


SCHEME INFORMATION DOCUMENT

IDFC Arbitrage Fund
An Open Ended Equity Scheme
Offer of Units at NAV based price during the continuous offer.

Product Label

This product is suitable for investors who are seeking*:	
•	to generate low volatility returns over short to medium term
•	Investments predominantly in arbitrage opportunities in the cash and derivative segments of the equity markets and the arbitrage opportunities available within the derivative segment and by investing the balance in debt and money market instruments.
•	Low Risk.  (BLUE)

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

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, Website of the entities	:	One IndiaBulls 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 July 31, 2013

Note: Risk may be represented as:




 (BLUE) investors understand that their principal will be at low risk	 (YELLOW) investors understand that their principal will be at medium risk	 (BROWN) investors understand that their principal will be at high risk
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TABLE OF CONTENTS

I. INDEX	
Particulars	Page Nos.
I. Highlights/Summary, Risk Factors and Due Diligence	
Highlights	4
Risk Factors	6
Scheme Specific Risks Factors & Special Considerations	6
Definitions and Abbreviations	11
Due Diligence Certificate	16
II. Information about the scheme	17
A. Type of Scheme	17
B. Investment Objective	17
C. Asset Allocation	17
D. Where will the scheme invest?	18
E. Investment Strategies and Risk Control	19
Debt and Money Market Instruments in India	20
Investment in Overseas Assets/Foreign Securities	25
Portfolio Turnover	29
F. Fundamental Attributes	29
G. How will the scheme benchmark its performance?	30
H. Who Managers the scheme	30
I. What are the Investment Restrictions?	31
J. How has the scheme performed?	32
III. Units and Offer	32
A. New Fund Offer (NFO)	32
Account Statements	34
Unit Certificates	35
Who can Invest?	35
How to Apply?	36
Mandatory Quoting of Bank Mandate and PAN Number by Investors	39
Listing and Transfer of Units	37
Pledge of Units for Loans	37
Suspension of Redemption / Repurchase of Units and Dividend Distribution	37
Phone Transact	37
B. Ongoing Offer Details	40
Ongoing Offer Period	40
Ongoing price for subscription (purchase)/switch-in (from other schemes/plans of the mutual fund) by investors	40
Ongoing price for redemption (sale) /switch outs (to other schemes/plans of the Mutual Fund) by investors	40
Switch Facility	40
Cut off timing for subscriptions/ redemptions/ switches	41
Minimum Application Amount(Subscription)	42
Systematic Withdrawal Plan (SWP)	44
Systematic Transfer Plan (STP)	45
Set Transaction on Auto Reminder	45
Systematic Investment Plan for Corporate Executives (SICE)	46
C. Periodic Disclosures	46
Net Asset Value	46
Monthly & Half yearly Disclosures: Portfolio	47
_Half Yearly Results	47

Annual Report	47
Associate Transaction	48
Taxation	48
Investor Services	50
D. Computation of NAV	51
IV. Fees and Expenses	51
A. Annual Scheme Recurring Expenses	52
B. Load Structure	53
C. Direct Applications	54
V. Rights of Unitholders	55
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	55

HIGHLIGHTS/SUMMARY OF THE SCHEME:

Particulars	Details
Name of the Scheme	IDFC Arbitrage Fund
Structure	An Open Ended Equity Scheme
Investment Objective	<p>The investment objective of the scheme is to generate capital appreciation and income by predominantly investing in arbitrage opportunities in the cash and derivative segments of the equity markets and the arbitrage opportunities available within the derivative segment and by investing the balance in debt and money market instruments.</p> <p>There is no assurance or guarantee that the investment objective of the scheme will be realized.</p>
Liquidity	<p>Units of the scheme may be purchased or redeemed on all Business Days at NAV based prices subject to the prevailing load structure. The units of the Scheme are not listed on any exchange. Investors having a bank account with any bank 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 will dispatch redemption cheques within 10 (ten) business days from the date of acceptance of redemption request at any of the official point of acceptance of transactions.</p> <p>As per SEBI (MF) Regulations, a penal interest @15% or such other interest rate as may be prescribed by SEBI from time to time shall be paid in case the redemption proceeds are not dispatched within 10 Business days from the date of acceptance of redemption request.</p>
Transparency & NAV disclosure	<p>NAVs will be determined on all Business Days. NAV of the Scheme shall be made available at the website of AMFI (by 9.00 p.m. on all business days) at www.amfiindia.com, the Registrar at www.camsonline.com and the Mutual Fund at www.idfcmf.com and are available on the toll free number: 1800 2266 22 OR 1800 26666 88. The Fund shall have the NAV published in two daily newspapers. A complete statement of the Scheme portfolio would be published by the Fund as an advertisement in two newspapers within one month from the close of each half-year (i.e. 31 March and 30 September). NAV of the scheme shall be made available at all official points of acceptance of the AMC.</p>
Plans & Options	<p>The Scheme has two Plans - Regular Plan (Plan A) & #Direct Plan, with a common portfolio and separate NAVs.</p> <p>Investors should indicate the Plan for which the subscription is being made by indicating the choice in the application form.</p> <p>Regular Plan: Regular plan is for investors purchasing / subscribing units in this scheme through distributors.</p> <p>#Direct Plan: Direct Plan is only for investors who purchase /subscribe Units in a Scheme directly with the Fund. This plan is not available for investors who wish to purchase/ subscribe units through a Distributor – such investors have to subscribe for Regular Plan. Regular Plan and Direct Plan have the same features (i.e. Investment Objective, Asset Allocation Pattern, Investment Strategy, Risk factors) and facilities offered including terms and</p>

	<p>conditions except that Direct Plan shall have a lower expense ratio excluding distribution expenses, commission etc. and no commission for distribution of Units will be paid / charged under Direct Plan.</p> <p>Note: Plan B: Pursuant to SEBI Circular no, dated September 13, 2012, this plan has been suspended for further subscription effective October 1, 2012.</p> <p>Growth Option: This option is suitable for investors who are not seeking dividend</p> <p>Dividend (payout, reinvestment and sweep) Option:</p> <p>This option is suitable for investors seeking income through dividend declared by the Scheme. Under the Dividend option the investor has a facility to opt for payout, reinvestment and sweep (from equity schemes to debt schemes).</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>In case the investor does not select any option, the default shall be considered as growth option. Within dividend option if the investor does not select any option the default option shall be dividend reinvestment</p>
Minimum Application Amount	Rs. 5000/- per application
Additional Purchase	In multiple of Re. 1
Dividend Re-investment Price	At ex-dividend NAV
Dividend Frequency / Preference	To be decided from time to time, subject to availability of distributable surplus.
Dispatch of Redemption Proceeds	The Fund will dispatch redemption cheques within 10 (ten) business days from the date of such acceptance at any of the official points of acceptance within the cut off times specified.
Minimum Redemption Amount	In multiples of Re. 1/-
Minimum Balance to be maintained	Re 500/-
NAV Declaration	NAV calculated upto two decimal places and declared on all business days
Switch Facility	Unitholders 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	CRISIL Liquid Fund Index
Load Structure	<p>Entry load: Nil.</p> <p>Exit Load: 0.25% if redemption / switched out within 3 months from the date of allotment.</p> <p>The entire exit load charged collected shall be credited to the scheme.</p>

	<p>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. Further, switches from Direct Plan to Regular Plan within the same scheme shall also not attract exit load.</p> <p>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.</p>
Transaction Charges	<p>Transaction Charge per subscription of Rs.10, 000/ – and above shall be charged from the investors and shall be payable to the distributors/ brokers (who have opted in for charging the transaction charge) in respect of applications routed through distributor/ broker relating to Purchases / subscription / new inflows only (lump sum and SIP), subject to the following:</p> <ul style="list-style-type: none"> - For Existing / New investors: Rs.100 / Rs.150 as applicable per subscription of Rs. 10,000/ – and above - There shall be no transaction charges on direct investments. <p>The Transaction Charge as mentioned above shall be deducted by the AMC from the subscription amount of the Unit Holder and paid to the distributor and the balance shall be invested in the Scheme. The statement of account shall clearly state that the net investment as gross subscription less transaction charge and give the number of units allotted against the net investment.</p> <p>The requirement of minimum application amount shall not be applicable if the investment amount falls below the minimum amount required due to deduction of transaction charges from the subscription amount.</p>

I. INTRODUCTION

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 Arbitrage Fund (IDFC-AF) 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

Risk Associated with Investing in Equities –

The scheme proposed 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.

Risk Associated with Investing in Debt / Money Market Instruments –

- **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.
- **Reinvestment Risk:** Investments in fixed income securities may carry reinvestment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the bond. Consequently, the proceeds may get invested at a lower rate.
- **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 offer document carry different levels and types of risk. Accordingly the scheme's risk may increase or decrease depending upon its investment pattern. e.g. corporate bonds carry a higher amount of risk than Government securities. Further even among corporate bonds, bonds, which are AAA rated, are comparatively less risky than bonds which are AA rated.
- **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 associated with investing in 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).

6. Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the fund manager to identify such opportunities. Identification and execution of the strategies to be pursued by the fund manager involve uncertainty and decision of fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies.

7. The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments

Risk Associated with investing in 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

Corporate 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/ commercial vehicles /two wheelers 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 i.e. 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 cyclicity 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.

Risks associated with investing 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 Factors Associated with Securities 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.

Risk associated with investing in Repo of Corporate Bond Securities

Settlement Risk: Corporate Bond Repo will be settled between two counterparties in the OTC segment unlike in the case of CBLO transactions where CCIL stands as central counterparty on all transactions (no settlement risk).

Quality of collateral: The Mutual Fund will be exposed to credit risk on the underlying collateral – downward migration of rating. The Mutual Fund will impose adequate haircut on the collateral to cushion against any diminution in the value of the collateral. Collateral will require to be rated AAA or equivalent.

Liquidity of collateral: In the event of default by the counterparty, the Mutual Fund would have recourse to recover its investments by selling the collateral in the market. If the underlying collateral is illiquid, then the Mutual Fund may incur an impact cost at the time of sale (lower price realization).

B. REQUIREMENT OF MINIMUM INVESTORS IN THE SCHEME

The Scheme shall have a minimum of 20 investors and no single investor shall account for more than 25% of the corpus of the Scheme. The two conditions mentioned above shall be complied in each calendar quarter, on an average basis, as specified by SEBI. In case the Scheme do not have a minimum of 20 investors, the provisions of Regulation 39(2)(c) of the SEBI (MF) Regulations would become applicable automatically without any reference from SEBI and accordingly the Scheme shall be wound up and the units would be redeemed at applicable NAV. 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 day 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.

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.

The Scheme may trade in derivatives as permitted under the Regulations subject to guidelines issued by SEBI and RBI from time to time and trading in Derivatives involves risks.

The Scheme may also invest in overseas financial assets as permitted under the applicable regulations. To the extent that the assets of the Scheme will be invested in securities denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by changes in the value of certain foreign currencies relative to the Indian Rupee. The repatriation of capital to India may also be hampered by changes in regulations concerning exchange controls or political circumstances as well as the application to it of other restrictions on investment.

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 Offer 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 Offer Document in connection with the Offer 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:

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
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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
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Application Form	A form meant to be used by an investor to open a folio and purchase units in the scheme
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Business Day	A day other than (i) Saturday or Sunday or (ii) a day on which the Stock Exchange, Mumbai or National Stock Exchange of India Limited or Reserve Bank of India or banks in Mumbai are closed or (iii) a day on which the Reserve Bank of India & / or Banks in Mumbai are closed for business or clearing or (iv) a day on which there is no RBI clearing / settlement of securities; or (v) a day on which the Bombay Stock Exchange and/or National Stock Exchange are closed; or (vi) a day on which the. Redemption of Units is suspended by the Trustee / AMC; or (vii) 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 (viii) a book closure period as may be announced by the Trustees / AMC
CDSC	Contingent Deferred Sales Charge permitted under the regulations for a "No Load Scheme" to be borne by the Unit holder upon exiting (whether by way of redemption or Inter- scheme switching) from the scheme based on the period of holding of units.
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's	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 recognized/permitted which yield at fixed or variable rate by way of interest, premium, discount or a combination of any of them
Floating Rate Debt Instruments	Floating rate debt instruments are debt securities issue by the Central and/or a State Government, Corporates or PSUs with

interest rates that are reset periodically. The periodicity of the interest reset could be daily, monthly, quarterly, half-yearly, annually or any other periodicity that may be mutually agreed between the issuer and the fund. The interest on such instruments may also be in the nature of fixed basis points over the benchmark gilt yields.

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 Arbitrage 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 Plans under IDFC Arbitrage 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. New Fund Offer Period for the Plans will be announced at the time of the launch subject to the earlier closure, if any.
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 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 on all business days 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 Arbitrage 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 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
The Regulations	Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended from time to time
Sponsor	IDFC Limited
Transaction Slip	A form meant to be used by Unit holder seeking additional purchase or redemption of units in the scheme, change in bank account details, switch-in or switch-out and such other facilities offered by the AMC and mentioned in transaction slip
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 in any scheme of 'The Scheme', as contained in this Scheme information document.
Valuation Day	Business Day

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"

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/-

**Mr. Ketav Chaphekar
Compliance Officer**

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 generate capital appreciation and income by predominantly investing in arbitrage opportunities in the cash and derivative segments of the equity markets and the arbitrage opportunities available within the derivative segment and by investing the balance in debt and money market instruments.

However there is no assurance or guarantee that the investment objective of the scheme will be realized.

ASSET ALLOCATION

The asset allocation under the scheme will be as follows:

Under Normal circumstances:

Asset Class	Range of allocation (% of Net Assets) under normal circumstances	Risk Profile
Equities & Equity related instruments *	65 – 90	Medium to High
Derivatives *	65-90	Medium to High
Debt & Money Market instruments including the margin money deployed in derivative transactions	10 - 35	Low

Under Defensive circumstances:

Asset Class	Range of allocation (% of Net Assets) under defensive circumstances+	Risk Profile
Equities & Equity related instruments *	0 - 35	Medium to High
Derivatives *	0 – 35	Medium to High
Debt & Money Market instruments including the margin money deployed in derivative transactions	65 – 100	Low

+ Defensive circumstances are when the arbitrage opportunities in the market are negligible, in view of the fund manager

Investments in securitized debt can be made upto 35% of the portfolio. Investment in derivatives can be made upto 90% of the net assets of the scheme.

Investment in Securities Lending can be made upto 50% of net assets of scheme

Investments in Foreign debt instruments can be made upto 35% of the net assets of the Scheme

Gross Exposure to Repo of Corporate Debt Securities – upto 10% of the net assets of the Scheme

Investments in ADRs and GDRs issued by Companies in India, as permitted by SEBI regulations – upto 50% of the net assets of the scheme.

*Equity allocation is measured as the Gross exposure to equities, equity related instruments and derivatives. The Equity allocation so built, at any point in time, would be completely hedged out, using derivative instruments that provides an equal but opposite exposure, thereby making the Net exposure market-neutral. In case the fund is not able to have a net market-neutral position due to any operational reason such as short delivery in the cash market etc., the fund will endeavor to rebalance the portfolio to a net market-neutral position at the earliest.

The assets of the Scheme shall be predominantly invested in equity and equity related instruments. Subject to the Regulations, the asset allocation pattern of the schemes may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute. The proportions can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unitholders. Such changes in the investment pattern will be for a short term and for defensive considerations only.

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/ Corporate Bonds 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.

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

E. INVESTMENT STRATEGIES AND RISK CONTROL

Investment Strategy

The Scheme will endeavor to invest predominantly in arbitrage opportunities between spot and futures prices of exchange traded equities. In absence of profitable arbitrage opportunities available in the market, the scheme may predominantly invest in short-term debt and money market securities.

The fund manager will evaluate the difference between the price of a stock in the futures market and in the spot market. If the price of a stock in the futures market is higher than in the spot market, after adjusting for costs and taxes the scheme shall buy the stock in the spot market and sell the same stock in equal quantity in the futures market, simultaneously.

For example, on December 15, 2012, the scheme buys 10,000 shares of Reliance capital on spot @ Rs. 430.00 and at the same time sells 10,000 Reliance Capital futures for December 2012 expiry @ Rs. 432.00. The Scheme thus enters into a fully hedged transaction by selling the equity position in the futures market for expiry on say December 25, 2012. If the scheme holds this position till expiry of the futures, the scheme earns an annualized return of 16.97% irrespective of what is the price of Reliance Capital on the date of expiry.

In the eventuality that the scheme has to unwind the transaction prior the expiry date on account of redemption pressures or any other reason, the returns would be a function of the spread at which the transaction is unwound. For example, if spot is sold at Rs. 430 and the futures are bought at Rs. 433 then there would be negative returns on the trade. If the spot is sold at Rs. 430 and the futures are sold at Rs. 431 then there would be positive returns from the trade.

On the date of expiry, if the price differential between the spot and futures position of the subsequent month maturity still remains attractive, the scheme may rollover* the futures position and hold onto the position in the spot market. In case such an opportunity is not available, the scheme would liquidate the spot position and settle the futures position simultaneously.

Rolling over of the futures transaction means unwinding the short position in the futures of the current month and simultaneously shorting futures of the subsequent month maturity, and holding onto the spot position.

There could also be instances of unwinding both the spot and the future position before the expiry of the current-month future to increase the base return or to meet redemption. Return enhancement through the use of arbitrage opportunity would depend primarily on the availability of such opportunities.

The Scheme will endeavor to build similar market neutral positions that offer an arbitrage potential for e.g. buying the basket of index constituents in the cash segment and selling the index futures, Buying ADR/GDR and selling the corresponding stock future etc.

The Scheme would also look to avail of opportunities between one futures contract and another. For example on 16 March 06, the scheme buys 1000 futures contracts of ABB Ltd. for March expiry at Rs.3000 each and sells an equivalent 1000 futures contract of ABB Ltd. for April expiry at Rs.3030. Thereby the scheme enters into a fully hedged transaction. Closer to the expiry date of the March contract, the scheme has two options.

1) Unwind the transaction by selling the 1000 March contracts and buying 1000 April contracts of ABB. The returns are a function of the spread between the sale price of the April contract and the buy price of the March contract. If this spread is less than Rs. 30, the returns are positive else the returns are negative.

2) On the expiry date i.e. 30 March, 06, the scheme would let the March contract expire and square off 1000 contracts that it holds for April maturity. The returns would be a function of the spread between settlement price of the March contract and the price at which April contracts are squared-off. If this spread is lower than Rs. 30 then the returns are positive and if it is higher than Rs. 30 the returns are negative.

The Scheme can also initiate the transaction in the opposite direction i.e. by selling the March futures and buying the April futures, if it sees a profit potential. Under all circumstances the scheme would keep its net exposures neutral to the underlying direction of the market by maintaining completely hedged positions. In addition to stock specific futures, the scheme can also take offsetting positions in index futures of different calendar month.

The debt and money market instruments include any margin money that has to be maintained for the derivative position. The margin money could also be maintained partly as Fixed deposits with Scheduled commercial banks. The maturity profile of the rest of the debt and money market component would be determined by the view of the fund manager.

If the view of the fund manager is that interest rates would go up then the average maturity of the debt & money market portfolio would be reduced and if the view of the fund manager is that interest rates would decline, then the average maturity may be increased. This would however depend on the view of the fund manager and can substantially change, depending on the prevailing market circumstances.

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.

Following table exhibits various debt instruments along with indicative yields as on June 28, 2013

Instruments	Yield Range (% per annum)
G – Sec 5 year	7.70%
G – Sec 10 year	7.48%
Corporate Debentures AAA 3 year	8.60%
Corporate Debentures AAA 5 year	8.60%
CP's 3 months	8.50%
CD's 3 months	7.85%
CP's 1 year	8.75%
CD's 1 year	8.15%

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 mutual fund or AMC and its empanelled brokers have not given and shall not give any indicative portfolio and indicative yield in any communication, in any manner whatsoever. Investors are advised not to rely on any communication regarding indicative yield/ portfolio with regard to the scheme.

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 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 - CNX Nifty, CNX IT, and Bank Nifty. American Style Stock Options were introduced in July 2001 and are currently available in around 117 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. 13,000 crores. At present the volume in the Derivative market is twice that of the cash market.

Increasing International Interest: FIs 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. 4,500 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 regulatory 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 inter alia specified the guidelines pertaining to trading by Mutual Funds in Exchange Traded derivatives. The position limits have subsequently been modified vide circulars inter alia 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:

1. 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.
2. 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:-

1. 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.
2. For stocks having applicable market-wise position limit (MWPL) less than Rs. 500 crores, the combined futures and options position limit would be 20% of applicable MWPL and futures position cannot exceed 20% of applicable MWPL or Rs. 50 crore whichever is lower.

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

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

1. 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 capitalization (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).

2. This position limits shall be applicable on the combined position in all derivative contracts on an underlying stock at a Stock Exchange.

3. 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.

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 Rs 10 crore with a 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 pre-agreed rate (say 7%) and pay "call" on the NSE MIBOR ("the benchmark rate"). Bank A's paying at "call" on the benchmark rate will neutralize 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 neutralize 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, 2013 to September 1, 2013. A is a fixed rate receiver at 7% and B is a floating rate receiver at the overnight compounded rate.
- On March 1, 2013 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, 2013 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, 2013, 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.

INVESTMENT IN OVERSEAS ASSETS /FOREIGN SECURITIES

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.

INVESTMENT IN REPO IN CORPORATE DEBT SECURITIES

SEBI has vide CIRCULAR no. CIR / IMD / DF / 19 / 2011 dated November 11, 2011 enabled mutual funds to participate in repos in corporate debt securities as per the guidelines issued by RBI from time to time and subject to few conditions listed in the circular.

The circular requires the Trustees and the Asset Management Companies to frame guidelines about, inter alia, the following in context of these transactions, keeping in mind the interest of investors in their schemes:

- i. Category of counterparty
- ii. Credit rating of counterparty
- iii. Tenor of collateral
- iv. Applicable haircuts

1. Conditions applicable (as per SEBI circular):

- a. The gross exposure of any mutual fund scheme to repo transactions in corporate debt securities shall not be more than 10 % of the net assets of the concerned scheme.
- b. The cumulative gross exposure through repo transactions in corporate debt securities along with equity, debt and derivatives shall not exceed 100% of the net assets of the concerned scheme.
- c. Mutual funds shall participate in repo transactions only in AAA rated corporate debt securities.
- d. In terms of Regulation 44 (2) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, mutual funds shall borrow through repo transactions only if the tenor of the transaction does not exceed a period of six months.
- e. Mutual funds shall ensure compliance with the Seventh Schedule of the Mutual Funds Regulations about restrictions on investments, wherever applicable, with respect to repo transactions in corporate debt securities.

f. The details of repo transactions of the schemes in corporate debt securities, including details of counterparties, amount involved and percentage of NAV shall be disclosed to investors in the half yearly portfolio statements and to SEBI in the half yearly trustee report.

g. To enable the investors in the mutual fund schemes to take an informed decision, the concerned Scheme Information Document shall disclose the following:

i. The intention to participate in repo transactions in corporate debt securities in accordance with directions issued by RBI and SEBI from time to time;

ii. The exposure limit for the scheme; and

iii. The risk factors associated with repo transactions in corporate bonds

1. Guidelines to be followed by IDFC Mutual Fund:

The following guidelines shall be followed by IDFC Mutual Fund for participating in repo in corporate debt security:

i. Category of counterparty & Credit rating of counterparty

All the counterparties with whom IDFC Mutual Fund currently deals in repo (SLR) shall be eligible for corporate bonds repo subject to execution of corporate bond repo agreement.

ii. Tenor of Repo

Tenor of repo shall be capped to 3 months as against maximum permissible tenor of 6 months. Any repo for a tenor beyond 3 months shall require prior approval from investment committee of the fund. There shall be no restriction / limitation on the tenor of collateral.

iii. Applicable haircut

A haircut of minimum 5% on the market value of the underlying security irrespective of the tenor to adjust for the illiquidity of the underlying instrument. The 5% mentioned herein is a function of how market practice evolves with respect to corporate bond repo. Prior approval of the Investment committee shall be sought for change in the haircut from existing 5% to such other % as deemed fit.

iv. Additional internal investment limit:

Any scheme shall not lend / borrow more than 10% of its corpus in repo against corporate bonds or 5% of total AUM of the Mutual fund (excluding Fund of fund) whichever is lower.

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 oversee 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 CRISIL Liquid Fund 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 Standard Chartered 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.

Debt Markets abroad:

Overseas debt markets are deep and vibrant and much more sophisticated than the Indian debt markets. Most individual bonds are bought and sold in the over-the-counter (OTC) market, although some corporate bonds are also listed on the New York Stock Exchange. The OTC market comprises hundreds of securities firms and banks that trade bonds by phone or electronically. Some are dealers that keep an inventory of bonds and buy and sell these bonds for their own account; others act as agent and buy from or sell to other dealers in response to specific requests on behalf of customers. Quotes are available for an entire gamut of securities of varying maturities. Among the types of bonds one can choose from are: Government securities, municipal bonds, corporate bonds, mortgage and asset-backed securities, federal agency securities and foreign government bonds.

Bond choices range from the highest credit quality Treasury securities, which are backed by the full faith and credit of the government, to bonds that are below investment-grade and considered speculative. Since a bond may not be redeemed, or reach maturity, for years - even decades, credit quality becomes an important consideration when you are evaluating a fixed/floating income investment.

In the United States, major rating agencies include Moody's Investors Service, Standard & Poor's Corporation and Fitch. Each of the agencies assigns its ratings based on in-depth analysis of the issuer's financial condition and management, economic and debt characteristics and the specific revenue sources securing the bond. The highest ratings are AAA (S&P and Fitch) and AAA (Moody's). Bonds rated in the BBB category or higher are considered investment grade; securities with ratings in the BB category and below are considered "high yield" or below investment grade. While experience has shown that a diversified portfolio of high yield bonds will, over the long run, have only a modest risk of default, it is extremely important to understand that, for any single bond, the high interest rate that generally accompanies a lower rating is a signal or warning of higher risk.

The Link between Interest Rates and Maturity

Changes in interest rates do not affect all bonds equally. The longer it takes for a bond to mature, the greater the risk that prices will fluctuate along the way and that the fluctuations will be greater and the more the investors will expect to be compensated for taking the extra risk. There is a direct link between maturity and yield. It can best be seen by drawing a line between the yields available on like securities of different maturities, from shortest to longest. Such a line is called a yield curve. A yield curve could be drawn for any bond market but it is most commonly drawn for the Treasury market, which offers securities of every maturity and where all issues bear the same top credit quality. By watching the yield curve, as reported in the daily financial press, you can gain a sense of where the market perceives interest rates to be headed one of the important factors that could affect your bonds' prices. A normal yield curve would show a fairly steep rise in yields between short and intermediate term issues and a less pronounced rise between intermediate and long term issues. That is as it should be, since the longer the investor's money is at risk, the more the investor should expect to earn.

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

Open Ended Equity Scheme

(ii) Investment Objective

The investment objective of the scheme is to generate capital appreciation and income by predominantly investing in arbitrage opportunities in the cash and derivative segments of the equity markets and the arbitrage opportunities available within the derivative segment and by investing the balance in debt and money market instruments.

Asset Allocation Pattern as defined in Section C

(iii) Terms of Issue

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

Fees and Expenses as specified in Section IV B 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) there under or the trust or fee and expenses payable or any other change which would modify the Scheme(s) and the Plan(s) / Option(s) there under 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?

The Benchmark of the scheme is Crisil Liquid Fund 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, subject to SEBI regulations

H. WHO MANAGES THE SCHEME?

The Fund Manager of the Scheme is Mr. Yogik Pitti. His particulars are given below:-

Name/ Designation	Age /Qualification	Brief Experience
Mr. Yogik Pitti Senior Manager – Fund Management	29 Years / B.Com.	He is associated with IDFC Mutual Fund since 2007 as Equity Dealer. He has an overall experience of over 6 years.

Other schemes under his management: IDFC Arbitrage Plus Fund

Appointment of dedicated fund manager for foreign/overseas investment

Name/ Designation	Age /Qualification	Brief Experience
Ms Meenakshi Dawar Associate Vice President - Fund Management	29 Years / Post Graduate Diploma in Management (PGDM) from the Indian Institute of Management (IIM), Ahmedabad and B.Tech degree from IGIT, New Delhi	With over 5 years of experience, in Indian equity markets. In her last assignment, she was designated as Senior Associate- Equity Research at ICICI Securities before which she has worked with Edelweiss Securities in Equity Sales.

Other schemes under her management: None

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 5% 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 the AMC till such time the regulation requires such approvals. Provided further that

investment within such limit can be made in mortgaged backed securitized debts which are rated not below investment grade by a rating agency registered with SEBI.

No mutual fund scheme shall 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 securitized 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.

16) 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.

17) 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.

18) 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.

INVESTMENTS BY THE AMC IN THE FUND

The AMC reserves the right to invest its own funds in the Scheme as may be decided by the AMC from time to time and in accordance with SEBI Circular no. SEBI/IMD/CIR No. 10/22701/03 dated December 12, 2003 regarding minimum number of investors in the Scheme/ Plan. Under the Regulations, the AMC is not permitted to charge any investment management and advisory services fee on its own investment in the Scheme.

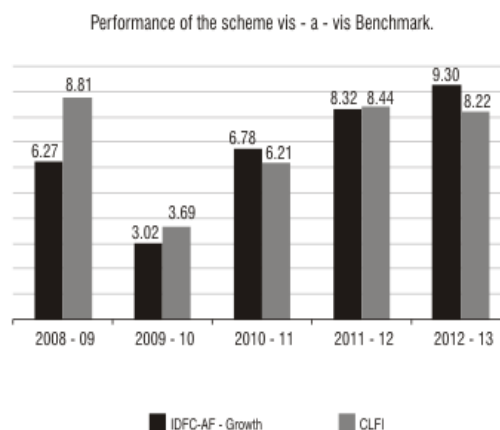
J. HOW HAS THE SCHEME PERFORMED?

IDFC ARBITRAGE FUND (IDFC-AF)

Performance of the Scheme (As on May 31, 2013)

Compounded annualised returns	Scheme returns %	Benchmark returns %
Last 1 Year	8.78	8.14
Last 3 Year	8.34	7.90
Last 5 Years	6.75	7.07
Since Inception (21-12-2006)	7.20	7.17

Benchmark - Crisil Liquid Fund Index (CLFI). Past performance may or may not be substantiated in future.



III. UNITS AND OFFER

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

A. NEW FUND OFFER (NFO)

NFO Opened: 14th November, 2006

NFO Closed: 30th November, 2006

Minimum Amount for Application during the ongoing offer

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

Plans & Options offered

The Scheme has two Plans - Regular Plan (Plan A) & #Direct Plan, with a common portfolio and separate NAVs.

Investors should indicate the Plan for which the subscription is being made by indicating the choice in the application form.

Regular Plan: Regular plan is for investors purchasing / subscribing units in this scheme through distributors.

#Direct Plan: Direct Plan is only for investors who purchase /subscribe Units in a Scheme directly with the Fund. This plan is not available for investors who wish to purchase/ subscribe units through a Distributor – such investors have to subscribe for Regular Plan. Regular Plan and Direct Plan have the same features (i.e. Investment Objective, Asset Allocation Pattern, Investment Strategy, Risk factors) and facilities offered including terms and conditions except that Direct Plan shall have a lower expense ratio excluding distribution expenses, commission etc. and no commission for distribution of Units will be paid / charged under Direct Plan.

Note: Plan B: Pursuant to SEBI Circular no, dated September 13, 2012, this plan has been suspended for further subscription effective October 1, 2012.

Growth Option: This option is suitable for investors who are not seeking dividend

Dividend (payout, reinvestment and sweep) Option:

This option is suitable for investors seeking income through dividend declared by the Scheme. Under the Dividend option the investor has a facility to opt for payout, reinvestment and sweep (from equity schemes to debt schemes).

Under this Option, the Fund will endeavor to declare dividends from time to time. The dividend shall be dependent on the availability of distributable surplus.

In case the investor does not select any option, the default shall be considered as growth option. Within dividend option if the investor does not select any option the default option shall be dividend reinvestment

Dividend sweep facility

Under this option, the investors can instruct the AMC to transfer the amount of dividend declared under the equity scheme to desired Debt schemes of IDFC Mutual Fund.

If the amount of dividend is less than Rs 1/- the dividend shall be re-invested in the same scheme and not transferred to the desired equity scheme. The transfer shall be effected at the applicable NAV of the next business day.

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 declared dividend from time to time, depending on availability of distributable surplus.

Allotment

Full allotment will be made to all valid applications received as per the applicable cut-off timings. Such allotment of units, shall be completed not later than five business days from the date of receipt of duly filled in applications.

Accounts Statements

The Scheme wise annual report or an abridged summary hereinafter shall be sent by AMC/Mutual Fund as under:

- (i) by e-mail to the Unit holders whose e-mail address is available with the Fund,
- (ii) in physical form to the Unit holders whose email address is not available with the Fund and/or to those Unit holders who have opted / requested for the same.

The physical copy of the scheme wise annual report or abridged summary shall be made available to the investors at the registered office of the AMC. A link of the scheme annual report or abridged summary shall be displayed prominently on the website of the Fund.

CONSOLIDATED ACCOUNT STATEMENTS (CAS)

Pursuant to sub regulation (1), (2) and (4) of Regulation 36 of SEBI (Mutual Funds) Regulations, 1996 read with SEBI gazette notification dated August 30, 2011, SEBI circular no. Cir/ IMD/DF/16/ 2011 dated September 8, 2011 and addendum dated September 29, 2011 issued by the AMC, investors are requested to note the following regarding dispatch of account statements with effect from June 18, 2012:

- i) The Consolidated Account Statement (CAS) for each calendar month is to be issued on or before tenth day of succeeding month to the investors who have provided valid Permanent Account Number (PAN). Due to this regulatory change, AMC shall now cease to send physical account statement to the investors after every financial transaction including systematic transactions. Further, CAS will be sent via email where any of the folios consolidated has an email id or to the email id of the first unit holder as per KYC records.
- ii) For folios not included in the Consolidated Account Statement (CAS), the AMC shall henceforth issue account statement to the investors on a monthly basis, pursuant to any financial transaction in such folios on or before tenth day of succeeding month. In case of a New Fund Offer Period (NFO), the AMC shall send confirmation specifying the number of units allotted to the applicant by way of a physical account statement or an email and/or SMS's to the investor's registered address and/or mobile number not later than five business days from the date of closure of the NFO.

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.

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 authorized 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.

The Fund will not accept the applications from investors residing in Canada.

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 favor of IDFC Arbitrage Fund 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, stock invests and out-station and/or post dated cheques will not be accepted.

MANDATORY QUOTING OF BANK MANDATE

Unit holders are on a mandatory basis required to mention their bank account details in their applications/ requests for redemption. Redemption Cheques and/or any other instruments will then be made out in favor of the Bank for crediting the respective unit holder's account so specified.

The normal processing time may not be applicable in situations where such details are not provided by unit holders. The AMC will not be responsible for any loss arising out of fraudulent encashment of cheques and delay/loss in transit.

RESTRICTION ON ACCEPTANCE OF THIRD PARTY PAYMENTS FOR SUBSCRIPTION OF UNITS OF SCHEMES OF IDFC MUTUAL FUND

The IDFC Asset management Company Ltd shall not accept subscriptions with respect to Third-Party payments except in the following exceptional situations:

- a) Payment by Parents/Grand-Parents/related persons on behalf of a minor in consideration of natural love and affection or as gift for a value not exceeding Rs.50,000/- (each regular purchase or per SIP installment). However this restriction will not be applicable for payment made by a guardian whose name is registered in the records of Mutual Fund in that folio.
- b) Payment by Employer on behalf of employee under Systematic Investment Plans through Payroll deductions.
- c) Custodian on behalf of an FII or a client.
- d) Payment by AMC to a Distributor empanelled with it on account of commission/incentive etc. in the form of Mutual Fund Units of the Funds Managed by AMC through SIP or lump sum/one time subscription.

PAN & KYC REQUIREMENT

It is mandatory for all investors (including joint holders, NRIs, POA holders and guardians in the case of minors) to furnish such documents and information as may be required to comply with the Know Your Customers (KYC) policies under the AML Laws. Applications without such documents and information may be rejected.

In terms of SEBI circulars dated April 27, 2007, April 03, 2008 and June 30, 2008 read with SEBI letter dated June 25, 2007, Permanent Account Number (PAN) would be the sole identification number for all participants transacting in the securities market, irrespective of the amount of transaction, except (a) investors residing in the state of Sikkim; (b) Central Government, State Government, and the officials appointed by the courts e.g. Official liquidator, Court receiver etc. (under the category of Government) and (c) investors participating only in micro-pension. SEBI, in its subsequent letters dated June 19, 2009 and July 24, 2012 has conveyed that systematic investment plans (SIP) and lump sum investments (both put together) per mutual fund up to Rs.50,000/- per year per investor shall be exempted from the requirement of PAN.

Accordingly, investments in IDFC Mutual Fund (including SIP investment where the aggregate of SIP installments in a rolling 12 months period or in a financial year i.e April to March) of upto Rs 50,000/- per investor per year shall be exempt from the requirement of PAN.

However, eligible Investors (including joint holders) should comply with the KYC requirement through registered KRA by submitting Photo Identification documents as proof of identification and the Proof of Address [self-attested by the investor / attested by the ARN Holder/AMFI distributor]. These exempted investors will have to quote the "PERN (PAN exempt KYC Ref No) in the application form. This exemption of PAN will be applicable only to investments by individuals (including NRIs but not PIOs), joint holders, Minors and Sole proprietary firms. PIOs, HUFs and other categories of investors will not be eligible for this exemption.

Thus, submission of PAN is mandatory for all other investors existing as well as prospective investors (except the ones mentioned above) (including all joint applicants/holders, guardians in case of minors, POA holders and NRIs but except for the categories mentioned above) for investing with mutual funds from this date. Investors are required to register their PAN with the Mutual Fund by providing the PAN card copy (along with the original for verification which will be returned across the counter). All investments without PAN (for all holders, including Guardians and POA holders) are liable to be rejected.

Application Forms without quoting of PERN shall 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., and 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 authorization 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 favorable 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 phone transact 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 Pvt. 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 an authorized 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 favor of the AMC, unless the discrepancy /error is apparent on the face of it.

By opting for the facility the Unit holder hereby irrevocably authorizes 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/Offer Documents/amendments to the Offer 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.

The investors have to fill-in the one-time '**PHONE TRANSACTION APPLICATION FORM FOR ADDITIONAL PURCHASE/ SIP/ STP**' and register for the STP facility. There will be no registration required for SWP transactions. While there will be no limit on the transaction value for SWP transactions, there will be a per transaction limit of upto Rs. 1, 99,999 per transaction for STP Transactions

W.e.f October 04, 2012, phone purchase transactions for all schemes (Equity and Income/ Debt schemes) of IDFC Mutual Fund are acceptable only for the transaction amount of less than Rs. 2 lacs. In

case the AMC receives the phone purchase transactions of Rs. 2 lacs and above, the same shall be rejected.

Indemnities in favor of the IDFCAMC:

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/unauthorized 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 phone transact 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 phone transact 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 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.

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. Switches from Direct Plan to Regular Plan within the same scheme shall not attract any exit load.

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 loads if any that the AMC/ Trustee may approve from time to time.

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..

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 exit 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 shall be the cut off timing / applicable NAV for subscriptions/ switch – ins for all schemes of IDFC Mutual Fund (except IDFC Cash Fund) w.e.f October 01, 2012:

For subscriptions / switch – ins less than Rs 2 lakhs:

- i) In respect of valid applications received upto 3.00 p.m on a Business Day by the Fund along with a local cheque or a demand draft payable at par at the official point(s) of acceptance where

the application is received, the closing NAV of the day on which application is received shall be applicable.

- ii) In respect of valid applications received after 3.00 p.m on a Business day by the Fund along with a local cheque or a demand draft payable at par at the official point(s) of acceptance where the application is received, the closing NAV of the next Business day shall be applicable.
- iii) However, in respect of valid applications, with outstation cheques/demand drafts not payable at par at the official point(s) of acceptance where the application is received, closing NAV of the day on which cheque/demand draft is credited shall be applicable.

For subscriptions / switch – ins equal to or more than Rs 2 lakhs:

- iv) In respect of valid applications received for an amount equal to or more than Rs. 2 lakhs upto 3.00 p.m on a Business Day at the official point(s) of acceptance and funds for the entire amount of subscription/purchase (including switch ins) as per the application are credited to the bank account of the respective Scheme before the cut-off time i.e available for utilization before the cut-off time - the closing NAV of the day shall be applicable
- v) In respect of valid applications received for an amount equal to or more than Rs. 2 lakhs after 3.00 p.m on a Business Day at the official point(s) of acceptance and funds for the entire amount of subscription/purchase (including switch ins) as per the application are credited to the bank account of the respective Scheme before the cut-off time of the next Business Day i.e available for utilization before the cut-off time of the next Business Day- the closing NAV of the next Business Day shall be applicable
- vi) Irrespective of the time of receipt of application for an amount equal to or more than Rs. 2 lakhs at the official point(s) of acceptance, where funds for the entire amount of subscription/purchase as per the application are credited to the bank account of the respective Scheme before the cut-off time on any subsequent Business Day - i.e available for utilization before the cut-off time on any subsequent Business Day the closing NAV of such subsequent Business Day shall be applicable.

The aforesaid provisions shall also apply to systematic transactions i.e Systematic Investment Plan (SIP), Systematic Transfer Plan (STP).

In case of investment by Company belonging to same group, the minimum application /subscription amount of the entire Scheme the schemes of IDFC Mutual Fund under each plans shall be considered at group level with effect from September 7, 2012, provided that the said company certifies that the investing company is part of the same group. The term 'Group' as above shall have the same meaning as defined under Section 2(mm) of SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.

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. 5,000/- per application and in multiples of Re. 1/-

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 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 favor of the respective schemes.

If SIP day falls on non-business day, the SIP transaction shall be processed on the next business day.

Further, the following conditions are also applicable for SIP –

- (i) If the end date of SIP is not specified by the Investor in the application form, the SIP would be considered as perpetual SIP (end date 2099)
- (ii) If no date is selected under Monthly Option by the Investor, the default date would be 10th of every month.
- (iii) In case the frequency of SIP is not specified in the form, the same will be considered under the Monthly option by default.

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

OTHER SIP FACILITIES:

- **Perpetual SIP:** Under this SIP facility the investor need not mention the maximum installment. The SIP shall end on December 31, 2099 automatically. In case there is no mention of the number of installments; the SIP shall be registered under the Perpetual SIP facility.
- **Differential SIP:** Under this facility the investor has a choice of registering the SIP in such a manner that the 1st SIP installment will be lower / higher than the subsequent installments.
- In case of existing folio's, there is no requirement of registering the 1st installment, all 6 installments shall be considered as SIP transactions.
- An Investor can register a SIP along with ECS mandate without providing the initial cheque. The SIP installment shall get activated/triggered in the scheme for the amount opted by the investor in the SIP form. The gap between the SIP registration date and the first installment shall be minimum 30 days.

For all the SIP facilities the minimum investment amounts/ minimum no of installments shall be applicable

SIP offered through AUTOSAVE

Unitholder can opt for SIP facility by filling up “Mandate form for ECS (debit) – AUTOSAVE” ECS debit mandate should be accompanied with cheque for first SIP installment. This facility is at present available at select centers only. The AMC at its own discretion reserves the right to increase the number of centers or curtail this facility at one or more centers as deemed appropriate. The first SIP cheque during the continuous offer of the Scheme should be received by the AMC/Registrar 20 days before the specified/desired date of SIP.

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

SIP offered through debit mandate

Investors having a bank account with Standard Chartered Bank or such other Bank with whom the Fund would have an arrangement from time to time may give instructions to that Bank at any of its branches in India to debit investors account on a monthly basis.

On receipt of the SIP application along with cheques/debit mandate/ mandate form for Electronic Clearing System (ECS)/ such other instrument as recognized by AMC from time to time, the Registrar will send a letter to the Unitholder confirming that his/her name has been included in the Systematic Investment Plan. The cheques/ mandates will be presented on the desired date as specified in the application form. If specified date falls on a holiday, the cheques will be deposited on the next Business Day. In case of debit mandates / local cheques, Units will be allotted at the Purchase Price on the desired date as specified in the application form in case the date happens to be a holiday; Units will be allotted on the next Business Day.

Within 3 Business Days of such allotment, the Fund shall under normal circumstances endeavor to mail an Account Statement indicating the new balance to his/her credit in the Account. An investor will have the right to discontinue the Systematic Investment Plan, subject to giving 14 days' prior notice to the Registrar.

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

The AMC reserves the right to change the procedures, terms and conditions of investing.

Systematic Investment Plan (SIP) through Phone transacts

Investors are allowed Systematic Investment Plan (SIP) through the Phone transact facility. The limit for additional purchase has been revised to Rs. 5 lacs for a single transaction. Currently, Phone transact facility is available for additional purchase /redemption / switches. This facility is available for exiting investors of the scheme.

Providing Demat option for Systematic Investment Plan (SIP)

Investors can avail the demat option for SIP transactions w.e.f January 01, 2012. Under this option the units will be allotted based on applicable NAV as mentioned in the SID and credited to the investors demat account on a weekly basis (upon realization of fund).

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 lump sums 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 TRANSFER PLAN (STP)

Investors can opt for the Systematic Transfer Plan by investing a lump sum 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.1000/- in case of STPs where a fixed sum is specified to be transferred every month.

Further STP is can also be processed on weekly, fortnightly and monthly basis. In case of weekly STP, STP is available on 7th, 14th, 21st and 28th of the month, in case of fortnightly on the 1st & 16th of the month and in case of monthly on 1st, 10th & 20th 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 redemption on the value of his investment reaching Rs. 10000 when his initial investment was Rs 11000, in such a case 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.

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)), if the redemption is not dispatched within the prescribed period of 10 working days from the date of receipt of duly filled in redemption application form

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: **NAV (Rs.)=**

Market or Fair Value Scheme's investments	+	Current Assets including Accrued Income	-	Current Liabilities and Provisions including accrued expenses
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No. of Units outstanding under Scheme

The NAV of the Scheme will be calculated upto two decimal places. The AMC will calculate and disclose the NAVs on all Business Days. The NAV of the Scheme shall be published at least in two daily newspapers. The AMC shall update the NAVs on its website (www.idfcmf.com) and of the Association of Mutual Funds in India - AMFI (www.amfiindia.com) before 9.00 p.m. on every Business Day. In case the NAV is not uploaded by 9.00 p.m. it shall be explained in writing to AMFI for non adherence of time limit for uploading NAV on AMFI's website. If the NAVs are not available before the commencement of business hours on the following day due to any reason, the Mutual Fund shall issue a press release giving reasons and explaining when the Mutual Fund would be able to publish the NAV.

Monthly portfolio disclosure:

The Mutual fund shall disclose portfolio (along with ISIN) as on the last day of the month for this scheme on www.idfcmf.com on or before the tenth day of the succeeding month.

Half Yearly Portfolio Disclosures: (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 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 shall within one month from the close of each half year, that is on 31st March and on 30th September, host a soft copy of its unaudited financial results on their website and shall publish an advertisement disclosing the hosting of such financial results on their website, in atleast one English daily newspaper having nationwide circulation and in a newspaper having wide circulation 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, as under:

- (i) by e-mail to the Unit holders whose e-mail address is available with the Fund,
- (ii) in physical form to the Unit holders whose email address is not available with the Fund and/or to those Unit holders who have opted / requested for the same.

The physical copy of the scheme wise annual report or abridged summary shall be made available to the investors at the registered office of the AMC. A link of the scheme annual report or abridged summary shall be displayed prominently on the website of the Fund.

Associate Transactions

Please refer to Statement of Additional Information (SAI).

<p>Taxation</p> <p>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.</p> <p><i>(mention the tax rates as per the applicable tax laws)</i></p>			
		Resident Investors	Mutual Fund
	Tax on Dividend	Nil	Nil
	Capital Gains: Long Term Short Term	<i>Nil</i> <i>15%</i>	Nil 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 recognized 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 recognized stock exchange or sale of such unit of an equity oriented fund to the mutual fund is taxed at 15 per cent, provided such transaction of sale is chargeable to securities transaction tax.

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

- In case of resident corporate unit holders:
 - NIL where the total income does not exceed Rs. 10 million
 - 5 per cent where the total income exceeds Rs. 10 million but up to Rs. 100 million; and
 - 10 per cent where the total income exceed Rs. 100 million.
- In case of non-resident corporate unit holders:
 - NIL where the total income does not exceed Rs. 10 million;
 - 2 per cent where the total income exceeds Rs. 10 million but up to Rs. 100 million; and
 - 5 per cent where the total income exceed Rs. 100 million.
- In case of all other assesses (other than corporate), including non-residents :
 - NIL where the total income does not exceed Rs. 10 million;
 - 10 per cent where the total income exceeds Rs. 10 million.

Further, an additional surcharge of 3 per cent by way of education cess would be charged in all cases on amount of tax plus surcharge, if any.

In case of resident individual, if the income from short term capital gains is less than the maximum amount not chargeable to tax **Error! Bookmark not defined.**, 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 rate of 15 percent plus education cess².

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. However, schemes other than equity oriented fund schemes, are required to pay income distribution tax under section 115R of the Act at various rates ranging from 5 per cent to 30 per cent (plus surcharge³ at the rate of 10**Error! Bookmark not defined.** per cent and education cess at the rate of 3 per cent on tax plus surcharge)

4) Any income, including gains from redemption of units of scheme of Mutual Fund, received by any person for, or on behalf of, the New Pension System Trust⁴, is exempt in the hands of such person under section 10(44) of the Act.

5) Securities transaction tax will apply at the following rates in case of units of equity oriented fund purchased or sold:

Nature of Transaction	Payable by	Value on which tax shall be levied	Rates (%)	
			Up to 31 May 2013	1 June 2013 and onwards
Delivery based purchase transaction in units of equity oriented fund entered in a recognized stock exchange	Purchaser	Value at which the units are purchased	0.1	NIL
Delivery based sale transaction in units of equity oriented fund entered in a recognized stock exchange	Seller	Value at which the units are sold	0.1	0.001
Non-delivery based sale transaction in units of equity	Seller	Value at which units are sold		

¹ The maximum amounts of total income, not chargeable to tax are be as under:

Type of person	Maximum amount of income not chargeable to tax
Senior citizens, of 60 years but below 80 years , being residents	Rs. 250,000
Senior citizens, of 80 years or more, being residents	Rs. 500,000
Other individuals and HUFs	Rs. 2,00,000

2 As per Finance Act 2013, an individual resident whose total income does not exceed Rs. 500,000 shall be eligible for a rebate of lower of – income tax payable on the total income or Rs. 2,000.

3 Increased from 5 per cent to 10 per cent with effect from 1 April 2013.

⁴ As established under the provisions of Indian Trust Act, 1882, on 27 February 2008.

oriented fund entered in a recognised stock exchange.			0.025	0.025
Sale of units of an equity oriented fund to the mutual fund	Seller	Value at which units are sold	0.25	0.001

Investor Relations Officers:

<u>Name</u>	<u>Region</u>	<u>Address and Contact Number</u>	<u>E-Mail</u>
Neeta Singh	West- Maharashtra	Ramon House, 169, Backbay Reclamation, H.T Parekh Marg, Churchgate, Mumbai-400020.Tel.: 43422876	neeta.singh@idfc.com
Bansari Soni	Gujarat and rest of West	Ground Floor, Zodiak Avenue, Opp to Mayors Bungalow, New Law Garden, Ahmedabad -380006 Tel.: +9179-26460923 - 26460925, 64505881, 64505857	bansari.soni@idfc.com
Jincy John	North- Delhi	4th Floor, Narain Manzil, 23, Barakhamba Road, New Delhi - 110 001. Tel.: 011-47311323. Fax: 011-43523626, 41524332.	jincy.john@idfc.com
Baldev Shandil	Rest of North	SCO:2475-76, 1 st Floor, Sector-22-C Chandigarh-160022. Tel.: +911725071922, Ext-17205, Mobile: 8146388668	baldev.shandil@idfc.com
Vijith Raghavan	East	Oswal Chambers, 1 st Floor, 2 Church Lane, Kolkata - 700 001. Tel.: 3340171000 to 1004. Fax: +91 33 3024 9793	vijith.raghavan@idfc.com
Sai Ramanan Chandrasekhar	South	IDFC AMC Ltd, 8th Floor, KRM Towers, No 1, Harrington Road, Chetpet, Chennai-600031 Tel.: +914445644000 Extn.:44211	sai.ramanan@idfc.com
Debashree Chandra	South- Tamilnadu and Kerala	8th Floor, KRM Towers, No1, Harrington Road, Chetpet, Chennai 600031 Tel.: +914445644000 Extn.:44209	debashree.chandra@idfc.com
Dipesh K. Shah	South- Andhra Pradesh and Karnataka	6th Floor, East Wing, Raheja Towers, #26 & 27, M. G. Road, Bangalore - 560 001. Tel.: +91-80-66111504/ 05/ 06	Dipesh.kshah@idfc.com
Ramya Adepu	South- Hyderabad	6-3-902/ A, 4 th Floor Central Plaza, Raj Bhavan road, Somajiguda, Hyderabad – 500082. Phone +40 42014646.	ramya.adepu@idfc.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

NAV of units under the Scheme shall be calculated as shown below: **NAV (Rs.) =**

Market or Fair Value of Scheme's investments	+	Current Assets including Accrued Income	-	Current Liabilities and Provisions including accrued expenses
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No. of Units outstanding under Scheme

The NAV of the Scheme will be calculated upto two decimal places and will be declared on all business days. 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 published at least in two daily newspapers at intervals of not exceeding one week and shall be calculated and announced on a daily basis. The NAVs of Growth Option and Dividend Option will be different after the declaration of the first dividend.

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. ANNUAL SCHEME RECURRING EXPENSES

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 daily average net assets, will not exceed 2.50%
2. on the next Rs. 300 crore of the Scheme's daily average net assets, will not exceed 2.25%
3. on the next Rs. 300 crore of the Scheme's daily average net assets, will not exceed 2.00% and
4. on the balance of the Scheme's daily average net assets, will not exceed 1.75%.

In addition to the recurring expense mentioned above, additional expenses of 0.20% of daily net assets of the scheme shall be chargeable.

The fees and expenses for operating the scheme is mentioned hereunder. These expenses include Investment Management and Advisory Fee charged by the AMC, Registrar and Transfer Agents' fee, marketing and selling costs etc.:

Estimated Recurring Expenses:

Particulars	% of daily average 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	0.67
Brokerage & Transaction Cost pertaining to the distribution of units	0.10
Audit Fees / Fees and expenses of trustees	0.13
Costs related to investor communications	0.01
Costs of fund transfer from location to location	0.01
Other Expenses	0.13
Total Recurring Expenses	2.70%

The above expenses (including management fees) are subject to inter-se change and may increase/decrease as per actual and/or any change in the Regulations. The schemes can charge upto 2.70% (in case of equity schemes) of the daily average net assets as management fees.

In addition to the limits specified above, the following costs or expenses may be charged to the scheme, namely-

(a) Brokerage and Transaction costs incurred for the execution of trades may be capitalized to the extent of 0.12 per cent of the value of trades in case of cash market transactions and 0.05 per cent of the value of trades in case of derivatives transactions. Any payment towards brokerage and transaction costs incurred for the execution of trades, over and above the said 0.12 per cent and 0.05 per cent for cash market transactions and derivatives transactions respectively may be charged to the scheme within the maximum respectively may be charged to the scheme within the maximum limit of Total Expense Ratio (TER) as prescribed under Regulation 52 of the SEBI (Mutual Funds) Regulations, 1996. Any expenditure in excess of the said prescribed limit (including brokerage and transaction costs, if any) shall be borne by the AMC or by the Trustee or Sponsors;

(b) expenses not exceeding of 0.30 per cent of daily net assets, if the new inflows from such cities as specified from time to time are at least -

(i) 30 per cent of gross new inflows in the scheme, or; (ii) 15 per cent of the average assets under management (year to date) of the scheme, whichever is higher:

Provided that if inflows from such cities is less than the higher of sub-clause (i) or sub-clause (ii), such expenses on daily net assets of the scheme shall be charged on proportionate basis.

Provided further that expenses charged under this clause shall be utilized for distribution expenses incurred for bringing inflows from such cities.

Provided further that amount incurred as expense on account of inflows from such cities shall be credited back to the scheme in case the said inflows are redeemed within a period of one year from the date of investment

(c) Service tax on investment management and advisory fees

- Service tax on other than investment and advisory fees, if any, shall be borne by the scheme within the maximum limit of TER as per regulation 52 of the Regulations.
- Service tax on exit load, if any, shall be paid out of the exit load proceeds and exit load net of service tax, if any, shall be credited to the scheme.
- Service tax on brokerage and transaction cost paid for execution of trade, if any, shall be within the limit prescribed under regulation 52 of the Regulations.

For the actual current expenses being charged, the investor should refer to the website of the mutual fund at www.idfcmf.com

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. The total recurring expenses of the Scheme, will, however, be limited to the ceilings as prescribed under Regulation 52(6) of the Regulations.

B. 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.

Entry Load: Nil

Exit load: 0.25% if redemption / switch-out is requested within 3 months from the date of allotment.

The entire exit load charged collected shall be credited to the scheme.

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. Further, switches from Direct Plan to Regular Plan within the same scheme shall also not attract exit load.

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.

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

In case of changes/modifications of load, the AMC will endeavor 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 SIDs and abridged SID 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 SID 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 along with 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.

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) In case where the Broker code is already printed in Application form / Transaction form / Purchase request form by the AMC / Registrar / Distributor :
 - a. *Where the Investor wishes to make an application through broker / distributor*, then the investor should countersign in the space provided for broker code (printed) signifying acceptance.
 - b. *Where the Investor wishes to apply directly (i.e. not through existing broker / distributor)*, then the investor should strike off the broker code (printed) and should write "Direct Applications" or "Not Applicable (N.A.)" and countersign the same
- (2) In case where the Broker code is not printed in Application form / Transaction form / Purchase request form :
 - a. *In case of direct applications*, the Investor should write in the space provided for the broker code "Direct Application" or "Not Applicable (N.A.)" and countersign the same.
 - b. *In case of application through broker*, the investor should countersign in space provide for the broker code (Broker code will be stamped by the broker).
- (3) In case of either acceptance or rejection of broker code (for the abovementioned purposes) the investors are required to provide their full signature. In case of joint applications, all / any holder(s) can sign the Application form / Transaction form / Purchase request for the abovementioned purposes
- (4) 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).
- (5) 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.
- (6) 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.
- (7) List of Official Points of Acceptance is available on the website of the Mutual Fund. www.idfcmf.com

The Mutual Fund need to use intermediaries such as post office, local and international couriers, banks and other intermediaries for correspondence with the investor and for making payment to the investor by cheque, drafts, warrants, through ECS etc. The investor expressly agrees and authorizes the Mutual Fund to correspond with the investor or make payments to the investors through intermediaries including but not limited to post office, local and international couriers and banks.

The Registrar, AMC, MF or any other agent or representative of any of these entities ('Mutual Fund') may accept certain transactions via facsimile or through any electronic mode ('fax/electronic transactions'), subject to the investor fulfilling certain terms and conditions as stipulated by the AMC from time to time. Acceptance of fax/electronic transactions will be as per processes / methodologies permitted by SEBI or other regulatory authorities from time to time and will be solely at the risk of the investor using the fax/electronic transaction ('Investor') and the Mutual Fund shall not be in any way liable or responsible for any loss, damage, caused to the Investor directly or indirectly, as a result of the Investor sending such fax, whether or not received by the Mutual Fund. The investor acknowledges that fax / electronic transaction is not a secure means of giving instructions / transaction requests and that the investor is aware of the risk involved including those arising out of such transmission being inaccurate, illegible, having a lack of quality or clarity, garbled, distorted, not timely etc. and that the Investor's request to the Mutual Fund to act on any fax / electronic transaction is for the investor's convenience and the investor shall not be obliged or bound to act on the same. The Investor authorizes the Mutual Fund to accept and act on any fax / electronic transaction which the Mutual Fund believes in good faith to be given by the Investor and the Mutual Fund shall be entitled to treat any such fax / electronic transaction as if the same was given to the Mutual Fund under the investor's original signature. The Investor agrees that the security procedures adopted by the Mutual Fund may include signature verification, telephone callbacks or a combination of the same. Callbacks may be recorded by tape recording device and the Investor consents to such recording and agrees to co-operate with the recipient to enable confirmation of such fax / electronic transaction requests. The investor further accepts that the fax / electronic transaction shall not be considered until time stamped appropriately as a valid transaction request in the scheme in line with SEBI Regulations. In consideration of the mutual fund from time to time accepting and acting on any fax / electronic transaction request received / believed to be received from the investor, the investor agrees to indemnify and keep indemnified the AMC, IDFC Mutual Fund, Trustees, Sponsor and the group companies of the AMC from and all actions, claims, demands, liabilities, obligations, losses, damages, costs (including without limitation, interest and legal fees) and expenses of whatever name (whether actual or contingent) directly or indirectly suffered or incurred sustained by or threatened against them. The AMC reserves the right to discontinue the above mentioned facilities at any point in time.

V. RIGHTS OF UNITHOLDERS

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.

- In case of IDFC Ltd., sponsor of IDFC Mutual Fund, there was one instance of SGL bounce for which the RBI has imposed penalty of Rs.500,000 during the year ended March 31, 2013. The Sponsor has paid the penalty to the RBI.
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 June 27, 2008.

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

Sd/-

Kalpen parekh
CEO

Mumbai, dated: July 31, 2013

Name, address and contact no. email id, website of Registrar and Transfer Agent (R&T),

REGISTRAR:

Computer Age Management Services Private Limited (CAMS)
Ground Floor, 178/10, Kodambakkam High Road,
Opposite Palm Grove, Numgambakkam,
Chennai 600 034
Tel. + 91 – 44 – 28283606/07
E-Mail ID: a_apurbakumar@camsonline.com
Website: www.camsonline.com

Offices of Registrar, Computer Age Management Services Private Limited

Agartala : Advisor Chowmuhan (Ground Floor), Krishnanagar, Agartala, Tripura - 799001. • Agra : No.8, II Floor, Maruti Tower, Sanjay Place, Agra, Uttar Pradesh - 282002. • Ahmedabad :402-406, 4th Floor, Devpath Building, Off C. G. Road, Behind Lal Bungalow, Ellis Bridge, Ahmedabad, Gujarat - 380006. • Ajmer:AMC No.423/30, Near Church Brahmampuri, Opp. T.B.Hospital, Jaipur Road, Ajmer, Rajasthan - 305001. • Akola: Opp.RLT Science College, Civil Lines, Akola, Maharashtra - 444001. • Aligarh:City Enclave, Opp.Kumar Nursing Home, RamghatRoad, Aligarh, Uttar Pradesh - 202001. • Allahabad : 30/2, A&B, Civil Lines Station, Besides Vishal Mega Mart, Strachey Road, Allahabad, Uttar Pradesh - 211001. • Alleppey : Doctor'sTower Building, Door No.14/2562, 1st floor, North of Iorn Bridge, Near Hotel Arcadia Regency, Alleppey, Kerala - 688011. • Alwar : 256A,Scheme No.1, Arya Nagar, Alwar, Rajasthan - 301001. • Amaravati : 81, Gulsham Tower, 2nd Floor, Near Panchsheel Talkies, Amaravati, Maharashtra - 444601. • Ambala : Opposite PEER, Bal Bhavan Road, Ambala, Haryana - 134003. • Amritsar : SCO-18J, 'C'BLOCK, RANJIT AVENUE, Amritsar, Punjab - 140001. • Anand : 101, A.P.Tower, B/H Sardhar Gunj, Next to Nathwani Chambers, Anand, Gujarat - 388001. • Anantapur : 15-570-33, I Floor, Pallavi Towers, Anantapur, Andhra Pradesh - 515001. • Andheri : CTS No.411, Citipoint, Gundavali, Teli Gali, Above C.T.Chatwani Hall, Andheri, Maharashtra -400069. • Ankleshwar : Shop No.F-56, First Floor, Omkar Complex, Opp.Old Colony, Nr. Valia Char Rasta, GIDC,Ankleshwar-Bharuch, Gujarat - 393002. • Asansol:Block-G, 1st Floor,P.C.Chatterjee Market Complex, Rambandhu Talab P O Ushagram, Asansol, West Bengal - 713303. • Aurangabad:Office No.1, 1st Floor, Amodi Complex, Juna Bazar, Aurangabad,Maharashtra - 431001. • Balasore:B.C.Sen Road, Balasore, Orissa - 756001. • Bangalore: Trade Centre, 1st Floor, 45, Dikensen Road, Next to Manipal Centre, Bangalore, Karnataka - 560042. • Bareilly:F-62-63, Butler Plaza, Civil Lines, Bareilly, Uttar Pradesh - 243001. • Belgaum:1st Floor, 221/2A/1B, Vaccine Depot Road, Near 2nd Railway gate, Tilakwadi, Belgaum,Karnataka - 590006. • Bellary:60/5, Mullangi Compound, Gandhinagar Main Road (Old Gopalswamy Road), Bellary, Karnataka - 583101. • Berhampur: First Floor, Upstairs of AaroonPrinters, Gandhi Nagar Main Road, Orissa, Berhampur, Orissa - 760001. • Bhagalpur:Krishna, I Floor, Near Mahadev Cinema, Dr.R.P.Road, Bhagalpur, Bihar - 812002. • Bhatinda:2907 GH,GT Road, Near Zila Parishad, BHATINDA, Punjab - 151001. • Bhavnagar:305-306, Sterling Point, Waghawadi Road, Opp.HDFC BANK, Bhavnagar, Gujarat - 364002. • Bhilai:209,Khichariya Complex, Opp.IDBI Bank, Nehru Nagar Square, Bhilai, Chhattisgarh - 490020. • Bhilwara:Indraparstha Tower, Second floor, Shyam ki sabji mandi, Near Mukharji garden,Bhilwara, Rajasthan - 311001. • Bhopal:Plot no.10, 2nd Floor, Alankar Complex, Near ICICI Bank, MP Nagar, Zone II, Bhopal, Madhya Pradesh - 462011. • Bhubaneswar:Plot No. 111,Varaha Complex Building, 3rd Floor, Station Square, Kharvel Nagar Unit 3, Bhubaneswar, Orissa - 751001. • Bhuj:Data Solution, Office No.17, Ist Floor, Municipal Building, Opp.Hotel Prince,Station Road, Bhuj-Kutch, Gujarat - 370001. • Bikaner:F4,5 Bothra Complex, Modern Market, Bikaner, Rajasthan - 334001. • Bilaspur:Beside HDFC Bank, Link Road, Bilaspur, Chattisgarh -495001. • Bokaro:Mazzanine Floor, F-4, City Centre, Sector 4, Bokaro Steel City, Bokaro, Jharkhand - 827004. • Burdwan:399, G.T.Road, Basement of Talk of the Town, Burdwan, WestBengal - 713101. • Calicut:29/97G 2nd Floor, Gulf Air Building, Mavoor Road, Arayidathupalam, Calicut, Kerala - 673016. • Chandigarh:Deepak Tower, SCO 154-155, 1st Floor, Sector 17-C, Chandigarh, Punjab - 160017. • Chennai(OMR):Ground Floor, 148 Old Mahabalipuram Road,

Okkiyam, Thuraipakkam, Chennai, Tamil Nadu - 600097. • Chennai:Ground Floor,No.178/10, Kodambakkam High Road, Opp.Hotel Palmgrove, Nungambakkam, Chennai, Tamil Nadu - 600034. • Cochin:Ittoop's Imperial Trade Center, Door No. 64/5871-D, 3rd Floor, MG. Road(North), Cochin, Kerala - 682035. • Coimbatore:Old #66 New #86, Lokamanya Street (West), Ground Floor, R.S.Puram, Coimbatore, Tamil Nadu - 641002. • Cuttack:Near IndianOverseas Bank, Cantonment Road, Mata Math, Cuttack, Orissa - 753001. • Davenegere:13, 1st Floor, Akkamahadevi Samaj Complex, Church Road, P.J.Extension, Devengere, Karnataka -577002. • Dehradun:204/121 Nari Shilp Mandir Marg, Old Connaught Place, Dehradun, Uttaranchal - 248001. • Deoghar:SSM Jalan Road, Ground floor, Opp.Hotel Ashoke, Caster Town,Deoghar, Jharkhand - 814112. • Dhanbad:Urmila Towers, Room No.111(1st Floor), Bank More, Dhanbad, Jharkhand - 826001. • Durgapur:City Plaza Building, 3rd floor, City Centre,Durgapur, West Bengal - 713216. • Erode:197, Seshaiyer Complex, Agraharam Street, Erode, Tamil Nadu - 638001. • Faridhabad:B-49, 1st Floor, Nehru Ground, Behind Anupam SweetHouse, NIT, Faridhabad, Haryana - 121001. • Ghaziabad:113/6, I Floor, Navyug Market, Gazhiabad, Uttar Pradesh - 201001. • Goa:No.108, 1st Floor, Gurudutta Bldg, Above Weekender,M.G.Road, Panaji, Goa - 403001. • Gorakhpur:Shop No.3, Second Floor, The Mall, Cross Road, A.D.Chowk, Bank Road, Gorakhpur, Uttar Pradesh - 273001. • Guntur:Door No.5-38-44, 5/1BRODIPET, Near Ravi Sankar Hotel, Guntur, Andhra Pradesh - 522002. • Gurgaon:SCO-16, Sector-14, First floor, Gurgaon, Haryana - 122001. • Guwahati:A.K.Azad Road, Rehabari,Guwahati, Assam - 781008. • Gwalior:G-6 Global Apartment, Kailash Vihar Colony, Opp.Income Tax Office, City Centre, Gwalior, Madhya Pradesh - 474002. • Hazaribag:Municipal Market Annanda Chowk, Hazaribagh, Jharkhand - 825301. • Hisar:12, Opp.Bank of Baroda, Red Square Market, Hisar, Haryana - 125001. • Hubli:No.204-205, 1st Floor, 'B' Block, KundagolComplex, Opp.Court, Club Road, Hubli, Karnataka - 580029. • Hyderabad:208, II Floor, Jade Arcade, Paradise Circle, Secunderabad, Andhra Pradesh - 500003. • Indore:101, ShalimarCorporate Centre, 8-B, South Tukogunj, Opp.Greenpark, Indore, Madhya Pradesh - 452001. • Jabalpur:8, Ground Floor, Datt Towers, Behind Commercial Automobiles, Napier Town,Jabalpur, Madhya Pradesh - 482001. • Jaipur:R-7, Yudhisthir Marg, C-Scheme, Behind Ashok Nagar Police Station, Jaipur, Rajasthan - 302001. • Jalandhar:367/8, Central Town,Opp.Gurudwara Diwan Asthan, Jalandhar, Punjab - 144001. • Jalgaon:Rustomji Infotech Services, 70, Navipeth, Opp.Old Bus Stand, Jalgaon, Maharashtra - 425001. • Jalna:Shop No.6,Ground Floor, Anand Plaza Complex, Bharat Nagar, Shivaji Putla Road, Jalna, Maharashtra - 431203. • Jammu:JRDS Heights, Lane Opp. S&S Computers, Near RBI Building, Sector 14,Nanak Nagar, Jammu, J&K - 180004. • Jamnagar:217/218, Manek Centre, P.N.Marg, Jamnagar, Gujarat - 361008. • Jamshedpur:Millennium Tower, "R" Road, Room No.15 First Floor,Bistupur, Jamshedpur, Jharkhand - 831001. • Jhansi:Opp.SBI Credit Branch, Babu Lal Kharkana Compound, Gwalior Road, Jhansi, Uttar Pradesh - 284001. • Jodhpur:1/5, Nirmal Tower, IstChopasani Road, Jodhpur, Rajasthan - 342003. • Junagadh:202-A, 2nd Floor, Aastha Plus Complex, Opp.Jhansi Rani Statue Near Alkapuri, Sardarbaug Road, Junagadh, Gujarat - 362001. •Kadapa:Bandi Subbaramaiah Complex, D.No.3/1718, Shop No.8, Raja Reddy Street, Kadapa, Andhra Pradesh - 516001. • Kakinada:No.33-1, 44 Sri Sathya Complex, Main Road, Kakinada,Andhra Pradesh - 533001. • Kalyani:A - 1/50, Block-A, Dist Nadia, Kalyani, West Bengal - 741235. • Kannur:Room No.14/435, Casa Marina Shopping Centre, Talap, Kannur, Kerala -670004. • Kanpur:I Floor, 106 to 108, CITY CENTRE Phase II, 63/ 2, THE MALL, Kanpur, Uttar Pradesh - 208001. • Karimnagar:HNo.7-1-257, Upstairs SBH Mangammathota, Karimnagar,Andhra Pradesh - 505001. • Karur:126 G, V.P.Towers, Kovai Road, Basement of Axis Bank, Karur, Tamil Nadu - 639002. • Kharagpur:H.NO.291/1, ward no.15, malancha main road,opposite UCO bank, Kharagpur, West Bengal - 721301. • Kolhapur:2B, 3rd Floor, Ayodhya Towers, Station Road, Kolhapur, Maharashtra - 416001. • Kolkata:Saket Building, 44 ParkStreet, 2nd Floor, Kolkata, West Bengal - 700016. • Kollam:Kochupilamoodu Junction, Near VLC, Beach Road, Kollam, Kerala - 691001. • Kota:B-33 Kalyan Bhawan, Triangle Part, VallabhNagar, Kota, Rajasthan - 324007. • Kottayam:KMC IX/1331 A, Opp.Malayala Manorama, Railway Station Road, Thekkummootil, Kottayam, Kerala - 686001. • Kumbakonam:JailaniComplex, 47, Mutt Street, Kumbakonam, Tamil Nadu -

612001. • Kurnool:H.No.43/8, Upstairs, Uppini Arcade, N R Peta, Kurnool, Andhra Pradesh - 518004. • Lucknow:Off #4,1st Floor, Centre Court Building, 3/c, 5-Park Road, Hazratganj, Lucknow, Uttar Pradesh - 226001. • Ludhiana:U/GF, Prince Market, Green Field, Near Traffic Lights, Sarabha Nagar, Pulli Pakhowal Road, Ludhiana, Punjab - 141002. • Madurai:1st Floor, 278, North Perumal Maistry street, Nadar Lane, Madurai, Tamil Nadu - 625001. • Mangalore:No.G4 & G5, Inland Monarch, Opp.Karnataka Bank, Kadri Main Road, Kadri, Mangalore, Karnataka - 575003. • Margao:Virginkar Chambers I Floor, Near Kamath Milan Hotel, New Market, Near Lily Garments, Old Station Road, Margao, Goa - 403601. • Meerut:108 1st Floor Shivam Plaza, Opposite Eves Cinema, Hapur Road, Meerut, Uttar Pradesh - 250002. • Mehsana:1st Floor, Subhadra Complex, Urban Bank Road, Mehsana, Gujarat - 384002. • Moradabad:B-612 'Sudhakar', Lajpat Nagar, Moradabad, Uttar Pradesh - 244001. • Mumbai:Rajabhadur Compound, Ground Floor, Opp.Allahabad Bank, Behind ICICI Bank, 30, Mumbai Samachar Marg, Fort, Mumbai, Maharashtra - 400023. • Muzaffarpur:Brahman toli, Durgasthan, Gola Road, Muzaffarpur, Bihar - 842001. • Mysore:No.1, 1st Floor, CH.26 7th Main, 5th Cross(Above Trishakthi Medicals), Saraswati Puram, Mysore, Karnataka - 570009. • Nagpur:145 Lendra, New Ramdaspath, Nagpur, Maharashtra - 440010. • Nasik:Ruturang Bungalow, 2 Godavari Colony, Behind Big Bazar, Near Boys Town School, Off College Road, Nasik, Maharashtra - 422005. • Navsari:Dinesh Vasani & Associates. 103-Harekrishna Complex, above IDBI Bank, Nr.Vasant Talkies, Chinnabai Road, Navsari, Gujarat - 396445. • Nellore:97/56, I Floor Immadisetty Towers, Ranganayakulapet Road, Santhapet, Nellore, Andhra Pradesh - 524001. • New Delhi:7-E, 4th Floor, Deen Dayaal Research Institute Building, Swami Ram Tirath Nagar, Near Videocon Tower Jhandewalan Extension, New Delhi - 110055. • Noida:C-81, 1st floor, Sector-2, Noida - 201301. • Palakkad:10/688, Sreedevi Residency, Mettupalayam Street, Palakkad, Kerala - 678001. • Panipat:83, Devi Lal Shopping Complex, Opp.ABN Amro Bank, G.T.Road, Panipat, Haryana - 132103. • Patiala:35, New Lal Bagh Colony, Patiala, Punjab - 147001. • Patna:G-3, Ground Floor, Om Vihar Complex, SP Verma Road, Patna, Bihar - 800001. • Pondicherry:S-8, 100, Jawaharlal Nehru Street(New Complex, Opp.Indian Coffee House), Pondicherry - 605001. • Pune:Nirmitti Eminence, Off No.6, I Floor, Opp.Abhishek Hotel Mehendale Garage Road, Erandawane, Pune, Maharashtra - 411004. • Raipur:HIG,C-23, Sector-1, Devendra Nagar, Raipur, Chhattisgarh -492004. • Rajahmundry:Door No.6-2-12, 1st Floor, Rajeswari Nilayam, Near Vamsikrishna Hospital, Nyapathi Vari Street, T Nagar, Rajahmundry, Andhra Pradesh - 533101. • Rajkot:Office 207-210, Everest Building, Harihar Chowk, Opp.Shastris Maidan, Limda Chowk, Rajkot, Gujarat - 360001. • Ranchi:4, HB Road, No.206, 2nd Floor Shri Lok Complex, H.B.Road Near Firayalal, Ranchi, Jharkhand - 834001. • Rohtak:205, 2ND Floor, Blg. No.2, Munjal Complex, Delhi Road, Rohtak, Haryana - 124001. • Rourkela:1st Floor, Mangal Bhawan, Phase II, Power House Road, Rourkela, Orissa - 769001. • Saharanpur:I Floor, Krishna Complex, Opp.Hathi Gate, Court Road, Saharanpur, Uttar Pradesh - 247001. • Salem:No.2, I Floor Vivekananda Street, New Fairlands, Salem, Tamil Nadu - 636016. • Sambalpur:C/o Raj Tibrewal & Associates, Opp.Town High School, Sansarak, Sambalpur, Orissa - 768001. • Sangli:Diwan Niketan, 313, Radhakrishna Vasahat, Opp. Hotel Suruchi, Near S.T.Stand, Sangli, Maharashtra - 416416. • Satara:117/A/3/22, Shukrawar Peth, Sargam Apartment, Satara, Maharashtra - 415002. • Shimla:I Floor, Opp.Panchayat Bhawan Main gate, Bus stand, Shimla, Himachal Pradesh - 171001. • Shimoga:Nethravathi, Near Gutti Nursing Home, Kuvempu Road, Shimoga, Karnataka -577 201. • Siliguri:No 7, Swamiji Sarani, Ground Floor, Hakimpara, Siliguri, West Bengal - 734001. • Solapur:Flat No.109, 1st Floor, A Wing, Kalyani Tower, 126 Siddheshwar Peth, Near Pangal High School, Solapur, Maharashtra - 413001. • Sriganganagar:18 L Block, Sri Ganganagar, Rajasthan - 335001. • Surat:Plot No.629, 2nd Floor, Office No.2-C/2-D Mansukhlal Tower, Beside Seventh Day Hospital, Opp.Dhiraj Sons, Athwalines, Surat, Gujarat - 395001. • Thane:3rd Floor, Nalanda Chambers, "B" Wing, Gokhale Road, Near Hanuman Temple, Naupada, Thane, Maharashtra - 400602. • Thiruppur:1(1), Binny Compound, II Street, Kumaran Road, Thiruppur, Tamil Nadu - 641601. • Thiruvalla:Central Tower, Above Indian Bank, Cross Junction, Thiruvalla, Kerala - 689101. • Tirunelveli:1 Floor, Mano Prema Complex 182 / 6, S.N High Road, Tirunelveli, Tamil Nadu - 627001. • Tirupathi:Door No.18-1-597, Near Chandana

RameshShowroom, Bhavani Nagar, Tirumala Bypass Road, Tirupathi, Andhra Pradesh - 517501. • Trichur:Room No.26 & 27, DEE PEE PLAZA, Kokkalai, Trichur, Kerala - 680001. • Trichy:No.8, IFloor, 8th Cross West Extn, Thillainagar, Trichy, Tamil Nadu - 620018. • Trivandrum:RS Complex, Opposite of LIC Building, Pattom PO, Trivandrum, Kerala - 695004. • Udaipur:32 Ahinsapuri,Fatehpura Circle, Udaipur, Rajasthan - 313004. • Vadodara:103, Aries Complex, BPC Road, Off R.C.Dutt Road, Alkapuri, Vadodara, Gujarat - 390007. • Valsad:3rd floor, Gita Nivas,opp.Head Post Office, Halar Cross Lane, Valsad, Gujarat - 396001. • Vapi:215-216, Heena Arcade, Opp.Tirupati Tower, Near G.I.D.C, Char Rasta, Vapi, Gujarat - 396195. • Varanasi:C-28/142-2A, Near Teliya Bagh Crossing, Teliya Bagh, Varanasi, Uttar Pradesh - 221002. • Vellore:No.1, Officer's Line, 2nd Floor, MNR Arcade, Opp.ICICI Bank, Krishna Nagar, Vellore, TamilNadu - 632001. • Vijayawada:40-1-68, Rao & Ratnam Complex, Near Chennupati Petrol Pump, M.G.Road, Labbipet, Vijayawada, Andhra Pradesh - 520010. • Visakhapatnam:47/9/17, 1stFloor, 3rd Lane, Dwaraka Nagar, Visakhapatnam, Andhra Pradesh - 530016. • Warangal:A.B.K Mall, Near Old Bus Depot road, F-7, 1st Floor, Ramnagar Hanamkonda, Warangal, AndhraPradesh - 506001. • Yamuna Nagar:124-B/R, Model Town, Yamunanagar, Haryana - 135001.

IDFC AMC OFFICES:

Agra: IDFC Asset Management Company Limited, 9/4, Ground Floor, Shankar Point, Sanjay Place, Agra-282002 Tel.:+91 562 4064889. • **Ahmedabad:** Ground Floor, Zodiac Avenue, Opp. Mayor's Bungalow, Near Law Garden, Ahmedabad - 380 006. Tel.: +91-79-64505881/ 5857. • **Amritsar:** 6-FUF, 4th Floor, Central Mall,32, Mall Road, Amritsar - 143 001. Mobile: 09356126222, Tel.: +91-183-5030393. • **Bangalore:** 6th Floor, East Wing, Raheja Towers, #26 & 27, M. G. Road, Bangalore - 560 001. Tel.: +91-80-43079000. • **Bhopal:** Plot No. 49, 1st floor, Above Tata Capital Ltd., Zone - II, M.P Nagar, Bhopal (M.P.) - 462011 Tel.: +91- 0755 - 428 1896. • **Bhubaneswar:** Shop No. 208, 2nd Floor, Janpath Tower, Ashok Nagar, Bhubaneswar - 751 002. Tel.: 0674-6444252/54/51. • **Chandigarh:** SCO 2475-76, 1st Floor, Sector 22 C, Chandigarh - 160 022. Tel.: +91-172-5071918/19/21/22, Fax: +91-172-5071918. • **Chennai:**KRM Tower, 8th floor, No. 1, Harrington Road, Chetpet, Chennai - 600 031. Tel.: +91-44-45644201/202. • **Cochin:**39/3993 B2, Gr. Floor, Vantage Point, VRM Rd, Ravipuram, Cochin - 682 016. Tel: +91- 484-3012639/4029291, Fax: +91-484-2358639. • **Coimbatore:** Red Rose Plaza, 509 H, II Floor, D. B. Road, R. S. Puram, Coimbatore - 641 002. Tel.: +91-422-2542645, 2542678. • **Dehradun:** 76/45, Saket, Lane No. 2, Rajpur Road, Dehradun 248 001. Tel.: +91-0135-2740129. • **Goa:** Advani Bussiness Centre, Neelkamal Arcade, A. B. Road, Panjim, Goa - 403 001. Tel.: +91-832-6650403, Fax: +91-832-6650310. Mobile: +91-9823289903. • **Guwahati:** 4E, 4th Floor, Ganapati Enclave, G. S. Road, Ulubari, Opp. Bora Service Station, Guwahati - 781 007. Tel.: 0361-2132178/88. • **Hyderabad:** 4th Floor, Central Plaza, #6-3-902/A, Raj Bhavan Road, Somajiguda, Hyderabad - 500 082. Tel.: +91- 40-42014646/47, Fax: +91-40-40037521. • **Indore:** 405, 4th Floor, 21/ 1, D. M. Tower, Race Course Road, Indore - 452 001. Tel.: +91-731-4206927/ 4208048. Fax: +91-731-4206923. • **Jaipur:** G-7, G-8, Anukampa Towers, Church Road, Jaipur - 302 001. Tel.: +91-141-5105797, 5105798. • **Jalandhar:** 1st Floor, Satnam Complex, BMC Chowk, G.T.Road, Jalandhar-144001. Punjab-India. Tel. : 01815018264 / 01815061378/88. • **Jamshedpur:** Room No - 111,1st Floor, Yash Kamal Complex, Main Road, Bistupur, Jamshepdur - 831 001. Tel.: 0657-2230112/111/222. • **Kanpur:** Office No. 214-215, IIInd Floor, KAN Chambers, 14/113, Civil Lines, Kanpur - 208 001. Tel.: +91 512-2331071, 2331119. • **Kolkata:** Oswal Chambers, 1st Floor, 2 Church Lane, Kolkata - 700 001. Tel.: +91-33-40171000/1/2/3/4/5. • **Lucknow:** 1st Floor, Aryan Business Park, Exchange cottage, 90MG Marg, Park Road, Lucknow-226 001. Tel.:+915224928100/106. • **Ludhiana:** SCO 122, 2nd Floor, Feroze Gandhi Market, Ludhiana - 140 001. Tel.: +91-161-5022155, 5022156. • **Madurai:** No.278, 1st Floor, Nadar Lane, North Perumal Maistry Street, Madurai-625 001. Tel. No. : 0452 -6455530. • **Mumbai:** 2nd Floor, Ramon House, H. T. Parekh Marg, 169, Backbay Reclamation, Opp. Aakash Wani, Churchgate, Mumbai - 400 020. Tel.: +91-22-22021413/22020748. • **Mumbai (Thane):** Shop No. 25, Rajdeep Society, Gokhale Road, Opp. Income Tax Office, Thane (West) - 400 602. Tel.: +91-22-66736421. • **Nagpur:** P. N. 6, First Floor, Vasant Vihar, West High Court Road, Shankar Nagar, Nagpur-440010. Tel.: +91-712-6451428/ 2525657. • **Nashik:** Shop No - 6, Rajvee Enclave, New Pandit Colony, Off. Sharanpur Road, Nashik - 422002. Tel. No. : 0253-2314611 / 9823456183. • **New Delhi:** 4th Floor, Narain Manzil, 23, Barakhamba Road, New Delhi - 110 001. Tel.: +91-11-47311301/ 02/ 03/ 04/ 05. • **Patna:** 406, Ashiana Hariniwas, New Dakbanglow Road, Patna - 800 001. Tel.: +91-612-6510353. • **Pune:** 1st Floor, Dr. Herekar Park Building, Next to Kamala Nehru Park, Off. Bhandarkar Road, Pune - 411 004. Tel.: +91-20-66020965/ 4. • **Raipur:** Shop No.227-228, 2nd Floor, Lalganga Shopping Mall, Near Coffee House, G. E. Road, Raipur - 492 001. Tel: +91-0771-4218890. • **Rajkot:** "Star Plaza", 2nd Floor, Office No. 201, Phulchab Chowk, Rajkot - 360 001. Tel.: +91-281-6626012. • **Ranchi:** 306, Shrilok Complex,4 H.B. Road,Ranchi - 834001. Tel.: 0651-2212591/92. • **Surat:** U 15/16, Jolly Plaza, Athvagate, Surat - 395 001. Tel.: +91-261-2475060, 2475070. • **Trivandrum:** Cabin No. 502, 5th Floor, Karimpanal Statue Avenue, G. H. Road, Statue, Trivandrum - 695 001. Tel.: 0471-4010105 • **Vadodara:** Ground Floor, Akash Ganga Complex, Adjacent to Vanijya Bhavan, Race Course Circle, Vadodara - 390007. Tel.: +91-265-6620919/ 39. • **Varanasi:** 3rd Floor, Kuber Complex Rathyatra, Varanasi-221 010. Tel.:0542-2226527/6540214. • **Visakhapatnam:**

Visakha Executive Centre, 47-11-1/5, Eswar Arcade, Dwarakanagar, 1st Lane, Visakhapatnam - 530 016. Tel.: +91-9701163444