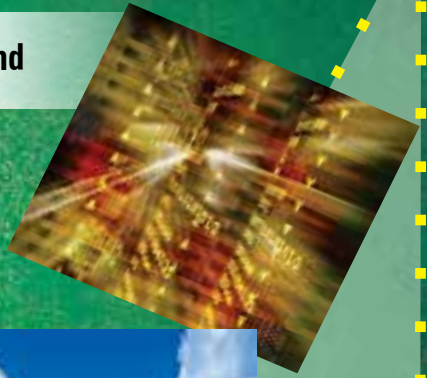


Sahara Power and Natural Resources Fund



ABRIDGED ANNUAL REPORT 2013-14



SAHARA
MUTUAL
FUND

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Sahara Mutual

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SAHARA POWER AND NATURAL RESOURCES FUND

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REPORT OF THE TRUSTEES

We are pleased to present before you the **ANNUAL REPORT** of SAHARA MUTUAL FUND for the year ended March 31, 2014.

Overview of Debt Markets in 2013-14

The events unfolded in the last year provided indications to the policy makers across the globe that policy action needs coordination not only to face the challenge but also during the unwinding process. US at the back of growth momentum announced the roll back plan of its stimulus measures which resulted in impact on global capital markets as well as currencies. The 10Year benchmark rates in India zoomed to over 9.5% while short term rates stepped up to 12.5% between May'13 to August '13. Dollar outflow pushed the forex reserve to pare nearly 20 bn Dollars. RBI had to intervene and certain measures were announced both to attract dollar and to curtail the speculation in currency while government discouraged gold import to sustain the current account deficit (CAD). Also RBI hiked the policy rates twice to counter the impact as well as to soften the inflationary tendencies to 8%.

The second half of the year was relatively stable on the back of above policy measures. Macro economic data and volatility in currency market eased. Rupee remained stable in the range of 60-62/dollar. Current Account Deficit (CAD) moderated to below 3% of the GDP while WPI softened and CPI too followed the trend to register 4.68% and 8.03% respectively in the month of Feb. However Fiscal deficit remained the concern for most part even after the reiteration from government to cap the fiscal deficit at 4.8%.

Government finance fared poorly due to less than budgeted tax revenue especially indirect tax while non plan expenditure remained buoyant. IIP posted a dismal picture for the year with negative growth.

Overview of Equity Markets in 2013-14

At the start of October 2013-2014, there were hopes of revival of the Indian economy; however certain global circumstances coupled with low policy initiatives led to subdued performance of the equity market. Despite that, and amidst high volatility throughout the year, the stock markets ended the year with gains. In the last financial year 2013-2014, the leading benchmark indices, Sensex and Nifty posted annual gains of 18.85% & 17.98% respectively. Both Sensex and Nifty made all time highs, whereas CNX Midcap index gave a return of 16.36%. In the last financial year, flows have been robust from Foreign Institutional Investors (FIIs) with net buyers of around Rs.80,000 crores while Domestic Institutional Investors (DIIs) were net sellers.

India has decisively voted BJP-led NDA to power at the center. BJP itself has won over 50% of the seats, thereby giving a sign of stability and freedom of pursuing its policies.

During the Financial Year 2013-2014 few major events which impacted the markets were, U.S. Federal bank action, India's twin deficits i.e. fiscal deficit and current account deficit, currency movement and General Elections in India.

The U.S. action on tapering impacted the markets across the global. The sharp increase in U.S. yields sparked a sudden portfolio adjustment by international investors away from developing country assets, leading to a significant decline in capital flows. Tapering is to continue in 'measured fashion' through first half of 2014 unless economic conditions change.

Financial Year 2013-2014 was a turbulent year for India dictated by falling economic growth, depreciating rupee, high inflation and tight liquidity conditions. While the year started on a favourable note with lower commodity prices, diesel price hike, low core inflation and interest rate cuts, fears of taper in the US led to notable volatility in the financial markets. The worst hit was the Rupee which touched a low of Rs.68.825 against the Dollar in August from the Rs.61-62 levels seen earlier. However, the policies followed by the Reserve Bank of India (RBI) during that period helped India to navigate the situations safely and without having adverse impact on its currency.

On the international front financial markets are undergoing significant transition as strengthening growth in high-income economies is prompting an end to the extraordinary stimulus measures taken in the wake of the global financial crisis. Most of this adjustment had played itself out by end-August 2013, with equity, bond and foreign exchange markets recovering or stabilizing in the final months of the year. The euro area has seen a sluggish with modest improvement in growth. Germany continues to drive growth in the region.

1. Scheme Performance, Future Outlook and Operations of Sahara Power & Natural Resources Fund:

| Performance as of March 31, 2014 | 1 year | Since inception | Inception date |
|--|--------|-----------------|--------------------------------|
| Sahara Power and Natural Resources Fund(%) | 22.05 | 3.64 | 17 th June, 2008 |
| CNX Nifty (%) | 17.98 | 6.51 | |

"The price and redemption value of the units, and income from them, can go up as well as down with the fluctuations in the market value of its underlying investments;"

As on March 31, 2014, the scheme had invested 98 % of its net assets invested in equities and the balance in current assets.

DEBT MARKETS

Financial year 2014-2015 started with general election and hence an expectation of strong, stable, and policy driven government may drive the sentiments of the debt market. Currency market and Current Account Deficit (CAD) may also be positively affected given a strong FII inflow. Also with strong government may revive the structural and policy reform which has been stalled for long. So the nature of the new government is one of the key factors which may decide the overall market sentiments.

However the outlook for the inflation is bleak given the possibilities of El-Nino effect impacting the monsoon. Food inflation which has been the major dampener in the past year may again prove to be a threat. WPI and CPI both on account on expected higher food price. Inflation may not tread on RBI expected lines. With the new government in place it is expected to follow high growth policies which may result in better economic outlook and slightly lower inflation trajectory. RBI is expected to hold the policy rates in the 1st half of the FY15 but may review the policy in tune with prevailing condition. Export sector though has improved in the last year but weak environment in China and other emerging economies which are battling with lower growth syndrome may affect the sector. Gold import which has been artificially curtailed may again pose challenge once the import restrictions resides. Fiscal position may not see too much of the improvement in FY15. Fiscal Deficit and subsidy would remain the concerns. Industrial growth may also be a concern area.

On international front, the revival of US and Europe and the consequent tapering of stimulus may result in volatility in the emerging markets. The global economic situation is likely to improve during the current fiscal year leading to better opportunities on export front. A stable new government along with mature responses of the Reserve Bank is likely to lead to better fiscal and monetary position. In this scenario interest rates are likely to fall in second half of current fiscal year.

EQUITY MARKETS

Though the economy is still in a low growth phase, it looks close to bottoming out. GDP growth is looking set to better expectations after 10 quarters and is headed higher after hitting a low of 4.5% for FY14. Liquidity stress is easing as influx of forex has improved liquidity at the shorter end. On the external front, an improvement in trade deficit has helped narrow the Current Account Deficit (CAD). Improved forex reserves on the back of USD 34 billion accretion through RBI swap window for FCNR(B) and bank borrowing have stabilized around Rs.60 level, which may have provided some comfort to RBI to start rebuilding its reserves.

India has decisively voted BJP-led NDA to power at the center. BJP won its highest ever number of seats with clear majority. The reformist and pro-development track record and image of Mr.Narendra Modi and the NDA are expected to boost the overall sentiments. The new government is likely to follow a path of stable, consistent and growth policies.

2. Brief Background of Sponsor, Trust, and AMC Company

a. Sahara Mutual Fund

Sahara Mutual Fund (SMF) has been established as a Trust by the Trust Deed (amended from time to time) dated 18th July, 1996 in accordance with the Indian Trusts Act, 1882, and duly .registered under the Indian Registration Act, 1908, sponsored by Sahara India Financial Corporation Limited ("SIFCL").

The Trustees have appointed Sahara Asset Management Company Private Limited as the Investment Manager to Sahara Mutual Fund to function as the Investment Manager for all the Schemes of Sahara Mutual Fund. Sahara Mutual Fund was registered with SEBI on 1st October, 1996.

b. Board of Trustees

The Board of Trustees as on date comprise Mr. S. R. Hegde, Independent Trustee, Mr. P.V. Rao, Independent Trustee, Mr A K Thakur, Independent Trustee and Dr P P Shastri, Independent Trustee..

The Board of Trustees is the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unit holders. The Board of Trustees has been discharging its duties and carrying out the responsibilities as provided in the Regulations and the Trust Deed. The Board of Trustees seeks to ensure that the Fund and the Schemes floated there under are managed by the AMC in accordance with the Trust Deed, the Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

3. Investment Objective of the Scheme.

The investment objective is to generate long term capital appreciation through investment in equities and equity related securities of companies engaged in the business of generation, transmission, distribution of Power or in those companies that are engaged directly or indirectly in any activity associated in the power sector or principally engaged in discovery, development, production, processing or distribution of natural resources.

4. Significant Accounting Policies:

The Balance Sheet and the Revenue Account together with the notes thereon have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable.

5. Unclaimed Dividends and Redemptions

| Scheme Name | No of Investors | Unclaimed Dividend (₹) | No of Investors | Unclaimed Redemption (₹) |
|---------------------------------------|-----------------|------------------------|-----------------|--------------------------|
| Sahara Power & Natural Resources Fund | 5 | 8,558.10 | 13 | 155,002.83 |

6. Disclosure of investor complaints for the year 2013-14

Total Number of Folios under all schemes: 31504

| Complaint Code | Type of Complaint# | Action on (a) and (b) | | | | | | | | | | | |
|----------------|--|--|---|----------------|-------------|-------------|-----------------|----------|-----------------|------------|----------|-----------|--|
| | | (a) No. of Complaints pending at the beginning of the year | (b) No of complaints received during the year | Resolved | | | | | *Non Actionable | Pending | | | |
| | | | | Within 30 Days | 30- 60 Days | 60-180 Days | Beyond 180 days | 0-3 mths | | 3 - 6 mths | 6-9 mths | 9-12 mths | |
| I A | Non receipt of Dividend on Units | 0 | 14 | 14 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| I B | Interest on delayed payment of Dividend | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| I C | Non receipt of Redemption Proceeds | 0 | 6 | 6 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| I D | Interest on delayed Payment of Redemption | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| II A | Non receipt of Statement of Account/Unit Certificate | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| II B | Discrepancy in Statement of Account | 0 | 3 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| II C | Data corrections in Investor details | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| II D | Non receipt of Annual Report /Abridged Summary | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| III A | Wrong switch between Schemes | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| III B | Unauthorized switch between Schemes | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| III C | Deviation from Scheme attributes | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| III D | Wrong or Excess charges/load | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| III E | Non updation of changes viz.address, PAN,bank details, nomination, etc | 0 | 5 | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| IV | Others** | 0 | 4 | 4 | 0 | 0 | 0 | 4 | 0 | 0 | 0 | 0 | |

including against its authorized persons/ distributors/ employees etc.* Non actionable means the complaint that are incomplete / outside the scope of the mutual fund ** Not pertaining to Sahara Mutual Fund.

7. Role of Mutual Funds in Corporate Governance of Public Listed Companies Policy on Attending AGM/EOGM of Investee Companies

Introduction

Sahara Asset Management Company Private Limited, acts as an Investment Manager ("The AMC") to the schemes of Sahara Mutual Fund ("Fund"). The general voting policy and procedures being followed by the AMC in exercising the voting rights ("Voting Policy") is given hereunder.

Philosophy and Guidelines of Voting Policy The AMC has a dual responsibility of a prudent fund manager investing investor money as well as of an entity performing the responsibility of protecting the investor interest. As part of the management of funds, irrespective of the scheme, the AMC ensures that investments are made in companies that meet investment norms. It is expected that the investee company adheres to proper corporate governance standards. The voting policy for the investee companies by the AMC is as under:

The AMC shall deal with voting on case to case basis. For this purpose, the AMC shall review various notices of AGM/EOGM received from the investee companies from time to time and decide whether there are some issues on which the voting decision (favourable / unfavourable) is to be taken. The AMC would generally agree with the management of the Investee Company on routine matters, but may object by voting against if it believes that the interest of the shareholders are prejudiced in any manner. As regards non-routine items the Fund Manager-Equity with assistance of the Equity Research Department and in consultation with the Chief Investment Officer shall review each of such cases and make specific recommendations to the Chief Executive Officer. In case the AMC is against any non routine item, it may decide to attend the meeting and vote against. In some other such cases, it may decide to abstain based on one or more of the factors like our small holding in the company, location of the meeting place, time/cost involved etc. For these instances, the reasons for non attendance will be recorded. As per the decision taken by the AMC, it may depute an authorized person to vote in AGM/EOGM appropriately keeping in mind the interest of unit holders. AMC would maintain a record on the AGM/EOGM voting related matters.

Disclosure of Voting policy and Maintenance of Records:

This Policy on attending AGM/EOGM and suitable disclosure thereof is available on the website (www.saharamutual.com) of the Mutual Fund.

Note: For details of voting in the AGMs of the investee companies for the financial year 2013-14, unit holders can log on to the website (www.saharamutual.com) of the Fund. Further the said details are also available in the Annual Report of Sahara Mutual Fund for the period 2013-14. The details of voting shall be emailed/sent as and when requested by the unit holders free of cost.

8. Statutory Information.

- a. The Sponsor is not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond their initial contribution of Rs.1 lakh for setting up the Fund.
- b. The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- c. Full Annual Report is disclosed on the website (www.saharamutual.com) and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unit holders can obtain copy of the trust deed, the full Annual Report of the Fund / AMC free of cost.

Acknowledgements

The Trustees would like to thank all the investors for reposing their faith and trust in Sahara Mutual Fund. The Trustees thank the Securities and Exchange Board of India, the Reserve Bank of India, the Sponsor, the Board of the Sahara Asset Management Company Private Limited, and Association of Mutual Funds in India for their support, co-operation and guidance during the period.

We are also thankful to the Auditors, Registrar and Transfer Agents, Custodian, Banks, Depositories, AMFI/NISM Certified Distributors, KYC Registration Agencies and other service providers for their continuous support. The Trustees also appreciate the efforts made by the employees of Sahara Asset Management Company Private Limited and place on record their contribution in good performance of the schemes.

We look forward for your continued support and assure you of our commitment at all times in managing the schemes of Sahara Mutual Fund.

For and on behalf of Sahara Mutual Fund

Place: Mumbai
Date: 6th June, 2014.

S R Hegde
Trustee

INDEPENDENT AUDITOR'S REPORT

To the Trustees of Sahara Mutual Fund

Report on the Financial Statements

We have audited the accompanying financial statements of Sahara Mutual Fund – Sahara Power and Natural Resources Fund ("the Scheme"), which comprise the Balance Sheet as at March 31, 2014, and the Revenue Account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Trustees of Sahara Mutual Fund and the Management of Sahara Asset Management Company Private Limited (the "Management") are responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Scheme in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Scheme's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2014;
- (b) in the case of the Revenue Account, of the surplus for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable, we report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) The statement of account has been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable.
- c) We have reviewed the Valuation Policy being followed for the schemes of Sahara Mutual Fund. The Valuation Policy implemented for the scheme is in line with the SEBI guidelines issued in this regard.

For Chaturvedi & Co
Chartered Accountants
(Firm's Registration No. 302137E)

(SN Chaturvedi)
(Partner)
Mem. No. 040479

Place: Mumbai
Date: 6th June, 2014.

Abridged Balance Sheet as at 31ST MARCH, 2014

(₹ in lakhs)

| SAHARA POWER & NATURAL RESOURCES FUND | As at ended 31/03/2014 | As at ended 31/03/2013 |
|---|---------------------------|---------------------------|
| LIABILITIES | | |
| 1 Unit Capital | 188.10 | 257.78 |
| 2 Reserves & Surplus | | |
| 2.1 Unit Premium Reserves | (17.60) | (21.50) |
| 2.2 Unrealised Appreciation Reserve | 32.45 | 3.51 |
| 2.3 Other Reserves | 15.69 | 5.55 |
| 3 Loans & Borrowings | - | - |
| 4 Current Liabilities & Provisions | | |
| 4.1 Provision for doubtful Income/Deposits | - | - |
| 4.2 Other Current Liabilities & Provisions | <u>9.59</u> | <u>3.61</u> |
| TOTAL | <u>228.23</u> | <u>248.95</u> |
| ASSETS | | |
| 1 Investments | | |
| 1.1 Listed Securities: | | |
| 1.1.1 Equity Shares | 214.88 | 215.50 |
| 1.1.2 Preference Shares | - | - |
| 1.1.3 Equity Linked Debentures | - | - |
| 1.1.4 Other Debentures & Bonds | - | - |
| 1.1.5 Securitised Debt securities | - | - |
| 1.2 Securities Awaited Listing: | | |
| 1.2.1 Equity Shares | - | - |
| 1.2.2 Preference Shares | - | - |
| 1.2.3 Equity Linked Debentures | - | - |
| 1.2.4 Other Debentures & Bonds | - | - |
| 1.2.5 Securitised Debt securities | - | - |
| 1.3 Unlisted Securities | | |
| 1.3.1 Equity Shares | - | - |
| 1.3.2 Preference Shares | - | - |
| 1.3.3 Equity Linked Debentures | - | - |
| 1.3.4 Other Debentures & Bonds | - | - |
| 1.3.5 Securitised Debt securities | - | - |
| 1.4 Government Securities | - | - |
| 1.5 Treasury Bills | - | - |
| 1.6 Commercial Paper | - | - |
| 1.7 Certificate of Deposits | - | - |
| 1.8 Bill Rediscounting | - | - |
| 1.9 Units of Domestic Mutual Fund | - | - |
| 1.10 Foreign Securities | - | - |
| Total Investments | <u>214.88</u> | <u>215.50</u> |
| 2 Deposits | | |
| 3 Other Current Assets | | |
| 3.1 Cash & Bank Balance | 5.25 | 3.57 |
| 3.2 Reverse Repo Lending | 6.22 | 28.03 |
| 3.3 Others | 1.88 | 1.85 |
| 4 Deferred Revenue Expenditure (to the extent not written off) | - | - |
| TOTAL | <u>228.23</u> | <u>248.95</u> |

Notes to Accounts - Annexure I

Abridged Revenue Account For The Year / Period Ended 31ST MARCH 2014.

(₹ in lakhs)

| SAHARA POWER & NATURAL RESOURCES FUND | | Current Year / Period ended 31/03/2014 | Current Year / Period ended 31/03/2013 |
|--|--|---|---|
| 1 | INCOME | | |
| 1.1 | Dividend | 5.58 | 6.51 |
| 1.2 | Interest | 1.47 | 1.26 |
| 1.3 | Realised Gain / (Loss) on Foreign Exchange Transactions | | |
| 1.4 | Realised Gains / (Losses) on Interscheme sale of investments | | |
| 1.5 | Realised Gains / (Losses) on External sale / redemption of investments | (23.81) | (39.43) |
| 1.6 | Realised Gains / (Losses) on Derivative Transactions | | |
| 1.7 | Other Income | | |
| | (A) | <u>(16.76)</u> | <u>(31.66)</u> |
| 2 | EXPENSES | | |
| 2.1 | Management fees | 2.79 | 3.72 |
| 2.2 | Service tax on Management fees | 0.35 | 0.46 |
| 2.3 | Investor Education & Awareness Fees | 0.04 | 0.03 |
| 2.4 | Transfer agents fees and expenses | 0.92 | 0.75 |
| 2.5 | Custodian fees | 0.56 | 0.53 |
| 2.6 | Trusteeship fees and expenses | 0.51 | 0.56 |
| 2.7 | Commission to Agents | 0.08 | 0.27 |
| 2.8 | Marketing & Distribution expenses | 0.00 | 0.52 |
| 2.9 | Audit fees | 0.66 | 0.70 |
| 2.10 | Deferred Revenue Expenditure | 0.00 | 0.00 |
| 2.11 | Other operating expenses* | 0.46 | 0.72 |
| | (B) | <u>6.37</u> | <u>8.26</u> |
| 3 | NET REALISED GAINS / (LOSSES) FOR THE YEAR / PERIOD | (A - B = C) | (39.92) |
| 4 | Change in Unrealised Depreciation in value of investments | (D) | (7.37) |
| 5 | NET GAINS / (LOSSES) FOR THE YEAR / PERIOD | (E=(C-D)) | (32.55) |
| 6 | Change in unrealised appreciation in the value of investments | (F) | 7.47 |
| 7 | NET SURPLUS / (DEFICIT) FOR THE YEAR / PERIOD | (E + F = G) | (25.08) |
| 7.1 | Add: Balance transfer from Unrealised Appreciation Reserve | 28.94 | (3.97) |
| 7.2 | Less: Balance transfer to Unrealised Appreciation Reserve | 32.45 | 3.50 |
| 7.3 | Add : Income Equalisation Reserve | (4.56) | (10.51) |
| 8 | Total | <u>10.14</u> | <u>(43.06)</u> |
| 9 | Dividend appropriation | | |
| 9.1 | Income Distributed during the year / period | - | - |
| 9.2 | Tax on income distributed during the year / period | - | - |
| 10 | Retained Surplus / (Deficit) carried forward to Balance sheet | <u>10.14</u> | <u>(43.06)</u> |

* Includes costs relating to STT on equity transactions, investor communication, insurance and transaction costs.

Notes to Accounts – Annexure 1

NOTES TO ACCOUNTS – ANNEXURE 1 TO THE ABRIDGED BALANCE SHEET AND REVENUE ACCOUNT FOR THE YEAR / PERIOD ENDED 31ST MARCH, 2014

- 1.1 Certain investments are registered in the name of the Fund without specific reference to the Scheme. As at March 31, 2014 the aggregate market value of securities under Sahara Power & Natural Resources Fund but held in the name of Sahara Mutual Fund is Rs. 623187.20
- 1.2 The Registrar and Transfer Agents charges amounting to Rs.92,091.00 constitutes 14.46 % of the total schemes expenses.
- 1.3 Open Position of derivatives (outstanding market value & % to Net Assets as of the Year end). Nil
- 1.4 Investments in Associates and Group Companies: Provide details of issuer, nature of instruments, amount, and aggregate investments by all schemes. Nil
- 1.5 Open position of Securities Borrowed and / or Lending by the scheme. Nil
- 1.6 Details of NPA: Aggregate market value and provision thereof. Nil
- 1.7 Aggregate Unrealised Gain / Loss as at the end of the Financial Year / Period and percentage to net assets.

| Asset Class | 31-Mar-14 | | | | 31-Mar-13 | | | |
|---------------|------------------------------|-----------------------|------------------------------|-----------------------|------------------------------|-----------------------|------------------------------|-----------------------|
| | Appreciation (₹ In lakhs) | % to Net Assets | Depreciation (₹ In lakhs) | % to Net Assets | Appreciation (₹ In lakhs) | % to Net Assets | Depreciation (₹ In lakhs) | % to Net Assets |
| Equity Shares | 32.45 | 14.84 | 1.93 | 0.88 | 3.51 | 1.43 | 39.77 | 16.21 |

- 1.8 Aggregate Value of Purchase and Sale with Percentage to average assets.

Purchases

| Year | Amount (Rs) | % of Daily average |
|---------|-------------|--------------------|
| 2013-14 | 36,278,207 | 162.46 |
| 2012-13 | 23,413,294 | 74.14 |

Sales

| Year | Amount (Rs) | % of Daily average |
|---------|-------------|--------------------|
| 2013-14 | 40,639,954 | 181.99 |
| 2012-13 | 33,102,764 | 104.82 |

- 1.9 Non-Traded securities in the portfolio: Provide Aggregate Value of Equity, Debt & Money Market Instruments and percentage to net assets.

| Scheme Name | Category | 31 st March , 2014 | | 31 st March , 2013 | |
|----------------------------|--------------------------|-------------------------------|--------------------|-------------------------------|--------------------|
| | | Market value (Rs.in lakhs) | % to Net Assets | Market value (Rs.in lakhs) | % to Net Assets |
| Sahara Infrastructure Fund | Money Market Instruments | - | - | 29.84 | 12.16 |

2. Details of Transaction with Associates under regulation 25(8). Brokerage to SIFCL A/c CMSD (Associate) has been made for sale of units of the MF as on 31st March 2014:

Commission to SIFCL A/c CMSD (Associate) made for sale of units of the MF for the current year ended 31st March 2014.

(₹ in lakhs)

| | | | | | | |
|-----------------|---------------|----------------------------------|--------------|-----------------------------------|-----------------|---------------------|
| Tax Gain Fund | Growth Fund | Liquid Fund | Mid cap Fund | Wealth Plus Fund | Short Term Bond | Infrastructure Fund |
| 0.42 | 0.13 | 0.03 | 0.14 | 0.02 | 0.01 | 0.07 |
| Star Value Fund | Super 20 Fund | Power and Natural Resources Fund | | Banking & Financial Services Fund | | Income Fund |
| 0.01 | 0.02 | 0.00 | | 0.76 | | 0.01 |

Commission to SIFCL A/c CMSD (Associate) made for sale of units of the MF for the previous year ended 31st March 2013.

(₹ in lakhs)

| Tax Gain Fund | Growth Fund | Liquid Fund | Mid cap Fund | Wealth Plus Fund | Short Term Bond | Infrastructure Fund |
|---------------|-------------|-------------|--------------|------------------|-----------------|---------------------|
| 0.40 | 0.24 | 0.04 | 0.25 | 0.05 | 0.01 | 0.11 |

| Star Value Fund | Super 20 Fund | Power and Natural Resources Fund | Banking & Financial Services Fund | Income Fund |
|-----------------|---------------|----------------------------------|-----------------------------------|-------------|
| 0.04 | 0.08 | 0.00 | 0.58 | 0.00 |

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 A/c CMSD | Sponsor / Mutual Fund Distributor | April 13 - March 14 | (1.29 & 0.45%) | (Rs.1,60,398.82; 13.57%) |
| SIFCL A/c CMSD | Sponsor / Mutual Fund Distributor | April 12 - March 13 | (0.81 & 0.24%) | (Rs.1,80,802.67 ; 8.82%) |

In column No 4, the total business received by the fund includes business through ARNs & also direct business.

In column No 5, the amount includes the upfront and the trail.

Brokerage 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 | Value of Transaction (in Rs, Cr & of Total value of Transaction of the Fund) | Brokerage (Rs Cr & % of total brokerage paid by the Fund) |
|--|--|----------------|--|---|
| - | - | - | - | - |

There are no associate brokers, hence not applicable for the period April – Mar 2014 & April – Mar 2013

3. Large Holdings in the Scheme (i.e. in excess of 25% of the net assets): Nil
4. Unit Capital movement during the year ended / period ended March 31, 2014 (Face value of Units: Rs 10 per unit).

Growth Option

| | Number of Units | Amount (Rs) | Number of Units | Amount (Rs) |
|-----------------------------------|----------------------|----------------------|----------------------|----------------------|
| | As on March 31, 2014 | As on March 31, 2014 | As on March 31, 2013 | As on March 31, 2013 |
| Initial Capital | 4,493,635.091 | 44,936,350.91 | 4,493,635.091 | 44,936,350.91 |
| Opening Balance | 1,586,185.556 | 15,861,855.56 | 2,043,123.753 | 20,431,237.53 |
| Units Sold during the year | 6,980.612 | 69,806.12 | 40,323.919 | 403,239.19 |
| Units Repurchased during the year | (425,774.043) | (4,257,740.43) | (497,262.116) | (4,972,621.16) |
| Closing Balance | 1,167,392.125 | 11,673,921.25 | 1,586,185.556 | 15,861,855.56 |

Growth Option (Direct)

| | Number of Units | Amount (Rs) | Number of Units | Amount (Rs) |
|-----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | As on March 31, 2014 | As on March 31, 2014 | As on March 31, 2013 | As on March 31, 2013 |
| Initial Capital | - | - | - | - |
| Opening Balance | 13,870.793 | 138,707.93 | - | - |
| Units Sold during the year | 35,437.718 | 354,377.18 | 14,138.646 | 141,386.46 |
| Units Repurchased during the year | (42,605.687) | (426,056.87) | (267.853) | (2,678.53) |
| Closing Balance | 6,702.824 | 67,028.24 | 13,870.793 | 138,707.93 |

Dividend Option

| | Number of Units | Amount (Rs) | Number of Units | Amount (Rs) |
|-----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | As on March 31, 2014 | As on March 31, 2014 | As on March 31, 2013 | As on March 31, 2013 |
| Initial Capital | 2,094,688.331 | 20,946,883.31 | 2,094,688.331 | 20,946,883.31 |
| Opening Balance | 974,430.544 | 9,744,305.44 | 1,247,224.828 | 12,472,248.28 |
| Units Sold during the year | 5,863.701 | 58,637.01 | 21,990.237 | 219,902.37 |
| Units Repurchased during the year | (279,541.962) | (2,795,419.62) | (294,784.521) | (2,947,845.21) |
| Closing Balance | 700,752.283 | 7,007,522.83 | 974,430.544 | 9,744,305.44 |

Dividend Option (Direct)

| | Number of Units | Amount (Rs) | Number of Units | Amount (Rs) |
|-----------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | As on March 31, 2014 | As on March 31, 2014 | As on March 31, 2013 | As on March 31, 2013 |
| Initial Capital | - | - | - | - |
| Opening Balance | 3,348.473 | 33,484.73 | - | - |
| Units Sold during the year | 3,789.007 | 37,890.07 | 3,348.473 | 33,484.73 |
| Units Repurchased during the year | (954.514) | (9,545.14) | - | - |
| Closing Balance | 6,182.966 | 61,829.66 | 3,348.473 | 33,484.73 |

5. Expenses other than management fee is inclusive of service tax where applicable.

6. Previous year figures have been reclassified/regrouped, wherever necessary, to conform to the current year's classification.

7. Contingent Liability: Nil

Mutual Fund investments are subject to market risks read all scheme related documents carefully.

KEY STATISTICS FOR THE YEAR / PERIOD ENDED 31ST MARCH, 2014

| SAHARA POWER & NATURAL RESOURCES FUND | Current Year / Period ended 31/03/2014 | Previous Year/ Period ended 31/03/2013 |
|--|---|---|
| 1. NAV per unit (₹): | | |
| Open | | |
| Dividend Plan | 8.5980 | 9.8215 |
| Growth Plan | 10.0789 | 11.5134 |
| Direct Dividend Plan | 8.6098 | - |
| Direct Growth Plan | 10.0855 | - |
| Repurchase Price during the year** | | |
| (i) Highest | | |
| Dividend Plan | 10.3901 | 10.1059 |
| Growth Plan | 12.1799 | 11.8467 |
| Direct Dividend Plan | 10.4308 | 10.1157 |
| Direct Growth Plan | 12.2093 | 11.8467 |
| (ii) Lowest | | |
| Dividend Plan | 7.3591 | 8.4087 |
| Growth Plan | 8.6267 | 9.8570 |
| Direct Dividend Plan | 7.3767 | 8.4200 |
| Direct Growth Plan | 8.6385 | 9.8631 |
| Resale Price during the year** | | |
| (i) Highest | | |
| Dividend Plan | 10.4951 | 10.4377 |
| Growth Plan | 12.3029 | 12.2356 |
| Direct Dividend Plan | 10.5362 | 10.2081 |
| Direct Growth Plan | 12.3326 | 11.9664 |
| (ii) Lowest | | |
| Dividend Plan | 7.4334 | 8.6847 |
| Growth Plan | 8.7138 | 10.1806 |
| Direct Dividend Plan | 7.4512 | 8.5050 |
| Direct Growth Plan | 8.7258 | 9.9627 |
| End | | |
| Dividend Plan | 10.4951 | 8.5980 |
| Growth Plan | 12.3029 | 10.0789 |
| Direct Dividend Plan | 10.5362 | 8.6098 |
| Direct Growth Plan | 12.3326 | 10.0855 |

KEY STATISTICS FOR THE YEAR / PERIOD ENDED 31ST MARCH, 2014

| SAHARA POWER & NATURAL RESOURCES FUND | Current Year / Period ended 31/03/2014 | Previous Year/ Period ended 31/03/2013 |
|---|---|---|
| 2. Closing Assets Under Management (Rs. in Lakhs) | | |
| End | 218.65 | 245.34 |
| Average (AAuM) | 223.31 | 315.81 |
| 3. Gross income as % of AAuM ¹ | -7.51% | -10.02% |
| 4. Expense Ratio: | | |
| a. Total Expense as % of AAuM | 2.85 | 2.62 |
| b. Management Fee as % of AAuM | 1.40 | 1.32 |
| 5. Net Income as a percentage of AAuM ² | -10.36% | -12.64% |
| 6. Portfolio turnover ratio ³ | 162.46 | 74.14 |
| 7. Total Dividend per unit distributed during the year / period | Nil | NIL |
| 8. Returns: | | |
| a. Last 1 year | | |
| Sahara Power & NR Fund– Growth Option (%) | 22.05 | (12.45) |
| CNX Nifty (%) | 17.98 | 7.31 |
| b. Since Inception | | |
| Sahara Power & NR Fund– Growth Option (%) | 3.64 | 0.17 |
| CNX Nifty (%) | 6.51 | 4.27 |

** based on the maximum load during the year

1. Gross income = amount against (A) in the Revenue account i.e. Income.
2. Net income = amount against (C) in the Revenue account i.e. Net Realised Gains / (Losses) for the Year / Period
3. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year/period.

INVESTOR SERVICE GUIDE

⇒ **KNOW YOUR CUSTOMER (KYC):** Investors may submit the following documents/ follow the procedure as stated below to comply with KYC requirements:

- (a) KYC Form duly filled in
- (b) Self attested copy of Proof of Identity (PAN) and self attested copy of proof of address
- (c) In person verification is to be done by your distributor or any authorized person.

Original documents need to be shown for verification which will be duly returned after checking the relevant information.


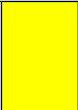
⇒ **REGISTRATION OF NOMINATION:** Registration of nomination will facilitate easy transmission of units to the nominee(s), especially if the unit holding is single. Investors with single holding with no nomination are requested to obtain nomination form for registration of nomination.

⇒ **MAILING OF ANNUAL REPORT OR ABRIDGED SUMMARY:** In order to bring cost effectiveness in printing and dispatching the annual reports or abridged summary and as a green initiative measure, unit holders are requested to provide their email addresses to enable the Abridged Annual Report and related documents to be forwarded by email. For those email addresses which are already registered with us, the scheme annual accounts or abridged summary would be sent to these email addresses and not as physical copies. The investors, who wish to obtain the Scheme Annual Accounts or Abridged summary etc. in physical form, may specifically communicate in writing for the same.

⇒ **REGISTRATION OF MULTIPLE BANK ACCOUNTS FOR PAY-IN AND PAY-OUT:** Registration of up to five bank accounts in case of individuals and HUF and upto ten bank accounts in case of non-individuals is now allowed after which investors can use any of the registered bank accounts to receive redemption / dividend proceeds. These accounts will also be used for verification of pay-ins (i.e. receiving of subscription funds) to ensure that a third party payment is not used for mutual fund subscription. Investors are requested to obtain relevant form for this purpose.

⇒ **Product Labeling in Mutual Funds has been introduced by Mutual Funds.** A system of Product Labeling that would provide investors an easy understanding of the kind of product/scheme they are investing in and its suitability to them has been introduced. **THIS WILL FURTHER HELP THE INVESTOR FOR ALL THEIR FUTURE INVESTMENTS.** The product label will be placed in proximity to the caption of the scheme and will be prominently visible. The colour codes shall also be described in text beside the colour code box.

Note: Risk may be represented as:

| | | | | | |
|---|---|---|--|---|---|
|  | (BLUE) investors understand that their principal will be at low risk |  | (YELLOW) investors understand that their principal will be at medium risk |  | (BROWN) investors understand that their principal will be at high risk |
|---|---|---|--|---|---|

Investors are requested to refer to the website www.saharamutual.com for information about the schemes of SAHARA MUTUAL FUND through the Scheme Information Document, Statement of Additional Information and Key Information Memorandum, addendums / notices issued from time to time.

Book - Post



Scheme Code - PN

SAHARA
TAX-GAIN Fund

SAHARA
GROWTH Fund

SAHARA
MIDCAP Fund

SAHARA
WEALTH PLUS Fund

SAHARA
INFRASTRUCTURE Fund

SAHARA
CLASSIC Fund

SAHARA
GILT Fund

SAHARA
INCOME Fund

SAHARA
LIQUID Fund

SAHARA
POWER & NATURAL RESOURCES Fund

SAHARA
BANKING & FINANCIAL SERVICES Fund

SAHARA
SHORT TERM BOND Fund

SAHARA
SUPER 20 Fund

SAHARA
STAR VALUE Fund

SAHARA
R.E.A.L Fund

SAHARA
INTERVAL Fund

Mutual Fund Investments are subject to market risks.
read all Scheme related Document carefully.

If undelivered please return to :
Sahara Mutual Fund
2nd Floor, Parinee Crescenzo,
Bandra-Kurla Complex,
Bandra East
Mumbai - 400051
Tel.: 022-39664100



SAHARA
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