

IDFC Enterprise Equity Fund

An Open Ended Equity Scheme

Offer of Units at NAV based price (subject to applicable load) during the continuous offer

SCHEME INFORMATION DOCUMENT (SID)

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| Name of Mutual Fund | : IDFC Mutual Fund |
| Name of Asset Management Company | : IDFC Asset Management Company Limited |
| Name of Trustee Company | : IDFC AMC Trustee Company Limited |
| Addresses of the entities | : One India Bulls Centre, 841, Jupiter Mills Compound, Senapati Bapat Marg, Elphinstone Road (West), Mumbai – 400 013. |
| Website | : www.idfcmf.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 IDFC Mutual Fund, Tax and Legal issues and general information on www.idfcmf.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.

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

This Scheme Information Document is dated January 25, 2010

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I. HIGHLIGHTS, RISK FACTORS, DUE DILIGENCE & SCHEDULE

HIGHLIGHTS / SUMMARY OF THE SCHEME

| | | |
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| Sponsor | The sponsor of IDFC Mutual Fund is Infrastructure Development Finance Company Limited (IDFC) | |
| Name of the Scheme | IDFC Enterprise Equity Fund | |
| Structure | An Open ended Equity scheme. | |
| Investment Objective | <p>The investment objective of the Scheme is to seek to generate capital growth from a portfolio of predominantly equity and equity-related instruments (including equity derivatives). The scheme may also invest in debt and money market instruments to generate reasonable income.</p> <p>There is no assurance or guarantee that the objectives of the scheme will be realized and the scheme does not assure or guarantee any returns.</p> | |
| Details of the scheme (including Liquidity and NAV disclosure) | <p>Units of the scheme may be purchased or redeemed on every Business Day at NAV based prices subject to the prevailing load structure. The units of the Scheme are presently not proposed to be listed on any exchange. Investors having a bank account with Standard Chartered Bank or such other banks with whom the Fund has an arrangement from time to time can avail of the facility of direct debit/credit to their account for purchase/sale of their units. The Fund shall under normal circumstances, endeavour to despatch the redemption proceeds within 3 (three) business days from the date of acceptance of redemption request at any of the official point of acceptance of transactions but as per the Regulations under no circumstances later than 10 (ten) Business Days from the date of such acceptance. NAV shall be calculated up to four decimal places and declared on each business day.</p> | |
| Options | Growth Option | Dividend (payout and reinvestment) Option |
| | This option is suitable for investors who are not seeking dividend | <p>This option is suitable for investors seeking income through dividend declared by the Scheme.</p> <p>Under this Option, the Fund will endeavour to declare dividends from time to time. The dividend shall be dependent on the availability of distributable surplus.</p> <p>Reinvestment facility is also available.</p> |
| Minimum Application Amount | Rs. 5000/- per application | |
| Additional Purchase | In multiple of Re. 1 | |
| New Fund Offer Expenses | "The actual NFO expenses as a percentage of the amount collected during the NFO period amounted to 4.46%, out of which 2.57% were charged to the scheme and balance 1.89% are amortised as on February 29, 2008." | |
| Minimum Redemption Amount | In multiples of Re. 1/- | |
| Minimum Balance to be maintained | Rs. 500/- | |
| NAV Declaration | NAV calculated up to four decimal places and declared on each business day. | |
| Dividend Frequency / Preference | To be decided from time to time | |
| Switch Facility | Unit holders can easily move from one scheme to another scheme/plan or another option of the scheme to another option according to their needs. | |
| Repatriation Facility | NRIs, FIIs and PIOs may invest in the scheme on a full repatriation basis. (Investment will be governed by rules laid down by RBI/SEBI in this regard). | |
| Benchmark | <p>S&P CNX Nifty</p> <p>The fund reserves the right to change the benchmark for evaluation of the performance of the Scheme from time to time, subject to SEBI Regulations and other prevailing guidelines, if any.</p> | |

Repurchase Facility and Load:**Load Structure :**

Entry Load(Plan A & Plan B): Nil

Exit load: (Plan A & Plan B) : All Investment including SIP/Micro SIP/STP/FOF if redeemed / switched out within 365 days from the date of allotment - 1%. No Exit Loads / CDSC will be chargeable in case of switches made between different options of the Scheme.

In case of Switches, Exit load shall be NIL for all switch transactions between equity schemes of IDFC Mutual Fund.

The Trustee / AMC reserves the right to introduce a Load and change the Load structure if they so deem it.

INTRODUCTION**A. RISK FACTORS****Standard Risk Factors:**

- Mutual Funds and securities investments are subject to market risks and there is no assurance or guarantee that the objectives of the Scheme will be achieved.
- Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal.
- 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 depending on the factors and forces affecting the capital markets.
- Past performance of the Sponsor and other affiliates/AMC/Mutual Fund (or any of its schemes) does not guarantee future performance of the scheme.
- IDFC Enterprise Equity Fund is 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.30,000 made by it towards setting up the Fund.
- The present scheme is not a guaranteed or assured return scheme.

SCHEME SPECIFIC RISK FACTORS

The scheme proposes to invest in equity and equity related instruments. Equity instruments by nature are volatile and prone to price fluctuations on a daily basis due to both micro and macro factors. Trading volumes, settlement periods and transfer procedures may restrict the liquidity of these investments. Different segments of financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. The inability of the Scheme to make intended securities' purchases due to settlement problems could cause the Scheme to miss certain investment opportunities.

Price-Risk or Interest-Rate Risk

Fixed income securities such as bonds, debentures and money market instruments run price risk or interest-rate risk. Generally, when interest rates rise, prices of existing fixed income securities fall and when interest rates drop, such prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of interest rates.

Credit Risk

In simple terms this risk means that the issuer of a debenture/bond or a money market instrument may default on interest payment or even in paying back the principal amount on maturity. Even where no default occurs, the price of a security may go down because the credit rating of an issuer goes down. It must, however, be noted that where the Scheme has invested in Government securities, there is no credit risk to that extent.

Different types of securities in which the scheme would invest as given in the Scheme Information Document carry different levels and types of risk. Accordingly the scheme's risk may increase or decrease depending upon its investment pattern. e.g. corporate bonds carry a higher amount of risk than Government securities. Further even among corporate bonds, bonds, which are AAA rated, are comparatively less risky than bonds which are AA rated.

Re-investment Risk

Investments in fixed income securities may carry re-investment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the bond. Consequently, the proceeds may get invested at a lower rate.

Repurchase Risk

The Scheme is a close ended Equity Scheme. However to provide liquidity to the investors, the Fund proposes to provide repurchase facility in the Scheme on a half yearly basis, as provided in the repurchase schedule in the Scheme Information Document. Thus the investors will be able to redeem their investments only at the end of the relevant calendar Half-year at the applicable NAV, subject to applicable exit load.

The Scheme will offer redemption facility on every Business Day.

The Fund may close a unitholder's account, if as a consequence of redemption / repurchase, the balance falls below Rs. 500. In such a case, entire units to the unitholders account will be redeemed at the applicable NAV with the applicable load, if any, and the account will be closed.

Basis Risk (Interest - rate movement)

During the life of a floating rate security or a swap, the underlying benchmark index may become less active and may not capture the actual movement in interest rates or at times the benchmark may cease to exist. These types of events may result in loss of value in the portfolio.

Spread Risk

In a floating rate security the coupon is expressed in terms of a spread or mark up over the benchmark rate. However, depending upon the market conditions, the spreads may move adversely or favourably leading to fluctuation in the NAV.

Liquidity Risk

Due to the evolving nature of the floating rate market, there may be an increased risk of liquidity risk in the portfolio from time to time.

Other Risk

In case of downward movement of interest rates, floating rate debt instruments will give a lower return than fixed rate debt instruments.

Risk Factors for derivatives

1. **Credit Risk:** The credit risk is the risk that the counter party will default obligations and is generally negligible, as there is no exchange of principal amounts in a derivative transaction (especially in case of debt derivatives).
2. **Market Risk:** Derivatives carry the risk of adverse changes in the market price.
3. **Illiquidity Risk:** The risk that a derivative cannot be sold or purchased quickly enough at a fair price, due to lack of liquidity in the market.
4. The risk is to the extent that returns are limited for the investor in case of extreme movement in call rates (applicable to debt derivatives)
5. The fund pays the daily compounded rate. In practice however there can be a difference in the actual rate at which money is lent in the call market and the benchmark, which appears and is used (applicable to debt derivatives)

It may be mentioned here that the guidelines issued by the Reserve Bank of India from time to time for forward rate agreements and interest rate swaps and other derivative products would be adhered to.

Risks in Foreign Securities

- To the extent the assets of the scheme are invested in overseas financial assets, there may be risks associated with currency movements, restrictions on repatriation and transaction procedures in overseas market. Further, the repatriation of capital to India may also be hampered by changes in regulations or political circumstances as well as the application to it of other restrictions on investment. In addition, country risks would include events such as introduction of extraordinary exchange controls, economic deterioration, bi-lateral conflict leading to immobilization of the overseas financial assets and the prevalent tax laws of the respective jurisdiction for execution of trades or otherwise.
- The Scheme may also invest in ADRs / GDRs / Other Foreign Securities as permitted by Reserve Bank of India and Securities and Exchange Board of India from time to time. To the extent that some part of the assets of the Schemes may be invested in securities denominated in foreign currencies, Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by the changes in the value of certain foreign currencies relative to the Indian Rupee. The repatriation of capital also may be hampered by changes in regulations concerning exchange controls or political circumstances as well as the application to it of other restrictions on investment as applicable.
- As the investment may be made in stocks of different countries, the portfolio shall be exposed to the political, economic and social risks with respect to each country. However, the portfolio manager shall ensure that his exposure to each country is limited so that the portfolio is not exposed to one country. Investments in various economies will also diversify and reduce this risk.

- **Currency Risk:** The schemes may invest in securities denominated in a broad range of currencies and may maintain cash in such currencies. As a consequence, fluctuations in the value of such currencies against the currency denomination of the relevant scheme will have a corresponding impact on the value of the portfolio. Furthermore, investors should be aware that movements in the rate of exchange between the currency of denomination of a fund and their home currency will affect the value of their shareholding when measured in their home currency.
- In respect of the corpus of the Scheme that is invested in overseas mutual fund schemes, investors shall bear the proportionate recurring expenses of such underlying scheme(s), in addition to the recurring expenses of the Scheme. Therefore, the returns attributable to such investments by the Scheme may be impacted or may, at times, be lower than the returns that the investors could obtain by directly investing in the said underlying scheme.

Risk Associated with Securitised Debt

The Scheme may invest in domestic securitized debt such as asset backed securities (ABS) or mortgage backed securities (MBS). Asset Backed Securities (ABS) are securitized debts where the underlying assets are receivables arising from various loans including automobile loans, personal loans, loans against consumer durables, etc. Mortgage backed securities (MBS) are securitized debts where the underlying assets are receivables arising from loans backed by mortgage of residential / commercial properties. ABS/MBS instruments reflect the undivided interest in the underlying pool of assets and do not represent the obligation of the issuer of ABS/MBS or the originator of the underlying receivables. The ABS/MBS holders have a limited recourse to the extent of credit enhancement provided. If the delinquencies and credit losses in the underlying pool exceed the credit enhancement provided, ABS/MBS holders will suffer credit losses. ABS/MBS are also normally exposed to a higher level of reinvestment risk as compared to the normal corporate or sovereign debt.

At present in Indian market, following types of loans are securitised:

Auto Loans (cars / commercial vehicles / two wheelers)

Residential Mortgages or Housing Loans

Consumer Durable Loans

Personal Loans

Corporates Loans

The main risks pertaining to each of the asset classes above are described below:

Auto Loans (cars / commercial vehicles /two wheelers)

The underlying assets (cars etc) are susceptible to depreciation in value whereas the loans are given at high loan to value ratios. Thus, after a few months, the value of asset becomes lower than the loan outstanding. The borrowers, therefore, may sometimes tend to default on loans and allow the vehicle to be repossessed. These loans are also subject to model risk. ie if a particular automobile model does not become popular, loans given for financing that model have a much higher likelihood of turning bad. In such cases, loss on sale of repossession vehicles is higher than usual.

Commercial vehicle loans are susceptible to the cyclical in the economy. In a downturn in economy, freight rates drop leading to higher defaults in commercial vehicle loans. Further, the second hand prices of these vehicles also decline in such economic environment.

Housing Loans

Housing loans in India have shown very low default rates historically. However, in recent years, loans have been given at high loan to value ratios and to a much younger borrower classes. The loans have not yet gone through the full economic cycle and have not yet seen a period of declining property prices. Thus the performance of these housing loans is yet to be tested and it need not conform to the historical experience of low default rates.

Consumer Durable Loans

The underlying security for such loans is easily transferable without the bank's knowledge and hence repossession is difficult. The underlying security for such loans is also susceptible to quick depreciation in value. This gives the borrowers a high incentive to default.

Personal Loans

These are unsecured loans. In case of a default, the bank has no security to fall back on.

The lender has no control over how the borrower has used the borrowed money.

Further, all the above categories of loans have the following common risks:

All the above loans are retail, relatively small value loans. There is a possibility that the borrower takes different loans using the same income proof and thus the income is not sufficient to meet the debt service obligations of all these loans.

In India, there is no ready database available regarding past credit record of borrowers. Thus, loans may be given to borrowers with poor credit record. In retail loans, the risks due to frauds are high.

Corporate Loans

These are loans given to single or multiple corporates. The receivables from a pool of loans to corporates are assigned to a trust that issues Pass through certificates in turn. The credit risk in such PTCs is on the underlying pool of loans to corporates. The credit risk of the underlying loans to the corporates would in turn depend on economic cycles.

Risk Factors Associated with Stock Lending

The risks in lending portfolio securities, as with other extensions of credit, consist of the failure of another party, in this case the approved intermediary, to comply with the terms of agreement entered into between the lender of securities i.e. the Scheme and the approved intermediary. Such failure to comply can result in the possible loss of rights in the collateral put up by the borrower of the securities, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing to the lender from the securities deposited with the approved intermediary. The Mutual Fund may not be able to sell such lent securities and this can lead to temporary illiquidity. The scheme is the first equity scheme being launched by the AMC. The AMC has no previous experience in managing equity schemes, however it has been managing debt schemes in India for over 4 years.

B. REQUIREMENT OF MINIMUM INVESTORS IN THE SCHEME

The Scheme/Plan shall have a minimum of 20 investors and no single investor shall account for more than 25% of the corpus of the Scheme/Plan(s). However, if such limit is breached during the NFO of the Scheme, the Fund will endeavour 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 / Plan(s) 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 / Plan(s) 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, if any

All the above factors not only affect the prices of securities but may also affect the time taken by the Fund for redemption of units, which could be significant in the event of receipt of a very large number of redemption requests or very large value of redemption requests. The liquidity of the assets may be affected by other factors such as general market conditions, political events, bank holidays and civil strife. In view of this, the Trustee has the right in its sole discretion to limit redemption (including suspension of redemption) under certain circumstances. Please refer to Section titled "Units on Offer".

The liquidity of the Scheme's investments may be restricted by trading volumes, settlement periods and transfer procedures. In the event of an inordinately large number of redemption requests or of a restructuring of the Scheme's portfolio, the time taken by the Scheme for redemption of Units may become significant. In view of this, the Trustee has the right in its sole discretion to limit redemption (including suspension of redemption) under certain circumstances. Please refer to Section titled "Units on Offer".

The Scheme may trade in derivatives as permitted under the Regulations subject to guidelines issued by SEBI and RBI from time to time. Trading in Derivatives involves risks, which are explained in Section titled "Investment Objectives and Policies".

In case the scheme undertakes stock lending under the Regulations, the Scheme may, at times be exposed to counter party risk.

Redemptions due to change in the fundamental attributes of the Scheme or due to any other reasons may entail tax consequences. The Trustee, AMC, Mutual Fund, their directors or their employees shall not be liable for any such tax consequences that may arise.

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

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

D. DEFINITIONS AND ABBREVIATIONS

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

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| AMC | IDFC Asset Management Company Limited previously known as Standard Chartered Asset Management Company Private Limited (which was earlier known as ANZ Grindlays Asset Management Company Private Limited), a company set up under the Companies Act, 1956, and approved by SEBI to act as the Asset Management Company for the Schemes of IDFC Mutual Fund |
| Applicable NAV | Unless stated otherwise in the Scheme information document, Applicable NAV is the Net Asset Value as of the Day as of which the purchase or redemption is sought by the investor and determined by the Fund. (For details, please refer to the section on "Applicable NAV") |
| Business Day | A day other than (i) Saturday or Sunday or (ii) a day on which the Reserve Bank of India &/or Banks in Mumbai are closed for business or clearing or (iii) a day on which there is no RBI clearing / settlement of securities or (iv) a day on which the Bombay Stock Exchange and/or National Stock Exchange are closed or (v) a day on which the Redemption of Units is suspended by the Trustee / AMC or (vi) a day on which normal business could not be transacted due to storms, floods, other natural calamities, bandhs, strikes or such other events or as the AMC may specify from time to time. The AMC reserves the right to declare any day as a Business Day or otherwise at any or all collection &/or Official points of acceptance of transactions. |
| Continuous Offer | Offer of units when the scheme becomes available for subscription, after the closure of the New Fund Offer |
| Custodian | Deutsche Bank, Mumbai, acting as Custodian to the Scheme, or any other custodian who is approved by the Trustee |
| Cut Off time | A time prescribed in the Scheme Information Document prior to which an investor can submit a subscription / redemption request along with a local cheque or a demand draft payable at par at the place where the application is received, to be entitled to the Applicable NAV for that Business Day. |
| Distributor | Such persons/firms/ companies/ corporates who fulfill the criteria laid down by SEBI/AMFI from time to time and as may be appointed by the AMC to distribute/sell/market the Schemes of the Fund |
| Exit Load | A charge that may be levied as a percentage of NAV at the time of exiting the scheme. |
| FII | Foreign Institutional Investors, registered with SEBI under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 |
| Fixed Income Securities | Debt Securities created and issued by, inter alia, Central Government, State Government, Local Authorities, Municipal Corporations, PSUs, Public Companies, Private Companies, Bodies Corporate, Unincorporated SPVs and any other entities which may be recognised/permitted which yield at fixed or variable rate by way of interest, premium, discount or a combination of any of them |
| Fund or Mutual Fund | IDFC Mutual Fund ("the Mutual Fund" or "the Fund") previously known as Standard Chartered Mutual Fund (which was earlier known as ANZ Grindlays Mutual Fund), had been constituted as a trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a trust Deed dated December 29, 1999. The office of the Sub-Register of Assurances at Mumbai had registered the Trust Deed establishing the Fund under the Registration Act, 1908. The Fund was registered with SEBI vide Registration No.MF/042/00/3 dated March 13, 2000. A deed of amendment to the Trust Deed had been executed and registered to recognize the change in sponsor of the Mutual Fund. |
| The Scheme | IDFC Enterprise Equity Fund |
| Gilt or Govt. Securities | Securities created and issued by the Central Government and/or a State Government (including Treasury Bills) |
| New Fund Offer | Offer of the Units of scheme under IDFC Enterprise Equity Fund during the New Fund Offer Period |
| New Fund Offer Period | The dates on or the period during which the initial subscription to Units of the Plans under this Scheme can be made.. |

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| Investment Management Agreement | The Agreement dated January 3, 2000 entered into between IDFC AMC Trustee Company Limited previously known as Standard Chartered Trustee Company Private Limited (which was earlier known as ANZ Grindlays Trustee company Private Limited) and IDFC Asset Management Company Limited previously known as Standard Chartered Asset Management Company Private Limited (which was earlier known as ANZ Grindlays Asset Management Company Private Limited) as amended from time to time |
| Official Points of acceptance of transaction | All applications for purchase/redemption of units should be submitted by investors at the official point of acceptance of transactions at the office of the registrar and/or AMC as may be notified from time to time. For details please refer to the application form and/or website of the Mutual Fund at www.idfcmf.com |
| Load | A charge that may be levied as a percentage of NAV at the time of entry into the Scheme or at the time of exiting from the Scheme |
| Money Market Instruments | Commercial papers, Commercial bills, Treasury bills, Government Securities having an unexpired maturity upto one year, call or notice money, certificates of deposit, usance bills and any other like instruments as specified by the Reserve Bank of India from time to time including mibor linked securities and call products having unexpired maturity upto one year |
| NAV | Net Asset Value of the Units of the Scheme / Plan and Options therein, shall be calculated at intervals not exceeding one week in the manner provided in this Scheme information document or as may be prescribed by Regulations from time to time |
| NRIs | Non-Resident Indians |
| Scheme Information Document | This document is issued by IDFC Mutual Fund, offering Units of Plans under IDFC Enterprise Equity Fund |
| Person of Indian Origin | A citizen of any country other than Bangladesh or Pakistan, if- a) he at any time held an Indian passport, or b) he or either of his parents or any of his grand-parents was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955 (57 of 1955) or c) the person is a spouse of an Indian citizen or a person referred to in sub clause (a) or (b) |
| RBI | Reserve Bank of India, established under the Reserve Bank of India Act, 1934, as amended from time to time |
| Repo / Reverse Repo | Sale / Purchase of Government 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 of the scheme, as permitted under the scheme |
| Sale / Subscription | Sale or allotment of units to the unitholders upon subscription by an investor / applicant under this scheme |
| SEBI | Securities and Exchange Board of India established under Securities and Exchange Board of India Act, 1992, as amended from time to time |
| Systematic Investment Plan (SIP) | A plan enabling investors to save and invest in the scheme on monthly / quarterly / other periodic basis submitting post dated cheques / payment instructions. The AMC reserves the right to introduce SIPs at other frequencies such as daily / weekly / half yearly etc., as may be deemed appropriate by the AMC, from time to time. |
| Systematic Transfer Plan (STP) | A plan enabling investors to transfer lumpsum amounts / capital appreciation in the specific schemes of IDFC Mutual Fund to other scheme of the fund by providing a standing instruction to transfer sums at monthly intervals. The AMC reserves the right to introduce STPs at such other frequencies such as weekly / quarterly / half yearly etc. as the AMC may feel appropriate from time to time. |
| Systematic Withdrawal Plan (SWP) | A plan enabling investors to withdraw amounts from the scheme on a monthly / quarterly basis by giving a single instruction. The AMC reserves the right to introduce SWPs at such other frequencies such as weekly / quarterly / half yearly etc. as the AMC may feel appropriate from time to time |
| The Regulations | Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended from time to time |

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| Trustee | IDFC AMC Trustee Company Limited previously known as Standard Chartered Trustee Company Private Limited (which was earlier known as ANZ Grindlays Trustee Company Private Limited) a company set up under the Companies Act, 1956, and approved by SEBI to act as the Trustee for the Scheme/s of IDFC Mutual Fund |
| Trust Deed | The Trust Deed dated December 29, 1999 establishing IDFC Mutual Fund previously known as Standard Chartered Mutual Fund (which was earlier known as ANZ Grindlays Mutual Fund) as amended from time to time |
| Trust Fund | Amounts settled/contributed by the Sponsor towards the corpus of the IDFC Mutual Fund and additions/accretions thereto |
| Unit | The interest of an investor that consists of one undivided share in the Net Assets of the Scheme |
| Unitholder | A holder of Units under the IDFC Enterprise Equity Fund, as contained in this Scheme information document |

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 "Sterling Pounds" refer to United Kingdom Sterling Pounds, "dollars" or "\$" refer to United States Dollars and "Rs" refer to Indian Rupees. A "crore" means "ten million" and a "lakh" means a "hundred thousand"

E. DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY

It is confirmed that:

- (i) the draft Scheme Information Document forwarded to SEBI is in accordance with the SEBI (Mutual Fund) Regulations, 1996 and the guidelines and directives issued by SEBI from time to time.
- (ii) all legal requirements connected with the launching of the scheme as also the guidelines, instructions, etc., by the Government and any other competent authority in this behalf, have been duly complied with.
- (iii) the disclosure made in the Scheme Information Document are true, fair, and adequate to enable the investors to make a well informed decision regarding investment in the proposed scheme.
- (iv) the intermediaries named in the Scheme Information Document and Statement of Additional Information are registered with SEBI and their registration is valid, as on date.

**For IDFC Asset Management Company Limited
(Investment Manager of IDFC Mutual Fund)**

Sd/-

**Jyothi Krishnan
Compliance Officer**

Place : Mumbai

Date : January 25, 2010

The Due Diligence Certificate has been filed with SEBI on February 8, 2008

The updated Offer Document was approved by IDFC ATC and was filed with SEBI in March 2008.

The offer document was subsequently updated and filed in May 2008.

II. INFORMATION ABOUT THE SCHEME

A. TYPE OF THE SCHEME

An Open-ended Equity Scheme.

B. INVESTMENT OBJECTIVE OF THE SCHEME

The investment objective of the Scheme is to seek to generate capital growth from a portfolio of predominantly equity and equity-related instruments (including equity derivatives). The scheme may also invest in debt and money market instruments to generate reasonable income.

There is no assurance or guarantee that the objectives of the scheme will be realized and the scheme does not assure or guarantee any returns.

C. ASSET ALLOCATION

| Asset Class | Range of allocation (% of Net Assets) | Risk Profile |
|---------------------------------------|--|--------------------|
| Equities & Equity related instruments | 65-100 | High |
| Debt & Money Market instruments | 0-35 | Low to medium |
| Securitised debt instruments | 0-35 | Medium instruments |

Investments in Derivatives - upto the limits permitted by SEBI Mutual Funds regulations from time to time.

Investments in Securities Lending - upto 100% of Equity investments in the Scheme.

Investments in Foreign debt instruments - up to 35% of the net assets of the Scheme.

Investments in ADRs and GDRs issued by Companies in India / equity of listed overseas companies or such other foreign securities as permitted by SEBI regulations - upto 75% of the net assets of the scheme.

The assets of the Scheme shall be predominantly invested in equity and equity related instruments. The fund manager would decide on the appropriate asset allocation for the scheme depending on market conditions. The asset allocation pattern may be modified in the interest of investors for short term or defensive considerations and the portfolio will be rebalanced in line with the market conditions and based on the views on the equity and debt markets.

D. WHERE WILL THE SCHEME INVEST?

The corpus of the Scheme will be invested in equity and equity related products & in debt and money market instruments. Subject to the Regulations, the corpus of the Scheme can be invested in any (but not exclusively) of the following securities / instruments :

- 1) Equity and Equity related instruments include equity warrants and convertible instruments.

- 2) ADRs / GDRs issued by Indian companies subject to necessary regulatory requirements (or such other limits that the regulations may permit from time to time).
- 3) Stock futures / index futures and such other permitted derivative instruments.
- 4) Securities created and issued by the Central and State Governments and/or repos/reverse repos in such Government Securities as may be permitted by RBI (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills).
- 5) Securities guaranteed by the Central and State Governments (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills).
- 6) Debt instruments issued by domestic Government agencies and statutory bodies, which may or may not carry a Central/ State Government guarantee.
- 7) Corporate debt and securities (of both public and private sector undertakings) including Bonds, Debentures, Notes, Strips, etc.
- 8) Debt instruments (both public and private sector) issued by banks / development financial institutions.
- 9) Money market instruments permitted by SEBI including call money market or in alternative investments for the call money market as may be provided by RBI to meet the liquidity requirements.
- 10) Certificate of Deposits (CDs).
- 11) Commercial Paper (CPs).
- 12) Securitised Debt instruments.
- 13) The non-convertible part of convertible securities.
- 14) Any other domestic fixed income securities including Structured Debt instruments.
- 15) Any overseas debt instrument, as permitted by extant regulations.
- 16) Pass through, Pay through or other Participation Certificates representing interest in a pool of assets including receivables.
- 17) Any other securities / instruments as may be permitted by SEBI from time to time.

For the purpose of further diversification and liquidity, the Scheme may invest in another scheme managed by the same AMC or by the AMC of any other Mutual Fund without charging any fees on such investments, provided that aggregate inter-scheme investment made by all schemes managed by the same AMC or by the AMC of any other Mutual Fund shall not exceed 5% of the net asset value of the Fund. The securities mentioned above could be listed, unlisted, privately placed, secured, unsecured, rated or unrated and of any maturity. The securities may be acquired through Initial Public Offerings (IPOs), secondary market operations, private placement, rights offers or negotiated deals.

The scheme may invest the funds of the scheme in short term deposits of scheduled commercial banks as permitted under extant regulations.

The Scheme may also enter into repurchase and reverse repurchase obligations in all securities held by it as per the guidelines and regulations applicable to such transactions.

The scheme shall not make investments in Foreign Securitised debt. The Scheme may participate in securities lending as permitted under the Regulations.

E. INVESTMENT STRATEGIES AND RISK CONTROL

Investment Strategy

The term 'Enterprise' connotes activity, venture, project or an endeavour. The Scheme intends to invest in companies which are involved in or are in the process of setting up various business activities, ventures, projects or other commercial endeavours. The Scheme would invest in equities in the IPOs, subsequent public offers or in the secondary market, other equity related instruments (including derivatives), benefit out of the cash and derivative markets arbitrage opportunity and invest the residual sums in debt and money market instruments.

The Scheme will endeavour to generate capital appreciation through investing in equities and equity related instruments by inter alia adopting the mode of applying for Initial Public Offerings (IPOs) or subsequent public offerings made by companies. The Scheme envisages to generate reasonable returns by investing in such equities.

The balance equity allocations by the fund will be closely in line with Nifty. However the fund will seek to take on some deviation from Nifty by making smaller allocations to a range of arbitrage strategies in the equity and derivative markets.

In the event of there not being any well priced IPOs from companies with proven track record / potential growth opportunities etc., the monies collected could be deployed in equities and equity related instruments, cash futures arbitrage, NIFTY spot futures arbitrage etc. Debt and money market instruments could be considered when yields are comparable to those in the spot futures arbitrage segment. The asset allocation would inter-alia depend on various parameters like the availability of initial or subsequent Public Offerings made by the companies, the response to the issue and relative valuations of the peer group of business that the company/ies are operating in, opportunities available in the equity, derivatives, debt markets etc.

Equity

The Scheme will endeavour to invest in well-managed businesses whose shares are available through the primary market/secondary market at reasonable value through a process of disciplined research. The portfolio of securities could be concentrated in a particular sector or well diversified depending on prevailing offers at that point of time.

Stock prices are directly correlated to company profits over the medium to long term. However in the near term given a buoyant market conditions new offerings are often priced in such a way that it provides an opportunity to generate an arbitrage on listing of the stock. For eg. If the market average PEx trades at 10x FY06 (theoretical) then for a company approaching the capital market for the first time in a majority of cases these issues are priced at lower PEx. Thus giving the applicant an opportunity to generate a reasonable return on listing.

Funds management in such cases would focus on picking these reasonably priced issues. The Equity Research process will endeavour to acquire understanding of the dynamics of the underlying business and the pricing of the industry/ company peer group. Forecasts on future profitability and sustainability of cash profit growth are indicators on whether the stock would list at a premium to offer price.

Opportunities can exist in the markets, inter alia in the following cases:

1. Companies offering stock at a valuation that trades at a discount to their peer group.
2. There is a reasonable discount of the offer price in relation to the secondary market historical traded prices.
3. Business on a high growth curve offering stock at a reasonable Price Earning Growth ratio.

Other aspects which shall be considered in making investment decisions in equities in the initial / subsequent public offerings by companies or in the secondary markets would include:

1) Margin of Safety

The fund managers will look to build a "margin of safety" while making forecasts on business profitability. "Margin of safety" will also be the guiding principle while evaluating a company's current market price. The portfolio would also be protected from company specific risks by constantly monitoring the economic and business environment and changes in management strategy.

2) Acquire stocks at reasonable value

Once good businesses are identified, stocks would be endeavoured to be acquired when they are available at a reasonable value.

Selling Discipline

It is left to the discretion of the fund manager to sell or hold the respective stock depending on his view of the business and the prospects in the near future. This would also depend on relative valuation of the business when compared to its peer group and the market valuations. The selling discipline / process would be no different from the existing schemes that are being managed by IDFCAMC.

Cash Futures Arbitrage

The cash futures arbitrage strategy could be employed when the price of the futures exceeds the price of the underlying stock. The methodology would be to first buy stocks in the cash segment and then lock into the spreads / returns by selling the future of the same stock. Since the spreads are locked in, returns remain unaffected with the price movement of the cash and the futures market. The futures contracts are settled based on the last half hours weighted average trade of the cash market on the settlement date (once a month). Thus there is a convergence of the cash and futures market on the expiry of the futures contract. The convergence of the prices on expiry thus enables the scheme to lock in the spreads. The outstanding position could however be closed earlier in case the price differential is realised before expiry or better opportunities are available in other stocks. In case, the future price trades at discount to spot price (any time during the period till expiry) then the original position will be squared by buying the future and selling the spot market position.

The following example will illustrate the return generated out spot and futures market.

Say for stock A spot price is Rs. 100 and month end futures is trading at Rs. 101 and thirty days are left for the expiry.

The Scheme will enter in the following trade.

Purchase 1000 shares of A @ Rs. 100 at the total Cost of Rs. 1,00,000.

Sell 1000 Futures @ Rs. 101 at the sale proceeds of Rs. 1,01,000.

This trade is done to lock in profit of Rs. 1000 irrespective of price of stock A.

The annualized return before brokerage and transaction cost will be 12%.

The said transaction will generate profit under any market scenario as under:

- At the time of expiry of derivative contract, price of stock A is Rs. 50
 Profit / loss on Stock A will be = $1000 * (50-100) = -50,000$
 Profit/loss on Futures will be = $1000 * (101-50) = 51,000$
 Net Profit = Rs. 1,000
- At the month end, price of stock A is Rs. 200
 Profit / Loss on stock A will be = $1000 * (200-100) = 1,00,00$
 Profit / Loss on futures position = $1000 * (101-200) = 99,000$
 Net Profit = Rs. 1,000

Thus under any market scenario, the trade would result in profit of Rs. 1,000.

The fund could hold the cash / spot market position and the future market position till expiry to earn the arbitrage. However if the opportunity is available the same positions will be rolled over to next month expiry by swapping the current month future with the next months future. In this case the cash market position would remain undisturbed.

Investments to benefit out of the cash futures arbitrage or in any other permitted derivative products would be made by the fund manager considering the market conditions and the opportunities available in such markets.

Nifty spot - Nifty Futures

The price of Nifty futures at any given instance is typically more than the level of Nifty at that point. Nifty futures trade at a level that is equal to the level of Nifty plus the cost of carry (cost of carry is defined as the interest rate prevailing for an equivalent credit risk). In the case of the Nifty the credit risk is on the Clearing Corporation of the NSE. In the case of the scheme the spread would be locked into by buying the Nifty and selling the future in this case. The settlement of the Nifty futures arbitrage works on the similar lines of the stock futures arbitrage.

Investments to benefit out of the nifty spot - nifty futures arbitrage or in any other such permitted derivative products would be made by the fund manager considering the market conditions and the opportunities available in such markets.

Debt

The Scheme proposes to invest only in a diversified set of fixed income and money market instruments with an aim to generate reasonable income. Domestic debt markets are maturing rapidly with liquidity emerging in various debt segments through the introduction of new instruments and investors. The actual percentage of investment in various fixed income securities will be decided after considering the prevailing political conditions, the economic environment (including interest rates and inflation), the performance of the corporate sector and general liquidity and other considerations in the economy and markets. Investments would be undertaken in debt instruments after appropriate due diligence.

Procedure & Recording of Investment Decisions and risk control

All investment decisions, relating to the Scheme, will be undertaken by the AMC in accordance with the Regulations and the investment objectives specified in this Offer Document. All investment decisions taken by the AMC in relation to the Scheme shall be recorded.

The Investment Management Committee (IMC) consisting of senior employees including the Managing Director of the AMC to over see the Investment function, will be responsible for laying down the broad Investment Policy and the Specific scheme mandates, in addition to monitoring scheme

performance and reviewing portfolio strategy. The risk control parameters would be laid down for each scheme based on the objectives of the scheme and prudent fund management practices will ensure that investor monies are invested in the appropriate risk/reward environment. The AMC would ensure that investments are made in accordance with the regulatory / internal guidelines, if any. Internal guidelines may be set by the AMC from time to time and reviewed in line with the market dynamics.

The designated Fund Manager of the scheme will be responsible for taking the day-to-day investment decisions and will interalia be responsible for asset allocation, security selection and timing of investment decisions.

The Fund Manager would work with Research team to pick stocks. They will prepare a detailed report on any new company that would be acquired for the Scheme. This report would cover the overall industry environment, discuss demand supply dynamics of the company's products and make profitability projections. This report would also contain a discussion on the valuation for the stock price. The Fund Manager would document reasons for each transaction in the portfolio.

The Scheme performance would be benchmarked to the S&P Nifty Index. The fund reserves the right to change the said benchmark and/or adopt one/more other benchmarks to compare the performance of the Scheme.

In case of investments in debt instruments, the AMC aims to identify securities, which offer better levels of yield at lower levels of risks. With the aim of controlling risks, requisite credit evaluation of the securities proposed to be invested in will be carried out by the investment team of the AMC. Rated Debt instruments in which the Scheme invests will be of investment grade as rated by a credit rating agency. The AMC will be guided by the ratings of Rating Agencies such as CRISIL, CARE, ICRA and Fitch or any other rating agencies that may be registered with SEBI from time to time. In case a debt instrument is not rated, prior approval of the Board of Directors of Trustee and the AMC will be obtained for such an investment.

In addition, the investment team of the AMC will study the macro economic conditions, including the political and economic environment and factors affecting liquidity and interest rates. The AMC will use this analysis to attempt to predict the likely direction of interest rates and position the portfolio appropriately to take advantage of this.

The Scheme may use various derivatives 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 Unitholders' interests.

The Scheme may invest in other Schemes managed by the AMC or in the Schemes of any other Mutual Funds, provided it is in conformity to the investment objectives of the Scheme and in terms of the prevailing Regulations. As per the Regulations, no

investment management fees will be charged for such investments and the aggregate inter-Scheme investment made by all Schemes of IDFC Mutual Fund or in the Schemes under the management of other asset management companies shall not exceed 5% of the net asset value of the IDFC Mutual Fund. The limit however does not apply to any Fund of Funds scheme.

For the present, the Scheme does not intend to enter into underwriting obligations. However, if the Scheme does enter into an underwriting agreement, it would do so after complying with the Regulations.

The AMC may approach rating agencies such as CRISIL, ICRA etc. for ratings of the Scheme.

NOTE ON DEBT & MONEY MARKET IN INDIA

The Indian debt markets are one of the largest such markets in Asia. Government and public Sector enterprises are predominant borrowers in the market. While interest rates were regulated till a few years back, there has been a rapid deregulation and currently both the lending and deposit rates are market determined.

The debt markets are developing fast, with the rapid introduction of new instruments including derivatives. Foreign Institutional Investors are also allowed to invest in Indian debt markets now. There has been a considerable increase in the trading volumes in the market with the relatively high trading volumes. The trading volumes are largely concentrated in the Government of India Securities, which contribute a high proportion of the daily trades.

The money markets in India essentially consist of the call money market (i.e. market for overnight and term money between banks and institutions), repo transactions (temporary sale with an agreement to buy back the securities at a future date at a specified price), commercial papers (CPs, short term unsecured promissory notes, generally issued by corporates), certificate of deposits (CDs, issued by banks) and Treasury Bills (issued by RBI). A predominantly institutional market, the key money market players are banks, financial institutions, insurance companies, mutual funds, primary dealers and corporates.

Certain instruments currently available for investments and their current yields are given as under:

Following table exhibits various debt instruments along with indicative yields as on 31st October, 2009

| Instrument | Yield Range (% per annum) |
|---------------------------------|---------------------------|
| G - Sec 5 year | 7.08 |
| G - Sec 10 year | 7.30 |
| Corporate Debentures AAA 3 year | 7.75 |
| Corporate Debentures AAA 5 year | 8.40 |
| CPs / CDs 3 months | 3.55 |
| CPs / CDs 1 year | 5.75 |
| Treasury bills 3 months | 3.24 |
| Treasury bills 1 year | 4.54 |

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

The Scheme may also invest in other fixed income instruments that may be available from time to time. The securities above, subject to applicable SEBI regulations, could be listed, unlisted, privately placed, secured, unsecured and of any maturity. The securities may be acquired through New Fund Offerings, secondary market operations, private placement, etc.

TRADING IN DERIVATIVES

Equity Derivatives as a product was introduced in India only in June 2000. The first derivative product was Index Futures on the S&P CNX Nifty. European style index options on the NIFTY were first introduced in June 2001. We have come a long way since then. As of today, Index Options are available on 3 indices – S&P CNX Nifty, CNX IT, and Bank Nifty. American Style Stock Options were introduced in July 2001 and are currently available in around 222 stocks.

We were one of the few markets to introduce Single Stock Futures (SSF). Following India's lead, other leading exchanges such as EUREX and EURONEXT have introduced SSF's for trading. All derivative contracts currently are available for 3 maturities – First month (Near), Second month (Middle) and Third month (Far Month).

Indian Equity Derivatives - The growing Opportunity: The volume of derivative contracts traded continues to increase. Average daily futures volumes have increased to Rs 13000 crores. At present the volume in the Derivative market is 4x that of the cash market.

Increasing International Interest: FII's hold around 30-35% of the total Futures Open Interest. Arbitrage funds are very active traders in India with Investments at any given point of time exceeding Rs 6000 crores. Directional fund managers use Index / Stock Futures for trading as well as hedging.

The scheme intends to use derivatives for purposes that may be permitted by SEBI Mutual Fund regulations from time to time.

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

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

Derivatives can be either exchange traded or can be over the counter (OTC). Exchange traded derivatives are listed and traded on Stock Exchanges whereas OTC derivative transactions are generally structured between two counterparties.

SEBI has vide its circular DNP/Cir-29/2005 dated September 14, 2005 interalia specified the guidelines pertaining to trading by Mutual Funds in Exchange Traded derivatives. The position limits have subsequently been modified vide circulars interalia including circular no. DNP/Cir-30/2006 dated January 20, 2006 and circular no. SEBI/DNP/Cir-31/2006 dated September 22, 2006.

All derivative position taken in the portfolio would be guided by the following principles.

i. Position limit for the Mutual Fund in index options contracts

- a. The Mutual Fund position limit in all index options contracts on a particular underlying index shall be Rs. 500 crore or 15% of the total open interest of the market in index options, whichever is higher, per Stock Exchange.
- b. This limit would be applicable on open positions in all options contracts on a particular underlying index.

ii. Position limit for the Mutual Fund in index futures contracts:

- a. The Mutual Fund position limit in all index futures contracts on a particular underlying index shall be Rs. 500 crore or 15% of the total open interest of the market in index futures, whichever is higher, per Stock Exchange.
- b. This limit would be applicable on open positions in all futures contracts on a particular underlying index.

iii. Additional position limit for hedging

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

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

iv. Position limit for Mutual Fund for stock based derivative contracts

The Mutual Fund position limit in a derivative contract on a particular underlying stock, i.e. stock option contracts and stock futures contracts, is defined in the following manner:

- a. For stocks having applicable market-wise position limit (MWPL) of Rs. 500 crores or more, the combined futures and options position limit shall be 20% of applicable MWPL or Rs. 300 crores, whichever is lower and within

which stock futures position cannot exceed 10% of applicable MWPL or Rs. 150 crores, whichever is lower.

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

v. Position limit for each scheme of a Mutual Fund for stock based derivative contracts

The scheme-wise position limit / disclosure requirements shall be –

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

Illustrations

Index Futures

Index Futures have been introduced by BSE and NSE. Generally three futures of 1 month 2 months and 3 months are presently traded on these exchanges. These futures expire on the last working Thursday of the respective months.

If the Nifty (Index) was 1875 at the beginning of a month and the quotes for the three futures were as under:

| Month | Bid Price | Offer Price |
|-------|-----------|-------------|
| 1 | 1880 | 1885 |
| 2 | 1900 | 1915 |
| 3 | 1910 | 1930 |

The Fund can buy an Index of month 1 on the last day of the month prior to month 1 in the illustration above at an offer price of 1885.

Numerical example of futures trade

The following is a hypothetical example of a typical likely index future trade and the associated costs.

| Particulars | Index Future | Actual purchase of stocks |
|---|--------------|---------------------------|
| Index at the beginning of the month | 1875 | 1875 |
| Price of 1 Month Future | 1885 | |
| A. Execution Cost: Carry and other | | |
| Index Future costs (1885-1875) | 10 | Nil |
| B. Brokerage Cost: Assumed at 0.30% for Index Future and 0.50% for spot Stocks (0.30% of 1885) (0.50% of 1875) | 5.66 | 9.38 |
| C. Gains on Surplus Funds: (assumed 10% return on 90% of the money left after paying 10% margin) (10%*1875*90%*30 days/365) | 13.87 | Nil |
| Total Cost (A+B-C) | 1.79 | 9.38 |

In this example, the Index Future trade has resulted in profitability compared to actual purchase of the underlying index stocks. The profitability of Index Future as compared to an individual security will interalia depend upon the carrying cost, the interest available on surplus funds and the transaction cost.

There are futures based on stock indices as mentioned above as also futures based on individual stocks.

Illustrative list of strategies that can employ futures

Strategies that employ index futures and their objectives:

- The fund has an existing equity portion invested in a basket of stocks. In case the fund manager has a view that the equity markets are headed downwards, the fund can then hedge the exposure to equity either fully or partially by initiating short futures positions in the index. A similar position in the long direction can also be initiated by the fund to hedge its position of cash and permissible equivalents. The extent to which this can be done is determined by existing guidelines.
- To the extent permissible by extant regulations the scheme can initiate a naked short position in an underlying index future traded on a recognized stock exchange. In case the nifty near month future contract trading at say, 1850, and the fund manager has a view that it will depreciate going forward, the fund can initiate a sale transaction of nifty futures at 1850 without holding a portfolio of equity stocks or any other underlying long equity position. Once the price falls to 1800 after say, 20 days the fund can initiate a square-up transaction by buying the said futures and book a profit of 50. Correspondingly the fund can take a long position without an underlying cash/ cash equivalent subject to the extant regulations.

Risk associated with this strategy:

- Lack of opportunities available in the market
- Inability of the derivatives to correlate perfectly with underlying indices
- Execution risk, whereby the rates seen on the screen may not be the rates at which the ultimate execution takes place.

Strategies that employ Stock specific Futures and their objectives:

Individual stock futures are also available in the Indian Equity Markets. Stock futures trade either at a premium or at discount to the spot prices, the level of premium generally reflects the cost of carry. Stock specific issues may have a bearing on futures as speculators may find futures as a cost-effective way of executing their view on the stock. However such executions usually increase the premium/discount to the spot significantly, thereby giving rise to arbitrage opportunities for a fund.

- (a) Selling spot and buying future : In case the fund holds the stock of a company at say Rs. 1000 while in the futures market it trades at a discount to the spot price say at Rs. 980 then the fund may sell the stock and buy the futures. On the date of expiry of the stock future, the fund may reverse the transactions (i.e. Buying at Spot & Selling futures) and earn a risk-free Rs. 20/- (2% absolute) on its holdings. As this can be without any dilution of the view of the fund on the underlying stock the fund can still benefit from any movement of the price in the northward direction, i.e. if on the date of expiry of the futures, if the stock trades at 1100 which would be the price of the futures too, the fund will have a benefit of Rs. 100/- whereby the fund gets the 10% upside movement together with the 2% benefit on the arbitrage, and thus getting a total return of 12%
- (b) Buying spot and selling future: Where the fund holds the stock of a company trading in the spot market at Rs 1000 while it trades at Rs. 1020/- in the futures market then fund may buy the stock at spot and sell in the futures market thereby earning Rs 20. In case of adequacy of cash with the fund, this strategy may be used to enhance returns of the Scheme which was otherwise sitting on cash.
- (c) Buying stock future: Where the scheme wants to initiate a long position in a stock whose spot price is at say, Rs.1000 and futures is at 980, then the fund may just buy the futures contract instead of the spot thereby benefiting from a lower cost option.
- (d) In case the fund has a bearish view on a stock which is trading in the spot market at Rs.1000/- and the futures market at say Rs.980/-. The fund can express such a view subject to extant SEBI regulations by initiating a short position in the futures contract. In case the view is right and the futures price depreciates to say 900/- the fund can

square up the short position thereby earning a profit of Rs. 80/-

Risk associated with this strategy:

- Lack of opportunities available in the market
- Inability of the derivatives to correlate perfectly with underlying security
- Execution risk, whereby the rates seen on the screen may not be the rates at which the ultimate execution takes place.

Strategies that use Options and the objectives of such strategies:

Option contracts are of two types - Call and Put; the former being the right, but not obligation, to purchase a prescribed number of shares at a specified price before or on a specific expiration date and the latter being the right, but not obligation, to sell a prescribed number of shares at a specified price before or on a specific expiration date. The price at which the shares are contracted to be purchased or sold is called the strike price. Options that can be exercised on or before the expiration date are called American Options, while those that can be exercised only on the expiration date are called European Options. Option contracts are designated by the type of option, name of the underlying, expiry month and the strike price. Thus options can be used to earn less volatile returns, earn the premium or use for hedging purposes etc.

Illustrations of use of Options

Call Option (Buy): The fund buys a call option at the strike price of say Rs.1000 and pays a premium of say Rs. 50, the fund would earn profits if the market price of the stock at the time of expiry of the option is more than 1050 being the total of the strike price and the premium thereon. If on the date of expiry of the option the stock price is below Rs 1000, the fund will not exercise the option while it loses the premium of Rs 50.

Put Option (Buy): The fund buys a Put Option at Rs 1000 by paying a premium of say Rs 50. If the stock price goes down to Rs. 900, the fund would protect its downside and would only have to bear the premium of Rs 50 instead of a loss of Rs 100 whereas if the stock price moves up to say Rs. 1100 the fund may let the Option expire and forego the premium thereby capturing Rs. 100 upside after bearing the premium of Rs50.

Writing a Call Option: The fund writes a call option at Rs. 1050 and earn a premium of, say, Rs. 10. If the price is higher than Rs. 1050, say Rs.1100/- at expiry then the option is exercised, the Fund earns the premium of Rs. 10/- but loses the difference between the market price and the exercise price i.e. Rs. 50/-. In case the stock price is less than Rs.1050, the fund gets to keep the premium of Rs.10/-.

Writing a Put Option: The fund writes a put option with the strike price of Rs1000 and earn a premium of say Rs 20. In case

the stock trades at Rs 950 the put option will be exercised, the fund will earn the premium of Rs.20/- but loses the difference between the exercise price and the market price which is Rs.50/- . Where the stock trades at above the exercise price, the option-holder will not exercise the option and let it expire. In this case the fund will earn the premium income of Rs. 20.

The above four option positions can be initiated in both index based options as well as stock specific options.

Risk associated with this strategy:

- Lack of opportunities available in the market
- Inability of the derivatives to correlate perfectly with underlying security
- Execution risk, whereby the rates seen on the screen may not be the rates at which the ultimate execution takes place.

The AMC retains the right to enter into such derivative transactions as may be permitted by the applicable regulations from time to time.

Debt Derivatives

In terms of Circular No. MFD.BC.191/07.01.279/1999-2000 and MPD.BC.187/07.01.279/1999-2000 dated November 1, 1999 and July 7, 1999 respectively issued by Reserve Bank of India permitting participation by Mutual Funds in Interest Rate Swaps and Forward Rate Agreements, the Fund will use derivative instruments for the purpose of hedging and portfolio balancing. The AMC would undertake the same for similar purposes only.

Interest Rate Swaps (IRS)

An IRS is an agreement between two parties to exchange stated interest obligations for an agreed period in respect of a notional principal amount. The most common form is a fixed to floating rate swap where one party receives a fixed (pre-determined) rate of interest while the other receives a floating (variable) rate of interest.

Forward Rate Agreement (FRA)

A FRA is basically a forward starting IRS. It is an agreement between two parties to pay or receive the difference between an agreed fixed rate (the FRA rate) and the interest rate (reference rate) prevailing on a stipulated future date, based on a notional principal amount for an agreed period. The only cash flow is the difference between the FRA rate and the reference rate. As is the case with IRS, the notional amounts are not exchanged in FRAs.

EXAMPLE OF A DERIVATIVES TRANSACTION

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, 2002 to September 1, 2002. A is a fixed rate receiver at 7% and B is a floating rate receiver at the overnight compounded rate.
- On March 1, 2002 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, 2002 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, 2002, 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.

The AMC retains the right to enter into such derivative transactions as may be permitted by the applicable regulations from time to time.

INVESTMENTS IN ADR / GDRS

In line with the investment objective and in accordance with guidelines issued by SEBI vide circular No SEBI/IMD/CIR NO. 7/104753/2007 dated September 26, 2007, the scheme may invest in the foreign/overseas securities and such other securities as may be permitted by SEBI/RBI from time to time.

SEBI vide its circular no. SEBI/IMD/CIR No2/122577/08 dated April 08, 2008 has increased the aggregate ceiling for the mutual fund industry to invest in following securities Up to US \$ 7 billion, and within this limit of US \$ 7 billion, individual

Mutual Fund can make overseas investments in following securities to a maximum of US \$ 300 million. Following are the securities in which a mutual fund scheme can invest:

SEBI vide circular dt. September 26, 2007 has permitted mutual funds to invest in following types of foreign securities:

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

Mutual Funds are also permitted to invest in overseas Exchange Traded Funds (ETFs) cumulatively upto US\$ 1 billion with a sub – ceiling of US \$ 50 million for individual Mutual Fund. Portfolio of overseas / foreign securities shall be managed by a dedicated Fund Manager. While selecting the securities, the Fund Manager may rely on the inputs received from internal research or research conducted by external agencies in various geographies. The fund may also appoint overseas investment advisors / managers to advise / manage portfolio of foreign securities.

The investment in such Overseas Financial Assets shall not exceed the limit as may be imposed by SEBI/ RBI from time to time.

AMC believes that overseas securities offer new investment and portfolio diversification opportunities into multi-market and multicurrency products. However, such investments also entail additional risks.

The Fund may, where necessary, appoint other intermediaries of repute as advisors, sub-managers, or sub custodians for managing and administering such investments. The appointment of such intermediaries shall be in accordance with the applicable requirements, if any, of SEBI.

To manage risk associated with foreign currency and interest rate exposure and for efficient portfolio management, the fund may use derivatives such as cross currency swaps etc. The use of derivatives would be in accordance with the prevailing regulations.

Procedure & Recording of Investment Decisions and Risk Control

All investment decisions, relating to the Scheme, will be undertaken by the AMC in accordance with the Regulations and the investment objectives specified in this Scheme Information Document. All investment decisions taken by the AMC in relation to the Scheme shall be recorded.

The Investment Management Committee (IMC) consisting of senior employees including the Managing Director of the AMC to over see the Investment function, will be responsible for laying down the broad Investment Policy and the Specific scheme mandates, in addition to monitoring scheme performance and reviewing portfolio strategy. The risk control parameters would be laid down for each scheme based on the objectives of the scheme and prudent fund management practices will ensure that investor monies are invested in the appropriate risk/reward environment. The AMC would ensure that investments are made in accordance with the regulatory / internal guidelines, if any. Internal guidelines may be set by the AMC from time to time and reviewed in line with the market dynamics.

The designated Fund manager of the scheme will be responsible for taking the day-to-day investment decisions and will inter-alia be responsible for asset allocation, security selection and timing of investment decisions.

The Scheme performance would be benchmarked to the S&P CNX Nifty Index. The fund reserves the right to change the said benchmark and/or adopt one/more other benchmarks to compare the performance of the Scheme.

In case of investments in debt instruments, the AMC aims to identify securities, which offer superior levels of yield at lower levels of risks. With the aim of controlling risks, the investment team of the AMC will carry out requisite credit evaluation of the securities. Rated Debt instruments in which the Scheme invests will be of investment grade as rated by a credit rating agency. The AMC will be guided by the ratings of Rating Agencies such as CRISIL, CARE, ICRA and Fitch or any other rating agencies that may be registered with SEBI from time to time. In case a debt instrument is not rated, prior approval of the Board of Directors of Trustee and the AMC will be obtained for such an investment.

The AMC may approach rating agencies such as CRISIL, ICRA, etc for ratings of the scheme. The Scheme may use various derivatives 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 holders' interests.

The Scheme may invest in other Schemes managed by the AMC or in the Schemes of any other Mutual Funds, provided it is in conformity to the investment objectives of the Scheme and in terms of the prevailing Regulations. As per the Regulations, no investment management fees will be charged for such investments and the aggregate inter-Scheme investment made by all Schemes of IDFC Mutual Fund or in the Schemes under the management of other asset management companies shall not exceed 5% of the net asset value of the IDFC Mutual Fund. The limit however does not apply to any Fund of Funds scheme. For the present, the Scheme does not intend to enter into underwriting obligations. However, if the Scheme does enter into an underwriting agreement, it would do so after complying with the Regulations.

Portfolio Turnover

Portfolio turnover in the scheme will be a function of market opportunities. It is difficult to estimate with any reasonable measure of accuracy, the likely turnover in the portfolio. The AMC will endeavor to optimize portfolio turnover to optimize risk adjusted return keeping in mind the cost associated with it. A high portfolio turnover rate is not necessarily a drag on portfolio performance and may be representative of investment opportunities that exist in the market.

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 the Scheme

An Open-ended Equity Scheme.

(ii) Investment Objective

The investment objective of the Scheme is to seek to generate capital growth from a portfolio of predominantly equity and equity-related instruments (including equity derivatives). The scheme may also invest in debt and money market instruments to generate reasonable income.

There is no assurance or guarantee that the objectives of the scheme will be realized and the scheme does not assure or guarantee any returns.

Asset Allocation Pattern as defined in Section C

(iii) Terms of Issue

Redemption of Units as detailed in Section III of this document.

Fees and Expenses as specified in Section IV of this document,

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) and the Plan(s) / Option(s) thereunder and affect the interests of Unitholders is carried out unless:

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

G. HOW WILL THE SCHEME BENCHMARK ITS PERFORMANCE?

Currently no AMFI - recognised benchmark is available for strict comparison for the Scheme. However S&P CNX Nifty Index being a widely used benchmark in the market, the same has been selected as a standard benchmark for the purpose of this Scheme.

H. WHO MANAGES THE SCHEME?

The Fund Manager of the Scheme is Mr. Kenneth Andrade. His particulars are given below:

Mr. Kenneth Andrade Head - Investments B. Com 15 Years

He has around 15 years experience in Equity Research & fund management. In his last assignment has been designated as Fund Manager (Equity) with Kotak Mahindra Asset Management Company Limited (July 2002- Sept.2005), managed equity portfolios. SSKI Investor Services (March 1999- July 2001)& (Jan 2002 –July 2002) was involved in Portfolio advisory –Retail Broking Services, Nimbus Communications-(July 2001-Jan 2002) was involved in Broadcasting – Content Development, LKP Shares & Stock Brokers Pvt. Ltd (January 1998- March 1999) was a Analyst -Equity Research, Meghraj Financial Services (July 1996-July 1998) was a Portfolio Manager Age : 38 years

Mr. Kenneth Andrade also manages the following schemes of IDFC Mutual Fund:

IDFC Imperial Equity Fund (IEF), IDFC Strategic Sector (50-50) Equity Fund, IDFC Premier Equity Fund (IDFC-PEF), IDFC Small & Midcap (SME) Equity Fund (IDFC-SMEF) and IDFC Tax Advantage (ELSS) Fund

I. WHAT ARE THE INVESTMENT RESTRICTIONS?

Pursuant to the Regulations and amendments thereto, the following investment restrictions are presently applicable to the Scheme:

- 1) The Fund under all its schemes shall not own more than 10% of any company's paid up capital carrying voting rights.

- 2) The Scheme shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relative securities and in all cases of sale, deliver the securities and shall in no case put itself in a position whereby it has to make short sale or carry forward transaction or engage in badla finance (except as permitted under the extant regulations, from time to time).
- 3) The Scheme shall not invest more than 10% of its net assets in equity shares or equity related instruments of any company.
- 4) The Scheme shall not invest more than 10% of its net assets in unlisted equity shares or equity related instruments.
- 5) Debt instruments in which the Scheme invests should be rated as investment grade by a credit rating agency. Till the regulations so require, not more than 15% of the Net Assets of the Scheme shall be invested in debt instruments issued by a single issuer. Provided that such investment limit may be exceeded to 20% of the Net Assets of the Scheme with the prior approval of the Board of Trustees and the Board of AMC till such time the regulation requires such approvals. . Provided further that investment within such limit can be made in mortgaged backed securitised debt which are rated not below investment grade by a rating agency registered with SEBI.

The scheme shall not invest more than thirty percent of its net assets in money market instruments of an issuer. Provided that such limit shall not be applicable for investments in Government securities, treasury bills and collateralized borrowing and lending obligations.
- 6) All investments in unrated debt instruments shall be made with the prior approval of the Board of the AMC and the Trustee till the regulations so require. SEBI vide its circular no.MFD/CIR/9/120/2000 dated November 24, 2000 has permitted the Mutual Fund to constitute a committee for Investment in Unrated debt Instruments. The said committee can approve such investments based on parameters laid down by the Board of AMC and the Trustees and details of such investments should be communicated by the AMC to the Trustees in their periodical/ quarterly reports along with a disclosure regarding how the parameters have been complied with. Further, the Scheme shall not invest more than 10% of its Net Assets in unrated instruments by a single issuer and the total investment in such instruments shall not exceed 25% of the Net Assets of the Scheme till the regulations so require. Provided further that investment within such limit can be made in mortgaged backed securitised debt, which are rated not below investment grade by a rating agency, registered with the Board.

Debentures, irrespective of any residual maturity period (above or below one year), shall attract the investment restrictions as applicable to debt instruments under clause 1 and 1 A of the VII Schedule to the regulations.
- 7) Till the regulations so require, the Scheme shall not make any investment in:
 - a) any unlisted security of an associate or group company of the sponsor;
 - 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% of the net assets.
- 8) Transfer of investments from one Scheme to another Scheme in the same Mutual Fund is permitted provided:
 - a) such transfers are done at the prevailing market price for quoted instruments on a spot basis (spot basis shall have the same meaning as specified by a Stock Exchange for spot transactions); transfer of unquoted securities will be made as per the policies laid down by the Trustees from time to time, and
 - b) the securities so transferred shall be in conformity with the investment objective of the Scheme to which such transfer has been made.
- 9) The Scheme may invest in other Schemes under the same AMC or any other Mutual Fund without charging any fees, provided the aggregate inter-Scheme investment made by all the Schemes under the same management or in Schemes under management of any other asset management company shall not exceed 5% of the Net Asset Value of the Fund. Provided that this clause shall not apply to any Fund of Funds scheme.
- 10) The Fund shall get the securities purchased transferred in the name of the Fund on account of the concerned Scheme, wherever investments are intended to be of a long-term nature.
- 11) The Fund may buy and sell securities on the basis of deliveries and will not make any short sales or engage in carry forward transactions except as and when permitted by the RBI in this regard (for example "when issued market" transactions).
- 12) All the Scheme's investments will be in transferable securities or bank deposits or in money at call or any such facility provided by RBI in lieu of call.
- 13) No loans for any purpose can be advanced by the Scheme.
- 14) The Fund shall not borrow except to meet temporary liquidity needs of the Fund for the purpose of repurchase/ redemption of units or payment of interest and/or dividend to the Unitholders, provided that the Fund shall not borrow

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

- 15) Pending deployment of funds of a Scheme in securities in terms of investment objectives of the Scheme, the AMC can invest the funds of the Scheme in short-term deposits of scheduled commercial banks or in call deposits.
- 16) The Scheme may also use various hedging and derivative products from time to time, as are available and permitted by SEBI, in an attempt to protect and enhance the interests of the Unitholders at all times. Derivatives are contractual instruments whose performance is derived from that of an underlying asset.
- 17) The scheme shall not make any investment in a Fund of Funds scheme.

The Scheme will comply with SEBI regulations and any other Regulations applicable to the investments of Mutual Funds from time to time. The Trustees may alter the above restrictions

from time to time to the extent that changes in the Regulations may allow and/or as deemed fit in the general interest of the Unitholders.

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

J. HOW HAS THE SCHEME PERFORMED?

IDFC Enterprise Equity Fund

| Compounded annualised returns | Scheme returns % | Benchmark returns % |
|--|-----------------------------|--------------------------------|
| Last 1 year | 74.04 | 75.76 |
| Last 2 years | -7.90 | -7.94 |
| Last 3 years | 7.87 | 9.34 |
| CAGR Since allotment | 11.51 | 18.19 |

Benchmark - Crisil Composite Bond Fund Index

Past performance may or may not be substantiated in future.

Performance of the Scheme (As on December 31, 2009)

III. UNITS AND OFFER

This section provides details you need to know for investing in the scheme.

A. NEW FUND OFFER / CONTINUOUS OFFER

NFO opened on : 19th April, 2006

NFO closed on : 16th May, 2006

The scheme was converted into open ended scheme on June 10, 2009.

During the Continuous Offer of the Scheme, the units will be available at the NAV.

FACE VALUE OF UNITS

The face value of each unit issued under the scheme shall be Rs.10/- (Rupees ten).

Minimum Amount for Application in the NFO and during the ongoing offer

The minimum application amount per option is Rs. 5000/- and in multiple of Re. 1/- thereafter. There would be no maximum limit.

Options offered

Under the scheme, investors may choose either the Growth Option or the Dividend Option

(i) Growth Option

The scheme will generally not declare any dividend under this option. The income attributable to units under this option will continue to remain invested in the scheme and will be reflected in the Net Asset Value of units under this option

(ii) Dividend Option

Under this option, the Fund will endeavour to declare dividends as and when deemed fit by the Fund and/or on &/or before the closure of the scheme. In case no dividend is declared during the tenure of the scheme or at closure, the net surplus, if any, will remain invested and be reflected in the NAV.

Dividends, if declared, will be paid out of the net surplus of the Scheme to those Unitholders whose names appear in the Register of Unitholders on the record date. The actual date for declaration of dividend will be notified suitably to the Registrar. Unitholders are entitled to receive dividend within 30 days of the date of declaration of the dividend. However, the Mutual Fund will endeavour to make dividend payments sooner to Unitholders. There is no assurance or guarantee to Unitholders as to the rate of dividend distribution nor that dividends will be paid, though it is the intention of the Mutual Fund to make dividend distributions.

The AMC reserves the right to declare dividend at weekly / monthly / quarterly / half yearly / annual or any other intervals as it may deem appropriate.

For details on taxation of dividend, please refer to the section on 'Tax Benefits of Investing in the Mutual Fund' in the Statement of Additional Information.

The Investors should note that NAVs of the Dividend Option and the Growth Option will be different after the declaration of dividend under the Scheme.

Dividend Re investment facility:

Investors opting for the Dividend Option may choose to re-invest the dividend to be received by them in additional Units of the Scheme. Under this provision, the dividend due and payable to the Unitholders will compulsorily and without any further act by the Unitholders, be re-invested in the same option (at the first ex-dividend NAV). The dividends so re-invested shall constitute a constructive payment of dividends to the Unitholders and a constructive receipt of the same amount from each Unitholder for re-investment in Units.

On re-investment of dividends, the number of Units to the credit of the Unitholder will increase to the extent of the dividend re-invested divided by the NAV applicable as explained above. There shall, however, be no entry load on the dividends so re-invested

Dividend Policy

Dividend declaration and distribution shall be in accordance with SEBI Regulations as applicable from time to time. The AMC reserves the right to declare dividend from time to time, depending on availability of distributable surplus.

ACCOUNT STATEMENTS

An Account Statement will be sent by ordinary post / courier / any other permitted mode, to each Unitholder, stating the number of Units allotted, not later than 30 Days from the close of the New Fund Offer Period / date of transaction (during the continuous offer). The account statement shall not be construed as a proof of title and is only a computer generated statement indicating the details of transactions under the Scheme and is a non-transferable document. The account statement will be issued in lieu of Unit Certificate/s.

UNIT CERTIFICATES

Normally no Unit Certificates will be issued. However, if the applicant so desires, the AMC shall issue a non-transferable Unit Certificate to the applicant within 6 weeks of the receipt of request for the certificate. A Unit Certificate if issued must be duly discharged by the Unitholder(s) and surrendered along with the request for redemption/switch or any other transaction of Units covered therein.

REFUND

In accordance with the Regulations, if the Scheme fails to collect the minimum subscription amount as specified above, the Fund shall be liable to refund the money to the applicants.

In addition to the above, refund of subscription money to applicants whose applications are invalid for any reason whatsoever will commence immediately after the allotment process is completed. Refunds will be completed within six weeks of the close of the New Fund Offer Period. If the Fund

refunds the amount after six weeks, interest @ 15% per annum shall be paid by the AMC. Refund orders will be marked "Account Payee only" and drawn in the name of the applicant in the case of the sole applicant and in the name of the first applicant in all other cases.

WHO CAN INVEST?

The following persons may apply for subscription to the Units of the Scheme (subject, wherever relevant, to purchase of units of Mutual Funds being permitted under respective constitutions, relevant statutory regulations and with all applicable approvals) :

- Resident adult individuals either singly or jointly
- Minor through parent/lawful guardian
- Companies, Bodies Corporate, Public Sector Undertakings, association of persons or bodies of individuals whether incorporated or not and societies registered under the Societies Registration Act, 1860 (so long as the purchase of units is permitted under the respective constitutions).
- Trustee(s) of Religious and Charitable and Private Trusts under the provision of Section 11(5) (xii) of the Income Tax Act, 1961 read with Rule 17C of Income Tax Rules, 1962 (subject to receipt of necessary approvals as "Public Securities" where required)
- The Trustee of Private Trusts authorised to invest in mutual fund Schemes under their trust deed.
- Partner(s) of Partnership Firms.
- Karta of Hindu Undivided Family (HUF).
- Banks (including Co-operative Banks and Regional Rural Banks), Financial Institutions and Investment Institutions.
- Non-resident Indians/Persons of Indian origin residing abroad (NRIs) on full repatriation basis or on non-repatriation basis.
- Foreign Institutional Investors (FIIs) registered with SEBI on full repatriation basis.
- Army, Air Force, Navy and other para-military funds.
- Scientific and Industrial Research Organizations.
- Mutual fund Schemes.
- Provident/Pension/Gratuity and such other Funds as and when permitted to invest.
- International Multilateral Agencies approved by the Government of India.
- Others who are permitted to invest in the Scheme as per their respective constitutions
- Other Schemes of IDFC Mutual Fund subject to the conditions and limits prescribed in SEBI Regulations and/or by the Trustee, AMC or sponsor may subscribe to the units under this Scheme.

Subscriptions from residents in the United States of America and Canada shall not be accepted by the Scheme. The Fund reserves the right to include / exclude new / existing categories of investors to invest in this Scheme from time to time, subject to regulatory requirements, if any. This is an indicative list and investors are requested to consult their financial advisor to ascertain whether the scheme is suitable to their risk profile. Where can you submit the filled up applications. Filled up applications can be submitted at the Offices of the collecting bankers, as per the details given on the last few pages of this document including the back cover page.

HOW TO APPLY?

Please refer to the SAI and Application form for the instructions.

Mode of Payment

Investors may make payments for subscription to the Units of the Scheme at the bank collection centres by local Cheque/Pay Order/Bank Draft, drawn on any bank branch, which is a member of Bankers Clearing House located in the Official point of acceptance of transactions where the application is lodged or by giving necessary debit mandate to their account or by any other mode permitted by the AMC.

Cheques/Pay Orders/Demand Drafts should be drawn as follows:

1. The Cheque/DD/Payorder should be drawn in favour of **IDFC Enterprise Equity Fund (IDFC-EEF)** as mentioned in the application form/addendum at the time of the launch. Please note that all cheques/DDs/ payorders should be crossed as "Account payee".
2. Centres other than the places where there are Official point of acceptance of transactions as designated by the AMC from time to time, are Outstation Centres. Investors residing at outstation centres should send demand drafts drawn on any bank branch which is a member of Bankers Clearing House payable at any of the places where an Official point of acceptance of transactions is located.

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

MANDATORY QUOTING OF BANK MANDATE AND PAN NUMBER BY INVESTORS

Pursuant to SEBI Circular No. SEBI/IMD/CIR No. 6/4213/04 dated March 1, 2004 it is mandatory for investors to mention their bank account number in their application/request for redemption. As per SEBI Circular No. MRD/DoP/Cir- 05/2007 dated April 27, 2007, it is now mandatory that Permanent Account Number (PAN) issued by the Income Tax Department would be the sole identification number for all participants transacting in the securities market, irrespective of the amount of transaction. Accordingly investors will be required to furnish

a copy of PAN together with request for fresh purchases, additional purchases and systematic investments registration (SIP) (SIP in case the aggregate investment is more than 50,000 p.a). All SIP applications with total investments of Rs 50,000 or more in one financial year are classified as "Normal SIP" and PAN number is mandatory for all such applications. However if the total investment is less than Rs 50,000/-, in one financial year it is classified as Micro SIP. Pursuant to the requirement of SEBI circular dated June 19, 2009, investor participating only in micro-pension i.e Micro SIP, may not be required to obtain PAN. However any one of the following PHOTO identification documents can be submitted along with Micro SIP application as a proof of identification (self attested by the investor or ARN holder) in lieu of PAN :

1. Voter Identity Card
2. Driving License
3. Government / Defense identification card
4. Passport
5. Photo Ration Card
6. Photo Debit Card (Credit card not included because it may not be backed up by a bank account).
7. Employee ID cards issued by companies registered with Registrar of Companies (database available in the following link of Ministry of Company affairs <http://www.mca.gov.in/DCAPortalWeb/dca/MyMCALogin.do?method=setDefaultProperty&mode=31>)
8. Photo Identification issued by Bank Managers of Scheduled Commercial Banks / Gazetted Officer / Elected Representatives to the Legislative Assembly / Parliament
9. ID card issued to employees of Scheduled Commercial / State / District Co-operative Banks.
10. Senior Citizen / Freedom Fighter ID card issued by Government.
11. Cards issued by Universities / deemed Universities or institutes under statutes like ICAI, ICWA, ICSI.
12. Permanent Retirement Account No (PRAN) card issued to New Pension System (NPS) subscribers by CRA (NSDL).
13. Any other photo ID card issued by Central Government / State Governments /Municipal authorities / Government organizations like ESIC / EPFO.

Application Forms without these information and documents will be considered incomplete and are liable to be rejected without any reference to the investors. The procedure implemented by the AMC and the decisions taken by the AMC in this regard shall be deemed final.

LISTING AND TRANSFER OF UNITS

The Units of the Scheme are presently not proposed to be listed on any stock exchange and no transfer facility is provided. However, the Fund may at its sole discretion list the Units under the Scheme on one or more Stock Exchanges at a later date, and thereupon the Fund will make a suitable public announcement to that effect.

If a person becomes a holder of the Units consequent to operation of law, or upon enforcement of a pledge, the Fund will, subject to production of satisfactory evidence, effect the transfer, if the transferee is otherwise eligible to hold the Units. Similarly, in cases of transfers taking place consequent to death, insolvency etc., the transferee's name will be recorded by the Fund subject to production of satisfactory evidence.

PLEDGE OF UNITS FOR LOANS

The Units can be pledged by the Unitholders as security for raising loans subject to the conditions of the lending institution. The Registrar will take note of such pledge (by marking a lien etc.) / charge in its records. Disbursement of such loans will be at the entire discretion of the lending institution and the fund assumes no responsibility thereof.

The pledgor will not be able to redeem Units that are pledged until the entity to which the Units are pledged provides written authorisation to the fund that the pledge/lien charge may be removed. As long as Units are pledged, the pledgee will have complete authority to redeem such Units. Decision of the AMC shall be final in all cases of lien marking.

SUSPENSION OF REDEMPTION / REPURCHASE OF UNITS AND DIVIDEND DISTRIBUTION

The Mutual Fund at its sole discretion reserves the right to withdraw repurchase or switching of Units of the Scheme, temporarily or indefinitely, if in the opinion of the AMC the general market conditions are not favourable and /or suitable investment opportunities are not available for deployment of funds. However, the suspension of repurchase/switching either temporarily or indefinitely will be with the approval of the trustee. The AMC reserves the right in its sole discretion to withdraw the facility of switching out of the Scheme, temporarily or indefinitely. Further, the AMC & Trustee may also decide to temporarily suspend determination of NAV of the Scheme offered under this Document, and consequently redemption of Units, declaration and distribution of dividend in any of the following events :

1. When one or more stock exchanges or markets, which provide basis for valuation for a substantial portion of the assets of the Scheme are closed otherwise than for ordinary holidays.
2. When, as a result of political, economic or monetary events or any circumstances outside the control of the Trustee and the AMC, the disposal of the assets of the Scheme is

not reasonable, or would not reasonably be practicable without being detrimental to the interests of the Unitholders.

3. In the event of a breakdown in the means of communication used for the valuation of investments of the Scheme, without which the value of the securities of the Scheme cannot be accurately calculated.
4. During periods of extreme volatility of markets, which in the opinion of the AMC are prejudicial to the interests of the Unitholders of the Scheme.
5. In case of natural calamities, strikes, riots and bandhs.
6. In the event of any force majeure or disaster that affects the normal functioning of the AMC or the Registrar.
7. During the period of Book Closure.
8. If so directed by SEBI.

In the above eventualities, the time limits indicated above, for processing of requests for redemption of Units and/or distribution of dividend will not be applicable. Further an order to purchase units is not binding on and may be rejected by the Trustee, the AMC or their respective agents until it has been confirmed in writing by the AMC or its agents and payment has been received. The suspension or restriction of repurchase/redemption facility under the scheme shall be made applicable only after the approval of the Board of Directors of the Asset Management Company and the Trustee and the details of the circumstances and justification for the proposed action shall be informed to SEBI in advance.

PHONE TRANSACT

All individual investors in the scheme applying on "Sole" or "Anyone or Survivor" basis in their own capacity shall be eligible to avail of phonetransact facilities for permitted transactions inter alia on the following terms and conditions:

"Terms and Conditions" mean the terms and conditions set out below by which the Facility shall be used/availed by the Unit holder and shall include all modifications and supplements made by AMC thereto from time to time.

In order to access the Facility, the Unit holder shall be required to give Basic Identification Data (BID) to IDFC Asset Management Company Ltd. (AMC) based on which the AMC may allow access to the Facility. The BID may be enhanced / modified by the AMC from time to time. The unitholder must provide additional BID as & when required by the AMC.

The AMC has a right to ask such information from the available data of the Unit holder before allowing him/her access to avail of the Facility. If for any reason, the AMC is not satisfied with the replies of the Unit holder, the AMC has at its sole discretion the right of refusing access without assigning any reasons to the Unit holder.

It is clarified that the Facility is only with a view to accommodate /facilitate the Unit holder and offered at the sole discretion of the AMC. The AMC is not bound and/or obliged in any ways to give access to Facility to Unit holder.

AMC may periodically provide the Unit holder with a written statement of all the transactions made by the Unit holder on a regular/as & when basis, as is being currently done.

The Unit holder shall check his/her account records carefully and promptly. If the Unit holder believes that there has been a mistake in any transaction using the Facility, or that unauthorised transaction has been effected, the Unit holder shall notify AMC immediately. If the Unit holder defaults in intimating the alleged discrepancies in the statement within a period of thirty days of receipt of the statements, he waives all his rights to raise the same in favour of the AMC, unless the discrepancy /error is apparent on the face of it.

By opting for the facility the Unit holder hereby irrevocably authorises and instructs the AMC to act as his /her agent and to do all such acts as AMC may find necessary to provide the Facility.

The Unit holder shall not disclose/divulge the BID to any person and shall ensure that no person gains access to it.

The Unit holder shall at all times be bound by any modifications and/or variations made to these Terms and Conditions by the AMC at their sole discretion and without notice to them.

The Unit holder agrees and confirms that the AMC has the right to ask the Unit holder for an oral or written confirmation of any transaction request using the Facility and/or any additional information regarding the Account of the Unit holder.

The Unit holder agrees and confirms that the AMC may at its sole discretion suspend the Facility in whole or in part at any time without prior notice if (i) the Unit holder does not comply with any of the Terms and Conditions or any modifications thereof, (ii) the AMC has the reason to believe that such processing is not in the interest of the Unit holder or is contrary to Regulation/Scheme Information Documents/amendments to the Scheme Information Documents and (iii) otherwise at the sole discretion of the AMC in cases amongst when the markets are volatile or when there are major disturbances in the market, economy, country, etc.

The Unit holder shall not assign any right or interest or delegate any obligation arising herein.

The Unit holder agrees that it shall be his/her sole responsibility to ensure protection and confidentiality of BID and any disclosures thereof shall be entirely at the Unit holder's risk.

The Unit holder shall take responsibility for all the transactions conducted by using the Facility and will abide by the record of transactions generated by the AMC. Further, the Unit Holder

confirms that such records generated by the AMC shall be conclusive proof and binding for all purposes and may be used as evidence in any proceedings and unconditionally waives all objections in this behalf.

The Unit holder shall, in case of accounts opened in the names of minors and being the natural guardian of such minor, give all instructions relating to the operation of the account and shall not, at any point of time disclose the BID to the minor / any other person AMC shall be notified immediately if a record of the BID, is lost or stolen or if the Unit holder is aware or suspects another person knows or has used his/her BID without authority.

The Unit holder agrees and acknowledges that any transaction, undertaken using the Unit holder's BID shall be deemed to be that of the Unit holder. If any third party gains access to the Facility, the Unit holder agrees to indemnify the AMC and its directors, employees, agents and representatives against any liability, costs, or damages arising out of claims or suits by such other third parties based upon or related to such access or use.

The Unit holder agrees that use of the Facility will be deemed acceptance of the Terms and Conditions and the Unit holder will unequivocally be bound by these Terms and Conditions.

Indemnities in favour of the IDFC AMC:

The Unit holder shall not hold the AMC liable for the following:

For any transaction using the Facilities carried out in good faith by the AMC on instructions of the Unit holder.

For the unauthorized usage/unauthorised transactions conducted by using the Facility.

For any loss or damage incurred or suffered by the Unit holder due to any error, defect, failure or interruption in the provision of the Facility arising from or caused by any reason whatsoever.

For any negligence / mistake or misconduct by the Unit holder and/or for any breach or non-compliance by the Unit holder of the rules/terms and conditions stated in this Agreement.

For accepting instructions given by any one of the Unit holder in case of joint account/s having mode of operations as "Either or Survivor" or "anyone or survivor".

For not verifying the identity of the person giving the telephone instructions in the unit holder name.

For not carrying out any such instructions where the AMC has reason to believe (which decision of the AMC the Unit holder shall not question or dispute) that the instructions given are not genuine or are otherwise improper, unclear, vague or raise a doubt.

The AMC may assign any of its rights under these terms and conditions without the consent of the Unit holder to any of the AMC's group companies, subsidiary or Associate Company or such other company which the AMC deems suitable for provision of this Facility.

All other investors in the scheme/plan will be eligible to avail of phonetransact facilities for permitted transactions (as may be decided by the AMC from time to time) by entering into an agreement with the AMC/Mutual Fund. Requests like change in bank mandate, change of nomination, change in mode of holding, change of address or such other requests as the AMC may decide from time to time will not be permitted using the phonebanking facility. The AMC/Mutual Fund reserves the right to modify the terms and conditions of the service from time to time as may be deemed expedient or necessary.

B. ONGOING OFFER DETAILS

Ongoing Offer Period

This is an Open Ended equity scheme and units shall be applicable for subscription within 30 days from the date of closure of the NFO

Ongoing price for subscription (purchase)/switch-in (from other schemes/plans of the mutual fund) by investors. :

During the continuous offer of the schemes, the units will be available at the applicable NAV.

Ongoing price for redemption (sale) /switch outs (to other schemes/plans of the Mutual Fund) by investors:

At the applicable NAV subjects to prevailing exit load.

This is the price you will receive for redemptions/switch outs.

Example: If the applicable NAV is Rs. 10, exit load is 2% then redemption price will be:

$$Rs. 10 * (1 - 0.02) = Rs. 9.80$$

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

SWITCH FACILITY

Switching from any Schemes of the Mutual Fund to this Scheme

Unitholders under the Scheme have the option to switch part or all of their holdings in any scheme launched by the Mutual Fund, or within the Scheme from one Option to another, subject to conditions attached to that scheme, which is available for investment at that time. This Option will be useful to Unitholders who wish to alter the allocation of their investment among the scheme(s)/ plans of the Mutual Fund in order to meet their changed investment needs or risk profiles.

The switch will be effected by way of a redemption of Units from one Scheme / Plan/ Option and a reinvestment of the redemption proceeds in the other Scheme/ Plan/ sub plan/option

and accordingly, to be effective, the switch must comply with the redemption rules of the Scheme and the issue rules of the other scheme (for e.g. as to the minimum number of Units that may be redeemed or issued). The price at which the Units will be switched out of the Scheme/options will be based on the Applicable NAV of the relevant Scheme/ Plan(s)/ sub plans/ options and considering any exit/entry/ combination of entry and exit loads if any that the AMC/ Trustee may approve from time to time.

Investors who hold Units in any open ended schemes launched or to be launched hereafter of the Mutual Fund and also investors who holds Units in Plan/(s) of any close ended scheme launched or to be launched hereafter, may switch all or part of their holdings to any of the scheme available for subscription under this SID during the New Fund Offer Period of the scheme. The switch from any close ended fund will be subject to applicable repurchase &/or maturity date of the respective Scheme/(s) or Plan/(s) and will be permitted only on such dates of respective Plans/Schemes.

Investors so desiring to switch may submit a switch request, already available with them along with an application form of the Scheme indicating therein the details of the scheme to which the switch is to be made. Applications for switch as above should specify the amount/Units to be switched from out of the Units held in any of the existing Schemes of the Fund. The switch request will be subject to the minimum application size and other terms and conditions of the SID of this Scheme and the scheme from which the amount is switched out.

The Applicable NAV for switching out of the existing open-ended funds will be the NAV of the Business Day on which the switch request, complete in all respects, is accepted by the AMC, subject to the cut-off time and other terms specified in the SID of the respective existing open-ended Schemes. Similarly the applicable NAV for switching out of the existing close – ended funds will be the applicable NAV (after considering applicable loads) on the specified repurchase date for such Plan(s), subject to the switch request, complete in all respects, being accepted by the AMC, and subject to the availability of repurchase facility and other terms specified in the SID of the respective existing closed-end Schemes.

Investors should note that the amount invested under Sections 54EB in the Investment Plans of IDFC Super Saver Income Fund would have to be locked-in for a period of seven years and the Units so allotted cannot be switched to another Scheme/option during the lock-in period of seven years. This is subject to any change that may be effected in the Income-tax Act, 1961 or any guidelines / amendments / rules / clarifications issued by the Central Board of Direct Taxes.

Switch from this Scheme to any other eligible Schemes of the Mutual Fund

Investors who hold Units of the Scheme may switch all or part of their holdings to any (to be launched hereafter) other Open-end/close- ended Scheme/s (where switch-in is permitted) of the Mutual Fund.

Investors so desiring to switch may submit a switch request, already available with them, indicating therein the details of the Scheme or any other Scheme of the Mutual Fund to which the switch is to be made. Applications for switch as above should specify the amount/Units to be switched from out of the Units held. The switch request will be subject to the minimum application size and other terms and conditions under this Scheme information document and the terms and conditions of the Scheme to which the amount is switched into.

Note:

The switch will be effected by redeeming Units from the Scheme in which the Units are held and investing the net proceeds in the other Scheme(s)/Plan(s), subject to the minimum balance applicable for the respective Scheme(s)/ Plan(s).

The price at which the Units will be switched out of the Scheme(s) /Plan(s) will be based on the Applicable NAV of the relevant Scheme(s)/ Plan(s) and after considering any loads that the Trustee may approve from time to time

Cut off timing for subscriptions/ redemptions/ switches

The Scheme is an open ended equity scheme. Subscription facility is available on a continuous basis.

The following cut-off timings shall be observed by the fund in respect of repurchase / switch out of units in the scheme / plans, and the following NAVs shall be applied for such repurchase / switch out (repurchase / switch out facility shall be on specified repurchase date(s) / at maturity) :

- a. where the application received upto 3.00 pm – closing NAV of the day of receipt of application; and
- b. an application received after 3.00 pm – closing NAV of the next business day.

Where can the applications for purchase/redemption switches be submitted ?

The redemption/ repurchase requests can be made on the transaction slip for redemption available at the Official point of acceptance of transactions or the office of the Registrar or the offices of the AMC on any business day (as per details given in the last few pages and the back cover page of this document).

In case the Units are standing in the names of more than one Unitholder, where mode of holding is specified as 'Jointly', redemption requests will have to be signed by all joint holders.

However, in cases of holding specified as 'Anyone or Survivor', any one of the Unitholders will have the power to make redemption requests, without it being necessary for all the Unitholders to sign. However, in all cases, the proceeds of the redemption will be paid only to the first-named holder.

The Unitholder may either request for mailing of the redemption proceeds to his/her address or the collection of the same from the Official point of acceptance of transactions.

Minimum Application Amount (subscription): Rs. 5000 per application and in multiples of Re.1/- . The requirements of Minimum application amount will however not apply to SIPs / STPs, as mentioned in the scheme information document.

Minimum amount for redemption: Rs 1

Minimum balance to be maintained and consequences of non maintenance: Rs. 500/-. The Fund may close a Unitholder's account if, as a consequence of redemption/ repurchase, the balance falls below Rs.500/-. In such a case, entire Units to the Unitholder's account will be redeemed at the Applicable NAV with the applicable Load, if any, and the account will be closed.

Special Products / facilities available during the New Fund offer and the Ongoing offer

SYSTEMATIC INVESTMENT PLAN (SIP)

Unitholders of the scheme can avail the benefit of opting for SIP. For a SIP the unitholder is required to invest specified sum of money each month, being minimum amounts of Rs.1000/- respectively, i.e. Unitholders who wish to invest on a monthly basis can invest a minimum of Rs. 1000/- and in multiples of Re 1/- thereafter.

The unitholder wish to opt for monthly SIP has to commit investment by providing the Registrar with at least six post dated cheques/debit mandate/mandate form for Electronic Clearing System (ECS)/ such other instrument as recognized by AMC from time to time for a block of 6 months in advance.

SIP can commence on any date as desired and specified by the unitholder in SIP application form. cheques/debit mandate/mandate form for Electronic Clearing System (ECS)/ such other instrument as recognized by AMC from time to time should be drawn in favour of the respective schemes.

SIP will also be available for weekly and fortnightly basis. In case of weekly SIP, SIP is available on 7th, 14th, 21st and 28th of the month and in case of fortnightly on the 1st & 16th of the month. If SIP day falls on non-business day, the SIP transaction shall be processed on the next business day.

The AMC reserves the right to introduce SIPs at such other frequencies such as quarterly / half-yearly etc. as the AMC may feel appropriate from time to time.

SYSTEMATIC WITHDRAWAL PLAN (SWP):

Unitholders of the Scheme have the benefit of enrolling themselves in the Systematic Withdrawal Plan. The SWP allows the Unitholder to withdraw a specified sum of money periodically from his investments in the Scheme. SWP is ideal for investors seeking a regular inflow of funds for their needs. It is also ideally suited to retirees or individuals who wish to invest lumpsums and withdraw from the investment over a period of time.

Systematic Withdrawal Plan - As per amount indicated by the Unitholder

The minimum amount which the Unitholder can withdraw is Rs. 500 and in multiples of Re. 1 thereafter. Unitholders may change the amount indicated in the SWP, subject to a minimum amount of Rs. 500 and in multiples of Re. 1 thereafter. The Unitholder may avail of this plan by sending a written request to the Registrar. This facility is available in the growth and dividend option.

Systematic Withdrawal Plan – As per the amount decided by the AMC hereinafter called 'Periodic Encashment Plan' (PEP)

This facility is available in the growth option only. The amount of withdrawal would be decided by the AMC based on anticipated growth in NAV. Further to facilitate investors, such encashment facility is available on a monthly/quarterly/half yearly/annual basis.

To investors having a bank account with Standard Chartered Bank or such other banks with whom the fund would have an arrangement from time to time, the payments on account of SWP/PEP would be effected by way of credit to their account if so specified.

SYSTEMATIC TRANSFER PLAN (STP)

Investors can opt for the Systematic Transfer Plan by investing a lumpsum amount in one scheme of the fund and providing a standing instruction to transfer sums at monthly intervals (for a minimum period of 6 months) into any other scheme of IDFC Mutual Fund. Investors could also opt for STP from an existing account by quoting their account / folio number. Investors could choose to specify a fixed sum to be transferred every month. Alternatively, in the Growth Option(s) / sub-options under the Scheme(s) of IDFC Mutual Fund, investors could opt to automatically transfer the capital appreciation (between the immediately preceding STP date and the present STP date) in the value of their investments to the Scheme(s) of IDFC Mutual Fund. Transfers would be effected as of the first / tenth / twentieth day of every month, as may be prescribed by the unitholder. In the event that such a day is a holiday, the transfer would be effected on the next business day. Transfers must be for a minimum amount of Rs.500/- in case of STPs where a fixed sum is specified to be transferred every month.

Further STP is can also be effected on weekly and fortnightly basis. In case of weekly STP, STP is available on 7th, 14th, 21st and 28th of the month and in case of fortnightly on the 1st & 16th of the month. If STP day falls on non-business day, the STP transaction shall be processed on the next business day.

The AMC reserves the right to introduce STPs at such other frequencies such as quarterly / half-yearly etc. or on any dates as the AMC may feel appropriate from time to time.

SET TRANSACTION ON AUTO REMINDER (STAR)

The facility provides the unitholders with an option to withdraw and / or switch out and / or reinvest the investments made in the Scheme:

- (1) On the value of investments either reaching a particular amount or on the investments depreciating in value to a particular amount.
- (2) On achieving capital appreciation / on depreciation in value of investments equal to or more than a specified amount or percentage
- (3) On happening of a particular event or on a particular date (with or without lock in for a particular period)

Certain illustrations have been given for clarification of STAR:

1. Value of investment depreciating to a particular amount
If the investor has opted for STAR for a redemption on the value of his investment reaching Rs. 10000 when his initial investment was Rs 11000, in such a case a redemption will be automatically triggered on the value of his investment reaching Rs 10000 based on the applicable NAV on the day the said condition is met.
2. Capital appreciation of a particular amount
If the investor has opted for STAR for redemption on achieving 30 % capital appreciation on an investment of Rs 1000, his redemption will be automatically triggered on the value of investment reaching Rs 1300 based on the applicable NAV on the day the said condition is met.
3. On the happening of an event or on a particular date
If the investor wants a particular amount on his birthday, he may opt for STAR and specify the date in such a manner that his redemption proceeds of a particular amount are made available to him on the specified date or as an instance, if the investor wants to switch his investments to certain other scheme of IDFC Mutual Fund on the first day of the next financial year, he may do so by providing such an instruction to the AMC. STAR is thus a financial tool which provides the investors with an opportunity to plan their redemptions / switch outs in accordance with their financial needs. STAR can also help an investor in minimizing losses and / or timely booking of profits. All redemptions/ switches/reinvestments etc. linked to STAR

will be based on the applicable NAV of the day on which the condition specified / event occurs. STAR is only an additional facility to the unitholders which provides them with a convenient method of switching out / reinvesting / redeeming their investments on happening of a particular predetermined condition / event. STAR is not an assurance of any return or gains on part of AMC / Fund to the investor. Nor is there any assurance of minimizing the loss of the investors.

The Trustees / AMC reserve the right to add / modify / remove the conditions / events with respect to STAR for redemption / reinvestment / switch outs in the Scheme.

SYSTEMATIC INVESTMENT PLAN FOR CORPORATE EXECUTIVES (SICE)

SICE is the Systematic Investment Plan for Corporate Executives. All the terms and conditions and other operational aspects prescribed under SIP shall be applicable to SICE also. The only difference is that rather than the individual investor giving post dated cheques, the company for which the executive works will deduct the instructed amount from the salary of the employee and will give one consolidated cheque along with the details of the investor (executive), name, amount, etc. The terms and conditions in regard to the above, will be decided between the Corporate and the AMC from time to time. The account statement/transaction slip will subsequently be sent to the investor concerned. The Fund, reserves the right to issue operational guidelines under SIP/SWP/PEP/SICE and also alter/modify their structure from time to time.

ACCOUNTS STATEMENTS

For normal transactions: sales (during the NFO and during the ongoing offer) and repurchase:

- The AMC shall issue to the investor whose application (other than SIP/STP) has been accepted, an account statement specifying the number of units allotted (state the service standard for the same)
- For those unitholders who have provided an e-mail address, the AMC will send the account statement by e-mail.
- The unitholder may request for a physical account statement by writing/calling the AMC/ISC/R&T.

For SIP / STP transactions:

- Account Statement for SIP and STP will be despatched once every quarter ending March, June, September and December within 10 working days of the end of the respective quarter.
- A soft copy of the Account Statement shall be mailed to the investors under SIP/STP to their e-mail address on a monthly basis, if so mandated.
- However, the first Account Statement under SIP/STP shall be issued within 10 working days of the initial investment/ transfer.

- In case of specific request received from investors, Mutual Funds shall provide the account statement (SIP/STP) to the investors within 5 working days from the receipt of such request without any charges.

Annual Account Statement:

- The Mutual Funds shall provide the Account Statement to the Unitholders 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 balance and value of the Units prior to the date of generation of the account statement,
- 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.

The AMC shall issue to the investor whose application has been accepted, an account statement specifying the number of units allotted (state the service standard for the same). For those unitholders who have provided an e-mail address, the AMC will send the account statement by e-mail.

The unitholder may request for a physical account statement by writing/calling the AMC/ISC/R&T.

Any communication /despatch of redemption /dividend proceeds, account statements etc. to the unitholders would be made by the Registrar/AMC in such a manner as they may consider appropriate in line with reasonable standards of servicing. The Unitholder may request the AMC / Registrar to provide him a fresh account statement by approaching any office of either the AMC or its registrar.

Dividend

The dividend warrants shall be dispatched to the unitholders within 30 days of the date of declaration of the dividend.

Redemption

The redemption or repurchase proceeds shall be dispatched to the unitholders within 10 working days from the date of redemption or repurchase.

Delay in payment of redemption / repurchase proceeds

The Asset Management Company shall be liable to pay interest to the unitholders at such rate as may be specified by SEBI for the period of such delay (presently @ 15% per annum).

C. PERIODIC DISCLOSURES

Net Asset Value

This is the value per unit of the scheme on a particular day. You can ascertain the value of your investment by multiplying the NAV with your unit balance.

NAV of units under the Scheme shall be calculated as shown below :

$$\text{NAV(Rs.)} = \frac{\text{Market or Fair Value of Scheme's investments} + \text{Current Assets including Accrued Income} - \text{Current Liabilities \& Provisions including accrued expenses}}{\text{No. of Units outstanding under Scheme}}$$

The NAV of the Scheme will be calculated upto four decimal places and will be declared on each business day. The valuation of the Scheme's assets and calculation of the Scheme's NAV shall be subject to audit on an annual basis and shall be subject to such regulations as may be prescribed by SEBI from time to time.

The NAV shall be calculated and announced / and released to the Press on each business day. The NAVs of Growth Option and Dividend Option will be different after the declaration of the first dividend. NAV of the scheme shall be endeavoured to be updated on AMFI's website www.amfiindia.com by 9.00 p.m. The NAVs shall also be updated on the website of the Mutual Fund, www.idfcmf.com.

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)

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.

The mutual fund may opt to send the portfolio to all unit holders in lieu of the advertisement (if applicable).

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.

Annual Report

Scheme wise Annual Report or an abridged summary thereof shall be mailed to all unitholders within four months from the date of closure of the relevant accounts year i.e. 31st March each year.

Associate Transactions

Please refer to Statement of Additional Information (SAI).

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 schemes.

(mention the tax rates as per the applicable tax laws)

| | Resident Investors | Mutual Fund |
|-----------------|--------------------|-------------|
| Equity Fund | | |
| Tax on Dividend | Nil | Nil |
| Capital Gains : | | |
| Long Term | Nil | Nil |
| Short Term | 15% | Nil |

Equity scheme will also attract securities transaction tax (STT) at applicable rates.

For further details on taxation please refer to the clause on Taxation in the SAI

Note: Surcharge and Educational cess will be payable in addition to the applicable taxes, wherever applicable.

1) Long-term capital gains

As per Section 10(38) of the Act, long-term capital gains arising 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 would be exempt from income tax, provided such transaction of sale is chargeable to securities transaction tax. Companies would be required to include such long term capital gains in computing the book profits and minimum alternate tax liability under section 115JB of the Act.

2) Short-term Capital Gains

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 proposed to be taxed at 15 per cent effective 1 April 2008 (instead of the earlier rate of 10 per cent), provided such transaction of sale is chargeable to securities transaction tax.

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

- 10 per cent in case of non-corporate Unit holders (excluding partnership firms), where the total income exceeds Rs.1,000,000
- 10 per cent in case of resident partnership firms and corporate Unit holders, and
- 2.5 per cent in case of non-resident unit holders.

However, surcharge is leviable on companies and firms 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.

In case of resident individual, if the income from short term capital gains is less than the maximum amount not chargeable to tax, then there will be no tax payable.

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 tax¹, 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 proposed rate of 15 percent, plus surcharge, if applicable and education cess.

- 3) 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 unit holders of mutual funds.

Investor Relations Officers:

| Sr. No. | Name | Region | Address, Contact Number and E-Mail |
|---------|------------------|--------|--|
| 1. | Sunil Aryamane | West | 17/18, 3rd Floor, Vaswani Mansion, 120, Dinshaw Vachha Road, Opp. K.C College, Churchgate, Mumbai - 400 020. Tel.: 22841378. sunil.aryamane@idfcmf.com |
| 2. | Vijith Raghavan | East | Oswal Chambers, 1st Floor, 2 Church Lane, Kolkata - 700 001. Tel. : 91-33-22881686. vijith.raghavan@idfcmf.com |
| 3. | Jincy John | North | 4th Floor, Narain Manzil, 23, Barakhamba Road, New Delhi - 110 001. Tel. : 011-47311323. Fax: 011-23326669, 41524332. jincy.john@idfcmf.com |
| 4. | Shaji Perincheri | South | Maalavika Centre, Old No. 144/145, New No. 60, Kodambakkam Road, Chennai - 600 034. Tel. : 91-44-25349340. shaji.perincheri@idfcmf.com |

D. COMPUTATION OF NAV

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

prescribed by SEBI from time to time.

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

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

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

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

IV. FEES AND EXPENSES

(This section outlines the expenses that will be charged to the schemes)

As per the provisions of the Regulations, read with the amendments thereto, the following fee and expenses will be charged to the plans under the scheme.

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)

“The actual NFO expenses as a percentage of the amount collected during the NFO period amounted to 4.46%, out of which 2.57% were charged to the scheme and balance 1.89% are amortised as on February 29, 2008.”

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 up to 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 | 0.20 |
| Registrar & Transfer Agent Fees including cost related to providing accounts statement, dividend / redemption cheques/warrants etc. | 0.20 |
| Marketing & Selling Expenses including Agents Commission and statutory advertisement | 0.4775 |
| Brokerage & Transaction Cost pertaining to the distribution of units | 0.10 |
| Audit Fees / Fees and expenses of trustees | 0.125 |
| Costs related to investor communications | 0.01 |
| Costs of fund transfer from location to location | 0.01 |
| Other Expenses* | 0.1275 |
| Total Recurring Expenses | 2.50 |

*Service Tax and other permitted expenses

The purpose of the above table is to assist the investor in understanding the various costs and expenses that an investor in the Scheme will bear. These estimates are based on a corpus size of Rs.1 crore under the Scheme, and would change, to the extent assets are lower or higher. If the corpus size is in excess of Rs.1 crore, the above mentioned recurring expenses in the Scheme would change. The above expenses are subject to inter-se change and may increase/decrease as per actual and/or any change in the Regulations.

These estimates have been made in good faith as per information available to the AMC and the total expenses may

be more than as specified in the table above. However, as per the Regulations, the total recurring expenses that can be charged to the Scheme in this Scheme information document shall be subject to the applicable guidelines. Expenses over and above the permitted limits will be borne by the AMC.

As per SEBI (MF) Regulations, 1996, recurring expenses will not exceed the following limits per annum:

1. on the first Rs. 100 crore of the Scheme's weekly average net assets, will not exceed 2.5%
2. on the next Rs. 300 crore of the Scheme's weekly average net assets, will not exceed 2.25%
3. on the next Rs. 300 crore of the Scheme's weekly average net assets, will not exceed 2.00% and
4. on the balance of the Scheme's weekly average net assets, will not exceed 1.75%.

Recurring expenses incurred in excess of the aforesaid limits will be borne by the AMC.

The total recurring expenses of the Scheme, including the additional management fees, will, however, be limited to the ceilings as prescribed under Regulation 52(6) of the Regulations. In terms of Regulation 52(3) read with Para (f) of the Tenth Schedule of the Regulations, the AMC will not charge to the scheme ongoing distribution expenses as long as additional management fees are charged to the scheme. 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. Types of expenses charged shall be as per the SEBI (MF) Regulations.

In case the scheme invests in foreign mutual funds, the fees and expenses charged by the Mutual Fund(s) in foreign countries along with the management fee and recurring expenses charged to the domestic mutual fund(s) shall not exceed the total limits on expenses as prescribed under Regulation 52(6). Where the scheme is investing only a part of the net assets in the foreign mutual fund(s), the same principle shall be applicable for that part of investment.

The schemes of IDFC Mutual Fund/ IDFC AMC may enter into a revenue/cost sharing agreement with the overseas mutual fund/ overseas investment advisor(s). In case the scheme invests in foreign mutual funds, the fees and expenses charged by the Mutual Fund(s) in foreign countries along with the management fee and recurring expenses charged to the domestic mutual fund(s) shall not exceed the total limits on expenses as prescribed under Regulation 52(6). Where the scheme is investing only a part of the net assets in the foreign mutual fund(s), the same principle shall be applicable for that part of investment.

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. Types of expenses charged shall be as per the SEBI (MF) Regulations.

C. LOAD STRUCTURE

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.idfcmf.com) or may call at (toll free no. 1-800-226622) or your distributor.

Load Structure:

Entry Load(Plan A & Plan B):

Nil

Exit load: (Plan A & Plan B) :

All Investment including SIP/Micro SIP/STP/FOF if redeemed / switched out within 365 days from the date of allotment - 1%. No Exit Loads / CDSC will be chargeable in case of switches made between different options of the Scheme.

In case of Switches, Exit load shall be NIL for all switch transactions between equity schemes of IDFC Mutual Fund.

The Trustee / AMC reserves the right to introduce a Load and change the Load structure if they so deem it.

The investor is requested to check the prevailing load structure of the scheme before investing.

The Trustee reserves the right to modify/alter the load structure under the scheme and may decide to charge a load or introduce a differential load structure on the Units redeemed during the stipulated Repurchase Period

In case of changes/modifications of load, the AMC will endeavour to do the following:

1. An addendum will be attached to the Scheme Information Documents and Key Information Memorandum. The same may be circulated to brokers/distributors so that the same can be attached to all Scheme Information Documents and abridged Scheme Information Documents in stock. Further the addendum will be sent along with a newsletter to unitholders immediately after the changes.
2. Arrangement will be made to display the changes/modifications in the Scheme Information Document in the form of a notice in all the official point of acceptance of transactions and distributor's/broker's office.

3. The introduction of the exit load / CDSC alongwith the details may be stamped in the acknowledgement slip issued to the investors on submission of the application form and may also be disclosed in the statement of accounts issued after the introduction of such load / CDSC.
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.

The load collected under the scheme will be credited to a separate account. Surplus of load, if any, will be credited to the scheme whenever felt appropriate by the AMC or on maturity of the scheme.

D. DIRECT APPLICATIONS

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

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

V. RIGHTS OF UNITHOLDERS OF THE SCHEME

Please refer to SAI for details.

VI. 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. *Penalties and action(s) taken against foreign Sponsor(s) 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. Also, top 10 monetary penalties of foreign sponsor(s) during the last three years.*

None

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.*

The National Securities Clearing Corporation Ltd. informed that IDFC Enterprise Equity Fund had an open interest in stock futures segment in one of the securities where the exposure quantity which was in excess of 1% of the free float market capitalization (in terms of shares) and that the exposure was also in excess of 5% of open interest (in terms of number of shares) in all futures and option contracts in the underlying security. In accordance with the NSCCL circular dated June 17, 2003, the MF was levied a penalty of Rs. 1 Lakh.

3. *Details of all enforcement actions(Including the details of violation, if any) 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.*

None

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.*

None

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 notified by any other regulatory agency.*

The Clearing Corporation of India Limited, Mumbai imposed a penalty on the AMC under CCIL's Bye – Laws, Rules & Regulation on account of short fall in CCIL securities segment margin. The penalty charged to the AMC amounted to approx. Rs 49,000. The AMC has taken adequate steps to ensue that no further breach shall take place.

Notwithstanding anything contained in this Scheme Information Document, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the guidelines there under shall be applicable.

Note: The Scheme Information Document containing details of the schemes of IDFC Mutual Fund, has been approved by the Board of IDFC AMC Trustee Company Limited (formerly known as Standard Chartered Trustee Company Private Limited) on March 6, 2009.

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

Sd/-

**Naval Bir Kumar
President & CEO**

Mumbai, dated March 6, 2009

Name, address and contact no. of Registrar and Transfer Agent (R&T), email id of R&T, website address of R&T, official points of acceptance, collecting banker details etc. :

REGISTRAR :**Computer Age Management Services Private Limited (CAMS)**

148, Old Mahabalipuram Road, Okkiyamthuraipakkam, Chennai - 600 096.

Tel. : + 91 - 44 - 24587263/7262 • E-Mail ID : dk_prakash@camsonline.com. • Website : www.camsonline.com

Official Points of Acceptance of Transactions, CAMS

| | |
|--------------------|---|
| Ahmedabad | : 402-406, 4th Floor - Devpath Building, Off C G Road, Behind Lal Bungalow, Ellis Bridge, Ahmedabad - 380 006. Phone:079-30082468/30082469/30082470 |
| Bangalore | : Trade Centre, 1st Floor 45, Dikensen Road (Next to Manipal Centre), Bangalore-560 042. Phone : 080-30574709/30574710/30578004/30578006 |
| Bhubaneswar | : 101/ 5, Janpath, Unit – III , Near Hotel Swosti, Bhubaneswar - 751 001. Phone : 0674-325 3307/325 3308 |
| Chandigarh | : Deepak Towers, SCO 154-155, 1st Floor, Sector 17-C, Chandigarh-160 017. Phone:0172-304 8720/304 8721/304 8722/3048723 |
| Chennai | : Ground Floor No.178/10, Kodambakkam High Road, Opp. Hotel Palmgrove, Nungambakkam, Chennai -600 034 Phone : 044-3911 5563/ 3911 5565 /3911 5567/39115561 |
| Cochin | : 40 / 9633 D, Veekshanam Road, Near International Hotel, Cochin-682 035. Phone : 0484-323 4658 /323 4662 |
| Coimbatore | : Old # 66 New # 86, Lokamanya Street (West), Ground Floor, R.S.Puram, Coimbatore-641 002. Phone: 0422-301 8000/301 8001. |
| Durgapur | : 4/2, Bengal Ambuja Housing Development Ltd, Ground Floor, City Centre Dist - Burdwan, West Bengal, Durgapur-713 216. Phone : 0343/329 8890 /329 8891/6451419 |
| Goa | : No.108, 1st Floor, Gurudutta Bldg, Above Weekender M G Road, Panaji (Goa) - 403 001. Phone : 0832/325 1755-325 1640 |
| Hyderabad | : 102, First Floor , Jade Arcade, Paradise Circle, Secunderabad-500 003. Phone : 040-3918 2471/3918 2473 /3918 2468/3918 2469 |
| Indore | : 101, Shalimar Corporate Centre, 8-B, South Tukogunj, Opp.Greenpark, Indore-452 001. Phone : 0731-325 3692/325 3646 |
| Jaipur | : G-III, Park Saroj, Behind Ashok Nagar Police Station, R-7, Yudhisthir Marg ,C-Scheme, Jaipur-302 001. Phone : 0141/326 9126/326 9128/5104373/5104372. |
| Kanpur | : G – 27,28 – Ground Floor, CITY CENTRE, 63/ 2, THE MALL, Kanpur - 208 001. Phone : 0512-3918003/3918000/3918001/3918002 |
| Kolkata | : “LORDS Building”, 7/1, Lord Sinha Road, Ground Floor, Kolkata - 700 071. Phone : 033/32550760/3058 2285 /3058 2303 /30582281 |
| Lucknow | : Off # 4, 1st Floor, Centre Court Building, 3/c, 5 - Park Road, Hazratganj, Lucknow-226 001. Phone : 0522/391 8000/391 8001/391 8002/3918003 |
| Ludhiana | : U/ GF, Prince Market, Green Field, Near Traffic Lights, Sarabha Nagar Pulli, Pakhowal Road, Above Dr. Virdi's Lab, P. O. Model Town, Ludhiana-141 002. Phone : 0161-301 8000/301 8001. |
| Madurai | : 86/71A, Tamilsangam Road, Madurai - 625 001. Phone : 0452-325 1357/325 2468 |
| Mangalore | : No. G 4 & G 5, Inland Monarch, Opp. Karnataka Bank, Kadri Main Road, Kadri, Mangalore-575 003. Phone : 0824-325 1357/325 2468 |
| Mumbai | : Rajabhadur Compound, Ground Floor, Opp. Allahabad Bank, Behind ICICI Bank 30, Mumbai Samachar Marg, Fort, Mumbai - 400 023. Phone : 022-30282468/30282469/30282471/65257932 |
| Nagpur | : 145 Lendra, Behind Indus Ind Bank, New Ramdaspath, Nagpur - 440 010. Phone : 0712-325 8275/2432447 |

Official Points of Acceptance of Transactions, CAMS (Contd.,)

| | |
|----------------------|--|
| New Delhi | : 304-305 III Floor, Kanchenjunga Building, 18, Barakhamba Road, Connaught Place, New Delhi - 110 001. Phone : 011-3048 2471 /3048 1203 /3048 1205 /30482468 |
| Patna | : Kamalaya Shobha Plaza (1st Floor), Behind RBI Near Ashiana Tower, Exhibition Road, Patna-800 001. Phone : 0612-325 5284/325 5285/3255286 |
| Pune | : Nirmity Eminence, Off No. 6, I Floor, Opp Abhishek Hotel, Mehandale Garage Road, Erandawane, Pune - 411 004. Phone: 020-30283005/30283003/30283000/30283001 |
| Surat | : Office No 2 Ahura -Mazda Complex, First Floor, Sadak Street, Timalyawad, Nanpura, Surat - 395 001. Phone : 0261/326 2267/326 2468/326 0352 |
| Vadodara | : 109 - Silver Line, Besides World Trade Centre, Sayajigunj, Vadodara - 390 005. Phone : 0265-301 8029/301 8031. |
| Vijayawada | : 40-1-68, Rao & Ratnam Complex, Near Chennupati Petrol Pump, M.G Road, Labbipet, Vijayawada - 520 010. Phone : 0866-329 9181/329 5202 |
| Visakhapatnam | : 47/ 9 / 17, 1st Floor, 3rd Lane, Dwaraka Nagar, Visakhapatnam - 530016. Phone : 0891-329 8397/329 8374/2554893 |

Collecting Bankers :

The collecting bankers of various schemes of IDFC Mutual Fund include

- (1) **Standard Chartered Bank**
(SEBI Registration No. INBI0000885)
90 MG Road, Fort, Mumbai - 400 001.
- (2) **HDFC Bank**
(SEBI Registration No. INBI00000063)
Sandoz House, Dr Annie Besant Road, Worli, Mumbai - 400018.

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

Call free 1-800-226622

Available from 8.00 a.m. to 7.00 p.m. on business days

IDFC AMC Offices

Ahmedabad : Ground Floor, Zodiac Avenue, Opp. Mayor's Bungalow, Near Law Garden, Ahmedabad - 380 006. Tel.: 079-64505881/ 5857.
Bangalore : Raheja Point, 2nd Floor, Magrath Road, Opp. Garuda Mall, Bangalore - 25. Tel.: 080-64501951/52, 66111504/ 05/ 06.
Chandigarh : Sco 2475-76, 1st Floor, Sector 22, Chandigarh - 160 022. Tel.:0172-5071918/ 19/ 21/ 22, Fax: 0172-5071918.
Chennai : Maalavika Centre, Old No. 144/ 145, New No. 60, Kodambakkam High Road, Nungambakkam, Chennai - 600 034. Tel.: 044-39185409/ 10/ 11.
Cochin : 39/3993 B2, Ground Floor, Vantage Point, VRM Road, Ravipuram, Cochin - 682 016, Kerala. Tel.: 0484-3012639/ 4029291, Fax: 0484-2358639.
Coimbatore : Red Rose Plaza, 509 H, II Floor, D. B. Road, R. S. Puram, Coimbatore - 641 002. Tel.: 0422-2542645, 2542678.
Dehradun : C/o. EBD Business Centre, Cubicle No. 3, 49, Rajpur Road, Dehradun - 248 001. Tel.: 09837500990.
Goa : Advani Bussiness Centre, Neelkamal Arcade, A. B. Road, Panjim, Goa - 403 001. Tel.: 0832-6650403, Fax: 0832-6650310, Mobile: 09823289903.
Hyderabad : 4th Floor, Central Plaza, #6-3-902/A, Raj Bhavan Road, Somajiguda, Hyderabad - 500 082. Tel.: 040-42014646/ 47, Fax: 040-40037521.
Indore : 405, 4th Floor, 21/ 1, D. M. Tower, Race Course Road, Indore - 452 001. Tel.: 0731-4206927/ 4208048, Fax: 0731-4206923.
Jaipur : G-7, G-8, Anukampa Towers, Church Road, Jaipur - 302 001. Tel.: 0141-5105797, 5105798.
Kanpur : Office No. 214/ 215, IInd Floor, KAN Chambers, 14/ 113, Civil Lines, Kanpur - 208 001. Tel.: 0512-2331071, 2331119.
Kolkata : Oswal Chambers, 1st Floor, 2 Church Lane, Kolkata - 700 001. Tel.: 033-30249794/ 78/ 89/ 88/ 90.
Lucknow : Flat No. 2, 1st Floor, SAS House, 6B, Tej Bhadur Sapru Marg, Lucknow - 226 001. Tel.: 0522-3056900/ 01/ 02/ 03/ 04/ 05, Fax: 0522-3056900.
Ludhiana : SCO 16-17, Basement, Feroze Gandhi Market, Ludhiana - 141 001. Tel.: 0161-5022155, 5022156.
Mumbai : 17/18, 3rd Floor, Vasvani Mansion, 120, Vinshaw Vachha Road, Opp. K. C. College, Churchgate, Mumbai - 400 020. Maharashtra. Tel.: 022-22876419.
Nagpur : Fortune Business Centre, First Floor, 6, Vasant Vihar, W. H. C. Rd., Shankar Nagar, Nagpur - 440 010. Tel.: 0712-6451428/ 2525657.
Nashik : Kavita Complex, 2nd Floor, Madan Services, Near Big Bazar, College Road, Nasik - 422 005. Mobile: 09970625856.
New Delhi : 4th Floor, Narain Manzil, 23, Barakhamba Road, New Delhi - 110 001. Tel.: 011-47311301/ 02/ 03/ 04/ 05.
Patna : 406, Ashiana Hariniwas, Dak Bungalow Road, Patna - 800 001
Pune : 1st Floor, Dr. Herekar Park Building, Next to Kamala Nehru Park, Off Bhandarkar Road, Pune - 411 004. Tel: 020-66020965/ 4.
Rajkot : "Star Plaza", 2nd Floor, Office No. 201, Phulchab Chowk, Rajkot - 360 001. Tel.: 0281-6626012.
Surat : U 15/ 16, Jolly Plaza, Athvagate, Surat - 395 001. Tel.: 2475060, 2475070.
Vadodara : Ground Floor, Akash Ganga Complex, Adjacent to Vanijya Bhavan, Race Course Circle, Vadodara - 390 007. Tel.: 0265-6620919/ 939.
Visakhapatnam : Visakha Executive Centre, 47-11-1/5, Eswar Arcade, Dwarakanagar, 1st Lane, Visakhapatnam - 530 016. Mobile: 09963439222.

Sponsor

Infrastructure Development Finance Company Limited (IDFC)
Registered Office
ITC Centre, 3rd Floor, 760, Anna Salai, Chennai - 600 002.

Trustee

IDFC AMC Trustee Company Limited (IDFC ATC)
One India Bulls Centre, 841, Jupiter Mills Compound,
Senapati Bapat Marg, Elphinstone Road (West), Mumbai - 400 013.

Investment Manager

IDFC Asset Management Company Ltd. (IDFC AMC)
Registered & Corporate Office
One India Bulls Centre, 841, Jupiter Mills Compound,
Senapati Bapat Marg, Elphinstone Road (West), Mumbai - 400 013.

Registrar

Computer Age Management Services Private Limited
148, Old Mahabalipuram Road, Okkiyamthuraipakkam, Chennai - 96.
Tel. + 91 - 44 - 24587263 / 7262.
Registration No. INR 000002813

Custodian

Deutsche Bank AG
Kodak House, 222 D N Road, Fort, Mumbai - 400 001

Auditors

BSR & Co
KPMG House, Kamala Mills Compound

Offices of Registrar, Computer Age Management Services Private Limited

● Ahmedabad : 402-406, 4th Floor - Devpath Building, Off C G Road, Behind Lal Bungalow, Ellis Bridge, Ahmedabad - 380 006. Phone:079-30082468/ 30082469/ 30082470 ● Bangalore : Trade Centre, 1st Floor 45, Dikensen Road (Next to Manipal Centre), Bangalore-560 042. Phone : 080-30574709/ 30574710/ 30578004/30578006 ● Bhubaneswar: 101/ 5, Janpath, Unit - III , Near Hotel Swosti, Bhubaneswar - 751 001. Phone : 0674-325 3307/325 3308 ● Chandigarh : Deepak Towers, SCO 154-155, 1st Floor, Sector 17-C, Chandigarh-160 017. Phone:0172-304 8720/304 8721/304 8722/3048723 ● Chennai : Ground Floor, No.178/10, Kodambakkam High Road, Opp. Hotel Palmgrove, Nungambakkam, Chennai -600 034 Phone : 044-3911 5563/ 3911 5565 /3911 5567/39115561 ● Cochin : 40 / 9633 D, Veekshanam Road, Near International Hotel, Cochin-682 035. Phone : 0484-323 4658 /323 4662 ● Coimbatore : Old # 66 New # 86, Lokamanya Street (West), Ground Floor, R.S.Puram, Coimbatore-641 002. Phone:0422-301 8000/301 8001. ● Durgapur : 4/2, Bengal Ambuja Housing Development Ltd, Ground Floor, City Centre Dist - Burdwan, West Bengal, Durgapur-713 216 Phone : 0343/329 8890 /329 8891/6451419 ● Goa : No.108, 1st Floor, Gurudutta Bldg, Above Weekender M G Road, Panaji (Goa) - 403 001. Phone : 0832/325 1755-325 1640 ● Hyderabad : 102, First Floor , Jade Arcade, Paradise Circle, Secunderabad-500 003. Phone : 040-3918 2471/3918 2473 /3918 2468/3918 2469 ● Indore : 101, Shalimar Corporate Centre, 8-B, South tukogunj, Opp.Greenpark, Indore-452 001. Phone : 0731-325 3692/325 3646 ● Jaipur : G-III, Park Saroj , Behind Ashok Nagar Police Station, R-7, Yudhisthir Marg ,C-Scheme. Jaipur-302 001. Phone - 0141/326 9126/326 9128/5104373/5104372 ● Kanpur : G - 27,28 - Ground Floor, CITY CENTRE, 63/ 2, THE MALL, Kanpur-208 001. Phone : 0512 3918003/ 3918000/ 3918001/3918002 ● Kolkata : "LORDS Building", 7/1, Lord Sinha Road, Ground Floor, Kolkata-700 071. Phone : 033/32550760/3058 2285/ 3058 2303 /30582281 ● Lucknow : Off # 4, 1st Floor, Centre Court Building, 3/c, 5 - Park Road, Hazratganj, Lucknow-226 001. Phone : 0522/391 8000/391 8001/391 8002/ 3918003 ● Ludhiana : U/ GF, Prince Market, Green Field, Near Traffic Lights, Sarabha Nagar Pulli, Pakhowal Road, Above Dr. Virdi's Lab, P.O Model Town, Ludhiana-141 002. Phone : 0161-301 8000/301 8001 ● Madurai : 86/71A, Tamilsangam Road, Madurai-625 001. Phone : 0452-325 1357/325 2468 ● Mangalore : No. G 4 & G 5, Inland Monarch, Opp. Karnataka Bank, Kadri Main Road, Kadri, Mangalore-575 003. Phone : 0824-325 1357/325 2468 ● Mumbai : Rajabhadur Compound, Ground Floor, Opp Allahabad Bank, Behind ICICI Bank 30, Mumbai Samachar Marg, Fort, Mumbai-400 023. Phone : 022-30282468/ 30282469/ 30282471/65257932 ● Nagpur : 145 Lendra, Behind Indus Ind Bank, New Ramdaspath, Nagpur - 440 010. Phone : 0712-325 8275/2432447 ● New Delhi : 304-305 III Floor, Kanchenjunga Building, 18, Barakhamba Road, Cannauget Place, New Delhi - 110 001. Phone : 011-3048 2471 /3048 1203 /3048 1205/ 30482468 ● Patna : Kamlalaya Shobha Plaza (1st Floor), Behind RBI Near Ashiana Tower, Exhibition Road, Patna-800 001. Phone : 0612-325 5284/325 5285/ 3255286 ● Pune : Nirmitti Eminence, Off No. 6, I Floor, Opp Abhishek Hotel, Mehendale Garage Road, Erandawane, Pune - 411 004. Phone:020-30283005/ 30283003/30283000/30283001 ● Surat : Office No 2 Ahura -Mazda Complex, First Floor, Sadak Street, Timalyaward, Nanpura, Surat - 395 001. Phone : 0261/326 2267/326 2468/326 0352 ● Vadodara : 109 - Silver Line, Besides world Trade Centre, Sayajigunj, Vadodara - 390 005 Phone :0265-301 8029/301 8031 ● Vijayawada: 40-1-68, Rao & Ratnam Complex, Near Chennupati Petrol Pump, M.G Road, Labbipet, Vijayawada - 520 010 Phone : 0866-329 9181/329 5202 ● Visakhapatnam: 47/ 9 / 17, 1st Floor, 3rd Lane, Dwaraka Nagar, Visakhapatnam-530016. Phone : 0891-329 8397/329 8374/2554893

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