. Cr. & % of total business received by the fund)	Commission paid (Rs & % of total commission paid by the fund)
NA	Associate distributor	2010-2011	NA	NA
NIL	Associate distributor	2011-2012	NIL	NIL
NIL	Associate distributor	2012-2013	NIL	NIL

vi. Accrual of Expenses and Income

All expenses and income accrued up to the Valuation Day shall be considered for calculation of NAV. For this purpose, while major expenses like management fees and other periodic expenses would be accrued on a day to day basis, the minor expenses and income may not be so accrued, provided the non accrual does not affect the NAV calculations by more than 1%.

vii. Recording of changes

Any changes in securities and in the number of Units will 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 NAV disclosure, the recording may be delayed up to a period of 7 days following the date of the transaction, provided as a result of such non-recording, the NAV 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.

The valuation guidelines outlined above are within the parameters of the Regulations and are subject to changes from time to time by the AMC and / or the Trustee. However, such changes must be in conformity with the Regulations.

viii. Accounting Policies and Standards

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

1. The AMC shall keep and maintain proper books of accounts, records and documents, for all the schemes so as to explain its transactions and to disclose at any point of time the financial position of any scheme and, in particular, to give a true and fair view of the state of affairs of the Fund.
2. For the purposes of the financial statements, the Fund shall mark all investments to market and carry investments in the balance sheet at market value. However, since the unrealised gain arising out of appreciation on investments cannot be distributed, provision shall be made for exclusion of this item when arriving at distributable income.
3. In respect of all interest-bearing investments, income shall be accrued on a day to day basis as it is earned. Therefore, when such investments are purchased, interest paid for the period from the last interest due date up to the date of purchase shall not be treated as a cost of purchase but shall be debited to interest recoverable account. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale shall not be treated as an addition to sale value but shall be credited to interest recoverable account.

4. In determining the holding cost of investments and the gains or loss on sale of investments, the "average cost" method shall be followed.
5. Transactions for purchase or sale of investments shall be recognised as of the trade date and not as of the settlement date, so that the effect of all investments traded during a financial year are recorded and reflected in the financial statements for that year. Where investment transactions take place outside the stock market (for example, acquisitions through private placement or purchases or sales through private treaty), the transaction shall be recorded, in the event of a purchase, as of the date on which any 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.
6. Where income receivable on investments has accrued but has not been received for the period as specified in the SEBI guidelines for identification and provisioning for NPAs, provision shall be made by debiting to the revenue account the income so accrued in the manner specified in the SEBI guidelines for identification and provisioning for NPAs. Insofar as provision for the principal amount is concerned, the same shall be provided as specified in the aforesaid guidelines.
7. 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 the 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.
8. 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 shall 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 any scheme but shall only be an adjustment to the distributable surplus. It shall therefore be reflected in the revenue account only after the net income of a scheme is determined.
9. The cost of investments acquired or purchased shall include securities transaction tax, 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.
10. Dividend income earned by the scheme shall be recognised on the date on which the investment is quoted on an ex-dividend basis, not on the date on which the dividend is declared. For investments, which are not quoted on the stock exchange, dividend income shall be recognised on the date of declaration.
11. Bonus shares to which the scheme becomes entitled shall be recognised only when the original shares to which the bonus entitlement accrues are traded on the stock exchange on an ex-bonus basis. Similarly, rights entitlements shall be recognised only when the original shares on which the rights entitlement accrues are traded on the stock exchange on an ex-rights basis.

The accounting policies and standards outlined above are consistent with the current Regulations and are subject to changes made from time to time by the AMC and / or Trustee. However, such changes must be in conformity with the Regulations.

ix. Power to make rules

Subject to the Regulations, the Trustee may, from time to time, prescribe terms and make rules for the purpose of giving effect to the scheme and may authorise the AMC to add to, alter or amend all or any of such terms and rules.

x. Power to remove Difficulties

If any difficulties arise in giving effect to the provisions of the scheme, the Trustee may, subject to the Regulations, do anything not inconsistent with such provisions, which appears to it to be necessary, desirable or expedient, for the purpose of removing such difficulty.

xi. Scheme to be binding on the Unit Holders

Subject to the Regulations, the Trustee may, from time to time, add or otherwise vary or alter all or any of the features of investment options and terms of the schemes, if necessary, after obtaining the prior permission of SEBI and Unit Holders and the same shall be binding on all the Unit Holders of the schemes and any person or persons claiming through or under them as if each Unit Holder or such person expressly had agreed that such features and terms shall be so binding. Any additions / variations / alternations shall be done only in accordance with the Regulations.

xii. Omnibus Clause

Besides the AMC, the Trustee or the Sponsor may also absorb expenditures in addition to the limits laid down under Regulation 52 of the Regulations.
The AMC confirms that there are no deviations from the Regulations and no subjective interpretations have been applied to the provisions of the Regulations.

xiii. Documents available for inspection

The following documents will be available for inspection at the office of the Mutual Fund at Indiabulls Finance Centre, Tower 1, 11th Floor, Senapati Bapat Marg, Elphinstone (West), Mumbai - 400 013 during business hours on all Business Days:

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

xiv. Investor Services

Investors can enquire about NAVs, Unit Holdings, Valuation, Dividends, etc. or lodge any service request at toll-free number 1-800-200-7777 or the investor care number 022 – 61891327 of the AMC.

Alternately, the investors can call the AMC branch office as well for any information. In order to protect confidentiality of information, the service representatives at the AMC's branches / Karvy ISCs may require personal information of the investor for verification of his identity. The AMC will at all times endeavour to handle transactions efficiently and to resolve any investor grievances promptly.

Investor grievances should be addressed to the ISC of the AMC, or at Karvy's ISC directly. All grievances received at the ISC of the AMC will then be forwarded to Karvy, if required, for necessary action. The complaints will closely be followed up with Karvy by the AMC to ensure timely redressal and prompt investor service.

Investors can also address their queries to the Investor Relations Officer, Mr. Abdul Hamid,
Indiabulls Finance Centre, Tower 1, 11th Floor, Senapati Bapat Marg, Elphinstone (West), Mumbai - 400 013.

Investors may also send their complaints by email to customercare@Indiabullsmf.com or can call on toll-free number 1-800-200-7777 or the investor care number 022 - 61891327 of the AMC.

Indiabulls MUTUAL FUND

<u>Investor Complaints:</u>

For Financial Year 2010-2011: NA, since none of the Schemes were launched.

For Financial Year 2011-2012:

Scheme Name	No. of Complaints Received	Total
Indiabulls Blue Chip Fund	37	37
Indiabulls FMP 377 days March 2012 (2)	02	02
Indiabulls Liquid Fund	04	04
Others	35	35

For Financial Year 2012-2013:

Scheme Name	No. of Complaints Received	Total
Indiabulls Blue Chip Fund	71	71
Indiabulls FMP 387 days March 2012 (1)	2	2
Indiabulls FMP 377 days March 2012 (2)	1	1
Indiabulls Gilt Fund	8	8
Indiabulls Income Fund	16	16
Indiabulls Liquid Fund	16	16
Indiabulls Ultra Short Term Fund	17	17
SEBI Complaint	1	1

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.

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