



**STATEMENT OF ADDITIONAL INFORMATION (SAI)**

This Statement of Additional Information (SAI) contains details of Sahara Mutual Fund, its constitution, and certain tax, legal and general information. It is incorporated by reference (is legally a part of the Scheme Information Document).

This SAI is dated 21<sup>th</sup> June, 2019

## Sahara Mutual Fund

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## Sahara Mutual Fund

### I. INFORMATION ABOUT SPONSOR, AMC AND TRUSTEE COMPANIES

#### A. Constitution of the Mutual Fund

Sahara Mutual Fund (the "Mutual Fund") has been constituted as a trust on 18/07/1996 in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) with Sahara India Financial Corporation Limited, as the Sponsor and Board of Trustees as the Trustee. The Trust Deed has been registered under the Indian Registration Act, 1908. The Mutual Fund was registered with SEBI on 1/10/1996 under Registration Code MF/030/96/0.

"SEBI vide its Order no: WTM/PS/26/IMD/DOF-III/July/2015 dated 28<sup>th</sup> July, 2015 had directed cancellation of "Certificate of Registration" of Sahara Mutual Fund which was to be effective on expiry of six months from the date of the Order. Further, SEBI also directed by the said Order that the Mutual Fund shall not take any new subscription from investors. Accordingly, the Mutual Fund has not taken any new subscription from the investors (including existing investors) in line with the said SEBI order. Sahara Asset Management Company Pvt. Ltd (SAMCPL) filed an appeal before the Securities Appellate Tribunal (SAT), Mumbai to set aside the said SEBI order. SAT vide its order dated 28<sup>TH</sup> July, 2017 dismissed our appeal. An appeal in the matter was filed before the Hon'ble Supreme Court Hon'ble Supreme Court vide its order dated 23<sup>rd</sup> October, 2017 dismissed our appeal. SEBI vide their order dated April 11, 2018 ordered for winding up of all schemes except Sahara Tax Gain Fund. An appeal in the matter was filed before the Securities Appellate Tribunal (SAT), SAT vide its order dated May 3<sup>rd</sup>, 2018 directed One Life Capital Advisors Ltd to make a fresh application seeking approval of SEBI for being the sponsor and till the decision on the said application is communicated, SEBI shall not enforce the orders impugned in the two appeals.

#### B. Sponsor

##### GENERAL

Sahara India Financial Corporation Limited, (SIFCL) is a part of the Sahara India Group. The company was incorporated on August 7, 1987 with the Registrar of Companies, Kanpur, Uttar Pradesh. The Registered Office of the company is situated at Sahara India Bhawan, 1, Kapoorthala Complex, Lucknow-226024, Uttar Pradesh, India.

##### MANAGEMENT

The following persons constitute the Board of Directors of the company as on date:

1. Mr. Om Prakash Srivastava	Director
2. Mr. Madhukar	Director
3. Mr. Satish Kumar Singh	Whole Time Director
4. Mr. Janardan Singh	Director
5. Ms. Babita Chauhan Singh	Director

The company has professionals as heads at all operational levels to manage its day-to-day affairs.

Financial Performance of the Sponsor (past three years):

Particulars	(Rs.in crs)		
	31/03/2018	31/03/2017	31/03/2016
Net Worth	1543.04	1487.09	1552.05
Total Income	102.84	42.22	65.75
Profit after tax	55.94	-64.96	-19.49
Assets Under Management (if applicable)	-	-	-

Sahara India Financial Corporation Limited, became the sponsor of the Sahara Mutual Fund (Formerly First India Mutual Fund) on acquiring the major equity shares of the Asset Management Company from Dr. A C Muthiah, the erstwhile sponsor after obtaining approval from SEBI (vide their letter no. IMD/SP/21516/03 dated November 13, 2003), unit holders and other necessary formalities. Consequent to the same, the powers, duties and initial contribution of Rs.1 (One) Lakh vested in the erstwhile sponsor to the Trust gets transferred in the name of Sahara India Financial Corporation

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Limited. The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs.1,00,000/- to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

### **C. The Trustee**

The Board of Trustees shall discharge its obligations as trustee of Sahara Mutual Fund. The Trustee ensures that the transactions entered into by the AMC are in accordance with the SEBI Regulations and will also review the activities carried on by the AMC.

#### **i. Details of Trustees**

<b>Name</b>	<b>Age / Qualification</b>	<b>Brief Experience</b>
S P Srivastava	68 years F.C.A(Chartered Accountant)	Shri S P Srivastava has been practicing as a Chartered Accountant since 2010 and is a partner with Praveen K. Srivastava & Co, Chartered Accountants. As a part of the practice he has carried out several Accounting, Auditing, Valuation, and certification Assignments etc. He has also held various positions during his long association with Punjab National Bank prior to 2010.
M.R. Siddiqui	74 / B.A, LLB	Shri Siddiqui retired in 2005 from UP Higher Judicial Services and thereafter he is in practice as an Advocate since 2005. He has worked as Guest Law Teacher in Narvadeshwar Vidhi Mahavidyalai, Lucknow; He is currently Counselor in Amity University Presiding over Moot Court Competition, Counselling and Member, Administrative Committee, Purvanchal University, Jaunpur.

As of date, there are two (2) trustees on the Board of Trustees.

#### **ii. Duties and Responsibilities of the Trustees**

(1) The Trustees and the asset management company shall with the prior approval of the SEBI enter into an investment management agreement.

(2) The investment management agreement shall contain such clauses as are mentioned in the Fourth Schedule and such other clauses as are necessary for the purpose of making investments.

(3) The trustees shall have a right to obtain from the asset management company such information as is considered necessary by the trustees.

(4) The trustees shall ensure before the launch of any scheme that the asset management company, has,—

(a) systems in place for its back office, dealing room and accounting;

(b) appointed all key personnel including fund manager(s) for the scheme(s) and submitted their bio-data which shall contain the educational qualifications, past experience in the securities market with the trustees, within 15 days of their appointment;

(c) appointed auditors to audit its accounts;

(d) appointed a compliance officer who shall be responsible for monitoring the compliance of the Act, rules and regulations, notifications, guidelines, instructions, etc., issued by the SEBI or the Central Government and for redressal of investors grievances;]

(e) appointed registrars and laid down parameters for their supervision;

(f) prepared a compliance manual and designed internal control mechanisms including internal audit systems;

(g) specified norms for empanelment of brokers and marketing agents;

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(h) obtained, wherever required under these regulations, prior in principle approval from the recognised stock exchange(s) where units are proposed to be listed.

[(4A) The Compliance Officer appointed under clause (d) of sub-regulation (4) shall immediately and independently report to SEBI any non-compliance observed by him.]

(5) The trustees shall ensure that an asset management company has been diligent in empanelling the brokers, in monitoring securities transactions with brokers and avoiding undue concentration of business with any broker.

(6) The trustees shall ensure that the asset management company has not given any undue or unfair advantage to any associates or dealt with any of the associates of the asset management company in any manner detrimental to interest of the unit holders.

(7) The trustees shall ensure that the transactions entered into by the asset management company are in accordance with these regulations and the scheme.

(8) The trustees shall ensure that the asset management company has been managing the mutual fund schemes independently of other activities and have taken adequate steps to ensure that the interest of investors of one scheme are not being compromised with those of any other scheme or of other activities of the asset management company.

(9) The trustees shall ensure that all the activities of the asset management company are in accordance with the provisions of these regulations.

(10) Where the trustees have reason to believe that the conduct of business of the mutual fund is not in accordance with these regulations and the scheme they shall forthwith take such remedial steps as are necessary by them and shall immediately inform the SEBI of the violation and the action taken by them.

(11) Each trustee shall file the details of his transactions of dealing in securities with the Mutual Fund on a quarterly basis.]

(12) The trustees shall be accountable for, and be the custodian of, the funds and property of the respective schemes and shall hold the same in trust for the benefit of the unit holders in accordance with these regulations and the provisions of trust deed.

(13) The trustees shall take steps to ensure that the transactions of the mutual fund are in accordance with the provisions of the trust deed

(14) The trustees shall be responsible for the calculation of any income due to be paid to the mutual fund and also of any income received in the mutual fund for the holders of the units of any scheme in accordance with these regulations and the trust deed.

(15) The trustees shall obtain the consent of the unit holders—

(a) whenever required to do so by the SEBI in the interest of the unit holders; or

(b) whenever required to do so on the requisition made by three-fourths of the unit- holders of any scheme; or

(c) when the majority of the trustees decide to wind up or prematurely redeem the units.

[(15A) The trustees shall ensure that no change in the fundamental attributes of any scheme or the trust or fees and expenses payable or any other change which would modify the scheme and affects the interest of unit holders, shall be carried out unless,—

(i) a written communication about the proposed change is sent to each unit holder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a

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newspaper published in the language of region where the Head Office of the mutual fund is situated;  
and

(ii) the unit holders are given an option to exit at the prevailing Net Asset Value without any exit load.]

(16) The trustees shall call for the details of transactions in securities by the key personnel of the asset management company in his own name or on behalf of the asset management company and shall report to the SEBI, as and when required.

(17) The trustees shall quarterly review all transactions carried out between the mutual funds, asset management company and its associates.

(18) The trustees shall [quarterly] review the net worth of the asset management company and in case of any shortfall, ensure that the asset management company make up for the shortfall as per clause (f) of sub-regulation (1) of regulation 21.

(19) The trustees shall periodically review all service contracts such as custody arrangements, transfer agency of the securities and satisfy itself that such contracts are executed in the interest of the unit holders.

(20) The trustees shall ensure that there is no conflict of interest between the manner of deployment of its net worth by the asset management company and the interest of the unit- holders.

(21) The trustees shall periodically review the investor complaints received and the redressal of the same by the asset management company.

(22) The trustees shall abide by the Code of Conduct as specified in the Fifth Schedule.

(23) The trustees shall furnish to the Board on a half-yearly basis,—

(a) a report on the activities of the mutual fund;

(b) a certificate stating that the trustees have satisfied themselves that there have been no instances of self-dealing or front running by any of the trustees, directors and key personnel of the asset management company;

(c) a certificate to the effect that the asset management company has been managing the schemes independently of any other activities and in case any activities of the nature referred to in sub-regulation (2) of regulation 24 have been undertaken by the asset management company and has taken adequate steps to ensure that the interests of the unit holders are protected.

(24) The independent trustees referred to in sub-regulation (5) of regulation 16 shall give their comments on the report received from the asset management company regarding the investments by the mutual fund in the securities of group companies of the sponsor.

(25) Trustees shall exercise due diligence as under:

A. General Due Diligence :

(i) The Trustees shall be discerning in the appointment of the directors on the Board of the asset management company.

(ii) Trustees shall review the desirability or continuance of the asset management company if substantial irregularities are observed in any of the schemes and shall not allow the asset management company to float new schemes.

(iii) The Trustee shall ensure that the trust property is properly protected, held and administered by proper persons and by a proper number of such persons.

(iv) The Trustee shall ensure that all service providers are holding appropriate registrations from the SEBI or concerned regulatory authority.

(v) The Trustees shall arrange for test checks of service contracts.

(vi) Trustees shall immediately report to the SEBI of any special developments in the mutual fund.

B. Specific due diligence:

The Trustees shall :

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- (i) obtain internal audit reports at regular intervals from independent auditors appointed by the Trustees,
- (ii) obtain compliance certificates at regular intervals from the asset management company,
- (iii) hold meeting of trustees more frequently,
- (iv) consider the reports of the independent auditor and compliance reports of asset management company at the meetings of trustees for appropriate action,
- (v) maintain records of the decisions of the Trustees at their meetings and of the minutes of the meetings,
- (vi) prescribe and adhere to a code of ethics by the Trustees, asset management company and its personnel,
- (vii) communicate in writing to the asset management company of the deficiencies and checking on the rectification of deficiencies.

(26) Notwithstanding anything contained in sub-regulations (1) to (25), the trustees shall not be held liable for acts done in good faith if they have exercised adequate due diligence honestly.

(27) The independent directors of the trustees or asset management company shall pay specific attention to the following, as may be applicable, namely:—

- (i) the Investment Management Agreement and the compensation paid under the agreement,
- (ii) service contracts with affiliates—whether the asset management company has charged higher fees than outside contractors for the same services,
- (iii) selections of the asset management company's independent directors,
- (iv) securities transactions involving affiliates to the extent such transactions are permitted,
- (v) selecting and nominating individuals to fill independent directors vacancies,
- (vi) code of ethics must be designed to prevent fraudulent, deceptive or manipulative practices by insiders in connection with personal securities transactions,
- (vii) the reasonableness of fees paid to sponsors, asset management company and any others for services provided,
- (viii) principal underwriting contracts and their renewals,
- (ix) any service contract with the associates of the asset management company.

- No amendment to the Trust Deed shall be carried out without the prior approval of the SEBI and unit holders is obtained: **Provided** however that in case a Board of trustees is converted into a trustee company subsequently such conversion shall not require the approval of unit holders
- Disclosures to the investors: - The Trustees shall be bound to make such disclosure to the Unit holders as are essential in order to keep them informed about any information which may have an adverse bearing on their investments.
- As per SEBI Circular MFD/CIR/16/400/02 & MFD/CIR/01/071/02 dated 26.03.02 & 15.04.02 respectively the trustees will compare the performance of the scheme with the specified benchmark at their meetings.
- As per SEBI Circular MFD/CIR/03/526/2002 dated May 9, 2002 about investment in unlisted equity shares, if any, the trustees would report compliance of the regulations in their reports to SEBI.
- The Trustees shall meet at least once in two calendar months and at least six such meetings shall be held in every year to review the information / reports submitted by the AMC in accordance with the Regulations. During F.Y 2016-17, 2017-18 and 2018-19 seven, six and six meetings of the Board of Trustees of Sahara Mutual Fund were held respectively.
- The trustees' supervisory role is discharged by reviewing the information and the operation of fund based on the reports submitted at the Trustee meeting. The Trustees also review the Internal Audit Report, Statutory Audit Report and the Annual Accounts of the Fund and review the reports sent to SEBI periodically by the AMC. There is a two member Audit Committee appointed by the Trustees and the quorum for the meeting will be two members. The Chairman of the Audit Committee is an Independent Trustee.

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### iii. Trustees - Fees and Expenses

In accordance with the Trust Deed constituting the Mutual Fund, the Trustees are entitled to receive, in addition to fee of Rs.12,000/- per meeting the reimbursement of all costs, charges and out of pocket expenses, a quarterly fee computed at a rate not exceeding 0.05% per annum of the daily average net assets of the Scheme or a sum of Rs.One lakh per annum whichever is higher. Such fee shall be paid to the Trustees on monthly basis. The Trustees may charge further fees as permitted from time to time under the Trust Deed and SEBI Regulations. In case Board of Trustees form a Trustee Company with the prior approval of the Board the Trustees/ Trustee Company will be eligible to be paid a sum of Rs.4,00,000/- per annum(Rs.100,000/-per Trustee) or as may be agreed by the Sponsor and Trustee company from time to time.

### D. Asset Management Company

Sahara Asset Management Company Private Limited (Formerly known as First India Asset Management Company Limited) is a Private Limited Company incorporated under the Companies Act, 1956 on 31/08/1995, having its Registered Office at 97-98, 9<sup>th</sup> Floor, Atlanta, Nariman Point, Mumbai - 400021. Sahara Asset Management Company Private Limited has been appointed as the Asset Management Company of the Sahara Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated 18/07/1996, and executed between the Board of Trustees and Sahara Asset Management Company Private Limited (Formerly known as First India Asset Management Company Limited)

In terms of the Investment Management Agreement dated July 18, 1996 and as amended by the Supplementary deed dated 24<sup>th</sup> March 2004 the Trustees has appointed Sahara Asset Management Company Private Limited to manage the Mutual Fund. The share holding pattern of the AMC as on 31<sup>st</sup> March 2019 is as mentioned below:

Name of the Shareholder	Type of Holding	Holding (%)
Sahara India Financial Corporation Limited	Equity	40.18
Sahara India Corp Investment Limited	Equity	9.34
Sahara Prime City Limited	Equity	10.43
Sahara Care Limited	Equity	27.52
Sahara India Commercial Corporation Ltd	Equity	1.30
Name of the Shareholder	Type of Holding	Holding (%)
Sahara India Commercial Corporation Ltd	Preference	10.14
Sahara Care Ltd	Preference	1.09
<b>Total</b>		<b>100.00</b>

The AMC shall not undertake any business activities other than in the nature of management and advisory services provided to pooled assets including offshore funds, insurance funds, pension funds, provident funds, if any of such activities are not in conflict with the activities of the mutual fund, with the prior approval of the Trustee and SEBI and such other activities as may be permitted under the SEBI Regulations from time to time and to do all acts, deeds, matters and things incidental thereto including opening of bank accounts abroad, entering into an agency agreement with any agency incorporated outside India or otherwise incidental thereto.

“SEBI vide its Order no: WTM/PS/26/IMD/DOF-III/July/2015 dated 28<sup>th</sup> July, 2015 had directed cancellation of “Certificate of Registration” of Sahara Mutual Fund which was to be effective on expiry of six months from the date of the Order. Further, SEBI also directed by the said Order that the Mutual Fund shall not take any new subscription from investors. Accordingly, the Mutual Fund has not taken any new subscription from the investors (including existing investors) in line with the said SEBI order. Sahara Asset Management Company Pvt. Ltd (SAMCPL) filed an appeal before the Securities Appellate Tribunal (SAT), Mumbai to set aside the said SEBI order. SAT vide its order dated 28<sup>th</sup> July, 2017 dismissed our appeal. An appeal in the matter was filed before the Hon’ble Supreme Court Hon’ble Supreme Court vide its order dated 23<sup>rd</sup> October, 2017 dismissed our appeal. SEBI vide their order dated April 11, 2018 ordered for winding up of all schemes except Sahara Tax Gain Fund. An appeal in the matter was filed before the Securities Appellate Tribunal (SAT), SAT vide its order dated May 3<sup>rd</sup>, 2018 directed One Life Capital Advisors Ltd to make a fresh application seeking approval of



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SEBI for being the sponsor and till the decision on the said application is communicated, SEBI shall not enforce the orders impugned in the two appeals.

### i. Details of AMC Directors.

Name	Age/Qualification	Brief Experience
Mr O P Srivastava Associate Director	64 years, Graduate In Law and Post Graduate in Political Science	Shri Srivastava has been associated with the Sahara India Group of Companies since its inception. He is Director of Sahara India Financial Corporation Limited, a flagship company of the Group. He is also involved with the group various business activities, namely Finance, Infrastructure & Housing, Media & Entertainment, Commodity Sales with Services and Retail Chain, Consumer Products, Manufacturing and Information Technology etc
Shri Ramesh Joshi Independent Director	76 years, B.A , L L B	Shri R M.Joshi is a graduate in Economics and Law from University of Nagpur. He started his career as a Central Banker and held various important positions in RBI since 1972.He was a member of various committees formed by GOI, RBI & SEBI. He was a regular visiting faculty to various Banker's training college and other professional Institutes. He retired as an Executive Director from SEBI. He is also practicing as a Senior Corporate Consultant and a Director on the Board of couple of companies.

### ii. Duties and Responsibilities of the Asset Management Company

Under the SEBI Regulations and the Investment Management Agreement, the AMC has, inter-alia, the following duties and responsibilities:

(1) The asset management company shall take all reasonable steps and exercise due diligence to ensure that the investment of funds pertaining to any scheme is not contrary to the provisions of these regulations and the trust deed.

(2) The asset management company shall exercise due diligence and care in all its investment decisions as would be exercised by other persons engaged in the same business.

[2A) The asset management company shall obtain, wherever required under these regulations, prior in-principle approval from the recognized stock exchange(s) where units are proposed to be listed.]

(3) The asset management company shall be responsible for the acts of commission or omission by its employees or the persons whose services have been procured by the asset management company.

(4) The asset management company shall submit to the trustees quarterly reports of each year on its activities and the compliance with these regulations.

(5) The trustees at the request of the asset management company may terminate the assignment of the asset management company at any time:

**Provided** that such termination shall become effective only after the trustees have accepted the termination of assignment and communicated their decision in writing to the asset management company.

(6) Notwithstanding anything contained in any contract or agreement or termination, the asset management company or its directors or other officers shall not be absolved of liability to the mutual fund for their acts of commission or omission, while holding such position or office.

[(6A) The Chief Executive Officer (whatever his designation may be) of the asset management company shall ensure that the mutual fund complies with all the provisions of these regulations and

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the guidelines or circulars issued in relation thereto from time to time and that the investments made by the fund managers are in the interest of the unit holders and shall also be responsible for the overall risk management function of the mutual fund.

*Explanation.*—For the purpose of this sub-regulation, the words “these regulations” shall mean and include the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended from time to time.

(6B) The fund managers (whatever the designation may be) shall ensure that the funds of the schemes are invested to achieve the objectives of the scheme and in the interest of the unit holders.]

(7)(a) An asset management company shall not through any broker associated with the sponsor, purchase or sell securities, which is average of 5 per cent or more of the aggregate purchases and sale of securities made by the mutual fund in all its schemes :

**Provided** that for the purpose of this sub-regulation, the aggregate purchase and sale of securities shall exclude sale and distribution of units issued by the mutual fund:

**Provided further** that the aforesaid limit of 5 per cent shall apply for a block of any three months.

(b) An asset management company shall not purchase or sell securities through any broker [other than a broker referred to in clause (a) of sub-regulation (7)] which is average of 5 per cent or more of the aggregate purchases and sale of securities made by the mutual fund in all its schemes, unless the asset management company has recorded in writing the justification for exceeding the limit of 5 per cent and reports of all such investments are sent to the trustees on a quarterly basis : **Provided** that the aforesaid limit shall apply for a block of three months.]

(8) An asset management company shall not utilise the services of the sponsor or any of its associates, employees or their relatives, for the purpose of any securities transaction and distribution and sale of securities :

**Provided** that an asset management company may utilise such services if disclosure to that effect is made to the unitholders and the brokerage or commission paid is also disclosed in the half-yearly annual accounts of the mutual fund :

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

- (i) any underwriting obligations undertaken by the schemes of the mutual funds with respect to issue of securities associate companies,
- (ii) devolvement, if any,
- (iii) subscription by the schemes in the issues lead managed by associate companies,
- (iv) subscription to any issue of equity or debt on private placement basis where the sponsor or its associate companies have acted as arranger or manager.]

(9) The asset management company shall file with the trustees the details of transactions in securities by the key personnel of the asset management company in their own name or on behalf of the asset management company and shall also report to the SEBI, as and when required by the SEBI.

(10) In case the asset management company enters into any securities transactions with any of its associates a report to that effect shall be sent to the trustees [at its next meeting].

(11) In case any company has invested more than 5 per cent of the net asset value of a scheme, the investment made by that scheme or by any other scheme of the same mutual fund in that company or its subsidiaries shall be brought to the notice of the trustees by the asset management company and be disclosed in the half-yearly and annual accounts of the respective schemes with justification for such investment [provided the latter investment has been made within one year of the date of the former investment calculated on either side].

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(12) The asset management company shall file with the trustees and the SEBI—

(a) detailed bio-data of all its directors along with their interest in other companies within fifteen days of their appointment;

(b) any change in the interests of directors every six months; and

(c) a quarterly report to the trustees giving details and adequate justification about the purchase and sale of the securities of the group companies of the sponsor or the asset management company, as the case may be, by the mutual fund during the said quarter.

(13) Each director of the asset management company shall file the details of his transactions of dealing in securities with the trustees on a quarterly basis in accordance with guidelines issued by the SEBI.

(14) The asset management company shall not appoint any person as key personnel who has been found guilty of any economic offence or involved in violation of securities laws.

(15) The asset management company shall appoint registrars and share transfer agents who are registered with the SEBI:

**Provided** if the work relating to the transfer of units is processed in-house, the charges at competitive market rates may be debited to the scheme and for rates higher than the competitive market rates, prior approval of the trustees shall be obtained and reasons for charging higher rates shall be disclosed in the annual accounts.

(16) The asset management company shall abide by the Code of Conduct as specified in the Fifth Schedule.

(17) The asset management company shall not invest in any of its scheme, unless full disclosure of its intention to invest has been made in the offer documents, in case of schemes launched after the notification of Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2011:

Provided that an asset management company shall not be entitled to charge any fee on its investment in that scheme

(18) The asset management company shall not carry out its operations including trading desk, unit holder servicing and investment operations outside the territory of India:

Provided that the asset management company having any of its operations outside India shall wind up and bring them within the territory of India within a period of one year from the date of notification of Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2011:

Provided further that the SEBI may grant a further period of one year if it is satisfied that there was sufficient cause for not winding up of the operation outside India within that period

(19) The asset management company shall compute and carry out valuation of investments made by its scheme(s) in accordance with the investment valuation norms specified in Eighth Schedule, and shall publish the same.

(20) The asset management company and the sponsor of the mutual fund shall be liable to compensate the affected investors and/or the scheme for any unfair treatment to any investor as a result of inappropriate valuation.

(21) The asset management company shall report and disclose all the transactions in debt and money market securities, including inter scheme transfers, as may be specified by the SEBI

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### **Restrictions on business activities of the asset management company**

The asset management company shall, -

- (a) not act as a trustee of any mutual fund;
- (b) not undertake any business activities other than in the nature of management and advisory services provided to pooled assets including offshore funds, insurance funds, pension funds, provident funds, if any of such activities are not in conflict with the activities of the mutual fund: Provided that the asset management company may itself or through its subsidiaries undertake such activities, as permitted under clause (b), if, -
  - (i) it satisfies the SEBI that bank and securities accounts are segregated activity wise;
  - (ii) it meets with the capital adequacy requirements, if any, separately for each such activity and obtain separate approval, if necessary under the relevant regulations;
  - (iii) it ensures that there is no material conflict of interest across different activities;
  - (iv) the absence of conflict of interest shall be disclosed to the trustees and unit holders in scheme information document and statement of additional information;
  - (v) there are unavoidable conflict of interest situations, it shall satisfy itself that disclosures are made of source of conflict, potential 'material risk or damage' to investor interests and detailed parameters for the same;
  - (vi) it appoints separate fund manager for each separate fund managed by it unless the investment objectives and asset allocation are same and the portfolio is replicated across all the funds managed by the fund manager, within a period of six months from the date of notification of Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2011;
  - (vii) it ensures fair treatment of investors across different products that shall include, but not limited to, simultaneous buy and sell in the same equity security only through market mechanism and a written trade order management system; and
  - (viii) it ensures independence to key personnel handling the relevant conflict of interest is provided through removal of direct link between remuneration to relevant asset management company personnel and revenues generated by that activity:

Provided further that the asset management company may, itself or through its subsidiaries, undertake portfolio management services and advisory services for other than broad based fund till further directions, as may be specified by the SEBI, subject to compliance with the following additional conditions:-

- (i) it satisfies the SEBI that key personnel of the asset management company, the system, back office, bank and securities accounts are segregated activity wise and there exist system to prohibit access to inside information of various activities;
- (ii) it meets with the capital adequacy requirements, if any, separately for each of such activities and obtain separate approval, if necessary under the relevant regulations.

*Explanation:-* For the purpose of this regulation, the term 'broad based fund' shall mean the fund which has at least twenty investors and no single investor account for more than twenty five percent of corpus of the fund.

### **Appointment of an asset management company**

- (1) The sponsor or, if so authorized by the trust deed, the trustee, shall appoint an asset management company, which has been approved by the SEBI under sub-regulation (2) of regulation 21.
- (2) The appointment of an asset management company can be terminated by majority of the trustees or by seventy-five per cent of the unit holders of the scheme.
- (3) Any change in the appointment of the asset management company shall be subject to prior approval of the SEBI and the unit holders.

### **General Obligations**

- To maintain proper books of account and records etc.:
- ✓ Every asset management company for each Scheme shall keep and maintain proper books of account, records and documents, for each Scheme so as to explain its transactions and to disclose at any point of time the financial position of each Scheme and in particular give a true and fair view of the state of affairs of the fund and intimate to the SEBI the place where such books of account, records and documents are maintained.

## **Sahara Mutual Fund**

- ✓ Every asset management company shall maintain and preserve for a period of eight years its books of accounts, records and documents.
- ✓ The asset management company shall follow the accounting policies and standards as specified in the Ninth Schedule so as to provide appropriate details of the scheme wise disposition of the assets of the fund at the relevant accounting date and the performance during that period together with information regarding distribution or accumulation of income accruing to the Unit holder in a fair and true manner.
- Publication of annual report and summary thereof: -
  - ✓ The scheme wise annual report of a mutual fund or an abridged summary thereof shall be mailed to all Unit holders as soon as may be but not later than four months from the date of closure of the relevant accounts year ”
  - ✓ “Provided that the scheme wise annual report or abridged summary thereof may be sent to investors in electronic form on their registered e-mail address in the manner specified by the SEBI.”;
  - ✓ The annual report and abridged summary thereof shall contain details as specified in the Eleventh Schedule and such other details as are necessary for the purpose of providing a true and fair view of the operations of the mutual fund:  
Provided that the abridged scheme wise annual report mailed to Unit holders need not contain full portfolio disclosure but must contain details on group company investments such as the name of the company, the amount of investment made in each company of the group by each scheme and the aggregate investments made by all schemes in the group companies of the sponsor.  
  
Provided further that full portfolio disclosure is not required if full accounts are published in newspapers.  
  
The Mutual Fund is not required to publish the scheme wise annual report or abridged annual report in the newspapers. However the Mutual fund shall continue to send the annual report or abridged annual report to the unit holders. Further, all mutual funds shall host the scheme-wise annual reports on their web sites and on the web site of AMFI.
  - ✓ The report if published in summary form will carry a note that (for Unit holders of a scheme) the full annual report shall be available for inspection at the registered office of the mutual fund and a physical copy of the abridged summary of the Annual Report, will be provided without charging any cost on specific request received from a unit holder.
  - ✓ The asset management company will host the full scheme wise annual reports prominently on its website.
  - ✓ The Mutual Fund will publish an advertisement every year disclosing the hosting of the scheme-wise annual report on its website and on the website of AMFI and the modes such a SMS, telephone, email or written request (letter) etc. through which unit holders can submit a request for a physical or electronic copy of the scheme wise annual report or abridged summary thereof. Such advertisement will be published in the all India edition of at least two daily newspaper one each in English and Hindi.
- Annual report to be forwarded to the SEBI: - Every mutual fund shall within four months from the date of closure of each financial year forward to SEBI a copy of the annual report and other information including details of investments and deposits held by the mutual fund so that the entire scheme wise portfolio of the mutual funds is disclosed to the SEBI.
- Periodic and continual disclosures:
  - ✓ The mutual fund, the asset management company, the trustees, custodian, sponsor of the mutual fund shall make such disclosures or submit such documents as they may be called upon to do so by the SEBI.
  - ✓ Without prejudice to the generality of sub-regulation (1) the mutual fund shall furnish the following periodic reports to the SEBI, namely: -
  - ✓ Copies of the duly audited annual statements of accounts including the balance sheet and the profit and loss account for the fund and in respect of each scheme, once a year:

## **Sahara Mutual Fund**

- ✓ No sale of units of any scheme of a mutual fund shall be made by the trustees or an asset management company unless accompanied by documents, which contain information, which is adequate for the investors to take an informed decision.

### **Monthly /Half-yearly disclosures: -**

(1) A mutual fund and asset management company 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:

Provided that the half-yearly unaudited report shall contain details as specified in Twelfth Schedule and such other details as are necessary for the purpose of providing a true and fair view of the operations of the mutual fund.

(2) A mutual fund and asset management company, 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.

- A mutual fund shall before the expiry of one month from the close of each half year (*i.e.*, 31st March and 30th September), send to all unit holders a complete statement of its scheme portfolio :

**Provided** that statement of scheme portfolio may not be sent to the unit holders, if the statement is published, by way of an advertisement, in one English daily circulating in the whole of India and in a newspaper published in the language of the region where the head office of the mutual fund is situated

- The Mutual fund will disclose (along with ISIN) as on the last day of the month/half year for all schemes on its website [www.saharamutual.com](http://www.saharamutual.com) and on the website of AMFI within 10 days from the close of the each month/half year respectively in a user-friendly and downloadable spread sheet format. A copy of the half year portfolio shall also be filed with SEBI.
- In case of unit holders whose email addresses are registered, the Mutual Fund will send via email both the monthly and half yearly statement of scheme portfolio within 10 days from the close of each month/half year respectively.
- The AMC/Mutual Fund will publish an advertisement every half year disclosing the hosting of the half yearly statement of its schemes portfolio on their respective website and on the website of AMFI and the modes such as SMS, telephone, email or written request (letter) through which a unit holder can submit a request for a physical or electronic copy of the statement of scheme portfolio. Such advertisement will be published in the all India edition of at least two daily newspapers, one each in English and Hindi.
- The Mutual fund/AMC will provide a physical copy of the statement of its scheme-portfolio without charging any cost on specific request received from a unit holder.

## Sahara Mutual Fund

### iii. Information on Key Personnel:

Name/Designation	Age/Qualification	Brief Experience
Mr Khozem Jabalpurwala, Fund Manager (Equity)	50 years, B.Com CA(Inter)	He has nearly 18 experience in the capital markets. He has been associated in the equity segment with K R Choksey Shares and Securities ( Aug 2016 to Feb 2019) and IL & FS Broking Services Pvt Ltd (Jan 2008 -July 2016) servicing Institutional Clients
Mr Manish Jaitley, Fund Manager - Debt	50 years , B.Sc	He has over two decades of experience in the Debt segment. He has been associated in servicing Clients while being associated with LKP Securities Ltd(Mar,2014- Mar,2015),being an Independent Financial Consultant(Dec 2011-Feb 14),Brics Gilt Finance Pvt Ltd.(Sep,2010-Dec,2011),Standard Chartered,-STCI Capital Markets Ltd.(May,2006- Sep, 2010).
Mr Rahul Jadhav Dealer (Debt)	33 years, B.Sc	He is a Science Graduate and has experience both in the debt and equity dealing segment while being associated with Standard Chartered Securities and Tata Capital Ltd
Mr Pradeep Sukte Dealer (Equity)	37 years, B.Com, CFA	He is a Commerce graduate and Chartered Financial Analyst (CFA) from ICFAI and has been into equity dealing segment for more than 10 years while being associated with IDFC Securities, Quantum Securities and UTI Securities.
Ms Vidya S Manjrekar Head – Operations	54 years. B Com , CAIIB –Part 1.	She has over two decades of experience in the Mutual Fund Industry. She has worked in various departments including Department of Accounts in UTI Mutual Fund (erstwhile UTI) prior to joining Sahara AMC Ltd.
Mr Arun Shinde, Head-Investor Services	54 years B.com , MBA (Finance), IGNOU	He has vast experience and has been in the mutual fund industry for over two decades.He has worked in Syntel Pvt Ltd (May 2004 till 15 <sup>th</sup> June'2015).
Mr. Sudhir Kaup Compliance Officer	53 years, B Com, CAIIB (UTI)	He has over two decades of experience in the Operations & Compliance areas in the Mutual Fund Industry. He has worked in various departments in UTI MF from 1989 to 2003.

### iv. FUND MANAGEMENT & INVESTMENT PROCESS

#### The team:

The Investment operations of the Sahara Mutual Fund scheme(s) are managed by Sahara Asset Management Company Private Limited, company's fund management team. The team comprises of Mr.Khozem Jabalpurwala Fund Manager (Equity) and Mr. Manish Jaitley, Fund Manager (Debt).The key personnel have experience in advising / managing funds in Indian financial markets.

**The Investment Committee:** The committee will lay down the investment policy and philosophy, review performance with regard to the objectives of the schemes on a regular basis. It would lay down the broad framework for investment management by the fund manager while the day to day management of the fund would rest with the fund Manager. The investment committee reviews the portfolios periodically, assess the liquidity positions and make suggestions to the fund manager. The Investment Committee comprises of Mr.Khozem Jabalpurwala Fund Manager (Equity),Mr Manish Jaitley,Fund Manager (Debt) and Mr. Sudhir Kaup, Compliance Officer.

#### The Investment Process:

The Fund Manager in accordance with the policies formulated by the Investment Committee handles the day-to-day investment management. The focus of the Fund Manager is to ensure that the

## **Sahara Mutual Fund**

objectives of each Fund are kept foremost whilst taking decisions regarding asset allocation and selection. Careful attention is at all times paid to SEBI guidelines regarding restriction on investments / investment limits as prescribed from time to time. These restrictions relate to single company / group investments, investments in associate companies, investments in unrated debt instruments etc. Typically, wherever any investment in unrated paper is involved, prior approval of the Trustees and the Board of the AMC is sought. There is a daily meeting of the Fund Management Team which discusses issues on the various information available. The research analysts give their inputs. These meetings help the fund manager in taking investment decisions. The Fund Manager relies extensively on research provided by external agencies that are used to formulate a view on the likely trends and impact on the markets. This is supplemented by in-house research. The Board of Directors of the AMC and the Trustees are presented regular reports on the portfolio performance on a stand-alone basis as well as a comparison with relevant benchmarks and with peer group from the industry. Based on a comprehensive review of credit, macro-economic factors, external and internal inputs, the Investment Committee decide the portfolio balance to arrive at a suitable mix of risk and return. The key objective is to optimize returns vis-à-vis risk. Depending on the needs, derivatives may be used with a view to minimizing risk and protecting the returns of the portfolio. The buy/sell decisions would be recorded by the fund manager in the form of a Fund wise requisition slips keeping in mind the investment objectives, investment restrictions and the applicable guidelines. These sheets would contain details such as quantity of scrip/security, indicative price, reasons for buy/sell etc. The requisition slip would be sent to the Dealers for execution. The risk manager/ mid office would review all buying and selling transactions to check that they are in line with the stated fund objectives, investment restrictions, stipulated guidelines and suggest corrective action to the fund manager wherever required. It would also check the portfolio risks periodically and suggests corrective action wherever required. The Fund Manager shall review the portfolio on a daily basis, in conjunction with the expected cash flows in to and out of the various Funds and in line with the investment objectives and guidelines. The complete portfolio statement elaborating classifications, limits and valuations would be placed for scrutiny before the Trustees and the Board of Directors of the AMC at their meetings, which would be typically at least bimonthly / once in a quarter.

### **E. SERVICE PROVIDERS**

#### **i. Custodian**

**HDFC Bank Limited**, Custody Operations, Empire Plaza, Tower 1, 4th Floor, LBS Marg, Chandan Nagar, Vikhroli West, Mumbai - 400083.

#### **ii. Transfer Agents /Dividend Paying Agent.**

**KARVY Computershare Private Limited** SEBI Registration No.: INR000000221

#59,'SKANDA', Puttanna Road, Basavangudi, Bengaluru-560004.Tel:080-

;67453356;Email:service\_smf@karvy.com

KARVY Computershare Private Limited, a SEBI Registered Registrar and Transfer agent has been appointed as Registrar and Transfer Agent. Their Registration No. is INR 000000221. The Trustees and the AMC have satisfied themselves that the Registrar has adequate capacity to discharge responsibility with regard to processing of application and dispatching unit certificate to unit holders within the time limit prescribed in the Regulation and also has sufficient capacity to handle investor compliance.The Board of the Trustees and the AMC has ensured that the Registrar has adequate capacity to discharge responsibilities with regard to processing of applications and dispatching unit certificates to unit holders within the time limit prescribed in the Regulations and also has sufficient capacity to handle investor complaints.

#### **iii. STATUTORY AUDITOR**

##### **Chaturvedi & Partners**

Chartered Accountants,B-102, Safalaya, Behind Profit Centre,,Mahavir Nagar, ,Kandivli (West) Mumbai-400 067

#### **iv. FUND ACCOUNTANT**

**HDFC Bank Limited**, Empire Plaza, Tower 1, 4th Floor, LBS Marg, Chandan Nagar, Vikhroli West, Mumbai - 400083.

#### **v. Collecting Bankers: Not Applicable for ongoing schemes.**



## Sahara Mutual Fund

### F. CONDENSED FINANCIAL INFORMATION (CFI)

PER UNIT STATISTICS	SAHARA MID CAP FUND			SAHARA LIQUID FUND		
	2019	2018	2017	2019	2018	2017
<b>Date of Allotment</b>	<b>31.12.2004 (Regular) / 1/1/2013(Direct)</b>			<b>19.02.2002(Regular) / 01/01/2013(Direct)</b>		
<b>NAV at the beginning of the year/period</b>						
Growth	81.9550	74.6975	52.8321	2960.8648	2808.1825	2653.3718
Dividend	36.1449	32.9336	23.2933	1209.9417	1147.5513	1084.2893
Bonus	81.9550	74.6975	52.8321	NA	NA	NA
Growth Auto payout	81.9550	74.6975	52.8321	NA	NA	NA
Growth (VPO)	NA	NA	NA	3023.3957	2858.5067	2694.2655
Dividend (VPO)	NA	NA	NA	1218.9990	1152.5177	1086.2974
Dividend –Weekly FPO	NA	NA	NA	1027.4373	1027.4373	1027.4373
Dividend Monthly-FPO	NA	NA	NA	1043.3721	1043.3721	1043.3721
Dividend –Weekly VPO	NA	NA	NA	1227.1084	1160.0934	1093.3976
Dividend Monthly-VPO	NA	NA	NA	1240.6578	1171.6902	1103.0949
Growth –Direct	86.4919	77.1729	53.5757	2963.8074	2810.3666	2654.8546
Dividend- Direct	36.6254	33.2710	23.4642	1209.9417	1147.5513	1084.2893
Bonus-Direct	86.4919	77.1729	53.5757	NA	NA	NA
Growth Auto Payout-Direct	86.4919	77.1729	53.5757	NA	NA	NA
Growth (VPO)- Direct	NA	NA	NA	3028.7658	2862.8583	2696.9110
Dividend (VPO)- Direct	NA	NA	NA	1038.8267	1038.8267	1038.8267
Dividend –Weekly FPO- Direct	NA	NA	NA	1027.4373	1027.4373	1093.3976
Dividend Monthly-FPO- Direct	NA	NA	NA	1043.3721	1043.3721	1043.3721
Dividend –Weekly VPO- Direct	NA	NA	NA	1227.1084	1160.0934	1093.3976
Dividend Monthly-VPO- Direct	NA	NA	NA	1055.8972	1055.8972	1055.8972
<b>NAV at the end of the year /period (Rs.)</b>						
Growth	80.4578	81.9550	74.6975	3124.4506	2960.8648	2808.1825
Dividend	35.4846	36.1449	32.9336	1276.7782	1209.9417	1147.5513
Bonus	80.4578	81.9550	74.6975	NA	NA	NA
Growth Auto payout	80.4578	81.9550	74.6975	NA	NA	NA
Growth (VPO)	NA	NA	NA	3196.5815	3023.3957	2858.5067
Dividend (VPO)	NA	NA	NA	1288.8256	1218.9990	1152.5177

**Sahara Mutual Fund**

Dividend –Weekly FPO	NA	NA	NA	1027.4373	1027.4373	1027.4373
Dividend Monthly-FPO	NA	NA	NA	1043.3721	1043.3721	1043.3721
Dividend –Weekly VPO	NA	NA	NA	1300.6068	1227.1084	1160.0934
Dividend Monthly-VPO	NA	NA	NA	1312.8867	1240.6578	1171.6902
Growth –Direct	86.2620	86.4919	77.1729	3024.2870	2963.8074	2810.3666
Dividend- Direct	36.0568	36.6254	33.2710	1276.7782	1209.9417	1147.5513
Bonus-Direct	86.2620	86.4919	77.1729	NA	NA	NA
Growth Auto Payout-Direct	86.2620	86.4919	77.1729	NA	NA	NA
Growth (VPO)- Direct	NA	NA	NA	3216.5361	3028.7658	2862.8583
Dividend (VPO)- Direct	NA	NA	NA	1038.8267	1038.8267	1038.8267
Dividend –Weekly FPO- Direct	NA	NA	NA	1027.4373	1027.4373	1027.4373
Dividend Monthly-FPO- Direct	NA	NA	NA	1043.3721	1043.3721	1043.3721
Dividend –Weekly VPO- Direct	NA	NA	NA	1300.6068	1227.1084	1160.0934
Dividend Monthly-VPO- Direct	NA	NA	NA	1055.8972	1055.8972	1055.8972
Dividends (Rs.)	-	-	-	-	-	-
Annualized return (%) Since inception-	15.76	17.21	17.83	7.38/ 6.88	7.52/ 6.96	7.67/ 7.06
Bench mark returns-Reg	15.09	16.49	15.36	7.40/^^	7.39/^^	7.43/^^
Annualized return (%) Since inception-Direct	16.92	20.53	22.57	7.03 / NA	7.28/ 7.01	7.63/ 7.38
Benchmark returns-Direct	14.15	17.49	17.72	8.02	8.09	8.38
Net Assets end of period (Rs.Lakhs)	814.98	892.71	964.38	1411.69	1382.37	1519.50
Ratio of Recurring Expenses to Net Assets (%)	2.75	3.05	3.03	0.26	0.19	0.18

^^ Base date of index 31 3 2002

PER UNIT STATISTICS	SAHARA GROWTH FUND			SAHARA TAX GAIN FUND		
	2019	2018	2017	2019	2018	2017
Date of allotment	03.09.02(regular)/ 01/01/2013(Direct)			01.04.97(Regular)/ 1/1/2013(Direct)		
NAV at the beginning of the year/ Period						

**Sahara Mutual Fund**

<b>(Rs.)</b>						
Growth	137.8319	134.2453	106.4224	72.9447	69.5416	57.1032
Dividend	40.0234	38.9820	30.8891	17.0852	16.2882	13.3750
Growth - Direct	151.5484	143.4603	110.8043	75.8157	71.3881	58.0220
Dividend - Direct	40.6891	39.5124	31.2319	17.3633	16.5050	13.5142
<b>NAV at the end of the year /Period (Rs.)</b>						
Growth	148.7498	137.8319	134.2453	76.4313	72.9447	69.5416
Dividend	43.1937	40.0234	38.9820	17.9017	17.0852	16.2882
Growth - Direct	166.8069	151.5484	143.4603	80.2936	75.8157	71.3881
Dividend - Direct	44.0421	40.6891	39.5124	18.2436	17.3633	16.5050
Dividend (Rs.)	-	-	-	-	-	-
Annualized return (%) Since inception-Regular	15.76	18.33	19.48	20.55	21.36	22.24
Benchmark returns-Regular	15.09	17.55	16.31	13.89	14.21	13.22
Annualized return (%) Since inception-Direct	16.92	10.81	12.04	11.19	12.24	13.68
Benchmark returns-Direct	14.15	12.02	10.73	4.40	13.59	12.22
Net Assets end of period (Rs. Lakhs)	434.77	471.96	545.79	550.73	647.21	806.04
Ratio of Recurring Expenses to Net Assets (%)	2.29	2.37	2.35	2.73	3.02	3.00

Historical Per Unit Statistics	Sahara Wealth Plus Fund			Sahara Infrastructure Fund		
	2019	2018	2017	2019	2018	2017
<b>Date of allotment</b>	01/09/2005(Regular) 01/01/2017(Direct)			03/04/2006 (Regular) 01/01/2013(Direct)		
<b>NAV at the beginning of the year (Rs.)</b>						
Growth – (FPO)	45.1163	43.6405	35.3443	26.2097	24.6995	17.6536
Dividend –(FPO)	32.1318	31.0807	25.1722	19.1394	18.0366	12.8912
Growth – ( VPO)	51.9133	49.1224	38.9406	30.0177	27.6717	19.3739
Dividend – ( VPO)	37.6371	35.6137	28.2318	22.0819	20.3562	14.2521
Growth – (FPO)- Direct	45.9116	44.1945	35.6892	27.7905	25.5171	17.7711
Dividend –(FPO)- Direct	32.6030	31.4412	25.3878	19.4246	18.2513	13.0063
Growth – ( VPO) - Direct	53.0408	49.9095	39.3574	30.6143	28.0406	19.5134
Dividend – ( VPO)- Direct	38.1245	35.9894	28.4611	22.3488	20.5511	14.3501
<b>NAV at the end of the year (Rs.)</b>						
Growth – (FPO)	43.1140	45.1163	43.6405	26.3014	26.2097	24.6995
Dividend –(FPO)	30.7057	32.1318	31.0807	19.2064	19.1394	18.0366
Growth – ( VPO)	50.2865	51.9133	49.1224	30.5471	30.0177	27.6717
Dividend – ( VPO)	36.4576	37.6371	35.6137	22.4714	22.0819	20.3562

### Sahara Mutual Fund

Growth – (FPO)- Direct	44.1489	45.9116	44.1945	28.6781	27.7905	25.5171
Dividend –(FPO)- Direct	31.2467	32.6030	31.4412	20.3280	19.4246	18.2513
Growth – ( VPO) - Direct	51.6573	53.0408	49.9095	31.3341	30.6143	28.0406
Dividend – ( VPO)- Direct	37.0186	38.1245	35.9894	22.3093	22.3488	20.5511
Dividend (Rs.)	-	-	-	-	-	-
Return (%) VPO / FPO (since inception) - regular	12.63 / 11.36	13.99/ 12.73	14.73/ 13.56	8.97 / 7.72	9.60/ 8.37	9.69/ 8.57
Benchmark returns-Regular	12.78/ 10.96	13.37	12.03	11.10	10.67	9.23
Return (%) VPO / FPO (since inception) -Direct	13.09/ 13.21	15.99/ 14.04	18.37/ 16.54	12.17/ 11.51	14.16/ 13.18	15.33/ 14.19
Benchmark returns- direct	13.21	13.90	12.84	12.71	12.02	10.73
Net Assets (Rs. in lakhs)	909.93	993.34	1104.25	460.57	490.05	534.09
Ratio of recurring expenses (%)	1.59	1.16	1.22	1.85	1.67	1.76

FPO – Fixed Pricing Option    VPO – Variable Pricing Option

Historical Per Unit Statistics	Sahara R. E. A. L Fund		
Date of Allotment	27/11/2007 (Regular) 01/01/2013(Direct)		
NAV at the beginning of the year (Rs.)	2019	2018	2017
Growth	21.8991	18.7684	14.7897
Dividend	21.9026	18.7712	14.7919
Growth - Direct	23.7818	19.8471	15.2931
Dividend - Direct	22.3004	19.0174	14.9357
NAV at the end of the year (Rs.)			
Growth	20.8784	21.8991	18.7684
Dividend	20.8818	21.9026	18.7712
Growth - Direct	23.1026	23.7818	19.8471
Dividend - Direct	21.3282	22.3004	19.0174
Return (%) since inception- Regular	6.71	7.88	6.97
Benchmark returns- Regular	7.76	6.95	5.23
Return (%) since inception- Direct	17.36	21.69	22.08
Benchmark returns- Direct	12.71	12.02	10.73
Net Assets (Rs. in lakhs)	369.48	413.35	412.87
Ratio of recurring expenses (%)	2.76	3.05	3.03

### Sahara Mutual Fund

Historical Per Unit Statistics	Sahara Power & NR Fund			Sahara Banking & FS Fund		
Date of Allotment	17/06/2008 (Regular)/ 01/01/2013 (Direct)			16/09/2008 (Regular)/ 01/01/2013 (Direct)		
NAV at the beginning of the year (Rs.)	2019	2018	2017	2019	2018	2017
Growth	22.2083	20.3849	14.0844	60.1208	53.4410	40.0828
Dividend	18.9418	17.3866	12.0129	21.2538	18.8924	14.1702
Growth - Direct	23.5588	21.0246	14.2180	63.0969	55.1456	40.7484
Dividend - Direct	16.0357	16.0357	12.1263	21.6147	19.1572	14.3276
NAV at the end of the year (Rs.)						
Growth	21.2089	22.2083	20.3849	73.2303	60.1208	53.4410
Dividend	18.0895	18.9418	17.3866	25.8882	21.2538	18.8924
Growth - Direct	22.9410	23.5588	21.0246	77.9193	63.0969	55.1456
Dividend - Direct	16.0357	16.0357	16.0357	26.4001	21.6147	19.1572
Dividend (Rs.)		-	-		-	-
Return (%) since inception - Regular	7.22	8.50	8.44	20.80	20.70	21.68
Benchmark returns- Regular	10.18	9.56	8.03	17.51	16.67	15.78
Return (%) since inception- Direct	11.28	14.15	14.62	13.73	11.96	11.36
Benchmark returns- Direct	12.71	12.02	10.73	16.01	14.22	13.22
Net Assets (Rs.in lakhs)	16.54	186.64	192.44	492.99	483.03	559.83
Ratio of recurring expenses (%)	2.75	3.04	3.01	2.67	2.96	2.97

Historical Per Unit Statistics	Sahara Star Value Fund			Sahara Super 20 Fund		
Date of Allotment	14/09/2009 (Regular)/ 01/01/2013 (Direct)			31/07/2009 (Regular)/ 01/01/2013 (Direct)		
NAV at the beginning of the year (Rs.)	2019	2018	2017	2019	2018	2017
Growth	24.4851	23.6945	17.0512	19.5660	18.4779	15.4171
Dividend	19.9564	18.3777	13.2701	19.5470	18.4599	15.4020
Growth - Direct	26.2951	25.4173	18.3003	20.9411	19.2365	15.7215
Dividend - Direct	19.2371	18.5938	13.3875	16.3573	16.3573	15.5930
NAV at the end of the year (Rs.)						
Growth	24.1508	24.4851	23.6945	20.9138	19.5660	18.4779
Dividend	18.6742	19.9564	18.3777	20.8936	19.5470	18.4599
Growth - Direct	25.9762	26.2951	25.4173	22.7996	20.9411	19.2365
Dividend - Direct	19.0042	19.2371	18.5938	16.3573	16.3573	16.3573
Dividend (Rs.)	-	-	-			-
Return (%) since inception - Regular	9.68	11.06	12.11	7.93	8.06	8.33
Benchmark returns- Regular	13.15	11.41	9.71	11.30	10.72	9.30
Return (%) since inception - Direct	11.48	16.13	19.30	10.08	10.31	10.64
Benchmark returns- direct	4.40	13.59	12.22	12.71	12.02	10.73
Net Assets (Rs.in lakhs)	44.18	53.02	68.03	40.14	40.56	47.91
Ratio of recurring expenses (%)	2.67	2.95	2.79	2.72	3.04	3.02

## **Sahara Mutual Fund**

### **II. HOW TO APPLY** (Currently fresh sales have been suspended)

1. The application form for the sale of units will be available and accepted at the office of the AMCs office / ISCs during business hours on their respective business days.
2. Applications must be completed in **BLOCK LETTERS** in English.
3. Signatures should be in English or in any Indian Language.
4. All cheques and bank drafts must be drawn in favour of the respective scheme eg **“Sahara Growth Fund” / “Sahara Tax Gain Fund”, Sahara Liquid Fund -Fixed Pricing Option – Monthly Dividend Option – Direct** and in the respective schemes/ options as applicable. All cheques and bank drafts accompanying the application form should contain the application form number on its reverse.
5. In order to protect the interest of investors from fraudulent encashment of cheques, the current SEBI Regulations, has made it mandatory for Investors to mention in their Application / Redemption request, the bank name and account number (in full).

Further in line with SEBI Circular dated April 3, 2008, it has been decided to exempt investors residing in the state of Sikkim from the mandatory requirement of PAN for their investments in mutual funds. However, this would be subject to the mutual funds verifying the veracity of the claim of the investors that they are residents of Sikkim, by collecting sufficient documentary evidence.

In line with SEBI circular no MRD/DoP/Cir-20/2008 dated June 30, 2008, it is clarified that PAN may not be insisted in the case of Central Government, State Government, and the officials appointed by the courts e.g. Official liquidator, Court receiver etc. (under the category of Government) for transacting in the securities market. However, the aforementioned clarification would be subject to the intermediaries verifying the veracity of the claim of the specified organizations, by collecting sufficient documentary evidence in support of their claim for such an exemption.

Applications without this information and documents will be deemed to be incomplete and liable to be rejected.

6. Under Power of Attorney: If any application or any request for transmission is signed by a person holding a valid Power of Attorney, the original Power of Attorney or a certified copy duly notarized should be submitted with the application or the transmission request, as the case may be, unless the Power of Attorney has already been registered with the Fund / Registrar.

In case of applications by limited company or a corporate body or an eligible institution or a registered society or a trust or a fund or a FII, a certified true copy of the Board resolution of the Managing Body authorizing investments in Units including authority granted in favour of the officials signing the application for Units and their specimen signature etc., along with a certified copy of the Memorandum and Articles of Association and/or bye-laws and/or trust deed and/or partnership deed and Certificate of Registration should be submitted. The officials should sign the application under the official designation. In the case of a Trust/Fund, it shall produce a resolution from the Trustee(s) authorizing such purchases. The above mentioned documents or duly certified copy thereof must be lodged separately at the office of the Registrar to the Offer, quoting the serial number of the application.

In case of non submission of the above mentioned documents, the Trust is entitled, in its sole and absolute discretion, to reject or accept any application.

7. Pursuant to Securities and Exchange Board of India (SEBI) circular number CIR/IMD/DF/21/2012 dated September 13, 2012, investor/s shall have the provision in the application / transaction form to specify the unique identity number (EUIN) of the employee/relationship manager/sales person (sales person) of the distributor interacting with the investor/s for the sale of mutual fund products, along with the Association of Mutual Fund in India (AMFI) Registration Number (ARN) of the distributor. Investors are hereby requested to note the following with respect to EUIN:

## **Sahara Mutual Fund**

- a. AMFI has allotted EUIN to all the sales person of AMFI registered distributors.
  - b. Investor/s shall specify the valid ARN code, and the valid EUIN of the sales person in the application/transaction form. This will assist in handling the complaints of mis-selling, if any, even if the sales person on whose advice the transaction was executed leaves the employment of the distributor.
  - c. Investors are requested to use the new application /transaction forms which have space for sub-broker ARN code and EUIN.
8. Applications not complete in any respect are liable to be rejected.

• **Additional facilities for transaction of Units:**

**Facility to purchase / redeem units of the Scheme(s) through Stock Exchange(s)** (currently only redemption allowed) A Unit holder may purchase / redeem units of eligible schemes through the Stock Exchange infrastructure (currently, all existing schemes except Sahara Liquid Fund Variable Pricing Option – Daily Dividend, Sahara Liquid Fund Fixed Pricing Option – Daily Dividend, Sahara Liquid Fund Variable Pricing Option - Weekly Dividend, Sahara Liquid Fund Fixed Pricing Option - Weekly Dividend ) through BSE StAR MF platform by submitting the applications to stock brokers registered for this facility. All trading members of BSE who are registered with AMFI / NISM as Mutual Fund Advisors & Clearing members who are registered with BSE will be eligible to offer this facility to Investors. The units of eligible Schemes are not listed on BSE and the same cannot be traded on the Stock Exchange. The details are available in the Scheme Information Document (SID) / Key Information Memorandum (KIM) and the website [www.saharamutual.com](http://www.saharamutual.com)

A Mutual Fund Distributor registered with Association of Mutual Funds in India (AMFI) and who has been permitted by BSE Limited (Stock Exchange) shall be eligible to use BSE StAR MF Platform and infrastructure to purchase and redeem units in the eligible schemes of Sahara Mutual Fund (“Fund”) in both Demat and Non-demat form.

The MF Distributors shall not handle payout and pay in of funds as well as units on behalf of investor.

The pay in will directly be received by recognized clearing corporation and payout will be directly made to investor account. In case of Demat, units shall be credited and debited from the demat account of Investors.

The transactions undertaken through the BSE StAR MF Platform will be in accordance with the procedures and guidelines issued by BSE Limited from time to time. The Board of Trustees reserves the right to change/modify the features of the facility to transact through the Stock Exchange infrastructure on a prospective basis.

### **III. RIGHTS OF UNITHOLDERS OF THE SCHEME**

1. Unit holders of the Scheme have a proportionate right in the beneficial ownership of the assets of the Scheme.
2. When the Mutual Fund declares a dividend under the Scheme, the dividend warrants shall be dispatched within 30 days of the declaration of the dividend. Account Statement reflecting the new or additional subscription shall be dispatched in 5 working days Provided if a Unit holder so desires the Mutual Fund shall issue a Unit certificate (non- transferable) within 30 days of the receipt of request for the certificate.
3. The asset management company shall ensure that consolidated account statement for each calendar month is issued, on or before tenth day of succeeding month, detailing all the transactions and holding at the end of the month including transaction charges paid to the distributor, across all schemes of all mutual funds, to all the investors in whose folios transaction has taken place during that month:  
Provided that the asset management company shall ensure that a consolidated account statement every half yearly (September/ March) is issued, on or before tenth day of succeeding month, detailing holding at the end of the six month, across all schemes of all mutual funds, to all such investors in whose folios no transaction has taken place during that period:

## **Sahara Mutual Fund**

Provided further that the asset management company shall identify common investor across fund houses by their permanent account number for the purposes of sending consolidated account statement.

*Explanation:-* For the purpose of this regulation, the word 'transaction' shall include purchase, redemption, switch, dividend payout, dividend reinvestment, systematic investment plan, systematic withdrawal plan, systematic transfer plan transactions.

4. The Mutual Fund shall dispatch redemption proceeds within 10 Business Days of receiving the redemption request.
  5. The Trustee is bound to make such disclosures to the Unit holders as are essential in order to keep the unit holders informed about any information known to the Trustee which may have a material adverse bearing on their investments.
  6. The appointment of the AMC for the Mutual Fund can be terminated by majority of the Directors of the Trustee Board or by 75% of the Unit holders of the Scheme.
  7. 75% of the Unit holders of a Scheme can pass a resolution to wind- up a Scheme.
  8. The Trustee shall obtain the consent of the Unit holders:
    - whenever required to do so by SEBI, in the interest of the Unit holders.
    - whenever required to do so if a requisition is made by three- fourths of the Unit holders of the Scheme.
    - when the Trustee decides to wind up the Scheme or prematurely redeem the Units.
- The Trustees shall ensure that no change in the fundamental attributes of any Scheme or the trust or fees and expenses payable or any other change which would modify the Scheme and affects the interest of Unit holders shall be carried out unless:
    - (i) a written communication about the proposed change is sent to each Unit holder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated; and
    - (ii) the Unit holders are given an option to exit at the prevailing Net Asset Value without any Exit Load.

- In specific circumstances, where the approval of unit holders is sought on any matter, the same shall be obtained by way of a postal ballot or such other means as may be approved by SEBI.

### **IV. INVESTMENT VALUATION NORMS and ACCOUNTING POLICIES**

#### **VALUATION NORMS**

##### **Principles of Fair Valuation**

The Mutual Fund shall value its investments in accordance with the following overarching principles as outlined in the Eight Schedule of SEBI (Mutual Funds) Regulations, 1996 so as to ensure fair treatment to all investors including existing investors as well as investors seeking to purchase or redeem units in all schemes at all points of time:

The valuation guidelines have been outlined within the parameters of prevailing Regulations and are subject to changes from time to time by AMC and/or Trustees. However such changes would be in conformity with the Regulations.

#### **A: VALUATION OF DEBT INSTRUMENTS**

**A (I) - The Valuation Policy of Debt and Money Market Instruments is given below:**

Sr. No.	Instrument	Valuation applicable on the day of valuation
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**Sahara Mutual Fund**

1	CBLO, REPO, Fixed Deposit, Call Money , etc and such Similar Instruments	On Amortization basis / Accrual basis.
2	Certificate of Deposit (CD), Commercial Paper (CP), Non-Convertible Debenture (NCD) Pass Through Certificate (PTC), Bonds, etc. where Scrip wise values are available from CRISIL/ ICRA	The aggregated average price provided by CRISIL / ICRA for the given security or any other agencies as may be indicated from time to time by SEBI/AMFI for that day
3	Certificate of Deposit (CD), Commercial Paper (CP), Non-Convertible Debenture (NCD) Pass Through Certificate (PTC), Bonds, etc where Scrip wise values are not available from CRISIL/ ICRA	
	i) Same security traded and reported on public platforms.	On Weighted Average Yield of all trades (excluding abnormal and retail trades) on Public platforms, for that Securities on that day irrespective of settlement day.
	ii) If Same Security not traded and reported on any of the public platforms.	The aggregated average matrices of CRISIL/ ICRA for the respective category or any other agencies as may be indicated from time to time by SEBI/AMFI for that day.
4	Central Government Securities / State Government Securities / Treasury Bills/Cash Management Bill etc	
	1) If the securities are traded and residual maturity is above 60 days.	The Aggregated average valuation as provided by CRISIL / ICRA or any other agencies as may be indicated from time to time by SEBI/AMFI for that day.  In case on any given day, the valuation Matrices is not available from CRISIL/ICRA the Valuation shall be done on accrual/amortization based on last valuation.
	2) If the securities are non-traded and residual maturity is above 60 days.	By amortization on straight line basis to maturity from cost or last valuation price whichever is more recent.
	3) If the securities are traded and residual maturity of the securities is equal to or below 60 days	On last traded price as given on NDS-Section of CCIL Website (Excluding abnormal trade).
	4) If the securities are non-traded and the residual maturity of the securities is equal to or below 60 days	By amortization on straight line basis to maturity from cost or last valuation price whichever is more recent as long as it is within +/- 0.10 % of the reference price. Benchmark yields for calculating reference price to be provided by CRISIL / ICRA.

**Sahara Mutual Fund**

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**A (II) Pricing of Inter -Scheme Transfer of Debt Instruments (ISTs):**

Sr. No.	Instrument	Valuation applicable on the day of valuation
1.	Certificate of Deposit (CD), Commercial Paper (CP), Non-Convertible Debenture (NCD) Pass Through Certificate (PTC), Bonds, etc.	
i)	Same security traded and reported on FTRAC/CBRICS up to the time of IST.	Pricing will be based on Weighted Average Yield of all trades in same security on FTRAC/CBRICS (Excluding abnormal and retail trades) irrespective of settlement day plus accrual/amortization, if any, based on settlement day of the IST. Example: If settlement is T+0 then no accrual/amortization and if the settlement is other than T+0, then appropriate accrual/amortization.
ii)	If Same security is not traded but similar Security/securities are traded and reported up to the time of IST on FTRAC/CBRICS	Pricing will be based on Weighted Average Yield of all trades in similar security/securities on FTRAC/CBRICS (excluding abnormal and retail trades) irrespective of settlement day plus accrual/amortization, if any, based on settlement day of the IST. Example : If settlement is T+0 then no accrual/amortization and if the settlement is other than T+0, then appropriate accrual/amortization
iii)	If Same or similar Security/securities are not traded and reported up to the time of IST on FTRAC/CBRICS	Previous end of the day valuation plus accrual, if any, based on settlement day of the IST shall be taken. example: if settlement is T+0 then no accrual/amortization and if the settlement is other than T+0 then appropriate accrual/amortization.
2.	Central Government Securities / State Government Securities / Treasury Bills/ Cash Management Bill etc	
i)	Same security traded and reported on NDS-OM section of CCIL website.	On last traded price as given on NDS-Section of CCIL Website (Excluding abnormal trade).
ii)	Same security not traded and reported on NDS-OM section of CCIL website	Previous end of the day valuation price plus accrual/amortization shall be taken

AMC may take screen shot/ downloaded excel file from FTRAC / NDS-OM for the same purpose.

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### **Similar Security:**

Similar security here shall mean those securities which are same nature security [Commercial Paper (CP), Certificate of Deposit (CD), Non-Convertible Debentures (NCD), etc ] of different issuers having same or equivalent credit rating for Similar maturity profile (For both Short term rating and Long term rating), and falling in same “Maturity Bucket” as defined below. Further the instruments Commercial Paper (CP), Bonds and Non-Convertible Debentures (NCDs) etc are categorized into following sub-categories:—

- 1) NBFC
- 2) Real Estate,
- 3) PTC
- 4) Others

### **Maturity Bucket:**

- For Debt Security having remaining maturity upto 91 days

<b>Maturity date of securities falling between</b>	<b>Time Bucket</b>
1st and 7th of the month	1-7 of the same month
8th and 15th of the month	8-15 of the same month
16th and 23rd of the month	16-23 of the same month
24th to end of the month	24- end of the month

- For Debt Securities having remaining maturities more than 91 days  
“Time Bucket” for maturity profile of “Similar Securities” shall be same calendar month of that year.

### **A (III) Notes:**

1. For the purpose of Valuation of securities and for Inter Scheme Transfer, Weighted average of all trades of 5 crs and above, excluding abnormal trades and retail trades shall be taken. Since retail trades are of small value and generally may deviate materially from the yield at which the market lots in WDM is traded, it would be appropriate to exclude the retail trades for the more realistic valuation of the security.
2. Abnormal Trade is defined as those transaction/s which is/are over +/- 250 Basis Point compared to the previous day valuation yield of the security in question  
  
For the Valuation/Inter-scheme transfer, the available trades of various public platform shall be considered where the face value of trade per transaction is Rs. 5 crs and above. If in any given day in same/ similar security, the value of total trade is less than minimum market lot of 5 Crs, the same shall be ignored for the valuation purpose.
3. CRISIL and ICRA provide the valuation matrices for various maturity bucket. Scrip wise value for various debt instruments are also provided by CRISIL and ICRA. Trades are also reported and settled on various public platform.
4. Public platform for the purpose of valuation of security shall mean FIMMDA managed FTRAC, NSE, BSE, (except NSER- NSE retail and BSER- BSE Retail), RBI managed NDS-OM or any other Public platform for Debt market launched from time to time. Market trades from different Platforms are usually collected by BILAV Information LLP, which may be used for the purpose of Valuation of traded security for which scrip wise values are not available from CRISIL/ICRA
5. The data on yield and prices are generally provided upto 4 decimal point which shall be considered. Price upto 4 decimal points shall be considered on respective face value of the instruments for arriving at valuation.
6. For the valuation of traded security where scrip wise values are not available by CRISIL/ICRA, price derived from (corresponding to) Weighted Average yield of all available trades excluding

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abnormal and retail trades on any public platform for the same security on t+1 settlement basis shall be taken.

In case, on any other day because of technical and other reason, if the Required Bilav file is not sent by 7.30 PM, FIMMDA managed FTRAC platform and NDS OM section of CCIL website may be used for the calculation of weighted average yield of traded security for which scrip wise values are not available .

7. For non traded security where scrip wise values are not available, the valuation shall be done on the price derived from (corresponding to) the aggregated yield matrices for the respective category as provided by CRISIL/ICRA on T+1 settlement basis.
8. For Government Securities, SDL, T-Bills, Cash Management Bill etc, the valuation shall be done on aggregated script wise pricing as provided by CRISL/ICRA and as applicable for that day.

In the absence of scrip wise values the valuation shall be based on aggregated matrices if available from CRISIL/ICRA on T+1 settlement and as applicable for that day.

9. In case the valuation matrices/script wise value is available either from CRISIL/ICRA upto a reasonable time limit, the same shall be considered for arriving at valuation
10. In case on any given day neither the script wise value nor the valuation Matrices is available from CRISIL/ICRA within the reasonable time limit, the Valuation shall be done based on accrual/amortization based on last valuation.

### **B: VALUATION OF EQUITY INSTRUMENTS**

#### **1. Traded Equity Securities**

When an equity security is not traded on any Stock Exchange on a particular valuation day, the value at which it was traded on the selected Stock Exchange, as the case may be, on the earliest previous day would be used provided such date is not more than thirty days prior to valuation date.

#### **2. Thinly Traded Equity / Equity Related Securities**

- (a) When trading in an equity and/or equity related security (such as convertible debentures, equity warrants etc.) in a month is both less than Rs.5 lacs in value and the total volume is less than 50,000 shares, the security would be considered as thinly traded security
- (b) In order to determine whether a security is thinly traded or not, the volumes traded in all recognized Stock Exchanges in India would be taken into account.
- (c) Where a Stock Exchange identifies the thinly traded securities by applying the above parameters for the preceding calendar month and publishes or provides the required information along with the daily quotations, the same would be used for valuation.
- (d) If the shares are not listed on the Stock Exchanges which provide such information, then we would make our own analysis in line with the above criteria to check whether such securities are thinly traded or not.

#### **3. Non-traded / Suspended Securities**

When an equity security is not traded on any Stock Exchange for a period of thirty days prior to the valuation date, the scrip would be treated as a non traded security.

When an equity security is suspended up to thirty days, then the last traded price shall be considered for valuation of that security. If an equity security is suspended for more than thirty days, then the

## **Sahara Mutual Fund**

AMC or Trustees would decide the valuation norms to be followed and such norms would be documented and recorded.

The valuation methodology for thinly traded equity securities, Non-traded equity securities would be as follows:

Based on the latest available Balance Sheet, net worth would be calculated as follows:

- (a) Net Worth per share = [share capital+ reserves (excluding revaluation reserves) – Misc. expenditure and Debit Balance in P&L A/c] Divided by No. of Paid up Shares.
- (b) Average capitalization rate (P/E ratio) for the industry based upon NSE prices or BSE prices and discounted by 75% i.e. only 25% of the Industry average P/E would be taken as capitalization rate (P/E ratio). Earnings per Share (EPS) of the latest audited annual accounts would be considered for this purpose.
- (c) The value as per the net worth value per share and the capital earning value calculated as above would be averaged and further discounted by 10% for illiquidity so as to arrive at the fair value per share.
- (d) In case the EPS is negative, EPS value for that year would be taken as zero for arriving at capitalized earning.
- (e) In case, where the latest Balance Sheet of the company is not available within nine months from the close of the year, unless the accounting year is changed, the shares of such companies would be valued at zero.
- (f) In case, an individual security accounts for more than 5% of the total assets of the scheme, an Independent Valuer would be appointed for the valuation of the said security. To determine if a security accounts for more than 5 per cent of the total assets of the scheme, it would be valued by the procedure above and the proportion which it bears to the total net assets of the scheme to which it belongs will be compared on the date of valuation.

### **4. Unlisted Equity**

Methodology for Valuation - unlisted equity shares of a company would be valued "in good faith" as below:

- a) Based on the latest available Balance Sheet, net worth would be calculated as follows:
  1. Net Worth per share = [share capital+ reserves (excluding revaluation reserves) – Misc. expenditure and Debit Balance in P&L A/c] Divided by No. of Paid up Shares.
  2. After taking into account the outstanding warrants and options, Net Worth per share would again be calculated and shall be = [Share Capital + consideration on exercise of Option and/or Warrants received/receivable by the Company + Free Reserves (excluding Revaluation Reserves) – Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses] / Number of Paid up Shares plus Number of Shares that would be obtained on conversion and/or exercise of Outstanding Warrants and Options.
  3. The lower of (1) and (2) above would be used for calculation of Net Worth per share and for further calculation in (c) below.
- b) Average capitalization rate (P/E ratio) for the industry based upon NSE prices or BSE prices and discounted by 75% i.e. only 25% of the Industry average P/E would be taken as capitalization rate (P/E ratio). Earnings per Share (EPS) of the latest audited annual accounts would be considered for this purpose.

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- c) The value as per the net worth value per share and the capital earning value calculated as above would be averaged and further discounted by 15% for illiquidity so as to arrive at the fair value per share.

The above valuation methodology would be subject to the following conditions:

- a) All calculations would be based on audited accounts.
- b) If the latest Balance Sheet of the company is not available within nine months from the close of the year, unless the accounting year is changed, the shares of such companies would be valued at zero.
- c) If the Net Worth of the company is negative, the share would be marked down to zero.
- d) In case the EPS is negative, EPS value for that year would be taken as zero for arriving at capitalised earning.
- e) In case an individual security accounts for more than 5 per cent of the total assets of the scheme, an Independent Valuer would be appointed for the valuation of the said security. To determine if a security accounts for more than 5 per cent of the total assets of the scheme, it shall be valued in accordance with the procedure as mentioned above on the date of valuation.

### **5. Demerger**

Generally on demerger, a listed security gets bifurcated into two or more shares. The valuation of these de-merged companies would depend on the following scenarios:

a. Both the shares are traded immediately on de-merger: In this case both the shares would be valued at respective traded prices.

b. Shares of only one company continued to be traded on de-merger: Traded shares would be valued at traded price and the other security would be valued at traded value on the day before the de-merger less value of the traded security post de-merger. In case value of the share of de-merged company is equal or in excess of the value of the pre de-merger share, then the non traded share would be valued at zero, till the date it is listed.

c. Both the shares are not traded on de-merger: Shares of de-merged companies would be valued equal to the pre de-merger value up to a period of 30 days from the date of de-merger till the date it is listed. The market price of the shares of the de-merged company one day prior to ex-date would be bifurcated over the de-merged shares. The market value of the shares would be bifurcated on a fair value basis, based on available information on the de-merger scheme.

d. In case shares of either of the companies are not traded for more than 30 days: Then it would be treated as unlisted security, and valued accordingly till the date these are listed.

### **6. Preference Shares**

Preference Shares valuation guidelines would be as follows:

a. Traded preference shares would be valued as per traded prices.

b. Non traded Preference Shares

(I). Redeemable Preference Shares

i. Convertible preference share would be valued like convertible debentures\*.

\* If a convertible preference share does not pay dividend then it would be treated like non convertible debentures.

ii. Non-Convertible preference share would be valued like a debt instrument.

(II). Irredeemable preference shares would be valued on perpetual basis. It is like a constant dividend equity share.

## **Sahara Mutual Fund**

\*In general in respect of convertible debentures and bonds, the non-convertible and convertible components would be valued separately. The non-convertible component would be valued on the same basis as would be applicable to a debt instrument. The convertible component would be valued on the same basis as would be applicable to an equity instrument.

### **7. Warrants**

a. In respect of warrants to subscribe for shares attached to instruments, the warrants would be valued at the value of the share which would be obtained on exercise of the warrants as reduced by the amount which would be payable on exercise of the warrant. A discount similar to the discount to be determined in respect on convertible debentures shall be deducted to account for the period, which must elapse before the warrant can be exercised.

b. In case the warrants are traded separately they would be valued as per the valuation guidelines applicable to Equity Shares.

### **8. Rights**

Until they are traded, the value of "rights" shares would be calculated as:

$$V_r = n \div m \times (P_{ex} - P_{of})$$

Where

$V_r$  = Value of rights

$n$  = no. of rights offered

$m$  = no. of original shares held

$P_{ex}$  = Ex-rights price

$P_{of}$  = Rights Offer Price

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

### **9. Derivatives**

Market values of traded open futures and option contracts would be determined with respect to the exchange on which contracted originally, i.e., a future or an option contracted on the National Stock Exchange (NSE) would be valued at the closing price on the NSE.

The price of the same futures and option contract on the Bombay Stock Exchange (BSE) cannot be considered for the purpose of valuation, unless the futures or option itself has been contracted on the BSE.

The same will be valued at closing price if the contract is traded on the valuation day. In case there is no trade on valuation day then the same would be valued at Settlement prices.

However, the contracts which are going to expire on valuation date would be valued at Settlement prices only.

### **10. Mutual Fund Units**

a. In case of traded Mutual Fund schemes, the units would be valued at closing price on the stock exchange on which they are traded like equity instruments. In case the units are not traded for more than 7 days, last declared Repurchase Price (the price at which Mutual Fund schemes buys its units back) would be considered for valuation.

b. If the last available Repurchase price is older than 7 days, the valuation will be done at the last available NAV reduced by illiquidity discount. The illiquidity discount will be 10% of NAV or as decided by the Valuation Committee.

c. In case of non-traded Mutual Fund scheme, the last declared Repurchase Price (the price at which Mutual Fund schemes buys its units back) would be considered for valuation.

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d. In case of Investments made by a scheme into the other scheme of Sahara Mutual Fund, if valuation date being the last day of the financial year falling on a non-business day, then the computed NAV would be considered for valuation on March 31.

### **Related matters**

- i) In case the income accrued on debt instruments is not received even after 90 days past the due date, the asset shall be termed as Non Performing Assets (NPAs) and all provisions/guidelines with respect to income accrual, provisioning etc as contained in SEBI circulars/guidelines issued from time to time shall apply and the valuation of such securities will be done accordingly. In case the company starts servicing the debt, re-schedulement is allowed, the applicable provision in SEBI circulars shall apply for provisioning and reclassification of the asset
- ii) In case of any other instruments not mentioned above and not covered in the policy above, the same shall be referred to the Investment and Valuation Committee which is empowered to take decision.
- iii) In case of any perceived conflict of interest while valuating the securities, the matter shall be dealt and decided by Investment and Valuation Committee.
- iv) For non– business day the valuation shall be done on aggregated Scrip wise prices as provided by CRISIL/ICRA. In absence of Scrip wise prices the valuation shall be done on accrual basis/amortization basis based on last valuation
- v) In case of exceptional circumstances like, exceptional policy announcements by government/regulatory bodies, natural disasters, public disturbances, extreme volatility in capital market, shut down of market, war etc and on those days if scrip- wise value or valuation matrices are not available from CRISIL/ICRA and if security is not traded, the valuation for the day shall be done based on last valuation plus accrual/amortization or as may decided by the Investment and Valuation Committee.
- vi) The Valuation Policy shall be reviewed by the Statutory Auditor at least once in a financial year.
- vii) Valuation Policy as updated and approved by the Board of AMC / Board of Trustees shall be applicable for the schemes of Sahara Mutual Fund

### **b. ACCOUNTING POLICIES & STANDARDS**

#### **For Investment in Securities**

1. For the purposes of the financial statements, mutual funds shall mark all investments to market and carry investments in the balance sheet at market value. However, since the unrealised gain arising out of appreciation on investments cannot be distributed, provision has to be made for exclusion of this item when arriving at distributable income.
2. Dividend income earned by a scheme should be recognized, not on the date the dividend is declared, but on the date the share is quoted on an ex-dividend basis. For investments which are not quoted on the stock exchange, dividend income must be recognised on the date of declaration.
3. In respect of all interest-bearing investments, income must be accrued on a day to day basis as it is earned. Therefore, when such investments are purchased, interest paid for the period from the last interest due date upto the date of purchase must not be treated as a cost of purchase but must be debited to Interest Recoverable Account. Similarly interest received at the time of sale for the period from the last interest due date upto the date of sale must not be treated as an addition to sale value but must be credited to Interest Recoverable Account.
4. In determining the holding cost of investments and the gains or loss on sale of investments, the “average cost” method must be followed.



## **Sahara Mutual Fund**

5. Transactions for purchase or sale of investments should be recognised as of the trade date and not as of the settlement date, so that the effect of all investments traded during a financial year are recorded and reflected in the financial statements for that year. Where investment transactions take place outside the stock market, for example, acquisitions through private placement or purchases or sales through private treaty, the transaction should be recorded in the event of a purchase, as of the date on which the scheme obtains an enforceable obligation to pay the price or, in the event of a sale, when the scheme obtains an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold.

6. Bonus shares to which the scheme becomes entitled should be recognized only when the original shares on which the bonus entitlement accrues are traded on the stock exchange on an ex-bonus basis. Similarly, rights entitlements should be recognised only when the original shares on which the right entitlement accrues are traded on the stock exchange on an ex-rights basis.

7. Where income receivable on investments has accrued but has not been received for the period specified in the guidelines issued by SEBI, provision shall be made by debiting to the revenue account the income so accrued in the manner specified by guidelines issued by the SEBI.

8. When in the case of an open-ended scheme units are sold, the difference between the sale price and the face value of the unit, if positive, should be credited to reserves and if negative be debited to reserves, the face value being credited to Capital Account. Similarly, when in respect of such a scheme, units are repurchased, the difference between the purchase price and face value of the unit, if positive should be debited to reserves and, if negative, should be credited to reserves, the face value being debited to the capital account.

9. In the case of an open-ended scheme, when units are sold and appropriate part of the sale proceeds should be credited to an Equalisation Account and when units are repurchased an appropriate amount should be debited to Equalisation Account. The net balance on this account should be credited or debited to the Revenue Account. The balance on the Equalisation Account debited or credited to the Revenue Account should not decrease or increase the net income of the fund but is only an adjustment to the distributable surplus. It should, therefore, be reflected in the Revenue Account only after the net income of the fund is determined.

In a close-ended scheme launched prior to the commencement of the Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2009] which provide to the unitholders the option for an early redemption or repurchase their own units, the par value of the unit has to be [debited] to Capital Account and the difference between the purchase price and the par value, if positive, should be [credited] to reserves and, if negative, should be [debited] to reserves. A proportionate part of the unamortized initial issue expenses should also be transferred to the reserves so that the balance carried forward on that account is proportional to the number of units remaining outstanding.

10. The cost of investments acquired or purchased should include brokerage, stamp charges and any charge customarily included in the broker's brought note. In respect of privately placed debt instruments any front-end discount offered should be reduced from the cost of the investment.

11. Underwriting commission should be recognized as revenue only when there is no devolvement on the scheme. Where there is devolvement on the scheme, the full underwriting commission received and not merely the portion applicable to the devolvement should be reduced from the cost of the investment.

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

### **c. Calculation of NAV**

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

## **Sahara Mutual Fund**

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

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

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

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

### **d. Suspension of Repurchase / Switching Options of the Units**

The Mutual Fund at its sole discretion reserves the right to withdraw repurchase or switching of the Units in the Scheme (including any one of the Plan 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 Trustees & AMC and the same to be notified to SEBI giving details of circumstances and justification for the proposed action.

The Repurchase and Switching of the Units may be temporarily suspended under the following conditions:

1. When one or more stock exchanges or markets, which provide basis for valuation for a substantial portion of the assets of the Scheme are closed otherwise than for ordinary holidays.
2. When, as a result of political, economic or monetary events or any circumstances outside the control of the Trustee and the AMC, the disposal of the assets of the Scheme are not reasonable, or would not reasonably be practicable without being detrimental to the interests of the Unit holders.
3. In the event of breakdown in the means of communication used for the valuation of investments of the Scheme, without which the value of the securities of the Scheme cannot be accurately calculated.
4. During periods of extreme volatility of markets, which in the opinion of the AMC are prejudicial to the interests of the Unit holders of the scheme.
5. In case of natural calamities, war, strikes, riots and bandhs.
6. In the event of any force measure or disaster that affects the normal functioning of the AMC or the ISC.
7. During the period of Book Closure.
8. Further SEBI vide circular dated May 31, 2016 has also specifically directed as under

### **Subject: Restriction on redemption in Mutual Funds**

In order to bring more clarity and to protect the interest of the investors, the following requirement shall be observed before imposing restriction on redemptions:

- a. Restriction may be imposed when there are circumstances leading to a systemic crisis or event that severely constricts market liquidity or the efficient functioning of markets such as:
  - i. Liquidity issues - when market at large becomes illiquid affecting almost all securities rather than any issuer specific security. AMCs should have in place sound internal liquidity management tools for schemes. Restriction on redemption cannot be used as an ordinary tool in order to manage the liquidity of a scheme. Further, restriction on redemption due to illiquidity of a specific security in the portfolio of a scheme due to a poor investment decision shall not be allowed.
  - ii. Market failures, exchange closures - when markets are affected by unexpected events which impact the functioning of exchanges or the regular course of transactions. Such unexpected events could also be related to political, economic, military, monetary or other emergencies.

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iii. Operational issues – when exceptional circumstances are caused by *force majeure*, unpredictable operational problems and technical failures (e.g. a black out). Such cases can only be considered if they are reasonably unpredictable and occur in spite of appropriate diligence of third parties, adequate and effective disaster recovery procedures and systems.

b. Restriction on redemption may be imposed for a specified period of time not exceeding 10 working days in any 90 days period.

c. Any imposition of restriction would require specific approval of Board of AMCs and Trustees and the same should be informed to SEBI immediately.

d. When restriction on redemption is imposed, the following procedure shall be applied:

i. No redemption requests upto INR 2 lakh shall be subject to such restriction.

ii. Where redemption requests are above INR 2 lakh, AMCs shall redeem the first INR 2 lakh without such restriction and remaining part over and above INR 2 lakh shall be subject to such restriction.

The AMC reserves the right in its sole discretion to withdraw the facility of Switching Option of Units out of the Scheme (including any one option of the scheme/fund), temporarily or indefinitely.

### **e. UNCLAIMED REDEMPTION / DIVIDEND AMOUNT**

As per SEBI circular, The unclaimed redemption and dividend amounts, that are currently allowed to be deployed only in call money market or money market instruments, shall also be allowed to be invested in a separate plan of Liquid scheme / Money Market Mutual Fund scheme floated by Mutual Funds specifically for deployment of the unclaimed amounts. AMCs shall not be permitted to charge any exit load in this plan and TER (Total Expense Ratio) of such plan shall be capped at 50 bps.

a. Mutual Funds shall be required to provide on their website, the list of names and addresses of investors in whose folios there are unclaimed amounts.

b. AMFI shall also provide on its website, the consolidated list of investors across Mutual Fund industry, in whose folios there are unclaimed amounts. The information provided herein shall contain name of investor, address of investor and name of Mutual Fund/s with whom unclaimed amount lies.

c. Information at point A2(a) & A2(b) above may be obtained by investor only upon providing his proper credentials (like PAN, date of birth, etc.) along-with adequate security control measures being put in place by Mutual Fund / AMFI.

d. The website of Mutual Funds and AMFI shall also provide information on the process of claiming the unclaimed amount and the necessary forms / documents required for the same.

e. Further, the information on unclaimed amount along-with its prevailing value (based on income earned on deployment of such unclaimed amount), shall be separately disclosed to investors through the periodic statement of accounts / Consolidated Account Statement sent to the investors

Investors who claim the unclaimed amounts during a period of three years from the due date shall be paid initial unclaimed amount along-with the income earned on its deployment. Investors, who claim these amounts after 3 years, shall be paid initial unclaimed amount along-with the income earned on its deployment till the end of the third year. After the third year, the income earned on such unclaimed amounts shall be used for the purpose of investor education

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

## **Sahara Mutual Fund**

Units pursuant to this Scheme Information Document to inform them of and to observe, all applicable laws and Regulations of such relevant jurisdiction.

### **V. TAX & LEGAL & GENERAL INFORMATION**

The information given is only for general purpose and is based on the laws and practices currently in force in India and the Investors/Unit holders should be aware that the relevant fiscal rules or their interpretation may change. As is the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of an investment in the Scheme will endure indefinitely. In view of the individual nature of tax consequences, each Investor / Unit holder is advised to consult his / her own professional tax advisor.

#### **A. TAXATION ON INVESTING IN MUTUAL FUNDS**

**a. Tax Benefits to the Mutual Fund** - Sahara Mutual Fund is a Mutual Fund registered with the SEBI and hence the entire income of the Mutual Fund will be exempt from income-tax in accordance with the provisions of section 10(23D) of the Income-tax Act, 1961 (the Act). The Mutual Fund will receive all income without any deduction of tax at source under the provisions of section 196(iv) of the Act. On income distribution, if any, made by the Mutual fund, additional income tax will be payable under section 115 R of the Income Tax Act.

#### **b. Taxation on investing in Equity Schemes of Mutual Fund**

##### **1) Tax on Income distribution by the Mutual Fund (applicable for all Unit holders)**

Income (other than income arising from transfer of units) received by unit holders in respect of the units of the Mutual Fund, is exempt from tax under section 10(35) of the Act.

Income distribution, if any, made by the Mutual Fund to the unit holders attracts distribution tax under the provisions of section 115R of the Act. Proviso (b) to section 115R (2) of the Act provides exemption to equity oriented mutual funds from paying distribution tax on income distributed to unit holders upto 31.03. 2018.

Finance Act, 2018 has amended the provision section of 115R of the Act (Dividend Distribution Tax) : Finance Act, 2018 has amended the section and provides that where any income is distributed by a mutual fund being, an Equity Oriented Fund, the Mutual fund is liable to pay additional income tax @ 10% on income so distributed. For this purpose, equity oriented fund will have the same meaning assigned to the new section 112A of the Act. This provision is applicable w.e.f. April 1, 2018.

“equity oriented fund” has been defined to mean a fund set up under a scheme of a mutual fund specified under clause (23D) of section 10 and,— a) In a case where the fund invests in the units of another fund which is traded on a recognized stock exchange,- (I) A minimum of 90 % of the total proceeds of such funds is invested in the units of such other fund ; and (II) such other fund also invests a minimum of 90% of its total proceeds in the equity shares of domestic companies listed on recognized stock exchange; and

b) in any other case, a minimum of 65 % of the total proceeds of such fund is invested in the equity shares of domestic companies listed on recognized stock exchange

##### **2) Long-term Capital Gains**

Section 10(38) of the Act grants exemption upto 31.03.2018 to any income arising from the transfer of a long-term capital asset, being units of an equity oriented fund, held for a period of more than 12 months, provided the transaction giving rise to the capital gains, attracts Securities Transaction Tax (STT) and is made on or after October 1, 2004 i.e. the date on which Chapter VII of the Finance (No. 2) Act, 2004 has come into force. The income by way of long-term capital gains of a company would be taken into account in computing the book profits and Minimum Alternate Tax payable, if any, under section 115JB of the Act (irrespective of whether or not it is exempt under section 10(38) of the Act).

Finance Act, 2018 amended the provision of 10 (38) and introduce new section 112A in the Act (Tax on Long Term Capital Gain) :

Finance Act, 2018 has withdrawn the exemption provided in clause (38) of section 10 of The Act. Further, a new section 112 A has inserted for taxability of long term capital gain arising from transfer of a long term capital asset being an equity share in a company or a unit of equity oriented fund or a unit of a business trust shall be taxed @10% if such capital gain exceeding Rs. 1,00,000 p.a.

This concessional rate of 10 %. will be applicable to such long term capital gains, if— i) in a case where long term capital asset is in the nature of an equity share in a company, securities transaction tax has been paid on both acquisition and transfer of such capital asset; and ii) in a case where long

## **Sahara Mutual Fund**

term capital asset is in the nature of a unit of an equity oriented fund or a unit of a business trust, securities transaction tax has been paid on transfer of such capital asset.

Further, the new provision of section 112A also proposes to provide the following:—i) The long term capital gains will be computed without giving effect to the first and second provisos to section 48, i.e. inflation indexation in respect of cost of acquisitions and cost of improvement, if any, and the benefit of computation of capital gains in foreign currency in the case of a non-resident, will not be allowed. ii) The cost of acquisitions in respect of the long term capital asset acquired by the assessee before the 1st day of February, 2018, shall be deemed to be the higher of – a) the actual cost of acquisition of such asset; and b) the lower of – (I) the fair market value of such asset; \*and (II) the full value of consideration received or accruing as a result of the transfer of the capital asset.

\*Fair market value has been defined to mean – a) in a case where the capital asset is listed on any recognized stock exchange, the highest price of the capital asset quoted on such exchange on the 31st day of January, 2018. However, where there is no trading in such asset on such exchange on the 31st day of January, 2018, the highest price of such asset on such exchange on a date immediately preceding the 31st day of January, 2018 when such asset was traded on such exchange shall be the fair market value; and b) in a case where the capital asset is a unit and is not listed on recognized stock exchange, the net asset value of such asset as on the 31st day of January, 2018.

### **3) Short-term Capital Gains**

Under section 111A, where the total income of an assessee includes any income chargeable under the head “Capital Gains”, arising from 81 the transfer of a short-term capital asset, being a unit of an equity oriented fund held for a period not more than 12 months and (a) the transaction of sale of such unit is entered into on or after October 1, 2004, i.e. the date on which Chapter VII of the Finance(No. 2) Act, 2004 has come into force; and (b) such transaction is chargeable to STT under that Chapter, the tax payable by the assessee on such short-term capital gains is at the rate of 15 per cent.

In case of resident individuals and Hindu Undivided Families (‘HUFs’), where the total income as reduced by the short-term capital gains, is below the basic exemption limit, the short-term capital gains will be reduced to the extent of the shortfall and only the balance short-term capital gains will be subjected to the 15 per cent tax rate.

### **4) Securities Transaction Tax**

<b>Taxable Securities Transaction</b>	<b>Tax Rate (%)</b>
Delivery based sale transaction in units of equity oriented fund entered in a recognized stock exchange	0.001
Sale of equity shares, units of equity oriented mutual fund (non-delivery based)	0.025%
Sale of unit of an equity oriented fund to the Mutual Fund	0.001%

### **5) Dividend Stripping (All Unit holders)**

As per section 94(7) of the Act, loss arising on sale of units, which are bought within 3 months prior to the record date (i.e. the date fixed by the Mutual Fund for the purposes of entitlement of the unit holders to receive dividend) and sold within 9 months after the record date, shall be ignored for the purpose of computing income chargeable to tax to the extent of exempt income received or receivable on such units.

### **6) Tax Deduction at Source on Capital Gains**

a. Domestic unit holders: No income-tax is deductible at source from income by way of capital gains under the provisions of the Act.

b. Foreign Institutional Investors /Foreign Portfolio Investor : Under section 196D of the Act, no deduction shall be made from any income by way of capital gains, in respect of transfer of units referred to in section 115AD of the Act.

c. Other Non-resident Unit holders: In the case of a non-resident other than a company: No income tax is deductible on long-term capital gains arising on sale/ transfer on units of equity oriented mutual funds exempt under section 10(38) of the Act up to March 31, 2018. Further long term capital gain arising on sale/transfer on units of equity oriented mutual funds on or after April 1st, 2018 will be

## **Sahara Mutual Fund**

taxable as per new provision 112A of The Act and if such capital gain exceeding Rs. 1,00,000 p.a. and withholding will be applicable @10%.

Income tax is deductible on short-term capital gains arising on sale/ transfer of units of equity oriented mutual funds (as defined under above) at the rate of 15 per cent.

In the case of a foreign company: No income-tax is deductible on long-term capital gains arising on sale/ transfer on units of equity oriented mutual funds as defined under section 10(38) of the Act up to March 31, 2018. Further long term capital gain arising on sale/transfer on units of equity oriented mutual funds on or after April 1st, 2018 will be taxable as per new provision 112A of The Act if such capital gain exceeding Rs. 100000 p.a..

Income tax is deductible on short-term capital gains arising on sale/ transfer of units of equity oriented mutual funds (as defined above) at the rate of 15 per cent.

### **7) Tax Treaty**

Income-tax is required to be deducted at source from capital gains chargeable to tax under section 195 of the Act at the applicable rates. In the case of an assessee resident of a country with which a Double Taxation Avoidance Agreement ('DTAA') is in force, the tax should be withheld as per provisions in the Act or as per the provisions in the DTAA whichever is more beneficial to the non-resident holder. However, such a non-resident unit holder will be required to provide appropriate documents to the Fund, to be entitled to a beneficial rate under such DTAA.

### **8) Other Benefits**

Investments in Units of the Mutual Fund will rank as an eligible form of investment under Section 11 (5) of the Act read with Rule 17C of the Income-tax Rules, 1962, for Religious and Charitable Trusts.

### **9) Gift-tax**

Gift of units of Mutual fund units would be subject to Income Tax in the hands of the donor. As per section 56(2)(vii), receipts of securities, fair market value of which exceeds fifty thousand rupees, without consideration or without adequate consideration is taxable as income in the hands of individuals / HUFs. (Subject to certain exemptions)

## **TAXATION ON INVESTING IN DEBT SCHEMES OF MUTUAL FUND**

### **1) Tax on Income Distribution by a Liquid Fund.**

Income distribution, if any, made by a non-equity oriented mutual fund being a Money Market Mutual Fund or a Liquid Fund will attract distribution tax under section 115R of the Act at the following rates: With effect from October 1, 2014, additional tax on income distributed to unit-holders has to be on gross distributions including such additional tax, as against income distributed. • 25% plus surcharge on such income-tax @ 12% and Health and Education Cess @4% on the amount of tax and surcharge, in case income is distributed to individuals and HUFs and Non resident Indian; and • 30% plus surcharge on such income-tax @ 12% and Health and Education Cess @ 4% on the amount of tax and surcharge, in case of income distributed to persons other than individuals and HUFs. The expression "money market mutual fund" has been defined under Explanation (d) to Section 115T which means a scheme of a mutual fund which has been set up with the objective of investing exclusively in money market instruments as defined in sub-clause (p) of clause (2) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996. The expression "liquid fund" has been defined under Explanation (e) to Section 115T which means a scheme or plan of a mutual fund which is classified by the Securities and Exchange Board of India as a liquid fund in accordance with the guidelines issued by it in this behalf under the Securities and Exchange Board of India Act, 1992 or regulations made there under.

**2) Income distributed by the Mutual Fund (applicable to all unitholders)** Income (other than income arising from transfer of units) received by unit holders in respect of the units of the Mutual Fund, is exempt from tax under section 10(35) of the Act.

**3) Tax on Capital Gains - Long-term Capital Gains** Long-term capital gains in respect of units will be chargeable to tax under section 112 of the Act, of the Act at the following rates: Long-term

## **Sahara Mutual Fund**

capital gains in respect of units, held for a period of more than 36 months, will be chargeable to tax under section 112 of the Act, at the rate of 20 % with indexation benefits. In case of resident individuals and HUFs, where the total income as reduced by capital gains, is below the basic exemption limit, the long-term capital gains will be reduced to the extent of the shortfall and only the balance long-term capital gains will be subjected to the 20 % tax with indexation benefit. For tax on long-term capital gains in case of non-residents investors are followings Listed Securities @ 20% with indexation benefits. Unlisted Securities @ 10% without indexation and foreign currency fluctuation benefit

### **4) Short-term Capital Gains:**

Short-term capital gains in respect of units held for not more than 36 months is added to the total income of the assessee and taxed at the applicable slab rates specified by the Act.

**5) Foreign Institutional Investors:** Long-term capital gains arising on sale/ transfer of units, held for a period of more than 36 months, would be taxed at the rate of 10 per cent under Section 115AD of the Act. Such gains would be calculated without inflation index and currency fluctuations. Short-term capital gains arising on sale/ transfer of units would be taxed at 30 per cent.

**6) Securities Transaction Tax:** Securities Transaction Tax (STT) is not applicable in the case of non equity-oriented mutual fund Schemes.

**7) Dividend Stripping:** As per Section 94(7) of the Act, loss arising on sale of Units, which are bought within 3 months prior to the record date (i.e. the date fixed by the Mutual Fund for the purposes of entitlement of the Unit holders to receive the dividend) and sold within 9 months after the record date shall be ignored for the purpose of computing income chargeable to tax to the extent of exempt income received or receivable on such Units.

**8) (a) Tax Deduction at Source on Capital Gains** a. Domestic Unit holders: No income tax is deductible at source from income by way of capital gains under the provisions of the Act. b. Foreign Institutional Investors : Under Section 196D of the Act, no deduction shall be made from any income by way of capital gains, in respect of transfer of units referred to in Section 115AD of the Act. c. Specified overseas financial organizations : As per section 196B of the Act, income tax is deductible on long-term capital gains arising on sale/ transfer of units purchased in foreign currency, at the rate of 10 per cent. Income tax is deductible on short-term capital gains arising on sale/ transfer of units at the rate of 40 per cent. d. Other Non-resident Unit holders: In the case of a non-resident other than a company: Income tax is deductible on long-term capital gains arising on sale/ transfer of units at the rate of 20% with indexation benefit. Tax on long-term capital gains in case of non-residents @ 10% on transfer of capital assets, being unlisted securities computed without giving effect to first & second proviso to section 48 i.e. without taking benefit of foreign currency fluctuation and indexation benefit. Income tax is deductible on short-term capital gains arising on sale/ transfer of units at the rate of 30 per cent. In the case of a foreign company: Income tax is deductible on long-term capital gains arising on sale/ transfer of units at the rate of 20% with indexation benefit. Tax on long-term capital gains in case of non-residents @ 10% on transfer of capital assets, being unlisted securities computed without giving effect to first & second proviso to section 48 i.e. without taking benefit of foreign currency fluctuation and indexation benefit. Income tax is deductible on short-term capital gains arising on sale/ transfer of units at the rate of 40 per cent.

### **9) Other Benefits**

Investments in Units of the Mutual Fund will rank as an eligible form of investment under Section 11 (5) of the Act read with Rule 17C of the Income-tax Rules, 1962, for Religious and Charitable Trusts.

### **10) Gift-tax**

Gift of units of Mutual fund units would be subject to Income Tax in the hands of the donor. As per section 56(2)(vii), receipts of securities, fair market value of which exceeds fifty thousand rupees, without consideration or without adequate consideration is taxable as income in the hands of individuals / HUFs. (Subject to certain exemptions)

**B. Legal Information**

**i. NOMINATION FACILITY**

The AMC has provided the nomination facility as an additional feature. By provision of this facility the AMC is not in any way attempting to grant any rights other than those granted by law to the nominee.

Nomination will be maintained at the folio or account level and will be applicable for investments in all schemes in the folio or account. Where a folio has joint holders, all joint holders should sign the request for Nomination/cancellation of nomination, even if the mode of holding is not "joint". Nomination form cannot be signed by Power of Attorney (PoA) holders. Every new nomination for a folio/account will overwrite the existing nomination. Nomination is mandatory for new /folios/accounts opened with single holding. Investors who do not wish to nominate must sign separately confirming their non-intention to nominate.

Nomination form/section in the application form will have a provision for the signature of the nominee (or guardian of the nominee), though this may not be mandatory. A nomination in respect of the Units does not create an interest in the property after the death of the Unit holder. The nominee shall receive the units only as an agent and trustee for the legal heirs or legatees as the case may be. It is hereby clarified that the nominee under the nomination facility provided herein shall not necessarily acquire any title or beneficial interest in the property by virtue of this nomination. If a nomination is made by a single/joint Unit holder(s) or a surviving Unit holders not being persons:

- a. holding the Units as holder of an office
- b. acting for a trust
- c. acting in any other capacity for any other person with a beneficial interest in Units, the same shall be recognized by the AMC.

The nomination facility extended under the Scheme is subject to existing laws. The single/joint/surviving Unit holders can subsequently write to the ISC requesting for a Nomination Form in order to nominate any person to receive the Units upon his/her/their death, subject to completion of necessary formalities. Payment to the nominee of the sums shall discharge the Mutual Fund of all liability towards the estate of the deceased Unit holder and his/her/their successors/legal heirs.

**ii. KNOW YOUR CUSTOMER (KYC):**

**KYC – (Now CKYC – Central KYC)**

SEBI vide its circular ref. no. CIR/MIRSD/66/2016 dated July 21, 2016 and circular ref. no. CIR/MIRSD/120/2016 dated November 10, 2016 has prescribed that the Mutual Fund/AMC should capture KYC information for sharing with Central KYC Registry ('CKYCR') as per the KYC template for individuals prescribed by CERSAI.

In accordance with the aforesaid SEBI circulars and AMFI best practice guidelines for implementation of CKYC norms with effect from February 1, 2017:

- a) Individual investors who have never done KYC process under KRA regime i.e. a new investor who is new to Securities Market/ KRA system and whose KYC is not registered or verified in the KRA system shall be required to provide KYC details in the CKYC Form to the Mutual Fund/AMC.
- b) Individual investors who have filled old KRA KYC Form shall be required to provide additional / missing information using Supplementary CKYC Form or fill CKYC Form.
- c) Individual Investor whose KYC status is not registered or verified in KRA system i.e. if KYC status is mentioned as KYC Rejected / On-hold / CVL MF KYC will have to submit the CKYC Form.

**Note: CKYC is currently not available for Non-Individual Investors. All Non-Individual Investors will continue with the old KRA KYC form.**

**New PAN to KRA / Securities Market & First time investor to Mutual Fund**



## **Sahara Mutual Fund**

- Investor(s) need to fill up prescribed CKYC Form – For Individuals only
- If old KRA-KYC Form is used, investor should fill-up Supplementary CKYC Form
- Karvy ISC / AMC branches shall verify the completeness of CKYC forms and also validate the supporting documents. Not in Good Order (NIGO) cases to be returned back to the Investor / Distributor.
- Application Form has to accompany the CKYC Form.
- PAN No should be mentioned on the Application form. Investor should also submit a Self-attested copy of the PAN.

### **Investor is already CKYC Complied and has KIN (KYC Identification Number):**

- Investor has to specify KIN in the application Form
- Additionally Date of Birth is also mandatory for investors who have provided their KIN.
- PAN No should be mentioned on the Application form. Investor should also submit a Self-attested copy of the PAN.
- Only if the KYC status on CKYC system is valid and KIN is validated – further processing shall be allowed in RTA database. In case of reject status, full documentation has to be provided a fresh (to be handled as per the process flow for Fresh Application) and modification concept prevailing in KRA regime does not exist here.

### **CKYC Process Flow:-**

- CKYC form would be handed over to AMC / Karvy ISC along with the MF application form.
- The Registration of CKYC would be completed and data uploaded along with relevant documents on to CKYC portal.
- Invalid / Incomplete CKYC and applications are liable to be rejected and refunded.
- The 14 digit Reference No. viz. KIN, would be received from CKYC portal on T+1 or T+2.

\* Securities and Exchange Board in India (SEBI) vide its letter no. OW/16541/2012 dated July 24, 2012 conveyed that investments in mutual fund schemes {including investments through Systematic Investment Plan (SIP)} of less than Rs.50,000/- (Rupees Fifty Thousand) per year per investor shall be exempted from requirement of PAN. Accordingly, investors are requested to note that the PAN requirement shall be exempted if the aggregate of the lump sum investment (fresh purchase & additional purchase) and SIP installments by an investor in rolling 12 months period does not exceed Rs.50,000/-(Rupees Fifty Thousand). However, it is clarified that the requirements of Know Your Customer (KYC) shall be mandatory for all investments, irrespective of the amount of investment. For the purpose of identifying such investments, the value of investments at the investor level (first holder) will be aggregated and such aggregation shall be done irrespective of the number of folios / accounts under which the investor has invested.

The aforesaid exemption for PAN will be applicable only to such investments made by the individuals being Indian citizens (including Non Resident India (NRIs), Joint holders, minors acting through guardian and sole proprietary firms). Person of Indian Origin (PIOs), Hindu Undivided Family (HUFs), Qualified Foreign Investor (QFIs) and other categories of investors will not be eligible for this exemption.

Investors are requested to note that the Ministry of Finance (Department of Revenue) in consultation with the Reserve Bank of India has made certain amendments to the Prevention of Money-laundering (Maintenance of Records) Rules, 2005, namely, the Prevention of Money-laundering (Maintenance of Records) Second Amendment Rules, 2017. These Rules have come into force with effect from June 1, 2017. These Rules, inter alia, make it mandatory for investors to submit Aadhaar number issued by the Unique Identification Authority of India (UIDAI) in respect of their investments.

**Accordingly, investors are requested to note the following requirements in relation to submission of Aadhaar number and other prescribed details to Sahara Mutual Fund/its Registrar and Transfer Agent/ Asset Management Company (“the AMC”):**

Where the investor is an individual, who is eligible to be enrolled for Aadhaar number, the investor is required to submit the Aadhaar number issued by UIDAI. Where the Aadhaar number has not been

## **Sahara Mutual Fund**

assigned to an investor, the investor is required to submit proof of application of enrolment for Aadhaar. If such an individual investor is not eligible to be enrolled for Aadhaar number, and in case the Permanent Account Number (PAN) is not submitted, the investor shall submit one certified copy of an officially valid document containing details of his identity and address and one recent photograph along with such other details as may be required by the Mutual Fund.

The investor is required to submit PAN as defined in the Income Tax Rules, 1962.

Where the investor is a non-individual, apart from the constitution documents, Aadhaar numbers and PANs as defined in Income-tax Rules, 1962 of managers, officers or employees or persons holding an attorney to transact on the investor's behalf is required to be submitted. Where an Aadhaar number has not been assigned, proof of application towards enrolment for Aadhaar is required to be submitted and in case PAN is not submitted an officially valid document is required to be submitted. If a person holding an authority to transact on behalf of such an entity is not eligible to be enrolled for Aadhaar and does not submit the PAN, certified copy of an officially valid document containing details of identity, address, photograph and such other documents as prescribed is required to be submitted.

Post submission of your the Aadhaar information, the Aadhaar number will be linked in the respective Mutual Funds database after due verification and authentication as per PMLA requirements. Once authenticated, the same will be "seeded" on the folios held by the investors across Mutual Funds and a separate confirmation will be sent to the investor.

Sahara AMC/Sahara Mutual Fund reserves the right to modify/enhance the KYC norms & procedures etc. as may be modified/revised/changed by SEBI / AMFI from time to time.

### **Prevention of Money Laundering**

To ensure appropriate identification of the investor and with a view to monitor transactions for the prevention of money laundering, the AMC reserves the right to: (a) scrutinize and verify the identity of the investor, unit holder, person making the payment on behalf of the investor and the source of the funds invested, to be invested in Sahara Mutual Fund; (b) reject any application, prevent further transactions by a unit holder and (c) to mandatorily redeem the units held by the unit holder at the applicable NAV prevalent at the time of such redemption.

In furtherance of the 'Know Your Customer' policy, the AMC shall have absolute discretion to reject any application, prevent further transactions by an investor / unit holder, including mandatory redemption of units, if the unit holder / investor does not satisfy the 'Know Your Customer' requirements of the AMC or the AMC believes that the transaction is suspicious in nature as regards money laundering.

In terms of the Prevention of Money Laundering Act, 2002, the Rules issued there under and the guidelines/circulars issued by SEBI regarding the Anti Money Laundering (AML Laws), all intermediaries, including Mutual Funds, have to formulate and implement a client identification programme, verify and maintain the record of identity and address(es) of investors.

**Non Acceptance of Third Party Instrument: Definition** of third-party instrument payment:

a) When payment is made through instruments issued from an account other than that of the beneficiary investor, the same is referred to as Third-Party payment; b) It is clarified that in case of payments from a joint bank account, the first holder of the mutual fund folio has to be one of the joint holders of the bank account from which payment is made.

### **Exceptions:**

Third-Party payments shall be rejected except in the following exceptional situations but adherence to certain formalities:

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

## **Sahara Mutual Fund**

behalf of employee under Systematic Investment Plans through Payroll deductions; c) Custodian on behalf of an FII or a client.

### **iii. TRANSFER FACILITY**

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

In line with SEBI Circular No. CIR/IMD/DF/10/2010 dated 18<sup>th</sup> August, 2010 the Board of Trustees has approved transferability of units of schemes of Sahara Mutual Fund held in Dematerialized Form. This facility of transferability of units will not be available for units of Sahara Tax gain Fund (An open ended ELSS scheme) during the lock-in period.

### **iv. TRANSMISSION**

For transmission of units under various situations which may be either transmission of units to surviving unit holders, transmission of units to the registered nominee in case of death of sole or all unit holders, transmission of units to claimant/s, where nominee is not registered, in case of death of sole or all unit holders, transmission of units in case of HUF, due to death of Karta or any such other circumstances, the claimants/s of units will be required to submit the prescribed documents as may be applicable. Investors may refer to our website ([www.saharamutual.com](http://www.saharamutual.com)) for a ready reckoner matrix of various documents required under different transmission scenarios.

### **v. DURATION OF THE SCHEME / WINDING UP**

The AMC, the Mutual Fund and Trustees reserve the right to make changes alterations to the Scheme (including the charging of fees and expenses) offered under this Scheme Information Document to the extent permitted by the SEBI Regulations. However, in terms of the SEBI Regulations, the Scheme may be wound up after repaying the amount due to the Unit holders:

- ✓ on the happening of any event which, in the opinion of the Trustee, requires the scheme to be wound up; or
- ✓ Seventy five percent of the Unit holder of the scheme pass a resolution that the scheme be wound up; or
- ✓ SEBI directs the scheme to be wound up in the interest of the Unit holder; or

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

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

### **EFFECT OF WINDING UP**

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

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

### **PROCEDURE AND MANNER OF WINDING UP**

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

1. The Trustees shall call a meeting of the Unit holders of the Scheme to consider and pass necessary resolutions by simple majority of Unit holders present and voting at the meeting for

## **Sahara Mutual Fund**

authorizing the AMC or any other person/agency to take the steps for winding up of the Scheme. Provided that a meeting shall not be necessary if the Scheme is wound up at the end of the maturity period.

The Trustees or the person authorized as above shall dispose the assets of the Scheme concerned in the best interests of the Unit holders of the Scheme.

2. The proceeds of the sale made in pursuance of the above, shall in the first instance be utilized towards discharge of such liabilities as are properly due under the Scheme and after making appropriate provision for meeting the expenses connected with such winding up, the balance shall be paid to the Unit holders in proportion to their respective interests in the assets of the Scheme as on the date when the decision for the winding up was taken.
3. On the completion of the winding up, the Trustees shall forward to SEBI and the Unit holders, a report on the winding up containing particulars such as circumstances leading to the winding up, the steps taken for disposal of assets of the Scheme before winding up, expenses of the Scheme for winding up, net assets available for distribution to the Unit holders and a certificate from the Auditors of the Mutual Fund.
4. Notwithstanding anything contained herein, the application of the provisions of SEBI Regulations in respect of disclosures of half-yearly reports and annual reports shall continue to be applicable until the winding up is completed or the Scheme ceases to exist.
5. After the receipt of report referred to the above under "Procedure and Manner of Winding up" if SEBI is satisfied that all measures for winding up of the Scheme have been complied with, the Scheme shall cease to exist.

### **C. General Information**

#### **i. UNDERWRITING BY THE FUND**

Subject to SEBI Regulations, the Scheme may enter into underwriting agreements after the Mutual Fund obtains a certificate of registration in terms of the Securities and Exchange Board of India (Underwriters) Rules, 1993 and Securities and Exchange Board of India (Underwriters) Regulations, 1993 authorizing it to carry on activities as underwriters. The capital adequacy norms for the purpose of underwriting shall be the net assets of the Scheme and the underwriting obligation of the Scheme shall not at any time exceed the total net asset value of the Scheme.

#### **ii. BORROWING BY THE MUTUAL FUND**

Under the SEBI Regulations, the Mutual Fund is allowed to borrow to meet the temporary liquidity requirements of its Scheme for the purpose of Repurchase or Redemption of Units or the payment of interest or dividend to the Unit holders. Further, as per the SEBI Regulations, the Mutual Fund shall not borrow more than 20% of the Net Assets of the Scheme and the duration of such borrowing shall not exceed a period of six months.

The Mutual Fund may raise such borrowings, after approval by the Trustee, from Sponsor or any of its Associate / Group Companies or Banks in India or any other entity at market related rates prevailing at the time and applicable to similar borrowings. The security for such borrowings, if required, will be as determined by the Trustee. Such borrowings, if raised, may result in a cost, which would be dealt with in consultation with the Trustee.

#### **iii. Inter-Scheme Transfer of Investments:**

Transfers of investments from one scheme to another scheme in the same mutual fund shall be allowed only if -

- (a) such transfers are done at the prevailing market price for quoted instruments on spot basis.  
*Explanation: "spot basis" shall have same meaning as specified by stock exchange for spot transactions.*
- (b) the securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.

#### **iv. ASSOCIATE TRANSACTIONS** **Investment in Group Companies –**

## **Sahara Mutual Fund**

As at May 31, 2019 there are no investments made in any of the Group Companies of the Sponsor.

### **Underwriting Obligations with respect to issues of Associate Companies –**

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

### **Subscription in issues lead managed by the Sponsor or any of its associates –**

The Mutual Fund has not subscribed for allotments in any issues lead managed by the Sponsor or any of its associates.

### **Dealing with Associate Companies –**

The AMC may, from time to time, for the purpose of conducting its normal business, use the services (including Brokerage services and securities transactions) of the Sponsor, subsidiaries, and group companies, associates of its Sponsor and their employees or relatives.

The AMC may utilize the services of Sponsor, group companies and any other subsidiary or associate company of the Sponsor established or to be established at a later date, in case such a company (including their employees or relatives) is in a position to provide the requisite services to the AMC. The AMC will conduct its business with the aforesaid companies (including their employees or relatives) on commercial terms and on arms-length basis and at mutually agreed terms and conditions to the extent permitted under the SEBI Regulations, after evaluation of the competitiveness of the pricing offered by the Sponsor, associate companies (including their employees or relatives) and the services to be provided by them.

Associate transactions, if carried out, will be as per the SEBI Regulations and the limits prescribed there under. The Scheme(s) shall not make any investments in –

- any unlisted security of an associate or group company of the Sponsor; or
- any security issued by way of private placement by an associate or group company of the Sponsor; or
- the listed securities of group companies of the Sponsor, which is in excess of 25% of the net assets.

**Brokerage paid to Sahara India Financial Corporation Limited(SIFCL):Sponsor** The payment is towards distribution expenses for sale of units of schemes of the mutual fund. (As of 31<sup>st</sup> Mar 2019). There being no fresh sale of units since July 28, 2015, payment represents trail commission.

### **Commission to SIFCL for sale of units of the MF for the current year ended 31<sup>st</sup> March 2019.**

(Rs. In Lakhs)

<b>Tax Gain Fund</b>	<b>Growth Fund</b>	<b>Mid cap Fund</b>	<b>Wealth Plus Fund</b>	<b>Infrastructure Fund</b>	<b>Star Value Fund</b>	<b>Banking &amp; Financial Services Fund</b>
0.0541	0.0025	0.0053	0.0004	0.0047	0.0003	0.0111

### **Commission to SIFCL for sale of units of the MF for the current year ended 31<sup>st</sup> March 2018.**

(Rs. In Lakhs)

<b>Tax Gain Fund</b>	<b>Growth Fund</b>	<b>Liquid Fund</b>	<b>Mid Cap Fund</b>	<b>Wealth Plus Fund</b>
0.0920	0.0053	0.0003	0.0251	0.0005

(Rs. In Lakhs)

## Sahara Mutual Fund

Star Value Fund	Super 20 Fund	Infrastructure Fund	Banking & Financial Services Fund
0.0008	0.0001	0.0050	0.0183

**Commission to SIFCL for sale of units of the MF for the current year ended 31<sup>st</sup> March 2017.**

(Rs. In Lakhs)

Tax Gain Fund	Growth Fund	Liquid Fund	Mid Cap Fund	Wealth Plus Fund
0.15427	0.00737	0.00044	0.05030	0.00042

(Rs. In Lakhs)

Star Value Fund	Super 20 Fund	Infrastructure Fund	Banking & Financial Services Fund
0.00155	0.00146	0.00689	0.03807

### Commission paid to associates / related parties /group companies of Sponsor/AMC

Name of associate / related parties / group companies of Sponsor / AMC	Nature of association / nature of relation	Period Covered	Business given (Rs. cr and % of total business received by the fund)	Commission paid (Rs. & % of total commission paid by the fund)
(1)	(2)	(3)	(4)	(5)
SIFCL	Sponsor / Mutual Fund Distributor	April 18- March 19	0.00	(Rs. 7874.96; 9.20%)
SIFCL	Sponsor/ MF Distributor	April 17 - March 18	0.00	(Rs.14755.39; 8.10%)
SIFCL	Sponsor / Mutual Fund Distributor	April 16- March 17	0.00	(Rs.26082.02; 12.96%)

### v. Documents Available for Inspection

The following documents will be available for inspection at the office of the Mutual Fund at 97-98 , 9<sup>th</sup> Floor, Atlanta Nariman Point Mumbai-400021 during business hours on any day (excluding Saturdays, Sundays and public holidays):

- Memorandum and Articles of Association of the AMC
- Investment Management Agreement
- Trust Deed and amendments thereto, if any
- Mutual Fund Registration Certificate
- Agreement between the Mutual Fund and the Custodian
- Agreement with Registrar and Share Transfer Agents
- Consent of Auditors to act in the said capacity
- Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments from time to time thereto.
- Indian Trusts Act, 1882

### vi. Investor Grievances Redressal Mechanism

Investors may contact the offices of the AMC for any queries / clarifications. Sahara Mutual Fund will endeavor to provide the investor/ unit holder with the highest standards of service. The Mutual Fund is committed to put in place and upgrade on a continuous basis, systems and procedures that will enable effective investor servicing. The Head Office of the AMC will follow up with the respective ISCs to ensure timely redressal and prompt investor services. Shri Arun Shinde, Head - Investor Relations can be contacted at the office of the AMC at 97-98, 9<sup>th</sup> Floor, Nariman Point Mumbai-400021. Telephone no.(022)22047197 Fax no.(022) 2204 7199. E-mail: saharamutual@saharamutual.com.

## Sahara Mutual Fund

The data on complaints for the period 01/04/2016 to 31/03/2019 are as under:

Consolidated report (Requests/Services) for all schemes during the period 01/04/2016-31/03/2017

PARTICULARS	Opening	Received	Redressed	Pending
<b>Grand Total</b>	<b>0</b>	<b>2308</b>	<b>2308</b>	<b>0</b>

Consolidated report (Requests/Services) for all schemes during the period 01/04/2017-31/03/2018

Particulars	Opening	Received	Redressed	Pending
<b>Grand Total</b>	<b>0</b>	<b>2221</b>	<b>2221</b>	<b>0</b>

Consolidated report (Requests/Services) for all schemes during the period 01/04/2018-31/03/2019

Sr	Particulars	Opening	Received	Redressed	Pending
	<b>Requests</b>				
1	Acknowledgement Of Documents	0	0	0	0
2	Acknowledgement Of Documents	0	2	2	0
3	Addition / Deletion Of Joint Holders Name	0	17	17	0
4	Change / Updation Of Nominee Details	0	0	0	0
5	Change / Updation Of Nominee Details	0	23	23	0
6	Change In Mode Of Dividend / Redemption Payment	0	0	0	0
7	Change In Mode Of Redemption Payment	0	3	3	0
8	Change In Signature	0	43	43	0
9	Change Of Account Type	0	0	0	0
10	Change Of Address	0	23	23	0
11	Change Of Address & Bank Details	0	3	3	0
12	Change Of Address & Bank Details/Redemption Procedure	0	0	0	0
13	Change Of Address / Bank Details / Redemption Procedure	0	0	0	0
14	Change Of Bank Details	0	331	331	0
15	Change Of Broker Code	0	31	31	0
16	Change Of Broker General Details	0	1	1	0
17	Change Of Category / Status / Occupation	0	22	22	0
18	Change Of Dividend Option	0	3	3	0
19	Change Of Email Address	0	167	167	0
20	Change Of General Details	0	160	160	0
21	Change Of Mode Of Holding	0	0	0	0
22	Change Of Name	0	6	6	0

**Sahara Mutual Fund**

23	Consolidation Of Units	0	0	0	0
24	Correction Of Bank Details	0	2	2	0
25	Correction Of Bank Details/Address	0	0	0	0
26	Correction Of Dividend Warrant	0	0	0	0
27	Correction Of Name	0	3	3	0
28	Correction Of Pan Details	0	0	0	0
29	Correction Of Redemption Warrant	0	0	0	0
30	Dividend Related Queries	0	57	57	0
31	Duplicate Account Statement	0	7	7	0
32	Euin Remediation	0	0	0	0
33	Euin Remidiation	0	0	0	0
34	Issue Of Duplicate Warrant	0	37	37	0
35	Know Your Client(Kyc)	0	37	37	0
36	Misplacement / Loss Of Certificates.	0	0	0	0
37	Misplacement/Loss Of Certificate	0	0	0	0
38	Multiple Bank Mandate Registration	0	180	180	0
39	Non Receipt Of Dividend Warrant Sent For Revalidation	0	0	0	0
40	Non Receipt Of Duplicate Redemption/Dividend Warrant	0	1	1	0
41	Non Receipt Of Redemption Warrant Sent For Revalidation/Correction	0	0	0	0
42	Non-Receipt Of Dividend Warrant Sent For Revalidation	0	0	0	0
43	Non-Receipt Of Redemption Warrant Sent For Revalidation/Correction	0	0	0	0
44	Non-Receipt Of Unit Certificate/Account Statement	0	0	0	0
45	Pan Based E-Soa	0	0	0	0
46	Pledge/Lien / Unpledge	0	0	0	0
47	Postal Return Of Brokerage/Dividend/Redemption Warrant	0	0	0	0
48	Postal Return Of Refund Order	0	0	0	0
49	QUERIES In Respect Of Investments In GROUP COMPANIES (Not Pertaining To Sahara Mutual Fund)	0	0	0	0
50	Receipt Of Div/Red Warrants For Cancellation	0	0	0	0
51	Receipt Of Excess Payment From Investor	0	0	0	0
52	Receipt Of Memorandum Of Articles Of Association/ Board Resolution	0	0	0	0
53	Receipt Of Of Torn Warrant For Issuance Of Fresh Warrant	0	0	0	0



**Sahara Mutual Fund**

54	Receipt Of Redemption/Dividend Warrant For Cancellation	0	9	9	0
55	Redemption / Subscription /Switch Related Queries	0	23	23	0
56	Redemption Procedure	0	1	1	0
57	Re-Dispatch Of Returned Document	0	0	0	0
58	Registration Of Ecs	0	0	0	0
59	Rejection Of Purchase / Redemption / Switch	0	0	0	0
60	Request For Annual A/C Statement	0	0	0	0
61	Request For Demat	0	8	8	0
62	Request For Demat/Remat	0	0	0	0
63	Request For E. Mail Account Statement	0	0	0	0
64	Request For Pin Number (Pin Agreement)	0	0	0	0
65	Request Of Conversion From Offline To Online	0	1	1	0
66	Return Undelivered - Letters/Documents	0	0	0	0
67	Return Undelivered Account Statement	0	0	0	0
68	Revalidation Of Brokerage Warrant	0	0	0	0
69	Revalidation Of Dividend Warrant/Dd	0	6	6	0
70	Revalidation Of Redemption Warrant/Dd	0	9	9	0
71	Revocation Of Power Of Attorney	0	0	0	0
72	Transfer Of Units	0	0	0	0
73	Transmission Of Units	0	86	86	0
74	Updation Of Broker Details	0	0	0	0
75	Updation Of Date Of Birth	0	2	2	0
76	Updation Of Pan Details	0	92	92	0
77	Updation Of Power Of Attorney	0	0	0	0
	<b>Requests Total</b>	<b>0</b>	<b>1396</b>	<b>1396</b>	<b>0</b>

Consolidated report (**Complaints**) for all schemes during the period 01/04/2016 - 31/03/2017

Sr no	PARTICULARS	Opening balance as on 1 <sup>st</sup> April 2016	Total Received during the period 1 <sup>st</sup> April 2016 to 31 <sup>st</sup> March 2017	Total Received during the period 1 <sup>st</sup> April 2016 to 31 <sup>st</sup> March 2017	Closing balance as on 31 <sup>st</sup> March 2017
1	Complaints received directly by AMC (A)	0	0	0	0
2	SCORES Complaints - Ref By SEBI (B)	0	7	7	0
3	Grand Total(A+B)	0	7	7	0

## Sahara Mutual Fund

Consolidated report **(Complaints)** for all schemes during the period 01/04/2017 - 31/03/2018

Sr no	PARTICULARS	Opening balance as on 1 <sup>st</sup> April 2017	Total Received during the period 1 <sup>st</sup> April 2017 to 31 <sup>st</sup> March 2018	Total Received during the period 1 <sup>st</sup> April 2017 to 31 <sup>st</sup> March 2018	Closing balance as on 31 <sup>st</sup> March 2018
1	Complaints received directly by AMC (A)	0	2	2	0
2	SCORES Complaints - Ref By SEBI (B)	0	11	11	0
3	Grand Total(A+B)	0	13	13	0

Consolidated report **(Complaints)** for all schemes during the period 01/04/2018 - 31/03/2019

Sr	Particulars	Opening Balance for April 2018	Total Received during 1 <sup>st</sup> April 2018 to 31 <sup>st</sup> March 2019	Total Resolved during 1 <sup>st</sup> April 2018 to 31 <sup>st</sup> March 2019	Closing Balance for March 2019
1	Complaints (A) at AMC	0	1	1	0
2	SCORE Complaints-Ref By SEBI (B) & AMFI	0	4	4	0
3	Total (A+B)	0	5	5	0

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

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

Place: Mumbai  
Date: 21<sup>st</sup> June, 2019

Sudhir Kaup  
Compliance Officer

## Sahara Mutual Fund

### Sahara Mutual Fund Corporate Address:

97-98, 9th Floor, Atlanta, Nariman Point, Mumbai - 400021.Ph - 022 - 22047197/ 98

### Sahara Mutual Fund Investor Service Centres

Offices	Contact
<b>AHMEDABAD</b> : c/o Sahara India Financial Corporation Limited, 2nd Floor, Bank of India Building, Nr. Kameshwar Temple, Ankur Road, Naranpura, Ahmedabad - 380013	079 – 40072935
<b>BANGALORE</b> : Sahara India, Region Office No.1,Church Street, Brigade Road, Bengaluru – 560 001.	080-25327891
<b>CHANDIGARH</b> : SCO No. 1110-1111, 2nd Floor, Above LIC Office, Sector 22B, Chandigarh – 160 022.	0172- 4636359
<b>CHENNAI</b> : 67/2, Greams Road,Thousand Lights, Chennai- 600 006	044-43546336
<b>GORAKHPUR</b> : II Floor,Sahara India Niketan, Cinema Road,Goleghar, Gorakhpur - 273001.	0551-2201137
<b>HYDERABAD</b> : Sahara Manzil, 2nd Floor, Opp. Secretariat, Basheerbagh, Hyderabad - 500004..	040 - 66660904
<b>KOLKATA</b> : Sahara India Sadan, 1st Floor,2A Shakespeare Sarani, Kolkata-700071.	033 - 40032420
<b>LUCKNOW</b> : Office No. 8, Ground Floor, Saran Chamber - 1, V Park Road. Lucknow - 226001.	0522 - 4015702
<b>MUMBAI</b> : 97-98, 9th Floor, Atlanta, Nariman Point, Mumbai - 400021	022 - 22047197/ 98
<b>NEW DELHI</b> : Sahara India, A-120,3 <sup>rd</sup> Floor, Main Vikas Marg, Shakarpur, New Delhi - 110092.	8368893236
<b>NOIDA</b> : C-1, Sahara India Complex, Sector 11, Noida - 201301.	9816846554
<b>PATNA</b> : C/o Sahara India Pariwar, Sahara India Vihar, Boring Road Chauraha, Boring Road. Patna - 800001.	9693255280

**REGISTRAR AND TRANSFER AGENT: Karvy Computershare Private Limited,**  
**(Unit: Sahara Mutual Fund): #59, 'SKANDA', Puttanna Road, Basavangudi, Bengaluru - 560 004,**  
Ph: 080 – 67453356.Toll Free No:18004254034/35; Email: service\_smf@karvy.com

**Sahara Mutual Fund**

**LIST OF ADDENDA TO STATEMENT OF ADDITIONAL INFORMATION (SAI)**

<b>Addendum No.</b>	<b>Date of Addendum</b>	<b>Particulars</b>	<b>Page</b>
1.	July 29, 2019	Closure of AMC office at Gorakhpur	53

## **Sahara Mutual Fund**

### **ADDENDUM: 1**

**CLOSURE OF AMC OFFICE AT GORAKHPUR:** The office of Sahara Asset Management Company Private Limited (AMC), located at Gorakhpur bearing address II Floor, Sahara India Niketan, Cinema Road, Goleghar, Gorakhpur – 273001 is being discontinued and accordingly would cease to be an Official Point of Acceptance on or before July 31, 2019.

Investors are requested to henceforth approach the Registrar and Transfer Agent (RTA), M/s Karvy Computershare Private Limited, Above V.I.P. House, Adjacent A.D.Girls Inter College, Bank Road, Gorakhpur - 273 001. Investors can also contact the Corporate Office of the AMC at Tel No. (022) 22047197/98 or email at [saharamutual@saharamutual.com](mailto:saharamutual@saharamutual.com) for any further assistance in the matter. Requests can also be sent to Karvy Computershare Pvt Ltd (Unit:Sahara Mutual Fund), # 59, Skanda, Puttana Road, Basavanagudi, Bengaluru – 560 004.

This notice forms an integral part of the Scheme Information Document / Key Information Memorandum and scheme related documents of schemes of Sahara Mutual Fund as amended from time to time. All other terms and conditions for the scheme/s remain unchanged.