

## Addendum

**This addendum sets out changes made in Statement of Additional Information (SAI) (Printed Date June 06, 2011)**

### **1) Investor Grievances Redressal Mechanism**

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

<b>Period</b>	<b>Complaints received</b>	<b>Complaints redressed</b>	<b>Complaints pending</b>
April 2005 to March, 2006	4888	4888	NIL
April 2006 to March 2007	12949	12949	NIL
April 2007 to March 2008	3897	3897	NIL
April 2008 to March 2009	3572	3571	1
April 2009 to August 2010	6417	6246	171
January 2011 to May 2011	1749	1667	82

### **2) Resignation of Key Personnel:**

Mr. Vikram Limaye is resigned as a director from IDFC AMC Trustee Company Limited and is appointed as a Director of the IDFC Asset Management Company Limited.

Mr. Shreyash Devalkar as a key person of the IDFC Asset Management Company Limited has been deleted.

### **3) AMC is undertaking other business activities as follows:**

IDFC Asset Management Company Limited through its subsidiary IDFC Investment Advisors Ltd, acts as a Portfolio Manager and is registered with SEBI under the SEBI (Portfolio Managers) Regulation Act, 1993. The SEBI registration number is INP000002064. IDFC Investment Advisors Ltd is also Investment Manager to registered Venture Capital Fund - IDFC SPICE Fund. IDFC Asset Management Company Limited through its subsidiary, IDFC Pension Fund Management Company Ltd acts as a pension fund manager to the New Pension Schemes.

#### 4) Updation of latest Condensed Financial Information and taxation paragraph

Historical Statistics	per	Unit	IDFC FMP - SEVENTEEN MONTHS SERIES 1		IDFC ASSET ALLOCATION FUND - AP	
Date of Allotment			December 23, 2009	December 23, 2009	February 11, 2010	February 11, 2010
			<b>March 31, 2010</b>	<b>March 31, 2011</b>	<b>March 31, 2010</b>	<b>March 31, 2011</b>
<b>NAV at the beginning of the year</b>			(In Rs./-)	(In Rs./-)	(In Rs./-)	(In Rs./-)
<b>(Plan - A)</b>						
Growth Option			^10.0000	10.1738	^10.0000	10.3373
Dividend Option			^10.0000	10.1738	^10.0000	10.3338
Dividend (Quarterly) Option						
Dividend (Half Yearly) Option						
Dividend (Annual) Option						
Dividend (Monthly) Option						
<b>(Plan - B)</b>						
Growth Option			^10.0000	10.1829		
Dividend Option						
Dividend (Quarterly) Option						
Dividend (Half Yearly) Option						
Dividend (Annual) Option						
Dividend (Monthly) Option						
<b>Dividend per unit:</b>						
<b>Dividend Plan - A</b>			-	-	-	-
Corporate			-	0.6205	-	0.1580
Non- Corp			-	0.6658	-	0.1471
<b>Quarterly Option</b>			-	-	-	-
<b>Dividend Plan - B</b>			-	-	-	-
Corporate			-	-	-	-
Non- Corp			-	-	-	-
<b>Dividend Option</b>			-	-	-	-
Corporate			-	-	-	-
Non- Corp			-	-	-	-
<b>NAV at the end of the year</b>						
<b>(Plan - A)*</b>						
Growth Option			10.1738	10.7979	10.3373	11.1663
Dividend Option			10.1738	10.0397	10.3338	10.9775
Dividend (Quarterly) Option						

Dividend (Half Yearly) Option				
Dividend (Annual) Option				
Dividend (Monthly) Option				
<b>(Plan - B)</b>				
Growth Option	10.1829	10.8433	-	-
Dividend Option	-	-	-	-
Dividend (Quarterly) Option	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-
Dividend (Annual) Option	-	-	-	-
<b>Absolute return</b>				
Returns during the half year (absolute)	-	3.61%	-	-1.47%
Benchmark performance (Absolute)	-	2.42%	-	-0.68%
Returns since inception (Absolute) for schemes which have not completed 1 year	1.74%	-	3.37%	-
Benchmark performance (Absolute) for schemes which hav not completed 1 year	1.41%	-	5.99%	-
CAGR ( since inception)	-	6.24%	-	10.24%
Benchmark performance in case of schemes in existence for more than 1 year - Since Inception	-	5.12%	-	13.93%
CAGR –(last 1 year)	-	6.13%	-	8.02%
Benchmark performance Last 1 year CAGR	-	5.06%	-	9.37%
Net Assets end of period (Rs. Crs.)	20.73	21.96	85.23	233.48
Ratio of Recurring Expenses to net assets - Plan A	0.49%	0.49%	0.75%	0.75%
Ratio of Recurring Expenses to net assets - Plan B	0.16%	0.16%	-	-

Historical per Unit Statistics	IDFC ASSET ALLOCATION FUND - CP		IDFC ASSET ALLOCATION FUND - MP	
	Date of Allotment	February 11,	February 11,	February 11,

	2010	2010	2010	2010
	<b>March 31, 2010</b>	<b>March 31, 2011</b>	<b>March 31, 2010</b>	<b>March 31, 2011</b>
<b>NAV at the beginning of the year</b>	(In Rs./-)	(In Rs./-)	(In Rs./-)	(In Rs./-)
<b>(Plan - A)</b>				
Growth Option	^10.0000	10.1220	^10.0000	10.2204
Dividend Option	^10.0000	10.1234	^10.0000	10.2205
Dividend (Quarterly) Option				
Dividend (Half Yearly) Option				
Dividend (Annual) Option				
Dividend (Monthly) Option				
<b>(Plan - B)</b>				
Growth Option				
Dividend Option				
Dividend (Quarterly) Option				
Dividend (Half Yearly) Option				
Dividend (Annual) Option				
Dividend (Monthly) Option				
<b>Dividend per unit:</b>				
<b>Dividend Plan - A</b>	-	-	-	-
Corporate	-	0.1759	-	0.0980
Non- Corp	-	0.1639	-	0.1052
<b>Quarterly Option</b>	-	-	-	-
<b>Dividend Plan - B</b>	-	-	-	-
Corporate	-	-	-	-
Non- Corp	-	-	-	-
<b>Dividend Option</b>	-	-	-	-
Corporate	-	-	-	-
Non- Corp	-	-	-	-
<b>NAV at the end of the year</b>				
<b>(Plan - A)*</b>				
Growth Option	10.1220	10.6517	10.2204	10.9629
Dividend Option	10.1234	10.4477	10.2205	10.8387
Dividend (Quarterly) Option				
Dividend (Half Yearly) Option				
Dividend (Annual) Option				
Dividend (Monthly) Option				
<b>(Plan - B)</b>				
Growth Option	-	-	-	-

Dividend Option	-	-	-	-
Dividend (Quarterly) Option	-	-	-	-
Dividend (Half Yearly) Option	-	-	-	-
Dividend (Annual) Option	-	-	-	-
<b>Absolute return</b>				
Returns during the half year (absolute)	-	1.41%	-	0.74%
Benchmark performance (Absolute)	-	1.77%	-	1.77%
Returns since inception (Absolute) for schemes which have not completed 1 year	1.22%	-	2.20%	-
Benchmark performance (Absolute) for schemes which have not completed 1 year	2.14%	-	2.14%	-
CAGR (since inception)	-	5.74%	-	8.46%
Benchmark performance in case of schemes in existence for more than 1 year - Since Inception	-	7.39%	-	7.39%
CAGR -(last 1 year)	-	5.23%	-	7.26%
Benchmark performance Last 1 year CAGR	-	6.17%	-	6.17%
Net Assets end of period (Rs. Crs.)	43.19	87.79	53.36	208.56
Ratio of Recurring Expenses to net assets - Plan A	0.75%	0.75%	0.75%	0.65%
Ratio of Recurring Expenses to net assets - Plan B	-	-		

Historical per Unit Statistics	IDFC MONTHLY INCOME PLAN		IDFC FMP FOURTEEN MONTH SERIES-1	
	February 25, 2010	February 25, 2010	March 17, 2010	March 17, 2010
Date of Allotment	February 25, 2010	February 25, 2010	March 17, 2010	March 17, 2010
	<b>March 31, 2010</b>	<b>March 31, 2011</b>	<b>March 31, 2010</b>	<b>March 31, 2011</b>
<b>NAV at the beginning of the year</b>	(In Rs./-)	(In Rs./-)	(In Rs./-)	(In Rs./-)
<b>(Plan - A)</b>				
Growth Option	^10.0000	10.1691	^10.0000	10.0482
Dividend Option	^10.0000	10.169	^10.0000	10.0482

Dividend (Quarterly) Option		^10.0000		
Dividend (Half Yearly) Option				
Dividend (Annual) Option				
Dividend (Monthly) Option				
<b>(Plan - B)</b>				
Growth Option				
Dividend Option				
Dividend (Quarterly) Option				
Dividend (Half Yearly) Option				
Dividend (Annual) Option				
Dividend (Monthly) Option				
<b>Dividend per unit:</b>				
<b>Dividend Plan - A</b>	-	-	-	-
Corporate	-	0.3188	-	0.5767
Non- Corp	-	0.3422	-	0.6188
<b>Quarterly Option</b>	-	-	-	-
<b>Dividend Plan - B</b>	-	-	-	-
Corporate	-	-	-	-
Non- Corp	-	-	-	-
<b>Dividend Option</b>	-	-	-	-
Corporate	-	-	-	-
Non- Corp	-	-	-	-
<b>NAV at the end of the year</b>				
<b>(Plan - A)*</b>				
Growth Option	10.1691	10.7326	10.0482	10.7311
Dividend Option	10.1690	10.3358	10.0482	10.0265
Dividend (Quarterly) Option		10.0669		
Dividend (Half Yearly) Option				
Dividend (Annual) Option				
Dividend (Monthly) Option				
<b>(Plan - B)</b>				
Growth Option				
	-	-	-	
Dividend Option				
	-	-	-	
Dividend (Quarterly) Option	-	-		
Dividend (Half Yearly) Option	-	-		
Dividend (Annual) Option	-	-		
<b>Absolute return</b>				

Returns during the half year (absolute)	-	0.32%	-	3.77%
Benchmark performance (Absolute)	-	1.77%	-	2.42%
Returns since inception (Absolute) for schemes which have not completed 1 year	1.69%	-	0.48%	-
Benchmark performance (Absolute) for schemes which hav not completed 1 year	1.81%	-	0.43%	-
CAGR ( since inception)	-	6.68%	-	7.03%
Benchmark performance in case of schemes in existence for more than 1 year - Since Inception	-	7.37%	-	5.30%
CAGR –(last 1 year)	-	5.54%	-	6.80%
Benchmark performance Last 1 year CAGR	-	6.17%	-	5.06%
Net Assets end of period (Rs. Crs.)	226.68	248.27	214.11	228.52
Ratio of Recurring Expenses to net assets - Plan A	0.30%	0.67%	0.15%	0.15%
Ratio of Recurring Expenses to net assets - Plan B				

Historical per Unit Statistics	IDFC THIRTEEN MONTH SERIES 5		IDFC CAPITAL PROTECTION ORIENTED SERIES 1	
	March 30, 2010	March 30, 2010	March 31, 2010	March 31, 2010
	<b>March 31, 2010</b>	<b>March 31, 2011</b>	<b>March 31, 2010</b>	<b>March 31, 2011</b>
<b>NAV at the beginning of the year</b>	(In Rs./-)	(In Rs./-)	(In Rs./-)	(In Rs./-)
<b>(Plan - A)</b>				
Growth Option	^10.0000	10.0075	^10.0000	10.0005
Dividend Option	^10.0000	10.0075	^10.0000	10.0005
Dividend (Quarterly) Option				
Dividend (Half Yearly) Option				
Dividend (Annual) Option				
Dividend (Monthly) Option				
<b>(Plan - B)</b>				
Growth Option				
Dividend Option				

Dividend (Quarterly) Option				
Dividend (Half Yearly) Option				
Dividend (Annual) Option				
Dividend (Monthly) Option				
<b>Dividend per unit:</b>				
<b>Dividend Plan - A</b>	-	-	-	-
Corporate	-	0.5043	-	-
Non- Corp	-	0.5411	-	-
<b>Quarterly Option</b>	-	-	-	-
<b>Dividend Plan - B</b>	-	-	-	-
Corporate	-	-	-	-
Non- Corp	-	-	-	-
<b>Dividend Option</b>	-	-	-	-
Corporate	-	-	-	-
Non- Corp	-	-	-	-
<b>NAV at the end of the year</b>				
<b>(Plan - A)*</b>				
Growth Option	10.0075	10.6413	10.0005	10.3902
Dividend Option	10.0075	10.0252	10.0005	10.3902
Dividend (Quarterly) Option				
Dividend (Half Yearly) Option				
Dividend (Annual) Option				
Dividend (Monthly) Option				
<b>(Plan - B)</b>				
Growth Option	-		-	
Dividend Option	-		-	
Dividend (Quarterly) Option				
Dividend (Half Yearly) Option				
Dividend (Annual) Option				
<b>Absolute return</b>				
Returns during the half year (absolute)	-	3.68%	-	0.23%
Benchmark performance (Absolute)	-	2.42%	-	1.77%
Returns since inception (Absolute) for schemes which have not completed 1 year	0.08%	-	0.01%	-

Benchmark performance (Absolute) for schemes which hav not completed 1 year	0.03%	-	-	-
CAGR ( since inception)	-	6.41%	-	3.90%
Benchmark performance in case of schemes in existence for more than 1 year - Since Inception	-	5.08%	-	6.17%
CAGR –(last 1 year)	-	6.33%	-	3.90%
Benchmark performance Last 1 year CAGR	-	5.06%	-	6.17%
Net Assets end of period (Rs. Crs.)	125.88	133.82	141.44	137.63
Ratio of Recurring Expenses to net assets - Plan A	0.15%	0.15%	0.51%	1.51%
Ratio of Recurring Expenses to net assets - Plan B				

Historical per Unit Statistics	IDFC HYBRID PORTFOLIO SERIES I		IDFC CAPITAL PROTECTION ORIENTED SERIES II	
	March 31, 2010	March 31, 2010	July 10, 2010	August 18, 2010
Date of Allotment	March 31, 2010	March 31, 2010	July 10, 2010	August 18, 2010
	<b>March 31, 2010</b>	<b>March 31, 2011</b>	<b>March 31, 2011</b>	<b>March 31, 2011</b>
<b>NAV at the beginning of the year</b>	(In Rs./-)	(In Rs./-)	(In Rs./-)	(In Rs./-)
<b>(Plan - A)</b>				
Growth Option	^10.0000	10.0028	^10.0000	^10.0000
Dividend Option	^10.0000	10.0028	^10.0000	^10.0000
Dividend (Quarterly) Option				
Dividend (Half Yearly) Option				
Dividend (Annual) Option				
Dividend (Monthly) Option				
<b>(Plan - B)</b>				
Growth Option				
Dividend Option				
Dividend (Quarterly) Option				
Dividend (Half Yearly) Option				
Dividend (Annual) Option				
Dividend (Monthly) Option				
<b>Dividend per unit:</b>				

<b>Dividend Plan - A</b>	-	-	-	-
Corporate	-	0.2866	-	0.2727
Non- Corp	-	0.3075	-	0.2926
<b>Quarterly Option</b>	-	-	-	-
<b>Dividend Plan - B</b>	-	-	-	-
Corporate	-	-	-	-
Non- Corp	-	-	-	-
<b>Dividend Option</b>	-	-	-	-
Corporate	-	-	-	-
Non- Corp	-	-	-	-
<b>NAV at the end of the year</b>				
<b>(Plan - A)*</b>				
Growth Option	10.0028	10.4646	10.2293	10.3743
Dividend Option	10.0028	10.1148	10.2293	10.0377
Dividend (Quarterly) Option				
Dividend (Half Yearly) Option				
Dividend (Annual) Option				
Dividend (Monthly) Option				
<b>(Plan - B)</b>				
Growth Option	-			
Dividend Option	-			
Dividend (Quarterly) Option				
Dividend (Half Yearly) Option				
Dividend (Annual) Option				
<b>Absolute return</b>				
Returns during the half year (absolute)	-	1.95%	0.36%	2.97%
Benchmark performance (Absolute)	-	1.77%	1.77%	2.42%
Returns since inception (Absolute) for schemes which have not completed 1 year	0.03%	-	2.29%	3.74%
Benchmark performance (Absolute) for schemes which hav not completed 1 year	-	-	4.20%	3.18%
CAGR ( since inception)	-	4.65%	-	-
Benchmark performance in case of schemes in existence for more than 1 year - Since Inception	-	6.17%	-	-

CAGR –(last 1 year)	-	4.65%	-	-
Benchmark performance Last 1 year CAGR	-	6.17%	-	-
Net Assets end of period (Rs. Crs.)	37.20	35.98	38.64	348.19
Ratio of Recurring Expenses to net assets - Plan A	1.50%	1.44%	1.04%	0.19%
Ratio of Recurring Expenses to net assets - Plan B				

Historical per Unit Statistics	IDFC CAPITAL ORIENTED PROTECTION FUND SERIES III		IDFC FMP - QUARTERLY SERIES 60	IDFCFMP-EMS7 - IDFC FMP EIGHTEEN MONTH SERIES 7	
	August 23, 2010	September 14, 2010	October 5, 2010	November 4, 2010	November 8, 2010
Date of Allotment	August 23, 2010	September 14, 2010	October 5, 2010	November 4, 2010	November 8, 2010
	<b>March 31, 2011</b>	<b>March 31, 2011</b>	<b>March 31, 2011</b>	<b>March 31, 2011</b>	<b>March 31, 2011</b>
<b>NAV at the beginning of the year</b>	(In Rs./-)	(In Rs./-)	(In Rs./-)	(In Rs./-)	(In Rs./-)
<b>(Plan - A)</b>					
Growth Option	^10.0000	^10.0000	^10.0000	^10.0000	^10.0000
Dividend Option	^10.0000	^10.0000	^10.0000	^10.0000	^10.0000
Dividend (Quarterly) Option					
Dividend (Half Yearly) Option					
Dividend (Annual) Option					
Dividend (Monthly) Option					
<b>(Plan - B)</b>					
Growth Option					
Dividend Option					
Dividend (Quarterly) Option					
Dividend (Half Yearly) Option					
Dividend (Annual) Option					
Dividend (Monthly) Option					
<b>Dividend per unit:</b>					
<b>Dividend Plan - A</b>	-	-	-	-	-
Corporate	-	0.2351	0.2047	0.1618	-
Non- Corp	-	0.2523	0.2196	0.1736	-
<b>Quarterly Option</b>	-	-	-	-	-
<b>Dividend Plan - B</b>	-	-	-	-	-
Corporate	-	-	-	-	-

Non- Corp	-	-	-	-	-
<b>Dividend Option</b>	-	-	-	-	-
Corporate	-	-	-	-	-
Non- Corp	-	-	-	-	-
<b>NAV at the end of the year</b>					
<b>(Plan - A)*</b>					
Growth Option	10.1595	10.3293	10.2920	10.2585	9.8059
Dividend Option	10.1595	10.0402	10.0406	10.0606	9.8059
Dividend (Quarterly) Option					
Dividend (Half Yearly) Option					
Dividend (Annual) Option					
Dividend (Monthly) Option					
<b>(Plan - B)</b>					
Growth Option					
Dividend Option					
Dividend (Quarterly) Option					
Dividend (Half Yearly) Option					
Dividend (Annual) Option					
<b>Absolute return</b>					
Returns during the half year (absolute)	-0.10%	2.97%	-	-	-
Benchmark performance (Absolute)	1.77%	2.42%	-	-	-
Returns since inception (Absolute) for schemes which have not completed 1 year	1.59%	3.29%	2.92%	2.59%	-1.94%
Benchmark performance (Absolute) for schemes which hav not completed 1 year	3.64%	2.80%	2.41%	1.96%	0.62%
CAGR ( since inception)	-	-	-	-	-
Benchmark performance in case of schemes in existence for more than 1 year - Since Inception	-	-	-	-	-
CAGR -(last 1 year)	-	-	-	-	-
Benchmark performance Last 1 year CAGR	-	-	-	-	-
Net Assets end of period (Rs. Crs.)	16.34	178.59	148.07	105.31	30.51
Ratio of Recurring Expenses to net assets - Plan A	1.38%	0.14%	0.12%	0.33%	0.81%

Ratio of Recurring Expenses to net assets - Plan B					
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Historical per Unit Statistics	IDFC-HYS12 - IDFC FMP - HALF YEARLY SERIES 12		IDFC FMP - QUARTERLY SERIES 62		IDFC FMP - Thirty Six Month Series 2	
Date of Allotment	November 18, 2010	January 14, 2011	January 21, 2011	February 4, 2011	January 25, 2011	February 2, 2011
	<b>March 31, 2011</b>	<b>March 31, 2011</b>	<b>March 31, 2011</b>	<b>March 31, 2011</b>	<b>March 31, 2011</b>	<b>March 31, 2011</b>
<b>NAV at the beginning of the year</b>	(In Rs./-)	(In Rs./-)	(In Rs./-)	(In Rs./-)	(In Rs./-)	(In Rs./-)
<b>(Plan - A)</b>						
Growth Option	^10.0000	^10.0000	^10.0000	^10.0000	^10.0000	^10.0000
Dividend Option	^10.0000	^10.0000	^10.0000	^10.0000	^10.0000	^10.0000
Dividend (Quarterly) Option						
Dividend (Half Yearly) Option						
Dividend (Annual) Option						
Dividend (Monthly) Option						
<b>(Plan - B)</b>						
Growth Option						
Dividend Option						
Dividend (Quarterly) Option						
Dividend (Half Yearly) Option						
Dividend (Annual) Option						
Dividend (Monthly) Option						
<b>Dividend per unit:</b>						
<b>Dividend Plan - A</b>	-	-	-	-	-	-
Corporate	0.2215	0.1087	0.1177	0.0955	0.0928	0.0895
Non- Corp	0.2377	0.1167	0.1263	0.1024	0.0996	0.0960
<b>Quarterly Option</b>	-	-	-	-	-	-
<b>Dividend Plan - B</b>	-	-	-	-	-	-
Corporate	-	-	-	-	-	-
Non- Corp	-	-	-	-	-	-
<b>Dividend Option</b>	-	-	-	-	-	-
Corporate	-	-	-	-	-	-
Non- Corp	-	-	-	-	-	-

<b>NAV at the end of the year</b>						
<b>(Plan - A)*</b>						
Growth Option	10.3003	10.2034	10.1762	10.1472	10.1621	10.1837
Dividend Option	10.0286	10.0704	10.0324	10.0306	10.0487	10.0742
Dividend (Quarterly) Option						
Dividend (Half Yearly) Option						
Dividend (Annual) Option						
Dividend (Monthly) Option						
<b>(Plan - B)</b>						
Growth Option						
Dividend Option						
Dividend (Quarterly) Option						
Dividend (Half Yearly) Option						
Dividend (Annual) Option						
<b>Absolute return</b>						
Returns during the half year (absolute)	-	-	-	-	-	-
Benchmark performance (Absolute)	-	-	-	-	-	-
Returns since inception (Absolute) for schemes which have not completed 1 year	3.00%	2.03%	1.76%	1.47%	1.62%	1.84%
Benchmark performance (Absolute) for schemes which have not completed 1 year	1.89%	1.54%	1.63%	1.24%	1.56%	1.38%
CAGR (since inception)	-	-	-	-	-	-
Benchmark performance in case of schemes in existence for more than 1 year - Since Inception	-	-	-	-	-	-
CAGR -(last 1 year)	-	-	-	-	-	-
Benchmark performance Last 1	-	-	-	-	-	-

year CAGR						
Net Assets end of period (Rs. Crs.)	213.52	502.90	302.96	273.49	42.69	142.90
Ratio of Recurring Expenses to net assets - Plan A	0.07%	0.07%	0.06%	0.10%	0.08%	0.06%
Ratio of Recurring Expenses to net assets - Plan B						

Historical per Unit Statistics	IDFC FMP - SIXTEEN MONTH SERIES 3		IDFC FMP - YEARLY SERIES 38		IDFC FMP - QUARTERLY SERIES 63	
Date of Allotment	February 21, 2011	February 15, 2011	February 23, 2011	March 7, 2011	March 7, 2011	March 11, 2011
	<b>March 31, 2011</b>	<b>March 31, 2011</b>	<b>March 31, 2011</b>	<b>March 31, 2011</b>	<b>March 31, 2011</b>	<b>March 31, 2011</b>
<b>NAV at the beginning of the year</b>	(In Rs./-)	(In Rs./-)	(In Rs./-)	(In Rs./-)	(In Rs./-)	(In Rs./-)
<b>(Plan - A)</b>						
Growth Option	^10.0000	^10.0000	^10.0000	^10.0000	^10.0000	^10.0000
Dividend Option	^10.0000	^10.0000	^10.0000	^10.0000	^10.0000	^10.0000
Dividend (Quarterly) Option						
Dividend (Half Yearly) Option						
Dividend (Annual) Option						
Dividend (Monthly) Option						
<b>(Plan - B)</b>						
Growth Option						
Dividend Option						
Dividend (Quarterly) Option						
Dividend (Half Yearly) Option						
Dividend (Annual) Option						
Dividend (Monthly) Option						
<b>Dividend per unit:</b>						
<b>Dividend Plan - A</b>	-	-	-	-	-	-
Corporate	0.0602	0.0703	0.0596	0.0319	0.0326	0.0176

Non- Corp	0.0646	0.0755	0.0639	0.0343	0.0350	0.0189
<b>Quarterly Option</b>	-	-	-	-	-	-
<b>Dividend Plan - B</b>	-	-	-	-	-	-
Corporate	-	-	-	-	-	-
Non- Corp	-	-	-	-	-	-
<b>Dividend Option</b>	-	-	-	-	-	-
Corporate	-	-	-	-	-	-
Non- Corp	-	-	-	-	-	-
<b>NAV at the end of the year</b>						
<b>(Plan - A)*</b>						
Growth Option	10.1466	10.1592	10.1525	10.1331	10.0822	10.0852
Dividend Option	10.0729	10.0731	10.0796	10.0940	10.0423	10.0637
Dividend (Quarterly) Option						
Dividend (Half Yearly) Option						
Dividend (Annual) Option						
Dividend (Monthly) Option						
<b>(Plan - B)</b>						
Growth Option						
Dividend Option						
Dividend (Quarterly) Option						
Dividend (Half Yearly) Option						
Dividend (Annual) Option						
<b>Absolute return</b>						
Returns during the half year (absolute)	-	-	-	-	-	-
Benchmark performance (Absolute)	-	-	-	-	-	-
Returns since inception (Absolute) for schemes which have not completed 1 year	1.47%	1.59%	1.53%	1.33%	0.82%	0.85%
Benchmark performance (Absolute) for schemes which have not completed 1 year	0.99%	1.14%	0.95%	0.68%	0.55%	0.55%
CAGR (since inception)	-	-	-	-	-	-

Benchmark performance in case of schemes in existence for more than 1 year - Since Inception	-	-	-	-	-	-
CAGR –(last 1 year)	-	-	-	-	-	-
Benchmark performance Last 1 year CAGR	-	-	-	-	-	-
Net Assets end of period (Rs. Crs.)	106.39	650.43	246.76	174.34	83.42	40.78
Ratio of Recurring Expenses to net assets - Plan A	0.05%	0.01%	0.02%	0.03%	0.01%	0.03%
Ratio of Recurring Expenses to net assets - Plan B						

Historical per Unit Statistics	IDFC FMP - YEARLY SERIES 40		IDFC FMP - MONTHLY SERIES 28		IDFC FMP - MONTHLY SERIES 29	
Date of Allotment	March 11, 2011	March 11, 2011	March 11, 2011	March 18, 2011	March 18, 2011	March 22, 2011
	<b>March 31, 2011</b>	<b>March 31, 2011</b>	<b>March 31, 2011</b>	<b>March 31, 2011</b>	<b>March 31, 2011</b>	<b>March 31, 2011</b>
<b>NAV at the beginning of the year</b>	(In Rs./-)	(In Rs./-)	(In Rs./-)	(In Rs./-)	(In Rs./-)	(In Rs./-)
<b>(Plan - A)</b>						
Growth Option	^10.0000	^10.0000	^10.0000	^10.0000	^10.0000	^10.0000
Dividend Option	^10.0000	^10.0000	^10.0000	^10.0000	^10.0000	^10.0000
Dividend (Quarterly) Option						
Dividend (Half Yearly) Option						
Dividend (Annual) Option						
Dividend (Monthly) Option						
<b>(Plan - B)</b>						
Growth Option						
Dividend Option						
Dividend (Quarterly) Option						
Dividend (Half Yearly) Option						
Dividend (Annual) Option						
Dividend (Monthly) Option						
<b>Dividend per unit:</b>						
<b>Dividend Plan - A</b>	-	-	-	-	-	-

Corporate	0.0143	0.0242	0.0241	0.0065	0.0090	-
Non- Corp	0.0154	0.0259	0.0258	0.0069	0.0097	-
<b>Quarterly Option</b>	-	-	-	-	-	-
<b>Dividend Plan - B</b>	-	-	-	-	-	-
Corporate	-	-	-	-	-	-
Non- Corp	-	-	-	-	-	-
<b>Dividend Option</b>	-	-	-	-	-	-
Corporate	-	-	-	-	-	-
Non- Corp	-	-	-	-	-	-
<b>NAV at the end of the year</b>						
<b>(Plan - A)*</b>						
Growth Option	10.1017	10.0595	10.0586	10.0850	10.0415	10.0912
Dividend Option	10.0841	10.0300	10.0292	10.0771	10.0305	10.0912
Dividend (Quarterly) Option						
Dividend (Half Yearly) Option						
Dividend (Annual) Option						
Dividend (Monthly) Option						
<b>(Plan - B)</b>						
Growth Option						
Dividend Option						
Dividend (Quarterly) Option						
Dividend (Half Yearly) Option						
Dividend (Annual) Option						
<b>Absolute return</b>						
Returns during the half year (absolute)	-	-	-	-	-	-
Benchmark performance (Absolute)	-	-	-	-	-	-
Returns since inception (Absolute) for schemes which have not completed 1 year	1.02%	0.59%	0.59%	0.85%	0.41%	0.91%
Benchmark performance (Absolute) for schemes which have not completed 1 year	0.55%	0.41%	0.46%	0.39%	0.30%	0.26%
CAGR ( since inception)	-	-	-	-	-	-
Benchmark performance in case of schemes in existence for more than 1 year - Since Inception	-	-	-	-	-	-
CAGR –(last 1 year)	-	-	-	-	-	-
Benchmark performance Last 1 year CAGR	-	-	-	-	-	-

Net Assets end of period (Rs. Crs.)	365.88	35.31	23.99	245.61	131.28	6.22
Ratio of Recurring Expenses to net assets - Plan A	0.01%	0.01%	0.01%	0.00%	0.00%	0.00%
Ratio of Recurring Expenses to net assets - Plan B						

Historical per Unit Statistics	IDFC FMP - 100 Series III		IDFC FMP - MONTHLY SERIES 30
	March 25, 2011	March 25, 2011	March 25, 2011
Date of Allotment	March 25, 2011	March 25, 2011	March 25, 2011
	<b>March 31, 2011</b>	<b>March 31, 2011</b>	<b>March 31, 2011</b>
<b>NAV at the beginning of the year</b>	(In Rs./-)	(In Rs./-)	(In Rs./-)
<b>(Plan - A)</b>			
Growth Option	^10.0000	^10.0000	^10.0000
Dividend Option	^10.0000	^10.0000	^10.0000
Dividend (Quarterly) Option			
Dividend (Half Yearly) Option			
Dividend (Annual) Option			
Dividend (Monthly) Option			
<b>(Plan - B)</b>			
Growth Option			
Dividend Option			
Dividend (Quarterly) Option			
Dividend (Half Yearly) Option			
Dividend (Annual) Option			
Dividend (Monthly) Option			
<b>Dividend per unit:</b>			
<b>Dividend Plan - A</b>	-	-	-
Corporate	-	-	-
Non- Corp	-	-	-
<b>Quarterly Option</b>	-	-	-
<b>Dividend Plan - B</b>	-	-	-
Corporate	-	-	-
Non- Corp	-	-	-
<b>Dividend Option</b>	-	-	-
Corporate	-	-	-
Non- Corp	-	-	-

<b>NAV at the end of the year</b>			
<b>(Plan - A)*</b>			
Growth Option	10.0278	10.0811	10.0243
Dividend Option	10.0278	10.0811	10.0243
Dividend (Quarterly) Option			
Dividend (Half Yearly) Option			
Dividend (Annual) Option			
Dividend (Monthly) Option			
<b>(Plan - B)</b>			
Growth Option			
Dividend Option			
Dividend (Quarterly) Option			
Dividend (Half Yearly) Option			
Dividend (Annual) Option			
<b>Absolute return</b>			
Returns during the half year (absolute)	-	-	-
Benchmark performance (Absolute)	-	-	-
Returns since inception (Absolute) for schemes which have not completed 1 year	0.28%	0.81%	0.24%
Benchmark performance (Absolute) for schemes which hav not completed 1 year	0.12%	0.23%	0.14%
CAGR ( since inception)	-	-	-
Benchmark performance in case of schemes in existence for more than 1 year - Since Inception	-	-	-
CAGR –(last 1 year)	-	-	-
Benchmark performance Last 1 year CAGR	-	-	-
Net Assets end of period (Rs. Crs.)	253.68	702.84	753.41
Ratio of Recurring Expenses to net assets - Plan A	0.00%	0.00%	0.00%
Ratio of Recurring Expenses to net assets - Plan B			

Historical per Unit Statistics	IDFC Small & Midcap Equity (SME) Fund			IDFC TAX ADVANTAGE FUND		
Date of Allotment	March 7, 2008				December 26, 2008	
	<b>March 31, 2009</b>	<b>March 31, 2010</b>	<b>March 31, 2011</b>	<b>March 31, 2009</b>	<b>March 31, 2010</b>	<b>March 31, 2011</b>
<b>NAV at the beginning of the year /period</b>	(In Rs./-)	(In Rs./-)	(In Rs./-)	(In Rs./-)	(In Rs./-)	(In Rs./-)
<b>(Plan - A)</b>						
Growth Option	9.7571	7.4419	16.3053	^10.0000	10.2873	18.0319
Dividend Option	9.7571	7.4420	14.9902	^10.0000	10.2857	14.4417
<b>(Plan - B)</b>						
Growth Option	-	-	-	-	-	-
Dividend Option	-	-	-	-	-	-
<b>Dividend per unit:</b>						
<b>Plan A</b>						
Corporate	-	1.1000	1.6000	-	-	3.5000
Non- Corp	-	1.1000	1.6000	-	-	3.5000
<b>Plan B</b>						
Corporate	-	-	-	-	-	-
Non- Corp	-	-	-	-	-	-
<b>Transfer to reserves(if any)</b>	-	-	-	-	-	-
<b>NAV at the end of the year/period</b>						
<b>(Plan - A)</b>						
Growth Option	7.4419	16.3053	17.8451	10.2873	18.0319	19.9468
Dividend Option	7.4420	14.9902	14.7243	10.2857	14.4417	12.3012
<b>(Plan - B)</b>						
Growth Option	-	-	-	-	-	-

Dividend Option	-	-	-	-	-	-
<b>Absolute return</b>						
Returns during the half year (absolute)	-9.79%	18.99%	-9.54%	-	10.01%	-5.78%
Benchmark performance (Absolute)	-30.33%	14.77%	-12.27%	-	4.99%	-6.00%
Returns since inception (Absolute) for schemes which have not completed 1 year	-	-	-	2.87%	-	
Benchmark performance (Absolute) for schemes which have not completed 1 year	-	-	-	2.20%	-	
CAGR (since inception)	-24.21%	26.70%	20.79%	-	59.65%	35.73%
Benchmark performance in case of schemes in existence for more than 1 year - Since Inception	-45.46%	8.57%	7.18%	-	71.34%	39.78%
CAGR –(last 1 year)	-23.73%	119.10%	9.44%	-	75.28%	10.62%
Benchmark performance Last 1 year CAGR	-45.40%	126.12%	4.35%	-	92.87%	8.15%
<b>Net Assets end of period (Rs. Crs.)</b>	191.29	556.72	1,108.41	4.34	77.04	129.07
Ratio of Recurring Expenses to net assets - Plan A	2.31%	2.30%	2.06%	2.50%	2.50%	2.49%
Ratio of Recurring Expenses to net assets - Plan B	-	-	-	-	-	-

Historical per Unit Statistics	IDFC Strategic Sector (50-50) Equity Fund			IDFC Arbitrage Plus Fund		
Date of Allotment	October 3, 2008			June 9, 2008		
	March 31, 2009	March 31, 2010	March 31, 2011	March 31, 2009	March 31, 2010	March 31, 2011
NAV at the beginning of the year /period (Plan - A)	(In Rs./-)	(In Rs./-)	(In Rs./-)	(In Rs./-)	(In Rs./-)	(In Rs./-)
Growth Option	^10.0000	8.5425	13.0908	^10.0000	10.7338	11.0841
Dividend Option	^10.0000	8.5434	12.9508	^10.0000	10.3976	10.5351
(Plan - B)						
Growth Option	-	-	14.3384	-	10.7304	11.1096
Dividend Option	-	-	14.3438	-	10.4250	10.5905
<b>Dividend per unit:</b>						
<b>Plan A</b>						
Corporate	-	-	-	0.2400	0.2000	0.2000
Non- Corp	-	-	-	0.2400	0.2000	0.2000
<b>Plan B</b>						
Corporate	-	-	-	0.2400	0.2200	0.2000
Non- Corp	-	-	-	0.2400	0.2200	0.2000
<b>Transfer to reserves(if any)</b>	-	-	-	-	-	-
<b>NAV at the end of the year/period</b>						
(Plan - A)						
Growth Option	8.5425	13.0908	15.2732	10.7338	11.0841	11.8032
Dividend Option	8.5434	12.9508	15.1057	10.3976	10.5351	11.0107
(Plan - B)						
Growth Option	-	14.3384	16.7322	10.7304	11.1096	11.8590
Dividend Option	-	14.3438	16.7384	10.4250	10.5905	11.0976

<b>Absolute return</b>						
Returns during the half year (absolute)	-	-0.46%	-2.79%	5.76%	1.56%	3.92%
Benchmark performance (Absolute)	-	3.25%	-3.25%	4.66%	1.61%	3.71%
Returns since inception (Absolute) for schemes which have not completed 1 year	-14.58%	-	-	-	-	-
Benchmark performance (Absolute) for schemes which have not completed 1 year	-20.88%	-	-	-	-	-
CAGR (since inception)	-	19.81%	18.54%	-	5.86%	6.08%
Benchmark performance in case of schemes in existence for more than 1 year - Since Inception	-	23.80%	18.55%	-	6.05%	6.11%
CAGR -(last 1 year)	-	53.24%	16.67%	-	3.26%	6.49%
Benchmark performance Last 1 year CAGR	-	73.76%	11.14%	-	3.69%	6.21%
<b>Net Assets end of period (Rs. Crs.)</b>	19.77	27.22	32.18	284.12	206.67	19.83
Ratio of Recurring Expenses to net assets - Plan A	2.50%	2.50%	2.50%	1.95%	2.00%	2.04%
Ratio of Recurring Expenses to net assets - Plan B	-	-	2.50%	1.64%	1.75%	1.80%

Historical per Unit Statistics	IDFC INDIA GDP GROWTH FUND			IDFC NIFTY FUND	IDFC INFRASTRUCTURE FUND
	Date of	March 13, 2009			April 30, 2010

Allotment	March 31, 2009	March 31, 2010	March 31, 2011	March 31, 2011	March 31, 2011
<b>NAV at the beginning of the year /period</b>	(In Rs./-)	(In Rs./-)	(In Rs./-)	(In Rs./-)	(In Rs./-)
<b>(Plan - A)</b>					
Growth Option	^10.0000	10.1164	14.7971	^10.0000	^10.0000
Dividend Option	^10.0000	10.1163	14.8000	^10.0000	^10.0000
<b>(Plan - B)</b>					
Growth Option	-	-	-		
Dividend Option	-	-	-		
<b>Dividend per unit:</b>					
<b>Plan A</b>					
Corporate	-	-	-		-
Non- Corp	-	-	-		-
<b>Plan B</b>					
Corporate	-	-	2.0000		-
Non- Corp	-	-	2.0000		-
<b>Transfer to reserves(if any)</b>	-	-	-		-
<b>NAV at the end of the year/period</b>					
<b>(Plan - A)</b>					
Growth Option	10.1164	14.7971	16.8248	11.0212	10.2396
Dividend Option	10.1163	14.8000	14.5270	11.0911	10.2397
<b>(Plan - B)</b>					
Growth Option	-	-	-	-	-

Dividend Option	-	-	-	-	-
<b>Absolute return</b>					
Returns during the half year (absolute)	-	0.32%	-5.72%	-3.80%	-
Benchmark performance (Absolute)	-	5.60%	-6.85%	-3.25%	-
Returns since inception (Absolute) for schemes which have not completed 1 year	1.16%	-	-		2.40%
Benchmark performance (Absolute) for schemes which have not completed 1 year	18.12%	-	-		5.19%
CAGR ( since inception)	-	44.99%	28.81%	10.21%	-
Benchmark performance in case of schemes in existence for more than 1 year - Since Inception	-	122.04%	55.99%	10.53%	-
CAGR -(last 1 year)	-	46.27%	13.70%	-	-
Benchmark performance Last 1 year CAGR	-	96.38%	7.48%	-	-
<b>Net Assets end of period (Rs. Crs.)</b>	49.13	47.51	31.03	7.67	50.51
Ratio of Recurring Expenses to net assets -	2.50%	2.50%	2.50%	0.28%	0.16%

Plan A					
Ratio of Recurring Expenses to net assets - Plan B	-	-	-	-	-

## 5) Updation of latest taxation paragraph

### A. Taxation on investing in Mutual Funds

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

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

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

#### (i) To the Mutual Fund

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

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

#### (a) Securities Transaction Tax (STT)

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

The rates of STT are as under:

Nature of Transaction	Payable by	Value on which tax shall be levied	Rates (%)
Delivery based purchase transaction in equity shares or units of equity oriented fund entered in a recognized stock	Purchaser	Value at which shares / units are bought	0.125

exchange			
Delivery based sale transaction in equity shares or units of equity oriented fund entered in a recognized stock exchange	Seller	Value at which shares / units are sold	0.125
Non-delivery based sale transaction in equity shares or units of equity oriented fund entered in a recognised stock exchange.	Seller	Value at which shares / units are sold	0.025
Transaction for sale of futures in securities, entered in a recognised stock exchange	Seller	Value at which futures are traded	0.017
Transaction for sale of an option in securities, entered in a recognised stock exchange	Seller	The option premium	0.017
Transaction for sale of an option in securities, where the option is exercised, entered in a recognised stock exchange	Purchaser	The settlement price	0.125
Sale of units of an equity oriented fund to the mutual fund	Seller	Value at which units are sold	0.25

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

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

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

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

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

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

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

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

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

### c) Service tax

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

### (ii) To the Unit holders

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

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

**a. Tax on Income**

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

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

**b. Tax on capital gains**

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

***Computation of capital gain***

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

***Long-term capital gains***

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

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

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

***Schemes other than equity oriented fund***

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

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

Further, in case of individuals/ HUFs, being residents, where the total income excluding long-term capital

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

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

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

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

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

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

- (iii) As per the provisions of section 115AD of the Act, long-term capital gains on transfer of units arising to Foreign Institutional Investors (FIIs), being foreign companies, shall be liable to tax at the effective tax rate of 10.506 per cent (10 per cent tax plus 2 per cent surcharge<sup>5</sup> thereon plus additional surcharge of 3 per cent by way of education cess on the tax plus surcharge). However, such gains shall be computed

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

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

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

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

without the benefit of cost indexation.

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

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

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

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

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

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

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

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

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

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

#### **Schemes other than equity oriented fund**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

percent by way of education cess on the tax plus surcharge).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Schemes other than equity oriented funds

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

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

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

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

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

**d. Wealth Tax**

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

**e. Securities Transaction Tax**

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

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

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

*Deduction on account of STT*

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

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

**All the other terms & conditions of the Statement of Additional Information / Offer Documents / Scheme Information Document remain unchanged.**

**Dated: June 06, 2011**