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OFFER DOCUMENT

BIRLA SUN LIFE SECTOR ROTATION FUND

(A 3-year close-ended Equity Scheme with an automatic conversion into an open-ended scheme on the expiry of 3-years from allotment date.)

Offer of units of Rs. 10/- each during the New Fund Offer.

NEW FUND OFFER OPENS ON	
NEW FUND OFFER CLOSES ON	

The Trustee reserves the right to extend the closing date of the New Fund Offer Period, subject to the condition that the subscription list of the New Fund Offer Period shall not be kept open for more than 45 days.

SPONSORS	INVESTMENT MANAGER	TRUSTEE
Aditya Birla Nuvo Limited Indian Rayon Compound, Veraval, Gujarat- 362 266. Sun Life (India) AMC Investments Inc. 150 King Street West Toronto, ON Canada M5H 1J9	Birla Sun Life Asset Management Company Limited 2nd Floor, Tower A, Ahura Centre, Mahakali Caves Road, Andheri (East), Mumbai - 400 093	Birla Sun Life Trustee Company Private Limited 2nd Floor, Tower A, Ahura Centre, Mahakali Caves Road, Andheri (East), Mumbai - 400 093.

This Offer Document sets forth concisely the information about the Scheme that a prospective investor ought to know before investing. The Offer Document should be retained for future reference.

The particulars of this offering have been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended till date and filed with SEBI. The Units offered for public subscription have neither been approved nor disapproved by SEBI, nor has SEBI certified the accuracy or adequacy of the Offer Document. This Offer Document will remain effective for a period of not more than two years from the date of the Offer Document after which it shall be fully revised and updated. Till the time the Offer Document is revised and reprinted, an addendum giving details of the each of the changes shall be attached to Offer Document.

No person has been authorised to give any information or to make any representations not confirmed in this Offer Document in connection with the offer or the issue of Units, and any information or representations not contained herein must not be relied upon as having been authorised by the Mutual Fund or the investment manager.

This Offer Document is dated _____.

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Highlights, Risk Factors & Special Considerations

Highlights

Name of the Scheme	Birla Sun Life Sector Rotation Fund
Structure of the Scheme	A 3 year close-ended Equity Scheme with an automatic conversion into an open-ended scheme on the expiry of 3-years from allotment date. Units outstanding under the scheme on the completion of 3 years will automatically continue under the open end scheme, without requiring any further reference from the unitholder.
Investment Objective	The objective of the Scheme is to generate long-term growth of capital, by investing predominantly in a portfolio of equity and equity related securities of few selected sectors.
Plans	The Scheme offers Growth and Dividend plans. Dividend plan will offer Payout, Reinvestment and Sweep Facility. Default Plan/ Facility – Growth plan/ Payout Facility.
Liquidity	The Scheme will offer for redemption/switch-out of units at Monthly Intervals at NAV based prices. The redemption/switch-outs will be available only during the specified redemption period i.e. first five business days of each month after the date of allotment. The NAVs of the scheme will be announced on a weekly basis and on all business days during the specified redemption period.
Conversion of Closed end Scheme to Open ended Scheme	Upon maturity, the scheme will automatically be converted into an open ended scheme for the benefit of providing investors the facility of purchase/switch-in and redemption/switch-out of units on every business day, without any further reference from the Mutual Fund/ Trustee/AMC/Unitholders, subject to the Regulations. However, the Trustee reserves the right to not to convert the scheme into an open ended scheme upon maturity, if deemed appropriate in interest of the scheme/investors.
Minimum Application Amount	During the NFO period: Minimum of Rs. 5,000/- and in multiples of Re. 1/- thereafter Upon Conversion into an open-ended scheme (after 3 years from the date of allotment): Minimum of Rs. 5,000/- and in multiples of Re. 1/- thereafter on an ongoing basis.
Minimum Redemption Amount	In Multiples of Re. 1/-
Minimum Target Amount to be raised	Rs. 1,00,00,000/- during the New Fund Offer Period.
New Fund Offer Price	Rs. 10/- per unit.
Ongoing Subscription price upon conversion	Subsequent to conversion of the scheme into an open ended scheme, the ongoing subscription price will be the applicable NAV plus applicable entry load, if any.
Transparency	The AMC will calculate and disclose the first NAVs of the scheme not later than 30 days from the closure of New Fund Offer Period. Upto conversion of the Scheme into an open ended scheme NAV will be calculated up to four decimal places on a weekly basis and on specified redemption dates and released to the Press, News Agencies and the Association of Mutual Funds of India (AMFI). NAVs will also be displayed on the Website of the Mutual Fund. Subsequent to the scheme's conversion to an open ended scheme, the NAV will be calculated for all business days and released to the Press. As presently required by the SEBI Regulations, a complete statement of the Scheme portfolio would be published by the Mutual Fund as an advertisement in a newspaper within one month from the close of each half year (i.e. March 31 & September 30) or mailed to the Unit holders.
Benchmark Index	S & P CNX Nifty The fund reserves the right to change the benchmark for evaluation of the performance of the scheme from time to time, subject to SEBI Regulations and other prevailing guidelines if any.
Load Structure	For details on load structure, please refer Section IV of this Offer Document.

Risk Factors

- **Mutual Funds and securities investments are subject to market risks and there can be no assurance or guarantee that the objectives of the Scheme will be achieved.**
- As with any investment in securities, the NAV of the Units issued under the Scheme may go up or down depending on the various factors and forces affecting capital markets and money markets.
- Past performance of the Sponsor / Investment Manager / Mutual Fund does not indicate the future performance of the Scheme and may not necessarily provide a basis of comparison with other investments.
- Birla Sun Life Sector Rotation Fund is the name of the Scheme and does not, in any manner, indicate either the quality of the Scheme or its future prospects or returns. Investors therefore are urged to study the terms of the offer document carefully and consult their Investment Advisor before they invest in the Scheme.
- The Sponsors are not responsible or liable for any loss resulting from the operation of the Scheme beyond the initial contribution of Rs.1,00,000/- towards setting up the Mutual Fund.
- Investors in the scheme are not being offered any guaranteed / assured returns and the actual returns of an investor will be based on the actual NAV, which may go up or down depending on the market conditions.

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Scheme Specific Risk Factors and Special Considerations

Scheme Specific Risk Factors:

Some of the specific risk factors related to the Scheme include, but are not limited to, the following:

- The Scheme is a close-ended equity scheme and the investors can redeem the units held in the scheme only during the liquidity window, at prices related to Applicable NAV.
- The Scheme seeks to generate returns out of investments in sectors that are likely to outperform the broader market in the future. Execution of investment strategies depends upon the ability of the Fund manager to identify sectors which may outperform the broader markets, such opportunities may not be available at all times and the decisions made by the Fund manager may not always be profitable.
- The investments under the scheme are oriented towards equity/equity related securities of companies belonging to selected sectors and hence will be affected by risks associated with these sectors. The performance of the companies which form the investment universe of this scheme would be exposed to sector specific risks.
- As the scheme may hold securities that are not in the Benchmark and may invest in limited number of sectors with higher concentration in certain sectors and industries, it may perform differently from the general stock markets.
- In both Domestic and International markets, there may be risks associated with trading volumes, settlement periods and transfer procedures that may restrict liquidity of investments in Equity and Equity related securities.
- The value of the Scheme's investments, may be affected generally by factors affecting securities markets, such as price and volume volatility in the capital markets, interest rates, currency exchange rates, changes in policies of the Government, taxation laws or policies of any appropriate authority and other political and economic developments and closure of stock exchanges which may have an adverse bearing on individual securities, a specific sector or all sectors including equity and debt markets. Consequently, the NAV of the units of the Scheme may fluctuate and can go up or down.
- Investors may note that AMC/Fund Manager's investment decisions may not always be profitable, as actual market movements may be at variance with anticipated trends.
- Within the regulatory limits, the AMC may choose to invest in unlisted securities that offer attractive yields. Securities, which are not quoted on the stock exchanges, are inherently illiquid in nature and carry a larger amount of liquidity risk, in comparison to securities that are listed on the exchanges or offer other exit options to the investor, including a put option. This may however increase the risk of the portfolio.
- The Initial issue expenses charged to the under the Scheme will be amortised over the period of tenor of respective options and shall impact the computation of NAV on daily basis until the tenure of the respective options.

Derivatives Risk:

- **The Fund may use derivative instruments like stock options, stock futures, index options, index futures or other equity derivative instruments, as permitted under the Regulations and guidelines for the purpose of Hedging and Portfolio balancing.**

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Obs 2
(g)

- As and when the Scheme trades in the derivatives market there are risk factors and issues concerning the use of derivatives that investors should understand. Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price or interest rate movements correctly. There is a possibility that loss may be sustained by the portfolio as a result of the failure of another party (usually referred as the "counter party") to comply with the terms of the derivatives contract. Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. Thus, derivatives are highly leveraged instruments. Even a small price movement in the underlying security could have a large impact on their value.
- Derivative trades involve execution risks, whereby the rates seen on the screen may not be the rate at which ultimate execution takes place.
- The options buyer's risk is limited to the premium paid, while the risk of an options writer is unlimited. However, the gains of an options writer are limited to the premiums earned.
- The writer of a put option bears the risk of loss if the value of the underlying asset declines below the exercise price. The writer of a call option bears a risk of loss if the value of the underlying asset increases above the exercise price.
- Investments in index futures face the same risk as the investments in a portfolio of shares representing an index. The extent of loss is the same as in the underlying stocks.
- Risk of loss in trading futures contracts can be substantial, because of the low margin deposits required, the extremely high degree of leverage involved in futures pricing and potential high volatility of the futures markets.
- The derivatives market in India is nascent and does not have the volumes that may be seen in other developed markets, which may result in volatility in the values.

Fixed Income and Debt Securities:

- Price-Risk or Interest-Rate Risk:** Fixed income securities such as bonds, debentures and money market instruments run price-risk or interest-rate risk. Generally, when interest rates rise, prices of existing fixed income securities fall and when interest rates drop, such prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of interest rates.
- Credit Risk:** In simple terms this risk means that the issuer of a debenture/ bond or a money market instrument may default on interest payment or even in paying back the principal amount on maturity. Even where no default occurs, the price of a security may go down because the credit rating of an issuer goes down. It must, however, be noted that where the Scheme has invested in Government securities, there is no credit risk to that extent.
- Liquidity or Marketability Risk:** This refers to the ease with which a security can be sold at or near to its valuation yield-to-maturity (YTM). The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. Liquidity risk is today characteristic of the Indian fixed income market.
- Reinvestment Risk:** Investments in fixed income securities may carry reinvestment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the bond. Consequently, the proceeds may get invested at a lower rate.
- The type of securities in which the Scheme would invest as given in the Offer Document carry different levels and types of risk. Accordingly the Scheme's risk may increase or decrease depending upon its investment pattern. E.g. corporate bonds carry a higher amount of risk than Government securities. Further, even among corporate bonds, bonds, which are rated AAA, are comparatively less risky than bonds, which are AA rated.

Risks associated with Stock Lending:

- The risks in lending portfolio securities, as with other extensions of credit, consist of the failure of another party, in this case the approved intermediary, to comply with the terms of agreement entered into between the lenders of securities i.e. the Scheme and the approved intermediary. Such failure to comply can result in the possible loss of rights in the collateral put up by the borrower of the securities, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing to the lender from the securities deposited with the approved intermediary.

Std Obs 2 (g)

Risk Factors associated with investments in Foreign Securities:

- Investments in Foreign Securities offers new investment and portfolio diversification opportunities into multi-market and multi-currency products. The Scheme may invest in foreign

Std Obs 2(h)

securities in accordance with guidelines issued by the RBI and SEBI. However, such investments also entail additional risks. Such investment opportunities may be pursued by the AMC provided they are considered appropriate in terms of the overall investment objectives of the Scheme. Since the Scheme will invest only a portion of its Net Assets in Foreign securities, there may not be readily available and widely accepted benchmarks to measure the performance of the Scheme's investments to the extent of exposure to foreign securities.

- Investments in Foreign securities involves increased risk, due to fluctuations in currency exchange rates, foreign government regulations, differences in auditing and accounting standards, potential political and economic instability, limited liquidity, and volatile prices. Further, the Scheme is exposed to risks associated with foreign exchange transfer procedures, foreign exchange control restrictions, economic deterioration and changes in bi-lateral relationships between the countries.

Risks associated with investments in Securitised Debt:

- The scheme may invest in domestic securitised debt assets. These assets would be in the nature of Mortgage backed securities (MBS) and Asset backed securities (ABS) with underlying pool of assets and receivables like Housing Loans, Auto loans and corporate loans. The fund intends to invest only in securitised instruments rated AAA by a recognised credit rating agency. The Securitised debt assets and the underlying asset classes like housing loans, Auto Loans and Corporate loans have the following risk factors.

Risks associated with Mortgage Backed Securities (MBS) - Housing Loans

- **Prepayment Risk:** The fund may receive payment of monthly payouts earlier than scheduled. Prepayments shorten the life of the instrument to an extent that cannot be fully predicted. The rate of prepayments may be influenced by a variety of economic, social and other factors.
- **Credit Risk:** Delinquencies may happen which would reduce the principal amount. Typically MBS structures come with credit enhancement in variety of forms. If delinquencies are higher than the amount available in the credit enhancement facility than the monthly payouts to the fund would reduce. Historically, it has been observed that housing loans have lower default rates as compared to other forms of credit.
- **Liquidity Risk:** Historically the secondary market volume of securitised papers has been limited. This could limit the ability of the fund to resell them. Secondary market trades could be at a discount or premium depending upon the prevailing interest rates.
 - **Conversion risk:** Conversion of loans from fixed rate to floating rate loans and vice versa could lead to a change in the expected cash flows from the loans.

Risks associated with Asset Backed Securities (ABS)-Auto Loans

- **Prepayment Risk:** The fund may receive payment of monthly payouts earlier than scheduled. Prepayments shorten the life of the instrument to an extent that cannot be fully predicted. The rate of prepayments may be influenced by a variety of economic, social and other factors. Prepayments in auto loans is lower than housing loans as the shorter tenor of auto loans makes it economically unattractive to prepay after considering the prepayment charges.
- **Credit Risk:** Delinquencies may happen which would reduce the principal amount. Typically ABS structures come with credit enhancement in variety of forms. If delinquencies are higher than the amount available in the credit enhancement facility than the monthly payouts to the fund would reduce. Typically auto loans carry higher risk than MBS as the value retention of the underlying asset is higher in MBS as compared to the underlying asset of ABS.
- **Liquidity Risk:** Historically the secondary market volume of securitised papers has been limited. This could limit the ability of the fund to resell them. Secondary market trades could be at a discount or premium depending upon the prevailing interest rates.

Risks associated with Asset Backed Securities (ABS)- Corporate Loans

- **Credit Risk:** The fund has an exposure to the Borrower/Borrowers and servicing of the instrument depends on the credit risk of the Borrower. The value of the instrument would fluctuate depending upon the changes in the perceived level of credit risk as well as any actual default.
- **Prepayment Risk:** The Borrower may prepay the receivables prior to their respective due dates. This may result in a change in the yield and tenor for the fund.
- **Limited Liquidity and Price Risk:** Historically the secondary market volume of securitised papers has been limited. This could limit the ability of the fund to resell them. Secondary market trades could be at a discount or premium depending upon the prevailing interest rates.

Special Considerations:

- Mutual Funds are vehicles of securities investments that are subject to market and other risks and there can be no guarantee against loss resulting from investing in the Scheme. The various factors that impact the value of the Scheme' investments include, but are not restricted to, fluctuations in the bond markets, fluctuations in interest rates, prevailing political and economic environment, changes in government policy, factors specific to the issuer of the securities, tax laws, liquidity of the underlying instruments, settlement periods, trading volumes etc.

- Trading volumes and settlement periods inherently restricts the liquidity of the Scheme's investments. In the event of an inordinately large number of redemptions or of a restructuring of the Scheme's investment portfolio, there may be delays in the redemption of units. Please refer to the section on "Right to limit repurchases" and "Suspension of sales/repurchase/switching options of the units" in this Document.
- A Unitholder may invest in the schemes and acquire a substantial portion of the scheme units. The repurchase of units by the Unitholder may have an adverse impact on the units, because the timing of such repurchase may impact the ability of other Unit holders to repurchase their units.
- There is no guarantee or assurance on the frequency or quantum of dividends, which shall be subject to availability of distributable surplus.
- Redemptions due to change in the fundamental attributes of the Scheme or due to any other reasons may entail tax consequences. The Trustees, the Mutual Fund, the AMC, their directors or their employees shall not be liable for any tax consequences that may arise.
- Growth, appreciation, dividend, bonus, income, etc if any, referred to in this Offer Document are subject to the tax laws and other fiscal enactments as they exist from time to time.

Minimum number of investors and minimum holding by single investor:

As per SEBI Circular No. SEBI/IMD/CIR No. 10/22701/03 dated December 12, 2003, each scheme and individual plan(s) under the schemes should have a minimum of 20 investors and no single investor should account for more than 25% of the corpus of such scheme/plan(s).

The Scheme being a close-ended scheme, must have a minimum of 20 investors and no single investor should hold more than 25% of the corpus of the Scheme (at portfolio level) at the time of allotment. If the Scheme fails to get minimum of 20 investors in the New Fund Offer, the investors' application money would be refunded. Also the Mutual Fund will be constrained to reject the application by a single investor to the extent of having exposure of more than 25% of the Scheme corpus at the time of allotment. Hence such investor could be allotted limited units to such extent.

Subsequent to conversion of the scheme into an open ended scheme, in each subsequent calendar quarter thereafter, on an average basis, the schemes/plans should have a minimum of 20 investors and no single investor should account for more than 25% of the corpus of such scheme/plan(s).

In accordance with SEBI Circular No. SEBI/IMD/CIR No.1/42529/05 dated June 14, 2005, the aforesaid limits would be applicable at the Portfolio level. Further, for determining the holding by single investor above 25% limit, the average of daily holding by each such investor over the quarter would be considered. If the holding by such investor exceeds 25% limit over the quarter, rebalancing period of one month would be allowed and thereafter 15 days notice shall be given to the investor to redeem his exposure over the 25% limit within 15 days. In case, if the investor fails to redeem his exposure over 25%, it would lead to automatic redemption by the Mutual Fund on the applicable NAV on the 15th day of the notice period.

Investors should study this Offer Document carefully in its entirety and should not construe the contents hereof as advice relating to legal, taxation, investment or any other matters. Investors may, if they wish, consult their legal, tax, investment and other professional advisors to determine possible legal, tax, financial or other considerations of subscribing to or redeeming Units, before making a decision to invest/redeem Units.

The tax benefits described in this Offer Document are as available under the present taxation laws and are available subject to relevant conditions. The information given is included only for general purpose and is based on advice received by the AMC regarding the law and practice currently in force in India and the Investors should be aware that the relevant fiscal rules or their interpretation may change. As is the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of an investment in the Scheme will endure indefinitely. In view of the individual nature of tax consequences, each Investor is advised to consult his / her own professional tax advisor.

Neither this Offer Document nor the Units have been registered in any jurisdiction. The distribution of this Offer Document in certain jurisdictions may be restricted or totally prohibited due to registration requirements and accordingly, persons who come into possession of this Offer Document are required to inform themselves about and to observe any such restrictions and or legal compliance requirements.

No person has been authorized to issue any advertisement or to give any information or to make any representations other than that contained in this Offer Document. Circulars in connection with this offering not authorized by the Mutual Fund and any information or representations not contained herein must not be relied upon as having been authorized by the Mutual Fund.

<p>Std Obs 17 A) & B)</p>

Due Diligence By The Asset Management Company

A Due Diligence Certificate, duly signed by the Compliance Officer of Birla Sun Life Asset Management Company Limited, has been submitted to SEBI on November 16, 2007 which reads as follows:

DUE DILIGENCE CERTIFICATE

It is confirmed that:

- The draft Offer Document forwarded to SEBI is in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and the guidelines and directives issued by SEBI from time to time.
- All legal requirements connected with the launching of the scheme and also the Guidelines, instructions, etc. issued by the Government of India and any other competent authority in this behalf, have been duly complied with.
- The disclosures made in the Offer Document are true, fair and adequate to enable the investors to make a well-informed decision regarding investments in the proposed Scheme.
- According to the information given to us, J.P.Morgan Chase Bank, the Custodian to the Scheme, is registered with SEBI and till date, such registration is valid.
- According to the information given to us, Computer Age Management Services Pvt. Ltd (CAMS), the Registrar and Transfer Agent to the Scheme, is registered with SEBI and till date, such registration is valid.

Place: Mumbai
Date: November 16, 2007

Signed: sd/-
Name: Laxmikant Gupta
Designation: Compliance Officer

Definitions:

In this Offer Document, the following words and expressions shall have the meaning specified herein, unless the context otherwise requires:

"AMC" or "Asset Management Company or "Investment Manager"	Birla Sun Life Asset Management Company Limited incorporated under the provisions of Companies Act, 1956 and approved by the Securities and Exchange Board of India to act as the Asset Management Company for the scheme(s) of Birla Sun Life Mutual Fund.
"Applicable NAV"	The NAV applicable for purchase or redemption or switching, based on the time of the Business Day on which the application is accepted.
"Benchmark"	S & P CNX Nifty
"Business Day"	<p>A day other than:</p> <ul style="list-style-type: none"> • Saturday and Sunday or • A day on which the banks in Mumbai and / RBI are closed for business /clearing or • A day on which the Stock Exchange, Mumbai is closed or • A day, which is a public and /or bank holiday at a Investor Service Centre where the application is received or • A day on which Sale and Repurchase of Units is suspended by the AMC or • A day on which normal business cannot be transacted due to storms, floods, bandhs, strikes or such other events as the AMC may specify from time to time. <p>The AMC reserves the right to declare any day as a Business Day or otherwise at any or all Investor Service Centres.at any or all Investor Service Centres.</p>
"Call Money"/ "Money at Call"	Refers to the money lent by Mutual Funds in the Interbank Call Money Market, subject to necessary regulatory approvals
"Custodian"	A person who has been granted a certificate of registration to carry on the business of custodian of securities under the Securities and Exchange Board of India (Custodian of Securities) Regulations 1996, which for the time being is J.P.Morgan Chase Bank, Mumbai.
"Depository"	Depository as defined in the Depositories Act, 1996 (22 of 1996).
"Equity related instruments"	Equity related instruments would include convertible bonds, convertible debentures, convertible preference shares, warrants carrying the right to obtain equity shares, equity derivatives and any other like instrument.
"FII"	Foreign Institutional Investor, registered with SEBI under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended from time to time.
"Floating Rate Instruments"	Floating rate instruments are debt / money market instruments issued by Central / State Governments, with interest rates that are reset periodically. The periodicity of interest reset could be daily, monthly, annually or any other periodicity that may be mutually agreed between the issuer and the Fund.
"Gilt or Government Securities"	Securities created and issued by the Central Government and/or a State Government (including Treasury Bills) or Government Securities as defined in the Public Debt Act, 1944, as amended or re-enacted from time to time.
"Investment Management Agreement"	The agreement dated December 16, 1994 entered into between Birla Sun Life Trustee Company Private Limited and Birla Sun Life Asset Management Company Limited, as amended from time to time.
"Investor Service Centres" or "ISCs" or "Official Points of acceptance of transactions"	Designated branches of Birla Sun Life Asset Management Company Ltd. or such other enters / offices as may be designated by the AMC from time to time. All these locations are official points of acceptance of transactions and cut-off time as mentioned in the Offer Document shall be reckoned at these official points.
"Load"	In the case of Repurchase / Redemption / Switch out of a Unit, the sum of money deducted from the Applicable NAV on the Repurchase / Redemption / Switch out and in the case of Sale / Switch in of a Unit, a sum of money to be paid by the prospective investor on the Sale / Switch in of a Unit in addition to the Applicable NAV.

"Entry Load" or "Sales Load"	Load on Sale / Switch in of Units
"Exit Load" or "Repurchase Load" or "Redemption Load"	Load on Repurchase / Redemption / Switch out Units.
"Fixed Income Securities"	Debt Securities created and issued by, inter alia, Central Government, State Government, Local Authorities, Municipal Corporations, PSUs, Public Companies, Private Companies, Bodies Corporate, Unincorporated SPVs and any other entities which may be recognised/permitted which yield at fixed or variable rate by way of interest, premium, discount or a combination of any of them.
"Market Capitalisation"	Market value of the listed company, which is calculated by multiplying its current market price by number of its shares outstanding.
"Mutual Fund" or "the Fund"	Birla Sun Life Mutual Fund (BSLMF), a trust set up under the provisions of the Indian Trusts Act, 1882.
"Money Market Instruments"	Commercial papers, commercial bills, treasury bills, Government securities having an unexpired maturity upto one year, call or notice money, certificate of deposit, usance bills, Collateralized Borrowing and Lending Obligations (CBLOs) and any other like instruments as specified by the Reserve Bank of India from time to time
"NAV"	Net Asset Value per Unit of the Scheme, calculated in the manner described in this Offer Document or as may be prescribed by the SEBI Regulations from time to time.
"New Fund Offer (NFO)"	Offer of units of Birla Sun Life Sector Rotation Fund during the New Fund Offer.
"NRI"	A Non-Resident Indian or a person of Indian origin residing outside India.
"Offer Document"	This document issued by Birla Sun Life Mutual Fund, inviting offer for subscription to the units of the scheme.
"Foreign Equity Securities"	Foreign Equity Securities includes the following: (i) ADRs/ GDRs issued by Indian or foreign companies, (ii) Equity of overseas companies listed on recognized stock exchanges overseas, (iii) Initial and follow on public offerings for listing at recognized stock exchanges overseas, or such other equity related securities that may be permitted by SEBI / RBI from time to time.
"Person of Indian Origin"	A citizen of any country other than Bangladesh or Pakistan, if (a) he at any time held an Indian passport; or (b) he or either of his parents or any of his grand parents was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955 (57 of 1955); or (c) the person is a spouse of an Indian citizen or a person referred to in sub-clause (a) or (b).
"RBI"	Reserve Bank of India, established under the Reserve Bank of India Act, 1934.
"Registrar and Transfer Agent"	Computer Age Management Services Ltd (CAMS) is currently acting as registrar to the Scheme, or any other registrar appointed by the AMC from time to time.
"Repurchase / Redemption"	Repurchase / Redemption of Units of the Scheme as permitted.
"Repo/ Reverse Repo"	Sale/ Purchase of Government Securities as may be allowed by RBI from time to time with simultaneous agreement to repurchase/resell at a later date.
"Sale / Subscription"	Sale or allotment of Units to the Unit holder upon subscription by the investor / applicant under the Scheme.
"SEBI"	Securities and Exchange Board of India, established under the Securities and Exchange Board of India Act, 1992.
"SEBI Regulations" or	Securities and Exchange Board of India (Mutual Funds) Regulations,

“Regulations”	1996, as amended from time to time.
“Switch” or “Lateral Shift”	Redemption of a unit in any scheme of the Mutual Fund against purchase of a unit in another scheme (including the plans therein) of the Mutual Fund, subject to completion of lock-in period, if any, of the units of the scheme(s) from where the units are being switched and applicable load structure.
“The Scheme”	means Birla Sun Life Sector Rotation Fund
“Trustee”	Birla Sun Life Trustee Company Private Ltd. is incorporated under the provisions of the Companies Act, 1956 and approved by SEBI to act as Trustee to the schemes of Birla Sun Life Mutual Fund (BSLMF).
“Trust Deed”	The Trust Deed dated December 16, 1994 (read with all amendments and supplemental trust deeds thereto) made by and between the Sponsor and Birla Sun Life Trustee Company Private Limited (“Trustee”), thereby establishing an irrevocable trust, called Birla Sun Life Mutual Fund as amended from time to time.
“Unit”	The interest of the Unit holder, which consists of, each Unit representing one undivided share in the assets of the Scheme.
“Unit holder”	A person holding Units in the Scheme of Birla Sun Life Mutual Fund offered under this Offer Document.

Interpretation

For all purposes of this Offer Document, except as otherwise expressly provided or unless the context otherwise requires, the terms defined in this Offer Document include the plural as well as the singular. Pronouns having a masculine or feminine gender shall be deemed to include the other. Words and expressions used herein but not defined herein shall have the meanings respectively assigned to them therein under the SEBI Act or the SEBI Regulations.

SECTION I

Constitution Of the Mutual Fund

BACKGROUND OF THE ASSET MANAGEMENT COMPANY'S PROMOTERS

The Aditya Birla Group

An industrial conglomerate with a market capitalisation of US \$23 billion and in the League of Fortune 500, the Aditya Birla Group is anchored by an extraordinary force of 100,000 employees, belonging to 25 different nationalities. Over 50 per cent of its revenues flow from its operations across the world.

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The Aditya Birla Group's products and services offer distinctive customer solutions worldwide. The Group has operations in 20 countries - India, Thailand, Laos, Indonesia, Philippines, Egypt, China, Canada, Australia, USA, UK, Germany, Hungary, Brazil, Italy, France, Luxembourg, Switzerland, Malaysia and Korea.

A premium conglomerate, the Aditya Birla Group is a dominant player in all of the sectors in which it operates. Such as viscose staple fibre, non-ferrous metals, cement, viscose filament yarn, branded apparel, carbon black, chemicals, fertilizers, sponge iron, insulators, financial services, Telecom, IPO and IT Services. Hewitt-Economic Times and Wall Street Journal Study 2007 have adjudged the Group "The Best Employer in India and among the top 20 in Asia".

Sun Life Financial Inc.

Sun Life Financial is a leading international financial services organization providing a diverse range of wealth accumulation and protection products and services to individuals and corporate customers. Chartered in 1865, Sun Life Financial and its partners today have operations in key markets worldwide, including Canada, the United States, the United Kingdom, Hong Kong, the Philippines, Indonesia, India, China, Chile, Ireland and Bermuda. As of December 31, 2006 the Sun Life Financial Inc. group of companies had total assets under management CDN\$ 436.50 billion.

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Fund Organisation And Management

Birla Sun Life Mutual Fund has been constituted as a trust under the provisions of the Indian Trusts Act, 1882 (2 of 1882) and registered with SEBI bearing registration no. MF/020/94/8 dated December 23, 1994. The objective of the Mutual Fund is to offer to the public and other eligible investors units in one or more schemes in the Mutual Fund for making group or collective investments primarily in Indian Securities in accordance with and as permitted under the directions and guidelines issued from time to time by SEBI. The Corporate Office of the Mutual Fund is at Ahura Centre, Tower A, 2nd Floor, 96 A/D Mahakali Caves Road, Andheri (East), Mumbai - 400 093.

The Sponsors

The sponsors of Birla Sun Life Mutual Fund are Aditya Birla Nuvo Limited and Sun Life (India) AMC Investments Inc. (a company governed by the laws of Canada), which is a wholly-owned subsidiary of Sun Life Financial Inc. Sun Life (India) AMC Investments Inc. is a deemed sponsor under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.

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Financial Summary of Aditya Birla Nuvo Limited

Particulars	Figures in lacs (Rs.)		
	Year ended 31.03.2007	Year ended 31.03.2006	Year ended 31.03.2005
Total Income	3464.98	2665.49	1870.56
Profit after tax & provisions	224.97	186.93	113.72
Equity Capital	93.31	83.50	59.88
Reserves	3031.24	2124.11	1294.18
Net Worth	3124.55	2207.61	1354.06
Earning per share	25.60	25.40	18.99

Financial Summary of Sun Life Financial Inc.

For the year ending December 31
Figures in Millions of Canadian Dollars

Particulars	Year ended 31.12.2006	Year ended 31.12.2005	Year ended 31.12.2004
Total Income (Revenues)	24,287	21,918	21,730
Profit after tax (Shareholders net income)	2,089	1,843	1,680
Equity Capital (Share Capital & Contributed Surplus)	7,154	7,239	7,308
Reserves (Retained Earnings)	10,117	9,095	8,204
Net Worth (Total Equity)	17,184	15,546	14,415
Earning per share	3.62	3.14	2.81

The Trustee Company

Birla Sun Life Trustee Company Private Ltd. (BSLTC) is a company incorporated with limited liability under the Companies Act, 1956. Under the Trust Deed dated December 16, 1994 BSLTC has been appointed as the Trustee for Birla Sun Life Mutual Fund with Aditya Birla Nuvo Ltd. as the Settlor. BSLTC is a joint venture between the Aditya Birla Group and the Sun Life Financial Inc. Canada (through its wholly-owned subsidiary Sun Life (India) AMC Investments Inc.). Both the joint venture partners hold 50% of the equity capital of BSLTC.

Summary of substantive provisions of the trust deed, which may be of material interest to the unit holders:

General Power Of The Trustee

It is hereby declared that the Trustee shall have and shall be deemed to have the legal ownership of the Trust Fund and that the general superintendence, direction and management of the affairs of the Trust and all powers, authorities and discretions appurtenant to or incidental to the purpose of the trust shall absolutely vest in the Trustee, subject nevertheless to the provisions of this Instrument. Subject to the aforesaid, the trustee shall as regards all trusts, powers, authorities and discretions hereby vested in them, have absolute and uncontrolled discretion as to the exercise thereof in relation to the mode and time for exercise thereof.

Trustee To Act Efficiently

The Trustee shall manage affairs of the Trust with utmost economy consistent with the maintenance of efficiency of administration and act in interests of the Unit holders.

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Responsibilities Of The Trustees And Its Directors

- I. The Trustee and its Directors shall maintain arms' length relationship with other companies, or institutions or financial intermediaries or any body corporate with which the Trustee may be associated.
- II. The directors of the Trustee shall not participate in any decision-making process/resolutions of its Board Meetings for any investment in which they may be interested.

Amendments to the trust deed shall not be carried out without prior approval of SEBI and unitholders approval would be obtained where it affects the interest of unitholder.

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The Directors of BSLTC are:

<p>Mr. B.N. Puranmalka * Aditya Birla Centre, S.K. Ahire Marg, Mumbai 400 022 Corporate Executive</p>	<p>Other Directorships: Birla Sun Life Distribution Co. Ltd. India Advantage Fund Ltd., (Mauritius) Birla Sun Life Insurance Co. Ltd. Birla Global Asset Finance Co. Ltd. Bina Power Supply Co. Ltd.</p>
<p>Mr. Gurcharan Das 124 Jor Bagh, New Delhi. Consultant</p>	<p>Gurcharan Das Consultancy (P) Ltd. Crest Animation Studio Ltd. Ankar Capital Pvt. Ltd. Fortis Healthcare Ltd. Berger Paints (I) Ltd. Ranbaxy Laboratories Ltd SKS Microfinance Pvt Ltd IDBI Capital Market Services Ltd. Gillette India Ltd.</p>
<p>Dr. V. Arunachalam 547, 9th Cross, J.P. Nagar, Phase III, Bangalore 560 078 Professor</p>	<p>Tasty Bites Preferred Foods India Ltd. Centre for Study of Science Technology & Policy</p>
<p>Mr. Prafull Anubhai Brij House, 1st Floor, Opp High Court, Stadium Road, Ahmedabad 380 014 Businessman</p> <p>Mr. Suresh Talwar* 10, Shiv Shanti Bhuvan, 146 Maharshi Karve Road, Churchgate Reclamation, Mumbai 400 020. Solicitor & Advocate</p>	<p>Unichem Laboratories Ltd. Vardhman Textiles Limited Gruh Finance Ltd. Torrent Cables Ltd. The H.K. Finechem Ltd The EMSAF -Mauritius, Mauritius Soma Textiles & Industries Ltd. Niche Generics Ltd., London Management Structure & Systems Private Ltd Baker Oil Tools (India) Private Ltd Center For Science, Technology and Policy PZ Cussons India Private Limited Armstrong World Industries (India) Pvt. Ltd. Merck Ltd. Romil Finance & Investments Pvt Ltd. Sidham Finance & Investments Pvt Ltd. 20th Century Fox Corpn (I) Pvt Ltd Aon Global Insurance Services Private Limited Biocon Limited Birla Sun Life Insurance Company Ltd Blue Star Limited Blue Star Infotech Limited Cadbury India Limited Carborundum Universal Limited Cholamandalam MS General Insurance Co. Ltd. Chowgule And Company Private Limited Decagon Investments Pvt. Ltd. Emerson Process Management (India) Pvt Ltd Epitome Global Services Pvt Ltd. Greaves Cotton Ltd. India Value Fund Trustee Co Pvt Ltd IVF (Mauritius) PCC IVF (Mauritius) Ltd. JM Morgan Stanley India Company Private Limited Jhon Fowler (India) Pvt Ltd Larsen & Toubro Ltd</p>

MF Global (India) Private Ltd
 Rediffusion -Dentsu, Young & Rubicam Pvy Ltd
 Sandvik Asia Ltd.
 Shrenuj & Co Ltd
 Solvay Pharma India Ltd
 Snowcem Paints Pvt. Ltd
 Swiss Re Shared Services (India) Pvt Ltd
 Showdiff Worldwide Pvt Ltd
 Sonata Software Ltd
 Warner Bros Pictures (India) Pvt Ltd
 Albright &Wilson Chemicals India Ltd
 ELANTAS BECK India Limited
 Esab India Ltd
 FCI OEN Connectors Ltd
 Garware-Wall Ropes Ltd
 Johnson & Johnson Ltd
 Schenectady (India) Holding Pvt Ltd
 SI Group - India Ltd
 Trans Warranty Finance Ltd
 Uhde India Ltd
 Wyeth Ltd.
 RAKEEN Development PJSc
 IVF Trustee Company Pvt. Ltd.
 Reva Electric Car Co Pvt Ltd
 Collins Stewart Inga Pvt Ltd
 Rakindo Developers Private Limited
 Swiss Re Healthcare Services Pvt Ltd
 TTK Healthcare Services Private limited
 WAVE Suspension Systems India Private Limited
 Hindustan Gum & Chemicals Limited

* The Directors are associated with sponsors

Trustee Meetings

The Board of Trustee has met six times in the previous year (2006-07). The performances of all the schemes are placed before the Trustee at such meetings. The report on statutory compliance and investor servicing are also regularly placed at such meetings by AMC. Audit committee of the Trustee has been constituted to review the internal audit systems and the recommendation of the internal and statutory audit reports and to ensure that the rectification as suggested by internal and external auditors are acted upon. An independent Trustee chairs the committee.

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Trusteeship Fees

The Trustee Company, shall during the continuance of this Trust, in accordance with the provisions of the Trust Deed dated December 16, 1994, be entitled to receive, in addition to the reimbursement of all costs, charges and expenses, fee @ 0.05% or of the amount being aggregate of the Trust Fund and Unit Capital on 1st April each year or a sum of Rs. 5 lacs per anum apportioned over all the Schemes of Birla Sun Life Mutual Fund, whichever is lower.

Rights and Obligations of the Trustee

Pursuant to the Trust Deed constituting the Mutual Fund and SEBI (Mutual Funds) Regulations, 1996 the Trustee has several rights and obligations.

1. The Trustee and the Asset Management Company shall with prior approval of SEBI enter into an investment management agreement.
2. The investment management agreement shall contain such clauses as are mentioned in the Fourth Schedule and other such clauses as are necessary for the purpose of making investments.
3. The Trustee shall have a right to obtain from the Asset Management Company such information as is considered necessary by the Trustee.
4. The Trustee shall ensure before the launch of any scheme that the Asset Management Company has: -
 - a) systems in place for its back office, dealing room and accounting;
 - b) appointed all key personnel including fund manager(s) for the scheme(s) and submitted their bio-data which shall contain the educational qualifications, past experience in the securities market to the Trustees, within fifteen days of their appointment;
 - c) appointed auditors to audit its accounts;
 - d) appointed a compliance officer to comply with regulatory requirement and to redress investor grievances;

- e) appointed registrars and laid down parameters for their supervision;
 - f) prepared a compliance manual and designed internal control mechanisms including internal audit systems;
 - g) specified norms for empanelment of brokers and marketing agents.
5. The Trustee shall ensure that the Asset Management Company has been diligent in empanelling the brokers and avoiding undue concentration of business with any broker.
 6. The Trustee shall ensure that the Asset Management Company has not given any undue or unfair advantage to any associate or dealt with any of the associates of the Asset Management Company in any manner detrimental to the interest of the Unit holders.
 7. The Trustee shall ensure that the transactions entered into by the Asset Management Company are in accordance with the SEBI Regulations, and the scheme.
 8. The Trustee shall ensure that the Asset Management Company has been managing the mutual fund schemes independently of other activities and have taken adequate steps to ensure that the interest of investors of one scheme are not compromised with those of any other scheme or of other activities of the asset management company.
 9. The Trustee shall ensure that all the activities of the Asset Management Company are in accordance with the provisions of SEBI Regulations.
 10. Where the Trustee has reason to believe that the conduct of the business of the mutual fund is not in accordance with the Regulations and the scheme they shall forthwith take such remedial steps as are necessary and shall immediately inform SEBI of the violation and the action taken.
 11. The Directors of the Trustee Company shall file the details of their transactions in securities on a quarterly basis with the Trustee Company.
 12. The Trustee shall be accountable for and be the custodian of the property of the respective schemes and shall hold the same in trust for the benefit of the Unit holders in accordance with the SEBI Regulations, and the provisions of the Trust Deed.
 13. The Trustee shall take steps to ensure that the transactions of the mutual fund are in accordance with the provisions of the Trust Deed.
 14. The Trustee shall be responsible for the calculation of any income due to be paid to the mutual fund and also of any income received in the mutual fund for the holders of the units of any scheme in accordance with the Regulations and the Trust Deed.
 15. The Trustee shall obtain the consent of the unit holders of the Scheme:
 - a) When the Trustee is required to do so by SEBI in the interests of the unit holders; or
 - b) Upon the request of three-fourths of the unit holders of any Scheme under the Mutual Fund; or
 - c) If a majority of the directors of the Trustee Company decide to wind up the Scheme or prematurely redeem the units
 16. 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 unitholders, shall be carried out unless,
 - I. A written communication about the proposed change is sent to each unitholder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the mutual fund is situated; and
 - II. The unitholders are given an option to exit at the prevailing Net Asset Value without any exit load.
 17. The Trustee shall call for the details of transactions in securities by the key personnel of the Asset Management Company in his/her own name or on behalf of the Asset Management Company and shall report to SEBI, as and when required.
 18. The Trustee shall quarterly review all transactions carried out between the mutual fund, Asset Management Company and its associates.
 19. The Trustee shall quarterly review the networth of the Asset Management Company and in case of any shortfall ensure that the Asset Management Company make up for the shortfall per clause (f) of sub regulation (1) of SEBI Regulations.
 20. The Trustee shall periodically review all service contracts such as custody arrangements, transfer agency of the securities and satisfy itself that such contracts are executed in the interest of the unit holders.
 21. The Trustee shall ensure that there is no conflict of interest between the manner of deployment of its networth by the Asset Management Company and the interest of the unit holders.
 22. The Trustee shall periodically review the investor complaints received and the redressal of the same by the Asset Management Company.

23. The Trustee shall abide by the code of conduct as specified in the fifth schedule of SEBI Regulations.
24. The Trustee shall furnish to SEBI on a half yearly basis: -
 - a) a report on the activities of the mutual fund;
 - b) a certificate stating that the Trustees have satisfied themselves that there have been no instances of self dealing or front running by any of the Trustees, directors and key personnel of the Asset Management Company;
 - c) certificate to the effect that the Asset Management Company has been managing the schemes independently of any other activities and in case any activities of the nature referred to in regulation 24(2) of the SEBI Regulations have been undertaken by the AMC Co. and has taken adequate steps to ensure that the interest of the unit holders are protected.
25. The independent trustees shall give their comments on the report received from the Asset Management Company regarding the investments by the mutual fund in the securities of group companies of the sponsor.
26. Trustee shall exercise due diligence as under:

General Due Diligence

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

Specific Due Diligence

The Trustee shall

- a) Obtain internal audit reports at regular intervals from independent auditors appointed by the Trustees.
- b) Obtain compliance certificates at regular intervals from the AMC.
- c) Hold meetings of Trustees more frequently.
- d) Consider the reports of the independent auditor and compliance reports of AMC at the meetings of Trustees for appropriate action.
- e) Maintain records of the decisions of the Trustees, AMC and its personnel.
- f) Prescribe and adhere to a code of ethics by the Trustees, AMC and its personnel.
- g) Communicate in writing to the AMC of the deficiencies and checking the reduction of deficiencies.
27. Notwithstanding anything contained in sub-regulations (1) to (25) of the Regulations, the Trustees shall not be held liable for acts done in good faith if they have exercised adequate Due Diligence honestly.
28. The independent Directors of the Trustees shall pay specific attention to the following, as may be applicable, namely-
 - a) The Investment Management Agreement and the compensation paid under the agreement.
 - b) Service contracts with affiliates whether the AMC has charged higher fees than outside contractors for the same services.
 - c) Selection of the independent Directors.
 - d) Securities transactions involving affiliates to the extent such transactions are permitted.
 - e) Selecting and nominating individuals to fill independent director vacancies.
 - f) Code of ethics must be designed to prevent fraudulent, deceptive or manipulative practices by insiders in connection with personal securities transactions.
 - g) The reasonableness of the fees paid to the sponsors, AMC and any others for services provided.
 - h) Principal underwriting contracts and the renewals.
 - i) Any service contract with the associates of the AMC.

Auditors of Birla Sun Life Trustee Company Pvt Ltd

S. R. Batliboi & Co.

18th Floor, Express Tower, Nariman Point, Mumbai 400 021

Auditors of the Scheme

S. R. Batliboi & Co.

18th Floor, Express Tower, Nariman Point, Mumbai 400 021

The Trustees have the right to change the Auditors.

The Asset Management Company

Birla Sun Life Asset Management Company Ltd. (BSLAMC), the Investment Manager of Birla Sun Life Mutual Fund, is a joint venture between the Aditya Birla Group and the Sun Life Financials Inc of Canada (through its wholly-owned subsidiary Sun Life (India) AMC Investments Inc.). Both the joint venture partners hold 50% of the equity capital of BSLAMC. BSLAMC is acting as the Investment Manager for the schemes of BSLMF vide the Investment Management Agreement dated December 16, 1994.

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The Directors of BSLAMC are:

Mr. Donald Stewart*

Chairman

Chief Executive Officer of Sun Life Financial Inc., Canada

150 King Street West,

6th Floor, Toronto, ON M5H 1J9 Canada

Dr. Kumar Mangalam Birla*

Director

A leading industrialist and is the Chairman of Aditya Birla Group of Companies.

Aditya Birla Centre

S. K. Ahire Marg, Mumbai- 400018

Mr. Ajay Srinivasan*

Director

Chief Executive - Financial Services and Director - Corporate Strategy and Business

Development

Aditya Birla Group

Aditya Birla Centre, Worli, Mumbai – 400 018

Mr. Stephan Rajotte*

Actuary

President, Sun Life Financial Asia

Flat A, 43/ F, Branksome Crest,

3A Tregunter Path, Mid Levels, Hong Kong

Mr. Gary Comerford (Alternate Director to Mr. Donald Stewart)*

Sun Life Financial Inc.,

150, King Street West,

6th Floor, Toronto, ON M5H 1J9, Canada

Mr. Venkatesh Mysore (Alternate Director to Mr. Stephan Rajotte)*

Country Head- India, Sun Life Financial Inc, Asia

Raheja Bay, 1st7 Floor, Mount Mary Road,

Bandra (W), Mumbai – 400 050.

Mr. Ashok Goenka

Educationist

Ex-Chairman of General Insurance Corporation of India.

H-1539 C.R. Park, New Delhi 110 019

Mr. S. S. Raman

Director

Chartered Accountant

304 Cypress, Marigold Premises,

Kalyani Nagar, Pune - 411014

Mr. N. N. Jambusaria

Actuarial Consultant

Ex-Chairman of the Life Insurance Corporation of India.

401, Bakers Field, A-22, Shastri Nagar

Near Lokhadwala Complex,

Andheri (W), Mumbai-400 053

Mr. N.C. Singhal

Director

Ex-Vice Chairman and Managing Director of SCICI Ltd.
D/107, Poornima, 23, Peddar Road,
Mumbai-400 026

*Director(s) is/are associated with the sponsor or its associates.

The Auditors of BSLAMC are:

M/s Haribhakti & Co.

Chartered Accountants
42, Free Press House, 4th Floor,
215 Nariman Point, Mumbai- 400 021.

Key Personnel of the Investment Manager

Mr. Mukul Gupta, age 43 years, has been appointed as the Chief Executive Officer effective from January 3, 2007 as the head of BSLAMC. Mr. Gupta, a Chartered Accountant by qualification has over 20 years of experience in the Financial Services Industry. Prior to joining Birla Sun Life Asset Management Company Limited, he was Chief Financial Officer and Head-Bancassurance, Bajaj Allianz Life Insurance Company Ltd.

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The details of key personnel of BSLAMC and their experience are as under:

Name	Age	Designation	Educational Qualifications	Business Experience
A. Balasubramanian	39	Chief Investment Officer	BSc (Mathematics), Diploma in Financial Management	Overall experience of 15 years in the Financial Industry. Working with the AMC for the last 10 years. Previously worked with GIC Mutual Fund.
Raghvendra Nath	36	Vice President- Strategy & Business Development	B. E., MBA, C.F.A	Over 12 years experience in Financial Services, working with the AMC for 10 years, prior to this worked with Spic Group
Sanjay Parikh	35	Chief Financial Officer	B. Com, C.A. & C.F.A	Has held various positions over the past 11 years in the Aditya Birla Group and its joint ventures, including that of Head of Product Development and Head of Accounts at Birla Sun Life Insurance Company Limited and Executive Assistant to Chairman, Aditya Birla Group. Has worked with M/s. Arthur Andersen, as Sr. Consultant for 4 years.
Manoj Nagpal	37	Vice President Sales – Banks and National Distributors	B.E. (Electrical) & M.M.S.	Has over 14 years of experience. He was Head & Vice President - Bancassurance at Bajaj Allianz Life Insurance Co. Ltd. Prior to that he has worked in Sales and Marketing function in ABN Amro Bank, ING Investment Management (I) Pvt. Ltd and Unit Trust of India.
Swarup Anand Mohanty	36	Vice President Sales – Independent Financial Advisors (IFA) Sales	PGDBM	Has over 13 years of experience. He was Vice President - Sales Franklin Templeton Asset Management (I) Pvt. Ltd. Prior to this he has worked in Sales Function with Kotak Mahindra Asset Management Company Ltd., Tata Finance Ltd and Apple Industries Ltd.
Sarb Preet Singh	38	Vice President- Institutional Sales	B.Com, M.M.M.	Has over 14 years of experience. He has been promoted from position of Asst. Vice President – Sales Head (North Zone). Prior to this he has held various positions in Sales function of BSLAMC.
Laxmikant Gupta	37	Vice President- Risk Management & Compliance	A.C.A, Grad C.W.A., B. Com, F.R.M.	He has over 13 years of experience. He was Head - Risk Management at Franklin Templeton Asset Management Co. Ltd. Prior to this he has worked with CRIS RISC Information Services Ltd, Tata TD Waterhouse Securities Ltd and ICICI Securities & Finance Company Ltd.

		Officer		
Rekha Naidu	36	Head Investor Services	P.G.D. (Personnel Mgmt), M.Com	She has over 12 years of experience. She is associated with BSLAMC since last 8 years. Prior to this she worked with Karvy Consultants Ltd and Datamatics Ltd.

Details of the Fund Management Team:

The Investment Team comprises of fund managers, equity and debt research analyst and dealers having relevant experience in their field. A brief profile of these personnel is given below:

Name	Age	Portfolio	Educational Qualifications	Experience
A. Balasubramanian	39	Chief Investment Officer	BSc (Mathematics), Diploma in Financial Management	Overall experience of 15 years in the Financial Industry. Working with the AMC for over last 10 years. Previously worked with GIC Mutual Fund.
Navneet Munot	35	Chief Investment Officer – Fixed Income	M.Com, C.A.	Past experience – Birla Sun Life Securities Ltd. Total Experience of ten years in the financial services industry
Ajay Argal	37	Fund Manager	B. Tech (IIT Mumbai), PGDM (IIM Bangalore)	Over 12 years experience. Prior to joining BSLAMC, he has worked with UTI AMC and had handled various aspects of the Investments Function including managing offshore funds, equity funds, balanced funds, equity research and equity dealing.
Mahesh Patil	37	Fund Manager	B.E. (Electrical), MMS (Finance), CFA (ICFAI, Hyderabad)	Over 13 years experience. Prior to joining BSLAMC, he has worked with Reliance Infocom Ltd. in Business Strategy, and as a Senior Research Analyst with Motilal Oswal Securities and Parag Parikh Financial Advisory Services Ltd.
Satyabrata Mohanty	34	Fund Manager	B.Com, C.A., C.F.A	Over 9 years of experience in Finance and Research. Previously worked in Birla Management Corporation Ltd.
Sanjay Chawla	41	Fund Manager	MMS	Over 13 years of experience in Equity Research. Prior to this worked with SBI Capital Markets.
Ajay Garg	35	Fund Manager	B.E. (Electronics), MBA (Finance).	Working with the AMC since Jan., 2003. Prior to this worked with Birla Sun Life Securities Ltd. Total Work Experience of around 11 years in Equity Dealing.
Atul Penkar	32	Fund Manager	B.E. (Mechanical), MMS	Over 6 years of experience in Research. Prior to this worked with Emkay Shares & Stock Brokers Ltd.
Maneesh Dangi	30	Fund Manager	MBA, FRM	Over 6 years of experience in Finance and Research. Prior to this worked with Pioneer Investcorp
Vineet Maloo	26	Fund Manager	B.Com, C.A.	Has around 4 years of experience. He has been providing analytical support to the Chief Financial Officer of Hindalco Industries Limited, prior to which he has worked with Aditya Birla

				Management Corporation Ltd and M/s. D.K. Chajjer & Co, Chartered Accountants.
Naysar Shah	29	Fund Manager	C.A., CFA	Over 7 years of experience in Finance and Research. Prior to this worked with Asia Star Capital.

Research Team (Equity & Debt):

Equity:

Sr. No:	Name	Qualification
1.	Prasad Dhonde Fixed Income	MBA
2.	Lokesh Malliya Fixed Income	MBA
3.	Sunaina F da Cunha Fixed Income	MBA

Dealer

Sr. No:	Name & Designation	Qualification
1.	Sujit Patki Dealer	DBM, MCS
2.	Hemang Dagli Dealer	M.F.M.

Fund Manager

Sanjay Chawla shall be the designated Fund Manager of the Scheme.

Other Activities of BSLAMC

BSLAMC acts as investment advisor to two offshore funds, namely, India Advantage (Offshore) Fund and India Excel (Offshore) Fund. The AMC is also registered with SEBI as a Portfolio Manager (Registration No. INP000000597) dated January 22, 2002. This registration has been renewed for a period of 3 years upto January 31, 2008. This activity is being undertaken in compliance with the provisions of Regulation 24(2) of SEBI (Mutual Funds) Regulations and there is no conflict of interest.

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Obligations of the Asset Management Company

1. The Asset Management Company shall take all reasonable steps and exercise due diligence to ensure that the investment of funds pertaining to any scheme is not contrary to the provisions of the Regulations and the Trust Deed.
2. The Asset Management Company shall exercise due diligence and care in all its investment decisions as would be exercised by other persons engaged in the same business.
3. The Asset Management Company shall be responsible for the acts of commissions or omissions by its employees or the persons whose services have been procured by the Asset Management Company.
4. The Asset Management Company shall submit to the trustees Quarterly reports of each year on its activities and the compliance with the Regulations.
5. The Trustees at the request of the Asset Management Company may terminate the assignment of the Asset Management Company at any time. Provided that such termination shall become effective only after the Trustees have accepted the termination of assignment and communicated their decision in writing to the Asset Management Company. Notwithstanding anything contained in any contract or agreement or termination, the Asset Management Company or its directors or other officers shall not be absolved of liability to the mutual fund for their acts of commission or omissions, while holding such position or office.
6. An Asset Management Company shall not through any broker associated with the sponsor, purchase or sell securities, which is average of 5% or more of the aggregate purchases and sale of securities made by the mutual fund in all its schemes. Provided that for the purpose of this sub-regulation, aggregate purchase and sale of securities shall exclude sale and distribution of units issued by the mutual fund. Provided further that the aforesaid limit of 5% shall apply for a block of any three months.
7. The Asset Management Company shall not purchase or sell securities through any broker [other than a broker referred to in clause 6 above] which is average of 5% or more of the aggregate purchases and sale of securities made by the mutual fund in all its schemes, unless the Asset Management Company has recorded in writing the justification for exceeding the limit of 5% and

reports of all such investments are sent to the Trustees on a quarterly basis. Provided that the aforesaid limit of 5% shall apply for a block of three months.

8. The Asset Management Company shall not utilise the services of the sponsor or any of its associates, employees or their relatives, for the purpose of any securities transaction and distribution and sale of securities. Provided that an Asset Management Company may utilise such services if disclosure to that effect is made to the unit holders and the brokerage or commission paid is also disclosed in the half yearly annual accounts of the mutual fund.

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

- a. any underwriting obligations undertaken by the schemes of the mutual funds with respect to the issue of securities of associate companies
 - b. devolvement, if any
 - c. subscription by the schemes in the issues lead managed by associate companies
 - d. subscription to any issue of equity or debt on private placement basis where the sponsor or any of its associate companies has acted as arranger or manager.
9. The Asset Management Company shall file with the Trustees the details of transactions in securities by the key personnel of the Asset Management Company in their own name or on behalf of the Asset Management Company and shall also report to SEBI, as and when required by SEBI.
 10. In case the Asset Management Company enters into any securities transactions with any of its associates a report to that effect shall be sent to the Trustees at its next meeting.
 11. In case any company has invested more than 5 per cent of the net asset value of a scheme, the investment made by that scheme or by any other scheme of the same mutual fund in that company or its subsidiaries shall be brought to the notice of the Trustees by the Asset Management Company and be disclosed in the half yearly and annual accounts of the respective schemes with justification for such investment. Provided the latter investment has been made within one year of the date of the former investment calculated on either side.
 12. The Asset Management Company shall file with the Trustees and SEBI -
 - a. detailed bio-data of all its Directors alongwith their interest in other companies within fifteen days of their appointment; and
 - b. Any change in the interests of Directors every six months.
 - c. A quarterly report to the Trustees giving details and adequate justification about the purchase and sale of the securities of the group companies of the sponsor or the Asset Management Company as the case may be, by the mutual fund during the said quarter.
 13. Each Director of the Asset Management Company shall file the details of his transactions of dealing in securities with the Trustees on a quarterly basis in accordance with guidelines issued by SEBI
 14. The Asset Management Company shall not appoint any person as key personnel who has been found guilty of any economic offence or involved in violation of securities laws.
 15. The Asset Management Company shall appoint registrars and share transfer agents who are registered with the SEBI.
 16. The Asset Management Company shall abide by the Code of Conduct as specified in the Fifth Schedule of the SEBI Regulations.

Investment Management Fees

The Investment management fees charged by BSLAMC shall be 1.25 percent of the average weekly net assets for assets upto Rs.100 crores and 1.00 percent of the average weekly net assets on the balance amount above Rs. 100 crores.

The Scheme being a scheme launched on no load basis, the asset management company shall be entitled to collect an additional management fee not exceeding 1% of the weekly average net assets outstanding in each financial year. However, the total investment management fees shall be within the overall limits of recurring expenses allowed under the regulations.

Modifications to the Scheme

The Trustee shall ensure that no change in the fundamental attributes of the scheme or the trust or fees and expenses payable or any other change which would modify the scheme and affects the interest of unitholders, shall be carried out unless,

- I. A written communication about the proposed change is sent to each unitholder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the mutual fund is situated; and
- II. The unitholders are given an option to exit at the prevailing Net Asset Value without any exit load.

Std Obs
5 c)

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

In case of amendments made by SEBI to the Regulations, and changes effected in the Income Tax Act, 1961 or the rules thereof, the same will be applicable to the Schemes.

The Registrar

BSLAMC has appointed Computer Age Management Services Pvt. Ltd. (CAMS) to act as Registrar and Transfer Agents ("The Registrar") to the Scheme. The Registrar is registered with SEBI under registration number INR 000002813. BSLAMC and the Trustee have satisfied themselves, after undertaking appropriate due diligence measures, that the Registrar is able to provide the services required and has adequate facilities, including systems facilities and back up, to process applications and despatch Account Statements/Unit certificates to Unit holders within the time limits prescribed in the Regulations and also sufficient capacity to handle investor complaints.

The Custodian

J.P. Morgan Chase Bank, located at Mafatlal Centre, 9th Floor, Nariman Point, Mumbai-400 021, has been appointed as the custodian of the securities that are bought and sold under the Schemes. The custodian is registered with SEBI under registration number IN/CUS/014. The responsibilities of the custodian include:

- Keeping in safe custody the securities and such other instruments belonging to the Schemes.
- Use of reasonable care in performing its obligations
- Responsibility for loss due to negligence or fraud
- Ensuring the smooth inflow / outflow of securities and such other instruments as and when necessary in the best interests of the investors.
- Ensuring that the benefits due to the holdings are recovered.

SECTION II

INVESTMENT OBJECTIVES AND POLICY

Type of Scheme

A 3 year close-ended Equity Scheme with an automatic conversion into an open-ended scheme on the expiry of 3years from allotment date. Units outstanding under the scheme on the completion of 3 years will automatically continue under the open end scheme, without requiring any further reference from the unitholder.

Investment Objective

The objective of the Scheme is to generate long-term growth of capital, by investing predominantly in a portfolio of equity and equity related securities of few selected sectors.

Asset Allocation Pattern and Investment Pattern

Under normal circumstances, the asset allocation pattern of the scheme shall be as under:

Instrument	Risk Profile	Range
Equity and Equity related Instruments*	Medium to High	80% -100%
Fixed Income Securities (including Money Market Instruments)**	Low	0%-20%

(% age of investible corpus)

Std Obs
2 j)

* The Scheme may invest in Foreign equity securities subject to the investment restrictions specified by SEBI / RBI from time to time. Under normal circumstances, the Scheme shall not have an exposure of more than 35% of its net assets in foreign equity securities.

** Investment in Securitised Debt papers may be made upto 5% of the net assets of the Scheme.

- The Scheme may invest upto 50% of the net assets of the scheme in such derivative instruments as may be introduced from time to time for the purpose of hedging and portfolio balancing.
- The Scheme may undertake Stock Lending transactions within following limits:
 - i. Not more than 20% of the net assets can generally be deployed in Stock Lending.
 - ii. Not more than 5% of the net assets can generally be deployed in Stock Lending to any single counter party.

Std Obs
2 f)

Investment in Foreign Securities

To achieve the investment objectives the Scheme shall seek investment opportunities in the Foreign Securities, in accordance with guidelines stipulated in this regard by SEBI and RBI from time to time. Investing in overseas markets can be rewarding from returns perspective as well as risk diversification perspective.

Changes in Investment Pattern

The above mentioned investment pattern is indicative and may change for short duration.

Subject to the Regulations, the asset allocation pattern indicated above may change from time to time, keeping in view market conditions, market opportunities, tax provisions for equity oriented schemes, political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Fund Manager, the intention being at all times to seek to protect the interests of the unit holders. Such changes in the investment pattern will be for short term and defensive considerations. However, due to market conditions, the AMC may invest beyond the range set out above. Such deviations shall normally be for a short-term purpose only, for defensive considerations and the intention being at all times to protect the interests of the Unit Holders.

Provided further and subject to the above, any change in the asset allocation affecting the investment profile of the Scheme shall be effected only in accordance with the provisions of sub regulation (15A) of Regulation 18 of the Regulations.

Std Obs
2 j)

Investment Strategy

The fund would follow an active management strategy by creating a portfolio of companies from a few sectors that are potentially attractive. The preference would be for sectors that are in favor and carry the potential for higher valuations. The sectoral mix would be actively reviewed to ensure locking of gains and also for keeping the mix in line with market movements.

The fund would invest in 3-4 sectors at any point in time and would have a compact portfolio of high quality stocks from these sectors. Scheme will invest in quality stocks from sectors that are the flavor of the market or expected to outperform in future and exit from the sectors that are out of flavor or

Std Obs
2 j)

those expected to under perform. The sectors would be rotated based on the view held by the fund management team.

Stock markets are cyclical in nature. Further, not all sectors find favor at all times. Economic and business cycles, external events and broader trends have the potential to influence the performance of sectors—both positively and negatively. However, by monitoring and evaluating how these factors may affect the relative attractiveness of the different sectors, fund management team will be able to make educated decisions about their portfolios and capitalize on these movements.

The investment strategy would be a blend of Top Down and Bottom Up strategies. The Top Down strategy would be employed to select high growth sectors while the Bottom Up strategy would be used to select the best quality companies within the chosen sectors.

Risk Control

Investments made by the Scheme would be in accordance with the investment objectives of the scheme and provisions of SEBI Regulations. Since investing requires disciplined risk management, the AMC would incorporate adequate safeguards for controlling risks in the portfolio construction process. The risk control process involves reducing risks through portfolio diversification, taking care however not to dilute returns in the process. The AMC believes that this diversification would help achieve the desired level of consistency in returns. The AMC aims to identify securities, which offer superior levels of yield at lower levels of risks. With the aim of controlling risks, the investment team of the AMC will carry out rigorous in-depth analysis of the securities proposed to be invested in.

The Scheme may also use various derivatives products for the purpose of hedging and portfolio balancing from time to time, with an attempt to protect the value of the portfolio and enhance Unitholders' interest.

While these measures are expected to mitigate the above risks to a large extent, there can be no assurance that these risks would be completely eliminated.

Portfolio Turnover

The scheme has no explicit constraints either to maintain or limit the portfolio turnover. Portfolio turnover will depend upon the circumstances prevalent at any time and would also depend on the extent of volatility in the market and inflows/outflows in the scheme. The Fund Manager will however endeavour to maintain a low portfolio turnover rate.

Benchmark Index

The performance of the Scheme will be benchmarked to the performance of S & P CNX Nifty. The AMC reserves the right to change the benchmark index suitably, if need arises in the interest of Unitholders.

Std Obs 2 n)

Rationale for selection of benchmark

S&P CNX Nifty is a well diversified 50 stock index accounting for 21 sectors of the Indian economy. The 50 companies are selected based on market capitalization, liquidity and balanced industry representation. It is comprehensive in that aspect and covers stocks across the spectrum of market capitalization. In view of the same it will be prudent for investors to compare performance of the scheme with S&P CNX Nifty.

Std Obs 2 n)

Investment in Foreign Securities

SEBI vide its circular dated September 26, 2007, has permitted mutual funds to invest in ADRs/ GDRs issued by Indian or foreign companies, Equity of overseas companies listed on recognized stock exchanges overseas, Initial and follow on public offerings for listing at recognized stock exchanges overseas, Foreign debt securities in the countries with fully convertible currencies, short term as well as long term debt instruments with rating not below investment grade by accredited/registered credit rating agencies, Money market instruments rated not below investment grade, Repos in the form of investment, where the counterparty is rated not below investment grade; repos should not however, involve any borrowing of funds by mutual funds, Government securities where the countries are rated not below investment grade, Derivatives traded on recognized stock exchanges overseas only for hedging and portfolio balancing with underlying as securities, Short term deposits with banks overseas where the issuer is rated not below investment grade, Units/securities issued by overseas mutual funds or unit trusts registered with overseas regulators and investing in (a) aforesaid securities, (b) Real Estate Investment Trusts (REITs) listed in recognized stock exchanges overseas or (c) unlisted overseas securities (not exceeding 10% of their net assets).

In accordance with SEBI circular dated September 23, 2007 currently Mutual Funds can invest in Foreign securities within the overall limit of US \$ 5 billion, mutual funds can make overseas investments subject to a maximum of US \$300 million per mutual fund.

It is the Investment Manager's belief that overseas securities offer new investment and portfolio diversification opportunities into multi-market and multi-currency products. However, such investments also entail additional risks as specified under paragraph "Risk factors associated with investments in

Foreign Securities". Such investment opportunities will be pursued by the Investment Manager provided they are considered appropriate in terms of the overall investment objectives of the Scheme. The Scheme will make investments in foreign equity securities in accordance with the investment objectives of the Scheme and in accordance with any guidelines issued by SEBI from time to time. Offshore investments shall be made subject to any necessary approvals or conditions stipulated by SEBI and the expenses charged to the Scheme shall not exceed the total limits on expenses as prescribed under the Regulations and guidelines thereunder. The Fund shall appoint a dedicated Fund Manager for making investments in overseas securities and where necessary, shall appoint other intermediaries of repute as advisors, sub-managers, or sub-custodians for managing and administering such investments. The appointment of such intermediaries shall be in accordance with the applicable requirements, if any, of SEBI.

Debt Market In India

The instruments available in Indian Debt Market are classified into two categories, namely Government and Non - Government debt. The following instruments are available in these categories:

Std Obs
2 k)

- A) Government Debt -
- Central Government Debt
 - Treasury Bills
 - Dated Government Securities
 - Coupon Bearing Bonds
 - Floating Rate Bonds
 - Zero Coupon Bonds
 - State Government Debt
 - State Government Loans
 - Coupon Bearing Bonds
- B) Non-Government Debt
- Instruments issued by Government Agencies and other Statutory Bodies
 - Government Guaranteed Bonds
 - PSU Bonds
 - Instruments issued by Public Sector Undertakings
 - Commercial Paper
 - Fixed Coupon Bonds
 - Floating Rate Bonds
 - Zero Coupon Bonds
 - Instruments issued by Banks and Development Financial institutions
 - Certificates of Deposit
 - Promissory Notes
 - Bonds
 - Instruments issued by Corporate Bodies
 - Commercial Paper
 - Non-Convertible Debentures
 - Zero Coupon Debentures

Activity in the Primary and Secondary Market is dominated by Central Government Securities including Treasury Bills. These instruments comprise close to 50% of all outstanding debt and close to 75% of the daily trading volume on the Wholesale Debt Market Segment of the National Stock Exchange of India Limited.

In the money market, activity levels of the Government and Non-Government Debt vary from time to time. Instruments that comprise a major portion of money market activity include but are not limited to,

- Overnight Call
- Repo / Reverse Repo Agreements
- Treasury Bills
- Government Securities with a residual maturity of < 1 year
- Commercial Paper
- Certificates of Deposit

Apart from these, there are some other options available for short tenure investments that include MIBOR linked debentures with periodic exit options and other such instruments. PSU / DFI / Corporate paper with a residual maturity of < 1 year, are actively traded and offer a viable investment option.

The following table gives approximate yields prevailing on October 31, 2007 on some instruments. These yields are indicative and do not indicate yields that may be obtained in future as interest rates keep changing consequent to changes in the macro economic conditions and RBI Policies.

Instrument	Yield Range (% per annum)
Interbank Call Money	6.10 - 6.15%
91 Day Treasury Bill	6.90 - 6.95%

181 Day Treasury Bill	7.10 - 7.15%
P1 + Commercial Paper 90 Days	7.75 – 7.80%
5 Year Government of India Security	7.80 – 7.85%
10 Year Government of India Security	7.85 – 7.90%
15 Year Government of India Security	8.10 – 8.15%
1 Year Corporate AAA	8.55 - 8.60%
3 Year Corporate AAA	9.05 – 9.10%

Generally, for instruments issued by a non-Government entity (corporate/PSU bonds), the yield is higher than the yield on a Government Security with corresponding maturity. The difference, known as credit spread, depends on various factors including the credit rating of the entity.

Trading in Derivatives

SEBI has permitted Mutual Funds to participate in derivatives trading subject to observance of guidelines issued by it in this behalf. Accordingly, Mutual Funds may use various derivative products from time to time, as would be available and permitted by SEBI, in an attempt to protect the value of the portfolio and enhance Unitholders' interest.

Std Obs 2 (g)

The Scheme intends to use derivative instruments like stock options, stock futures, index options, index futures or other equity derivative instruments as may be introduced from time to time for the purpose of hedging and portfolio balancing. The value of derivative contracts outstanding will be limited to 50% of net assets.

The Mutual Fund would comply with the provisions of SEBI Circular Ref. No. DNP/Cir-29/2005 dated September 14, 2005 while trading in derivatives.

Presently, the position limits for trading in derivatives by Mutual Fund specified by SEBI vide its circular Ref. No. DNP/Cir-29/2005 dated September 14, 2005, circular Ref. No. DNP/Cir-30/2006, dated January 20, 2006 and September 22, 2006 are as follows:

Position Limits

The position limits for Mutual Funds and its schemes shall be under:

(i) Position limit for Mutual Funds in index options contracts

a) The Mutual Fund position limit in all index options contracts on a particular underlying index shall be Rs. 250 crore or 15% of the total open interest of the market in index options, whichever is higher, per Stock Exchange.

b) This limit would be applicable on open positions in all options contracts on a particular underlying index.

(ii) Position limit for Mutual Funds in index futures contracts

a) The Mutual Fund position limit in all index futures contracts on a particular underlying index shall be Rs. 250 crore or 15% of the total open interest of the market in index futures, whichever is higher, per Stock Exchange.

b) This limit would be applicable on open positions in all futures contracts on a particular underlying index.

(iii) Additional position limit for hedging

In addition to the position limits at point (i) and (ii) above, Mutual Funds may take exposure in equity index derivatives subject to the following limits:

a) Short positions in index derivatives (short futures, short calls and long puts) shall not exceed (in notional value) the Mutual Fund's holding of stocks.

b) Long positions in index derivatives (long futures, long calls and short puts) shall not exceed (in notional value) the Mutual Fund's holding of cash, government securities, T-Bills and similar instruments.

(iv) Position limit for Mutual Funds for stock based derivative contracts

a) For stocks having applicable market-wise position limit (MWPL) of Rs. 500 crores or more, the combined futures and options position limit shall be 20% of applicable MWPL or Rs. 300 crores, whichever is lower and within which stock futures position cannot exceed 10% of applicable MWPL or Rs. 150 crores, whichever is lower.

b) For stocks having applicable market-wise position limit (MWPL) less than Rs. 500 crores, the combined futures and options position limit would be 20% of applicable MWPL and futures position cannot exceed 20% of applicable MWPL or Rs. 50 crore whichever is lower.

c) The MWPL and client level position limits however would remain the same as prescribed.

(v) Position limit for each scheme of a Mutual Fund

The scheme-wise position limit requirements shall be:

- a) For stock option and stock futures contracts, the gross open position across all derivative contracts on a particular underlying stock of a scheme of a mutual fund shall not exceed the higher of:
 - 1) 1% of the free float market capitalization (in terms of number of shares). Or
 - 2) 5% of the open interest in the derivative contracts on a particular underlying stock (in terms of number of contracts).
- b) This position limits shall be applicable on the combined position in all derivative contracts on an underlying stock at a Stock Exchange.
- c) For index based contracts, Mutual Funds shall disclose the total open interest held by its scheme or all schemes put together in a particular underlying index, if such open interest equals to or exceeds 15% of the open interest of all derivative contracts on that underlying index.

Exposure to Derivatives

In order to protect the interests of the Unit holders, Scheme will have a maximum derivatives net position of 50% of the portfolio (i.e. net assets including cash).

Derivatives can be traded over the exchange or can be structured between two counter-parties. Those transacted over the exchange are called Exchange Traded derivatives whereas the other category is referred to as OTC (Over the Counter) derivatives.

Some of the differences of these two derivative categories are as under:

Exchange traded derivatives:

These are quoted on the exchanges like any other traded asset class. The most common amongst these are the Index Futures, Index Options, Stock Futures and Options on individual equities / securities. The basic form of the futures contract is similar to that of the forward contract, a futures contract obligates its owner to purchase a specified asset at a specified exercise price on the contract maturity date. Futures are cash-settled and are traded only in organised exchanges. Exchange traded derivatives are standardised in terms of amount and delivery date. Standardisation and transparency generally ensures a liquid market together with narrower spreads. On the other hand, for delivery dates far in the future, there may be insufficient liquidity in the futures market whereas an OTC price may be available.

OTC derivatives:

OTC derivatives require the two parties engaging in a derivatives transaction to come together through a process of negotiation. It is a derivative that is customised in terms of structure, amount, tenor, underlying assets, collateral etc. Some of the common examples are interest rate and currency swaps, Forward Rate Agreements (FRAs) etc.

Some of the strategies involving derivatives that may be used by the Investment Manager, with aim to protect capital and enhance returns include:

Strategy Number 1

Hedging against an anticipated rise in equity prices. The scheme has a corpus of Rs.100 crores and has invested Rs.85 crores in equity and still has a cash of Rs.15 crores available to invest. The Fund may buy index futures of a value of Rs.15 crores. The scheme may reduce the exposure to the future contract by taking an offsetting position as investments are made in the equities the scheme wants to invest in. Here, if the market rises, the scheme gains by having invested in the index futures.

Event	Gain / (Loss) form derivatives position	Gain / (Loss) form cash market position	Overall Gain / (Loss) to Scheme
5% rise in equity price	$15 * 5\% = \text{Rs. } 0.75 \text{ Crs.}$	$85 * 5\% = \text{Rs. } 4.25 \text{ Crs.}$	Rs. 5 Crores
5% fall in equity price	$15 * 5\% = \text{Rs. } (0.75) \text{ Crs.}$	$85 * 5\% = \text{Rs. } (4.25) \text{ Crs.}$	Rs. (5) Crores

Strategy Number 2

Hedging against anticipated fall in equity prices. If the Fund has a negative view on the market and would not like to sell stocks as the market might be weak, the scheme of the Fund can go short on index futures. Later, the scheme can sell the stocks and unwind the future positions. A short position in the future would offset the long position in the underlying stocks and this can curtail potential loss in the portfolio.

For instance: The scheme has a corpus of Rs.100 crores and is fully invested in equities. If fund manager wishes to reduce the equity exposure to Rs. 80 crores in a short time, he would sell index future contracts of Rs. 20 crores.

Event	Gain / (Loss) form	Gain / (Loss) form cash	Overall Gain / (Loss) to
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	derivatives position	market position	Scheme
5% fall in equity price	20 * 5% = Rs. 1.00 crs.	100 * 5% = Rs. (5.00) Crs.	Rs. (4.00 Crores)
5% rise in equity price	20 * 5% = Rs. (1.00) crs.	100*5% = Rs. 5.00 Crs.	Rs. 4.00 Crores

Stock Lending By The Scheme:

Subject to the Regulations and the applicable guidelines issued by SEBI, the Trustee may permit the Fund to engage in stock lending. The Fund can temporarily lend stocks held with the Custodian to reputed counterparties, for a fee, subject to prudent limits and controls for enhancing returns. The Fund is allowed to lend securities subject to a maximum of 25%, in aggregate, of the net assets of each scheme and 5% in the case of a single intermediary.

Std Obs
2 (g)

Additional Risk Factors:

There can be temporary illiquidity of the securities that are lent out and the Fund may not be able to sell such lent-out securities, resulting in an opportunity loss. In case of a default by counterparty, the loss to the fund can be equivalent to the securities lent.

Std Obs
2 (g)

Investment Process and Recording of Investment Decisions

The investment policies of the schemes of Birla Sun Life Mutual Fund are decided by the investment committee which presently comprises of the CEO, AMC Director, Heads of Equity & Fixed Income and Vice President (Asia) of Sun Life. The committee has put in place detailed investment guidelines defining the prudential and concentration limits for the portfolio. The investment management team is allowed full discretion to make sale and purchase decisions within the limits established. The responsibility for the investment decisions is with the portfolio managers and the CEO of the AMC does not have any role in the day to day decision making process. All the decisions will be recorded alongwith their justifications. The AMC and Trustee will review the performance of the scheme in their Board meetings. The performance would be compared with the performance of the benchmark index and with peer group in the industry.

Std Obs
2 (n)

Investment in other schemes

The Scheme may, in line with its investment objectives, invest in another Scheme under the management of BSLAMC or of any other Asset Management Company. The aggregate Interscheme investment by BSLMF under all its Schemes, other than fund of fund schemes, taken together, in another Scheme managed by BSLAMC or in any other Scheme of any other Mutual Fund, shall not be more than 5% of the net asset value of the Fund. No fee shall be charged by the AMC on any investment in another Scheme under the management of BSLAMC or of any other Asset Management Company

Investments in the Scheme by the AMC, Sponsor, or their affiliates in the Scheme

The AMC, Sponsor, Trustee and their associates or affiliates may invest in the scheme during the New Fund Offer Period and on Ongoing basis subject to the SEBI Regulations & circulars issued by SEBI and to the extent permitted by its Board of Directors from time to time. As per the existing SEBI Regulations, the AMC will not charge investment management and advisory fee on the investment made by it in the scheme.

Std Obs
2 (a)

Fundamental Attributes

Notwithstanding the above, when any change in the fundamental attributes of the Scheme or the Trust or fees and expenses payable or any other change which would modify the Scheme or affects the interest of the Unitholders, is proposed to be carried out, the Trustees shall ensure that such changes are made on fulfillment of parameters laid down by SEBI (Mutual Funds) Regulations, 1996.

Std Obs
5 (c)

For the purposes of this section, as per the current Regulations, "Fundamental Attributes" of the scheme shall mean:

- **Type of scheme:**
A 3 year close-ended Equity Scheme with an automatic conversion into an open-ended scheme on the expiry of 3-years from allotment date.
- **Investment Objectives & Policies:**
 - **Investment Objective:** as defined in the offer document
 - **Asset Allocation Pattern:** as defined in the offer document
- **Terms of Issue:**
Sale and Redemption of units as defined in Section named "Units and Offer" of this Offer Document. Fees and expenses as specified in the Section named "Loads and Recurring Expenses" of this Offer Document/ as permitted by the Regulations.

Fundamental Attributes will not cover such actions of the Trustees of the Mutual Fund or the Board of Directors of the Asset Management Company, made in order to conduct the business of the Trust, the Scheme or the Asset Management Company, where such business is in the nature of discharging the duties and responsibilities with which they have been charged. Nor will it include changes to the Scheme made in order to comply with changes in regulation with which the Scheme has been required to comply.

In accordance with Regulation 18(15A) of the SEBI Regulations, the Trustees shall ensure that no change in the fundamental attributes of the scheme and the Plan / Options thereunder or the trust or fee and expenses payable or any other change which would modify the scheme and the Plan / Options thereunder and affect the interests of unit holders is carried out unless:

- A written communication about the proposed change is sent to each Unitholder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated; and
- The unit holders are given an option to exit at the prevailing Net Asset Value without any exit load.

Unitholders are requested to note that no prior intimation/indication shall be given to the investors when there is a change in the composition/asset allocation pattern under the scheme.

Investment of Subscription Money

Pending deployment in securities as per the investment objectives of the scheme, the Fund may invest subscription money received from the investing public in bank deposits, or money market instruments before finalisation of the allotment of Units. The AMC, on being satisfied of the receipt of the minimum subscription amount, can commence investment out of the funds received in accordance with the investment objectives of the Scheme and as per the existing Regulations. The income earned out of such investments would be merged with the corpus of the Scheme on completion of the allotment of the Units.

Borrowing by the Mutual Fund

Under the SEBI Regulations, the Mutual Fund is allowed to borrow to meet the temporary liquidity requirements of its Scheme for the purpose of Redemption of Units or the payment of interest or dividend to the Unit holders. Further, as per the SEBI Regulations, the Mutual Fund shall not borrow more than 20% of the Net Assets of the scheme and the duration of such borrowing shall not exceed a period of six months. The Mutual Fund may raise such borrowings after approval by the Trustee from Sponsor or any of its Associate / Group Companies or Banks in India or any other entity at market related rates prevailing at the time and applicable to similar borrowings. The security for such borrowings, if required, will be as determined by the Trustee.

Investment Restrictions for the Scheme

All investments by the Scheme and the Mutual Fund, will always be within the investment restrictions as specified in the SEBI Regulations. Pursuant to the Regulations, the following investment and other restrictions are presently applicable to the scheme:

- The scheme shall not invest more than 15% of its NAV in debt instruments issued by a single issuer, which are rated not below investment grade by a credit rating agency authorised to carry out such activity under the SEBI Act, 1992. Such investment limit may be extended to 20% of the NAV of the Scheme with the prior approval of the Board of Trustees and the Board of the AMC. Provided that, such limit shall not be applicable for investments in government securities and money market instruments. Provided further that investment within such limit can be made in mortgage backed securitised debt, which are rated not below investment grade by a credit rating agency, registered with SEBI.
- The scheme shall not invest more than 10% of its NAV in unrated debt instruments issued by a single issuer and the total investment in such instruments shall not exceed 25% of the NAV of the Scheme. All such investments shall be made with the prior approval of the Board of Trustees and the Board of the AMC or a Committee constituted in this behalf.
- The Mutual Fund under all its schemes shall not own more than 10% of any company's paid up capital carrying voting rights.
- Transfer of investments from one scheme to another scheme in the Mutual Fund is permitted provided:
 - Such transfers are done at the prevailing market price for quoted instruments on spot basis (spot basis shall have the same meaning as specified by a Stock Exchange for spot transactions); and
 - The securities so transferred shall be in conformity with the investment objective of the Scheme to which such transfer has been made.

Std Obs 2 (c)

- The scheme may invest in other schemes under the same AMC or any other Mutual Fund without charging any fees, provided the aggregate inter-scheme investment made by all the Schemes under the same management or in schemes under management of any other Asset Management Company shall not exceed 5% of the Net Asset Value of the Fund. No investment management fees shall be charged for investing in other schemes of the fund or in the schemes of any other Mutual Fund.

Std Obs
2 (d)

SEBI vide its circular dated August 2, 2006 has clarified that Clause 4 of Seventh Schedule of the SEBI (Mutual Funds) Regulations 1996 which restricts investments in mutual fund units upto 5% of net assets and prohibits charging of fees, shall not be applicable to investments in mutual funds in foreign countries made in accordance with the aforesaid circular. However, the management fees and other expenses charged by the mutual fund(s) in foreign countries along with the management fee and recurring expenses charged to the domestic mutual fund scheme shall not exceed the total limits on expenses as prescribed under Regulation 52(6).

- The fund shall get the securities purchased or transferred in the name of the fund on account of the concerned Scheme, wherever investments are intended to be of a long-term nature.
- The fund may buy and sell securities on the basis of deliveries and shall in all cases of purchases take delivery of relative securities and in all cases of sale, deliver the securities and will not make any short sales or engage in carry forward transaction or badla finance. Provided that the Mutual Fund shall enter into derivative transactions on a recognised stock exchange for the purpose of hedging and portfolio balancing, in accordance with the guidelines issued by SEBI.
- Pending deployment of the corpus of the Scheme in securities in terms of investment objective, the Fund can invest the corpus of the Scheme in short term deposits of scheduled commercial banks in accordance with the guidelines issued by SEBI.

- The scheme shall not make any investment in:

- Any unlisted security of an associate or group company of the Sponsor; or

- Any security issued by way of private placement by an associate or group company of the Sponsor; or

- The listed securities of group companies of the Sponsor, which is in excess of 25% of the net assets of the Scheme of the Mutual Fund.

Std Obs
2 (e)

- The Fund shall not borrow except to meet temporary liquidity needs of the Fund for the purpose of repurchase / redemption of Units or payment of interest and dividend to the Unitholders.

Provided that the Fund shall not borrow more than 20% of the net assets of any individual Scheme and the duration of the borrowing shall not exceed a period of 6 months.

- No mutual fund scheme shall invest more than 10 per cent of its NAV in the equity shares or equity related instruments of any company. Provided that, the limit of 10 per cent shall not be applicable for investments in case of index fund or sector or industry specific scheme
- The scheme shall not invest more than 5% of its NAV in the unlisted equity shares or equity related instruments in case of open ended scheme and 10% of its NAV in case of close ended scheme.
- The entire Scheme's investments will be in transferable securities (whether in capital markets or money markets) or in privately placed debentures or securitised debt, or bank deposits (pending deployment in securities in line with the investment objectives of the scheme) or in money at call.
- Debentures, irrespective of any residual maturity period (above or below 1 year), shall attract the investment restrictions as applicable for debt instruments as specified under Clause 1 and 1A of the Seventh Schedule to the Regulations or as may be specified by SEBI from time to time.
- No loans for any purpose shall be advanced by the Scheme.
- The Fund may lend securities in accordance with the stock lending scheme of SEBI.
- The Scheme shall not invest in a fund of funds scheme.
- The Scheme will comply with any other regulations applicable to the investments of mutual funds from time to time.

Std Obs
2 (f)

The Trustees may alter the above restrictions from time to time to the extent that changes in the Regulations may allow and as deemed fit in the general interest of the unit holders.

These investment restrictions shall in the ordinary course apply as at the date of the most recent transaction or commitment to invest, and changes do not have to be effected merely because, owing to appreciations or depreciations in value, or by reason of the receipt of any rights, bonuses or benefits in the nature of capital or of any schemes of arrangement or for amalgamation, reconstruction or exchange, or at any repayment or redemption or other reason outside the control of the Fund, any such limits would thereby be breached. If these limits are exceeded for reasons beyond its control, BSLAMC shall as soon as possible take appropriate corrective action, taking into account the interests of the Unitholders.

In addition, certain investment parameters (like limits on exposure to Sectors, Industries, Companies, etc.) may be adopted internally by BSLAMC, and amended from time to time, to ensure appropriate diversification / security for the Fund. The Trustee Company / BSLAMC may alter these above stated limitations from time to time, and also to the extent the SEBI (Mutual Funds) Regulations, 1996 change, so as to permit the Schemes to make its investments in the full spectrum of permitted investments for Mutual Funds to achieve its investment objective. As such all investments of the Schemes will be made in accordance with SEBI (Mutual Funds) Regulations, 1996, including Schedule VII thereof.

Valuation of Assets And Determination of Net Asset Value (NAV)

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

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

1. Traded Securities:

- The securities shall be traded at the last quoted closing price on the Bombay Stock Exchange Ltd.
- When the securities are traded on more than one recognised stock exchange, the securities shall be valued at the last quoting price on the stock exchange where the security is principally traded. The AMC will select the appropriate stock exchange, but the reasons for the selection would be recorded in writing. All scrips may be valued at the price quoted on the stock exchange where a majority in value of the investments is principally traded. Once a stock exchange has been selected for valuation of a particular security, reasons for change of the exchange shall be recorded in writing by the AMC.
- When on a particular valuation day, a security has not been traded on the selected stock exchange; the value at which it is traded on another stock exchange may be used.
- When a security (other than debt securities) is not traded on any stock exchange on a particular valuation day, the value at which it was traded on the selected stock exchange, as the case may be, on the earliest previous day may be used provided such date is not more than thirty days prior to valuation date.
- When a debt security (other than Government Securities) is not traded on any stock exchange on any particular valuation day, the value at which it was traded on the principal stock exchange or any other stock exchange, as the case may be, on the earliest previous day may be used provided such date is not more than fifteen days prior to valuation date. When a debt security (other than Government Securities) is purchased by way of private placement, the value at which it was bought may be used for a period of fifteen days beginning from the date of purchase.

2. Thinly Traded 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 both less than Rs. 5 lacs and the total volume is less than 50,000 shares, it shall be considered as a thinly traded security 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 mutual funds.
- If the share is not listed on the stock exchanges which provide such information, then it will be obligatory on the part of the mutual 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. To determine whether a security is thinly traded or not, the volumes traded in all recognised stock exchanges in India may be taken into account.
- In case trading in an equity security is suspended upto 30 days, then the last traded price would be considered for valuation of that security. If an equity security is suspended for more than 30 days, then the Asset Management Company/Trustees will decide the valuation norms to be followed and such norms would be documented and recorded.

(ii) Thinly Traded Debt Securities:

A debt security (other than Government Securities) shall be considered as a thinly traded security if on the valuation date, there are no individual trades in that security in marketable lots (currently Rs 5 crore) on the principal stock exchange or any other stock exchange.

3. Non Traded Securities:

When a security (other than Government Securities) is not traded on any stock exchange for a period of thirty days prior to the valuation date (instead of the existing provision of 60 days), the scrip must be treated as a 'non traded' security.

VALUATION OF NON-TRADED / THINLY TRADED SECURITIES

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

(i) Non-traded / thinly traded equity securities:

- (a) Based on the latest available Balance Sheet, net worth shall be calculated as follows :
- (b) Net Worth per share = [share capital + reserves (excluding revaluation reserves) - Misc. expenditure and Debit Balance in P&L A/c] Divided by No. of Paid up Shares.
- (c) Average capitalisation rate (P/E ratio) for the industry based upon either BSE or NSE data (which should be followed consistently and changes, if any noted with proper justification thereof) shall be taken and discounted by 75% i.e. only 25% of the Industry average P/E shall be taken as capitalisation rate (P/E ratio). Earnings per share of the latest audited annual accounts will be considered for this purpose.
- (d) The value as per the net worth value per share and the capital earning value calculated as above shall be averaged and further discounted by 10% for ill-liquidity so as to arrive at the fair value per share.
- (e) In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised earning.
- (f) In case where the latest balance sheet of the company is not available within nine months from the close of the year, unless the accounting year is changed, the shares of such companies shall be valued at zero.
- (g) In case an individual security accounts for more than 5% of the total assets of the scheme, an independent valuer shall be appointed for the valuation of the said security.
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 bears to the total net assets of the scheme to which it belongs would be compared on the date of valuation.

(ii)(a) Non Traded /Thinly Traded Debt Securities of Upto 182 Days to Maturity :

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

(ii)(b) Non Traded/ Thinly Traded Debt Securities of Over 182 Days to Maturity:

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

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

Valuation of Government Securities

Government securities will be valued at yield to maturity based on the prevailing market rate.

Valuation of 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.

Valuation of "Rights" entitlement

a) Until they are traded, the value of the "rights" entitlement would be calculated as:

$$Vr = n/m \times (P_{ex} - P_{of}) \text{ where}$$

Vr = Value of rights

n = no. of rights Offered

m = no. of original shares held

P_{ex} = Ex-Rights price

P_{of} = Rights Offer price

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

Valuation of Money Market Instruments:

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

Valuation of Derivative Products

- The traded derivative shall be valued at market price in conformity with the stipulations of sub clause (i) to (v) of clause 1 of the Eighth Schedule to the SEBI Regulations.

- 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.

Valuation of Securities with Put / Call options

The option embedded securities would be valued as follows:

- (i) Securities with call option:
 - a. The securities with call option shall be valued at the lower of the value as obtained by valuing the security to final maturity and valuing the security to call option.
 - b. In case there are multiple call options, the lowest value obtained by valuing to the various call dates and valuing to the maturity date is to be taken as the value of the instrument.
- (ii) Securities with Put option
 - a. The securities with put option shall be valued at the higher of the value as obtained by valuing the security to final maturity and valuing the security to put option
 - b. In case there are multiple put options, the highest value obtained by valuing to the various put dates and valuing to the maturity date is to be taken as the value of the instruments.
- (iii) Securities with both Put and Call option on the same day

The securities with both Put and Call option on the same day would be deemed to mature on the Put/Call day and would be valued accordingly.

Valuation of "Repo"

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

Illiquid Securities :

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

Valuation in respect of Non Performing Assets

Valuation in respect of Non Performing Assets (Debt Securities) is done in accordance with "SEBI guidelines for identification and provisioning for NPAs" issued vide circular dated 18th September, 2000 bearing reference no. MFD/CIR/8/92/2000 as modified by SEBI circulars both dated 28th March, 2001 bearing reference no. MFD/CIR/13/087/2001 as well as MFD/CIR/14/088/2001 and will form a part of this valuation policy.

Guidelines For Identification and Provisioning for Non Performing Assets (Debt Securities):

(A) Definition of a Non Performing Asset (NPA)

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

(B) Effective date for classification and provisioning of NPAs :

The definition of NPA may be applied after a quarter past due date of the interest. For e.g. if the due date for interest is 30.06.2000, it will be classified as NPA from 01.10.2000.

(C) Treatment of income accrued on the NPA and further accruals

- After the expiry of the 1st quarter from the date the income has fallen due, there will be no further interest accrual on the asset i.e. if the due date for interest falls on 30.06.2000 and if the interest is not received, accrual will continue till 30.09.2000 after which there will be no further accrual of income. In short, taking the above example, from the beginning of the 2nd quarter there will be no further accrual on income.
- On classification of the asset as NPA from a quarter past due date of interest, all interest accrued and recognized in the books of accounts of the Fund till the date, should be provided for. For e.g. if interest income falls due on 30.06.2000, accrual will continue till 30.09.2000 even if the income as on 30.06.2000 has not been received. Further, no accrual will be done from 01.10.2000 onwards. Full provision will also be made for interest accrued and outstanding as on 30.06.2000.

(D) Provision for NPAs – Debt Securities.

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

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

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

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

This can be explained by an illustration :

Let us consider that interest income is due on a half yearly basis and the due date falls on 30.06.2005 and the interest is not received till 1st quarter after due date i.e. 30.09.2005. This provisioning will be done in following phased manner :

% of Provision	Date for Provisioning
10% provision	01.01.2006
20% provision	01.04.2006
20% provision	01.07.2006
25% provision	01.10.2006
25% provision	01.01.2007

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

(E) Reclassification of assets :

Upon reclassification of assets as 'performing assets' :

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

(F) Receipt of past dues :

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

For the next 2 quarters, income should be recognized on cash basis and thereafter on accrual basis. The asset will be continued to be classified as NPA for these two quarters.

During this period of two quarters although the asset is classified as NPA no provision needs to be made for the principal if the same is not due and outstanding

If part payment is received towards principal, the asset continues to be classified as NPA and provisions are continued as per the norms set at (D) above. Any excess provision will be written back.

(G) Classification of Deep Discount Bonds as NPAs:

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

If the rating of the Bond comes down to grade 'BB' or below.

If the company is defaulting in their commitments in respect of other assets, if available.

Full Net worth erosion.

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

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

(H) Reschedulement of an asset :

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

(i) In case it is a first reschedulement and only interest is in default, the status of the asset namely, 'NPA' may be continued and existing provisions should not be written back. This practice should be continued for two quarters of regular servicing of the debt. Thereafter, this be classified as 'performing asset' and the interest provided may be written back.

(ii) If the reschedulement is done due to default in interest and principal amount, the asset should be continued as non performing for a period of 4 quarters, even though the asset is continued to be serviced during these 4 quarters regularly. Thereafter, this can be classified as 'performing asset' and all the interest provided till such date should be written back.

(iii) If the reschedulement is done for a second/third time or thereafter, the characteristic of NPA should be continued for eight quarters of regular servicing of the debt. The provision should be written back only after it is reclassified as 'performing asset'.

(I) Disclosure in the Half Yearly Portfolio Reports:

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

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

Valuation Norms for Foreign Securities

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.

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.

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 / Reuters / RBI at the close of banking hours in India. 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.

Accrual of Expenses & Income

All expenses and incomes accrued up to the valuation date shall be considered for computation 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 need not be so accrued, provided the non accrual does not affect the NAV calculations by more than 1%.

Changes in securities and in number of Units

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 calculation shall not be affected by more than 1%.

In case the NAV of the Scheme differs by more than 1%, due to non - recording of transactions, the investors or Scheme as the case may be, shall be paid the difference in amount as follows :-

- If the investors are allotted units at a price higher than NAV or are given a price lower than NAV at the time of sale of their Units, they shall be paid the difference in amount by the Scheme.
- If the investors are charged lower NAV at the time of purchase of their Units or are given higher NAV at the time of sale of their Units, the AMC shall pay the difference in amount to the Scheme. The AMC may recover the difference from the investors.

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

Computation Of Net Asset Value

The Net Asset Value (NAV) per Unit of the scheme will be computed by dividing the net assets of the respective scheme by the number of Units outstanding under the scheme on the valuation date. The Mutual Fund will value its investments according to the valuation norms, as specified in Schedule VIII of the SEBI Regulations, or such norms as may be specified by SEBI from time to time.

NAV of Units under the scheme shall be calculated as shown below :

$$\text{NAV (Rs) per Unit} = \frac{\begin{array}{l} \text{Market or Fair Value of the scheme's Investments} \\ + \text{Current Assets (including accrued income)} \\ - \text{Current Liabilities and Provisions} \\ \text{(including accrued expenses)} \end{array}}{\text{No. of Units outstanding under the scheme}}$$

Upto the conversion of the Scheme into an open ended Scheme the NAVs of the scheme will be announced on a weekly basis and on all business days during the specified redemption period. Subsequent to conversion of the Scheme into closed ended Scheme AMC will calculate and disclose the NAVs of the scheme on a daily basis. The NAVs of the Scheme will be calculated upto four decimals and units will be allotted upto 3 decimals. NAVs of the growth plan and dividend plan will be different after the declaration of the first dividend.

Accounting Policies & Standards

In accordance with Regulation 50 read with the Ninth Schedule to the SEBI Regulations, the respective options shall follow the accounting policies and standards stated below:

1. All investments will be marked to market and will be carried in the balance sheet at market value. However, since the unrealised gain arising out of appreciation on investments cannot be distributed, provision will be made for exclusion of this item when arriving at distributable income.
2. In respect of all interest-bearing investments, income will 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 upto 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 upto the date of sale shall not be treated as an addition to sale value but shall be credited to Interest Recoverable Account.
3. In determining the holding cost of investments and the gains or loss on sale of investments, the "average cost" method shall be followed.
4. Transactions for purchase or sale of investments would 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. When investment transactions take place outside the stock market, for example, acquisitions through private placement or purchases or sales through private treaty, the transaction would be recorded, in the event of a purchase, as of the date on which the Scheme obtains an enforceable obligation to pay the price or, in the event of a sale, when the Scheme obtains an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold.
5. 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 will be debited to reserves, the face value being credited to Capital Account. Similarly, When Units are redeemed, 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.

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

The accounting policies and standards as mentioned above are in accordance with the Ninth Schedule of the SEBI Regulations and are subject to change as per any changes in the SEBI Regulations. All other policies and standards as specified therein, as well as any additions / modifications thereto as may be specified by SEBI from time to time shall be adhered to while preparing the books of accounts and financial statements of the Mutual Fund.

Unclaimed Redemption / Dividend Amount

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

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SECTION III

Units and offer

New Fund Offer

The offer is being made for the subscription of Units of Birla Sun Life Sector Rotation Fund, a 3 year close-ended Equity Scheme with an automatic conversion into an open-ended scheme on the expiry of 3-years from allotment date.

New Fund Offer Period

The Scheme will remain open for subscription from _____ to _____.

New Fund Offer Price

During the New Fund Offer period, Units of the scheme will be available for Rs.10 per Unit.

Early Closure/Extension of the New Fund Offer Period

The subscription list may be closed earlier by giving at least one day's notice in one daily newspaper. The Trustee reserves the right to extend the closing date of the New Fund Offer Period, subject to the condition that the subscription list of the New Fund Offer Period shall not be kept open for more than 45 days.

Minimum Amount for Application

The minimum amount per application under the scheme will be Rs. 5000/- and in multiples of Re. 1/- thereafter during the NFO period.

Minimum Subscription Amount

The minimum subscription (target) amount under the Scheme shall be Rs. 1,00,00,000 during the New Fund Offer period. Therefore, subject to the applications being in accordance with the terms of this offer, full and firm allotment will be made to the Unit holders.

In accordance with the SEBI Regulations, if the Mutual Fund fails to collect the minimum subscription amounts as stated above, the Mutual Fund and the AMC shall be liable to refund the subscription amount to the Applicants of the scheme. In addition to the above, refund of subscription amount to Applicants whose applications are invalid for any reason whatsoever, will commence after the allotment process is completed.

Minimum number of investors and minimum holding by single investor

As per SEBI Circular No. SEBI/IMD/CIR No. 10/22701/03 dated December 12, 2003, each scheme and individual plan(s) under the schemes should have a minimum of 20 investors and no single investor should account for more than 25% of the corpus of such scheme/plan(s).

The Scheme being a close-ended scheme, must have a minimum of 20 investors and no single investor should hold more than 25% of the corpus of the Scheme (at portfolio level) at the time of allotment. If the Scheme fails to get minimum of 20 investors in the New Fund Offer, the investors' application money would be refunded. Also the Mutual Fund will be constrained to reject the application by a single investor to the extent of having exposure of more than 25% of the Scheme corpus at the time of allotment. Hence such investor could be allotted limited units to such extent.

Subsequent to conversion of the scheme into an open ended scheme, in each subsequent calendar quarter thereafter, on an average basis, the schemes/plans should have a minimum of 20 investors and no single investor should account for more than 25% of the corpus of such scheme/plan(s).

In accordance with SEBI Circular No. SEBI/IMD/CIR No.1/42529/05 dated June 14, 2005, the aforesaid limits would be applicable at the Portfolio level. Further, for determining the holding by single investor above 25% limit, the average of daily holding by each such investor over the quarter would be considered. If the holding by such investor exceeds 25% limit over the quarter, rebalancing period of one month would be allowed and thereafter 15 days notice shall be given to the investor to redeem his exposure over the 25% limit within 15 days. In case, if the investor fails to redeem his exposure over 25%, it would lead to automatic redemption by the Mutual Fund on the applicable NAV on the 15th day of the notice period.

Allotment And Refund

All Applicants whose cheques towards purchase of Units have been realised will receive a full and firm allotment of Units, provided that the applications are complete in all respects and are found to be in order. The Trustee retains the sole and absolute discretion to reject any application. The process of allotment of Units and mailing of account statements reflecting the allotments will be completed within 30 days from the date of closure of the New Fund Offer Period.

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No Interest will be payable on any subscription money refunded within 6 weeks from the closure of the New Fund Offer Period. Interest on subscription amount will be payable for amounts refunded later than 6 weeks from the closure of the New Fund Offer Period at the rate of 15% per annum for the period in excess of 6 weeks and will be charged to the AMC. Refund orders will be marked "A/c. Payee only" and will be in favour of and be despatched to the first / sole Applicant, by registered post.

Investment Plans

The Scheme offers Growth and Dividend plans. Dividend plan will offer Payout, Reinvestment and Sweep Facility. Default Plan/ Facility – Growth plan/ Payout Facility.

Investors should indicate the option for which the subscription is made by indicating the choice in the application form. In case of valid applications received, without indicating any choice of option, it will be considered as option for Dividend and processed accordingly. If no choice between payout, reinvestment and sweep has been indicated, the application would be processed as an option for dividend reinvestment.

Dividend Payout Facility

Under this option, it is proposed to declare dividends subject to the availability of distributable surplus as computed in accordance with SEBI Regulations. Dividends, if declared, will be paid (subject to deduction of tax at source, if any) to those Unitholders, whose names appear in the register of Unitholders on the notified record date. AMC reserves the right to change the record date from time to time. However, it must be distinctly understood that actual declaration of dividends and frequency thereof is at the discretion of trustees. There is no assurance or guarantee to Unitholders as to the rate of dividend distribution nor that the dividends will be paid regularly. On payments of dividends, the NAV will stand reduced by the amount of dividend paid and the dividend distribution tax, if applicable.

Dividend Reinvestment Facility

Unitholders opting for dividend option may choose to reinvest the dividends to be received by them in additional units of the scheme. Under this facility the dividend due and payable to the unitholders will be compulsorily and without any further act by the unitholders, reinvested in the dividend option (on the next business day after the record date) at a price based on the prevailing Ex -Dividend Net Asset Value (NAV derived post declaration of dividend) per unit on the record date. The amount of dividend reinvested will be net of tax deducted at source, wherever applicable. Reinvestment of dividend shall constitute a constructive payment of dividends to the unitholders and a constructive receipt of the same amount from each unitholder for reinvestment in units. On reinvestment of dividends, the number of units to the credit of the unitholders will increase to the extent of the dividend reinvested divided by the applicable NAV as explained above. There shall, however, be no entry/sales load on the dividends so reinvested.

Dividend Sweep Facility

Under this facility the Unitholders can opt for switching the dividend earned under the Scheme to any other Open-ended Equity Scheme or into Birla Cash Plus- Retail Plan, of Birla Sun Life Mutual Fund. Accordingly, dividend earned by the Unitholders shall be automatically switched either into any other Open-ended Equity Scheme or into Birla Cash Plus- Retail Plan, of Birla Sun Life Mutual Fund as opted by the Unitholder.

The dividend (net of applicable TDS, if any) shall be switched subject to minimum investment eligibility requirement of the Opted Scheme at applicable NAV based prices (ex-dividend NAV, if the opted Scheme has a record date on the date of exercise of sweep facility) without any entry load. This facility shall be processed on the record date of the dividend declared under the Scheme.

Further this facility shall not allow for switch of partial dividend or switch of dividend to multiple schemes.

Growth Plan

Under this option, no dividends will be declared. The income attributable to units under this option will continue to remain invested and will be reflected in the NAV of the units under this option.

Dividend Distribution Procedure:

The salient features with respect to, the dividend distribution, in accordance with SEBI circular no. SEBI/IMD/CIR No.1/64057/06, dated April 4, 2006, are as follows:

- Quantum of Dividend and Record date shall be fixed by the trustees.
- AMC shall issue a notice to the public communicating the decision about dividend including the record date, within one calendar day of the decision made by the trustees in their meeting.

Record date shall be the date that will be considered for the purpose of determining the eligibility of investors whose name appear on the register of unit holders. Record date shall be five calendar days from the issue of notice.

Who Can Invest?

The following persons are eligible and may apply for subscription to the Units of the Scheme (subject, wherever relevant, to purchase of units of mutual funds being permitted under relevant statutory regulations and their respective constitutions):

1. Resident adult individuals either singly or jointly (not exceeding three) or on an Anyone or Survivor basis;
2. Karta of Hindu Undivided Family (HUF)
3. Minors through parent / legal guardian;
4. Partnership Firms;
5. Companies, Bodies Corporate, Public Sector Undertakings, Association of Persons or bodies of individuals and societies registered under the Societies Registration Act, 1860;
6. Banks & Financial Institutions;
7. Mutual Funds registered with SEBI;
8. 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;
9. Non-Resident Indians / Persons of Indian origin residing abroad (NRIs) on repatriation basis or on non-repatriation basis;
10. Foreign Institutional Investors (FIIs) registered with SEBI on repatriation basis;
11. Army, Air Force, Navy and other para-military units and bodies created by such institutions;
12. Scientific and Industrial Research Organisations;
13. Multilateral Funding Agencies / Bodies Corporate incorporated outside India with the permission of Government of India / Reserve Bank of India;
14. Other schemes of Mutual Funds subject to the conditions and limits prescribed by SEBI Regulations;
15. Trustee, AMC or Sponsor or their associates may subscribe to Units under the Scheme;
16. Such other individuals / institutions / body corporate etc., as may be decided by the Mutual Fund from time to time, so long as wherever applicable they are in conformity with SEBI Regulations.

Notes :

1. Non Resident Indians and Persons of Indian Origin residing abroad (NRIs) / Foreign Institutional Investors (FIIs) have been granted a general permission by Reserve Bank of India [Schedule 5 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 for investing in / redeeming units of the mutual funds subject to conditions set out in the aforesaid regulations.
2. In case of application under a Power of Attorney or by a limited company or a corporate body or an eligible institution or a registered society or a trust fund, the original Power of Attorney or a certified true copy duly notarised or the relevant resolution or authority to make the application as the case may be, or duly notarised copy thereof, alongwith a certified copy of the Memorandum and Articles of Association and/or byelaws and / or trust deed and / or partnership deed and Certificate of Registration should be submitted. The officials should sign the application under their official designation. A list of specimen signatures of the authorised officials, duly certified / attested should also be attached to the Application Form. In case of a Trust / Fund it shall submit a resolution from the Trustee(s) authorising such purchases and redemptions.
3. Returned cheques are not liable to be presented again for collection, and the accompanying application forms are liable to be rejected. In case the returned cheques are presented again, the necessary charges, if any, are liable to be debited to the investor.
4. Any request for withdrawal of application made during the New Fund Offer Period will be treated as redemption request and shall be processed at the redemption price on the first day after the scheme opens for sale and redemption on an ongoing basis.

Prevention of Money Laundering and Know Your Customer

Prevention of Money Laundering Act, 2002 (hereinafter referred to as the PMLA) came into effect from July 1, 2005 vide Notification No. GSR 436(E) dated July 1, 2005 issued by Department of Revenue, Ministry of Finance, Government of India. Also, SEBI vide its circular no. ISD/CIR/RR/AML/1/06 dated January 18, 2006 mandated that all intermediaries including Mutual Funds should formulate and implement a proper policy framework as per the guidelines on anti money laundering measures and

also to adopt a Know Your Customer (KYC) policy. The intermediaries may, according to their requirements specify additional disclosures to be made by clients for the purpose of identifying, monitoring and reporting incidents of money laundering and suspicious transactions undertaken by clients. Further SEBI vide its circular no. ISD/CIR/RR/AML/2/06, dated March 20, 2006, advised all intermediaries to take necessary steps to ensure compliance with the requirement of section 12 of the Act inter-alia maintenance and preservation of records and reporting of information relating to cash and suspicious transactions to Financial Intelligence Unit-India (FIU-IND), New Delhi.

The investor(s) should ensure that the amount invested in the scheme is through legitimate sources only and does not involve and is not designated for the purpose of any contravention or evasion of the provisions of the Income Tax Act, Prevention of Money Laundering Act, Prevention of Corruption Act and / or any other applicable law in force and also any laws enacted by the Government of India from time to time or any rules, regulations, notifications or directions issued thereunder. To ensure appropriate identification of the investor(s) under its KYC policy and with a view to monitor transactions for the prevention of money laundering, Birla Sun Life Asset Management Company Limited ("BSLAMC") investment manager of Birla Sun Life Mutual Fund reserves the right to seek information, record investor's telephonic calls and / or obtain and retain documentation for establishing the identity of the investor, proof of residence, source of funds, etc. It may re-verify identity and obtain any incomplete or additional information for this purpose.

The investor(s) and their attorney, if any, shall produce reliable, independent source documents such as photographs, certified copies of ration card/ passport/ driving license/PAN card, etc. and/or such documents or produce such information as may be required from time to time for verification of the identity, residential address and financial information of the investor(s) by BSLAMC. If the investor(s) or the person making payment on behalf of the investor(s), refuses / fails to provide the required documents/ information within the period specified in the communication(s) sent by BSLAMC to the investor(s), and after applying appropriate due diligence measures, BSLAMC believes that the transaction is suspicious in nature within the purview of the Act and SEBI circulars issued from time to time and/or on account of deficiencies in the documentation, BSLAMC shall have absolute discretion to report suspicious transactions to FIU-IND and / or to freeze the folios of the investor(s), reject any application(s) / allotment of units and effect mandatory redemption of unit holdings of the investor(s) at the applicable NAV subject to payment of exit load, if any, in terms of the said communication sent by the AMC to the investor(s) in this regard.

The Birla Sun Life Mutual Fund, Birla Sun Life Asset Management Company Limited, Birla Sun Life Trustee Company Private Limited and their Directors, employees and agents shall not be liable in any manner for any claims arising whatsoever on account of freezing the folios / rejection of any application / allotment of units or mandatory redemption of units due to non-compliance with the provisions of the PMLA, SEBI circular(s) and KYC policy and / or where the AMC believes that transaction is suspicious in nature within the purview of the Act and SEBI circular(s) and reporting the same to FIU-IND.

The KYC documentation shall also be mandatorily complied with by the unitholders entering the Register of Members by virtue of operation of law e.g. transmission, etc

Suspicious Transaction Reporting:

If after due diligence, the AMC believes that the transaction is suspicious in nature as regards money laundering, the AMC shall report any suspicious transactions to competent authorities under the PMLA and rules / guidelines issued thereunder by SEBI and RBI, furnish any such information in connection therewith to such authorities and take any other actions as may be required for the purposes of fulfilling its obligations under the PMLA without obtaining the prior approval of the investor / Unit Holder / a person making the payment on behalf of the investor.

How To Apply?

1. The application form for the Sale of Units of the Scheme will be available / accepted at the office of the Investor Service Centres (ISCs) during Business Hours on all Business Days.
2. Applications must be completed in Block Letters in English.
3. Signatures should be in English or in any Indian Language.
4. All cheques and bank drafts must be drawn in favour of "Birla Sun Life Sector Rotation Fund" and crossed "Account Payee Only". A separate cheque or bank draft must accompany each application /each Scheme.
5. Investors must write the Folio Number / Application Form number on the reverse of the cheques and bank drafts accompanying the Application Form.
6. **Bank Details** In order to protect the interest of investors from fraudulent encashment of cheques, the current SEBI Regulations have made it mandatory for investors to mention in their application / Redemption request, the bank name and account number. Applications without these details will be rejected.
7. **Permanent Account Number (PAN)** It is compulsory for all investors to quote their Permanent Account Number (PAN) and submit copy of the PAN card issued by the Income Tax Department,

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irrespective of the amount of investment, while making an application for Purchase of Units. In case of joint applicants, PAN details of all holders should be submitted. In case the investor making the application is a minor, PAN details of the Guardian must be submitted. All applications made by the investors not having PAN should be accompanied by the evidence of having applied for PAN until December 31, 2007. Further, if the purchase is equal to or above Rs. 50,000/- the investor also need to make a declaration in Form 60/61 giving therein the particulars of the transaction. Applications without the aforesaid details are liable to be rejected without any reference to the investors.

8. **Mutual Fund Identification Number:** Until March 1, 2007, it was mandatory for all applications for subscription of value of Rs.50, 000/- and above to quote the MIN of all the applicants (guardian in case of minor) in the application form for subscription. However, with effective from March 2, 2007 MIN stands withdrawn vide AMFI circular 35/MEM-COR/77/06-07, dated March 01, 2007. Investors are required only to quote Permanent Account Number (PAN).

In order comply with Know Your Customers (KYC) norms and help the investors to give one time information, the Investors will be required to submit a completed MIN Application Form ('MIN Form') along with all the prescribed documents listed in the MIN Form, at any of the Point of Service ('POS'). No MIN number will be issued. PAN will be only identification and reference number.

The MIN Form is available at our website (birlasunlife.com) and AMFI website (www.amfiindia.com). POS are the designated centres appointed by the Central Agency for receiving application forms. List of and location of POS is available at our website (birlasunlife.com) and at AMFI website (www.amfiindia.com). Applications not complete in any respect are liable to be rejected.

However, in order to strengthen the Know Your Client (KYC) norms and identify every participant in the securities market with their respective PAN that shall ensure sound audit trail of all the transactions, SEBI vide circular no. MRD/DoP/Cir- 05/2007 dated April 27, 2007, has decided that PAN (either with an alpha-numeric prefix or suffix) would be the sole identification number for all participants transacting in the securities market, irrespective of the amount of transaction effective from July 2, 2007.

9. Applications not complete in any respect are liable to be rejected.
10. The AMC / Trustee retains the sole and absolute discretion to reject any application.

Mode Of Payment

Resident Investors

Payment may be made by MICR cheques only or bank draft drawn on any bank, which is situated at and is a member of the Bankers' Clearing House, located at the place where the application is submitted. No Cash, Money Orders, Outstation Cheques, Post Dated Cheques, Non MICR Cheques, Postal Orders will be accepted. Bank charges for Demand Drafts will have to be borne by the investors.

NRIs/FIIs

Repatriation Basis

- In the case of NRIs, payment may be made either by inward remittance through normal banking channels or out of funds held in their Non - Resident (External) Rupee Account (NRE) / Foreign Currency (Non-Resident) Account (FCNR).
- FIIs shall pay their subscription either by inward remittance through normal banking channels or out of funds held in Foreign Currency Account or Non-Resident Rupee Account maintained by the FII with a designated branch of an authorised dealer.

Non Repatriation Basis

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

Single Folio Facility

As an investor friendly measure, unless otherwise requested by the Unit holder, one Folio Number will be assigned for one unit holder having holdings in different schemes of the Mutual Fund. In such a case, one consolidated Account Statement will be provided. The number of Units allotted/redeemed will be reflected in his or her account and a statement to this effect will be issued to the Unit holder. The AMC reserves the right to assign the existing Folio Number against multiple applications and / or subsequent purchases under a new application form by an existing holder, with identical mode of holding and address.

Account Statement

An account statement reflecting allotment of units and other relevant details will be issued to the unitholders within 10 days from date of any transaction.

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For transaction under SIP/STP/SWP, account statement shall be sent to investor once in every quarter (quarter ending March, June, September and December) within 10 working days of the end of the respective quarter. However, a soft copy of the account statement shall be mailed to the investors under SIP/STP/SWP to their e-mail address on a monthly basis, if so mandated. The first account statement under SIP/STP/SWP shall be issued within 10 working days of the initial investment.

Account statements shall also be issued to Unitholder who have not transacted during the last six months prior to the date of generation of account statements. Such accounts statements shall be generated at time of sending Portfolio statement or Annual Report. Further, soft copy of the account statements shall be mailed to the investors' e-mail address, instead of physical statement, if so mandated.

In case of specific request is received from investors, account statements shall be provided to the investors within 5 working days from the receipt of such request without any charges.

The Account Statement shall not be construed as a proof of title and is only a computer-generated statement indicating details of transactions under the scheme and is a non-transferable document. Account statement will be issued in lieu of unit certificates.

Unit Certificates:

Normally no Unit certificates will be issued. However, if the applicant so desires, the AMC shall issue a non-transferable Unit certificate to the applicant within 30 days of the receipt of request for the certificate. Unit certificate if issued must be duly discharged by the Unit holder(s) and surrendered alongwith the request for Redemption/ Switch or any other transaction of Units covered therein.

Joint Holders:

In the event the account has more than one registered holder the first-named Unit holder shall receive the account statements, all notices and correspondence with respect to the account, as well as the proceeds of any Redemption requests or dividends or other distributions. In addition, such holder shall have the voting rights, as permitted, associated with such Units as per the applicable guidelines.

The Unit holder must specify the 'mode of holding' in the application form as 'Jointly' or 'Anyone or Survivor'. In the case of holding specified as 'Jointly', Redemptions would have to be signed by all joint holders. However, in cases of holding specified as 'Anyone or Survivor', any one of the Unit holders will have the power / authority to make Redemption requests, without it being necessary for all the Unit holders to sign. However, in all cases, the proceeds of the Redemption will be paid to the first-named Unit holder. In the event the account has more than one registered unitholder and the mode of holding is not specified in the application form, the default option would be considered to be Anyone or Survivor'.

In case of death / insolvency of any one or more of the persons named in the Register of Unit holders as the joint holders of any Units, the AMC shall not be bound to recognise any person(s) other than the remaining holders. In all such cases, the proceeds of the Redemption will be paid to the first-named of such remaining Unit holders.

Nomination Facility:

Pursuant to Regulation 29A of the SEBI Regulations, the AMC is providing an option to the Unit holder to nominate (in the manner prescribed under the SEBI Regulations), a person in whom the Units held by him/her shall vest in the event of his/her death. Where the Units are held by more than 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. By provision of this facility the AMC is not in any way attempting to grant any rights other than those granted by law to the nominee. A nomination in respect of the Units does not create an interest in the property after the death of the Unit holder. The nominee shall receive the Units only as an agent and trustee for the legal heirs or legatees as the case may be. It is, hereby, clarified that the nominees under the nomination facility provided herein shall not necessarily acquire any title or beneficial interest in the property by virtue of this nomination.

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Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot nominate. The Nominee shall not be a trust other than a religious or charitable trust, society, body corporate, partnership firm, Karta of Hindu Undivided Family or a Power of Attorney holder. A 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 these office or a religious or charitable trust. A non-resident Indian can be a Nominee subject to the exchange controls in force from time to time. Nomination in respect of the Units stands rescinded upon the Redemption of Units. Cancellation of nomination can be made only by those individuals who hold Units on their own behalf singly or jointly and who made the original nomination. On cancellation of the

nomination the nomination shall stand rescinded and the Mutual Fund / AMC shall not be under any obligation to transfer the Units in favour of the nominee. 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 to the nominee of the sums shall discharge the Mutual Fund / AMC of all liability towards the estate of the deceased Unit holder and his/her/their successors/legal heirs.

Transfer Facility:

The Mutual Fund will be repurchasing Units on an ongoing basis and hence the transfer facility is found redundant. However, if a transferee becomes a holder of the Units by operation of law or upon enforcement of a pledge, the AMC shall, subject to production of such evidence, which in their opinion is sufficient, proceed to effect the transfer, if the intended transferee is otherwise eligible to hold the Units.

A person becoming entitled to hold the Units in consequence of the death, insolvency, or winding up of the sole holder or the survivors of joint holders, upon producing evidence to the satisfaction of the Fund, shall be registered as a holder. All the restrictions and limitations specified herein including those relating to lock-in period and creation of charge, will be binding also on the successors, legal heirs, pledgee or assigns of the investor.

Listing:

The Scheme being open ended, the Units are not proposed to be listed on any stock exchange. However, the Fund may at its sole discretion list the Units on one or more stock exchanges at a later date.

Pledge of Units:

The Units under the Scheme may be offered as security by way of a pledge / charge in favour of scheduled banks, financial institutions, non-banking finance companies (NBFC's), or any other body. The AMC and / or the ISC will note and record such Pledged Units. A standard form for this purpose is available on request from any of the ISCs. The AMC shall mark a lien only upon receiving the duly completed form and documents as it may require. Disbursement of such loans will be at the entire discretion of the bank / financial institution / NBFC or any other body concerned and the Mutual Fund assumes no responsibility thereof.

The Pledgor will not be able to redeem Units that are pledged until the entity to which the Units are pledged provides written authorisation to the Mutual Fund that the pledge / lien charge may be removed.

Units With Depository:

Units of the Scheme may, if decided by the AMC, be held with a Depository. Under such circumstances, Units will be transferable in accordance with the provisions of Depositories Act, 1996 and the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 as may be amended from time to time.

Web Based Transactions:

The Mutual Fund may allow subscriptions / Redemption of Units, during the period when the ongoing subscription list is opened by the Trustees, by electronic mode through the various web -sites with whom the AMC would have an arrangement from time to time. Normally, the subscription proceeds, when invested through this mode, are by way of direct credit to the designated bank collection account of the Scheme. The Redemption proceeds, (subject to deduction of tax at source, if any) through this mode, are directly credited to the bank account of the Investors who have an account at the designated banks with whom the AMC has made arrangements from time to time. The intermediary will aggregate the data and forward the same to the AMC / ISC for processing. Unit holders may request for change of address / bank account etc. through this mode provided, such web-site(s) provide for this facility. These transactions will be converted into a physical piece of instructions and date/time stamped in accordance with the guidelines specified in SEBI's circular dated March 19, 2004. The Fund, the AMC, the Trustee, alongwith its directors, employees and representatives shall not be liable for any damages or injuries arising out of or in connection with the use of the web-site or its non-use including non-availability or failure of performance, loss or corruption of data, loss of or damage to property (including profit and goodwill), work stoppage, computer failure or malfunctioning or interruption of business; error, omission, interruption, deletion, defect, delay in operation or transmission, computer virus, communication line failure, unauthorised access or use of information. The Fund may introduce a facility for distributors to transact on the web on behalf of their clients, provided the client has authorised the distributors to do so by executing a Power of Attorney in favour of the distributor for this purpose. It shall be the responsibility of the distributor, to ensure that the Power of Attorney is valid and subsisting to carry out the transaction.

Redemption / Switch-out Of Units before conversion of Scheme into Open ended Scheme:

Upto the date of conversion of the Scheme into an Open ended scheme, the Units can be Redeemed (i.e. sold back to the Mutual Fund) or Switched-out only during the specified redemption periods. Upon

conversion of the scheme into an open ended scheme, unitholders can redeem their units on any business day. The Redemption / Switch-out request can be made by way of a written request on a pre-printed form or by using the relevant tear off section of the Transaction Slip enclosed with the Account Statement, which should be submitted at / may be sent by mail to any of the Investor Service Centres (ISCs).

In case the Units are held in the names of more than one Unit holder, where mode of holding is specified as "Joint", Redemption requests will have to be signed by all the joint holders. However, in cases of holding specified as 'Anyone or Survivor', any of the Unit holders will have the power to make Redemption request, without it being necessary for all the Unit holders to sign. However, in all cases, the Redemption proceeds will be paid only to the first named holder.

The Redemption would be permitted to the extent of clear credit balance in the Unit holder's account. The Redemption request can be made by specifying the rupee amount or by specifying the number of Units to be redeemed. If a Redemption request is for both, a specified rupee amount and a specified number of Units, the specified number of Units will be considered the definitive request. If only the Redemption amount is specified by the Unit holder, the AMC will divide the Redemption amount so specified by the Redemption Price to arrive at the number of Units. The request for Redemption Units could also be in fractions, upto three decimal places. The minimum amount of Redemption may be changed in future by the AMC. If the balance in the account of the Unit holder does not cover the amount of Redemption request, then the Mutual Fund is authorised to close the account of the Unit holder and send the entire such (lesser) balance to the Unit holder.

Stipulated Dates for Redemption / Switch-out

The stipulated date for redemption shall commence on the first business day of each month after the date of allotment. The Scheme will remain open for redemption for first 5 business days commencing from the Stipulated Date of Redemption. Please note that if the Maturity date/Stipulated Date for Redemption falls on a non-business day, then the units will be redeemed/ repurchased or the Scheme will mature, as the case may be, on the following business day for the Scheme.

Redemption Price Of Units before conversion of Scheme into Open ended Scheme:

The Redemption Price per Unit will be calculated using the following formula:

Redemption Price = Applicable NAV * (1 – Proportionate unamortised issue expenses)

Example Of Calculation Of Redemption Price assuming that the unit holder redeems his units on 366th day from the date of allotment and the number of units allotted under the scheme is 1 unit of face value of Rs. 10/- each

Face Value of the unit	10.00
NAV on the first day of declaration of NAV	10.00
Initial Issue Expenses to be amortised over 3 years (1095 days)	6.00%
Maximum period for amortization	3 years i.e. 1095 days
Per day amortisation of initial issue expenses	0.0055%
Initial issue expenses amortised till 365th day	2.01%
Proportionate unamortised issue expenses on the 366th day of computation of NAV	3.99%
Redemption price	(10.00 – 3.99%) =9.9601

Redemption Price for one unit, on 366th day of computation of NAV shall be Rs. 9.9601.

Applicable NAV For Redemptions Including Switch-Out of Units:

- In respect of applications received at the Official Point of Acceptance upto 3.00 pm, closing NAV of the day of receipt of application shall be applicable; and
- In respect of applications received at the Official Point of Acceptance after 3.00 pm, closing NAV of the next business day shall be applicable.

Redemption / Switch out of Units subsequent to conversion of the Scheme into Open ended scheme:

Upon conversion of the scheme to an open ended scheme, the Scheme shall offer for Redemption / Switch out of units on every Business Day at NAV based prices, subject to the applicable exit Load.

Redemption Price of Units subsequent to conversion of the Scheme into Open ended scheme:

Redemption Price will be calculated on the basis of the applicable NAV and exit load. The Redemption Price per Unit will be calculated using the following formula:

Redemption Price = Applicable NAV * (1-Exit Load, if any)

Example Of Calculation Of Redemption Price:

If the Applicable NAV is Rs. 10.00; Exit / Redemption Load is 2 percent, then the Redemption Price will be calculated as follows :

$$\begin{aligned} &= \text{Rs. } 10.00 * (1-0.02) \\ &= \text{Rs. } 10.00 * (0.98) \\ &= \text{Rs. } 9.80 \end{aligned}$$

Payment of Redemption Proceeds

- (a) For Investors having a bank account with a bank with whom the AMC would have an arrangement from time to time.

Unit holders having a bank account with certain banks with whom the Mutual Fund would have an arrangement from time to time may avail the facility of Direct Credit to their account for Redemption of the Units of the Scheme. In such cases the Mutual Fund will under normal circumstances endeavour to credit the first/sole Unit holders account with the Redemption proceeds within one Business Day of the acceptance of Redemption request.

- (b) For other Investors not covered by (a) above:

Redemption proceeds will be paid by cheque and payments will be made in favour of the Unit holders registered name and bank account number.

Please note that it is mandatory for the investors to provide their complete account details.

Redemption cheques will be sent to the Unitholders address (or, if there is more than one holder on record, the address of the first-named holder). All Redemption payments will be made in favour of the registered holder of the Units or, if there is more than one registered holder, to the first registered holder).

As per SEBI Regulations, the Mutual Fund shall despatch Redemption proceeds within 10 business days of receiving the Redemption request. If the despatch of redemption proceeds is not made within 10 working days, the Unitholders shall be paid interest @15% p.a. for the delayed period and the interest shall be borne by the AMC. However, under normal circumstances, the Mutual Fund will endeavor to despatch the Redemption cheque within 4 Business Days of the receipt of redemption request.

Redemptions By NRIS/FIIS

Credit balances in the account of an NRI / FII Unit holder, may be redeemed by such Unit holder in accordance with the procedure described above and subject to any procedures laid down by the RBI, if any.

Payment to NRI / FII Unit holders will be subject to the relevant laws / guidelines of the RBI as are applicable from time to time (subject to deduction of tax at source as applicable).

In the case of NRIs :

- (i) Credited only to NRSR account of the NRI investor where the payment for purchase of Units redeemed was made out of funds held in NRSR account or
- (ii) Credited, at the NRI investor's option, to his / her NRO or NRSR account, where the payment for the purchase of the Units redeemed was made out of funds held in NRO account or
- (iii) Remitted abroad or at the NRI investor's option, credited to his / its NRE / FCNR / NRO / NRSR account, where the Units were purchased on repatriation basis and the payment for the purchase of Units redeemed was made by inward remittance through normal banking channels or out of funds held in NRE / FCNR account.

In the case of FIIs:

Credit the net amount of redemption proceeds of such Units to the foreign currency account or Non-Resident Rupee Account of the FII investor. Pursuant to Government of India Notification No. GSR (381) E dated May 3, 2000, transactions which are not specifically prohibited under the Foreign Exchange Management (Current Account Transactions) Rules, 2000 or which are not included in Schedule II (transactions specified in this Schedule require prior approval of the Government of India) or Schedule III (transactions specified in this Schedule require prior approval of Reserve Bank of India) may be permitted by authorised dealers without any monetary / percentage ceilings subject to compliance with the provisions of Section 10(5) of the Foreign Exchange Management Act, 1999.

Right To Limit Redemptions

The AMC may, in the general interest of the Unit holders of the Scheme, keeping in view the unforeseen circumstances/unsure 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 higher percentage as the AMC may decide in any particular case). 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. 2 crore on a single Business Day.

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

Subscription / Switch in of Units subsequent to conversion into Open end scheme:

Upon conversion of the scheme to an open ended scheme, the scheme will offer ongoing subscription / Switch in on every business day at NAV based prices, subject to applicable entry load.

Investors can subscribe to units of the Scheme by completing an application form and delivering it at the Birla Sun Life Asset Management Company Ltd, Branch Offices, Investor Service Centre (ISCs) or designated branches of Computer Age Management Services Pvt. Ltd. [Collection Centre].

Payments will be accepted by cheques. Upon conversion to open end scheme, the purchases by a new applicant can be made for a minimum amount of Rs. 5,000/- and in multiples of Re.1/- thereafter. Once an investor has opened an account he may purchase additional units by filling-up the pre-printed forms or simply fill in the account number in the application form and deliver the same to the Investor Service Centres/ Collection Centres along with the payment, by a local cheque or draft.

Subscriptions on an ongoing basis will be made only by specifying the amount to be invested and not the number of Units to be subscribed. The total number of Units allotted will be determined with reference to the applicable Sale Price and fractional Units may be created. Fractional Units will be computed and accounted for upto three decimal places and they will in no way affect an investor's ability to redeem Units.

Ongoing Subscription Price upon conversion into Open ended scheme:

An Entry Load within the limits stipulated by SEBI, may be charged to all new investments in any Option under the Scheme upon conversion of the scheme to an open ended scheme. The Sales Load may be different for different option. The Sale Price per Unit will be calculated using the following formula:

Subscription Price = Applicable NAV * (1+Entry Load, if any)

Example for Calculation of Sales Price

If the Applicable NAV is Rs. 10.00; Sales / Entry Load is 2.25 percent, then the Sale Price will be calculated as follows:

= Rs. 10.00 * (1+0.0225)
= Rs. 10.00 * (1.0225) = Rs. 10.225

Applicable NAV For Subscriptions/Purchases Including Switch-In Of Units

In respect of valid applications received upto 3 p.m. by the Mutual Fund alongwith a local cheque or a demand draft payable at par at the place where the application is received, the closing NAV of the day on which application is received shall be applicable.

In respect of valid applications received after 3 p.m. by the Mutual Fund alongwith a local cheque or a demand draft payable at par at the place where the application is received, the closing NAV of the next business day shall be applicable.

Procedure for Conversion of Closed end scheme into Open ended scheme:

The AMC would take following steps for converting the scheme into an open ended scheme:

A communication will be sent to all unitholders whose names appear in the list of unitholders 30 days prior to the maturity date informing the conversion.

Those Unitholders who do not wish to continue either in full or part with the open end scheme may submit a redemption / switch request at any of the official points of acceptance.

For the convenience of unitholders, the Fund will start accepting such redemption/ switch requests for a period of 30 days prior to the Maturity Date.

All such redemption/ switch requests shall be deemed to have been received on the Maturity Date of the scheme, and processed accordingly.

After maturity, the scheme may have book closure for a minimum period of 7 days or till first Monday falling immediately on or after the 7th day. The scheme will reopen for ongoing purchase and redemption after the book closure.

All unitholders (who do not exercise this option of redemption) of the close end scheme, will automatically become the unitholders of the open end scheme.

Closure Of Unitholders Account

Investors may note that the AMC at its sole discretion may close a Unit holder's account under the scheme after giving notice of 30 days, if at the time of any part Redemption, the value of balance Units (represented by the Units in the Unit holder's account if such Redemption / Switch were to take place, valued at the applicable Redemption Price), falls below the minimum balance of Rs. 500/- (or such other amount as the AMC may decide from time to time) or where the Units are held by a Unit holder in breach of any Regulation.

Suspension of the Sale and Redemption of Units

The Mutual Fund at its sole discretion reserves the right to suspend sale, Redemption and switching of Units in the Scheme temporarily or indefinitely when any of the following conditions exist. However, the suspension of sale, Redemption and switching of Units either temporarily or indefinitely will be with the approval of the Trustee.

Std Obs 5 (f)

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

Suspension or restriction of Redemption facility shall be made applicable only after the approval of the Board of Directors of the AMC and the Trustee. The approval from the AMC Board and the Trustee giving details of circumstances and justification for the proposed action shall also be informed to SEBI in advance.

Official points of Acceptance of Transactions

All applications for redemption of units should be submitted by investors at the official point of acceptance of transaction as may be notified by the AMC from time to time. For details, please refer to the application form and/or website of the Mutual Fund.

Issue of Bonus Units

In the interest of the Unit holders and smooth functioning of the Fund, at an appropriate time, the Asset Management Company may decide to issue Bonus Units to all existing Unit holders. The Bonus Units may be declared in all the Options or in any one Option of the Scheme. For such declaration the Fund will announce a Record Date / Book Closure and all Unit holders whose names appear in the Register of Unit holders as on the Record Date / Book Closure shall be eligible to be issued such Bonus Units. These Units will be pari-passu with the original Units. Bonus Units so issued will be credited to the Unit holders' account in the respective Options. Pursuant to allotment of Bonus Units, the per Unit NAV of the respective Options would fall in proportion to the Bonus Units. The issue of such Units will increase the number of Units held by the Unit holder in the Options of the Scheme and so also the total number of Units outstanding in the Options of the Scheme. This will result in proportionate fall in the NAV per Unit of Options of the Scheme. Fresh account statements will be sent to all Unit holders after the allotment of bonus units.

SPECIAL PRODUCTS

The following facilities are currently available to unitholders of Birla Sun Life Mutual Fund Schemes. However, under Birla Sun Life Sector Rotation Fund the said facility will be available to the Unitholders/investors upon conversion of the Scheme into an Open-ended scheme.

The AMC reserves the right to modify/amend any of the terms and conditions of these facilities on a prospective basis.

1. Systematic Investment Plan (SIP)

SIP allows investors to invest small amounts of money in schemes of Birla Sun Life Mutual Fund on a regular basis. Applicants can avail of SIP facility by filling up the relevant application form available at branch offices. Given below are the salient features of SIP:

1. Investors have the option of:
 - i. Monthly Systematic Investment Plan
 - ii. Quarterly Systematic Investment Plan
2. Minimum Application Amount:
 - i. Monthly Systematic Investment Plan: Investors are required to submit minimum 6 postdated cheques of Rs. 1,000/-.
 - ii. Quarterly Systematic Investment Plan: Investors are required to submit minimum 4 postdated cheques of Rs. 2,000/- each and above.
3. Investment Dates:
 - i. Monthly Systematic Investment Plan: Cheques can be of the following dates:
 - a. 1st and/or 7th and/or 10th and/or 14th and/or 20th and/or 21st and/or 28th of every month.
 - b. Investors can also opt for multiple dates within a month. Investors may choose maximum upto 4 dates from the following dates: 1st and/or 7th and/or 10th and/or 14th and/or 20th and/or 21st and/or 28th of each month. This is subject to the investor issuing the minimum number of cheques as specified in 2(i) above.
(Default date: If the investment frequency is not selected or in case of any ambiguity, the SIP date will be 7th of each month under Monthly SIP. In case where more than 4 dates are specified, default dates will be 7th, 14th, 21st & 28th of each month.)
 - ii. Quarterly Systematic Investment Plan: Cheques can be of the following dates:
 - a. 1st and/or 7th and/or 10th and/or 14th and/or 20th and/or 21st and/or 28th of each quarter (January, April, July, October).
The first SIP cheque may be accepted on any working day of the month. The balance SIP cheques must be uniformly dated for every month/quarter.
4. All cheques should be for the same amount and same date(s) of each month/quarter over the SIP tenure.
5. All cheques should be for the same amount and same date(s) of each month/quarter over the SIP tenure.
6. Load Structure: Entry Load: As applicable to the scheme shall be charged for each subscription. Exit Load: If applicable to the scheme shall be charged at the time of redemption / switch out.
7. The AMC reserves the right to discontinue the SIP in case of cheque return and debit the cheque return charges to the investor's account.

Investors should note that during the New Fund Offer, SIP facility is available only through ECS debit. In this case, the investor should mandatorily give a cheque for the first SIP transaction drawn on the same bank account which is to be registered for ECS. The cheque should be dated on or before the date of submission of the Application Form.

During the NFO the AMC would not accept SIP with post-dated cheques.

2. Systematic Transfer Plan (STP)

STP allows the Investors to invest by transfer of a fixed amount from debt funds to equity funds. Since the amount is fixed per month the investor gets the benefit of Rupee Cost Averaging.

1. Investors have the option of:
 - i. Monthly Systematic Transfer Plan
 - ii. Quarterly Systematic Transfer Plan
2. Minimum Balance in the scheme at the time of enrollment for STP facility -
 - i. Monthly Systematic Transfer Plan- Minimum balance in the scheme at the time of enrollment should be Rs. 6,000/-
 - ii. Quarterly Systematic Transfer Plan- Minimum balance in the scheme at the time of enrollment should be Rs. 8,000/-
3. Minimum Transfer Amount
 - i. Monthly Systematic Transfer Plan: Investors are required to instruct for minimum 6 transfers of Rs. 1000/- and above each.
 - ii. Quarterly Systematic Transfer Plan: Investors are required to instruct for minimum 4 transfers of Rs. 2,000/- and above each.
4. Transfer dates:
 - i. Monthly Systematic Transfer Plan: Transfer can be of following dates : 1st and/or 7th and/or 10th and/or 14th and/or 20th and/or 21st and/or 28th of each month for minimum 8 transfers. Investors may choose maximum upto 4 dates from the following dates: 1st and/or 7th and/or 10th and/or 14th and/or 20th and/or 21st and/or 28th of each month
 - ii. Quarterly Systematic Transfer Plan: Transfer can be of following dates : 1st and/or 7th and/or 10th and/or 14th and/or 20th and/or 21st and/or 28th of each month for minimum 4 quarters.
(Default date: If the transfer frequency is not selected or in case of any ambiguity, the STP date will be 7th of each month/quarter. In case where more than 4 dates are specified, default dates will be 7th, 14th, 21st & 28th of each month.)
5. Load Structure: Entry and Exit Load same as applicable to the same.
6. This facility is not available for investments under lock-in period.

7. Schemes available under STP – Investor can transfer “OUT” investment from the following Schemes: Birla Sun Life Liquid Plus / Birla Bond Index Fund / Birla Cash Plus / Birla Dynamic Bond Fund / Birla Floating Rate Fund / Birla Gilt Plus / Birla Income Plus / Birla MIP* / Birla MIP II* / Birla Sun Life Monthly Income / Birla Sun Life Government Securities / Birla Sun Life Cash Manager / Birla Sun Life Short Term Fund / Birla Sun Life Income Fund “INTO” the Birla Sun Life Sector Rotation Fund.

3. Switching:

(a) Inter – Scheme Switching option

Unit holders under the Scheme have the option to Switch part or all of their Unit holdings in the Scheme to open ended schemes managed by the Mutual Fund. The Mutual Fund also, provides the investors the flexibility to switch their investments from any other scheme(s) / plan (s) offered by the Mutual Fund to this scheme during the New Fund Offer period.

This Option will be useful to Unit holders who wish to alter the allocation of their investment among the open ended scheme(s) / plan(s) of the Mutual Fund (subject to completion of lock-in period, if any, of the units of the scheme(s) from where the units are being switched) in order to meet their changed investment needs. The Switch will be effected by way of a Redemption of Units from the Scheme / Plan and a reinvestment of the Redemption proceeds in an open-ended scheme / plan and accordingly, to be effective, the Switch must comply with the Redemption rules of the Scheme and the issue rules of the other scheme (for e.g. as to the minimum number of Units that may be redeemed or issued, Exit / Entry Load etc). The price at which the Units will be Switched out of the respective Plans will be based on the Redemption Price, and the proceeds will be invested in an open ended scheme / plan at the prevailing sale price for units in that scheme / plan.

(b) Intra-Scheme Switching option

Subsequent to conversion of the Scheme into an open ended scheme unit holders under the Scheme have the option to Switch their Unit holdings from Growth Plan to Dividend Plan. No Exit Load will be charged in respect of such Intra-Scheme Switching. The switches would be done at the applicable NAV based prices and the difference between the NAVs of the two plans will be reflected in the number of units allotted.

SECTION IV

LOAD STRUCTURE AND RECURRING EXPENSES

Expenses of the Scheme

The information provided under this Section seeks to assist the investor in understanding the expense structure of the scheme and types of different fees / expenses and their percentage the investor is likely to incur on purchasing and selling the Units of the scheme.

A. Unitholder Transaction Expenses and Load

The repurchase price shall not be lower than 95% of the NAV. Subsequent to the scheme's conversion to an open ended scheme, the scheme shall ensure that the repurchase price is not lower than 93% of the NAV. The difference between the repurchase price and sale price shall not exceed 7% on the sale price.

Std
Obs 4
b)

B. LOAD STRUCTURE

I. For subscription applications received during New Fund Offer Period:

Particulars	Load on Ongoing Basis as % of NAV
Entry Load	As per SEBI circular dated April 4, 2006 ref SEBI/IMD/Cir No. 1/64057/06, close end schemes are not permitted to charge entry load. Hence the scheme being close ended, no entry load is charged during the new fund offer period.
Exit Load	a. Nil** (for all redemptions/switch outs made during the specified redemption period until the scheme remains closed-end). **Investors offering units for repurchase/ switch out during the specified redemption periods before maturity of the scheme/conversion of scheme into open ended scheme will be charged balance proportionate unamortized issue expenses on the applicable NAV. Refer to paragraph on Illustration of Impact of Initial Issue Expenses on NAV For further clarification.

II. For Subscriptions received subsequent to conversion into Open end scheme:

Particulars	On an Ongoing Basis (% of NAV)
Entry Load	For Purchase / Switch-in* of units less than Rs. 5 crores in value: 2.25%. For Purchase / Switch-in* of units equal to greater than Rs. 5 crores in value: Nil.
Entry Load on issue of Units in lieu of dividends	Nil
Contingent Deferred Sales Charge ("CDSC")	Nil
Exit Load	Nil

* No entry load shall be charged on an Ongoing basis for subscription received by way of switch in / lateral shift from any of the Equity Schemes of Birla Sun Life Mutual Fund

- No Entry / Exit Loads / CDSC will be chargeable in case of switches made from Growth Plan to Dividend Plan or vice-versa.
- No entry load shall be charged on the units subscribed by any Fund of Funds Scheme.

The AMC reserves the right to change/modify entry / exit / switchover load (including zero load), depending upon the circumstances prevailing at any given time. However any change in the load structure shall be applicable on prospective investment only. The AMC may charge an entry / exit load for switch of units for one plan/option to another plan/option within the Scheme and/ or switch over load depending upon the circumstances prevailing at any given time. The switchover load may be different for different plans/options and the switchover load may be different from the entry and /or exit load charged for sale and/or repurchase units. The load charged could also be different for different options in the plans of the Scheme at the same time and different as regards the amount/tenor of investment, etc.

All loads including CDSC for each scheme shall be maintained in a separate account and may be utilised towards meeting the selling and distribution expenses. Any surplus in this account may be credited to the Scheme, whenever felt appropriate by the AMC.

Any imposition or enhancement of Load in future shall be applicable on prospective investments only. At the time of changing the Load Structure:

- I. The addendum detailing the changes will be attached to Offer Document and Abridged Offer Document. The addendum will be circulated to all the distributors / brokers so that the same can be attached to all Offer Documents and Abridged Offer Documents already in stock. The addendum will be sent alongwith the newsletter sent to the Unit holders immediately after the changes.
- II. Arrangements will be made to display the changes / modifications in the Offer Document in the form of a notice in all the Investor Service Centres and distributors / brokers office.
- III. The introduction of the Exit Load alongwith the details will be disclosed in the Account Statement or in the covering letter issued to the Unit holders after the introduction of such Load.

Std Obs
3 b)

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3 d)

2. New Fund Offer Expenses

Under the SEBI Regulations, the Mutual Fund is entitled to charge New Fund Offer expenses upto a maximum of 6% of the initial resources raised under the Scheme. Any amount in excess of the above limits will be borne by the AMC.

New Fund Offer Expenses under the scheme are estimated as under:

Initial Issue Expense Head	As a % of Target Mobilisation
Advertising, Marketing, Printing and Distribution Expenses.	2.70
Collection and Registrars Expenses	0.20
Bank Charges and other Expenses	0.10
Selling expenses including Commission to Agents/ Brokers	3.00
Total	6.00

The above estimates are based on the minimum subscription (target) amount for the Scheme and are subject to change inter-se.

The New Fund Offer expenses will be debited to the scheme (subject to a maximum of 6% of the initial resources raised under the Scheme) and would be amortised over a period of 3 years and would be included in the NAV. However the same would not be included in the NAV for determining the Investment Management and Trustee Fees. Any amount in excess of 6.00% of the initial resources raised under the scheme will be borne by the AMC. The above is as per SEBI Regulations including Schedule VII and X thereof. The same can further be illustrated as follows:

Assumptions made for the purpose of the illustration:

The calculations are made for every Rs. 100 invested by the investor.

Unitholders Investment (Rs.)	100.00
Purchase Price at which Units are allotted (Rs.)	10.000
No. of Units allotted (Nos.)	10.000
Balance Amount (Rs.)	100.00
Initial Issue Expenses (comprising of Commission to Agents / Brokers, Advertising, Printing and Marketing, Registrar Expenses, Bank charges etc	100.00 x 6.0%= 6.00
Amount available to Scheme for investment (Rs.)	94.00

The impact of Initial Issue Expenses, which are to be amortised over a period of time, on the NAV is explained below.

Illustration of Impact of Initial Issue Expenses on NAV

Continuing the illustration further, if the total amount collected by the Scheme is Rs. 100 as stated above, further assumptions made for the purpose of the illustration:

- For illustrating the impact on NAV, no accruals, appreciation or depreciation on Investments have been assumed from the time of New Fund Offer till the date of computation of NAV.
- Initial Issue Expenses are amortised over a period of exactly 3 years.
- Amortisation of Initial Issue Expenses starts from the date of computation of NAV, which could be earlier than the first day of declaration of NAV.

Total Amount available for Investment to the Scheme (Rs.)	94.00
Total No. of Units allotted	10.00
Total Initial Issue Expenses amortised over 3 years (1095 days) (Rs.)	6.00
Maximum period for amortization	3 years i.e. 1095 days
Per day amortisation of Initial Issue Expenses (Rs.)	0.00548
Balance Initial Issue Expenses which will be included in Net Assets (Rs.)	5.99452
NAV on first date of computation (Rs.)	$94 + 5.99452 \div 10 = 9.9995$

As the Scheme provides for redemptions during the life of the Scheme, as required under Clause (b) of Tenth Schedule of SEBI Regulations, the amortization of initial issue expenses shall take into account the number of outstanding units and the aggregate amount during the relevant period.

3. Annual Scheme Recurring Expenses

As per the SEBI Regulations, the maximum recurring expenses including the investment management and advisory fee that can be charged to the Scheme shall be subject to a percentage limit of average weekly net assets as given in the table below. Subject to the SEBI Regulations and the Offer Document, expenses over and above the prescribed ceiling will be borne by the AMC.

First Rs. 100 Crores	Next Rs. 300 Crores	Next Rs. 300 Crores	Balance Assets
2.50%	2.25%	2.00%	1.75%

As per the SEBI Regulations, the AMC is entitled to an Investment Management and Advisory fee at the rate of 1.25% per annum of the weekly average net assets outstanding in each accounting year for the Scheme(s), as long as the net assets do not exceed Rs. 100 crore and 1.00% of the excess amount over Rs. 100 crore, where net assets so calculated exceed Rs. 100 crore.

Std Obs
3 c)

Std Obs
3 a)

The Scheme being a scheme launched on no load basis, the asset management company shall be entitled to collect an additional management fee not exceeding 1% of the weekly average net assets outstanding in each financial year. However, the total investment management fees shall be within the overall limits of recurring expenses allowed under the regulations.

However the AMC has estimated the expenses under the Scheme as per the table below:

(% per annum of average weekly net assets)

Expense Head	Birla Sun Life Sector Rotation Fund
Investment Management and Advisory Fee	1.25%
Trusteeship Fees	0.03%
Custodian Fees	0.03%
Marketing & Selling expenses including agents commission	0.60%
Registrar & Transfer Agent Fees	0.07%
Audit Fees	0.01%
Costs of investor communication, funds transfer, account statement, dividend etc. and statutory advertisement	0.30%
Such other expenses, which are directly attributable to the Scheme (including service tax), subject to the approval of the company.	0.21%
Total Estimated Recurring Expenses	2.50%

These estimates have been made in good faith by the AMC and are subject to change inter se. The expenses under any head may be more or less than as specified in the table above, but the total recurring expenses that can be charged to the scheme will be subject to limits prescribed from time to time under the SEBI Regulations. The purpose of the above table is to assist the investor in understanding the various costs and expenses that an investor in the Scheme(s) will bear directly or indirectly. Expenses over and above the limits prescribed under the SEBI Regulations shall be borne by the AMC.

Initial Issue Expenses for the Schemes launched in last one year

Income Schemes: Birla Fixed Term Plan – Series L, P, O, N, R, S, T, U, V, W, X, Y, AA, AB, AC, AD Birla Fixed Term Plan- Quarterly Series 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14,15,16,17,18,19, 20, 21, 22, 23, Birla Fixed Term Plan - Half Yearly Series- 1, 2, 3, Birla Sun Life Interval Income Fund- Quarterly Plan- Series I & series II and Birla Sun Life Interval Income Fund- Monthly Plan- Series I were launched during the last one year. The initial issue expenses for the above schemes/plans were borne by the AMC.

Other Schemes: Birla Long Term Advantage Fund, Birla Sun Life Long Term Advantage Fund – Series 1 and Birla Sun Life Capital Protection Oriented Fund were launched during the last one-year. The Initial issue expenses for Birla Long Term Advantage Fund, Birla Sun Life Long Term Advantage Fund- Series 1 and Birla Sun Life Capital Protection Oriented Fund are as under:

Expense Head	Estimated % to Target Amount	Actuals % to Subscription	Estimated % to Target Amount	Actuals % to Subscription
	Birla Long Term Advantage Fund		Birla Sun Life Long Term Advantage Fund – Series 1	
Advertising, Marketing, Printing and Distribution Expenses.	2.70	1.41	2.70	1.14
Collection and Registrars Expenses	0.20	0.08	0.20	0.08
Bank Charges and other Expenses	0.10	0.02	0.10	0.03
Selling expenses including Commission to Agents/ Brokers	3.00	4.49	3.00	4.75
Total	6.00	6.00	6.00	6.00
Target Amount / Amount Mobilised (Rs.)	10,000,000.00	403,18,83,838.50	10,000,000.00	397,35,38,401.85

Expense Head	Estimated % to Target Amount	Actuals % to Subscription	Estimated % to Target Amount	Actuals % to Subscription
	Birla Sun Life Capital Protection Oriented Fund- 3 Year Plan	Birla Sun Life Capital Protection Oriented Fund- 3 Year Plan	Birla Sun Life Capital Protection Oriented Fund- 5 Year Plan	Birla Sun Life Capital Protection Oriented Fund- 5 Year Plan
Advertising, Marketing, Printing and Distribution Expenses.	0.90	1.22	1.13	0.39
Collection and Registrars Expenses	0.18	0.01	0.22	0.02
Bank Charges and other Expenses	0.12	0.02	0.15	0.03
Selling expenses including Commission to Agents/ Brokers	2.80	2.75	3.50	4.55
Total	4.00	4.00	5.00	5.00
Target Amount / Amount Mobilised (Rs.)	1,00,00,000.00	20,98,15,408.00	1,00,00,000.00	11,08,36,897.00

Condensed Financial Information in respect of the Schemes launched during the last three fiscal years and from April 1, 2007 October 15, 2007.

Birla TOP 100 Fund								
HISTORICAL PER UNIT STATISTICS	Dividend	Growth	Dividend	Growth	Dividend	Growth	Dividend	Growth
	April 1, 2007 to October 15, 2007		2006-07		2005-06		2004-05	
NAV at the beginning of the year/period	13.6029	15.0015	14.2947	14.2952	N.A	N.A	N.A	N.A
Net Income per unit	3.17		3.82		1.27		N.A	
Dividends P.U	Nil	-	1.5	-	-	-	N.A	N.A
Transfer to reserves (if any) (Rs. Crs.)	Nil		91.97		50.02		N.A	
NAV at the end of the year/period	18.9784	20.9243	13.6029	15.0015	14.2947	14.2952	N.A	N.A
Annualised / absolute return since inception till end of the year/period	45.32%		32.79%		42.94%		N.A	
Returns on Benchmark index since inception till end of the year/period	54.70%		38.65%		42.07%		N.A	
Net Assets at end of the year/period (Rs. Crs.)	494.30		465.92		604.64		N.A	
Ratio of Recurring Expenses to net assets	2.26%		2.24%		2.25%		N.A	
Date of Allotment	October 24, 2005.							
Benchmark Index	S&P CNX NIFTY							

Birla Long Term Advantage Fund.				
HISTORICAL PER UNIT STATISTICS	Dividend	Growth	Dividend	Growth
	April 1, 2007 to October 15, 2007		2006-07	
NAV at the beginning of the year/period	10.13	10.13	N.A	N.A
Net Income per unit	1.04		-0.04	
Dividends P.U	Nil	-	Nil	-
Transfer to reserves (if any) (Rs. Crs.)	Nil		-1.6	
NAV at the end of the year/period	13.28	13.28	10.13	10.13
Annualised / absolute return since inception till end of the year/period	32.29%		1.30%	
Returns on Benchmark index since inception till end of the year/period	53.25%		5.73%	
Net Assets at end of the year/period (Rs. Crs.)	462.47		389.73	
Ratio of Recurring Expenses to net assets	3.33%		3.15%	
Date of Allotment	October 10, 2006.			
Benchmark Index	BSE Sensex			

Birla Sun Life Long Term Advantage Fund - Series 1				
HISTORICAL PER UNIT STATISTICS	Dividend	Growth	Dividend	Growth
	April 1, 2007 to October 15, 2007		2006-07	
NAV at the beginning of the year/period	N.A	N.A	N.A	N.A
Net Income per unit	0.19		Nil	
Dividends P.U	Nil	-	Nil	-
Transfer to reserves (if any) (Rs. Crs.)	Nil		N.A	
NAV at the end of the year/period	11.30	11.30	N.A	N.A
Annualised / absolute return since inception till end of the year/period	13.03%		N.A	
Returns on Benchmark index since inception till end of the year/period	30.77%		N.A	
Net Assets at end of the year/period (Rs. Crs.)	419.59		N.A	
Ratio of Recurring Expenses to net assets	4.32%		N.A	
Date of Allotment	May 31, 2007			
Benchmark Index	BSE 500			

Birla Infrastructure Fund								
HISTORICAL PER UNIT STATISTICS	Dividend	Growth	Dividend	Growth	Dividend	Growth	Dividend	Growth
	April 1, 2007 to October 15, 2007		2006-07		2005-06		2004-05	
NAV at the beginning of the year/period	11.30	11.30	10.49	10.49	N.A	N.A	N.A	N.A
Net Income per unit	2.63		1.30		-0.18		N.A	
Dividends P.U	Nil	-	Nil	-	Nil	-	N.A	N.A
Transfer to reserves (if any) (Rs. Crs.)	Nil		48.66		-10.73		N.A	
NAV at the end of the year/period	18.09	18.09	11.30	11.30	10.49	10.49	N.A	N.A
Annualised / absolute return since inception till end of the year/period	45.50%		12.53%		4.90%		N.A	
Returns on Benchmark index since inception till end of the year/period	42.65%		17.49%		5.21%		N.A	
Net Assets at end of the year/period (Rs. Crs.)	529.91		449.62		609.77		N.A	
Ratio of Recurring Expenses to net assets	2.27%		2.23%		2.32%		N.A	
Date of Allotment	March 17, 2006.							
Benchmark Index	S&P CNX NIFTY							

Birla Dynamic Bond Fund								
HISTORICAL PER UNIT STATISTICS	Quarterly Dividend	Growth	Quarterly Dividend	Growth	Quarterly Dividend	Growth	Quarterly Dividend	Growth
	April 1, 2007 to October 15, 2007		2006-07		2005-06		2004-05	
NAV at the beginning of the year/period	10.2446	11.4517	10.1262	10.7578	10.1617	10.2360	N.A	N.A
Net Income per unit	3.65		0.08		2.47		1.08	
Dividends P.U	0.4810	-	0.4702	-	0.5484	-	0.08	-
Transfer to reserves (if any) (Rs. Crs.)	Nil		6.28		0.18		0.32	
NAV at the end of the year/period	10.2490	12.0018	10.2446	11.4517	10.1262	10.7578	10.1617	10.2360
Annualised / absolute return since inception till end of the year/period	6.17%		5.55%		4.97%		2.36%	
Returns on Benchmark index since inception till end of the year/period	4.53%		3.53%		3.38%		1.71%	
Net Assets at end of the year/period (Rs. Crs.)	10.77		279.04		4.51		18.22	
Ratio of Recurring Expenses to net assets	0.15%		0.24%		0.75%		0.78%	
Date of Allotment	September 27, 2004.							
Benchmark Index	CRISIL Composite Bond Fund Index							

Birla Monthly Income Plan - Savings 5								
HISTORICAL PER UNIT STATISTICS	Dividend	Growth	Dividend	Growth	Dividend	Growth	Dividend	Growth
	April 1, 2007 to October 15, 2007		2006-07		2005-06		2004-05	
NAV at the beginning of the year/period	10.0976	11.6446	10.1341	10.9260	10.1184	10.366	N.A	N.A
Net Income per unit	0.64		0.99		0.80		0.84	
Dividends P.U	0.4655	-	0.5910	-	0.5800	-	0.2452	-
Transfer to reserves (if any) (Rs. Crs.)	Nil		0.33		0.43		0.26	
NAV at the end of the year/period	10.1696	12.2769	10.0976	11.6446	10.1341	10.9260	10.1184	10.366
Annualised / absolute return since inception till end of the year/period	6.22%		5.47%		4.88%		3.66%	
Returns on Benchmark index since inception till end of the year/period	9.25%		7.18%		8.13%		1.70%	
Net Assets at end of the year/period (Rs. Crs.)	564.15		5.92		9.16		16.90	
Ratio of Recurring Expenses to net assets	0.41%		1.50%		1.50%		1.42%	
Date of Allotment	May 22, 2004.							
Benchmark Index	CRISIL MIP Blended Index							

Birla Monthly Income Plan - Wealth 25								
HISTORICAL PER UNIT STATISTICS	Dividend	Growth	Dividend	Growth	Dividend	Growth	Dividend	Growth
	April 1, 2007 to October 15, 2007		2006-07		2005-06		2004-05	
NAV at the beginning of the year/period	10.9099	13.3186	11.2429	12.6479	10.3909	10.8666	N.A	N.A
Net Income per unit	0.87		1.09		1.42		0.71	
Dividends P.U	0.5927	-	0.7830	-	0.8620	-	0.4700	-
Transfer to reserves (if any) (Rs. Crs.)	Nil		9.69		5.13		3.80	
NAV at the end of the year/period	11.5719	14.8856	10.9099	13.3186	11.2429	12.6479	10.3909	10.867
Annualised / absolute return since inception till end of the year/period	12.41%		10.55%		13.48%		8.67%	
Returns on Benchmark index since inception till end of the year/period	9.25%		7.18%		8.13%		1.70%	
Net Assets at end of the year/period (Rs. Crs.)	114.76		116.60		80.92		121.59	
Ratio of Recurring Expenses to net assets	2.22%		2.24%		2.24%		2.11%	
Date of Allotment	May 22, 2004.							
Benchmark Index	CRISIL MIP Blended Index							

Birla Generation Next Fund								
HISTORICAL PER UNIT STATISTICS	Dividend	Growth	Dividend	Growth	Dividend	Growth	Dividend	Growth
	April 1, 2007 to October 15, 2007		2006-07		2005-06		2004-05	
NAV at the beginning of the year/period	15.54	15.54	14.05	14.05	N.A	N.A	N.A	N.A
Net Income per unit	2.04		7.37		2.05		N.A	
Dividends P.U	2.00	-	Nil	-	Nil	-	N.A	N.A
Transfer to reserves (if any) (Rs. Crs.)	Nil		53.58		43.90		N.A	
NAV at the end of the year/period	18.69	21.18	15.54	15.54	14.05	14.05	N.A	N.A
Annualised / absolute return since inception till end of the year/period	40.77%		30.64%		40.50%		N.A	
Returns on Benchmark index since inception till end of the year/period	49.07%		33.90%		44.10%		N.A	
Net Assets at end of the year/period (Rs. Crs.)	176.03		161.37		370.28		N.A	
Ratio of Recurring Expenses to net assets	2.40%		2.36%		2.31%		N.A	
Date of Allotment	August 05, 2005.							
Benchmark Index	S&P CNX NIFTY							

Birla Sun Life Capital Protection Oriented Fund - 3 Yrs				
HISTORICAL PER UNIT STATISTICS	Dividend	Growth	Dividend	Growth
	April 1, 2007 to October 15, 2007		2006-07	
NAV at the beginning of the year/period	N.A	N.A	N.A	N.A
Net Income per unit	0.19		Nil	
Dividends P.U	N.A	-	Nil	-
Transfer to reserves (if any) (Rs. Crs.)	Nil		N.A	
NAV at the end of the year/period	10.36	10.36	N.A	N.A
Annualised / absolute return since inception till end of the year/period	3.64%		N.A	
Returns on Benchmark index since inception till end of the year/period	4.81%		N.A	
Net Assets at end of the year/period (Rs. Crs.)	21.74		N.A	
Ratio of Recurring Expenses to net assets	2.55%		N.A	
Date of Allotment	August 03, 2007.			
Benchmark Index	Crisil MIP Blended Index			

Birla Sun Life Capital Protection Oriented Fund - 5 Yrs				
HISTORICAL PER UNIT STATISTICS	Dividend		Growth	
	April 1, 2007 to October 15, 2007		2006-07	
NAV at the beginning of the year/period	N.A	N.A	N.A	N.A
Net Income per unit	0.24		Nil	
Dividends P.U	N.A	-	Nil	-
Transfer to reserves (if any) (Rs. Crs.)	Nil		N.A	
NAV at the end of the year/period	10.49	10.49	N.A	N.A
Annualised / absolute return since inception till end of the year/period	4.91%		N.A	
Returns on Benchmark index since inception till end of the year/period	4.81%		N.A	
Net Assets at end of the year/period (Rs. Crs.)	11.63		N.A	
Ratio of Recurring Expenses to net assets	2.22%		N.A	
Date of Allotment	August 03, 2007.			
Benchmark Index	Crisil MIP Blended Index			

Birla Fixed Maturity Plan - Annual Series 1								
HISTORICAL PER UNIT STATISTICS	Dividend		Growth		Dividend		Growth	
	April 1, 2007 to October 15, 2007		2006-07		2005-06		2004-05	
NAV at the beginning of the year/period	10.3714	11.6329	10.2734	10.8547	10.2842	10.284	N.A	N.A
Net Income per unit	0.49		0.62		2.12		0.31	
Dividends P.U	Nil	-	0.6158	-	0.5621	-	Nil	-
Transfer to reserves (if any) (Rs. Crs.)	Nil		1.26		2.51		2.24	
NAV at the end of the year/period	10.8101	12.1250	10.3714	11.6329	10.2734	10.8547	10.2842	10.284
Annualised / absolute return since inception till end of the year/period	6.48%		6.17%		5.52%		2.84%	
Returns on Benchmark index since inception till end of the year/period	5.85%		5.35%		4.70%		2.49%	
Net Assets at end of the year/period (Rs. Crs.)	25.07		24.05		12.90		80.88	
Ratio of Recurring Expenses to net assets	0.22%		0.22%		0.22%		0.20%	
Date of Allotment	September 20, 2004.							
Benchmark Index	Crisil Liquid Fund Index							

Birla Fixed Maturity Plan - Quarterly Series 2								
HISTORICAL PER UNIT STATISTICS	Dividend		Growth		Dividend		Growth	
	April 1, 2007 to October 15, 2007		2006-07		2005-06		2004-05	
NAV at the beginning of the year/period	10.0293	11.7659	10.0183	10.8871	10.0046	10.3014	N.A	N.A
Net Income per unit	0.96		0.44		1.60		0.41	
Dividends P.U	0.4985	-	0.7297	-	0.5490	-	0.2947	-
Transfer to reserves (if any) (Rs. Crs.)	Nil		3.09		0.68		1.50	
NAV at the end of the year/period	10.0631	12.3996	10.0293	11.7659	10.0183	10.8871	10.0046	10.301
Annualised / absolute return since inception till end of the year/period	7.13%		5.88%		8.87%		1.20%	
Returns on Benchmark index since inception till end of the year/period	6.73%		5.32%		1.62%		2.65%	
Net Assets at end of the year/period (Rs. Crs.)	194.76		524.15		242.84		132.64	
Ratio of Recurring Expenses to net assets	0.20%		0.12%		0.12%		0.12%	
Date of Allotment	August 31, 2004.							
Benchmark Index	Crisil Liquid Fund Index							

Birla Fixed Maturity Plan - Annual Series 3								
HISTORICAL PER UNIT STATISTICS	Dividend	Growth	Dividend	Growth	Dividend	Growth	Dividend	Growth
	April 1, 2007 to October 15, 2007		2006-07		2005-06		2004-05	
NAV at the beginning of the year/period	10.0467	11.6973	10.2093	10.9225	10.2280	10.2280	N.A	N.A
Net Income per unit	0.56		1.34		0.47		0.23	
Dividends P.U	Nil	-	0.8683	-	0.6097	-	Nil	-
Transfer to reserves (if any) (Rs. Crs.)	Nil		4.77		4.09		1.32	
NAV at the end of the year/period	10.5479	12.2809	10.0467	11.6973	10.2093	10.9225	10.2280	10.2280
Annualised / absolute return since inception till end of the year/period	6.63%		6.63%		6.57%		2.28%	
Returns on Benchmark index since inception till end of the year/period	5.98%		5.48%		4.84%		1.90%	
Net Assets at end of the year/period (Rs. Crs.)	44.36		42.26		96.61		58.51	
Ratio of Recurring Expenses to net assets	0.25%		0.25%		0.25%		0.24%	
Date of Allotment	November 10, 2004.							
Benchmark Index	Crisil Liquid Fund Index							

Birla Fixed Term Plan - Series O				
HISTORICAL PER UNIT STATISTICS	Dividend	Growth	Dividend	Growth
	April 1, 2007 to October 15, 2007		2006-07	
NAV at the beginning of the year/period	10.0904	10.0906	N.A	N.A
Net Income per unit	0.48		0.09	
Dividends P.U	Nil	-	Nil	-
Transfer to reserves (if any) (Rs. Crs.)	Nil		1.58	
NAV at the end of the year/period	10.7247	10.7247	10.0904	10.0906
Annualised / absolute return since inception till end of the year/period	7.25%		0.88%	
Returns on Benchmark index since inception till end of the year/period	6.41%		0.88%	
Net Assets at end of the year/period (Rs. Crs.)	187.38		176.32	
Ratio of Recurring Expenses to net assets	0.10%		0.10%	
Date of Allotment	December 30, 2006			
Benchmark Index	CRISIL Short-Term Bond Fund Index			

Birla Fixed Term Plan - Series P				
HISTORICAL PER UNIT STATISTICS	Dividend	Growth	Dividend	Growth
	April 1, 2007 to October 15, 2007		2006-07	
NAV at the beginning of the year/period	10.0744	10.0744	N.A	N.A
Net Income per unit	0.51		0.07	
Dividends P.U	Nil	-	Nil	-
Transfer to reserves (if any) (Rs. Crs.)	Nil		0.83	
NAV at the end of the year/period	10.7312	10.7312	10.0744	10.0744
Annualised / absolute return since inception till end of the year/period	7.31%		0.72%	
Returns on Benchmark index since inception till end of the year/period	6.03%		0.52%	
Net Assets at end of the year/period (Rs. Crs.)	119.55		112.95	
Ratio of Recurring Expenses to net assets	0.10%		0.09%	
Date of Allotment	January 25, 2007			
Benchmark Index	CRISIL Short-Term Bond Fund Index			

Birla Fixed Term Plan - Series N				
HISTORICAL PER UNIT STATISTICS	Dividend		Growth	
	April 1, 2007 to October 15, 2007		2006-07	
NAV at the beginning of the year/period	10.0470	10.0470	N.A	N.A
Net Income per unit	0.42		0.05	
Dividends P.U	Nil	-	Nil	-
Transfer to reserves (if any) (Rs. Crs.)	Nil		0.11	
NAV at the end of the year/period	10.6620	10.6620	10.0470	10.0470
Annualised / absolute return since inception till end of the year/period	6.62%		0.44%	
Returns on Benchmark index since inception till end of the year/period	5.82%		0.32%	
Net Assets at end of the year/period (Rs. Crs.)	25.56		24.54	
Ratio of Recurring Expenses to net assets	0.60%		0.60%	
Date of Allotment	February 12,2007			
Benchmark Index	CRISIL Short-Term Bond Fund Index			

Birla Fixed Term Plan - Quarterly Series 22			
HISTORICAL PER UNIT STATISTICS	Dividend		Growth
	April 1, 2007 to October 15, 2007		
NAV at the beginning of the year/period	N.A		N.A
Net Income per unit			0.07
Dividends P.U	Nil		-
Transfer to reserves (if any) (Rs. Crs.)			Nil
NAV at the end of the year/period	10.0693		10.0693
Annualised / absolute return since inception till end of the year/period			0.69%
Returns on Benchmark index since inception till end of the year/period			0.69%
Net Assets at end of the year/period (Rs. Crs.)			34.98
Ratio of Recurring Expenses to net assets			0.25%
Date of Allotment	September 14,2007		
Benchmark Index	CRISIL Liquid Fund Index		

Birla Fixed Term Plan - Quarterly Series 23			
HISTORICAL PER UNIT STATISTICS	Dividend		Growth
	April 1, 2007 to October 15, 2007		
NAV at the beginning of the year/period	N.A		N.A
Net Income per unit			0.05
Dividends P.U	Nil		-
Transfer to reserves (if any) (Rs. Crs.)			Nil
NAV at the end of the year/period	10.0541		10.0541
Annualised / absolute return since inception till end of the year/period			0.54%
Returns on Benchmark index since inception till end of the year/period			0.49%
Net Assets at end of the year/period (Rs. Crs.)			112.34
Ratio of Recurring Expenses to net assets			0.25%
Date of Allotment	September 21,2007		
Benchmark Index	CRISIL Liquid Fund Index		

Birla FIXED TERM PLAN - Half Yearly - Series 3

HISTORICAL PER UNIT STATISTICS	April 1, 2007 to October 15, 2007	
	Dividend	Growth
NAV at the beginning of the year/period	N.A	N.A
Net Income per unit	0.06	
Dividends P.U	Nil	-
Transfer to reserves (if any) (Rs. Crs.)	Nil	
NAV at the end of the year/period	10.0609	10.0609
Annualised / absolute return since inception till end of the year/period	0.61%	
Returns on Benchmark index since inception till end of the year/period	0.53%	
Net Assets at end of the year/period (Rs. Crs.)	26.45	
Ratio of Recurring Expenses to net assets	0.20%	
Date of Allotment	September 19,2007	
Benchmark Index	CRISIL Liquid Fund Index	

Birla Fixed Term Plan - Quarterly Series 20

HISTORICAL PER UNIT STATISTICS	April 1, 2007 to October 15, 2007	
	Dividend	Growth
NAV at the beginning of the year/period	N.A	N.A
Net Income per unit	0.13	
Dividends P.U	Nil	-
Transfer to reserves (if any) (Rs. Crs.)	Nil	
NAV at the end of the year/period	10.1326	10.1326
Annualised / absolute return since inception till end of the year/period	1.33%	
Returns on Benchmark index since inception till end of the year/period	1.18%	
Net Assets at end of the year/period (Rs. Crs.)	204.98	
Ratio of Recurring Expenses to net assets	0.25%	
Date of Allotment	August 17,2007	
Benchmark Index	CRISIL Liquid Fund Index	

Birla Fixed Term Plan - Quarterly Series 21

HISTORICAL PER UNIT STATISTICS	April 1, 2007 to October 15, 2007	
	Dividend	Growth
NAV at the beginning of the year/period	N.A	N.A
Net Income per unit	0.09	
Dividends P.U	Nil	-
Transfer to reserves (if any) (Rs. Crs.)	Nil	
NAV at the end of the year/period	10.0386	10.0881
Annualised / absolute return since inception till end of the year/period	0.88%	
Returns on Benchmark index since inception till end of the year/period	0.79%	
Net Assets at end of the year/period (Rs. Crs.)	171.48	
Ratio of Recurring Expenses to net assets	0.25%	
Date of Allotment	September 07,2007	
Benchmark Index	CRISIL Liquid Fund Index	

Birla Fixed Term Debt - Series 1 Plan 36 months						
HISTORICAL PER UNIT STATISTICS	Dividend	Growth	Dividend	Growth	Dividend	Growth
	April 1, 2007 to October 15, 2007		2006-07		2005-06	
NAV at the beginning of the year/period	10.9504	10.9504	10.2333	10.2333	N.A	N.A
Net Income per unit	0.44		0.89		0.24	
Dividends P.U	Nil	-	Nil	-	Nil	-
Transfer to reserves (if any) (Rs. Crs.)	Nil		0.88		0.31	
NAV at the end of the year/period	11.6153	11.6153	10.9504	10.9504	10.2333	10.2333
Annualised / absolute return since inception till end of the year/period	6.48%		5.04%		2.33%	
Returns on Benchmark index since inception till end of the year/period	4.76%		3.46%		2.63%	
Net Assets at end of the year/period (Rs. Crs.)	11.36		10.71		13.24	
Ratio of Recurring Expenses to net assets	0.70%		0.02%		0.70%	
Date of Allotment	May 27, 2005.					
Benchmark Index	CRISIL Composite Bond Fund Index					

Birla Fixed Term Debt - Series 3 Plan 36 months						
HISTORICAL PER UNIT STATISTICS	Dividend	Growth	Dividend	Growth	Dividend	Growth
	April 1, 2007 to October 15, 2007		2006-07		2005-06	
NAV at the beginning of the year/period	10.7550	10.7546	10.0585	10.0585	N.A	N.A
Net Income per unit	0.43		0.77		0.06	
Dividends P.U	Nil	-	Nil	-	Nil	-
Transfer to reserves (if any) (Rs. Crs.)	Nil		0.16		0.01	
NAV at the end of the year/period	11.3560	11.3560	10.7550	10.7546	10.0585	10.0585
Annualised / absolute return since inception till end of the year/period	5.95%		4.48%		0.59%	
Returns on Benchmark index since inception till end of the year/period	4.56%		3.05%		1.32%	
Net Assets at end of the year/period (Rs. Crs.)	2.36		2.25		2.31	
Ratio of Recurring Expenses to net assets	0.60%		-0.01%		0.60%	
Date of Allotment	August 03, 2005.					
Benchmark Index	CRISIL Composite Bond Fund Index					

Birla Asset Allocation Fund - Aggressive Plan											
HISTORICAL PER UNIT STATISTICS	Dividend	Growth	Dividend	Growth	Dividend	Growth	Dividend	Growth	Dividend	Growth	
	April 1, 2007 to October 15, 2007		2006-07		2005-06		2004-05		2003-04		
NAV at the beginning of the year/period	19.8074	19.8074	18.1223	18.1232	12.0247	12.0247	9.6857	9.6857	N.A	N.A	
Net Income per unit	3.08		3.27		6.18		2.65		-0.14		
Dividends P.U	Nil	-	Nil	-	Nil	-	Nil	-	Nil	-	
Transfer to reserves (if any) (Rs. Crs.)	Nil		1.19		2.52		2.38		-0.71		
NAV at the end of the year/period	25.4686	25.4686	19.8074	19.8074	18.1223	18.1232	12.0247	12.025	9.6857	9.6857	
Annualised / absolute return since inception till end of the year/period	29.27%		24.70%		32.75%		16.82%		-3.14%		
Returns on Benchmark index since inception till end of the year/period	36.60%		27.05%		34.69%		8.52%		-9.37%		
Net Assets at end of the year/period (Rs. Crs.)	8.96		7.93		8.61		8.61		21.75		
Ratio of Recurring Expenses to net assets	0.35%		0.35%		0.35%		0.24%		9.43%		
Date of Allotment	February 24, 2004.										
Benchmark Index	S&P Nifty										

Birla Asset Allocation Fund - Conservative Plan												
HISTORICAL PER UNIT STATISTICS	Dividend	Growth	Dividend	Growth	Dividend	Growth	Dividend	Growth	Dividend	Growth	Dividend	Growth
	April 1, 2007 to October 15, 2007		2006-07		2005-06		2004-05		2003-04			
NAV at the beginning of the year/period	14.0951	14.0951	13.0695	13.0695	11.0457	11.046	9.9611	9.9610	N.A	N.A		
Net Income per unit	1.01		1.46		1.84		0.86		-0.04			
Dividends P.U	Nil	-	Nil	-	Nil	-	Nil	-	Nil	-		
Transfer to reserves (if any) (Rs. Crs.)	Nil		0.55		1.06		0.57		-0.08			
NAV at the end of the year/period	15.8538	15.8538	14.0951	14.0951	13.0695	13.0695	11.0457	11.046	9.9611	9.9610		
Annualised / absolute return since inception till end of the year/period	13.49%		11.73%		13.61%		8.75%		-0.39%			
Returns on Benchmark index since inception till end of the year/period	8.37%		6.32%		6.74%		2.67%		0.10%			
Net Assets at end of the year/period (Rs. Crs.)	5.27		6.35		7.76		7.98		19.03			
Ratio of Recurring Expenses to net assets	0.35%		0.35%		0.35%		0.22%		3.03%			
Date of Allotment	February 24, 2004.											
Benchmark Index	Crisil MIP Blended Index											

Birla Asset Allocation Fund - Moderate Plan												
HISTORICAL PER UNIT STATISTICS	Dividend	Growth	Dividend	Growth	Dividend	Growth	Dividend	Growth	Dividend	Growth	Dividend	Growth
	April 1, 2007 to October 15, 2007		2006-07		2005-06		2004-05		2003-04			
NAV at the beginning of the year/period	17.2803	17.2803	15.9426	15.9427	11.6922	11.692	9.8273	9.8273	N.A	N.A		
Net Income per unit	1.95		2.53		4.54		1.69		-0.08			
Dividends P.U	Nil	-	Nil	-	Nil	-	Nil	-	Nil	-		
Transfer to reserves (if any) (Rs. Crs.)	Nil		0.57		1.46		1.22		-0.30			
NAV at the end of the year/period	21.4337	21.4337	17.2803	17.2803	15.9426	15.9427	11.6922	11.692	9.8273	9.8273		
Annualised / absolute return since inception till end of the year/period	23.29%		19.33%		24.89%		14.09%		-1.73%			
Returns on Benchmark index since inception till end of the year/period	23.22%		16.77%		20.60%		7.23%		2.15%			
Net Assets at end of the year/period (Rs. Crs.)	5.01		4.70		6.25		7.69		17.21			
Ratio of Recurring Expenses to net assets	0.35%		0.35%		0.35%		0.23%		6.08%			
Date of Allotment	February 24, 2004.											
Benchmark Index	Crisil Balanced Fund Index											

Birla Fixed Term Plan - Series Q				
HISTORICAL PER UNIT STATISTICS	Dividend	Growth	Dividend	Growth
	April 1, 2007 to October 15, 2007		2006-07	
NAV at the beginning of the year/period	N.A	N.A	N.A	N.A
Net Income per unit	0.50		-	
Dividends P.U	Nil	-	Nil	-
Transfer to reserves (if any) (Rs. Crs.)	Nil		Nil	
NAV at the end of the year/period	10.4937	10.4937	N.A	N.A
Annualised / absolute return since inception till end of the year/period	4.94%		N.A	
Returns on Benchmark index since inception till end of the year/period	3.39%		N.A	
Net Assets at end of the year/period (Rs. Crs.)	13.98		N.A	
Ratio of Recurring Expenses to net assets	0.27%		N.A	
Date of Allotment	April 24,2007			
Benchmark Index	CRISIL Liquid Fund Index			

Birla Fixed Term Plan - Series R									
HISTORICAL PER UNIT STATISTICS	Retail Dividend	Retail Growth	Institutional Dividend	Institutional Growth	Retail Dividend	Retail Growth	Institutional Dividend	Institutional Growth	
	April 1, 2007 to October 15, 2007				2006-07				
NAV at the beginning of the year/period	10.0698	10.0698	10.0731	10.0726	NA	NA	NA	NA	
Net Income per unit	0.53				0.07				
Dividends P.U	Nil	-	Nil	-	Nil	-	Nil	-	
Transfer to reserves (if any) (Rs. Crs.)	Nil				1.22				
NAV at the end of the year/period	10.6638	10.6638	10.6962	10.6962	10.0698	10.0698	10.0731	10.0726	
Annualised / absolute return since inception till end of the year/period	6.64%				NA				
Returns on Benchmark index since inception till end of the year/period	5.96%				NA				
Net Assets at end of the year/period (Rs. Crs.)	191.55				180.92				
Ratio of Recurring Expenses to net assets	0.30%				0.25%				
Date of Allotment	March 06,2007								
Benchmark Index	CRISIL Short Term Bond Fund Index								

Birla Fixed Term Plan - Series S									
HISTORICAL PER UNIT STATISTICS	Retail Dividend	Retail Growth	Institutional Dividend	Institutional Growth	Retail Dividend	Retail Growth	Institutional Dividend	Institutional Growth	
	April 1, 2007 to October 15, 2007						2006-07		
NAV at the beginning of the year/period	10.0612	10.0612	10.0630	10.0630	NA	NA	NA	NA	
Net Income per unit	0.58						0.05		
Dividends P.U	Nil	-	Nil	-	Nil	-	Nil	-	
Transfer to reserves (if any) (Rs. Crs.)	Nil						0.58		
NAV at the end of the year/period	10.6665	10.6665	10.6915	10.6915	10.0612	10.0612	10.0630	10.0630	
Annualised / absolute return since inception till end of the year/period	6.66%						NA		
Returns on Benchmark index since inception till end of the year/period	5.78%						NA		
Net Assets at end of the year/period (Rs. Crs.)	123.32						116.33		
Ratio of Recurring Expenses to net assets	0.28%						0.25%		
Date of Allotment	March 14,2007								
Benchmark Index	CRISIL Short Term Bond Fund Index								

Birla Fixed Term Plan - Series T									
HISTORICAL PER UNIT STATISTICS	Retail Dividend	Retail Growth	Institutional Dividend	Institutional Growth	Retail Dividend	Retail Growth	Institutional Dividend	Institutional Growth	
	April 1, 2007 to October 15, 2007						2006-07		
NAV at the beginning of the year/period	10.0320	10.0320	10.0322	10.0322	NA	NA	NA	NA	
Net Income per unit	0.58						0.02		
Dividends P.U	Nil	-	Nil	-	Nil	-	Nil	-	
Transfer to reserves (if any) (Rs. Crs.)	Nil						1.78		
NAV at the end of the year/period	10.6762	10.6762	10.6910	10.6910	10.0320	10.0320	10.0322	10.0322	
Annualised / absolute return since inception till end of the year/period	6.76%						NA		
Returns on Benchmark index since inception till end of the year/period	5.61%						NA		
Net Assets at end of the year/period (Rs. Crs.)	865.07						812.34		
Ratio of Recurring Expenses to net assets	0.17%						0.25%		
Date of Allotment	March 23,2007								
Benchmark Index	CRISIL Short Term Bond Fund Index								

Birla Fixed Term Plan - Series U									
HISTORICAL PER UNIT STATISTICS	Retail Dividend	Retail Growth	Institutional Dividend	Institutional Growth	Retail Dividend	Retail Growth	Institutional Dividend	Institutional Growth	
	April 1, 2007 to October 15, 2007						2006-07		
NAV at the beginning of the year/period	10.0069	10.0070	10.0069	10.0069	NA	NA	NA	NA	
Net Income per unit	0.60						0.01		
Dividends P.U	Nil	-	Nil	-	Nil	-	Nil	-	
Transfer to reserves (if any) (Rs. Crs.)	Nil						0.17		
NAV at the end of the year/period	10.6221	10.6221	10.6397	10.6397	10.0069	10.0070	10.0069	10.0069	
Annualised / absolute return since inception till end of the year/period	6.22%						NA		
Returns on Benchmark index since inception till end of the year/period	5.48%						NA		
Net Assets at end of the year/period (Rs. Crs.)	255.68						240.64		
Ratio of Recurring Expenses to net assets	0.13%						N.A		
Date of Allotment	March 29,2007								
Benchmark Index	CRISIL Short Term Bond Fund Index								

Birla Fixed Term Plan - Series V									
HISTORICAL PER UNIT STATISTICS	Retail Dividend	Retail Growth	Institutional Dividend	Institutional Growth	Retail Dividend	Retail Growth	Institutional Dividend	Institutional Growth	
	April 1, 2007 to October 15, 2007						2006-07		
NAV at the beginning of the year/period	NA	NA	NA	NA	NA	NA	NA	NA	
Net Income per unit	0.48						-		
Dividends P.U	Nil	-	Nil	-	Nil	-	Nil	-	
Transfer to reserves (if any) (Rs. Crs.)	Nil						Nil		
NAV at the end of the year/period	10.4792	10.4792	10.4964	10.4964	NA	NA	NA	NA	
Annualised / absolute return since inception till end of the year/period	4.79%						NA		
Returns on Benchmark index since inception till end of the year/period	4.69%						NA		
Net Assets at end of the year/period (Rs. Crs.)	96.25						NA		
Ratio of Recurring Expenses to net assets	0.27%						N.A		
Date of Allotment	April 28,2007								
Benchmark Index	CRISIL Short Term Bond Fund Index								

Birla Fixed Term Plan - Series W				
HISTORICAL PER UNIT STATISTICS	Retail Dividend	Retail Growth	Institutional Dividend	Institutional Growth
	April 1, 2007 to October 15, 2007			
NAV at the beginning of the year/period	N.A	N.A	N.A	N.A
Net Income per unit	0.37			
Dividends P.U	Nil	-	Nil	-
Transfer to reserves (if any) (Rs. Crs.)	Nil			
NAV at the end of the year/period	10.3574	10.3574	10.3692	10.3692
Annualised / absolute return since inception till end of the year/period	3.57%			
Returns on Benchmark index since inception till end of the year/period	3.61%			
Net Assets at end of the year/period (Rs. Crs.)	42.52			
Ratio of Recurring Expenses to net assets	0.39%			
Date of Allotment	May 30,2007			
Benchmark Index	CRISIL Short Term Bond Fund Index			

Birla Fixed Term Plan - Series 24 months				
HISTORICAL PER UNIT STATISTICS	Retail Dividend	Retail Growth	Institutional Dividend	Institutional Growth
	April 1, 2007 to October 15, 2007			
NAV at the beginning of the year/period	N.A	N.A	N.A	N.A
Net Income per unit	0.33			
Dividends P.U	Nil	-	Nil	-
Transfer to reserves (if any) (Rs. Crs.)	Nil			
NAV at the end of the year/period	10.5331	10.5331	10.5513	10.5513
Annualised / absolute return since inception till end of the year/period	5.33%			
Returns on Benchmark index since inception till end of the year/period	3.26%			
Net Assets at end of the year/period (Rs. Crs.)	72.95			
Ratio of Recurring Expenses to net assets	0.49%			
Date of Allotment	June 11,2007			
Benchmark Index	CRISIL Short Term Bond Fund Index			

Birla Fixed Term Plan - Series X				
HISTORICAL PER UNIT STATISTICS	Retail Dividend	Retail Growth	Institutional Dividend	Institutional Growth
	April 1, 2007 to October 15, 2007			
NAV at the beginning of the year/period	N.A	N.A	N.A	N.A
Net Income per unit	0.28			
Dividends P.U	Nil	-	Nil	-
Transfer to reserves (if any) (Rs. Crs.)	Nil			
NAV at the end of the year/period	10.2659	10.2659	10.2775	10.2775
Annualised / absolute return since inception till end of the year/period	2.66%			
Returns on Benchmark index since inception till end of the year/period	2.40%			
Net Assets at end of the year/period (Rs. Crs.)	121.52			
Ratio of Recurring Expenses to net assets	0.21%			
Date of Allotment	July 04,2007			
Benchmark Index	CRISIL Short Term Bond Fund Index			

Birla Fixed Term Plan - Series Y				
HISTORICAL PER UNIT STATISTICS	Retail Dividend	Retail Growth	Institutional Dividend	Institutional Growth
	April 1, 2007 to October 15, 2007			
NAV at the beginning of the year/period	N.A	N.A	N.A	N.A
Net Income per unit	0.17			
Dividends P.U	Nil	-	Nil	-
Transfer to reserves (if any) (Rs. Crs.)	Nil			
NAV at the end of the year/period	10.1634	10.1634	10.1712	10.1712
Annualised / absolute return since inception till end of the year/period	1.63%			
Returns on Benchmark index since inception till end of the year/period	1.32%			
Net Assets at end of the year/period (Rs. Crs.)	74.14			
Ratio of Recurring Expenses to net assets	0.28%			
Date of Allotment	August 07,2007			
Benchmark Index	CRISIL Short Term Bond Fund Index			

Birla Fixed Term Plan - Series AA				
HISTORICAL PER UNIT STATISTICS	Retail Dividend	Retail Growth	Institutional Dividend	Institutional Growth
	April 1, 2007 to October 15, 2007			
NAV at the beginning of the year/period	N.A	N.A	N.A	N.A
Net Income per unit	0.13			
Dividends P.U	Nil	-	Nil	-
Transfer to reserves (if any) (Rs. Crs.)	Nil			
NAV at the end of the year/period	10.1624	10.1624	10.1684	10.1684
Annualised / absolute return since inception till end of the year/period	1.62%			
Returns on Benchmark index since inception till end of the year/period	1.50%			
Net Assets at end of the year/period (Rs. Crs.)	294.69			
Ratio of Recurring Expenses to net assets	0.29%			
Date of Allotment	August 23,2007			
Benchmark Index	CRISIL Short-Term Bond Fund Index			

Birla Fixed Term Plan - Series AB				
HISTORICAL PER UNIT STATISTICS	Retail Dividend	Retail Growth	Institutional Dividend	Institutional Growth
	April 1, 2007 to October 15, 2007			
NAV at the beginning of the year/period	N.A	N.A	N.A	N.A
Net Income per unit	0.09			
Dividends P.U	Nil	-	Nil	-
Transfer to reserves (if any) (Rs. Crs.)	Nil			
NAV at the end of the year/period	10.1030	10.1030	10.1078	10.1078
Annualised / absolute return since inception till end of the year/period	1.08%			
Returns on Benchmark index since inception till end of the year/period	0.98%			
Net Assets at end of the year/period (Rs. Crs.)	294.62			
Ratio of Recurring Expenses to net assets	0.22%			
Date of Allotment	September 11,2007			
Benchmark Index	CRISIL Short-Term Bond Fund Index			

Birla Sun Life Interval Income Fund – Quarterly Plan - – Series I				
HISTORICAL PER UNIT STATISTICS	Retail Dividend	Retail Growth	Institutional Dividend	Institutional Growth
	April 1, 2007 to October 15, 2007			
NAV at the beginning of the year/period	N.A	N.A	N.A	N.A
Net Income per unit	0.11			
Dividends P.U	Nil	-	Nil	-
Transfer to reserves (if any) (Rs. Crs.)	Nil			
NAV at the end of the year/period	10.1075	10.1075	10.1088	10.1088
Annualised / absolute return since inception till end of the year/period	1.07%			
Returns on Benchmark index since inception till end of the year/period	1.02%			
Net Assets at end of the year/period (Rs. Crs.)	456.45			
Ratio of Recurring Expenses to net assets	0.15%			
Date of Allotment	August 29,2007			
Benchmark Index	Crisil Liquid Fund Index			

NOTES:

1. Annualised Returns for the Schemes have been calculated on Compounded Annualised basis for Growth Plan from the Date of Allotment, except, for Schemes not having Growth Plan, the same have been calculated for Dividend Plan after considering dividend reinvestment.
2. For Schemes having period of operation less than a year from the date of allotment, Absolute Returns have been calculated.
3. The per Unit NAV on the date of allotment is taken as Rs. 10 for computation of returns.

Borrowing of the Mutual Fund

Details of Borrowing by Birla Sun Life Mutual Fund are as follows:

Date of Borrowing	Amount of Borrowing (in Rs.)	Amount of Borrowing as % of NAV	Date of Repayment	Period of Borrowing	Purpose of Borrowing
April 3, 2007	198 Crores	4.88%	April 4, 2007	1 day	To meet Redemption

SECTION V

Unitholders' Rights and Services

Investor Services

Birla Sun Life Mutual Fund will endeavour to provide the Unit holders with the highest standards of service. The Mutual Fund is committed to put in place and upgrade on a continuous basis, systems and procedures that will enable effective investor servicing through the use of technology.

Official Points of Acceptance of Transactions

The AMC has designated official points of acceptance of transactions in various cities, the details of which are stated on the last page of this offer document. Unitholders can visit these centres for enquiries and transactions during business hours.

Account Statement

Account Statement reflecting the units allotted in the New Fund Offer Period as well as Redemption / Switch of Units shall be dispatched to the Unit holder within 30 days from the date of allotment/transaction. However, under normal circumstances, the Mutual Fund shall endeavor to dispatch the Account Statement within 10 Business Days from the date of allotment/transaction.

Std Obs
5 (h)

Information Dissemination And Periodic Disclosure

NAV will be calculated up to four decimal places on a weekly basis and on specified redemption dates and released to the Press, News Agencies and the Association of Mutual Funds of India (AMFI). NAVs will also be displayed on the Website of the Mutual Fund. Subsequent to the scheme's conversion to an open ended scheme, the NAV will be calculated for all business days and released to the Press. The NAVs shall also be published in two daily newspapers. NAVs will also be displayed on the Website of the Mutual Fund.

Std Obs
4 (a)

AMC shall update the NAVs on the website of Association of Mutual Funds in India - AMFI (www.amfiindia.com) by 9.00 p.m. on the day of declaration of the NAV. In case of any delay, the reasons for such delay would be explained to AMFI. If the NAVs are not available before commencement of business hours on the following day due to any reason, Mutual Fund shall issue a press release providing reasons and explaining when the Mutual Fund would be able to publish the NAVs. The Subscription and Redemption price of Units shall be published in a daily newspaper in accordance with SEBI Regulations.

The Scheme wise annual report or an abridged summary thereof shall be mailed to all Unit holders not later than six months from the date of closure of the relevant accounting year and full annual report shall be available for inspection at the Head Office of the Mutual Fund and a copy shall be made available to the Unit holders on request on payment of nominal fees, if any.

Std Obs
5 (a)

Before expiry of one month from the close of each half year that is on March 31 and September 30, the Mutual Fund will publish its half-yearly unaudited financial results in one national English daily newspaper circulating in the whole of India and in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated as per the format prescribed by SEBI vide their Circular No. MFD/CIR/1/200/2001 dated April 20, 2001. These results shall also be displayed on the website of the Mutual Fund and Association of Mutual Funds in India.

Std Obs
5 (b)

The Mutual Fund shall before the expiry of one month from the close of each half year i.e. March 31 and September 30, send to all Unit holders a complete statement of its Scheme portfolio. Provided that the statement of Scheme portfolio may not be sent to the Unit holders if the statement is published, by way of an advertisement, in one English daily circulating in the whole of India and in a newspaper published in the language of there on where the Head Office of the Mutual Fund is situated. The disclosure of Portfolio shall be made in the format prescribed by SEBI in their Circular No. MFD/CIR/9/120/2000 dated November 24, 2000.

The annual report containing accounts of the AMC shall be displayed on the Website of the Mutual Fund. Unit holders, if they so desire, may request for the annual report of the AMC.

Rights of Unitholders of the Scheme

1. Unit holders of the Scheme have a proportionate right in the beneficial ownership of the assets of the Scheme.
2. When the Mutual Fund declares a dividend under the Scheme, the dividend warrants shall be despatched within 30 days of the declaration of the dividend.
3. Account Statement reflecting the new or additional subscription as well as Redemption / Switch of Units shall be despatched to the Unit holder within 10 business days from the date of receipt of the request from the Unitholder. Provided if a Unit holder so desires the Mutual Fund shall issue a Unit certificate (non-transferable) within 30 days of the receipt of request for the certificate.
4. As per SEBI Regulations, the Mutual Fund shall despatch Redemption proceeds within 10 working days of receiving the Redemption request. The AMC will despatch the redemption cheques within 10

Std Obs
5 (e)

Std Obs
5 (e)

working days from the date of receipt of the request from the Unitholder. If the despatch of redemption proceeds is not made within 10 working days, the Unitholders shall be paid interest @15% p.a. for the delayed period and the interest shall be borne by the AMC. However, under normal circumstances, the Mutual Fund will endeavor to despatch the Redemption cheque within 4 Business Days from the date of receipt of the request from the Unitholder.

5. The Trustee is bound to make such disclosures to the Unit holders as are essential in order to keep them informed about any information known to the Trustee which may have a material adverse bearing on their investments.
6. The appointment of the AMC for the Mutual Fund can be terminated by majority of the Directors of the Trustee of by 75% of the Unit holders of the Scheme.
7. The Trustee is obliged to convene a meeting on a requisition of 75% of the Unit holders of a Scheme.
8. 75% of the Unit holders of a Scheme can pass a resolution to wind-up a Scheme.
9. 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 on the requisition made by three-fourths of the Unit holders of the Scheme.
 - a. when the Trustee decides to wind up the Scheme or prematurely redeem the Units.
 - b. The Trustee shall ensure that no change in the fundamental attributes of any Scheme or the trust or fees and expenses payable or any other change which would modify the Scheme and affects the interest of Unit holders, shall be carried out unless :
 - (i) a written communication about the proposed change is sent to each Unit holder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated; and
 - (ii) the Unit holders are given an option to exit at the prevailing Net Asset Value without any Exit Load.
10. In specified circumstances where the approval of unitholders is sought on any matter, the same shall be obtained by way of a postal ballot or such other means as may be approved by SEBI.

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Duration Of The Scheme/ Winding Up

The duration of the Scheme is perpetual. However, in terms of the SEBI Regulations, the Scheme may be wound up after repaying the amount due to the Unit holders:

- (a) on the happening of any event which, in the opinion of the Trustee, requires the Scheme to be wound up; or
- (b) If seventy five percent of the Unit holders of the Scheme pass a resolution that the Scheme be wound up; or
- (c) If SEBI directs the Scheme to be wound up in the interest of the Unit holders.

Where a Scheme is to be wound up pursuant to the above SEBI Regulations, the Trustee shall give notice of the circumstances leading to the winding up of the Scheme:

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

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

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

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

1. The Trustee shall call a meeting of the Unit holders of the Scheme to consider and pass necessary resolutions by simple majority of Unit holders present and voting at the meeting for authorising the AMC or any other person / agency to take the steps for winding up of the Scheme.
 - (a) The Trustee or the person authorised as above, shall dispose the assets of the Scheme concerned in the best interests of the Unit holders of the Scheme.
 - (b) The proceeds of the sale made in pursuance of the above, shall in the first instance be utilised towards discharge of such liabilities as are properly due under the Scheme and after making appropriate provision for meeting the expenses connected with such winding up, the balance shall be paid to the Unit holders in proportion to their respective interests in the assets of the Scheme as on the date when the decision for the winding up was taken.

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

SECTION VI

Other Matters

Unitholders Grievances Redressal Mechanism

Investors may contact the ISCs or the office of the AMC for any queries /clarifications. The Head Office of the AMC will follow up with the respective ISC to ensure timely redressal and prompt investor services. Ms.Rekha Naidu, Head- Investor Services can be contacted at the office of the AMC at Ahura Centre, 2nd Floor, Tower A, 96/A-D, Mahakali Caves Road, Andheri - (East) Mumbai 400093. at Telephone nos. (022) 66928000 Fax no. (022) 66928111.

Investor Complaints

Given below is the status of Investor Complaints received directly by the mutual fund and forwarded by SEBI.

Complaints Redressal Statistics April 1, 1999 – October 31, 2007

Scheme	Complaints Received	Complaints Redressed	Complaints Pending
Birla Advantage Fund	9546	9538	8
Birla Asset Allocation Fund	391	391	0
Birla Balance	6932	6932	0
Birla Bond Index Fund	32	32	0
Birla Sun Life Liquid Plus(Birla Bond Plus)	74	74	0
Birla Cash Plus	769	768	1
Birla Dividend Yield Plus	2226	2223	3
Birla Dynamic Bond	10	10	0
Birla Equity Plan	2883	2883	0
Birla Floating Rate Fund	70	69	1
Birla Fixed Maturity Plan	8	8	0
Birla Gilt Plus	451	451	0
Birla Income Plus	8906	8905	1
Birla Index Fund	60	60	0
Birla India GenNext Fund	245	245	0
Birla India Opportunities Fund	10166	10165	1
Birla Midcap	372	372	0
Birla MIP	1189	1187	2
Birla MIP II Saving 05	73	73	0
Birla MIP II Wealth 25	336	336	0
Birla MNC Fund	10029	10029	0
Birla Sun Life Equity Fund	372	371	1
Birla Sun Life Monthly Income	165	165	0
Birla Sun Life New Millennium Fund	295	295	0
Birla Sun Life '95 Fund	156	154	2
Birla Sun Life Income Fund	30	30	0
Birla Sun Life Basic Industries Fund	259	259	0
Birla Sun Capital Tax Relief-96	1419	1414	5
Birla Sun Buy India Fund	206	202	4
Birla Sun Life Frontline Equity Fund	227	227	0
Birla Sun Life Govt. Securities	2	2	0
Birla Taxplan'98	58	58	0
Birla Top 100 Fund	1117	1115	2
Birla Infrastructure Fund	873	868	5
Birla Fixed Maturity Plan	19	19	0
Birla Sun Life Cash Manager	16	16	0
Birla Long Term Advantage Fund	129	129	0
BSL Long Term Advantage Fund Series 1	7	7	0
Birla Sun Life Short Term Fund	4	4	0
Birla Cash Plus – Sweep Plan	1	1	0
Others	680	672	8
TOTAL	60803	60759	44

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Associate Transactions

Business given to associates of BSLAMC and Payments made to sponsor and its associates during the last 3 financial years and from April 1, 2007 to October 31, 2007 is given below:

Name	April 1, 2007 – October 31, 2007 (Unaudited)	2006-2007	2005-06	2004-05
Birla Sun Life Distribution Co. Ltd.	5,46,82,392.49	3,05,73,688.17	29,045,647.51	45,870,325.14
Aditya Birla Nuvo Ltd (erstwhile Birla Global Finance Limited)	88,31,534.58	70,08,115.16	3,533,688.21	11,106,737.84

Investments in Group companies of BSLAMC

BSLAMC does not have any separate policy for investment in securities of the group companies. If at any time such investments are made, it will be done on pure commercial consideration for the benefit of the Fund. 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, investments in listed securities of the group company of the Sponsor will not exceed 25% of the net assets of each scheme of the Fund. Investment in-group companies will be done only in the interest of the Fund and as per the SEBI Regulations.

As on October 15, 2007 investments made in the securities of Group Companies of the sponsor stood as follows:

Scheme	Name of the Security	Security Category	Amount (Rs. in Lacs)	% of Net Assets of the Scheme	Net Assets (Rs.)
Birla Advantage Fund	Aditya Birla Nuvo Limited	Equity	1,488.76	2.54	5,850,964,167.16
Birla Cash Plus	Hindalco Industries Ltd.	Debt	2,327.27	0.25	92,001,321,817.79
Birla Equity Plan	Aditya Birla Nuvo Limited	Equity	686.26	4.13	1,661,289,783.34
	Grasim Industries Ltd.	Equity	285.87	1.72	
	Ultra Tech Cement Ltd	Equity	456.40	2.75	
Birla Generation Next	Idea Cellular Limited	Equity	1,003.71	424.45	23,647,504.13
Birla Infrastructure Fund	Grasim Industries Ltd.	Equity	1,143.48	44.73	255,632,554.95
Birla Long Term Advantage	Aditya Birla Nuvo Limited	Equity	806.54	4.58	1,760,333,284.54
	Idea Cellular Limited	Equity	892.20	5.07	
Birla Midcap Fund	Aditya Birla Nuvo Limited	Equity	1,815.07	3.53	5,146,944,313.50
Birla Sunlife Basic Industries Fund	Grasim Industries Ltd.	Equity	666.76	4.07	1,636,330,112.57
Birla Sunlife Equity Fund	Aditya Birla Nuvo Limited	Equity	3,090.23	9.82	3,145,405,388.30
	Grasim Industries Ltd.	Equity	2,783.69	8.85	
Birla Sunlife Frontline Equity Fund	Grasim Industries Ltd.	Equity	1,170.16	3.72	3,145,405,388.30

Birla Sunlife Long Term Advantage Sr 1	Aditya Birla Nuvo Limited	Equity	858.85	2.05	4,195,901,551.90
	Idea Cellular Limited	Equity	944.25	2.25	
Birla Sunlife Tax Relief 96	Aditya Birla Nuvo Limited	Equity	2,401.91	4.52	5,311,440,676.01
Birla Taxplan 98 (Close Ended)	Aditya Birla Nuvo Limited	Equity	77.46	9.11	85,037,927.71
	Grasim Industries Ltd.	Equity	43.83	5.15	
	Idea Cellular Limited	Equity	26.77	3.15	
Birla Top 100	Aditya Birla Nuvo Limited	Equity	584.97	1.18	4,943,010,752.35
	Grasim Industries Ltd.	Equity	991.02	2.00	
	Idea Cellular Limited	Equity	957.64	1.94	
Birla Index Fund	Grasim Industries Ltd.	Equity	40.67	0.97	419,580,540.00
	Hindalco Industries Ltd.	Equity	26.71	0.64	
Birla Fixed Term Debt - Sr 3 36 Mth	Hindalco Industries Ltd.	Debt	24.80	10.49	23,647,504.13
Birla Fixed Term Plan - Series N	Hindalco Industries Ltd.	Debt	396.74	15.52	255,632,554.95
Birla Income Plus	Hindalco Industries Ltd.	Debt	99.19	0.20	5,009,971,582.61

The above investments constitute 1.06% of the total net assets of the Fund as on October 15, 2007. The above investments were considered sound. Before making an investment, the AMC evaluated the same on merits and on arm's length basis and in accordance with the objective of the scheme.

Business dealings / transactions with associates of BSLAMC

BSLAMC utilises the services of Birla Sun Life Distribution Company Ltd., and Aditya Birla Nuvo Ltd (erstwhile Birla Global Finance Ltd) for marketing and distribution of the units of various schemes.

The AMC may utilise the services of Sponsor, group companies and any other subsidiary or associate company of the Sponsor established or to be established a later date, in case such a company (including their employees or relatives) in a position to provide the requisite services to the AMC. The AMC will 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, after evaluation of the competitiveness of the pricing offered by the Sponsor, associate companies (including their employees or relatives) and the services to be provided by them.

Underwriting Obligations with respect to issues of Associate Companies -

The AMC has, till date not entered into any Underwriting contracts in respect of any public issue made by any of its associate companies.

Subscription in issues lead managed by the Sponsor or any of its associates-

Details of subscription in issues where Aditya Bilra Nuvo Ltd (erstwhile Birla Global Finance Limited) the sponsor was the arranger for financial years 2003-2004, 2004-2005, 2005-2006 and from April 2006-October 2007

Name of the Scheme	Security Description	Amount in Rs
Birla Cash Plus	6.50% Punjab Tractors Ltd.	200,000,000
Birla Cash Plus	6.75% Swaraj Engines Ltd.	50,000,000
Birla Cash Plus	6.15% Swaraj Engines	50,000,000
Birla Cash Plus	6.15% Swaraj Engines Ltd.	50,000,000

Birla Cash Plus	Sun Pharma - Mibor+15bps	100,000,000
Birla Bond Plus	Sun Pharma - Mibor+15bps	100,000,000
Birla Cash Plus	Sun Pharma - Mibor+15bps	300,000,000
Birla Cash Plus	Century Textiles - Mibor+10bps	50,000,000
Birla Cash Plus	5.50% Swaraj Engines Ltd	50,000,000
Birla Cash Plus	Century Textiles - Mibor+10bps	100,000,000
Birla Income Plus	Century Textiles - Mibor+10bps	100,000,000
Birla Cash Plus	5.7% Swaraj Engines Ncd	50,000,000
Birla Cash Plus	5.7% Swaraj Engines Ncd	50,000,000
Birla Cash Plus	NSEMIBOR plus10bps Century Text 89dys NCD Red29Mar04 PHYLOA	150,000,000
Birla Cash Plus	NSEMibor plus10bps Cent Text 89dysUnsec NCDRed 6Apr04 PHYLOA	50,000,000
Birla Cash Plus	4.98pc Punjab Tractors 72Days UnsecNCD Red25Mar04DMTLOA	150,000,000
Birla Floating Rate Fund - Short Term Plan	1yrGSEC 130bpsResetSemiAnnulDBI OMNI Bonds2004DRed9Mar09DMT	100,000,000
Birla Cash Plus	5.65pcGarden Silk Mill UnsecUnrtd63DaysNCD Red29Jun04DMTLOA	150,000,000
Birla Bond Plus	NM Plus5Bp Indian Oiltanking 89DaysNCD Red 26Jul2004 Phy Loa	50,000,000
Birla Cash Plus	NM Plus 5 BpsCentText ltd 89Days SecNcd Red 28Ju04 PHY LOA	200,000,000
Birla Cash Plus	5.65pc Swaraj Engines 89Days UnsecNCD Red28Jul04 PHYLOA	50,000,000
Birla Cash Plus	5.65pcGarden Silk Mill UnsecUnrtd48DaysNCD Red28Jun04DMTLOA	100,000,000
Birla Cash Plus	NM Plus 0 BpsCentText ltd 88Days SecNcd Red 20Aug04 PHY LOA	200,000,000
Birla Cash Plus	NM Plus0Bps IndianOiltanking 87DaysNCD Red 20Aug2004 Phy Loa	50,000,000
Birla Cash Plus	5.65pc Swaraj Mazda Ltd 78 Days Unsec NCD Red 29Sep04 PhyLoa	50,000,000
Birla Cash Plus	NSE MIBOR Cent Tex and Ind 87Days SecNCD Red11Oct04PHYLOA	100,000,000
Birla Cash Plus	5.65pc Swaraj Engines Urtd Unsec 89DaysNCD Red13Oct04DmtLOA	50,000,000
Birla Cash Plus	NM 0Bps IndianOiltanking 88DaysNCD Red 22Oct2004 Phy Loa	50,000,000
Birla Cash Plus	NM plus 0bps Century Textiles 89Days Sec NCDRed25Oct04PHYLOA	200,000,000
Birla Cash Plus	5.65pc Swaraj Engines Urtd Unsec 60DaysNCD Red28Sep04DmtLOA	50,000,000
Birla Cash Plus	6pc Swaraj Mazda Ltd 85 Days Unsec NCD Red 10Nov04 PHYLOA	50,000,000
Birla Fixed Maturity Plan-Quarterly Series 2	4.90pc Punjab Tractors 89Days UnsecNCD Red30Nov04DMTLOA	100,000,000
Birla Cash Plus	NMplus 0bps Century Text 89Days SecNCD Red 1Dec04 PHYLOA	450,000,000
Birla Cash Plus	5.65pc Swaraj Engines Urtd Unsec NCD Red 3 Dec 04 Dmi LOA	50,000,000
Birla Cash Plus	5.75pc Swaraj Mazda Ltd 84 Days Unsec NCD Red 22Dec04 PHYLOA	50,000,000
Birla Dynamic Bond Fund	NM Cent Tex and Ind 89Days SecNCD Red27Dec04PHYLOA	200,000,000
Birla Cash Plus	5.75pc Swaraj Eng 84Days UnrtdUnsecNCD Red24Dec04 DMTLOA	50,000,000
Birla Cash Plus	5.90pc Swaraj Eng 76Days UnrtdUnsecNCD Red 30Dec04 DMTLOA	50,000,000
Birla Floating Rate Fund - Short Term Plan	NM plus10bps Cent Tex and Ind 89Days SecNCDRed 2Feb05PHYLOA	200,000,000
Birla Floating Rate Fund - Short Term Plan	NM plus10bps Cent Tex and Ind 88Days SecNCDRed 4Feb05PhyLoa	200,000,000
Birla Cash Plus	6.40pc Swaraj Mazda Ltd 84 Days UnsecNCD Red 2Feb2005 PHYLOA	50,000,000
Birla Cash Plus	NM plus 0bps Century Text. 87Days Secu NCD Red11Mar05 PHYLOA	200,000,000
Birla Floating Rate Fund - Short Term Plan	NM plus 0bps Century Text. 87Days Secu NCD Red11Mar05 PHYLOA	200,000,000
Birla Floating Rate Fund - Long Term Plan	NSE Mibor Century Text. 86Days Secu NCD Red18Mar05 PHYLOA	100,000,000
Birla Floating Rate Fund - Short Term Plan	NSE Mibor Century Text. 86Days Secu NCD Red18Mar05 PHYLOA	100,000,000
Birla Cash Plus	6.50pc Swaraj Eng 82Days UnrtdUnsecNCD Red 15Mar05 PHYLOA	50,000,000
Birla Floating Rate Fund - Short Term Plan	NM plus15bps Century Text. 89Days Secu NCD Red29Mar05 PHYLOA	200,000,000
Birla Cash Plus	6.40pc Swaraj Eng 77Days UnrtdUnsecNCD Red 24Mar05 DMTLOA	50,000,000
Birla Cash Plus	6.40pc Swaraj Eng 63Days UnrtdUnsecNCD Red 10Mar05 DMTLOA	50,000,000
Birla Cash Plus	NM plus 5bps ACC Ltd 83Days Sec NCD Red 31Mar05 PHYLOA	150,000,000
Birla Cash Plus	NM plus 5bps Century Text 87Days Secu NCD Red15Apr05 PHYLOA	200,000,000
Birla Cash Plus	6.60pc Swaraj Mazda Ltd 89Days UnsecNCD Red 20Jun2005 PHYLOA	100,000,000
Birla Cash Plus	NMPlus20bps MothersonSumi Unsec30Days NCD Red 13May05 PhylLoa	50,000,000
Birla Cash Plus	6.50pc Swaraj Eng 80Days UnrtdUnsecNCD Red 8Jul05 DMTLOA	50,000,000
Birla Cash Plus	6.5pc Swaraj Eng 87Days UnrtdUnsecNCD Red 15Jul05 DMTLOA	50,000,000
Birla Cash Plus	NM plus 30bps Century Text 89Days Secu NCD Red 4Oct05 PHYLOA	300,000,000
Birla Cash Plus	6.45pc Swaraj MazdaLtd 71Days UnsecUnratedNCDRed29Sep2005PHY	100,000,000

Birla Cash Plus	NM plus 25bps Century Text 84Days Secu NCD Red28Oct05 PHYLOA	200,000,000
Birla Cash Plus	6.40pc Swaraj Eng 89Days UnrtdUnsecNCD Red 8Nov05 PHYLOA	50,000,000
Birla Cash Plus	6.40pc Swaraj Eng 80Days UnrtdUnsecNCD Red 8Dec05 PHYLOA	50,000,000
Birla Cash Plus	6.40pc Swaraj MazdaLtd 86Days UnsecUnratedNCDRed14Dec2005PHY	50,000,000
Birla Cash Plus	6.6pc Swaraj MazdaLtd 71Days UnsecUnratedNCDRed30Dec2005PHY	100,000,000
Birla Floating Rate Fund - Short Term Plan	5.90pc Punjab Tractors 45Days UnsecNCD Red9Dec05 DMT LOA	250,000,000
Birla Cash Plus	6.75pc Swaraj MazdaLtd 48Days UnsecUnratedNCDRed29Dec2005PHY	50,000,000
Birla Cash Plus	7pc Swaraj Eng 88Days UnrtdUnsecNCD Red 7Mar2006 PHYLOA	50,000,000
Birla Cash Plus	6.50pc Punjab Tractors 84Days UnsecNCD Red3Mar2006 DMTLOA	250,000,000
Birla Cash Plus	6.50pc Punjab Tractors UnsecNCD DOA10Jan06 Red24Mar06 DMTLOA	200,000,000
Birla Cash Plus	NM plus30bps Century Text NCD DOA 20Jan06 Red19Apr06 LOA PHY	100,000,000
Birla Cash Plus	7.9pc Swaraj Mazda Ltd UnsNCD DOA7Feb06 Red 24Mar06 PHYLOA	50,000,000
Birla Cash Plus	NM plus 20bps Finoex Cables 87DaysUnsecNCDRed13Jul06 PHYLOA	20,00,00,000
Birla Cash Life Cash Manager	8.5pc Swaraj Mazda Ltd UnsDeb DOA13Nov06 Red 19Jan07 PHYLOA	5,00,00,000
Birla Infrastructure Fund	Simplex Projects Limited (IPO Equity Shares)	22,19,94,450
Birla Sun Life Liquid Plus	Redington India Ltd (Comm Paper DOI 23Aug07 Redemption 21Nov2007)	9,80,94,000

Disclosure under Regulation 25(11) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended Investments made by the schemes of Birla Sun Life Mutual Fund in Companies or their subsidiaries that have invested more than 5% of the net assets of any scheme.

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Aggregate purchases made by the schemes during the Period October 16, 2005 to October 15, 2007 and the market/ fair value of such investments as at October 15, 2007 in companies which have invested in any scheme of the Fund, in excess of five per cent of that schemes net asset value.

Company Name	Schemes invested in by the Company	Investment made by schemes of Birla Sun Life Mutual fund in the company / subsidiary	Aggregated for the period under Regulation 25(11) At cost	Outstanding as at October 15, 2007	
			(Rupees in Lakhs)	At Market / Fair Value (Rupees in Lakhs)	
Aban Offshore Ltd	BFL	BSLEQTY	1,050.25	1,482.87	
		MIDCAP	285.67	Nil	
Allahabad Bank	BBP	BBAL	182.82	Nil	
		BSLCM	19,748.82	7,278.25	
		GENNEXT	2,133.84	Nil	
		BFL	BFTPQS13	4,369.82	Nil
			BFTPQS14	4,170.01	Nil
			BFTPQS19	1,178.67	Nil
			BSLCM	17,001.64	Nil
			BSLEQTY	1,362.87	Nil
			BSLIF	283.16	Nil
			BSLMI	1,362.09	Nil
			BSLR96	89.39	Nil
			BSLSTF	1,799.40	206.94
	BSLTA1	1,133.20	872.10		
		CASH	74,586.55	7,515.14	
		CASHDIV	2,467.33	Nil	
		FTPF	953.46	Nil	
		FTPR	2,497.16	2,643.08	
		GENNEXT	180.33	204.48	
		MIDCAP	299.27	Nil	
		MIP5	25,284.66	8,361.76	
		PLUS	3,714.52	Nil	
		TAX98	16.71	Nil	
		TAX99	314.70	Nil	

Axis Bank Ltd.	BSLCM	ADVG	1,294.22	1,205.15
	CASH	BBP	4,774.37	2,492.93
		BFL	2,495.51	Nil
		BFS	1,000.56	Nil
		BFTPOS6	948.73	Nil
		BLTA	749.62	896.79
		BSLCM	12,881.16	Nil
		BSLEQTY	830.57	Nil
		BSLFEF	209.37	Nil
		CASH	39,476.41	3,881.23
		CASHDIV	684.63	Nil
		FTD2P18	1,499.01	Nil
		FTP	986.16	Nil
		GENNEXT	1,281.29	813.35
		MIP	1,001.11	Nil
		PLUS	501.44	Nil
		TAX99	360.00	Nil
Bajaj Auto Ltd.	BBP	ADVG	671.69	Nil
		BBAL	599.62	Nil
		BDYP	660.98	606.29
		BINFRA	68.16	Nil
		BSL95F	189.52	Nil
		BSLBIND	615.56	Nil
		BSLEQTY	1,746.10	Nil
		BSLFEF	420.27	Nil
		BSLMI	247.56	Nil
		BSLR96	95.79	Nil
		BTOP100	2,068.91	Nil
		GENNEXT	1,173.16	Nil
		NIFTY	720.76	30.58
		TAX98	23.20	Nil
		TAX99	219.56	Nil
Bharti Airtel Ltd.	BSLCM	ADVG	298.44	2,963.35
	BSLSTF	BBAL	835.03	281.69
		BINFRA	2,568.87	2,291.53
		BLTA	1,725.55	2,140.83
		BSL95F	95.24	338.03
		BSLBUYI	1,217.19	416.90
		BSLCP5	3.99	5.75
		BSLEQTY	5,570.21	4,664.80
		BSLFEF	1,942.43	1,274.29
		BSLMI	170.53	39.44
		BSLNMF	1,022.05	1,408.44
		BSLR96	849.78	1,521.11
		BSLTA1	576.15	507.04
		BTOP100	1,793.09	3,211.24
		GENNEXT	229.91	1,070.41
		MIP	234.21	56.34
		MIP25	89.48	33.80
		MNC	47.02	1,295.76
		NIFTY	3,265.38	247.86
		TAX98	10.76	Nil
		TAX99	504.08	563.38

Cairn India Ltd.	BFL	BSLTA1	586.88	Nil
		BTOP100	1,778.68	948.00
DLF Ltd.	BBP	BINFRA	693.13	Nil
	CASH	BTOP100	614.70	Nil
		GENNEXT	557.19	Nil
		TAX99	286.04	Nil
DSP Merrill Lynch Capital Ltd.	BSLCM	CASH	118,981.71	Nil
		FMPAS3	1,878.85	Nil
Edelweiss Securities Pvt Ltd	CASHDIV	BBP	2,369.33	2,418.06
Electrosteel Castings Ltd	BFL	CASH	2,000.00	Nil
Geometric Software Solutions Co. Ltd.	CASHDIV	BSLEQTY	695.17	Nil
		BSLFEF	20.65	Nil
		BSLNMF	388.75	Nil
		BSLTA1	832.12	650.65
		MIDCAP	130.04	Nil
		TAX99	225.77	Nil
Global Trade Finance Pvt Ltd.	BSLCM	BSLCM	4,500.00	Nil
		CASH	125,867.60	Nil
Grasim Industries Limited	BBP	ADVG	1,003.09	Nil
	BSLCM	BINFRA	3,469.96	1,143.48
	PLUS	BSLBIND	614.85	666.76
	BSLSTF	BSLEQTY	4,378.31	2,783.69
		BSLFEF	1,849.32	1,170.16
		BSLR96	641.15	Nil
		BTOP100	2,591.99	991.02
		NIFTY	693.81	40.67
		TAX98	33.22	43.83
		TAX99	601.09	285.87
GVK Power & Infrastructure Ltd.	BSLCM	BINFRA	523.13	706.37
		BLTA	493.33	Nil
		BSLEQTY	1,436.18	2,386.85
		BSLR96	447.08	1,053.46
		BSLTA1	1,045.61	1,872.48
		MIDCAP	462.49	Nil
H T Media Ltd.	BSLSTF	BSLNMF	38.82	Nil
		GENNEXT	325.04	341.89
HDFC Bank Ltd.	CASH	BBAL	44.80	41.92
		BBP	30,817.91	9,223.78
		BFS	273.81	Nil

		BINFRA	3,994.80	Nil
		BLTA	1,394.13	1,266.88
		BSLCM	3,864.42	Nil
		BSLEQTY	658.06	Nil
		BSLFEF	1,075.27	625.99
		BSLR96	1,849.44	2,584.49
		BSLSTF	1,965.58	288.21
		BTOP100	1,911.65	760.13
		CASH	78,398.42	480.35
		CASHDIV	888.31	Nil
		GENNEXT	675.21	Nil
		MIDCAP	394.86	Nil
		MIP	500.00	Nil
		MIP5	22,620.45	8,838.43
		NIFTY	914.81	61.42
		TAX99	191.47	245.92
Hindalco Industries Ltd.	BBP	BBP	1,440.42	Nil
	MIP5	BINFRA	1,606.45	Nil
		BSLBIND	305.31	Nil
		BSLCM	1,003.51	Nil
		BSLEQTY	2,971.98	Nil
		BSLFEF	204.32	Nil
		BSLR96	44.68	Nil
		BTOP100	306.95	Nil
		CASH	4,303.83	2,327.27
		FTD3P36	Nil	24.80
		FTPN	389.04	396.74
		NIFTY	556.28	26.71
		PLUS	Nil	99.19
		TAX99	296.67	Nil
Hindustan Unilever Ltd.	CASH	ADVG	1,762.89	Nil
		BBAL	697.79	591.84
		BDYP	1,750.96	624.17
		BSLBUYI	777.81	Nil
		BSLCP3	13.75	Nil
		BSLEQTY	1,819.62	Nil
		BSLFEF	1,100.73	219.20
		BTOP100	1,782.60	Nil
		GENNEXT	1,040.22	Nil
		MIP	153.27	142.48
		MIP25	189.18	142.48
		MNC	572.51	670.75
		NIFTY	1,373.04	56.25
Housing Development & Infrastructure Ltd.	BBP	ADVG	1,866.16	2,127.12
		BSLEQTY	3,311.62	2,425.53
		BSLFEF	1,138.12	654.53
		BTOP100	556.56	Nil
		MIDCAP	1,567.72	382.58
ICICI Bank Ltd.	BBP	ADVG	15,958.61	1,535.38

	CASH	BBAL	1,432.97	Nil
		BBP	191,837.29	97,421.25
		BDB	4,874.66	983.91
		BDYP	3,071.95	Nil
		BFL	21,851.52	1,921.79
		BFS	19,273.60	1,586.80
		BFTO	327.84	337.95
		BFTPOS10	31,862.23	Nil
		BFTPOS12	49.40	Nil
		BFTPOS13	7,844.77	Nil
		BFTPOS14	3,678.00	Nil
		BFTPOS15	9,204.64	Nil
		BFTPOS16	3,577.53	Nil
		BFTPOS18	61.01	Nil
		BFTPOS2	9,586.52	Nil
		BFTPOS4	4,618.19	Nil
		BINFRA	9,182.88	758.31
		BLTA	12,863.75	1,809.56
		BSL95F	2,121.27	Nil
		BSLBIND	6,234.87	606.44
		BSLBUYI	672.60	Nil
		BSLCM	51,094.88	2,926.00
		BSLCP3	10.04	12.06
		BSLEQTY	11,337.88	4,432.86
		BSLFEF	4,839.11	1,486.72
		BSLIF	6,307.18	Nil
		BSLINTQ1	24,492.48	24,760.50
		BSLMI	8,318.82	Nil
		BSLNMF	199.73	Nil
		BSLR96	10,952.26	2,467.58
		BSLSTF	43,862.23	12,097.02
		BSLTA1	1,136.18	Nil
		BTOP100	9,434.33	2,357.91
		CASH	684,817.71	43,951.63
		CASHDIV	3,410.33	Nil
		FMPAS3	990.61	1,035.43
		FMPOS2	10,244.11	9,803.62
		FMPYS1	958.17	Nil
		FTP24	135.47	127.64
		FTPA	52,875.70	Nil
		FTPAA	9,352.78	9,472.87
		FTPAB	9,164.31	9,247.64
		FTPC	2,459.25	Nil
		FTPD	3,436.73	Nil
		FTPE	1,621.88	Nil
		FTPF	945.44	Nil
		FTPG	44,707.79	Nil
		FTPH	82,502.49	Nil
		FTPN	61.43	61.90
		FTPP	70.37	72.04
		FTPO	1,247.26	1,311.87
		FTPR	543.19	577.68
		FTPS	12,620.59	4,880.22
		FTPT	69,980.09	29,130.23
		FTPU	34,534.41	20,236.20

		FTPV	5,395.55	3,752.40	
		FTPW	291.41	301.45	
		FTPX	4,752.92	4,885.41	
		FTPY	1,074.00	1,092.17	
		GENNEXT	6,302.82	Nil	
		MIDCAP	5,090.25	Nil	
		MIP	3,462.53	Nil	
		MIP25	3,540.68	Nil	
		MIP5	53,684.12	19,493.57	
		MNC	2,999.34	Nil	
		NIFTY	20,965.77	139.31	
		PLUS	38,713.29	2,819.83	
		TAX98	34.90	Nil	
		TAX99	820.21	252.24	
ICICI Securities Primary Dealership Ltd. ¹ (Subsidiary of ICICI Bank Ltd.)	BSLCM	ADVG	500.00	Nil	
		BBP	500.00	Nil	
		BINFRA	500.00	Nil	
		BSLFEF	500.00	Nil	
		CASH	131,490.00	13,000.00	
Idea Cellular Limited	BSLCM	ADVG	308.61	Nil	
		BFL	BBAL	21.73	Nil
		BINFRA	88.68	Nil	
		BLTA	962.72	892.20	
		BSL95F	23.94	Nil	
		BSLBIND	30.07	Nil	
		BSLBUYI	21.48	Nil	
		BSLEQTY	1,591.86	Nil	
		BSLFEF	514.64	Nil	
		BSLMI	23.32	Nil	
		BSLNMF	377.17	Nil	
		BSLR96	56.77	Nil	
		BSLTA1	692.12	944.25	
		BTOP100	864.98	957.64	
		GENNEXT	686.20	1,003.71	
		ITF	15.71	Nil	
		MIDCAP	42.22	Nil	
MIP	32.16	Nil			
MIP25	21.48	Nil			
MIP5	1.10	Nil			
TAX98	32.70	26.77			
TAX99	92.70	Nil			
Infrastructure Leasing & Financial Services Ltd.	BSLCM	BBP	10.05	Nil	
		BSLSTF	25.74	Nil	
		CASH	52,035.53	15,000.00	
Indiabulls Real Estate Ltd.	BBP	BBP	4,897.36	Nil	
		BFTPOS23	4,905.34	4,933.85	
Indian Bank	BSLCM	ADVG	717.07	592.74	
		BBAL	27.35	Nil	

		BFTO	94.16	Nil
		BINFRA	1,609.48	Nil
		BSL95F	136.37	Nil
		BSLBIND	38.56	Nil
		BSLCP3	2.98	3.20
		BSLCP5	9.89	10.67
		BSLEQTY	2,149.17	1,530.40
		BSLFEF	1,197.42	762.00
		BSLMI	28.59	Nil
		BSLTA1	1,240.98	1,226.16
		CASH	41,245.12	Nil
		FMPAS3	102.01	Nil
		FMPOS2	24,316.78	Nil
		MIDCAP	1,304.43	Nil
		MIP	39.21	Nil
		MIP25	26.10	Nil
		MIP5	9,759.83	Nil
		TAX99	229.25	173.36
Indusind Bank Ltd	BSLCM	BFTPQS18	7,738.33	Nil
		BFTPQS4	392.74	Nil
		BSLCM	2,471.26	Nil
		CASH	37,494.43	Nil
		FMPOS2	9,497.27	Nil
Industrial Development Bank Of India	BBP	ADVG	487.33	472.80
	BSLCM	BBAL	1,985.46	Nil
	CASH	BBP	34,094.56	19,772.81
		BDYP	779.04	Nil
		BFL	3,529.90	1,000.00
		BFS	8,986.52	1,511.66
		BFTO	1,508.54	1,482.44
		BFTPQS1	5,908.93	Nil
		BFTPQS12	24.17	Nil
		BFTPQS15	739.24	Nil
		BFTPQS16	9,937.51	Nil
		BFTPQS17	31.86	Nil
		BFTPQS18	24.70	Nil
		BFTPQS6	13,354.47	Nil
		BFTPQS7	8,629.64	Nil
		BFTPQS8	3,765.56	Nil
		BFTPQS9	6,471.02	Nil
		BLTA	1,865.32	Nil
		BSL95F	1,262.08	Nil
		BSLBUYI	1,862.19	Nil
		BSLCM	25,541.05	496.35
		BSLEQTY	1,453.24	Nil
		BSLFEF	170.18	Nil
		BSLMI	1,098.62	Nil
		BSLR96	764.53	Nil
		BSLSTF	4,637.48	1,383.93
		BTOP100	1,345.08	Nil
		CASH	138,921.16	17,041.44
		CASHDIV	1,072.47	Nil
		FMPOS2	3,043.42	Nil

		FTD2P18	1,001.65	Nil
		FTD3P36	Nil	40.55
		FTPA	5,317.71	Nil
		FTPC	678.80	Nil
		FTPE	105.65	Nil
		FTPG	498.69	Nil
		FTPHYS1	1,210.61	Nil
		FTPHYS2	7,151.73	Nil
		FTPL	231.01	Nil
		FTPW	2,996.94	3,102.41
		GENNEXT	558.73	Nil
		MIDCAP	2,977.64	472.80
		MIP	666.79	Nil
		MIP25	93.51	Nil
		MIP5	18,274.07	6,730.91
		PLUS	3,639.77	Nil
		TAX99	495.12	Nil
Infotech Enterprises Ltd.	BSLCM	BSLNMF	344.05	149.43
		ITF	197.40	196.29
		MIDCAP	875.01	711.03
		TAX99	195.51	174.79
ING Vysya Bank Ltd.	BBP	BFL	4,903.42	4,933.74
	BSLCM	BSLR96	722.78	Nil
		BSLSTF	3,409.18	3,422.92
		CASH	20,074.74	9,867.71
		MIDCAP	451.52	697.80
		MNC	796.23	1,514.19
		PLUS	1,461.04	1,466.93
IT C Ltd.	PLUS	ADVG	682.47	Nil
	BSLSTF	BBAL	613.69	580.01
	BFL	BLTA	1,395.28	1,309.70
		BSL95F	756.60	935.50
		BSLBUYI	1,074.26	Nil
		BSLEQTY	528.05	Nil
		BSLFEF	563.85	Nil
		BSLR96	487.23	Nil
		BTOP100	988.67	1,381.83
		GENNEXT	337.37	Nil
		MIP	129.10	149.68
		MIP25	92.82	130.97
		MNC	304.10	561.30
		NIFTY	1,810.20	81.73
		TAX99	408.38	Nil
Jagran Prakashan Ltd.	BSLCM	BSLBUYI	330.47	Nil
	BSLSTF	BSLEQTY	488.96	933.92
	BFL	BSLNMF	223.23	389.67
		CASH	2,946.06	Nil
		GENNEXT	355.49	25.73
		TAX98	15.85	Nil

Maharashtra Seamless Ltd.	BSLSTF	ADVG	968.04	1,073.86
		BINFRA	634.93	607.03
		BLTA	876.43	757.37
		BSLBIND	153.48	167.83
		BSLCP3	4.99	4.77
		BSLTA1	556.04	520.13
		MNC	131.02	Nil
Mahindra And Mahindra Financial Services Ltd .	BSLCM	BBP	5,487.06	Nil
		BFL	2,500.18	Nil
		BFS	500.00	Nil
		BFTO	1,478.56	1,491.58
		BSLCM	2,000.00	Nil
		BSLIF	776.11	Nil
		BSLMI	1,999.91	Nil
		BTOP100	2,000.00	Nil
		CASH	81,201.99	18,500.00
		FTP24	250.32	254.93
		FTPD	1,201.35	Nil
		FTPE	1,792.06	Nil
		FTPH	290.46	Nil
		FTPN	395.17	400.90
		FTPP	296.38	300.68
		FTPR	788.56	801.80
		MIDCAP	59.99	Nil
		MIP	1,982.45	Nil
		MIP25	739.58	Nil
		PLUS	3,004.27	254.93
Maruti Suzuki India Ltd.	BBP	ADVG	495.45	696.21
	BFL	BSLBIND	408.02	364.35
		BSLBUYI	934.51	475.74
		BSLCP5	9.92	6.96
		BSLEQTY	4,686.54	2,584.10
		BSLFEF	1,468.43	741.03
		BSLR96	1,879.64	2,204.67
		BTOP100	2,005.40	580.18
		GENNEXT	2,300.90	986.30
		MNC	1,482.96	1,264.78
		NIFTY	736.91	38.95
		TAX98	63.93	58.02
		TAX99	1,325.22	661.40
Network 18 Fincap Ltd	BFS	BSLFEF	143.32	Nil
		BSLNMF	124.85	Nil
		GENNEXT	14.67	Nil
Patni Computer Systems Ltd .	BFL	BSLEQTY	1,125.11	Nil
		BSLNMF	193.72	Nil
		BSLTA1	1,051.13	Nil

		ITF	50.38	Nil
Reliance Industries Ltd.	BBP	ADVG	4,133.04	3,196.98
	CASH	BBAL	473.78	399.62
		BBP	3,038.34	Nil
		BDB	1,617.11	Nil
		BINFRA	4,604.42	599.43
		BLTA	1,426.20	2,658.48
		BSL95F	814.20	666.04
		BSLBIND	1,637.48	586.11
		BSLCM	502.79	Nil
		BSLCP3	9.98	13.99
		BSLEQTY	3,445.20	1,229.51
		BSLFEF	2,647.54	1,577.18
		BSLMI	2,295.45	1,406.76
		BSLR96	2,442.08	2,397.74
		BTOP100	3,198.32	3,996.23
		CASH	552.43	Nil
		MIDCAP	208.92	Nil
		MIP	171.89	106.57
		MIP25	137.37	79.92
		MIP5	4.97	Nil
		NIFTY	5,012.27	431.47
		PLUS	907.01	74.04
		TAX98	57.85	Nil
		TAX99	750.15	Nil
Reliance Petroleum Ltd. ² (Subsidiary of Reliance Industries Ltd.)	BBP	ADVG	129.61	Nil
	CASH	BBAL	31.80	Nil
		BINFRA	148.70	Nil
		BLTA	813.18	Nil
		BSL95F	29.60	Nil
		BSLBIND	34.54	Nil
		BSLEQTY	97.93	Nil
		BSLFEF	13.34	Nil
		BSLMI	32.85	Nil
		BSLR96	5.36	Nil
		BSLTA1	269.89	Nil
		BTOP100	956.72	Nil
		MIDCAP	39.83	Nil
		MIP	52.96	Nil
		MIP25	18.98	Nil
		MIP5	1.06	Nil
		NIFTY	68.42	94.67
		TAX98	1.79	Nil
		TAX99	19.88	Nil
State Bank Of India	CASH	BBAL	1,091.27	359.37
		BBP	50,805.99	43,554.91
		BINFRA	2,335.65	Nil
		BLTA	561.26	Nil
		BSL95F	1,069.27	256.69
		BSLBIND	791.81	Nil
		BSLEQTY	2,685.60	Nil

		BSLFEF	1,297.59	489.24
		BSLIF	1,449.88	462.04
		BSLMI	1,554.81	667.06
		BSLR96	622.18	Nil
		BSLSTF	836.61	Nil
		BTOP100	2,543.75	832.51
		CASH	91,882.78	Nil
		FTPH	3,478.24	Nil
		GENNEXT	2,259.31	Nil
		MIP	3,051.98	942.65
		MIP25	1,823.27	205.35
		NIFTY	1,830.66	119.26
		PLUS	14,339.50	3,419.12
		TAX99	474.92	Nil
State Bank Of Bikaner And Jaipur - (Subsidiary of State Bank of India) ³	BSLCM	ADVG	979.91	Nil
		BBP	2,310.86	Nil
		BSLCM	392.99	Nil
		BSLEQTY	1,171.78	Nil
		BSLIF	400.00	400.00
		BSLMI	98.25	Nil
		BSLNMF	196.01	Nil
		BSLSTF	7,164.07	4,958.54
		CASH	24,463.00	3,463.53
		FMPAS3	2,299.53	2,461.79
		FMPYS1	1,388.08	1,484.37
		GENNEXT	1,469.87	Nil
		PLUS	3,000.00	3,000.00
State Bank of Hyderabad(Subsidiary of State Bank of India) ³	BSLCM	ADVG	6,824.32	Nil
		BBP	3,744.24	Nil
		BFS	1,889.93	Nil
		BINFRA	5,414.19	Nil
		BSLBIND	148.95	Nil
		BSLCM	247.10	Nil
		BSLEQTY	2,214.90	Nil
		BSLFEF	492.09	Nil
		BSLR96	1,968.36	Nil
		CASH	52,127.51	9,468.39
		CASHDIV	3,838.48	Nil
		GENNEXT	1,476.27	Nil
		ITF	446.31	Nil
		MIDCAP	2,072.06	Nil
		NIFTY	5,106.51	Nil
		TAX99	590.75	Nil
State Bank Of Patiala (Subsidiary of State Bank of India) ³	BSLCM	ADVG	2,915.22	Nil
		BBAL	976.18	Nil
		BBP	57,696.29	Nil
		BDYP	1,359.59	Nil
		BFL	6,289.34	2,417.15
		BFS	2,147.97	Nil
		BFTPOS12	7,975.23	Nil

	BFTPOS13	5,075.86	Nil
	BFTPOS15	8,477.48	Nil
	BFTPOS6	23,849.16	Nil
	BFTPOS7	18,953.62	Nil
	BINFRA	1,942.27	Nil
	BLTA	2,918.73	Nil
	BSL95F	1,573.27	Nil
	BSLBIND	194.27	Nil
	BSLBUYI	485.67	Nil
	BSLCM	40,555.83	494.28
	BSLEQTY	5,751.21	Nil
	BSLFEF	6,190.66	Nil
	BSLIF	2,252.16	Nil
	BSLMI	914.56	Nil
	BSLNMF	1,263.95	Nil
	BSLR96	4,276.54	Nil
	BSLSTF	6,470.71	Nil
	BSLTA1	18,780.95	Nil
	BTOP100	2,759.74	Nil
	CASH	172,180.47	Nil
	CASHDIV	2,413.57	Nil
	FMPOS2	1,820.89	Nil
	FMPYS1	472.83	Nil
	FTPG	9,262.45	Nil
	FTPH	5,177.48	Nil
	FTPHYS2	1,168.69	Nil
	GENNEXT	2,137.60	Nil
	ITF	582.80	Nil
	MIDCAP	2,285.27	Nil
	MIP	1,814.33	Nil
	MIP25	639.14	Nil
	MIP5	7,392.86	Nil
	MNC	2,334.43	Nil
	NIFTY	4,274.48	Nil
	PLUS	5,742.25	Nil
	TAX99	2,528.38	Nil
State Bank of Indore	ADVG	1,122.42	Nil
(Subsidiary of State Bank of India) ³	BBAL	133.86	Nil
	BBP	1,477.46	944.76
	BDB	118.99	Nil
	BDYP	1,084.10	Nil
	BFL	679.75	Nil
	BFS	7,195.31	Nil
	BINFRA	1,969.00	Nil
	BLTA	361.92	Nil
	BSLBIND	297.47	Nil
	BSLCM	11,285.17	Nil
	BSLIF	1,507.85	601.59
	BSLSTF	2,856.95	472.38
	CASH	56,287.89	Nil
	CASHDIV	58.05	Nil
	FMPYS1	472.83	Nil
	FTPE	560.09	Nil

		FTPF	1,766.08	Nil
		FTPG	970.19	Nil
		FTPH	1,690.75	Nil
		FTPW	910.98	845.56
		MIP25	477.60	Nil
		MNC	361.92	Nil
		NIFTY	892.40	Nil
		PLUS	2,123.94	2,009.54
		TAX99	356.96	Nil
State Bank Of Mysore		BBP	2,866.29	Nil
(Subsidiary of State Bank of India) ³		BFTPOS19	2,826.46	Nil
		BFTPOS6	915.19	Nil
		BFTPOS7	4,718.09	Nil
		BSLCM	2,929.11	977.64
		CASH	25,684.23	7,352.52
		FMPAS3	965.99	Nil
		FMPOS2	2,050.71	Nil
		FTPH	1,984.08	Nil
		FTPV	2,012.06	Nil
		MIP5	1,478.08	Nil
		PLUS	2,264.68	Nil
State Bank of Saurashtra		ADVG	647.68	Nil
(Subsidiary of State Bank of India) ³		BBP	31,033.74	24,413.03
		BDB	891.82	Nil
		BFS	6,875.53	Nil
		BFTPOS13	3,451.16	Nil
		BFTPOS14	1,845.67	Nil
		BFTPOS16	4,400.25	Nil
		BFTPOS18	9.90	Nil
		BFTPOS19	14.90	Nil
		BFTPOS4	2,451.17	Nil
		BFTPOS7	4,761.70	Nil
		BSLCM	6,850.83	Nil
		BSLIF	374.39	191.89
		CASH	82,894.81	5,909.42
		FMPOS2	29.80	Nil
		FTPH	496.02	Nil
		MIDCAP	298.90	Nil
		NIFTY	3,436.09	Nil
		PLUS	1,098.18	191.89
State Bank of Travancore		ADVG	478.52	Nil
(Subsidiary of State Bank of India) ³		BBAL	391.33	Nil
		BBP	2,721.64	Nil
		BDB	6,794.92	Nil

		BFL	6,019.99	Nil
		BINFRA	2,473.91	Nil
		BSLCM	1,943.80	Nil
		CASH	33,484.90	3,624.30
		FTPX	2,583.65	2,657.82
		GENNEXT	957.04	Nil
		PLUS	1,500.00	Nil
Sterlite Industries India Ltd.	BBP	ADVG	781.89	959.14
		BINFRA	1,328.37	Nil
		BSLBIND	1,017.98	Nil
		BSLEQTY	1,145.02	Nil
		BSLFEF	201.75	Nil
		BSLR96	59.50	Nil
		BTOP100	2,006.56	1,123.47
		CASH	24,400.00	Nil
		MIDCAP	866.73	558.72
		NIFTY	107.64	76.57
		TAX98	25.50	Nil
		TAX99	255.02	
Syndicate Bank	BBP	BBAL	535.21	Nil
	CASH	BDYP	4,827.03	Nil
		BINFRA	1,448.83	Nil
		BSL95F	191.13	Nil
		BSLBIND	150.62	Nil
		BSLEQTY	988.09	Nil
		BSLFEF	739.87	Nil
		BSLMI	80.74	Nil
		BSLR96	70.86	Nil
		BSLTA1	561.49	Nil
		BTOP100	926.37	Nil
		MIDCAP	1,071.25	Nil
		MIP	172.40	Nil
		MIP25	114.83	Nil
		MIP5	35.45	Nil
		TAX98	44.16	24.98
		TAX99	516.43	Nil
UCO Bank	BFS	ADVG	746.17	Nil
		BBAL	487.29	Nil
		BBP	37,308.36	4,619.16
		BDB	910.13	Nil
		BDYP	3,886.93	Nil
		BFL	5,231.26	Nil
		BFS	14,231.99	573.77
		BFTPOS10	1,286.56	Nil
		BFTPOS14	9,082.58	Nil
		BFTPOS18	2,337.47	Nil
		BFTPOS2	2,455.00	Nil
		BFTPOS8	2,371.63	Nil
		BINFRA	3,777.43	Nil
		BSL95F	1,451.50	Nil
		BSLBIND	988.15	Nil

		BSLBUYI	4,063.97	Nil
		BSLCM	23,317.15	Nil
		BSLEQTY	1,218.91	Nil
		BSLFEF	1,126.74	Nil
		BSLIF	485.30	Nil
		BSLINTQ1	10,052.57	10,159.69
		BSLNMF	209.79	Nil
		BSLR96	229.77	Nil
		BSLSTF	7,282.34	2,377.02
		BTOP100	6,041.35	Nil
		CASH	196,831.78	43,161.22
		CASHDIV	1,483.82	Nil
		FMPOS2	4,887.44	Nil
		FTPA	992.81	Nil
		FTPAA	4,310.97	Nil
		FTPC	19.77	Nil
		FTPF	853.28	Nil
		FTPG	4,684.26	Nil
		FTPH	3,422.86	Nil
		FTPT	93.75	95.63
		FTPV	1,828.25	1,244.95
		GENNEXT	1,980.11	Nil
		MIP25	1,270.07	Nil
		MIP5	5,747.49	95.63
		NIFTY	489.86	Nil
		PLUS	4,655.51	Nil
Wipro Ltd	BBP	BSLEQTY	2,256.49	Nil
	BSLSTF	BSLFEF	1,157.04	454.67
		BSLNMF	902.58	Nil
		BSLR96	1,312.22	Nil
		ITF	951.55	172.17
		MIDCAP	1,001.91	Nil
		NIFTY	2,263.25	83.37
		TAX98	15.32	Nil
		TAX99	400.59	Nil
Yes Bank Limited	BFS	BBP	4,895.60	Nil
		BFTPOS1	1,729.31	Nil
		BFTPOS17	63.61	Nil
		BFTPOS19	11.85	Nil
		BFTPOS4	7,354.61	Nil
		BSLCM	2,110.64	Nil
		BSLSTF	1,306.39	Nil
		CASH	37,261.33	4,355.03
		FMPOS2	7,372.43	Nil
		FTPA	2,436.68	Nil
		MNC	371.10	370.98

Notes:

- 1 ICICI Securities Primary Dealership Ltd. is a subsidiary of ICICI Bank.
- 2 Reliance Petroleum Ltd. is a subsidiary of Reliance Industries Ltd.
- 3 State Bank of Indore is a subsidiary of State Bank of India.
- 4 State Bank of Mysore is a subsidiary of State Bank of India.
- 5 State Bank of Patiala is a subsidiary of State Bank of India.

6 State Bank of Bikaner & Jaipur is a subsidiary of State Bank of India.

7 State Bank of Hyderabad is a subsidiary of State Bank of India.

8 State Bank of Saurashtra is a subsidiary of State Bank of India.

9 State Bank of Travancore is a subsidiary of State Bank of India.

Scheme	Abbreviations	Scheme	Abbreviations
Birla Advantage Fund	ADVG	Birla Cash Plus- Sweep Plan (div)	CASHDIV
Birla Dividend Yield Plus	BDYP	Birla Fixed Term Debt SR 1 18 month	FTD1P18
Birla Infrastructure Fund	BINFRA	Birla Fixed Term Debt SR 1 36 month	FTD1P36
Birla Sun Life Basic Industries Fund	BSLBIND	Birla Fixed Term Debt SR 2 18 month	FTD2P18
Birla Sun Life Buy India Fund	BSLBUYI	Birla Fixed Term Debt SR 3 18 month	FTD3P18
Birla Sun Life Equity Fund	BSLEQTY	Birla Fixed Term Debt SR 3 36 month	FTD3P36
Birla Sun Life Frontline Equity Fund	BSLFEF	Birla Fixed Term Plan A	FTPA
Birla Sun Life New Millenium Fund	BSLNMF	Birla Fixed Term Plan B	FTPB
Birla Sun Life Relief 96	BSLR96	Birla Fixed Term Plan C	FTPC
Birla Top 100	BTOPT00	Birla Fixed Term Plan D	FTPD
Birla Gennext Fund	GENNEXT	Birla Fixed Term Plan E	FTPE
India Opportunities Fund	ITF	Birla Fixed Term Plan F	FTPF
Birla Midcap Fund	MIDCAP	Birla Fixed Term Plan G	FTPG
Birla MNC Fund	MNC	Birla Fixed Term Plan H	FTPH
Birla Index Fund	NIFTY	Birla Fixed Term Plan O	BFTO
Birla Tax Plan 98	TAX98	Birla Fixed Term Plan P	FTPP
Birla Equity Plan	TAX99	Birla Fixed Term Plan N	FTPN
Birla Bond Plus	BBP	Birla Fixed Term Plan R	FTPR
Birla Dynamic Bond Fund	BDB	Birla Fixed Term Plan S	FTPS
Birla Sun Life Income Fund	BSLIF	Birla Fixed Term Plan T	FTPT
Birla Sun Life Short Term Fund	BSLSTF	Birla Fixed Term Plan U	FTPU
Birla Bond Index Fund	BBIF	Birla Fixed Term Plan V	FTPV
Birla Income Plus	PLUS	Birla Fixed Term Plan W	FTPW
Birla MIP	MIP	Birla Fixed Term Plan L	FTPL
Birla MIP Wealth 25 Plan	MIP25	Birla Fixed Term Plan Q	FTPQ
Birla MIP Saving 5 Plan	MIP5	Birla Fixed Term Plan X	FTPX
Birla Sun Life Monthly Income Plan	BSLMI	Birla Fixed Term Plan Y	FTPY
Birla Long Term Advantage Fund	BLTA	Birla Fixed Term Plan AA	FTPAA
Birla Balance	BBAL	Birla Fixed Term Plan AB	FTPAB
Birla Cash Plus	CASH	Birla Fixed Term Plan AC	FTPAC
Birla Fixed Term Plan - Half Yearly sr 1	FTPHYS1	Birla Fixed Term Plan Quarterly Series 1	BFTPOS1
Birla Fixed Term Plan - Half Yearly sr 2	FTPHYS2	Birla Fixed Term Plan Quarterly Series 2	BFTPOS2
Birla Floating Rate - Long Term	BFL	Birla Fixed Term Plan Quarterly Series 4	BFTPOS4
Birla Floating Rate - Short Term	BFS	Birla Fixed Term Plan Quarterly Series 5	BFTPOS5
Birla FMP Yearly Series 1	FMPYS1	Birla Fixed Term Plan Quarterly Series 6	BFTPOS6
Birla FMP Yearly Series 14	FMPY14	Birla Fixed Term Plan Quarterly Series 7	BFTPOS7
Birla Sun Life 95 Fund	BSL95F	Birla Fixed Term Plan Quarterly Series 8	BFTPOS8
Birla Sun Life Cash Manager	BSLCM	Birla Fixed Term Plan Quarterly Series 9	BFTPOS9
Birla Sunlife Long Term Advantage Sr1 Fund	BSLTA1	Birla Fixed Term Plan Quarterly Series 10	BFTPOS10
Birla FMP Annual Series 2	FMPAS2	Birla Fixed Term Plan Quarterly Series 11	BFTPOS11
Birla FMP Annual Series 3	FMPAS3	Birla Fixed Term Plan Quarterly Series 12	BFTPOS12
Birla FMP Quarterly Series 1	FMPQS1	Birla Fixed Term Plan Quarterly Series 13	BFTPOS13
Birla FMP Quarterly Series 2	FMPQS2	Birla Fixed Term Plan Quarterly Series 14	BFTPOS14
Birla FMP Quarterly Series 3	FMPQS3	Birla Fixed Term Plan Quarterly Series 15	BFTPOS15
Birla Sun Life Capital Protection 3 Years	BSLCP3	Birla Fixed Term Plan Quarterly Series 16	BFTPOS16
Birla Sun Life Capital Protection 5 Years	BSLCP5	Birla Fixed Term Plan Quarterly Series 17	BFTPOS17
Birla Fixed Term Plan Quarterly Series 21	BFTPOS21	Birla Fixed Term Plan Quarterly Series 18	BFTPOS18
Birla Fixed Term Plan Quarterly Series 22	BFTPOS22	Birla Fixed Term Plan Quarterly Series 19	BFTPOS19
Birla Fixed Term Plan Quarterly Series 23	BFTPOS23	Birla Fixed Term Plan 24	FTP24

Powers To Remove Difficulties

If any difficulty arises in giving effect to the provisions of the Scheme, the Trustee may take such steps that are not inconsistent with these provisions, which appear to them to be necessary and expedient, for the purpose of removing difficulties.

Powers To Make Rules

The AMC may from time to time prescribe such forms and make such rules for the purpose of giving effect to the provisions of the Scheme, and add to, alter or amend all or any of the forms and rules that may be framed from time to time.

TAX BENEFITS

(As per laws currently in force)

As per the taxation laws in force as amended by the Finance Act, 2007 ("the FA") the tax benefits that are available to the investors investing in the Units of the Schemes are stated herein below. The information so stated is based on the Mutual Fund's understanding of such tax laws in force as guided by the tax consultants.

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

A. INCOME TAX**Tax Implications on Mutual Fund:**

Birla Sun Life Mutual Fund is registered with SEBI and as such, the entire income of the Fund is exempt from income tax under Section 10(23D) of the Act. In view of the provisions of Section 196(iv) of the Act, no income tax is deductible at source on the income earned by the mutual fund.

1. Exemption u/s. 10(35):

Under the provisions of Section 10(35) of the Act income received in respect of the units of a mutual fund specified u/s. 10(23D) will be exempt from income tax in the hands of all unitholders. In view of this position, no tax needs to be deducted at source from such distribution by the fund. However, by virtue of the proviso to section 10(35), this exemption does not apply to income arising on "transfer" of units of a mutual fund.

2. Long Term Capital Gains:**i. On units of equity oriented funds:**

Section 10(38) exempts long term capital gains arising from the transfer of units of an equity oriented fund provided the transaction of sale is entered into on or after the date on which the securities transaction tax is made applicable and such transaction is chargeable to the securities transaction tax.

However such long-term capital gains arising to a company shall be taken into account in computing the book profit and income tax payable under section 115JB.

The term 'equity oriented fund' means —

- (i) the Unit Scheme, 1964 made by the Unit Trust of India; and
- (ii) such fund where the investible funds are invested by way of equity shares in domestic companies to the extent of more than 65% of the total proceeds of such fund :

Provided that the percentage of equity share holding of the fund shall be computed with reference to the annual average of the monthly averages of the opening and closing figures.

ii. On units of funds other than the equity oriented funds:**➤ For Individuals and Hindu Undivided Families ("HUF"s):**

Long-term capital gains in respect of units held for a period of more than 12 months will be chargeable u/s.112 at the rate of 20% (plus surcharge), as applicable. Capital gains would be computed after reducing the aggregate of cost of acquisition (as adjusted by cost inflation index notified by the Central Government) and expenditure incurred wholly and exclusively in connection with transfer.

An assessee will have an option to apply concessional rate of tax of 10% (plus surcharge) provided the long term capital gains are computed without substituting indexed cost in place of cost of acquisition.

Further, in the case of Individuals and HUFs, being resident, where taxable income as reduced by long-term capital gains, is below the basic exemption limit, the long-term capital gains will

be reduced to the extent of the shortfall and only the balance long-term capital gains will be subjected to income tax at 20% (plus surcharge) or 10% (plus surcharge) as the case may be.

- **For Partnership firms, Indian Companies and other residents:**
Long-term capital gains will be subjected to the income tax at the rate of 20% (plus surcharge) or 10% (plus surcharge) as the case may be.
- **For non-resident investors and investor foreign companies:**
Long-term capital gains will be subjected to the income tax at the rate of 20% (plus surcharge). However, no benefit of Cost Inflation Indexation is available.
- **For Non-resident Indians**
Under section 115E of the Act for non-resident Indians, income by way of long-term capital gains in respect of Units is chargeable at the rate of 10% (plus surcharge). However, no benefit of Cost Inflation Indexation is available.

Non-resident Indians may opt for computation of long-term capital gains as per section 112, if it is more beneficial.
- **For Overseas Financial Organizations, including Overseas Corporate Bodies fulfilling conditions laid down under section 115AB (Offshore Funds)**
Under section 115AB of the Act, long-term capital gains in respect of units held for a period of more than 12 months will be chargeable at the rate of 10% (plus surcharge). Such gains would be calculated without indexation of cost of acquisition.
- **For Foreign Institutional Investors ("FIIs"):**
Under section 115AD of the Act, long term capital gains in respect of units held for more than 12 months would be taxed at the rate of 10% plus surcharge. Such gains would be calculated without indexation of cost of acquisition.

In all the above cases tax on long term capital gains will be further increased by the Education Cess ("EC") calculated @ 3% on tax plus surcharge as per the FA.

3. Short Term Capital Gains:

i. On units of equity oriented funds:

Section 111A provides that the short term capital gains arising from the transfer of units of an equity oriented fund will be taxed at 10% (plus applicable surcharge).

ii. On units of funds other than equity oriented funds:

Short term Capital Gains in respect of Units held for a period of not more than 12 months is added to the total income. Total income including short-term capital gains is chargeable to tax as per the relevant slab rates.

In all the above cases tax on short term capital gains will be further increased by the EC calculated @ 3% on tax plus surcharge as per the FA.

4. Capital Loss:

Section 94(7) disallows any capital loss, arising to a unitholder if he acquires units of a mutual fund within a period of three months prior to the record date fixed for declaration of dividend or distribution of income, and sells or transfers such units within a period of nine months from such record date, to the extent of dividend or income received or receivable on such units.

Section 94(8) provides that if a person buys or acquires units ("the original units") of a mutual fund within a period of three months prior to the record date fixed for allotment of bonus units and sells the original units within nine months from the date of allotment of bonus units then the loss arising on such sale or transfer shall be ignored. Further, such loss shall be deemed to be the cost of acquisition or purchase of the bonus units.

5. Tax Deduction At Source On Capital Gains:

- (i) No tax is required to be deducted at source on capital gains arising to any resident unit holder.

(ii) Under section 195 of Act, tax shall be deducted at source in respect of capital gains as under:

- a. In case of a non-resident other than a company -
- | | |
|---|--------------------|
| ▪ Long term capital gains on units of equity oriented funds | nil |
| ▪ Long term capital gains on units of funds other than equity oriented funds | 20% plus surcharge |
| ▪ Short term capital gains on units of equity oriented funds | 10% plus surcharge |
| ▪ Short term capital gains on units of funds other than equity oriented funds | 30% plus surcharge |
- b. In case of a foreign company -
- | | |
|---|--------------------|
| ▪ Long term capital gains on units of equity oriented funds | nil |
| ▪ Long term capital gains on units of funds other than equity oriented funds | 20% plus surcharge |
| ▪ Short term capital gains on units of equity oriented funds | 10% plus surcharge |
| ▪ Short term capital gains on units of funds other than equity oriented funds | 40% plus surcharge |

In all the above case Tax Deducted At Source on short term and long term capital gains will be further increased by the EC calculated @ 3% on tax plus surcharge as per the FA.

(iii) Under section 196B of the Act tax at 10% plus surcharge and EC calculated @ 3% on tax plus surcharge as per the FA shall be deducted at source from long term capital gains on units other than the units of equity-oriented mutual funds earned by Overseas Financial Organisation.

(iv) Under Section 196D of the Act, no deduction shall be made from any income by way of capital gains, in respect of transfer of securities referred to in Section 115AD of the Act.

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

In order for the unitholder to obtain the benefit of a lower rate under the DTAA, the unitholder would be required to provide the fund with a certificate obtained from his Assessing Officer stating his eligibility for the lower rate.

6. Investments By Charitable And Religious Trusts:

Units of Mutual Fund Schemes referred to in clause 23D of section 10 of the Act constitute an eligible avenue for investment by charitable or religious trusts per rule 17C of the Income Tax Rules, 1962, read with clause (xii) of sub-section (5) of section 11 of the Income Tax Act, 1961.

B. WEALTH TAX

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

C. GIFT TAX

If units of Mutual Fund Scheme are gifted, no gift tax shall be payable either by the donor or the donee as the Gift Tax has been abolished.

D. DISTRIBUTION TAX

Birla Sun Life Mutual Fund is a Mutual Fund registered with SEBI and as is eligible for benefits under Section 10(23D) of the Act. Accordingly, entire income is exempt from tax.

No Dividend Distribution tax is deductible for dividends declared in Open ended & Closed Ended Equity Schemes.

E. SECURITIES TRANSACTION TAX

The Mutual Fund, is liable to pay a securities transaction tax as follows:

Taxable securities transaction	Rate (%)
Purchase of an equity share in a company or a unit of an equity oriented fund, where - (a) the transaction of such purchase is entered into in a recognized stock exchange; and (b) the contract for the purchase of such share or unit is settled by the actual delivery or transfer of such share or unit.	0.125%
Sale of an equity share in a company or a unit of an equity oriented fund, where - (a) the transaction of such sale is entered into in a recognized stock exchange; and (b) the contract for the sale of such share or unit is settled by the actual delivery or transfer of such share or unit	0.125%
Sale of a derivative, where the transaction of such sale is entered into in a recognized stock exchange.	0.017%
Sale of unit of an equity oriented fund to the Mutual Fund	0.25%

Note:

Section 88E provides that where the total income of a person includes income chargeable under the head "Profits and gains of business or profession" arising from sale of units of equity oriented funds, he shall get rebate equal to the securities transaction tax paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax.

Penalties, Pending Litigation Or Proceedings

Penalties, Pending Litigation Or Proceedings, Findings Of Inspections Or Investigation For Which Action May Have Been Taken Or Is In The Process Of Being Taken By Any Regulatory Authority

Std
Obs 13

- 1) All cases of penalties awarded by SEBI under the SEBI Act or any of its regulations against the Sponsor of the Mutual Fund or any company associated with the Sponsor in any capacity including the Asset Management Company, Trustee Company/Board of Trustees, or any of the directors or key personnel (specifically the fund managers) of the Asset Management Company and Trustee Company. The nature of the penalty must be disclosed. For Sponsor and its associates, other than the penalties as mentioned above, the penalties awarded by any financial regulatory body, including stock exchanges, for defaults in respect of shareholders, debenture holders and depositors shall also be disclosed. Additionally, penalties awarded for any economic offence and violation of any securities laws shall be disclosed.

SEBI has imposed a penalty of Rs. 75,000/- on Birla Sun Life Mutual Fund for non-compliance of disclosure requirements under Regulation 7(1) and (2) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 pursuant to the acquisition of 1,61,200 shares (representing 5.01% of the paid up capital) of Subex Systems Ltd. on October 18, 1999 by the schemes of Birla Sun Life Mutual Fund.

The details of penalties awarded by financial regulatory bodies on Sponsors and its associates are given below:

- a) A fine of Rs. 25000/- was charged against Birla Sun Life Securities Ltd. by National Stock Exchange of India Limited for following:
 - i) Non Execution of Member Constituent Agreement and Know Your Client Forms- A fine of Rs. 10,000/- (Rupees Ten Thousand) was levied.
 - ii) Incomplete Know Your Client Forms- A fine of Rs. 5,000/- (Rupees Five Thousand) was levied.
 - iii) Margin Money not collected- A fine of Rs. 10,000/- (Rupees Ten Thousand) was levied.
- b) As regards Sun Life Assurance Company of Canada (Sun Life Financial), on February 5, 2004, one of its Mutual Funds subsidiaries, Massachusetts Financial Services Company (MFS) reached settlements with federal and state regulators related to administrative proceedings

against it alleging false and misleading information in certain MFS fund prospectuses regarding market timing and related issues. Under the terms of the settlements, MFS neither admitted nor denied wrongdoing. As part of the settlement with the United States Securities and Exchange Commission (SEC), MFS agreed to pay US\$225 million to compensate certain fund shareholders, of which US\$50 million is a penalty, and agreed with the New Hampshire Bureau of Securities Regulation to pay an administrative fine in the amount of US\$1 million. MFS further agreed with the Attorney General of the State of New York (NYAG) to reduce fees on the funds it advises by approximately US\$25 million annually over the next five years. In addition to steps MFS had previously adopted to reinforce its frequent trading policies and procedures, MFS agreed to undertake a number of other governance reforms, including retaining an independent compliance consultant, creating an internal compliance controls committee, establishing a code of ethics oversight committee, and hiring a corporate ombudsman.

- c) In November 2003, the SEC and Morgan Stanley DW, Inc. (Morgan Stanley) settled an enforcement action against Morgan Stanley relating to the receipt of fees from certain Mutual Funds companies in return for preferred marketing of their funds. MFS was one of the 14 fund companies reported to be on Morgan Stanley's preferred list. As a result, MFS has been under investigation by the SEC relating to its directed brokerage and revenue-sharing arrangements with various distributors of its products, including Morgan Stanley. MFS is cooperating with the SEC's investigation, which is ongoing, and is pursuing a possible settlement of these allegations. MFS believes that any settlement could include MFS being sanctioned and MFS' payment of compensation or other financial penalties.
- (d) In September 2003, the SEC issued an order instituting and settling an administrative proceeding against MFS, alleging that MFS did not have adequate internal policies relating to the prevention of misuse of non-public information.
- (e) The SEC and other regulators have conducted or are conducting investigations and examinations of certain of Sun Life Financial's affiliates relating to various issues including market timing and late trading of mutual fund and variable insurance products, directed brokerage, revenue-sharing and other arrangements with distributors.
- (f) Sun Life Financial's United Kingdom operations continue to be subject to regulatory overview in the United Kingdom, including reviews of past business sold, and the Company has regularly engaged in discussions with United Kingdom regulators with respect to these and other matters. Sun Life Financial's United Kingdom operations may be subject to censure if it fails to satisfy the Financial Services Authority as to the scope and conduct of these reviews. Sun Life Financial's past business sold includes a variety of endowment products in the United Kingdom. Endowment policies are sometimes sold to provide customers with a method of repaying mortgage debt at the end of a mortgage term. There can be no assurance that United Kingdom regulators will not, in the future, require providers of endowment products to bear some or all of the additional costs required to ensure that such policies meet their target mortgage debts.

No Penalties have been awarded for any Economic Offences in case of AMC, Sponsors and Trustee Company.

- 2) Any pending material litigation proceedings incidental to the business of the Mutual Fund to which the Sponsor of the Mutual Fund or any company associated with the Sponsor in any capacity including the AMC, Board of Trustees /Trustee Company or any of the directors or key personnel is a party. Any pending criminal cases against the Sponsor or any company associated with the Sponsor in any capacity including the AMC, Board of Trustees/Trustee Company or any of the directors or key personnel should also be disclosed separately.

There are no pending material litigation proceedings incidental to the business of the Mutual Fund to which the Sponsor of the Mutual Fund or any company associated with the Sponsor in any capacity including the Asset Management Company, Trustee Company or any of the directors or key personnel is a party.

- (a) Certain of the arrangements in Sun Life Financial's run-off reinsurance operations are subject to litigation or arbitration. In particular, Sun Life Financial has been engaged in arbitration proceedings in the United States and in England with certain of the companies that have contracts to provide reinsurance to Sun Life Financial. In late 2003, Sun Life Financial initiated arbitration proceedings against its largest retrocessionaire. Those companies are disputing their obligation to provide retrocession cover to Sun Life Financial under their respective contracts of reinsurance. Other reinsurers of Sun Life Financial may institute similar proceedings. The liabilities of Sun Life Financial under these arrangements are subject to measurement uncertainty, and therefore uncertainty about the ultimate level of liability, but they are not expected to have a material adverse effect on Sun Life Financial's consolidated financial position.

- (b) Since December 2003, Sun Life Financial and MFS, along with certain MFS funds and Trustees who serve on the Board of Trustees of these MFS funds, have been named as defendants in purported class action lawsuits filed in the United States seeking damages of unspecified amounts. The lawsuits were purportedly filed on behalf of people who purchased, owned and/or redeemed shares of MFS funds during specified periods. The suits allege that certain defendants permitted market timing and late trading in the MFS funds which allegedly caused financial injury to the funds' shareholders. All of these lawsuits seek an unspecified amount of damages. The defendants are reviewing the allegations and will respond appropriately. Additional lawsuits based upon similar allegations may be filed in the future.
- (c) Sun Life and its subsidiaries are engaged in litigation arising in the ordinary course of business worldwide, none of which is expected to have a material adverse effect on the consolidated financial position of Sun Life other than those mentioned elsewhere in this section.

As regards Criminal Cases, there is a Criminal case pending against Mr. N.N. Jambusaria, director of the AMC, in his capacity as a non-executive director of some companies, from which he has since resigned. The cases include criminal complaints filed by Dept. of Company Affairs against DCM Ltd. and Premier Automobiles Ltd. for non-payment of dividend under section 207 of the Companies Act and cases filed under section 138 of the Negotiable Instruments Act against DCM Ltd. and Aldrich Pharmaceuticals Ltd. Also, there are 2 cases relating to disputed share issue/transfer against Mr. K.M. Birla in his capacity as Chairman of Grasim Industries Ltd. and as ex-director of MRPL Ltd., and other executives, and the respective companies are contesting the same.

- (d) Case no 2339/02 is pending in the Court of the Metropolitan Magistrate, Kanpur against Mr. K.M. Birla and Mr. S.K. Mitra in their capacity as Director of erstwhile Birla Global Finance Limited (now merged with the Aditya Birla Nuvo Limited) (BGFL) under sections 417, 418, 419 and 420 of the Indian Penal Code in relation to a hire purchase transaction entered by BGFL. The proceedings at the Court of the Metropolitan Magistrate, Kanpur were stayed by High Court at Allahabad vide its order dated October 16, 2003 on petition by BGFL. The stay is still in force and there are no further developments in the matter.
- (e) The Enforcement Directorate, Government of India has issued show cause notices to the erstwhile BGFL and its officials for alleged non-compliance of provision of section 7(4) read with section 6(4) and section 6(5) and section 49 of Foreign Exchange Regulation Act, 1973 in relation to irregular issuance of foreign exchange of US\$ 1,16,200 and US\$ 1,07,800 to M/s Jairam Exports and M/s Vikas Exports. BGFL has submitted, that the alleged contraventions, if any had been committed by junior employees of the company for their own benefit without any knowledge or neglect of the Company or its Directors and therefore the proceedings may be dropped against them.
- (f) A criminal complaint under section 138 of the Negotiable Instruments Act, 1881 has been filed in the Court of the Metropolitan Magistrate, Karkadooma, Delhi against BGFL and Mr. S. K. Mitra. BGFL has filed criminal revision petition under Section 397 read with Section 399 of Criminal Procedure Code in the Court of Additional Sessions Judge, Karkadooma, Delhi for setting aside the impugned order for issue of process against the BGFL dated February 28, 2005 passed by the Court of Metropolitan Magistrate, Karkadooma, Delhi and for staying the proceedings before the trial court. The matter is currently pending.
- (g) There are two income tax cases of Birla Sun Life Asset Management Company Ltd pending with Appellate authorities for Assessment Year 2006-07 and Assessment Year 2003-04 for tax aggregating to Rs. 11.73 crores.
- (h) There are seven cases pending before various Consumer Redressal Forums filed against the BSLAMC. The value of the amount disputed / claimed aggregates to Rs.0.3737 Crores.
- (i) BGFL has filed criminal complaints against M/s. Ramnaranjan Kedia Tourism Services Pvt Ltd and its Directors (RNK) under section 138 of Negotiable Instruments Act 1881 in connection with the payments towards hire purchase and loan facilities extended by BGFL to RNK. RNK have subsequently made an application for initiating proceedings for prosecution of respondent/original complainant i.e. BGFL and others for contempt under section 195 of Criminal Procedure Code. The application is pending disposal.
- 3) Any deficiency in the systems and operations of the Sponsor of the Mutual Fund or any company associated with the Sponsors in any capacity including the AMC or the Trustee

Company which SEBI has specifically advised to be disclosed in the offer document, or which has been notified by any other regulatory agency, shall be disclosed.

No such cases.

- 4) Any enquiry/adjudication proceedings under the SEBI Act and the Regulations made thereunder, that are in progress against the Sponsor of the Mutual Fund or any company associated with the Sponsor in any capacity including the AMC, Board of Trustees/Trustee Company or any of the Directors or key personnel of the Asset Management Company shall be disclosed.

No such cases.

Document Available for Inspection

Copies of the following documents may be inspected from 10am to 12noon on any Business Day at the registered office of the AMC.

- Trust Deed;
- Investment Management Agreement;
- Custodian Agreement;
- Registrars Agreement;
- Memorandum and Articles of Association of the Trustee and AMC;
- Securities and Exchange Board of India (Mutual Funds) Regulations, 1996;
- Indian Trusts Act, 1882;
- Registration Certificate for the Mutual Fund granted by SEBI.
- Annual Report of the Asset Management Company.

Notes:

1. Further, any amendments / replacement / re-enactment of SEBI Regulations subsequent to the date of the Offer Document shall prevail over those specified in this Offer Document.
2. The Scheme under this Offer Document was approved by the Trustee on November 15, 2007. The Trustees have ensured that Birla Sun Life Sector Rotation Fund is a new product offered by Birla Sun Life Mutual Fund and is not a minor modification of the existing schemes of Birla Sun Life Mutual Fund.
3. Notwithstanding anything contained in the Offer Document, the provisions of Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and the guidelines there under shall be applicable.

Std Obs 11

Std Obs 21

For and on behalf of the Board of Directors of
Birla Sun Life Asset Management Company Ltd.

Laxmikant Gupta
Compliance Officer

PLACE: MUMBAI

DATE: _____, 2007