

SCHEME INFORMATION DOCUMENT

SAHARA DAILY FUND

(AN OPEN ENDED DEBT FUND)

Offer of Units of Rs.10/- each for cash plus applicable load during the New Fund Offer and continuous offer for Units at NAV based prices plus applicable load upon re-opening of the Scheme.

New Fund Offer Opens on: _____

New Fund Offer Closes on: _____

Scheme re-opens on: _____

Name of Mutual Fund : Sahara Mutual Fund
97-98, 9th Floor, Atlanta, Nariman Point, Mumbai - 400 021

Name of Asset Management Company: Sahara Asset Management Company Private Limited
97-98, 9th Floor, Atlanta, Nariman Point, Mumbai - 400 021.

Name of Trustee Company : Board of Trustees

Website : www.saharamutual.com

The particulars of the Scheme have been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations 1996, (herein after referred to as SEBI (MF) Regulations) as amended till date, and filed with SEBI, along with a Due Diligence Certificate from the AMC. The units being offered for public subscription have not been approved or recommended by SEBI nor has SEBI certified the accuracy or adequacy of the Scheme Information Document.

The Scheme Information Document sets forth concisely the information about the Scheme that a prospective investor ought to know before investing. Before investing, investors should also ascertain about any further changes to this Scheme Information Document after the date of this Document from the Mutual Fund / Investor Service Centres / Website / Distributors or Brokers.

The investors are advised to refer to the Statement of Additional Information (SAI) for details of Sahara Mutual Fund, Tax and Legal issues and general information on www.saharamutual.com.

SAI is incorporated by reference (is legally a part of the Scheme Information Document). For a free copy of the current SAI, please contact your nearest Investor Service Centre or log on to our website, www.saharamutual.com.

The Scheme Information Document should be read in conjunction with the SAI and not in isolation.

This Scheme Information Document is dated April 15, 2009.

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I. HIGHLIGHTS/SUMMARY OF THE SCHEME

The objective of Sahara Daily Fund is to enlarge the investor base by bringing in such new investors who may be self employed and/or earn their living on a daily basis. The Scheme intends to provide a low risk investment solution. Sahara Daily Fund is a Systematic Investment Plan which has the facility to collect even small amounts on a daily basis from prospective investors in the far flung areas by providing them collection service at their doorstep.

- **Investment objective:** The investment objective of the Scheme is to generate returns by investing mainly in debt and debt related instruments including money market instruments. However, there is no guarantee that Scheme objectives shall be achieved.
- **Liquidity:** Being open ended, the Scheme provides investors with a high degree of liquidity. Units may be purchased or redeemed on any business day on an ongoing basis from not later than 30 days after the close of New Fund Offer period, at NAV related price subject to prevailing Load, if any. The redemption cheques will be dispatched to the unit holders within the statutory time limit (currently within 10 Business days). However, the Fund will, under normal circumstances, endeavor to dispatch redemption proceeds at T + 2 basis from the date of acceptance of the requests. The repurchase requests can be made for a minimum amount of Rs.1000/- or for all units. The switch-out request would be as per the minimum application amount of the Scheme/s in which switch- in is being made.
- **Benchmark:** CRISIL Composite Bond Fund Index.
- **Transparency/NAV Disclosure** The AMC will disclose the first NAV of the Scheme not later than 30 days from the closure of new fund offer period. Subsequently the NAV will be disclosed at the close of every business day and will also be posted on the website of the fund at www.saharamutual.com as also the website of AMFI at www.amfiindia.com and published in two daily newspapers.
- **Load Structure:**
Entry Load: 2.25%

Exit Load: 1%, if redeemed on or before 1 year from the date of allotment of units, 0.5 % if redeemed after 1 year but on or before 2 years from the date of allotment of units, and NIL if redeemed after 2 years from date of allotment.

In line with the regulations, the Trustees reserve the right to change the load structure if it so deems fit in the interest of the smooth and efficient functioning of the Scheme, on a prospective basis.

- **Minimum Application Amount:** The minimum investment amount for all categories of investors would be Rs.10/- and in multiples of Re.1/- thereafter for both Dividend option including Dividend Payout / Dividend Reinvestment as well as Growth Option.

The Trustees reserve the right to change the minimum application amount if it so deems fit in the interest of the smooth and efficient functioning of the Scheme, on a prospective basis.

II. INTRODUCTION

A. RISK FACTORS

Standard Risk Factors:

- Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk etc including the possible loss of principal amount.
- As the price / value / interest rates of the securities in which the Scheme invests fluctuates, the value of your investment in the Scheme may go up or down.

- Past performance of the Sponsor/AMC/Mutual Fund does not guarantee future performance of the Scheme.
- The name of the Scheme does not in any manner indicate either the quality of the Scheme or its future prospects and returns.
- The sponsor is not responsible or liable for any loss resulting from the operation of the Scheme beyond the initial contribution of Rs.1,00,000/- made by it towards setting up the Mutual Fund.
- Sahara Daily Fund is not a guaranteed or assured return Scheme.

Scheme Specific Risk Factors

- **Risk associated with investing in Bonds –**

- **Credit Risk:** The AMC may, from time to time, considering the overall risk of the portfolio, invest in high yielding / growth, lower rated and /or privately placed /unlisted / securitised securities. Lower rated or unrated securities are more likely to react to developments affecting market and credit risks than highly rated securities. The credit risks factors pertaining to lower rated securities also apply to other such instruments like lower rated zero coupon bonds, deferred interest bonds etc. As zero coupon securities do not provide periodic interest payments to the holder of the security, these securities are more sensitive to changes in interest rates. The AMC may choose to invest in zero coupon securities that offer attractive yields and carry higher interest rate risks. This may increase the risk of the portfolio.

Prepayment Risk:

Asset securitization is a process whereby commercial or consumer credits are packaged and sold in the form of financial instruments. Full prepayment of underlying loan contracts may arise under any of the following circumstances;

Obligor pays the Receivable due from him at any time prior to the scheduled maturity date of that Receivable; or

Receivable is required to be repurchased by the Seller consequent to its inability to rectify a material misrepresentation with respect to that Receivable; or

The Servicer recognizing a contract as a defaulted contract and hence repossessing the underlying Asset and selling the same.

Some other debt instruments also carry prepayment risk.

In the event of prepayments, investors may be exposed to changes in tenor and yield.

Liquidity Risk: The liquidity of the Scheme investments may be inherently restricted by trading volumes, transfer procedures and settlement periods. From time to time, the Scheme may invest in certain securities of certain companies, industries, sectors, etc. based on certain investment parameters adopted internally by the AMC. While at all times, the Trustees and the AMC will endeavor that excessive holding / investment in certain securities of industries, sectors, etc., by the Scheme be avoided, the assets invested by the Scheme, in certain securities of industries, sectors, etc., may acquire a substantial portion of the Scheme investment portfolio and collectively may constitute a risk associated with non-diversification and thus could affect the value of investments. The Scheme may have difficulty in disposing off of certain securities as the securities may be unlisted, due to greater price fluctuations there may be a thin trading market, different settlement periods and transfer procedures for a particular security at any given time. It should be noted that the fund bears the risk of purchasing fraudulent or tainted papers. Reduced liquidity in the secondary market may have an adverse impact on market price and the Scheme(s) ability to dispose off particular securities, when necessary, to meet the Scheme(s) liquidity needs or in response to a specific economic event, such as the deterioration in the credit worthiness of the issuer, etc., or during re-structuring of the Scheme(s) investment portfolio. Furthermore, from time to time, the AMC, the Custodian, the Registrar or any associate, distributor, dealer, company, corporate bodies, trusts, any Scheme/Mutual Fund managed by the AMC or by any other AMC may invest in the Scheme. While at all times, the Trustees and the AMC will endeavor

to ensure that excessive holding of Units in the Scheme among a few unit holders is avoided, the amounts invested by these aforesaid persons may however, acquire a substantial portion of the Schemes' outstanding Units and collectively may constitute a majority Unit holders in the Scheme. Accordingly, redemptions of units held by such persons may have an adverse impact on the value of redemption and may impact the ability of the Unit holders to redeem their respective Units.

The Scheme may invest in securities which are not quoted on a stock exchange ("unlisted securities") which in general are subject to greater price fluctuations, less liquidity and greater risk than those which are traded in the open market. Unlisted securities may lack a liquid secondary market and there can be no assurance that the Scheme will scrutinize its investments in unlisted securities at a fair value.

Risks associated with Investing in Foreign Securities -

The scheme may invest upto 10% in foreign securities. The scheme may in future invest in overseas financial assets, foreign securities etc, as permitted by the concerned regulatory authorities in India and as per SEBI regulations from time to time. To the extent that the assets of the Scheme will be invested in securities denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by changes in the value of the respective foreign currencies relative to the Indian Rupee. The repatriation of the capital or interest to India may also be hampered by changes in applicable laws. In addition, country risks would include events such as introduction of extraordinary exchange control, economic deterioration, bi-lateral conflict and/or immobilization of the overseas financial assets or change in the credit rating of the issuer.

Risks associated with Investing in Derivatives - The Fund may use derivative instruments like Interest Rate Swaps, Forward Rate Agreements or other derivative instruments for the purpose of hedging and portfolio balancing or as permitted under the Regulations and guidelines from time to time.

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 analyses 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 the possibility that a loss may be sustained by the portfolio as a result of the failure of another party (usually referred to as the "counter party") to comply with the terms of the derivatives contract. Other risks in using derivatives include the risk of improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. Derivatives are highly leveraged instruments. Even a small price movement in the underlying security could have a large impact on their value. Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the fund manager to identify such opportunities. Identification and execution of the strategies to be pursued by the fund manager involve uncertainty and decision of fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies. The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments.

Additional risks could be on account of illiquidity and hence mispricing of the future at the time of purchase.

Risks associated with Investing in Securitised Debt -

Asset Classes for Securitisation in India

- Commercial Vehicles
- Auto and Two wheeler pools
- Mortgage pools(residential housing loans)

- Personal Loan, credit card and other retail loans
- Corporate loans/receivables etc.

Underlying Risk: Each asset class has a different underlying risk; however, residential mortgages are generally thought to have lower default rates. On the other hand, repossession and subsequent recovery of commercial vehicles and other auto assets is fairly easier and better compared to mortgages. Some of the asset classes such as personal loans, credit card receivables etc., being unsecured credits in nature, may witness higher default rates. As regards corporate loans/receivables, depending upon the nature of the underlying security for the loan or the nature of the receivable, the risks would correspondingly fluctuate. However, the credit enhancement as may be stipulated by rating agencies for such asset class pools is normally higher and hence their overall risks may be comparable to other rated asset classes.

The rating agencies are expected to have an elaborate system of stipulating margins, over collateralization /guarantee to bring risk limits in line with the other rated securities. However the risk in securitized paper may be relatively higher. The Scheme predominantly intends to invest in higher rated scrutinized debt instruments.

Some of the factors, which are typically analyzed for any pool, are as follows:

Nature & Size of the loan: generally indicates the kind of assets financed with loans. Also indicates whether there is excessive reliance on very small ticket size, which may result in difficult and costly recoveries. To illustrate, the ticket size of housing loans is generally higher than that of personal loans. Hence in the construction of a housing loan asset pool for say Rs.1,00,00,000/- it may be easier to construct a pool with just 10 housing loans of Rs.10,00,000 each rather than to construct a pool of personal loans as the ticket size of personal loans may rarely exceed Rs.5,00,000/- per individual. Also to amplify this illustration further, if one were to construct a pool of Rs.1,00,00,000/- consisting of personal loans of Rs.1,00,000/- each, the larger number of contracts(100 as against one of 10 housing loans of Rs.10 lakh each) automatically diversifies the risk profile of the pool as compared to a housing loan based asset pool.

Average original maturity of the pool: indicates the original repayment period and whether the loan tenors are in line with industry averages and borrower's repayment capacity. To illustrate, in a car pool consisting of 60 month contracts, the original maturity and the residual maturity of the pool viz. number of remaining installments to be paid gives a better idea of the risk of default of the pool itself. If in a pool of 50 car loans having original maturity of 60 months, if more than 60% of the contracts have paid more than 40% of the installments and if no default has been observed in such contracts, this is a far superior portfolio than a similar car loan pool where 80% of the contracts have not even crossed 4 installments.

Borrowers Contribution vis a vis Loan: Indicates how much percentage value of the asset is financed by borrower's own equity. The higher the contribution of the borrower the better it is. This Ratio stems from the principle that where the borrowers own contribution of the asset cost is high; the chances of default are lower. To illustrate for a House costing Rs.20 lakhs, if the borrower has himself contributed Rs.10 lakhs and has taken only Rs.10 lakhs as a loan, he is going to have lesser propensity to default as he would lose an asset worth Rs.20 lakhs if he defaults in repaying an installment.

Repayment Discipline of the pool: indicates whether borrowers have already displayed repayment discipline. To illustrate, in the case of a personal loan, if a pool of assets consist of those who have already repaid 80% of the installments without default, this certainly is a superior asset pool than one where only 10% of installments have been paid. In the former case, the portfolio has already demonstrated that the repayment discipline is far higher.

Default rate distribution: Indicates how much percentage of the pool and overall portfolio of the originator is current, how much is in 0-30 DPD (days past due), 30-60 DPD, 60-90 DPD and so on. The rationale here is very obvious, as against 0-30 DPD, the 60-90 DPD is certainly a higher risk category.

Credit Enhancement: Unlike in plain vanilla instruments, in securitized transactions it is possible to enhance the credit rating, which could be much higher than the originator's own credit rating. This is

possible through a mechanism called 'Credit enhancement'. The purpose of credit enhancement is to ensure timely payment to the investors, if the actual collections from the pool of receivables for a given period are short of the contractual payouts on securitization. Securitization is normally non-recourse instruments and therefore, the repayment on securitization would have to come from the underlying assets and the credit enhancement. Therefore, the rating criteria centrally focus on the quality of the underlying assets.

Internationally, the quality of credit ratings is measured by default rates and stability. In the Indian scenario, more than 95% of issuances have been AAA rated issuances indicating the strength of the underlying assets as well as adequacy of credit enhancement.

Investment exposure of the Fund with reference to Securitised Debt:

The scheme will predominantly invest only in those rated securitized issuances at the time of making an investment.

It is frequently observed that securitized debt carrying similar credit and interest rate risk characteristics offer higher returns when compared to normal debt instruments. The Scheme may *not normally exceed* 50 % of its net assets in securitized debt to gain from the higher yields offered by these instruments. The decision to invest in securitized debt will be based on the Fund Manager's analysis of the comparative risk return profiles of the various instruments available in the market, including securitized debt.

The scheme may invest in various types of securitized issuances, including but not limited to Asset Backed Securitisation, Mortgage Backed Securitisation, Personal Loan Backed Securitisation, Collateralized Loan Obligation / Collateralized Bond Obligation and so on.

The scheme does not propose to limit its exposure to only one asset class or to have asset class based sub-limits as it will primarily look towards the rating of the offering.

Risk Factors specific to investments in Securitised Instruments:

Types of Securitised Debt vary and carry different levels and types of risks. Credit Risk on Securitised Bonds depends upon the Originator and varies depending on whether they are issued with Recourse to Originator or otherwise.

Even within securitised debt, AAA rated securitized debt offers lesser risk of default than AA rated securitised debt. A structure with Recourse will have a lower Credit Risk than a structure without Recourse.

Underlying assets in Securitised Debt may assume different forms and the general types of receivables include Auto Finance, Credit Cards, Home Loans or any such receipts, Credit risks relating to these types of receivables depend upon various factors including macro economic factors of these industries and economies. Specific factors like nature and adequacy of property mortgaged against these borrowings, nature of loan agreement/ mortgage deed in case of Home Loan, adequacy of documentation in case of Auto Finance and Home Loans, capacity of borrower to meet its obligation on borrowings in case of Credit Cards and intentions of the borrower influence the risks relating to the asset borrowings underlying the securitised debt.

Holders of the securitised assets may have low credit risk with diversified retail base on underlying assets especially when securitised assets are created by high credit rated tranches and may differ depending upon the interest rate movement and speed of prepayment etc. The change in market interest rates – prepayments may not change the absolute amount of receivables for the investors, but may have an impact on the re-investment of the periodic cash flows that the investor receives in the securitised paper.

Limited Liquidity & Price risk

Presently, secondary market for securitised papers is not very liquid. There is no assurance that a deep secondary market will develop for such securities. This could limit the ability of the investor to resell them. Even if a secondary market develops and sales were to take place, these secondary transactions may be at a discount to the initial issue price due to changes in the interest rate structure.

Limited Recourse, Delinquency and Credit Risk

Securitized transactions are normally backed by pool of receivables and credit enhancement as stipulated by the rating agency, which differ from issue to issue. The Credit Enhancement stipulated represents a limited loss cover to the Investors. These Certificates represent an undivided beneficial interest in the underlying receivables and there is no obligation of either the Issuer or the Seller or the originator, or the parent or any affiliate of the Seller, Issuer and Originator. No financial recourse is available to the Certificate Holders against the Investors' Representative. Delinquencies and credit losses may cause depletion of the amount available under the Credit Enhancement and thereby the Investor Payouts may get affected if the amount available in the Credit Enhancement facility is not enough to cover the shortfall. On persistent default of a Obligor to repay his obligation, the Servicer may repossess and sell the underlying Asset.

However many factors may affect, delay or prevent the repossession of such Asset or the length of time required to realize the sale proceeds on such sales. In addition, the price at which such Asset may be sold may be lower than the amount due from that Obligor.

Risks due to possible prepayments:

Asset securitisation is a process whereby commercial or consumer credits are packaged and sold in the form of financial instruments. Full prepayment of underlying loan contracts may arise under any of the following circumstances;

Obligor pays the Receivable due from him at any time prior to the scheduled maturity date of that Receivable; or

Receivable is required to be repurchased by the Seller consequent to its inability to rectify a material misrepresentation with respect to that Receivable; or

The Servicer recognizing a contract as a defaulted contract and hence repossessing the underlying Asset and selling the same

In the event of prepayments, investors may be exposed to changes in tenor and yield.

Bankruptcy of the Originator or Seller

If originator becomes subject to bankruptcy proceedings and the court in the bankruptcy proceedings concludes that the sale from originator to Trust was not a sale then an Investor could experience losses or delays in the payments due. All possible care is generally taken in structuring the transaction so as to minimize the risk of the sale to Trust not being construed as a "True Sale". Legal opinion is normally obtained to the effect that the assignment of Receivables to Trust in trust for and for the benefit of the Investors, as envisaged herein, would constitute a true sale.

Bankruptcy of the Investor's Agent

If Investor's agent, becomes subject to bankruptcy proceedings and the court in the bankruptcy proceedings concludes that the recourse of Investor's Agent to the assets/receivables is not in its capacity as agent/Trustees but in its personal capacity, then an Investor could experience losses or delays in the payments due under the swap agreement. All possible care is normally taken in structuring the transaction and drafting the underlying documents so as to provide that the assets/receivables if and when held by Investor's Agent is held as agent and in Trust for the Investors and shall not form part of the personal assets of Investor's Agent. Legal opinion is normally obtained to the effect that the Investors Agent's recourse to assets/receivables is restricted in its capacity as agent and trustees and not in its personal capacity.

Credit Rating of the Transaction / Certificate

The credit rating is not a recommendation to purchase, hold or sell the Certificate in as much as the ratings do not comment on the market price of the Certificate or its suitability to a particular investor. There is no assurance by the rating agency either that the rating will remain at the same level for any given period of time or that the rating will not be lowered or withdrawn entirely by the rating agency.

Risk of Co-mingling

The Servicers normally deposit all payments received from the Obligors into the Collection Account. However, there could be a time gap between collection by a Servicer and depositing the same into the Collection account especially considering that some of the collections may be in the form of cash. In this interim period, collections from the Loan Agreements may not be segregated from other funds of the Servicer. If the Servicer fails to remit such funds due to Investors, the Investors may be exposed to a potential loss. Due care is normally taken to ensure that the Servicer enjoys highest credit rating on stand alone basis to minimize Co-mingling risk.

Risks associated with Short Selling and Securities Lending - It may be recognized that genuine short selling could exacerbate price decline but that by itself may not be construed as a manipulative activity unless there are evidences of market misconduct. However, abusive short selling practices to manipulate the price of a stock will continue to be treated as market misconduct and attract appropriate regulatory action. It may also be recognized that short selling, directly or indirectly poses potential risks and can easily destabilize the market.

Risks associated with accepting applications through cash.

SAMC is facilitating investments in cash on a daily basis by the investor, however SAMC will not be responsible in case the Collection Agent is unable to visit the Investor to collect cash on a daily or regular basis.

There could be delays / disruption in Collection / Allotment process due to absence of Collection Agent(s) to collect cash or non-availability of connectivity of the Mobile Device or non availability of Transaction Server/ R & T Server or delay in transferring the data to the R & T Server through the Transaction Server or any other technical snags etc. SAMC assumes no responsibility for such delays.

While SAMC would make all possible efforts to see that the Collection Agent deposits the money in time, there could be possibilities of delay due to various circumstances beyond the control of the SAMC for which SAMC assumes no responsibility.

The Collection Agent authorized to collect cash would have proper identity document and authorization issued by SAMC. The Collection Agent would issue receipts generated through a Hand Held Electronic Device, on the spot for the amount collected from the investors. Under no circumstances, the investor shall make subscriptions to any unauthorized persons, or without obtaining proper receipt, or without verifying proper identity of the Collection Agent etc. In case the investors don't comply with the above, SAMC assumes no responsibility in such events for any loss which may be suffered by the investor.

B. REQUIREMENT OF MINIMUM INVESTORS IN THE SCHEME

The Scheme shall have a minimum of 20 investors and no single investor shall account for more than 25% of the corpus of the Scheme. However, if such limit is breached during the NFO of the Scheme, the Fund will endeavor to ensure that within a period of three months or the end of the succeeding calendar quarter from the close of the NFO of the Scheme, whichever is earlier, the Scheme complies with these two conditions. In case the Scheme does not have a minimum of 20 investors in the stipulated period, the provisions of Regulation 39(2) (c) of the SEBI (MF) Regulations would become applicable automatically without any reference from SEBI and accordingly the Scheme shall be wound up and the units would be redeemed at applicable NAV. The two conditions mentioned above shall also be complied within each subsequent calendar quarter thereafter, on an average basis, as specified by SEBI. If there is a breach of the 25% limit by any investor over the quarter, a rebalancing period of one month would be allowed and thereafter the investor who is in breach of the rule shall be given 15 days notice to redeem his exposure over the 25 % limit. Failure on the part of the said investor to redeem his exposure over the 25 % limit within the aforesaid 15 days would lead to automatic redemption by the Mutual Fund on the applicable Net Asset Value on the 15th day of the notice period. The Fund shall adhere to the requirements prescribed by SEBI from time to time in this regard.

C. SPECIAL CONSIDERATIONS

Investments in a Scheme should be viewed by an Investor / Unit holder as a medium to long term investment as Mutual Funds carry normal market risks and there can be no assurance and no guarantee that the Scheme will achieve its objectives. It is recommended that an investment in the Scheme should not constitute a substantial proportion of an investment portfolio and may not be appropriate for all, as investment decisions made by the Asset Management Company will not always be profitable or prove to have been correct. As with any investments in stocks, shares and securities, the NAV of the Units under this Scheme can go up or down, depending on the factors and forces affecting the capital markets. Investors / Unit holders attention is drawn to the risk factors set out in the Clause(s) of the section titled "Risk Factors" & "Investment Strategies and Investment Process" of this Scheme Information Document.

Neither this Scheme Information Document nor the Units have been registered in any jurisdiction. The distribution of this Scheme Information Document in certain jurisdictions may be restricted or subject to registration requirements and accordingly, persons who come into possession of this Scheme Information Document are required to inform them about, and to observe, any such restrictions. No person(s) receiving a copy of this Scheme Information Document or any accompanying application form in such jurisdiction may treat this Scheme Information Document or such application form as constituting an invitation to subscribe for Units. It is the responsibility of any person(s) in possession of this Scheme Information Document and any persons wishing to apply for Units pursuant to this Scheme Information Document to inform them of and to observe, all applicable laws and Regulations of such relevant jurisdiction.

No person is authorized to give any information or to make any representation inconsistent with this Scheme Information Document in connection with the New Fund Offer and /or issue of units of Sahara Daily Fund

This Scheme Information Document includes all the points mentioned in the Standard Observations issued by SEBI.

All contents in this Scheme Information Document have been checked and are factually correct.

Any information or representation not contained herein this document must not be relied upon as having been authorized by the Mutual Fund or the Investment Manager.

All information in the Scheme Information Document and Key Information Memorandum are updated considering the standard observations, 30 days before the launch of the Scheme/fund.

D. DEFINITIONS –

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

<p>“AMC” or “Asset Management Company” or “SAMCPL” or “SAMC” or “Investment Manager”</p>	<p>Sahara Asset Management Company Private Limited (Formerly First India Asset Management Pvt Ltd) incorporated under the provisions of the Companies Act, 1956 and approved by Securities and Exchange Board of India (SEBI), to act as the Asset Management Company for the Scheme(s) of Sahara Mutual Fund.</p>
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<p>“Applicable NAV”</p>	<p>For cheque applications:</p> <p>(a) Purchase/Subscriptions</p> <p>In respect of valid applications received upto 3 p m by the Mutual Fund along with a local cheque or 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.</p> <p>In respect of valid application received after 3 p m by the Mutual Fund along with a local cheque or demand draft payable at par at the place where the application is received, the closing NAV of the next business day shall be applicable.</p> <p>In respect of purchase of units for an amount equal to or more than Rs.1 crore, irrespective of the time of receipt of application, the closing NAV of the day on which the funds are available for utilization shall be applicable.</p> <p>However, in respect of valid applications with outstation cheques/demand drafts not payable at par at the place where the application is received, closing NAV of the day on which the cheque/demand draft is credited to the account of the scheme shall be applicable. In the event of the outstation cheque/demand draft is realized and amount is credited to the account of the scheme on Saturday the applicable NAV in such cases shall be NAV of the next business day.</p> <p>(b) Redemptions/Repurchase</p> <p>In respect of valid applications received upto 3 pm by the Mutual Fund, the same day’s closing NAV shall be applicable.</p> <p>In respect of valid application received after 3 p m by the Mutual Fund, the closing NAV of the next business day shall be applicable.</p> <p>(iii) Switch</p> <p>Valid applications for “Switch out” shall be treated as redemptions and for “Switch-in” shall be treated as purchase in the respective Scheme with applicable cut-off timings.</p> <p>For cash applications:</p> <p>Applicable NAV shall be based on the time at which the purchase transaction data is accepted by the R & T Server.</p>
<p>“AMFI”</p>	<p>Association of Mutual Funds in India.</p>
<p>“Authorised ARN Holder” / “ARN Holder”</p>	<p>An ARN Holder registered with AMFI and duly empanelled with SAMC specifically for the Scheme.</p>

“Banking Hours”	Business hours for commercial transactions as defined by the respective Banks.
“Business Day”	<p>Any day other than a</p> <ul style="list-style-type: none"> (i) Saturday and Sunday ; (ii) a day on which the banks in Mumbai and/or RBI are closed for business/clearing ; (iii) a day on which the Bombay Stock Exchange and/or National Stock Exchange are closed ; (iv) a day which is a public and/or bank holiday at a collection centre where the application is received ; (v) a day on which sale and repurchase of units is suspended by the AMC ; (vi) a day on which normal business could not 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 ISC's or collection Centres.</p>
“Business Hours of the AMC”	Presently from 9.30 pm to 6.30 p.m. on any Business Day or such other time as may be decided by the AMC from time to time and the same may be different for different Investor Service Centres/ ISCs.
“Collection Agent”	A person authorized by Sahara AMC to collect cash towards subsequent installments of SIP under Sahara Daily Fund from the existing unit holders.
“Cash Receipt”	Receipt issued by the Authorised ARN Holder /Collection Agent/ Designated ISCs of SAMC for the money invested by the investor under the Scheme.
“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 HDFC Bank Ltd, Mumbai.
“Debentures”	These are both convertible & non-convertible debenture. Convertible debentures are those, which are fully or partially convertible into equity shares, and non-convertible debentures are those, which cannot be converted into equity shares.
“Debt instruments”	Government Securities, Debentures, Bonds, Promissory Notes, Money Market Instruments, Pass-Through Certificate, Asset Backed Securities / Securitized Debt and other similar securities.
“Depository”	Depository as defined in the Depositories Act, 1996 (22 of 1996).
“Dividend”	Income distributed by the Mutual Fund on the Units and reinvested to the account of the unit holder.
“Designated AMC Office/s”	Those offices of SAMC which are authorized to collect cash under the scheme.

“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 of Units.
“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.
“Gilts 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 from time to time.
“Hand Held Electronic Device / Mobile Device”	A mobile unit having appropriate software application which communicates with the Transaction Server through GPRS / SMS/ other available technologies.
“Investment Management Agreement” or “IMA”	The Agreement dated July 18, 1996 and supplementary agreement entered into between Trustees of Sahara Mutual Fund (Formerly First India Mutual Fund) and the AMC, Sahara Asset Management Company Private Limited as amended from time to time.
“Investor Service Centres” or “ISCs”	Designated offices of SAMC/ Registrar or such other centres / offices as may be designated by the AMC from time to time.
“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.
“Money Market Instruments”	Commercial Papers, Certificate of Deposits, MIBOR linked instruments, Commercial Bills, Treasury Bills, Government Securities having an unexpired maturity upto one year, call, notice or term money, certificate of deposit, usance bills discounting Fund, repos / reverse repos and any other like instruments as specified from time to time by RBI.
“Mutual Fund” or “the Fund”	Sahara Mutual Fund (formerly First India Mutual Fund), a Trust set up under the provisions of Indian Trust Act, 1882 by a Trust deed dated July 18, 1996 (and amendment to Trust deeds).
“NAV”	Net Asset Value per Unit of the respective options, calculated in the manner described in this Scheme Information Document or, as may be prescribed by the SEBI Regulations from time to time.
“New Fund Offer Period, (NFO)”	The date on or the period during which the New Fund Offer subscription of units under the Fund can be

	made i.e. _____, 2009 to _____, 2009 subject to extension, if any, such that the New Fund Offer Period does not exceed 30 days.
“New Fund Offer Price” / “NFO price”	“NFO” is the price at which the units are proposed to be sold to the prospective investors.
“NRI”	A Non-Resident Indian or a person of Indian origin residing outside India.
“Open-ended scheme”	Schemes which offers units for sale without specifying any duration for redemption.
“RBI”	Reserve Bank of India, established under the Reserve Bank of India Act, 1934.
“Registrar and Transfer Agent / Registrar”	An entity acting as Registrar and Transfer Agent to the scheme/s of Sahara Mutual Fund.(Currently KARVY Computershare (P) Ltd Hyderabad)
“Repo” / “Reverse Repo”	Sale / purchase of Securities as may be allowed by RBI from time to time with simultaneous agreement to Repurchase / resell them at a later date.
“Repurchase / Redemption”	Repurchase / Redemption of Units under the Fund as permitted.
“Sahara Daily Fund/ Fund/Scheme”	Sahara Daily Fund is the name of the Fund launched hereunder including the options offered under the Fund.
“Sahara India Financial Corporation Limited” or “Sponsor” or “Settlor”	Sahara India Financial Corporation Limited.
“Sale / Subscription”	Sale or Allotment of Units to the Unit holder upon subscription by the investor / applicant under the Fund.
“Scheme Information Document,”	This document issued by Sahara Mutual Fund, offering Units of Sahara Daily Fund for subscription of units. The Scheme Information Document sets forth concisely the information about the Scheme that a prospective investor ought to know before investing.
“SEBI”	The Securities and Exchange Board of India, established under the Securities and Exchange Board of India Act, 1992.
“SEBI Regulations” or “Regulations”	Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended from time to time and shall also include any Mutual Fund Regulations, Circulars, Press Releases or Notifications that may be issued by SEBI or the Government of India to regulate the activities and growth of Mutual funds.
“Statement of Additional Information”	This document contains details of Sahara Mutual Fund, its constitution, and certain tax, legal and general information. It is incorporated by reference (is legally a part of the Scheme Information Document).

“Systematic Investment Plan/SIP”	A facility for the Investor to make Systematic Investment in the Scheme.
“Switch”	Redemption of a Unit in Fund (including the option therein) of the Mutual Fund against purchase of a Unit in another Fund (including the options therein) of the Mutual Fund, subject to applicable terms and conditions.
“Transaction Server”	A server which integrates the information /data received from the Hand Held Electronic Devices / R & T Server / Banks etc.
“Trust Deed”	The Trust deed dated July 18, 1996 including amendments made from time to time between the Sponsor and Sahara Mutual Fund (Formerly First India Mutual Fund), thereby establishing an irrecoverable Trust, called Sahara Mutual Fund.
“Trustees”	means the Board of Trustees who hold the property of the Mutual Fund in trust for the benefit of the unitholders
“Unit”	The interest of the Unit holder, with each Unit representing one undivided share in the assets of the Fund.
“Unit holder” or “Investor”	A person holding Units in the Fund offered under this Scheme Information Document.

INTERPRETATION

For all purposes of this Scheme Information Document, except as otherwise expressly provided or unless the context otherwise requires:

- the terms defined in this Scheme Information Document, include the plural as well as the singular.
- pronouns having a masculine or feminine gender shall be deemed to include the other.
- all references to “dollars” or “\$” or “USD” refer to United States Dollars and “Rs” refer to Indian Rupees. A “crore” means “ten million” and a “lakh” means a “hundred thousand”.
- Words and expressions used herein but defined in SEBI Act, 1992 or the SEBI (Mutual Funds) Regulations, 1996 shall have the meanings respectively assigned to them therein.

E. DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY

The following Due Diligence Certificate, duly signed by the Compliance Officer has been submitted to SEBI which reads as follows:

DUE DILIGENCE CERTIFICATE

It is confirmed that:

i) The draft Scheme Information 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. The procedure of cash collection is explained in the paragraph titled “SCHEME PROCESS” on page 17 of this Scheme Information Document.

ii) All legal requirements connected with the launching of the options as comprised under 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.

iii) The disclosures made in the Scheme Information Document, are true, fair and adequate to enable the investors to make a well-informed decision regarding investments in the proposed Scheme.

iv) According to the information given to us, all the intermediaries named in the Scheme Information Document, are registered with SEBI and till date such registration is valid.

sd/-

Place: Mumbai.
Date: April 15th, 2009

Name : Shri Sudhir Kaup
Designation: Compliance Officer

III. INFORMATION ABOUT THE SCHEME

A. TYPE OF THE SCHEME – An Open ended Debt Fund

SCHEME PROCESS:

The entire process of mobilization under the Scheme through cash collection shall be technology driven to minimize any potential error/ misappropriation. The mobile technology shall have the facility to input the transactions in the system on the spot and also to view the information at the point of sale as well. These Mobile Devices will be networked to a Transaction Server which in turn will also be linked to the R&T Server and the banks for the information/data exchange.

The opening of a new folio under the Scheme shall be made only by the Authorized ARN Holders (registered with AMFI), who are also required to empanel themselves with the SAMC specifically for this Scheme before commencement of the business by the Authorized ARN Holder for this Scheme. For the new investors the Authorized ARN Holder shall collect the application forms, in original, duly filled in with proper details. SAMC will ensure PAN/KYC compliance as per the prevailing regulations at the time of new applications by the Investors.

Once a folio is generated, the payment of subsequent installments of the SIP may be made by the Investors through a Collection Agent (duly registered with SAMC specifically for the purpose of the Scheme) as chosen by the Investor. In case the Investor is not satisfied with the services of a particular Collection Agent, he can approach SAMC and identify an alternate Collection Agent. In certain cases like unavailability of Collection Agent on certain days/ incapability of the Collection Agent to collect cash/ other unforeseen circumstances, SAMC may authorize another Collection Agent to collect cash from the Investors for the Scheme.

The Authorised ARN Holder/Collection Agent shall input the cash collection data in the Mobile Device which in turn will be uploaded /forwarded to the Transaction Server. The Mobile Device will have the capabilities of operating /processing data through GPRS/ SMS/other technologies. It will generate a receipt of the amount on the spot itself which will be handed over to the investor by the Authorised ARN Holder/ Collection Agent. The printing device shall be enabled with Bluetooth technology / wired system or through any other system which enable printing. Each of the Authorised ARN Holder/ Collection Agent will have a pre specified collection limit (fixed by SAMC) beyond which the system will not authorize the ARN Holder/ Collection Agent to input any further transaction and to print any further receipt till the ARN Holder/ Collection Agent's cash collection limit is revised / limit recharged. The ARN Holder/ Collection Agent shall deposit the mobilization under the Scheme in the collection a/c of the Scheme with the designated bank(s) on the day of the collection / or in the early banking hours of the next business day of the bank. The system shall have capabilities for safe handling of data throughout the network. Each of the ARN Holders/ Collection Agent shall carry proper identity card, Scheme document/s etc. as may be required.

The money collected from the various investors would be assumed as if the money is collected at the end of the day (i.e. post 3 pm). All the transaction data for the day will be forwarded to the R & T Server for allotment of units at the applicable NAV. The time of acceptance for allotment of the units in all cases shall be the electronic time stamp of the R & T server.

The data so forwarded by the mobile application to the Transaction Server for the transactions made during calendar day shall be processed for reconciliation with the amount received in the designated bank's Scheme collection a/c and shall also be forwarded to the R&T Agent.

The application in original along with PAN / KYC etc as applicable as per the prevalent regulations shall be submitted by the ARN Holder to the nearest Investor Service Centre/s or submitted directly by the Investor to the offices of SAMC. In turn SAMC shall forward the same to the R&T Agent for further processing.

The R&T Agent, while allotting the units, shall also capture the ARN code, the Collection Agent's code and the Designated AMC Office code. The folios so generated by allotments of the units shall be sent to the Transaction Server which in turn shall push the relevant data in the authorized /designated Collection Agent's Mobile application. Sahara Daily Fund is a Systematic Investment Plan. The original application in the Scheme will be mobilized by the ARN Holder, the subsequent collection may be made by the Collection Agent. Alternatively the Investors can also make original applications and / or subsequent payments directly with the designated ISCs of SAMC.

In case of redemptions, the redemption proceeds shall be paid to the investors only by way of a/c payee cheques / credited directly to their banks account of the investor. No cash payouts shall be made by the Scheme against redemption of the units.

DO's & DON'Ts FOR INVESTORS

DO's

- Investor shall ask for the identity of the ARN Holder.
- Investor should refer to SID, KIM and go through the same carefully before investing.
- Fill the application complete in all respect including PAN/KYC/Bank details etc as applicable. Bank account details should be in the name of the first holder and not of any other person.
- Pay the amount and obtain proper receipt/ acknowledgement for the same on the spot from the ARN Holder/ Collection Agent/ or designated AMC Office/s (in case of direct application).
- For payment of subsequent installments of the SIP to the Collection Agent, the investor should pay only after verifying the identity & authority of the Collection Agent.
- For redemption/ switch-out the investor(s) to fill redemption / switch request and submit the same to designated ISCs of SAMC. These requests should be filled in completely and carefully.

DONT's

- Don't transact with any person not carrying proper identity and authorization.
- Don't sign the form without completing all the details.
- Don't invest without referring to SID & KIM carefully.
- Don't pay cash to any unauthorized person.
- Don't pay cash even to an authorized person without obtaining proper receipt on the spot.

B. WHAT IS THE INVESTMENT OBJECTIVE OF THE SCHEME?

The investment objective of the Scheme is to generate returns by investing mainly in debt and debt related instruments including money market instruments. However, there is no guarantee that scheme objectives shall be achieved.

C. ASSET ALLOCATION AND INVESTMENT PATTERN

Instruments	Indicative allocations (% of total assets)		Risk Profile
	Maximum	Minimum	
Debt Instruments including securitized debt * and Money Market Instruments	100 %	0 %	Low to Medium

(*securitized debt may be up to a maximum of 50% of the net assets). The Fund may predominantly invest in those securitization issuances which have AAA rating indicating the highest level of safety from credit risk point of view at the time of making an investment.

Derivatives may be used as per guidelines issued by SEBI from time to time. The Scheme intends to take exposure in derivatives upto 50% of the net assets of the Scheme.

Under normal circumstances, the Scheme shall not have an exposure of more than 10% of its net assets in foreign securities, subject to regulatory limits.

(Subscription cash flow is the subscription money in transit before deployment and redemption cash flow is the money kept aside for meeting redemptions). While it is intention of the Scheme to maintain the exposure guidelines provided in the table above, there may be instances when these percentages may be exceeded. Typically this may occur while the Scheme is new and the corpus is small thereby causing diversification issues.

The asset allocation pattern may be modified in the interest of the unit holders. However, the same will be reviewed by the trustees on a bimonthly/quarterly basis and will be rebalanced to its normal position in a time frame as permitted by the Trustees. The AMC will endeavor to achieve normal asset allocation pattern in a maximum period of 6 months.

The AMC, may also, consistent with SEBI guidelines, from time to time, pending investment in securities for a short term period on defensive consideration, invest upto 100% of the funds in money market instruments, the primary motive being to protect the Net Asset value of the Scheme and protect unit holders interest as also to earn reasonable return maintained for redemption/repurchase of units.

The asset allocation shown above is indicative and may be altered from time to time for a short term period on defensive considerations. Notwithstanding the forgoing, the Trustees may from time to time at its absolute discretion review and modify the investment strategy provided such modification is in accordance with the SEBI Regulations

D.WHERE WILL THE SCHEME INVEST?

Consistent with the investment objectives of the Scheme, the AMC aims to identify securities, which offer superior levels of yield at low levels of risk. The investment team of the AMC will carry out an internal credit analysis of all securities included in the investment universe.

The Scheme may invest in Money Market Instruments including, but not restricted to, commercial papers, commercial bills, treasury bills, government securities, certificate of deposit, usance bills, permitted securities under a repo/reverse repo agreement, Asset Backed Securities, Pass through Certificates, Mortgage Backed Securities etc. and any other such instruments as may be permitted by SEBI from time to time. These instruments may carry fixed rate of return or floating rate of return or may be issued on discount basis.

The Scheme may also invest in other debt Scheme(s) managed by the AMC or in the debt Scheme(s) of any other Mutual Funds, provided it is in conformity to the investment objectives of the Scheme and in terms of the prevailing SEBI Regulations. As per the SEBI Regulations, no investment management fees will be charged for such investments and the aggregate inter-Scheme investment made by all the Scheme(s) of Sahara Mutual Fund or in the Scheme(s) of other Mutual Funds shall not exceed 5% of the NAV of the Sahara Mutual Fund.

Investments will be made through secondary market purchases, initial public offers, other public offers, placements, rights offers (including renunciation) and negotiated deals and such securities may be listed, unlisted, privately placed, secured/unsecured, rated/unrated of any maturity. As mentioned else where in this Scheme Information Document the AMC retains the flexibility to invest across in all the securities/instruments in debt and money markets.

Investment in overseas securities shall be made in accordance with the requirements stipulated by SEBI and RBI from time to time.

The Scheme may also use various derivative and hedging 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 Unit

holder's interest. The Scheme may also invest in suitable investment diversification, commensurate with the Scheme objectives and subject to necessary stipulations by SEBI/RBI.

All the investment restrictions as contained in the Seventh Schedule to SEBI (Mutual Funds) Regulations, 1996 would be applicable to the Scheme

Investment in Securitised Debt

It is frequently observed that securitized debt carrying similar credit and interest rate risk characteristics offer higher returns when compared to normal debt instruments. The Scheme may invest upto 50 % of its net assets of the Scheme in securitized debt to gain from the higher yields offered by these instruments. The decision to invest in securitized debt will be based on the Fund Manager's analysis of the comparative risk return profiles of the various instruments available in the market, including securitized debt.

TRADING IN DERIVATIVES

In terms of SEBI circular No.DNPD/Cir-29/2005 dated September 14, 2005, Mutual funds have been permitted to participate in the derivatives market at par with Foreign Institutional Investors(FII).

Derivative transactions that can be undertaken by the Scheme include a wide range of instruments, including, but not limited to

- Swaps
- Any other instrument, as may be regulatorily permitted

An **Interest Rate Swap** is an agreement between two parties to exchange interest payments for a specified term based upon a specified amount of principal that will not be exchanged as part of the Swap. It is customarily referred to as "the notional principal amount". One interest payment is typically calculated using a floating rate index such as Mumbai Inter-Bank Offer Rate (MIBOR). The other interest payment is based upon a fixed rate or a different floating rate index. In either case, there is no exchange of principal.

A **Forward Rate Agreement**, or FRA, allows a Fund to "lock in" a short-term fixed rate that commences on a future date (the *value date*). In concept, a FRA is similar to an Interest Rate Swap that lasts for one settlement period. The contract requires each party to make a one-time, net exchange of interest payments based upon a specified notional amount. As is the case with an Interest Rate Swap there is no exchange of principal.

Both borrowers and investors use FRAs. A borrower *buys* a FRA to protect against rising rates. An investor might *sell* a FRA to protect against falling rates. FRAs can be used to hedge several different short-term rates including MIBOR, Treasury bills, and commercial paper.

The Fund may enter into either an interest rate swap or forward rate agreement (or such other derivatives as may be permitted from time to time under the Regulations) to add certainty to returns without losing liquidity

E.INVESTMENT STRATEGIES AND INVESTMENT PROCESS

The Scheme will endeavor to maintain a consistent performance while considering a balance between safety, liquidity and profitability aspects of various instruments and try to achieve an optimal risk return balance for management of debt and money market securities.

Investment decisions will be taken on the basis of the following parameters.

1. Prevailing interest rate scenario.
2. Liquidity of the security
3. Quality of the security / instrument
4. Maturity profile of the instrument.
5. Growth Prospects of the company / industry.

The investment limits (as % to net assets of the Scheme) for various asset categories within the Scheme, are as follows:

Security	Maximum Exposure	Risk Profile
Treasury Bills	100%	Sovereign
Govt. of India Securities	100%	Sovereign
Repo / Reverse Repo	100%	Low
Corporate Debt	100%	Medium
Financial Institution / Bank Bonds	100%	Low to Medium
Commercial Paper	100%	Medium
Certificates of Deposit	100%	Medium
Public Sector Bonds	100%	Medium
Govt. Guarantee Bonds	100%	Medium
All Money Market Instruments	100%	Low
Securitized Debt	50%	Low to Medium

The market participants in the corporate debt and gilt markets are banks, financial institutions, mutual funds, corporate, insurance companies, FII's and primary dealers. The main debt instruments in the market are those issued by Central/State Governments and corporate. Corporate Papers carry credit risk while government securities are believed to carry no credit risk. The main risks with investment in debt securities are interest rate risks, credit risk and liquidity risk. Interest rate risk associated with debt instruments depend on the macroeconomic environment. It includes both market price changes due to change in yields as well as coupon reinvestment risk. Corporate papers carry higher liquidity risk as compared to gilts due to the depth of the gilt market. We have observed higher volumes in corporate paper too due to the entry of more players in the market. Liquidity has improved further due to dematerialization and entry of private insurance companies.

The following table attempts to give a board overview of the available instruments in the financial markets and their risk return profile. The data given in the table is based on market conditions around the date of Scheme Information Document and can at best be considered indicative:

Security	Yield *	Allocation	Risk Profile
Money Market Instruments	3.50% -4.00%	Up to 100%	Low
Corporate Bonds (1yr-3yr)	5.75% - 7.75%	Up to 80%	Medium
G-Sec (less than 5 years)	6.25% - 6.75%	Up to 50%	Sovereign
PTC (less than 1yr)	8.00% -10.00%	Up to 50%	Medium
Financial Institution/Bank Bonds (5 years)	6.00% -7.00%	Up to 80%	Medium

*The actual yields will however vary in line with general levels of interest rates and debt/money market conditions prevailing from time to time at the time of investment.

The Investment Process: The Fund Manager in accordance with the policies formulated by the Investment Committee handles the day-to-day investment management. The focus of the Fund Manager is to ensure that the objectives of each Fund are kept foremost whilst taking decisions regarding asset allocation and selection.

Careful attention is at all times paid to SEBI guidelines regarding restriction on investments / investment limits as prescribed from time to time. These restrictions relate to single company / group investments, investments in associate companies, investments in unrated debt instruments etc. Typically, wherever any investment in unrated paper is involved, prior approval of the Trustees and the Board of the AMC is sought.

There is a daily meeting of the Fund Management Team which discusses issues on the various information available. The research analysts give their inputs. These meetings help the fund manager in taking investment decisions.

The Fund Manager relies extensively on research provided by external agencies that are used to formulate a view on the likely trends and impact on the markets. This is supplemented by in-house research.

The hierarchical structure is typically vertical, with the Fund Manager reporting to the Chief Executive Officer.

The Board of Directors of the AMC and the Trustees are presented regular reports on the portfolio performance on a stand-alone basis as well as a comparison with relevant benchmarks and with peer group from the industry.

Based on a comprehensive review of credit, macro economic factors, external and internal inputs, the Investment Committee decide the portfolio balance to arrive at a suitable mix of risk and return. The key objective is to optimize returns vis-à-vis risk.

Depending on the needs, derivatives may be used with a view to minimizing risk and protecting the returns of the portfolio.

The buy/sell decisions would be recorded by the fund manager in the form of a Fund wise requisition slips keeping in mind the investment objectives, investment restrictions and the applicable guidelines. These sheets would contain details such as quantity of scrip/security, indicative price, reasons for buy/sell etc. The requisition slip would be sent to the Dealers for execution.

The risk manager/ mid office would review all buying and selling transactions to check that they are inline with the stated fund objectives, investment restrictions, stipulated guidelines and suggest corrective action to the fund manager wherever required. It would also check the portfolio risks periodically and suggests corrective action wherever required.

The Fund Manager shall review the portfolio on a daily basis, in conjunction with the expected cash flows in to and out of the various Funds and in line with the investment objectives and guidelines.

The complete portfolio statement elaborating classifications, limits and valuations would be placed for scrutiny before the Trustees and the Board of Directors of the AMC at their meetings, which would be typically at least bimonthly / once in a quarter.

Investors can benefit if the fund remains invested in liquid assets for the sake of maintaining liquidity and at the same time take advantage of potentially higher rates by entering into a swap transaction. An illustration of the same is given below:

EXAMPLE OF A DERIVATIVES TRANSACTION

(a) Basic Structure Of A Swap

Bank A has a 6 month Rs.10 crore liability, currently being deployed in call. Bank B has a Rs.10 crore 6 month asset, being funded through call. Both banks are running an interest rate risk.

To hedge this interest rate risk, they can enter into a 6 month MIBOR (Mumbai Inter Bank Offered Rate) swap. Through this swap, A will receive a fixed preagreed rate (say 7%) and pay "call" on the NSE MIBOR ("the benchmark rate"). Bank A's paying at "call" on the benchmark rate will neutralise the interest rate risk of lending in call. B will pay 7% and receive interest at the benchmark rate. Bank A's receiving of "call" on the benchmark rate will neutralise his interest rate risk arising from his call borrowing.

The mechanism is as follows:

- Assume the swap is for Rs.10 crore from March 1, 2007 to September 1, 2007. A is a fixed rate receiver at 7% and B is a floating rate receiver at the overnight compounded rate.
- On March 1, 2007 A and B will exchange only an agreement of having entered this swap. This documentation would be as per International Swaps and Derivatives Association (ISDA).
- On a daily basis, the benchmark rate fixed by NSE will be tracked by them. On September 1, 2007 they will calculate the following:

- A is entitled to receive interest on Rs.10 crore at 7% for 184 days i.e. Rs.35.28 lakh, (this amount is known at the time the swap was concluded) and will pay the compounded benchmark rate.
- B is entitled to receive daily compounded call rate for 184 days & pay 7% fixed.
- On September 1, 2007, if the total interest on the daily overnight compounded benchmark rate is higher than Rs.35.28 lakhs, A will pay B the difference. If the daily compounded benchmark rate is lower, then B will pay A the difference.
- Effectively Bank A earns interest at the rate of 7% p.a. for six months without lending money for 6 months fixed, while Bank B pays interest @ 7% p.a. for 6 months on Rs. 10 crore, without borrowing for 6 months fixed.

(b) Illustration for swap transaction

A swap is an agreement between two or more parties to exchange a sequence of cash flows over a period of time in the future. The mechanics of a plain vanilla interest rate swap are as follows:

Assume there are two interested parties, Party A and Party B. Party A may agree to pay a fixed rate of interest on a notional amount of say Rs.100 crores to party B in exchange for a floating rate on the same notional amount. Party A therefore agrees to "pay-fixed" and "receive floating" while Party B agrees to "receive fixed" and "pay floating". The swap agreement specifies the period of time over which the periodic interest payments will be made. This period is known as the tenor of the swap. The principal amount or the "notional amount" is usually not exchanged. The documentation involved is known as the ISDA (International Swap Dealers Association) documentation.

The following example shows the cash flow streams in the case of a plain vanilla interest rate swap.

Assume that the notional amount is Rs.100 crores and Party A agrees to pay fixed rate at 9% and receive floating. Further assume that the floating rate benchmark is the daily Mumbai Inter-Bank Offer Rate (MIBOR). The tenor of the swap is assumed to be 10 days.

	MIBOR	Party A receives	Party A pays	Net Cash flow for Party A	Party B receives	Party B Pays	Net cash flow for Party B
Day 1	7.00%	191780.82	246575.34	- 54794.52	246575.34	191780.82	54794.52
Day 2	8.00%	219178.08	246575.34	- 27397.26	246575.34	219178.08	27397.26
Day 3	7.50%	205479.45	246575.34	- 41095.89	246575.34	205479.45	41095.89
Day 4	9.00%	246575.34	246575.34	0.00	246575.34	246575.34	0.00
Day 5	9.50%	260273.97	246575.34	13698.63	246575.34	260273.97	- 13698.63
Day 6	9.25%	253424.66	246575.34	6849.32	246575.34	253424.66	- 6849.32
Day 7	10.00%	273972.60	246575.34	27397.26	246575.34	273972.60	- 27397.26
Day 7	6.00%	164383.56	246575.34	- 82191.78	246575.34	164383.56	82191.78
Day 8	7.00%	191780.82	246575.34	- 54794.52	246575.34	191780.82	54794.52
Day 9	6.00%	164383.56	246575.34	- 82191.78	246575.34	164383.56	82191.78
Day 10	6.00%	164383.56	246575.34	- 82191.78	246575.34	164383.56	82191.78

The cash flows are exchanged on a daily basis. In practice, however, only the net cash flows are exchanged.

Please note the above example is given for illustration purposes and actual returns may vary depending on the terms of swap and market conditions.

Depending on the circumstances, the Fund may assume the role of Party A or party B in the above illustration and hedge its risks.

The risk factors involved in transactions of swaps/forward rate agreements are as follows:

1. Counterparty risk. Since the swap agreement is between two counterparties there is a counterparty risk. The risk is however reduced because the notional principal amounts are not exchanged. Only the difference in the interest amounts on the notional principal amount is exchanged.
2. Interest rate risk. If the Fund were to pay floating and receive fixed, and if the floating rate were to average more than the fixed rate, then the Fund would have a net payout. However to the extent that the Fund also participates in the call money market there is a natural hedge.
3. There can be a difference in the rate at which the Fund lends in the call money market and the benchmark-floating rate.

In the case of the fund receiving fixed and paying floating, the returns to the Investor are limited in case of a sharp move up in the rates. The AMC retains the right to enter into such derivative transactions as may be permitted by the applicable regulations from time to time.

The proportion of funds to be so invested would be decided by the Asset Management Company at the appropriate time and would be done in accordance with the relevant guidelines to be issued by SEBI and other authorities. The AMC also reserves the right to change the strategy with respect to trading in derivatives from time to time.

The use of derivative instruments will enable the fund to manage risk and return. They can be used as efficient, low cost tools to alter the risk and return characteristics of the portfolio. Such instruments would carry certain risks like basis point risk and counter party risk. It is possible that the risk that is expected to be hedged may not materialise, in which case, the cost incurred on hedging the same would not have served the required purpose.

Eg. Interest rate swaps may be used to hedge interest rate risks. If a Fund Manager is of the view that interest rates will undergo a change, he may use Interest Rate Swaps (IRS) to convert his fixed interest liability into floating interest liability or vice versa.

It is frequently observed that the use of derivative instruments can improve the risk return profile of the Scheme. Using derivatives, it is frequently possible to increase yields while keeping interest rate risk constant or to reduce interest rate risk while keeping the yield constant. For example, let us assume that company A is issuing MIBOR linked bonds at NSE MIBOR + 0.20% and 90 day commercial paper at 5.75%. If the 90 day overnight indexed swap (please refer to pg. 38 for illustration) is being quoted at 5.25% – 5.50%, it is possible for the Scheme to buy the commercial paper issued by company A, pay the Overnight Indexed Swap rate of 5.50% and create a synthetic MIBOR linked instrument carrying a rate of MIBOR + 0.25%. This is illustrated below,

When the Scheme buys the commercial paper, it earns an yield of 5.75% for 90 days.

Subsequently, the Scheme enters into a derivatives contract for a period of 90 days under which it pays a fixed rate of 5.50% and receives the NSE MIBOR rate every day. Therefore,

Fixed rate received from CP investment – 5.75%

Fixed rate payable under derivative contract – 5.50%

Net fixed rate receivable – $(5.75\% - 5.50\%) = 0.25\%$

In addition, Floating rate receivable under derivative contract – NSE MIBOR

Total receivable = NSE MIBOR + 0.25%

This example is only illustrative in nature and representative of the many ways in which the Scheme may derive a benefit through investments in derivative instruments.

The domestic debt markets are maturing rapidly with improvement in liquidity in various debt segments as a result of introduction of new instruments and investors. The development of derivatives markets particularly swaps and Forward Rate Agreements (FRA) has made the environment more dynamic and has provided opportunity to manage interest rate more actively.

The fixed income derivatives market has developed considerably during the last 3 years in India. The Scheme may intend to use derivatives as permitted by SEBI for hedging interest rate risk, as permitted from time to time.

The performance of the Scheme would be compared with benchmark index, CRISIL Composite Bond Fund Index. In future when new benchmark indices are available close to the investment pattern / objective of the Scheme, the same will be used on approval by Board of the AMC & Trustees.

Investments made from the corpus of the Scheme would be in conformity with the features of the Scheme and the provisions of the SEBI Regulations. The AMC will endeavor to make a risk assessment of the potential investment in terms of credit risks, interest rate risks and liquidity risks. The credit risks analyses would involve an assessment of the past track record, present and future prospects for the company, the industry to which it belongs, the future cash flows from operations and its requirement for additional capital expenditure. Analysis of the interest rate scenario would be carried out on an ongoing basis, considering the impact of the developments on the macro economic front and the demand and supply of funds.

The AMC would, based on the above analysis, strive to manage the investments of the Scheme on a dynamic basis with a view to exploit emerging opportunities. The AMC will also as an input in its decision making process, utilize ratings of recognized rating agencies. Investments in bonds and debenture will usually be made in instruments that have been assigned high investment grade ratings by a recognized rating agency. In case of an investment in an unrated debt instrument, prior approval of the Trustees and Board of Directors of the AMC would be obtained. The AMC will make efforts to reduce liquidity risk by investing in securities that would result in a staggered maturity profile of the portfolio, investment in securities that provide easy liquidity and securities that have reasonable secondary market activity. In case of a requirement to liquidate all or a substantial part of these investments in a very short duration of time, the AMC may not be able to realize the full value of the securities leading to an adverse impact on the Net Asset Value of the Scheme. Please also refer to clauses on "Suspension of sale/repurchase/switching options of the Units" in the SAI.

F: FUNDAMENTAL ATTRIBUTES

Following are the Fundamental Attributes of the Scheme, in terms of Regulation 18 (15A) of the SEBI (MF) Regulations:

(i) Type of a Scheme

- An Open ended Debt Fund.

(ii) Investment Objective.

- **Main Objective** - The investment objective of the Scheme is to generate returns by investing mainly in debt and debt related instruments including money market instruments. However, there is no guarantee that Scheme objectives shall be achieved.
- **Investment Pattern**

Instruments	Indicative allocations (% of total assets)		Risk Profile
	Maximum	Minimum	
Debt Instruments including securitized debt * and Money Market Instruments	100%	0%	Low to Medium

* Securitized debt may be up to 50% of the net assets of the Scheme.

The asset allocation shown above is indicative and may be altered from time to time for a short term period on defensive considerations. Notwithstanding the forgoing, the Trustees may from time to time at its absolute discretion review and modify the investment strategy provided such modification is in accordance with the SEBI Regulations.

(iii) Terms of Issue

Listing:

Sahara Daily Fund being an open ended debt Scheme offers repurchase facility hence units are not proposed to be listed on any Stock Exchange. However the Mutual Fund at its sole discretion may list the units on one or more Stock Exchanges at a later date.

(iv) Repurchase:**a. Redemption of Units:**

Being open ended, the Scheme provides investors with a high degree of liquidity. Units may be purchased or redeemed on any business day on an ongoing basis from not later than 30 days after the close of New Fund Offer period, at NAV related price subject to prevailing Load, if any. The redemption cheques will be dispatched to the unit holders within the statutory time limit (currently within 10 Business days). However, the Fund will, under normal circumstances, endeavor to dispatch redemption proceeds at T + 2 basis from the date of acceptance of the requests. The repurchase requests can be made for a minimum amount of Rs.1000/- or for all units. If the payment is not made within the period stipulated in the regulations, unit holder shall be paid interest @15% for the delayed period”.

b. Repurchase price:

Please refer to the section titled “ Applicable NAV” on page 11 .The redemption will be at NAV based prices subject to an exit load, if any. Please also refer to section titled “Redemption of units” on page 26 and page 36 and “Load Structure” on page 40 of this Scheme Information Document.

Aggregate fees and expenses charged to the Scheme.

Initial Expenses: In terms of circular no. SEBI/IMD/CIR No. 11/ 115723 /08 dated January 31, 2008 the Scheme shall meet the sales, marketing and other such expenses connected with sales and distribution of schemes from the entry load.

Recurring Expenses: The AMC may charge the Mutual Fund with investment and advisory fee as prescribed in the SEBI Regulations from time to time. Presently, the SEBI Regulations permit fees as follows:

- 1.25% of the weekly average net assets outstanding in each accounting year for the Scheme concerned as long as the net assets do not exceed Rs.100 crore, and
- 1% of the excess amount over Rs.100 crore, where net assets so calculated exceeds Rs.100 crore.
- 1% extra for No load fund.

The recurring expenses shall be as per limits prescribed under the SEBI Regulations. The total expenses of the Scheme including the investment management and advisory fee shall not exceed the limits stated in Regulation 52(6).

(% per annum of average weekly net assets)

Particulars	Debt Schemes
First Rs. 100 crore	2.25
Next Rs. 300 crore	2.00
Next Rs. 300 crore	1.75
Balance Assets	1.50

Any expenditure in excess of the limits specified above, shall be borne by the AMC or by the Trustees or the Sponsor. Further, as and when permitted by SEBI, the AMC may charge a higher fee for that part of the unit capital that is invested overseas. However revision in fee charged shall be within the SEBI Regulations at all times.

The AMC / Fund / Sponsor may subject to the limits prescribed by SEBI subscribe to Units of this Scheme. **The AMC will not be entitled to charge any fees on investments made by the AMC.**

The Scheme does not offer any assurance or guaranteed return.

Any safety net or guarantee provided. Not applicable for the Scheme.

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

- A written communication about the proposed change is sent to each Unit holder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated; and
- The Unit holders are given an option for a period of 30 days to exit at the prevailing Net Asset Value without any exit load.

G. BENCHMARK OF THE SCHEME: CRISIL Composite Bond Fund Index

CRISIL Composite Bond Fund Index: The CRISIL Composite Bond Fund Index is an Index to track the return on a Composite Portfolio that includes Call instruments, Commercial paper, Government securities as also the AAA and AA rated instruments. The index tracks the relative returns generated by a portfolio (benchmarked against the returns generated by the index in the same time interval) that includes all the aforesaid instruments, which is the case with most market participants.

H. FUND MANAGER OF THE SCHEME

Shri Devesh Thacker age 32 years, - Fund Manager for the Scheme

Mr. Devesh holds a degree in commerce and is a post graduate in Finance from University of Pune. He has over nine years of experience in the financial services with around 4 years experience in the Fixed Income segment. His previous work experience also includes working in a Bank and debt segment of financial intermediaries.

I. INVESTMENT RESTRICTIONS

Pursuant to Seventh Schedule of SEBI (Mutual Funds) Regulations, 1996, the following investment restrictions are applicable:

1. A mutual fund 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 authorized to carry out such activity under the Act. 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 asset management company :**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 mortgaged backed securitized debt which are rated not below investment grade by a credit rating agency registered with the Board.]

1A. A mutual fund 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 asset management company.]

1B. A mutual Fund Scheme shall not invest more than 30% of its net assets in money market instruments of an issuer. **Provided** that such limits shall not be applicable for investments in Government securities, T-Bills and Collateralized Borrowing and Lending Obligations (CBLO). “

2. No mutual fund under all its Schemes should own more than ten per cent of any company's paid up capital carrying voting rights.

3. Transfers of investments from one Scheme to another Scheme in the same mutual fund shall be allowed only if,—

(a) such transfers are done at the prevailing market price for quoted instruments on spot basis.

Explanation.—“Spot basis” shall have same meaning as specified by stock exchange for spot transactions;]

(b) the securities so transferred shall be in conformity with the investment objective of the Scheme to which such transfer has been made.

4. A Scheme may invest in another Scheme under the same asset management company or any other mutual fund without charging any fees, provided that aggregate inter Scheme investment made by all Schemes under the same management or in Schemes under the management of any other asset management company shall not exceed 5% of the net asset value of the mutual fund : **[Provided that this clause shall not apply to any fund of funds Scheme.]**

5. Open ended Schemes should meet the sales, marketing and other such expenses connected with sales and distribution of Schemes from the entry load and not through initial issue expenses.

6. Every mutual fund shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relevant securities and in all cases of sale, deliver the securities:

Provided that a mutual fund may engage in short selling of securities in accordance with the framework relating to short selling and securities lending and borrowing specified by the Board:

[Provided further that a mutual fund may enter into derivatives transactions in a recognized stock exchange, subject to the framework specified by the Board.]

7. Every mutual fund shall get the securities purchased or transferred in the name of the mutual fund on account of the concerned Scheme, wherever investments are intended to be of long-term nature.

8. Pending deployment of funds of a Scheme in terms of investment objectives of the Scheme, a mutual fund may invest them in short term deposits of schedule commercial banks, subject to such Guidelines as may be specified by the Board.

In line with SEBI Circular SEBI/IMD/CIR No. 1/ 91171 /07 dated April 16, 2007:

* Total investment of the Scheme in Short term deposit(s) of all the Scheduled Commercial Banks put together shall not exceed 15% of the net assets. However, this limit can be raised upto 20% of the net assets with prior approval of the trustees. Further, investments in Short Term Deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the Mutual Fund in short term deposits.

* Scheme shall not invest more than 10% of the net assets in short term deposit(s), of any one scheduled commercial bank including its subsidiaries.

* Scheme shall not invest in short term deposit of a bank which has invested in that Scheme.

The Asset Management Company(AMC) shall not be permitted to charge any investment management and advisory fees for parking of funds in short term deposits of scheduled commercial banks in case of liquid and debt oriented Schemes.

9. No mutual fund [Scheme] shall make any investment in,—

(a) any unlisted security of an associate or group company of the sponsor; or

(b) any security issued by way of private placement by an associate or group company of the sponsor; or

(c) the listed securities of group companies of the sponsor which is in excess of 25 per cent of the net assets.

[9A. No Scheme of a mutual fund shall make any investment in any fund of funds Scheme.]

- Debentures, irrespective of any residual maturity period (above or below one year), shall attract the investment restrictions as applicable for debt instruments as specified under clause 1 and 1 A of Seventh schedule to the Regulations.

The AMC may alter these above stated restrictions from time to time to the extent the SEBI Regulations change, so as to permit the respective Scheme to make its investments in the full spectrum of permitted investments for Mutual Funds to achieve its investment objective. The Trustees may from time to time alter these restrictions in conformity with the SEBI Regulations.

All investment restrictions shall be applicable at the time of making investment.

III. UNITS AND OFFER

This section provides details a prospective investor needs to know for investing in the Scheme.

A. NEW FUND OFFER (NFO)

<p>i. New Fund Offer Period</p> <p>This is the period during which a new Scheme sells its units to the investors.</p>	<p>NFO opens on: NFO closes on: The Trustees reserves the right to change the closing date of the New Fund Offer period.</p> <p>The AMC reserves the right to extend the closing date but not later than 30 days from the date of the New Fund Offer period.</p> <p>The AMC also reserves the right to not launch / defer the launch of the Scheme. A notice in one English newspaper circulating in the whole of India and in a newspaper published in a language of the region where the Head Office of the Mutual Fund is situated will be published.</p>
<p>ii. New Fund Offer Price:</p> <p>This is the price per unit that the investors have to pay to invest during the NFO.</p>	<p>Rs.10/- per unit plus applicable load as applicable.</p>
<p>iii. Minimum Amount for Application in the NFO</p>	<p>Rs.10/- and in multiples of Re.1/- thereafter</p>
<p>iv. Minimum Target amount</p> <p>This is the minimum amount required to operate the Scheme and if this is not collected during the NFO period, then all the investors would be refunded the amount invested without any return. However, if AMC fails to refund the amount within 6 weeks, interest as specified by SEBI (currently 15% p.a.) will be paid to the investors from the expiry of six weeks from the date of closure of the subscription period.</p>	<p>Rs.1,00,000/-</p>
<p>v. Maximum Amount to be raised (if any)</p>	<p>Currently, the AMC does not intend to put a cap on the maximum amount to be raised during the NFO.</p>
<p>vi. Options offered</p>	<p>(i) Dividend Option including Dividend Payout and Dividend Re-investment Option (ii) Growth Option.</p>
<p>vii. Bank Details</p>	<p>In order to protect the interest of Unit holders from fraudulent encashment of cheques, the current SEBI Regulations, has made it mandatory for investors to mention in their Application / Redemption request, their bank name and account number.</p>
<p>viii. Dividend Policy</p>	<p>It is proposed to declare dividends, subject to availability of distributable profits, as computed in accordance with SEBI Regulations. Dividends, if declared, will be paid out or reinvested to those unit holders whose name appears in the Register of unit holders on the notified Record date. However, it must be distinctly understood that the actual declaration of dividend and the frequency thereof will, inter-alia, depend on the</p>

	<p>availability of distributable profits as computed in accordance with SEBI Regulations. The decision of the Trustees with regard to declaration of dividend shall be final. There is no assurance or guarantee to the Unit holder as to the rate of dividend distributed or that dividend will be paid regularly.</p> <p>Under Dividend payout option if the dividend amount is less than Rs.1000/- it will be automatically reinvested at ex-dividend NAV and no dividend payout will be made.</p>
ix. Allotment	<p>In line with the regulations, the process of allotment of units and mailing of account statement will be completed within 30 days from the date of closure of New Fund Offer period.</p> <p>All applicants with cash applications and applicants whose cheques towards purchase of units have been realized will receive a full and firm allotment of units, provided the applications are also complete in all respects and are found to be in order.</p> <p>Allotment of units in the Scheme would be at the discretion of the Board of Trustees. The Trustees retains the sole and absolute discretion to reject any application.</p>
x. Refund	<p>If application is rejected, full amount will be refunded within 6 weeks of closure of NFO.</p> <p>If refunded later than 6 weeks, interest @ 15% p.a. for delay period will be paid and charged to the AMC.</p>
xi. Who can invest	<p>This is an indicative list and one is requested to consult a financial advisor to ascertain whether the Scheme is suitable to one's risk profile.</p> <p>The following persons are eligible and may apply for subscription to the units of the Scheme (subject to wherever relevant Statutory Regulations and their respective constitutions):</p> <ol style="list-style-type: none"> 1. Resident adult individuals either singly or jointly (not exceeding three) or on an Anyone or Survivor basis; 2. Minors through parent / legal guardian; 3. Karta of Hindu Undivided Family (HUF); 4. Partnership Firms; 5. Companies, Bodies Corporate, Public Sector Undertakings, Association of Persons or bodies of individuals jointly and societies registered under the Societies Registration Act, 1860; 6. Banks & Financial Institutions; 7. Mutual Funds registered with SEBI; 8. Religious and Charitable Trusts and wakfs or endowments of private trusts

	<p>(subject to receipt of necessary approvals as required) and Private trusts are authorized to invest in Mutual Fund Scheme(s) under their trust deeds except for certain states like Maharashtra, Madhya Pradesh, Andhra Pradesh, Gujarat and Rajasthan where individual Schemes need to be accorded the status of Public Security to qualify as investments under the said provision.</p> <ol style="list-style-type: none"> 9. Non-resident Indians (NRIs)/Persons of Indian Origin residing abroad (PIO) 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 paramilitary Units and bodies created by such institutions; 12. Scientific and Industrial Research Organizations; 13. Provident / Pension (Gratuity / Superannuation) Fund and such other retirement and employee benefit and other similar funds (so long as the Sale of Units is permitted under their respective constitutions). 14. Multilateral Funding Agencies/Bodies Corporate incorporated outside India with the permission of Government of India/Reserve Bank of India; 15. Other Scheme(s) of Sahara Mutual Fund subject to the conditions and limits prescribed by SEBI Regulations; 16. Trustees Promoters, AMC, Sponsor and their associates/employees may subscribe to Units under this Scheme; 17. Such other individuals/institutions/body corporate etc., as may be decided by the AMC from time to time, so long as wherever applicable they are in conformity with SEBI Regulations. <p>It may be noted that any individual who is a foreign national or any other entity that is not an Indian resident under the Foreign Exchange Management Act, 1999 except where registered with SEBI as a FII or FII sub account.</p> <p>The Fund reserves the right to include / exclude new/ existing categories of investors to invest in the Scheme from time to time, subject to SEBI Regulations and other prevailing statutory regulators/ regulations, if any.</p>
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Note:

1. In terms of the notifications, RBI has granted a general permission to Mutual Funds, as referred to in Clause 23(D) of Section 10 of the Income Tax Act, 1961 to issue and repurchase Units of their Scheme(s) which are approved by SEBI to NRIs / PIOs and FIIs respectively, subject to conditions set out in the notifications. Further, general permission is also granted to send such Units to NRIs / PIOs and FIIs to their place of residence or location as the case may be.
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 notarized or the relevant resolution or authority to make the application as the case may be, or duly notarized copy thereof, along with a certified copy of the Memorandum and Articles of Association and / or bye laws and / or trust deed and / or partnership deed and Certificate of Registration should be submitted. The officials should sign the application under their official designation. In case of a trust / fund it shall submit a certified true copy of the resolution from the trustee(s) authorizing such purchases.
3. Returned cheques are liable not 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 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 Repurchase Price on the first day after the Scheme opens for Repurchase on an on-going basis.

MODE OF PAYMENT**RESIDENT INVESTORS**

Payment may be made for subscription to the Units of the Scheme either by cash or by cheques or bank demand 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 and such cheques/ Demand draft should be payable at par at the location of submission of application. No money orders, post-dated cheques and postal orders will be accepted. Bank charges for demand drafts will be borne by the investor.

REPATRIATION BASIS

- In the case of NRIs/PIOs, payment may be made by means of a Draft in Indian Rupees purchased abroad or by a cheque drawn on Non-Resident (External) Account / FCNR Account, payable at par in Mumbai and/or at the respective ISC location where the application has been submitted. Wire transfer or fund transfer (except in cases of Non-Resident Ordinary (NRO) Account / Non-Resident Special Rupee Account (NRSR)) can also be made to the Scheme's collection account. Payments may also be made in cash or through Demand Drafts or other instruments permitted under the Foreign Exchange Management Act, 1999.
- FIIs and International Multilateral Agencies shall pay their subscription out of their special Non-Resident Rupee Account maintained with a designated bank in India.
- Such applicants would have to subsequently arrange to provide a certificate from their bankers confirming that the amount has been paid by debiting a NRE/FCNR account.

NON-REPATRIATION BASIS

- NRIs can invest by Cash/cheques / demand drafts drawn out of Non-Resident Ordinary (NRO) Account / Non-Resident Special Rupee Account (NRSR)/ Wire transfer or fund transfer.

FIIs may pay their subscription amounts out of their special Non-Resident Rupee Amount maintained with a designated bank in India or as may be permitted by law.

xii. Where can applications be submitted.	<p>For subscriptions by way of cash, the new applications can be submitted directly at the designated ISCs of SAMC or through duly Authorized ARN Holder.</p> <p>In respect of cheque applications, investors can submit the Application Forms for subscription of units with ARN Holders duly empanelled with SAMC specifically for this Scheme or at any of the designated ISC's stated in the KIM/Application form for this purpose or as notified by SAMC from time to time.</p> <p>The Investors can obtain the details of the designated ISCs of SAMC from SID/KIM or visit AMC website (www.saharamutual.com).</p>
xiii. How to Apply	Please refer to the SAI, SID, KIM and Application form for instructions.
xiv. Listing	Not Applicable.
xv. Policy on reissue of repurchased units.	The policy regarding reissue of repurchased units, including the maximum extent, the manner of reissue, would be at the sole discretion of the Trustees, as and when applicable.
xvi. Restrictions, if any, on the right to freely retain or dispose of units being offered.	<p>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 Repurchased on any Business Day to 5% of the total number of Units then in issue under each option of the Scheme (or such higher percentage as the AMC & Trustees may approve in any particular case). In addition, the Trustees & AMC reserves the right to limit Redemptions with respect to any single account to an amount of Rs.1 crore on a single Business Day. Any Units which by virtue of these limitations are not Repurchased on a particular Business Day will be carried forward for Repurchase to the next Business Day, in order of receipt. Repurchases so carried forward will be priced on the basis of the Repurchase Price of the Business Day on which Repurchase is made. Under such circumstances, to the extent multiple Repurchase requests are received at the same time on a single Business Day, Repurchase will be made on pro-rata basis, based on the size of each Repurchase request, the balance amount being carried forward for Repurchase to the next Business Day(s). However, after obtaining the approval from the AMC & Trustees the proposed right to limit purchase/s will be informed to SEBI giving details of circumstances and justification for the proposed action in advance.</p>
xvii. Mode for subscription	Subscription to the units of the Scheme can be made through Cash/ Cheques etc.

B. ONGOING OFFER DETAILS

<p>i. Ongoing Offer Period This is the date from which the Scheme will reopen for subscriptions/redemptions after the closure of the NFO period.</p>	<p>The Scheme would reopen for subscriptions/redemptions within 30 days of the date of closure of the NFO.</p>
<p>ii. Ongoing price for subscription (purchase)/switch-in (from other Schemes/plans of the mutual fund) by investors.</p> <p>This is the price you need to pay for purchase/switch-in. <i>Example: If the applicable NAV is Rs. 10, entry load is 2% then sales price will be:</i> $Rs. 10 * (1 + 0.02) = Rs. 10.20$</p>	<p>Upon re-opening, the price for Purchases / switch -in will be based on applicable NAVs of the Scheme subject to applicable Entry and Exit Loads / CDSC respectively.</p> <p>No Entry/Exit Load is chargeable in case of switches made between the options of Scheme.</p>
<p>iii. Ongoing price for redemption (sale) /switch outs (to other Schemes/plans of the Mutual Fund) by investors.</p> <p>This is the price you will receive for redemptions/switch outs. <i>Example: If the applicable NAV is Rs. 10, exit load is 2% then redemption price will be:</i> $Rs. 10 * (1 - 0.02) = Rs. 9.80$</p>	<p>The Scheme offers for Redemption / Switch-out of units on every business day on an ongoing basis commencing not later than 30 days from the closure of New Fund Offer Period, subject to applicable load conditions.</p>
<p>iv. Cut off timing for subscriptions/ redemptions/ switches</p> <p>This is the time before which your application (complete in all respects) should reach the official points of acceptance.</p>	<p>Please refer to the paragraph on “Applicable NAV” in the Definitions on page 11 of the SID.</p>
<p>v. Where to submit applications?</p>	<p>For subscriptions by way of cash, the new applications can be submitted directly at the designated ISCs of SAMC or through duly Authorized ARN Holder.</p> <p>In respect of cheque applications, investors can submit the Application Forms for subscription of units with ARN Holders duly empanelled with SAMC specifically for this Scheme or at any of the designated ISC’s stated in the KIM/Application form for this purpose or as notified by SAMC from time to time.</p> <p>The Investors can obtain the details of the designated ISCs of SAMC from SID/KIM or visit AMC website (www.saharamutual.com).</p>
<p>vi. Where can subsequent installments in case of existing folios be submitted?</p>	<p>Once a folio is generated, the payment of subsequent installments of the SIP by the investors may be accepted by a Collection Agent (duly registered with SAMC specifically for the purpose of the Scheme) as chosen by the Investor or accepted at the Designated AMC Office/s.</p>

<p>vii. Minimum amount for purchase/redemption/switches</p>	<p>For purchase: Rs.10/- and in multiples of Re.1/- thereafter.</p> <p>For Redemption:</p> <ol style="list-style-type: none"> 1. Minimum value of Rs.1000/- and in multiples of Re.1/-thereafter. 2. All units if the holding value is less than Rs. 1000/- <p>For switches: as per the minimum applicable amount in respect of the respective Scheme/s.</p>
<p>viii. Minimum balance to be maintained and consequences of non maintenance.</p>	<p>In the case of partial redemption by an investor for an amount of Rs.1000/- and above, if the balance net asset value of units falls below Rs.1000/-, SAMC reserves the right to compulsorily redeem the balance units in the account completely at the applicable Net Asset Value.</p> <p>In cases where investor has not paid any installment in the last 30 days and the value of the unit holding is less than Rs. 1000/-, SAMC reserves the right to compulsorily redeem the units holdings under the Scheme without redemption request from the Investor.</p>
<p>ix. Accounts Statements</p>	<p>For normal transactions during ongoing sales and repurchase:</p> <ul style="list-style-type: none"> • An account statement shall be issued to unit holder in 10 days from the date of allotment. However, the AMC shall endeavour to issue to the unit holder an account statement in 3 business days from the date of allotment. • For those unit holders who have provided an e-mail address, the AMC will send the account statement by e-mail. • The unit holder may request for a physical account statement by writing/calling the SAMC/ISC/R&T.Under normal circumstances, the Mutual Fund shall endeavor to dispatch the Account Statement in 3 Business Days from the date of the receipt of request from the Unit holder. • This Scheme being an SIP, the applicable SEBI guidelines shall be adhered to by the AMC. <p>Annual Account Statement:</p> <ul style="list-style-type: none"> • The Mutual Funds shall provide the Account Statement to the Unit holders who have not transacted during the last six months prior to the date of generation of account statements. The Account Statement shall reflect the latest closing

	<p>balance and value of the Units prior to the date of generation of the account statement,</p> <ul style="list-style-type: none"> • The account statements in such cases may be generated and issued along with the Portfolio Statement or Annual Report of the Scheme. • Alternately, soft copy of the account statements shall be mailed to the investors' e-mail address, instead of physical statement, if so mandated.
x. Dividend	The dividend warrants shall be dispatched to the unit holders within 30 days of the date of declaration of the dividend.
xi. Redemption of Units	The redemption or repurchase proceeds shall be dispatched to the unit holders within 10 working days from the date of redemption or repurchase.
xii. Delay in payment of redemption / repurchase proceeds	The Asset Management Company shall be liable to pay interest to the unit holders at such rate as may be specified by SEBI for the period of such delay (presently @15% per annum).
xiii. Payment of Repurchase proceeds.	<ul style="list-style-type: none"> • <i>For Unit holders having a bank account with HDFC Bank Limited, or such other banks with whom the AMC would have an arrangement from time to time:</i> <p>Unit holders having a bank account with certain banks with which the Mutual Fund have an arrangement from time to time may avail the facility of Direct Credit to their account for Repurchase of the Units of the Scheme. In such cases the Mutual Fund will under normal circumstances endeavor to credit the first / sole Unit holders account with the Repurchase proceeds on T + 2 basis from the date of redemption or repurchase.</p> <p>“ If the payment is not made within the period as stipulated in the SEBI regulations, unit holder shall be paid interest @15% p.a. for the delayed period”.</p> <ul style="list-style-type: none"> • <i>For other Unit holders not covered by above:</i> <p>Repurchase proceeds will be paid by cheque and payments will be made in favour of the Unit holder (registered holder of the Units or, if there is more than one registered holder, only to the first registered holder) with bank account number furnished to the Mutual Fund (please note that it is mandatory for the Unit holders to provide the Bank account details as per the directives of SEBI). Repurchase cheques will be sent to the Unit holders address (or, if there are more than one holder on record, the address of the first-</p>

	<p>named Unit holder). All Repurchase payments will be made in favour of the registered holder of the Units or, if there are more than one registered holder, only to the first registered holder.</p> <p>As per SEBI Regulations, the Mutual Fund shall dispatch Redemption proceeds within 10 Business Days from the date of redemption/repurchase. However, under normal circumstances, the Mutual Fund will endeavor to dispatch the Redemption cheque on T + 2 basis from the date of redemption/repurchase.</p> <p>No cash payouts shall be made by the Scheme for redemption of the units.</p>
xiv. Mode for subscription	Subscription to the units of the Scheme can be made through Cash/Cheques etc as specified.

C. PERIODIC DISCLOSURES

<p>i. Net Asset Value This is the value per unit of the Scheme on a particular day. You can ascertain the value of your investments by multiplying the NAV with your unit balance.</p>	<p>The Mutual Fund shall declare the Net Asset Value of the Scheme on every business day in two daily newspapers as also on the AMFI's website www.amfiindia.com and on the website www.saharamutual.com.</p> <p>1) The NAV of the Scheme would be uploaded by 9.00 pm on AMFI's website on every business day and also on their own websites.</p> <p>2) As mentioned in the SEBI circular date February 9, 2001, if the NAVs of a mutual fund are not available before commencement of business hours of the AMC on the following day due to any reason, the mutual funds shall issue a press release giving reasons for the delay and explain when they would be able to publish the NAVs.</p> <p>3) In case of delay beyond 9.00 pm the mutual fund must explain the reasons of delay in writing to AMFI.</p>
<p>ii. Half yearly Disclosures: Portfolio / Financial Results This is a list of securities where the corpus of the Scheme is currently invested. The market value of these investments is also stated in portfolio disclosures.</p>	<p>The mutual fund shall publish a complete statement of the Scheme portfolio and the unaudited financial results, within one month from the close of each half year (i.e. 31st March and 30th September), by way of an advertisement at least, in one National English daily and one regional newspaper in the language of the region where the head office of the mutual fund is located.</p>

	The mutual fund may opt to send the portfolio to all unit holders in lieu of the advertisement (if applicable).		
iii. Half Yearly Results	The mutual fund and Asset Management Company shall before the expiry of one month from the close of each half year that is on 31st March and on 30th September, publish its unaudited financial results in one national English daily newspaper and in a regional newspaper published in the language of the region where the Head Office of the mutual fund is situated.		
iv. Annual Report	Scheme wise Annual Report or an abridged summary thereof shall be mailed to all unit holders within four months from the date of closure of the relevant accounts year i.e 31 st March each year.		
v. Associate Transactions	Please refer to Statement of Additional Information (SAI).		
vi. Taxation The information is provided for general information only. However, in view of the individual nature of the implications, each investor is advised to consult his or her own tax advisors/authorised dealers with respect to the specific amount of tax and other implications arising out of his or her participation in the Scheme/s.			
		Resident Investors	
		Mutual Fund	
	Tax on Dividend	Dividend will be Tax free in the hands of the unit holders.	14.1625% for Individuals & HUF 22.66% in case of persons other than Individuals & HUF
	Capital Gains: Long Term Short Term	Pl. refer to the paragraph on Capital Gains in the SAI	N.A.
The tax rates are governed by Tax laws and are liable to change from time to time. The Investors are advised to refer to the applicable tax laws in this regard.			
vii. Investor services	Shri M D Naik, Head - Investor Relations . 97-98, Atlanta, Nariman Point, Mumbai -400021 Tel(022) 67520212-27 e-mail:saharamutual@saharamutual.com.		
Investors may contact any of the ISCs of SAMC / R & T offices for any queries / clarifications. The Head Office of the AMC will also follow up with the respective ISCs to ensure timely redressal and prompt investor services. Sahara Mutual Fund will endeavor to provide the Unit holder 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.			

D. COMPUTATION OF NET ASSET VALUE (NAV)

NAV of units under the Scheme may be calculated by either of the following methods shown below:

$$\text{NAV (Rs.)} = \frac{\text{(Market or Fair Value of Scheme's investments)} + \text{Current Assets - Current Liabilities and Provisions}}{\text{No. of Units outstanding under the Scheme}}$$

The valuation of the Scheme's assets and calculation of the Scheme's NAV shall be subject to audit on an annual basis and such regulations as may be prescribed by SEBI from time to time.

NAV upto 4 decimal places and the repurchase prices of the units will be calculated on all business days and published in terms of SEBI regulations.

Note: Computation of NAV will be done after taking into account dividends paid, if any and the distribution tax thereon, if required. Therefore once dividends are declared under the Dividend option of the Scheme, the NAV of the units under the Dividend Option would always remain lower than the NAV of the units issued under the Growth Option. The income earned and the profits realized in respect of the units issued under the Growth Option. The income earned and the profits realized in respect of the units issued under the Growth Option of the Scheme remain invested and are reflected in the NAV of the units.

V. FEES AND EXPENSES**A. NEW FUND OFFER (NFO) EXPENSES**

These expenses are incurred for the purpose of various activities related to the NFO like sales and distribution fees paid, marketing and advertising, registrar expenses, printing and stationary, bank charges etc. In line with the guidelines, an Open ended scheme should meet the sales, marketing and other such expenses connected with sales and distribution of Schemes from the entry load and not through initial issue expenses. Any expenditure relating to the NFO incurred in excess of the entry load would be borne by the AMC.

Any expense other than those specified in sub-regulations (2) and (4) shall be borne by the asset management company [or trustee or sponsors] :

B. ANNUAL SCHEME RECURRING EXPENSES :

These are the fees and expenses for operating the Scheme. These expenses include Investment Management and Advisory Fee charged by the AMC, Registrar and Transfer Agents' fee, marketing and selling costs etc. as given in the table below:

The AMC has estimated that upto 2.25 % of the weekly average net assets of the Scheme will be charged to the Scheme as expenses For the actual current expenses being charged, the investor should refer to the website of the mutual fund.

Particulars	% of Net Assets
Investment Management & Advisory Fee	1.25
Custodial Fees	0.02
Registrar & Transfer Agent Fees including cost related to providing accounts statement, dividend/redemption cheques/warrants etc.	0.25
Marketing & Selling Expenses including Agents Commission and statutory advertisement	0.50
Brokerage & Transaction Cost pertaining to the distribution of units	0.15
Audit Fees / Fees and expenses of trustees	0.02
Costs related to investor communications	0.02
Costs of fund transfer from location to location	0.02
Other Expenses*	0.02
Total Recurring Expenses	2.25

(*cost of statutory advertisement, insurance premium paid by the fund and such expenses as permitted under the Regulation 52 of SEBI (MF) Regulations)

These estimates have been made in good faith as per the information available to the Investment Manager based on past experience and are subject to change inter-se.

Recurring Expenses: The AMC may charge the Mutual Fund with investment and advisory fee as prescribed in the SEBI Regulations from time to time. Presently, the SEBI Regulations permit fees as follows:

- 1.25% of the weekly average net assets outstanding in each accounting year for the Scheme concerned as long as the net assets do not exceed Rs.100 crore, and
- 1% of the excess amount over Rs.100 crore, where net assets so calculated exceeds Rs.100 crore.
- 1% extra for No load fund.

The recurring expenses shall be as per limits prescribed under the SEBI Regulations. The total expenses of the Scheme including the investment management and advisory fee shall not exceed the limits stated in Regulation 52(6).

(% per annum of average weekly net assets)

Particulars	Debt Schemes
First Rs. 100 crore	2.25
Next Rs. 300 crore	2.00
Next Rs. 300 crore	1.75
Balance Assets	1.50

Any expenditure in excess of the limits specified above, shall be borne by the AMC or by the Trustees or the Sponsor. Further, as and when permitted by SEBI, the AMC may charge a higher fee for that part of the unit capital that is invested overseas. However revision in fee charged shall be within the SEBI Regulations at all times. The Scheme does not offer any assurance or guaranteed return.

The mutual fund would update the current expense ratios on the website within two working days mentioning the effective date of the change.

C. LOAD STRUCTURE

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

Type of Load	Load chargeable (as %age of NAV)
Entry Load	2.25%
Exit Load	1%, if redeemed on or before 1 year from the date of allotment of units, 0.50 % if redeemed after 1 year but on or before 2 years from the date of allotment of units, and NIL if redeemed after 2 years.

The Trustees reserves the right to change the load structure if it so deems fit in the interest of the smooth and efficient functioning of the Scheme, on a prospective basis.

UNIT HOLDER TRANSACTION EXPENSES OR SALES LOAD

Particulars	Maximum Charge %
Sales Load	7%
Sales Load on issue of Units in lieu of dividends/reinvestment / Bonus Units (as % of NAV)	Nil
Contingent Deferred Sales Load (CDSC) (based on any period of holding) (as % of NAV)	Nil
Maximum Redemption / Repurchase Load (as % of NAV)	7%
Switchover / Exchange Fee (as % of NAV)	As per Entry/Exit Load applicable to respective Schemes/Options

The Redemption Price however, will not be lower than 93% of the NAV, and the Sale Price will not be higher than 107% of the NAV, provided that the difference between the Redemption price and Sale price at any point in time shall not exceed the permitted limit as prescribed by SEBI from time to time which is presently 7% calculated on the Sale Price.

Load is an amount which is paid by the investor to subscribe to the units or to redeem the units from the Scheme. This amount is used by the AMC to pay commissions to the distributor and to take care of other marketing and selling expenses. Load amounts are variable and are subject to change from time to time. For the current applicable structure, please refer to the website of the AMC (www.saharmutual.com) or your distributor.

Bonus units and units issued on reinvestment of dividends shall not be subject to entry and exit load. All loads including Contingent Deferred Sales Charge (CDSC) for the 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 of or enhancement of load in future shall be applicable on prospective investments only. At the time of changing the load structure beyond the limits disclosed hereinabove i.e. as per the table given above, the AMC shall take the following steps.

(1) The addendum detailing the changes may be attached to Scheme Information Documents, Key Information Memorandum(KIM) and the Abridged Annual Reports. The addendum may be circulated to all distributors/brokers so that the same can be attached to all Scheme Information Documents/KIM already in stock. The addendum may be sent along with the newsletter sent to the unit holders immediately after the changes.

(2) Arrangements may be made to display the changes/modifications in the Scheme Information Document in the form of a notice in all the Investor Service Centres / ISCs and distributors/brokers office.

(3) The applicable Exit Load along with the details shall be stamped in the acknowledgement slip issued to the investors on submission of applications forms and shall be disclosed on the Account Statement issued to the Investor, after the introduction of such load.

(4) A public notice shall be given in respect of such changes in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of region where the Head Office of the Mutual Fund is situated.

(5) Any other measures which the mutual funds may feel necessary.

The investor is requested to check the prevailing load structure of the Scheme before investing. For any change in load structure AMC will issue an addendum and display it on the website/Investor Service Centres.

D. WAIVER OF LOAD FOR DIRECT APPLICATIONS

No entry load shall be charged for direct applications received by the Asset Management Company (AMC) i.e. applications received through internet, submitted to the ISCs (mentioned in the Scheme Information Document/ Key Information Memorandum) that are not routed through any distributor/agent/broker.

The following Applications will be treated as Direct Application and hence will not attract any Entry Load:

a. In case the Distributor / Broker / Agent Code is pre printed on the application form, investors (any / all in case of joint holders) must strike off the code and counter sign before submitting the application at any of the ISCs of SAMC/ KARVY Investors Service Centres (ISCs) / Point of Acceptance (POA) for the scheme;

b. In the space provided for the Distributor / Broker / Agent Code, please mention "DIRECT" or "NOT APPLICABLE". Alternatively investors can also strike off the space and countersign the same. Investors are advised in their own interest not to leave the space blank;

c. All existing unit holders who have invested through Distributor / Broker / Agent and intend to make their future investments through a direct route, are advised to communicate the same in writing to the the Investor Service Centres (ISCs)/ POA for the scheme.

VI. RIGHTS OF UNITHOLDERS

Please refer to SAI for details.

VII. PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTIONS OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR IS IN THE PROCESS OF BEING TAKEN BY ANY REGULATORY AUTHORITY

1. All disclosures regarding penalties and action(s) taken against foreign Sponsor(s) may be limited to the jurisdiction of the country where the principal activities (in terms of income / revenue) of the Sponsor(s) are carried out or where the headquarters of the Sponsor(s) is situated. Further, only top 10 monetary penalties during the last three years shall be disclosed. Not Applicable.
2. In case of Indian Sponsor(s), details of all monetary penalties imposed and/ or action taken during the last three years or pending with any financial regulatory body or governmental authority, against Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company; for irregularities or for violations in the financial services sector, or for defaults with respect to share holders or debenture holders and depositors, or for economic offences, or for violation of securities law. Details of settlement, if any, arrived at with the aforesaid authorities during the last three years shall also be disclosed.

As on 31st March 2008 there are 386 consumer cases, criminal, Labour, Civil and MACT and High Court Cases of which there are 154 cases in which party though is made say Sahara India / Sahara India Pariwar/Sahara India Ltd/SICCL etc but the Scheme involved in the cases is exclusively run by SIFCL amounting to Rs.186994447.90. Other than the above, there are 52 cases which are under arbitration. However, the cases will not have any bearing on the AMC/ SMF.

3. Details of all enforcement actions taken by SEBI in the last three years and/ or pending with SEBI for the violation of SEBI Act, 1992 and Rules and Regulations framed there under including debarment and/ or suspension and/ or cancellation and/ or imposition of monetary penalty/adjudication/enquiry proceedings, if any, to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel (especially the fund managers) of the AMC and Trustee Company were/ are a party. The details of the violation shall also be disclosed. Not applicable during the last three years.
4. Any pending material civil or criminal litigation incidental to the business of the Mutual Fund to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel are a party should also be disclosed separately. Not applicable
5. Any deficiency in the systems and operations of the Sponsor(s) and/ or the AMC and/ or the Board of Trustees/Trustee Company which SEBI has specifically advised to be disclosed in the SID, or which has been notified by any other regulatory agency, shall be disclosed. Not applicable

Notes:

1. Further, any amendments / replacement / re-enactment of SEBI Regulations subsequent to the date of the Scheme Information Document shall prevail over those specified in this Scheme Information Document.
2. The Trustees have ensured that Sahara Daily Fund approved by them is a new product offered by Sahara Mutual Fund and is not a minor modification of the existing Scheme/ fund/ product.
3. The Scheme under this Scheme Information Document was approved by the Trustees in the meeting held on February 26, 2009.

4. Notwithstanding anything contained in the Scheme Information Document, the provisions of Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and the guidelines there under shall be applicable.

For and on behalf of the Board of Directors of
Sahara Asset Management Company Private Limited

Sd/-

Naresh Kumar Garg
Chief Executive Officer

Place: Mumbai
Date: - April 15, 2009

VII. LIST OF INVESTORS SERVICE CENTRES OF SAHARA ASSET MANAGEMENT COMPANY (FOR CHEQUE APPLICATIONS)

• **AHMEDABAD:** No. 303, 3rd Floor, Sakar V, Behind Natraj Theatre, Ashram Road, Ahmedabad-380009. Ph - 079-32942935; • **BANGALORE:** S-202, Manipal Centre, 47, Dickenson Road, Bangalore-560042. Ph – 080-32928532.; • **BHUBANESHWAR:** c/o Sahara Area Office, Plot No: 04, 2nd Floor, Bada Gobindapur Palasuni, Rasulgarh, Bhubaneswar-751010.; Ph – 0674 - 3257998.; • **CHANDIGARH:** 3rd Floor, SCO No. 154-155, Sector-17C, Deepak Towers, Chandigarh-160017. Ph - 0172-3244010.; • **CHENNAI:** Office No. J, 2nd Floor, Mount Chambers, 758, Anna Salai, Chennai-600 002. Ph - 044 -32979232.; • **COIMBATORE:** Gowtham Arcade, 3rd Floor, 208, T V Swami Road (East), R.S. Puram, Coimbatore-641002. Ph - 0422-3296379.; • **HYDERABAD:** Sahara Manzil, 2nd Floor, Opp. Secretariat, Basheerbagh, Hyderabad-500004. Ph - 040-32936958.; • **INDORE:** 125, Bansi Trade Centre, 1st Floor, No. 581, M.G. Road Indore-452001. Ph - 0731-3255735.; • **JAIPUR:** Office No. 322, 3rd Floor, Ganapati Plaza, M.I. Road, Jaipur-302001. Ph - 0141-3269923.; • **JAMMU:** 25-A, Ground Floor, Extn, Gandhi Nagar, Jammu-180004. Ph- 09205044557; • **KOLKATA:** Lord's, 3rd Flr, Room No. 310, 7/1, Lord Sinha Road, Kolkata- 700071. Ph - 033-32977674.; • **KOLKATA(SALT LAKE):** BD 16,(Gr Floor), Sector -1, Salt Lake City, Kolkata- 700064. Ph(033)40041617; • **LUCKNOW:** Office No. 8, Ground Floor, Saran Chamber-1, 5. Park Road. Lucknow-22600. Ph - 0522-3242899.; • **MUMBAI:** 97-98, 9th Floor, Atlanta, Nariman Point, Mumbai-400 021. Ph - 022-67520121-27.; • **NEW DELHI:** Office No. 310, 3rd Floor, Deep Shikha, 8, Rajendra Place, New Delhi-110008. Ph – 011-25755783.; • **NOIDA:** C-1, Sahara India Complex, Sector 11, Noida-201301.; • **PATNA:** C/o Sahara India Pariwar, Sahara India Vihar, Boring Road Chauraha Boring Road. Patna-800001. Ph - 0612- 3255280.; • **PUNE:** No. 71, Shrinath Plaza, Off F C Road, Dnyaneshwar Paduka Chowk, Shivaji Nagar, Pune-411 005. Ph - 020-32934114.; • **THANE:** Shop No. 1, Santoshi Bhavan, Shivaji Path, Behind Punjab National Bank, Thane (West) - 400606. Ph- 022 – 25441993.

LIST OF DESIGNATED AMC OFFICES (FOR CASH APPLICATIONS) as may be decided by the AMC at the time of launch of the scheme and as may be decided from time to time.

REGISTRAR AND TRANSFER AGENT :

KARVY Computer share Private Limited

(Unit: Sahara Mutual Fund), 21, Avenue 4, Street No.1, Banjara Hills, Hyderabad-500 034.

Ph : 040 - 23312454, Email : service_smf@karvy.com

KARVY INVESTOR SERVICE CENTRES (FOR CHEQUE APPLICATIONS)

AHMEDABAD: 201, Shail Building Opp: Madhusudhan House Nr. Navrangpura Telephone Exchange Navrangpura Ahmedabad-380006 Tel: 079-26402967, 079-32997508; **BANGALORE:** No:51/25, 1 St Floor Surya Building Ratna Avenue, Richmond Road Bangalore-560 025 Tel: 080–25320085, 080-32008452; **BARODA:** Piccadilly, Office # 5, First Floor, Opp. Adani Super Market, Jetalpur Road, Vadodara - 390007 Gujarat Tel: 0265 - 6640870/71. **BHUBANESHWAR:** 624, Sahid Nagar 1st Floor Bhubaneswar-751007 Tel: 0674–6534585, 0674-2547531/32/33; **CHANDIGARH:** Sco-371-372 First Floor Above HDFC Bank Sector 35B Chandigarh-160 022 Tel: 0172-5071725, 0172-5071726; **CHENNAI:** Flat No F11, First Floor, Akshya Plaza, (Erstwhile Harris Road), Opp Chief city Metropolitan Court, # 108, Adhithanar Salai, Egmore, Chennai-600002 Tel: 044 42028512, 044-42028513, 044-28587781; **COIMBATORE:** 29/1, 1st Floor, Chinthamani Nagar Opp To Indian Overseas Bank Nsr Road, Saibaba Colony Coimbatore-641011. Tel: 0422-4384770 ; **DURGAPUR:** Old Dutta Automobiles Building 1st Floor, Nachan Road, Benachity Durgapur-713 213 Tel: 0343-3207052; **HYDERABAD:** 8-2-596 Karvy Plaza, Avenue 4, Street No.1, Banjara Hills, Hyderabad-500 034 Tel: 040- 23312454; **INDORE:** Lg - 3, Bombay Trade Centre Lower Ground Floor, Grand Hotel Opp Bombay Hospital, Scheme No 54 Indore - 452010 Tel: 0731-2553614/15, 0731-2553782; **JAIPUR:** S-16 A, 3rd floor Land mark, Opposite Jaipur club Mahavir marg, C- Scheme Jaipur-302 001 Tel: 0141-2375039, 0141-2363321; **KANPUR:** 15/46, B, First Floor Opp : Muir Mills, Civil Lines Kanpur-208 001 Tel: 0512-3209782, 0512-3246390; **KOLKATA:** 16 Jatin Bagchi Road Kolkata-700 029 Tel: 033–24659297, 033 - 39518643;. **LUCKNOW:** Usha Sadan, 24, Prem Nagar, Ashok Marg, Lucknow-226 001 Tel: 0522-3213115, 0522-2236819/20; **MANGALORE:** Mahendra Arcade Ground Floor Kadialbail Mangalore-575 003 Tel: 0824 - 2494110; **MUMBAI :** DAS Chambers, Ground Floor, Opp. BSE & next to Corporation Bank, Dalal Street, Fort Mumbai-400 023 Tel: 022 – 65266155, 022 - 66235353; **NAGPUR:** 1st Floor, Sadoday Arcade WHC Road, Above Top N Town, Dharampeth Nagpur-440 001 Tel: 0712-6619382, 0712-6610513; **NEW DELHI:** 2E / 23, Jhandewalan Extn New Delhi-110055 Tel: 011- 43681705, **PATNA:** 3A, 3rd floor, Anand tower Beside chankya cinema hall Exhibition road

Patna-800001 Tel: 0612-6453098,0612-2321354/56; **PUNE:** Srinath Plaza, C Wing, Office No. 58 And 59, 3Rd Floor, Dyaneshwar Paduka Chowk, Survy No. 184/4, F C Road, Pune-411004 Tel: 020-25533795,020-25532783,020-25533592.

KARVY TRANSACTION POINTS.

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