



## ANNUAL REPORT 2011-12

**SAHARA<sup>TM</sup>**  
TAX-GAIN Fund

**SAHARA<sup>TM</sup>**  
GROWTH Fund

**SAHARA<sup>TM</sup>**  
MIDCAP Fund

**SAHARA<sup>TM</sup>**  
WEALTH PLUS Fund

**SAHARA<sup>TM</sup>**  
INFRASTRUCTURE Fund

**SAHARA<sup>TM</sup>**  
SUPER 20 Fund

**SAHARA<sup>TM</sup>**  
STAR VALUE Fund

**SAHARA<sup>TM</sup>**  
R.E.A.L Fund

**SAHARA<sup>TM</sup>**  
POWER & NATURAL RESOURCES Fund

**SAHARA<sup>TM</sup>**  
BANKING & FINANCIAL SERVICES Fund

**SAHARA<sup>TM</sup>**  
CLASSIC Fund

**SAHARA<sup>TM</sup>**  
GILT Fund

**SAHARA<sup>TM</sup>**  
INCOME Fund

**SAHARA<sup>TM</sup>**  
INTERVAL Fund

**SAHARA<sup>TM</sup>**  
LIQUID Fund

**SAHARA<sup>TM</sup>**  
SHORT TERM BOND Fund

## SAHARA MUTUAL FUND

**SMS  
MUTUAL  
to 59090**

[saharamutual@saharamutual.com](mailto:saharamutual@saharamutual.com)

[www.saharamutual.com](http://www.saharamutual.com)



## **ANNUAL REPORT 2011-12**

### **BOARD OF TRUSTEES**

Justice S. Mohan - Independent Trustee  
Amitabha Ghosh - Associate Trustee  
S. R. Hegde - Independent Trustee  
P. V. Rao - Independent Trustee  
A. K. Thakur - Independent Trustee

### **SAHARA MUTUAL FUND**

97-98, Atlanta  
Nariman Point  
Mumbai-400 021

### **SPONSOR**

Sahara India Financial Corporation Limited  
Sahara India Bhavan  
Kapoorthala Complex  
Lucknow-226 024

### **INVESTMENT MANAGER**

Sahara Asset Management Company Private Limited  
97-98, ATLANTA  
Nariman Point  
Mumbai-400 021

### **REGISTRAR AND TRANSFER AGENT**

Karvy Computer Share Private Limited  
21, Avenue 4, Street No 1  
Banjara Hills,  
Hyderabad -500 034

### **CUSTODIAN**

#### **HDFC BANK LTD**

Lodha - I Think Techno Campus,  
Building - Alpha, 8th Floor,  
Near Railway Station,  
Kanjur Marg (E),  
Mumbai – 400 042

### **STATUTORY AUDITORS**

Chaturvedi & Co  
Chartered Accountants  
81, Mittal Chambers  
Nariman Point  
Mumbai- 400021

<b>Table of Contents</b>	<b>Page No</b>
Report of the Trustees	5
Sahara Tax Gain Fund	19
Sahara Growth Fund	35
Sahara Midcap Fund	51
Sahara Wealth Plus Fund	68
Sahara Infrastructure Fund	87
Sahara R.E.A.L Fund	106
Sahara Power & Natural Resources Fund	122
Sahara Banking & Financial Services Fund	138
Sahara Super 20 Fund	153
Sahara Star Value Fund	169
Sahara Gilt Fund	185
Sahara Income Fund	199
Sahara Liquid Fund	214
Sahara Classic Fund	234
Sahara Interval Fund – Quarterly Plan – Series 1	249
Sahara Short Term Bond Fund	264
Addendums for the year 2011-12	285

Note: **Auditors Report, Balance Sheet, Revenue, Schedules, Historical Per Unit Statistics and Notes to Accounts form part of each scheme.**

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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, 2012.

Sahara Mutual Fund (formerly known as First India Mutual Fund) has been constituted as a Trust on 18<sup>th</sup> July, 1996 in accordance with the provisions of the Indian Trust Act, 1882 and is duly registered under the Indian Registration Act, 1908. The Fund is registered with SEBI under Registration No.MF/030/96/0. The Trustees have entered into an Investment Management Agreement dated 18<sup>th</sup> July 1996 with Sahara Asset Management Company Private Limited Ltd (formerly First India Asset Management (P) Ltd) to function as the Investment Manager for the Schemes of Sahara Mutual Fund. The Sponsor to the Mutual Fund is Sahara India Financial Corporation Limited and has contributed an initial amount of Rs.1 lakh as the Trust Corpus.

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.

### OVERVIEW OF DEBT MARKETS

The financial year 2011-12 was a challenging year for Indian economy. While the complex and conflicting choice between growth and inflation remained, the deteriorating economic fundamentals posed further challenges to the policy makers.

The year showed the weak government finances - falling revenues and exceeding expenditure. Burgeoning fiscal deficit and subsidy bills and shortfall in revenue (The tax collection and disinvestments target was missed) led to higher fiscal deficit. The external sector also remained under pressure with Current Account Deficit turning negative after many years. Rupee depreciated by 14% y-o-y vis-a-vis USD.

The headline inflation cooled down to around 6.9% since January 2012, but the core inflation and food inflation remained in risk zone. On the other hand, The IIP for the year plummeted to 3.0% average growth in 2011-12 on the back of dwindling investment demands and uncertain external environment.

The external factors remained volatile, with danger of sovereign default and EU dismemberment gained currency. The geopolitical tension in Iran and North Korea further aided uncertainty.

RBI remained cautious under given circumstances and cut the CRR only in the fag end of the financial year (9<sup>th</sup> March, 2012) and indicated softer rate regime to boost industrial and GDP growth. Market participants were however cautioned against any steep cut going forward. The government also remained on sidelines with no effective policy actions or announcements were made.

### OVERVIEW OF EQUITY MARKETS

Equity markets in India witnessed negative growth in FY11-12 on the back of various challenges faced at the domestic level like high inflation, monetary tightening, depreciating rupee, policy paralysis on the part of government. Nifty gave returns of -9.23% and CNX Midcap gave returns of -4.09% during the financial year ending 31st March 2012. Among the sectoral indices Pharma, FMCG and Auto were outperformers while Metals, Capital Goods and Construction were underperformers.

The year started on a positive note with above average monsoon resulting into good production of crops and record food grain production. This was positive for the agriculture sector to have an expected 4% overall growth for FY11-12. The food inflation for FY11-12 came down from a high of 9.74% in April 2011 to 6.90% in March 2012 easing the food inflationary pressures.

High inflationary pressures till Oct 2011, forced RBI to announce strong monetary policies in the beginning of the financial year and subsequently, decelerating growth and declining inflation momentum prompted monetary policy to move to a neutral stance since December 2011. Some easing in liquidity was effected through a total of 125 basis points reduction in the Cash Reserve Ratio (CRR) during January-March 2012.

High fiscal deficit was a concern, going into the budget in the second week of March 2012, but no prudent measures were indicated for reduction of fiscal deficit. Budget was almost a non-event and markets therefore reacted negatively. This was followed by the warnings of country rating downgrade by international agencies that were concerned over inaction by the government to reign in fiscal deficit. High current account deficit led to rupee weakening from levels of Rs 45 to Rs 52 resulting into reduction of import cover to less than 6 months near the end of March 2012.

A major factor contributed to the fall in equity markets and that was lackluster FII participation. FII's net buying for the financial year 2011-12 was Rs.22091 crores approximately as compared to Rs.48838 crores inflow by FII in 2010-11. The proposal to introduce General Anti-Avoidance Rule (GAAR) from the ensuing financial year and the government's policy to retrospectively tax transactions and the flow of money coming through tax havens, only worsened the sentiment of the FII's to invest into India. Domestic institutions were sellers in the last financial year to the extent of Rs 5348 Crores approx.

Currently the global growth is facing risks of a mild recession in the euro area, slowdown in emerging and developing economies (EDEs) including China, and surging crude oil prices. However high liquidity from the extended easy monetary policy regimes globally has associated risks for capital flows to the EDEs.

### **TRUSTEES:**

The Board of Trustees as on date comprise Justice S Mohan, Independent Trustee, Mr. Amitabha Ghosh, Nominee of the Sponsor, Mr. S. R. Hegde, Independent Trustee, Mr. P.V. Rao, Independent Trustee and Mr A K Thakur , Independent Trustee.

### ***PERFORMANCE***

#### **(a) EQUITY SCHEMES:**

##### **1. Sahara Tax Gain Fund**

**Investment Objective:** The scheme objective is to provide immediate tax relief and long term growth of capital to investors by investing upto 85 % in equity and equity related instruments.

##### **Returns:**

<b>Performance as of March 31, 2012</b>	<b>1 year</b>	<b>Since inception</b>	<b>Inception date</b>
Scheme (%)	(1.04)	25.20	April 1, 1997
BSE 200 (%)	(9.28)	13.26	

- Converted into an open ended fund from November 7, 2002.

“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”

**2. Sahara Growth Fund.**

**Investment Objective:** The basic objective of Sahara Growth Fund is to achieve capital appreciation by investing in equity and equity related instruments

**Returns:**

Performance as of March 31, 2012	1 year	Since inception	Inception date
Scheme (%)	(5.02)	23.72	Aug 30, 2002
CNX Nifty (%)	(9.23)	18.85	

"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"

**3. Sahara Mid Cap Fund.**

**Investment Objective:** The basic objective is to achieve long term capital growth at medium level of risks by investing primarily in Midcap stocks.

**Returns:**

Performance as of March 31, 2012	1 year	Since inception	Inception date
Scheme (%)	(1.62)	15.81	December 31, 2004
CNX Midcap (%)	(4.09)	13.98	

"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"

**4. Sahara Wealth Plus Fund.**

**Investment Objective:** The primary objective of the scheme would be to invest equity and equity related instruments of companies that would be wealth builders in the long term.

**Returns:**

Performance as of March 31, 2012	1 year	Since inception	Inception date
Scheme (%) VPO	(3.67)	11.65	September 1, 2005
FPO	(4.47)	10.83	
CNX 500 (%)	(8.75)	10.84	

VPO – Variable Pricing Option FPO – Fixed Pricing Option

"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"

**5. Sahara Infrastructure Fund.**

**Investment Objective:** The primary objective of the scheme is to provide income distribution and/or medium to long term capital gains by investing predominantly in equity / equity related instruments of companies in the infrastructure sector.

**Returns:**

Performance as of March 31, 2012	1 year	Since inception	Inception date
Scheme (%) VPO	(6.40)	6.32	April 3, 2006
FPO	(7.18)	5.53	
CNX Nifty (%)	(9.23)	7.29	

VPO – Variable Pricing Option FPO – Fixed Pricing Option

"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"

**6. Sahara R.E.A.L Fund: (Retailing, Entertainment & Media, Auto & Auto Ancillaries and Logistics Fund).**

**Investment Objective:** The primary objective of the scheme is to provide long term capital gains by investing predominately in equity/equity related instruments of companies in the Retailing, Entertainment & Media, Auto and Auto Ancillaries and Logistics sector.

**Returns:**

Performance as of March 31, 2012	1 year	Since inception	Inception date
Scheme (%)	(4.25)	(6.42)	November 27, 2007
CNX Nifty (%)	(9.23)	(1.67)	

“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”

**7. Sahara Power and Natural Resources Fund :**

**Investment Objective:** 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.

**Returns:**

Performance as of March 31, 2012	1 year	Since inception	Inception date
Scheme (%)	(7.78)	3.79	June 17, 2008
CNX Nifty (%)	(9.23)	3.47	

“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”

**8. Sahara Banking & Financial Services Fund**

**Investment Objective:** The investment objective would be to provide long term capital appreciation through investment in equities and equities related securities of companies whose business comprise of Banking / Financial services, either whole or in part.

**Returns:**

Performance as of March 31, 2012	1 year	Since inception	Inception date
Scheme (%)	(11.32)	33.54	September 16, 2008
CNX Bank Index (%)	(12.75)	15.50	

“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”

**9. Sahara Super 20 Fund**

The investment objective of the scheme would be to provide long term capital appreciation by investing in predominantly equity and equity related securities of around 20 companies selected out of the top 100 largest market capitalization companies, at the point of investment.



**Returns:**

Performance as of March 31, 2012	1 year	Since inception	Inception date
Scheme (%)	(0.11)	5.03	July 31, 2009
CNX Nifty (%)	(9.23)	5.11	

"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"

**10. Sahara Star Value Fund**

The investment objective of the scheme is to provide long term capital appreciation by investing predominantly in equity / equity related instruments of select companies based on value parameters.

**Returns:**

Performance as of March 31, 2012	1 year	Since inception	Inception date
Scheme (%)	2.78	4.94	Sept 14, 2009
BSE 200 (%)	(9.28)	3.38	

"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"

**(b) DEBT SCHEMES****1. Sahara Income Fund.**

**Investment Objective:** The primary objective of the scheme is to generate regular income and growth of capital through investment in debt instruments, money market and related securities while at all times emphasizing the importance of capital preservation.

**Returns:**

Performance as of March 31, 2012	1 year	Since inception	Inception date
Scheme (%)	9.5192	7.3991	February 21, 2002
CRISIL Composite Bond Fund Index (%)	7.6779	NA*	

\*as Index launched on March 31, 2002

"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"

**2. Sahara Liquid Fund.**

**Investment Objective:** The investment objective is to create a highly liquid portfolio of good quality debt as well as money market instruments with a view to provide high liquidity and reasonable returns to the unit holders, while at all times emphasizing the importance of capital preservation.

**Returns:**

Performance as of March 31, 2012	1 year	Since inception	Inception date
Scheme (%) Variable Pricing Option	9.4865	7.5539	February 19, 2002
Fixed Pricing Option	9.4509	6.7980	
CRISIL Liquid Fund Index (%)	8.4435	NA*	

• \* As Index launched on March 31<sup>st</sup> 2002. Face Value of Units – Rs.1000/-

“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.”

### 3. Sahara Gilt Fund.

**Investment Objective:** The investment objective is to generate reasonable returns by investing in sovereign instruments issued by Central / State governments.

#### Returns:

Performance as of March 31, 2012	1 year	Since inception	Inception date
Scheme (%)	7.6342	6.2913	February 21, 2002
I Sec Composite Index (%)	6.7900	NA*	

- \* As Index launched on March 31<sup>st</sup>, 2002.

“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”

### 4. Sahara Classic Fund:

**Investment Objective:** The objective is to generate returns by investing in debt instruments including money market instruments and also to invest in equity and equity related instruments to seek capital appreciation.

#### Returns:

Performance as of March 31, 2012	1 year	Since inception	Inception date
Scheme (%)	9.2676	9.8915	February 1, 2008
CRISIL MIP Blended Index (%)	5.2363	5.7485	

“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”

### 5. Sahara Interval Fund

The investment objective of the scheme is to generate returns with low volatility through a portfolio of debt and money market instruments with a provision to offer liquidity at periodic intervals.

#### Returns:

Performance as of March 31, 2012	1 year	Since inception	Inception date
Scheme (%)	9.0892	7.7368	October 3, 2008
CRISIL Liquid Fund Index (%)	8.4435	6.5826	

“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”

### 6. Sahara Short Term Bond Fund

The investment objective of the scheme is to generate optimal returns consistent with moderate levels of risk and liquidity by investing in debt securities and money market securities.

#### Returns:

Performance as of March 31, 2012	1 year	Since inception	Inception date
Scheme (%)	14.3490	9.0800	April 13, 2009
CRISIL Liquid Fund Index (%)	8.4435	6.0101	

“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”

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.

## **MARKET OUTLOOK**

### **DEBT MARKETS**

Last year has decelerated the growth momentum of the economy and brought to the fore many interlinked structural issues. The foremost being the poor government finances, depreciating rupee, faltering IIP and still threatening core inflation.

The year ahead is expected to refocus again on the fundamentals. Debt market per-se is expected to operate in conflicting views at least for some time. While RBI has indicated the softer rate regime, the quantum and the steepness of the rate cut is still uncertain. Though headline Inflation has softened, core inflation still poses the risk and much is dependent on monsoon, oil price hike, fiscal gap and Rupee movement. External factors may also have ramification on debt market.

Going forward, even though slowing growth and modest recession is being accepted paradigm globally and softer rate regime is expected policy bias; it may take a bit longer time for the emergence of clear cues and rate direction. Shorter segment of the yield curve may track liquidity which is expected to be tight unless some policy actions are taken by RBI. The low credit off-take may however, address some of the liquidity concern.

### **EQUITY MARKETS**

We expect the RBI to cut rates to support growth and the government to reduce its fiscal deficit in the wake of downgrade warnings from the international rating agencies. We remain cautious of populist policies from the government in the wake of elections in the next financial year. Inability of the government to reduce fiscal deficit due to lack of support from coalition partners may stoke inflationary pressures, limiting the ability of RBI to reduce rates and create further downward pressure on corporate earnings through slowing demand and high financing costs. The upside risks to inflation on the one hand and the depressed domestic growth outlook on the other, warrant calibrated measures to maintain a sustainable balance in a dynamic growth-inflation scenario.

#### **Scheme – Wise unclaimed Dividends & Redemptions as on March 31, 2012**

<b>Scheme Name</b>	<b>No of Investors</b>	<b>Unclaimed Dividend (Rs)</b>	<b>No. of Investors</b>	<b>Unclaimed Redemption (Rs)</b>
Sahara Gilt Fund	2	1289.55	0	0.00
Sahara Income Fund	14	8968.04	11	66938.18
Sahara Growth Fund	30	103740.86	5	36643.69
Sahara Tax gain Fund	611	574302.32	21	114023.48
Sahara Midcap Fund	356	364688.67	65	243355.32
Sahara Infrastructure Fund	47	245323.93	29	217533.31
Sahara Banking & Financial Services Fund	43	156090.67	6	96953.35
Sahara Power & Natural Resources Fund	17	48461.27	9	142096.73

Sahara Star Value Fund	8	11100.87	2	26923.60
Sahara Wealth plus Fund	423	661804.69	69	658184.02
Sahara R.E.A.L Fund	0	0.00	11	158684.00
Sahara Super 20 Fund	0	0.00	1	1098.06

**Disclosure of investor complaints for the year 2011-12**

Total Number of Folios under all schemes: **43592**

Complaint Code	Type of Complaint	(a) No. of Complaints pending at the beginning of the year	(b) No of complaints received during the year	Action on (a) and (b)								
				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	1	279	277	1	2	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	1	59	59	1	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	6	6	0	0	0	0	0	0	0	0
II B	Discrepancy in Statement of Account	0	0	0	0	0	0	0	0	0	0	0
II C	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	0	0	0	0	0	0	0	0	0	0
IV	Others		0	0	0	0	0	0	0	0	0	0
	<b>TOTAL</b>	2	344	342	2	2	0	0	0	0	0	0

## **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 will be made available on the website [www.saharamutual.com](http://www.saharamutual.com).

The details of voting in the AGMs of the investee companies for the financial year 2011–12 are as follows:

**HDFC BANK LTD**

Date	Type of Meeting (AGM / EGM)	Proposal	Management Recommendation	Vote (For / Against / Abstain)
6-July -11	AGM	Adoption of Audited Balance Sheet, P & L Account, Directors Report and Auditors Report	FOR	FOR
		Declaration of Dividend of Rs.16.5 per share	FOR	FOR
		Reappointment of Mr.Ashim Samanta, Mr Partho Datta, Mr Bobby Parikh, Mr Anami N. Roy and Mrs Renu Karnad as Directors	FOR	FOR
		Reappointment of M/s BSR & co. as statutory auditors till next AGM	FOR	FOR

**HDFC LTD**

Date	Type of Meeting (AGM / EGM)	Proposal	Management Recommendation	Vote (For / Against / Abstain)
8-July -11	AGM	Adoption of Audited Balance Sheet, P & L Account, Directors Report and Auditors Report	FOR	FOR
		Declaration of dividend of Rs 9 per share	FOR	FOR
		Reappointment of Mr. D.N. Ghosh, Dr Ram S. Talreja and Dr. Bimal Jalan as Directors	FOR	FOR
		Reappointment of M/s Deloitte Haskins and Sells as Auditors for Head Office in India, all branch offices in India and branch offices at London, U.K. and Singapore.	FOR	FOR
		Re-appointed Messrs PKF, Chartered Accountants as Auditors for the purpose of Audit of accounts of Corporation's branch at Dubai U.A.E.	FOR	FOR
		Approved the authority to the Board under Section 293 (1)(d) of the Companies Act, 1956 to borrow monies in excess of the paid up share capital and free reserves of the Corporation upto an amount not exceeding Rs.2,00,000 crores.	FOR	FOR

**BAJAJ AUTO LTD**

<b>Date</b>	<b>Type of Meeting (AGM / EGM)</b>	<b>Proposal</b>	<b>Management Recommendation</b>	<b>Vote (For / Against / Abstain)</b>
<b>14-July -11</b>	<b>AGM</b>	Adoption of Audited Balance Sheet, P & L Account, Directors Report and Auditors Report	FOR	FOR
		Declaration of dividend of Rs 40 per share.	FOR	FOR
		Reappointment of Mr. Shri Nanoo Pamnani, Shri Manish Kejriwal, Shri P Murari, Shri Niraj Bajaj as Directors.	FOR	FOR
		Reappointment of M/s Dalal and Shah as Auditors till the conclusion of next AGM on a remuneration of Rs.1.05 crores plus service tax if any and reimbursement of out of pocket expenses.	FOR	FOR
		Commission to Non-Executive Directors for a period of five years commencing from 1 April 2011.	FOR	FOR

**INDUSIND BANK LTD**

<b>Date</b>	<b>Type of Meeting (AGM / EGM)</b>	<b>Proposal</b>	<b>Management Recommendation</b>	<b>Vote (For / Against / Abstain)</b>
<b>15-July -11</b>	<b>AGM</b>	Adoption of Audited Balance Sheet, P & L Account, Directors Report and Auditors Report.	FOR	FOR
		Declaration of dividend of Rs 2 per share.	FOR	FOR
		Reappointment of Mr T. Anantha Narayanan and Mr Ashok Kini as Directors.	FOR	FOR
		Reappointment of M/s BSR and Co as Auditors till the conclusion of next AGM on a remuneration to be decided by the Board of directors on recommendation of the Audit Committee.	FOR	FOR
		Reappointment of Mr R. Sheshasayee as part time Chairman.	FOR	FOR
		Authority for augmentation of capital through further issue / placement of securities including American Depository Receipts/. Global Depository Receipts / QIP's etc.	FOR	FOR

**BIOCON LTD**

<b>Date</b>	<b>Type of Meeting (AGM / EGM)</b>	<b>Proposal</b>	<b>Management Recommendation</b>	<b>Vote (For / Against / Abstain)</b>
<b>21-July -11</b>	<b>AGM</b>	Adoption of Audited Balance Sheet, P & L Account, Directors Report and Auditors Report.	FOR	FOR
		Declaration of dividend of Rs 3 per share.	FOR	FOR
		Reappointment of Dr Neville Bain and Dr. Bala Manian as Directors.	FOR	FOR
		Reappointment of M/s S R Batliboi & Associates Chartered Accountants as Auditors till the conclusion of next AGM.	FOR	FOR
		Mr. Russell Walls, who was appointed as Additional Director is appointed as Director of the company	FOR	FOR

**THERMAX LTD**

<b>Date</b>	<b>Type of Meeting (AGM / EGM)</b>	<b>Proposal</b>	<b>Management Recommendation</b>	<b>Vote (For / Against / Abstain)</b>
<b>22-July-11</b>	<b>AGM</b>	Adoption of Audited Balance Sheet, P & L Account, Directors Report and Auditors Report.	FOR	FOR
		Declaration of dividend of Rs 9 per share.	FOR	FOR
		Reappointment of Mrs. A.R.Aga, Mr Tapan Mitra and Mr Nawshir Mirza, as Directors.	FOR	FOR
		Reappointment of M/s B.K. Khare and Co as Auditors till the conclusion of next AGM on remuneration to be decided by the Audit Committee.	FOR	FOR

**GUJARAT MINERAL DEVELOPMENT CORPORATION LTD**

<b>Date</b>	<b>Type of Meeting (AGM / EGM)</b>	<b>Proposal</b>	<b>Management Recommendation</b>	<b>Vote (For / Against / Abstain)</b>
<b>26-Sept -11</b>	<b>AGM</b>	The Annual Accounts for the year ended 2009-2010 together with the comments of Comptroller & Auditor General of India have been adopted by the General Meeting.	FOR	FOR
		Dividend @ Rs. 2.50 per share has been approved by the General Meeting	FOR	FOR



		The General Meeting has authorized Managing Director to fix the remuneration of Statutory Auditors appointed by the Comptroller & Auditor General of India for the year 2010-2011.	FOR	FOR
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#### LANCO INFRA LTD

Date	Type of Meeting (AGM / EGM)	Proposal	Management Recommendation	Vote (For / Against / Abstain)
30-Sep-11	AGM	Adoption of Audited Balance Sheet, P & L Account, Directors Report and Auditors Report.	FOR	FOR
		Reappointment of Dr P. Kotaiah, Mr P. Abraham and Mr G. Bhaskara Rao as Directors.	FOR	FOR
		Appointment of M/s S R Batliboi & Associates and Brahmayya and Co, Chartered Accountants as Auditors till the conclusion of next AGM on a remuneration to be decided by the Board of Directors.	FOR	FOR
		Reappointment of Mr L. Madhusudhan Rao as Executive Chairman of the Company for a period of 5 years effective from 1 April 2011.	FOR	FOR
		Reappointment of Mr G. Bhaskara Rao as Executive Vice-Chairman of the Company for a period of 5 years effective from 1 April 2011.	FOR	FOR
		Reappointment of Mr G. Venkatesh Babu as Managing Director of the company for a period of 5 years effective from 1 April 2011.	FOR	FOR
		Appointment of Mr S.C. Manocha as Whole Time Director for a period of 5 years effective from 14 <sup>th</sup> August 2010.	FOR	FOR

#### STATUTORY INFORMATION

##### 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 Sponsors, 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 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.

**ON BEHALF OF THE BOARD OF TRUSTEES**

**For and on behalf of Sahara Mutual Fund**

**Justice S Mohan**  
**Trustee**

**Place:** Mumbai

**Date:** 26<sup>th</sup> May, 2012

**Notes:** Refer to the Report for statements on liabilities and responsibilities of the Trustees and Settlor, Risk Factors and other disclosures.

**Mutual Funds investments are subject to market risks read all Scheme related Documents carefully.**

## SAHARA TAX GAIN FUND

### AUDITORS' REPORT TO THE TRUSTEES OF SAHARA MUTUAL FUND

1. We have audited the Balance Sheet of Sahara Mutual Fund – Sahara Tax Gain Fund (the "Scheme") as at March 31, 2012, and the related Revenue Account for the year ended on that date, annexed thereto. These financial statements are a responsibility of the Trustees of Sahara Mutual Fund and the management of Sahara Asset Management Company Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. 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. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us:  
The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable and give a true and fair view in conformity with the Accounting principles generally accepted in India,  
i). in case of Balance Sheet of the state of affairs of the scheme as at March 31, 2012 and  
ii). in case of the Revenue account, of the surplus for the year ended on that date.
5. 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.

For **CHATURVEDI & CO.**  
*Chartered Accountants*  
(Firm Regn. No.: 302137E)

**Place:** Mumbai  
**Date:** 26/05/2012

(SN Chaturvedi)  
Partner  
M.No.: 040479

# SAHARA TAX GAIN FUND

## BALANCE SHEET AS AT MARCH 31, 2012

	Schedule	As at March 31, 2012	As at March 31, 2011
ASSETS		(Rs)	(Rs)
Investments	1	106,371,718	101,426,564
Other Current Assets	2	12,513,834	11,052,455
<b>Total Assets</b>		<b>118,885,552</b>	<b>112,479,019</b>
<b>LIABILITIES</b>			
Unit Capital	3	68,185,270	66,090,943
Reserves & Surplus	4	48,001,254	45,631,649
Current Liabilities & Provisions	5	2,699,028	756,427
<b>Total Liabilities</b>		<b>118,885,552</b>	<b>112,479,019</b>
<b>NET ASSET VALUE</b>			
Net Asset Value per unit (Rs.)			
i) Growth Option		36.4590	36.8435
ii) Dividend Option		13.6836	13.8290
Significant Accounting Policies and Notes to the accounts	7		
Schedules 1 to 5 and 7 form an integral part of the Balance Sheet			

As per our attached report of even date

**For Chaturvedi & Co**  
Chartered Accountants  
Firm Regn. No.:- 302137E

**For Sahara Asset Management Company Pvt Ltd**

**For Sahara Mutual Fund**

**S.N.Chaturvedi**  
**Partner**  
M.No.: 040479

**C.Kamdar**  
**Director**

**O.P.Srivastava**  
**Director**

**Justice S Mohan**  
**Trustee**

**Amitabha Ghosh**  
**Trustee**

**Naresh Kumar Garg**  
**Chief Executive Officer**

**A.N.Sridhar**  
**Fund Manager**

**Place:** Mumbai  
**Date:** 26<sup>th</sup> May 2012

# SAHARA TAX GAIN FUND

## REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012

	Schedule	For the year ended March 31, 2012 (Rs)	For the year ended March 31, 2011 (Rs)
<b>INCOME</b>			
Dividend Income		1,770,235	1,548,993
Interest Income		615,635	332,772
Profit on Sale / Redemption of Investments(Net)		1,095,879	18,310,633
(Other than Inter Scheme Transfer / Sale)			
<b>Total Income</b>		<b>3,481,749</b>	<b>20,192,398</b>
<b>EXPENSES &amp; LOSSES</b>			
Management Fees		1,357,012	1,380,015
Registrar & Transfer Agent Charges		242,277	298,890
Custodian Fees		157,928	111,288
Fees & Expenses of Trustees		132,800	77,393
Statutory Audit Fees		79,129	43,514
Internal Audit Fees		121,818	113,843
Insurance		24,371	31,653
Costs related to Investor Communication		217,808	112,130
Transaction cost		50,023	146,298
Marketing & Selling Exps.		333,253	454,794
<b>Total Expenses</b>		<b>2,716,419</b>	<b>2,769,819</b>
Net Surplus for the Year (excluding unrealised appreciation)		765,330	17,422,579
Provision / Write back for diminution in value of investments	6	(431,261)	(5,883,929)
Net Surplus for the Year (excluding unrealised appreciation)		334,069	11,538,650
Transfer from Income Equalisation Reserve		4,633,409	15,364,230
Dividend paid, including dividend tax		-	(13,621,827)
Net Surplus Transferred to Revenue Reserve		4,967,478	13,281,053
Significant Accounting Policies and Notes to the accounts	7		
Schedules 6 & 7 form an integral part of the Revenue Account			

As per our attached report of even date

**For Chaturvedi & Co**  
Chartered Accountants  
Firm Regn. No.: 302137E

**For Sahara Asset Management Company  
Pvt Ltd**

**For Sahara Mutual Fund**

**S.N.Chaturvedi**  
**Partner**  
M.No.: 040479

C.Kamdar  
**Director**

O.P.Srivastava  
**Director**

Justice S Mohan  
**Trustee**

Amitabha Ghosh  
**Trustee**

Naresh Kumar Garg  
**Chief Executive Officer**

A.N.Sridhar  
**Fund Manager**

**Place:** Mumbai  
**Date:** 26<sup>th</sup> May 2012

<b>SCHEDULES FORMING PART OF THE BALANCE SHEET</b>		<b>As at March 31, 2012 (Rs)</b>		<b>As at March 31, 2011 (Rs)</b>
<b>SCHEDULE 1</b>				
<b>Investments</b>				
(Refer Note 8.14 of Schedule 7 for detailed Portfolio Statement)				
Equity Shares		106,371,718		101,426,564
		<b>106,371,718</b>		<b>101,426,564</b>
<b>SCHEDULE 2</b>				
<b>Other Current Assets</b>				
Balances with Banks in Current accounts		2,551,152		1,568,134
Contracts for sale of Investments		-		310,758
Outstanding and Accrued Income		5,605		1,920
Reverse Repo arrangements		9,257,545		8,984,700
Receivable on Issue of Units / Dividend		10,000		-
Investment - Liquid MF Units		676,882		186,943
Dividend Receivable		12,650		-
		<b>12,513,834</b>		<b>11,052,455</b>
<b>SCHEDULE 3</b>				
<b>Unit Capital</b>				
Growth Option 1005014.5310 units of Rs.10 each		10,050,149		8,831,519
(For 2010-2011 883151.558 units of Rs.10 each)				
Dividend Option 5813512.0620 units of Rs.10 each		58,135,121		57,259,424
(For 2009-2010 5725942.3600 units of Rs.10 each)				
Total		<b>68,185,270</b>		<b>66,090,943</b>
(Refer Note 8.10 of Schedule 7)				
<b>SCHEDULE 4</b>				
<b>Reserves and Surplus</b>				
<b>Revenue Reserve</b>				
Balance as at beginning of the year	85,948,801		72,667,748	
Transferred from Revenue Account	4,967,478		13,281,053	
Balance as at end of the year		<b>90,916,279</b>		<b>85,948,801</b>
<b>Income Equalisation Reserve</b>				
Balance as at beginning of the year				
Additions during the year	4,633,409		15,364,230	
Transferred to Revenue Account	(4,633,409)		(15,364,230)	
Balance as at end of the year		-		-

<b>Unrealised Appreciation Reserve</b>				
Balance as at beginning of the year	7,633,092		7,135,694	
Additions/(Deletions) during the year	(1,117,604)		497,398	
Balance as at end of the year		<b>6,515,488</b>		<b>7,633,092</b>
<b>Unit Premium Reserve</b>				
Balance as at beginning of the year	(47,950,244)		(40,277,588)	
(Deletions)/Additions during the year	(1,480,269)		(7,672,657)	
Balance as at end of the year		<b>(49,430,513)</b>		<b>(47,950,244)</b>
Balance carried to the Balance Sheet		<b>48,001,254</b>		<b>45,631,649</b>
<b>SCHEDULE 5</b>				
<b>Current Liabilities and Provisions</b>		<b>(Rs)</b>		<b>(Rs)</b>
Sundry Creditors		155,192		292,641
Management Fees Payable		26,241		21,455
Contract for Purchase of Investments		1,763,783		-
Unclaimed Distributed Income		574,302		148,426
Payable on Redemption of Units		179,422		293,905
Load Charges Payable to AMC		88		-
		<b>2,699,028</b>		<b>756,427</b>
<b>SCHEDULES FORMING PART OF REVENUE ACCOUNT</b>		<b>For the yr ended Mar 31,12 (Rs)</b>		<b>For the yr ended Mar 31,11 (Rs)</b>
<b>SCHEDULE 6</b>				
<b>Provision / Write back for dimunition in value of Investments</b>				
At the beginning of the year		(6,893,042)		(1,009,113)
At the end of the year		(7,324,303)		(6,893,042)
		<b>(431,261)</b>		<b>(5,883,929)</b>

### PERSPECTIVE HISTORICAL PER UNIT STATISTICS

<b>SAHARA TAX GAIN FUND</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
<b>Particulars</b>	<b>31-Mar-12</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
(A) Gross Income			
(I) Income other than Profit on sale of Investments	<b>0.3499</b>	0.2847	0.25
(ii) Income from Profit (net of loss) on inter-scheme sales/transfer of Investments	<b>0.0000</b>	0.0000	0.00
(iii) Income from Profit (net of Loss) on sale other than Inter scheme	<b>0.1607</b>	2.7705	6.09
(iv) Transfer to revenue account from past year's reserve	<b>NA</b>	NA	NA
(B) Aggregate of expenses, write off, amortisation and charges	<b>0.3984</b>	0.4191	0.35
(c) Net Income	<b>0.1122</b>	2.6362	5.98
(d) Net unrealised appreciation/(dimunition) in value of Investments	<b>-0.1186</b>	0.1120	1.10
(e) Net Asset Value			
Growth Plan	<b>36.4590</b>	36.8435	32.6911
Dividend Plan	<b>13.6836</b>	13.8290	14.5716
(f) Repurchase Price during the year**			
(I) Highest			
Growth Plan	<b>37.9766</b>	42.4071	33.7281
Dividend Plan	<b>14.2527</b>	18.9059	19.2188
(ii) Lowest			
Growth Plan	<b>30.2863</b>	31.6324	17.4839
Dividend Plan	<b>11.3673</b>	12.8359	9.9565
(g) Resale Price during the year**			
(I) Highest			
Growth Plan	<b>38.3602</b>	43.7993	34.3945
Dividend Plan	<b>14.3967</b>	19.5299	19.5986
(ii) Lowest			
Growth Plan	<b>30.5922</b>	32.6708	17.0407
Dividend Plan	<b>11.4821</b>	13.2573	10.1256
(h) Ratio of expenses to average daily net assets by Percentage	<b>2.50%</b>	2.49%	2.50%
(i) Ratio of income to average daily net assets by percentage	<b>0.70%</b>	15.67%	52.58%
(excluding transfer to revenue account from past year's reserve but including net change in unrealized appreciation / depreciation in value of Investments and adjusted for net loss on sale / redemption of investments)			

\*\*Based on the maximum load during the year



## SCHEDULE - 7

### ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012.

#### 1. INTRODUCTION

##### 1.1 About the Scheme

Sahara Tax Gain Fund (the "Scheme") was launched as a close ended scheme on April 1, 1997 of Sahara Mutual Fund (the "Fund") and the units allotted under the scheme were subject to a mandatory three-year lock-in-period till March 31, 2000. The basic objective of the scheme is to provide immediate tax relief and long term growth of capital to investors. The Scheme opened for redemptions at Net Asset Value with effect from April 1, 2000. The Scheme has subsequently become open ended from November 7, 2002 and opened for continuous purchase and redemptions at prevailing NAV from November 11, 2002. The Scheme has two plans – Dividend and Growth. The scheme will not declare dividend under the Growth Plan. The Income earned on such units will remain invested under the scheme and will be reflected in the Net Asset Value.

##### 1.2 Asset Management Company

Sahara Mutual Fund (SMF) has been established as a Trust in accordance with the Indian Trusts Act, 1882, and is sponsored by Sahara India Financial Corporation Limited.

Sahara Asset Management Company Private Limited ("SAMCPL"), a company incorporated under the Companies Act, 1956, has been appointed as the Asset Management Company ("Investment Manager") to Sahara Mutual Fund.

The shareholding of Sahara Asset Management Company Private Limited as on March 31, 2012 is as follows:

Name of the Shareholder	Type of Holdings	Holding
Sahara India Financial Corporation Limited	Equity	45.60 %
Sahara India Corp Investment Limited	Equity	11.36 %
Sahara Prime City Limited (formerly Sahara India Investment Corporation Limited )	Equity	11.36 %
Sahara Care Limited	Equity	31.68 %
Name of the Shareholder	Type of Holdings	Holding
Sahara India Commercial Corporation Ltd	Preference	90.32 %
Sahara Care Ltd	Preference	9.68 %

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### 2.1. Basis of Accounting

The Scheme maintains its books of account on an accrual basis. These financial statements 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, (the "Regulation"), and amendments thereto, as applicable.

## 2.2. Accounting for Investments

- 2.2.1 Investments are accounted on trade dates at cost including brokerage, stamp duty and other charges which are included in the acquisition of investments.
- 2.2.2 Profit or loss on sale of investments is determined on the respective trade date by adopting the "Weighted Average Cost" method.
- 2.2.3 Bonus/Rights entitlements on equity holdings are recognized only when the original shares on which the entitlement accrues are traded on the Principal stock exchange on ex-bonus/ex-rights basis respectively.
- 2.2.4 Primary Market Investments are recognized on the basis of allotment advice.

## 2.3. Valuation of Investments

### 2.3.1. Equity Investments:

#### a). Traded Investments

Traded equity securities and warrants are valued at the last quoted price on the National Stock Exchange of India Limited (NSE). However, if the securities and warrants are not listed on NSE, the securities are valued at the price quoted at the exchange where it is principally traded. When on a particular valuation day, a security has not been traded on NSE but has been traded on another stock exchange; the value at which it is traded on that stock exchange is used provided it is not more than thirty days prior to the valuation date.

The Valuation of Right Shares until they are traded, is done as per the method given below:

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

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 should 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 can be valued at the renunciation value.

#### b). Unlisted/Non traded / Thinly Traded Investments

Non-traded / thinly traded / privately placed equity securities including those not traded within thirty days are valued at fair value as per procedures determined by AMC and approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds, issued by the Securities and Exchange Board of India (SEBI) from time to time.

### 2.3.2. Money market and debt securities with residual maturity of upto 91 days:

Investments in Money Market and debt securities including floating rate securities with maturity of upto 91 days which are traded are valued at the weighted average price at which they are traded on the particular valuation day.

When such securities are not traded on a particular valuation day they are valued on amortization basis.

Investments in floating rate securities with floor and caps on coupon rate with maturity of upto 91 days are valued on amortization basis taking the coupon rate as floor.

### **2.3.3. Money market and debt securities with residual maturity of over 91 days:**

Investments in Money Market and debt securities including floating rate securities with maturity of over 91 days, are valued at the weighted average price at which they are traded on the particular valuation day.

Investments in Money Market and debt securities including floating rate securities with maturity of over 91 days which are not traded are valued at benchmark yield/matrix of spread over risk free benchmark yield obtained from CRISIL & ICRA.

### **2.3.4 Valuation of Other Investments**

Investments bought on “repo basis” are valued at the resale price after deduction of applicable interest up to the date of resale. Investments sold on “repo basis” are adjusted for the difference between the repurchase price (after deduction of applicable interest up to the date of repurchase) and the value of the instrument.

Investments in mutual fund schemes are valued based on the net asset value of the respective schemes as on the valuation date.

### **2.3.5 Valuation of securities not covered under the above valuation policy:**

The total exposure in securities, which do not fall under above valuation norms, shall not exceed 5% of the total AUM of the scheme.

Investment in such securities will be valued by a method approved by the Independent Trustees and Statutory Auditors.

### **2.3.6 Unrealised Appreciation/Depreciation.**

In accordance with the Guidance Note on Accounting for Investments in the Financial Statements of Mutual Funds issued by the Institute of Chartered Accountants of India, the unrealized appreciation determined separately for each individual investment is directly transferred to the “Unrealised Appreciation Reserve Account” i.e. without routing it through the revenue account.

The provision for depreciation in value of investments determined separately for each individual investment is recognized in the revenue account. The loss (realized) on investments sold / transferred during the year is charged to revenue account, instead of being first adjusted against the provision for depreciation, if already created in the prior year, as recommended by the said Guidance Note. However, this departure from the Guidance Note does not have any net impact on the Scheme's net assets or results for the year.

## **2.4 Revenue Recognition**

- 2.4.1 Income and Expenses are recognized on accrual basis.
- 2.4.2 Interest on funds invested in short term deposits with scheduled commercial banks is recognized on accrual basis.
- 2.4.3 Dividend income earned by the scheme is recognized on the date the share is quoted on ex-dividend basis on principal stock exchange.
- 2.4.4 Proportionate realized gains on investments out of sales / repurchase proceeds at the time of sale / repurchase of units are transferred to revenue Account from Unit Premium Reserve.

## **3. Net Asset Value for Growth/Dividend Options:**

The net asset value of the units is determined separately for units issued under the Growth and Dividend Options. For reporting the net asset value of the Growth and Dividend Options, daily income earned, including realized and unrealized gain or loss in the value of investments and expenses incurred by the scheme are allocated to the options in proportion to the value of the net assets.

## **4. Unit Premium Reserve Account**

Upon issue and redemption of units, the net premium or discount to the face value of units is adjusted against the unit premium reserve account of the Scheme, after an appropriate amount of the issue proceeds and redemption payout is credited or debited respectively to the income equalisation account.

The Unit Premium reserve account is available for distribution of dividend except to the extent it is represented by unrealized net appreciation in value of investment.

## **5. Income Equalisation Account**

An appropriate part of the sale proceeds or the redemption amount, as the case may be, is transferred to income equalization account. The total distributable surplus (without considering unrealized appreciation) upto the date of issue/ redemption of units has been taken into account for the purpose of ascertaining the amount to be transferred to Equalization Account on a daily basis. The net balance in this account is transferred to the Revenue Account at the end of the year.

## **6. Load Charges**

The load charges collected, if any are used to meet expenses as per the stipulated SEBI guidelines from time to time.

## **7. Unclaimed Redemption.**

In line with SEBI circular no. MFD/CIR/9/120 /2000 dated November 24, 2000, the unclaimed redemption and dividend amounts may be deployed by the mutual funds in call money market or money market instruments only and the investors who claim these amounts during a period of three years from the due date shall be paid at the prevailing Net Asset Value. After a period of three years, this amount can be transferred to a pool account and the investors can claim the unclaimed redemption amount at NAV prevailing at the end of the third year. The income earned on such funds can be used for the purpose of investor education. The AMC should make continuous effort to remind the investors through letters to

take their unclaimed amounts. Further, the investment management fee charged by the AMC for managing unclaimed amounts shall not exceed 50 basis points.

## 8. NOTES ON ACCOUNTS

### 8.1 Management Fees, Trusteeship Fees, Custodian Fees

#### Management Fees

Management Fees has been computed at 1.25 % on average net assets calculated on a daily basis.

#### Trusteeship Fees & Expenses

In accordance with Deed of Trust dated 18<sup>th</sup> July 1996 between the Settler and the Trustees, the fund has paid or provided an annual fee of Rs.1,00,000/- per Trustee. Trusteeship fees & Expenses are allocated to the schemes on the basis of their daily average net assets.

#### Custodian Charges

HDFC Bank Ltd provides Custodial Services to the scheme for which fees is paid as per the agreement.

**8.2** Provision for tax has not been made since the income of the scheme is exempt from tax under Section 10(23D) of the Income Tax Act, 1961.

**8.3** Transactions with Brokers in excess of 5% or more of the aggregate purchases and sale of securities made by the Fund have been reported to the Trustees on a Bimonthly basis.

**8.4** Certain investments are registered in the name of the Fund without specific reference to the Scheme. As at March 31, 2012 the aggregate market value of securities under Sahara Tax Gain Fund but held in the name of Sahara Mutual Fund is Rs. 92,63,149.75

**8.5** The marketing and selling expenses amounting to Rs. 3,33,252.86 constitutes 12.27% respectively of the total schemes expenses.

### 8.6 Transactions with Associates

Brokerage / Commission on sale of units by the Scheme or by the Asset Management Company given to associates, pursuant to Regulation 25(8):

**Commission to SIFCL A/c CMSD (Associate) made for sale of units of the MF for the current year ended 31<sup>st</sup> March 2012.**

(Rs. In lakhs)

Tax Gain Fund	Growth Fund	Liquid Fund	Mid cap Fund	Wealth Plus Fund	Infrastructure Fund
0.52	0.31	0.07	0.29	0.08	0.15

(Rs. in lakhs)

R. E. A. L Fund	Star Value Fund	Super 20 Fund	Power and Natural Resources Fund	Banking & Financial Services Fund	Interval Fund – Quarterly Plan Sr 1
0.00	0.08	0.18	0.15	0.73	0.00

Commission to SIFCL A/c CMSD (Associate) made for sale of units of the MF for the previous year ended 31<sup>st</sup> March 2011

(Rs.In lakhs)

Tax Gain Fund	Growth Fund	Liquid Fund	Mid cap Fund	Wealth Plus Fund	Infrastructure Fund
1.00	0.51	0.09	0.42	0.57	0..37

(Rs. in lakhs)

R. E. A. L Fund	Star Value Fund	Super 20 Fund	Power and Natural Resources Fund	Banking & Financial Services Fund	Interval Fund – Quarterly Plan Sr 1
1.21	0.15	0.30	1.09	1.64	0.01

**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)
<b>SIFCL A/c CMSD</b>	<b>Sponsor / Mutual Fund Distributor</b>	<b>April 11- March 12</b>	<b>(0.97 &amp; 0.07%)</b>	<b>(Rs.2,57,503.28 ; 9.83 % )</b>
SIFCL A/c CMSD	Sponsor / Mutual Fund Distributor	April 10- March 11	(5.15; 0.22%)	(Rs.737214/- ;11.94%)

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 2012 & April – Mar 2011.

**8.7 The Aggregate value of Investments purchased and sold (Including Redemption) during the year as a percentage of daily average net asset value;**

**Purchases**

Year	Amount in Rs.	% of Daily Average
<b>2011-12</b>	<b>209,709,916</b>	<b>192.84</b>
2010-11	202,432,764	182.10

**Sales**

Year	Amount in Rs.	% of Daily Average
<b>2011-12</b>	<b>204,330,308</b>	<b>187.89</b>
2010-11	205,811,804	185.14

**8.8 Aggregate Appreciation and Depreciation in the value of Investments :**

Asset Class	31-Mar-12		31-Mar-11	
	Appreciation (Rs. In lakhs)	Depreciation (Rs. In lakhs)	Appreciation (Rs. In lakhs)	Depreciation (Rs. In lakhs)
Equity Shares	65.15	73.24	76.33	68.93

**8.9 Income and Expense Ratio**

	2011-12	2010-11
Total Income (including net unrealized appreciation and net of loss on sale of investments) to average net assets calculated on a daily basis.	<b>2.46%</b>	18.83%
Total Expenditure to average net assets calculated on a daily basis	<b>2.50%</b>	2.49%

**8.10 Movements in Unit Capital:****8.10.1 Growth Option**

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2012	As on March 31, 2012	As on March 31, 2011	As on March 31, 2011
<b>Initial Capital</b>	653500.000	6,535,000	653,500.000	6,535,000
<b>Opening Balance</b>	883151.558	8,831,516	769971.904	7,699,719
<b>Units Sold during the year</b>	203292.155	2,032,922	210615.058	2,106,151
<b>Units Repurchased during the year</b>	(81429.182)	(814,292 )	(97435.404)	(974,354)
<b>Closing Balance</b>	1005014.531	10,050,145	883151.558	8,831,516

**8.10.2 Dividend Option**

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2012	As on March 31, 2012	As on March 31, 2011	As on March 31, 2011
<b>Initial Capital</b>	-	-	-	-
<b>Opening Balance</b>	5725942.360	57,259,424	4820244.811	48,202,448
<b>Units Sold during the period</b>	581724.721	5,817,247	1259490.772	12,594,908
<b>Units Repurchased during the period</b>	(494155.019)	(4,941,550)	(353793.223)	(3,537,932)
<b>Closing Balance</b>	5813512.062	58,135,121	5725942.360	57,259,424

**8.11** The scheme has declared nil dividend for the year ended March 31, 2012 (PY:Rs. 2.50 per unit). No bonus (PY: Nil) was declared during the year ended March 31, 2012.

**8.12 Unclaimed Amounts ( beyond six months) :**

Unclaimed Redemption and Dividend amounts as of March 31, 2012 are given below:

Scheme name	No of Investors	Unclaimed Dividend (Rs)	No of Investors	Unclaimed Redemption (Rs)
Sahara Tax Gain Fund	611	574302.32	21	114023.48

**8.13** Investments made by the Schemes of Sahara Mutual Fund in Companies or their subsidiaries that have invested more than 5% of the net asset value of any scheme, pursuant to Regulation 25(11).

(Rs.in lakhs)

Company which has invested in excess of 5% of the net asset of the respective scheme during the period	Scheme/s in which the Company has invested more than 5% of the Net Assets	Name of the Funds/Schemes which have invested	Type of security	Aggregate cost of acquisition during the period	Outstanding as on 31.03.2012
Reliance Capital Ltd	Sahara Liquid Fund	Sahara Income Fund	Commercial Paper	74.89	0.00
		Sahara Liquid Fund	Commercial Paper	6076.38	0.00
		Sahara Short Term Bond Fund	Commercial Paper	823.80	0.00

The above investments were made to optimize returns and retain high liquidity.

**8.14 Portfolio Statement as on 31<sup>st</sup> March, 2012:**

Name of the Instrument	Quantity	Market Value (Rs. in Lakhs)	% to NAV	% to Category Total
<b>1) Equity &amp; Equity related</b>				
<b>(a) Listed/awaiting Listing on Stock Exchange</b>				
<b>EQUITY SHARES</b>				
<b>Pharmaceuticals</b>			<b>9.06</b>	<b>9.89</b>
Cipla Ltd.	10000	30.51		
Lupin Ltd.	5500	29.12		
Divis Laboratories Ltd.	3000	22.98		
J B Chemicals & Pharmaceuticals Ltd.	37100	22.63		
<b>Industrial Capital Goods</b>			<b>8.47</b>	<b>9.26</b>
Praj Industries Ltd	32000	25.66		
Voltamp Transformers Ltd.	4500	23.27		
Crompton Greaves Ltd	16000	22.10		
V-Guard Industries Ltd	11000	20.26		
Thermax Ltd.	1541	7.16		
<b>Consumer Non Durables</b>			<b>8.42</b>	<b>9.20</b>
Hindustan Unilever Ltd.	8000	32.80		



Bata India Ltd.	3800	29.21		
Nestle India Limited.	500	23.15		
Godrej Consumer Products Limited	2648	12.71		
<b>Banks</b>			<b>7.49</b>	<b>8.18</b>
The Federal Bank Limited	6000	25.59		
Allahabad Bank	12500	23.26		
Punjab National Bank	2,400.00	22.20		
Bank Of Baroda	2000	15.92		
<b>Auto</b>			<b>6.32</b>	<b>6.91</b>
Mahindra & Mahindra Ltd.	5000	35.01		
Tata Motors Ltd	7250	19.96		
Hero Motocorp Ltd (Ex-Hero Honda Motors Ltd)	900	18.50		
<b>Power</b>			<b>5.73</b>	<b>6.26</b>
National Thermal Power Corp Ltd.	14000	22.79		
Tata Power Company Ltd.	22000	22.21		
Power Grid Corporation Of India Ltd.	20000	21.63		
<b>Finance</b>			<b>5.31</b>	<b>5.80</b>
HDFC Ltd	3500	23.57		
Infrastructure Development Finance Co.Ltd.	16000	21.60		
Rane Holdings Ltd.	8100	16.50		
<b>Media &amp; Entertainment</b>			<b>4.32</b>	<b>4.71</b>
Den Networks Ltd.	28000	29.64		
Hathway Cable & Datacom Limited	12435	20.51		
<b>Engineering Services</b>			<b>4.25</b>	<b>4.64</b>
Engineers India Ltd.	10000	25.43		
Va Tech Wabag Ltd.	5565	23.90		
<b>Oil</b>			<b>3.46</b>	<b>3.78</b>
Oil & Natural Gas Corp Ltd	7500	20.13		
Cairn India Ltd.	6000	20.03		
<b>Gas</b>			<b>3.39</b>	<b>3.70</b>
Gas Authority Of India Ltd.	6000	22.58		
Petronet LNG Ltd	10000	16.81		
<b>Construction Projects</b>			<b>3.38</b>	<b>3.69</b>
Larsen and Toubro Limited.	1800	23.56		
Voltas Ltd.	14000	15.72		
<b>Minerals/Mining</b>			<b>2.66</b>	<b>2.91</b>
Coal India Ltd.	9000	30.95		
<b>Chemicals</b>			<b>2.30</b>	<b>2.51</b>
Pidilite Industries Ltd.	15109	26.73		
<b>Industrial Products</b>			<b>2.26</b>	<b>2.47</b>
Paper Products Ltd	40000	26.24		
<b>Paper</b>			<b>1.98</b>	<b>2.17</b>
Tamil Nadu Newsprint & Papers Ltd.	24000	23.04		
<b>Auto Ancillaries</b>			<b>1.98</b>	<b>2.16</b>
Lumax Industries Ltd.	6300	22.97		
<b>Petroleum Products</b>			<b>1.96</b>	<b>2.14</b>
Bharat Petroleum Corporation Ltd.	3250	22.76		
<b>Textile Products</b>			<b>1.86</b>	<b>2.03</b>

Alok Industries Ltd.	110000	21.62		
<b>Ferrous Metals</b>			<b>1.83</b>	<b>2.00</b>
Tata Steel Ltd.	4500	21.23		
<b>Pesticides</b>			<b>1.79</b>	<b>1.96</b>
United Phosphorus Ltd.	16000	20.82		
<b>Telecom-Services</b>			<b>1.69</b>	<b>1.84</b>
Bharti Airtel Ltd.	5800	19.60		
<b>Cement</b>			<b>1.65</b>	<b>1.80</b>
India Cements Ltd.	17217	19.19		
<b>(b) Unlisted</b>	Nil	Nil	Nil	<b>Nil</b>
<b>Equity Total (a+b) (Book Cost Rs. 1071.81 lakhs)</b>	<b>607715</b>	<b>1063.72</b>	<b>91.55</b>	<b>100.00</b>
<b>2) Debt Instruments</b>				
(a) Listed/awaiting Listing on Stock Exchange	Nil	Nil	Nil	<b>Nil</b>
(b) Privately Placed/Unlisted	Nil	Nil	Nil	<b>Nil</b>
(c) Securitised Debt	Nil	Nil	Nil	<b>Nil</b>
<b>3) Money Market Instruments</b>	Nil	Nil	Nil	<b>Nil</b>
<b>4) Short term Deposit</b>	Nil	Nil	Nil	<b>Nil</b>
<b>5) Other- Net Current Assets</b>	Nil	<b>98.15</b>	<b>8.45</b>	<b>100.00</b>
<b>Grand Total</b>	<b>607715</b>	<b>1161.87</b>	<b>100.00</b>	<b>100.00</b>

**8.15** Investments made by the Scheme in shares of Group Companies of the Sponsor – NIL.

**8.16** Holdings over 25% of the NAV of the scheme

<b>Particulars</b>	<b>As on March 31, 2012</b>	<b>As on March 31, 2011</b>
Number of Investors	<b>Nil</b>	Nil
Percentage of Holdings	<b>N/A</b>	N/A

**8.17** Contingent Liability: Nil

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

As per our attached report of even date

**For Chaturvedi & Co** **For Sahara Asset Management Company**  
Chartered Accountants **Pvt Ltd**  
Firm Regn. No.: 302137E

**For Sahara Mutual Fund**

**S.N.Chaturvedi**  
**Partner**  
M.No.: 040479

**C.Kamdar**  
**Director**

**O.P.Srivastava**  
**Director**

**Justice S Mohan**  
**Trustee**

**Amitabha Ghosh**  
**Trustee**

**Naresh Kumar Garg**  
**Chief Executive Officer**

**A.N.Sridhar**  
**Fund Manager**

**Place:** Mumbai  
**Date:** 26<sup>th</sup> May 2012

## SAHARA GROWTH FUND

### AUDITORS' REPORT TO THE TRUSTEES OF SAHARA MUTUAL FUND

1. We have audited the Balance Sheet of Sahara Mutual Fund – Sahara Growth Fund (the "Scheme") as at March 31, 2012, and the related Revenue Account for the year ended on that date, annexed thereto. These financial statements are a responsibility of the Trustees of Sahara Mutual Fund and the management of Sahara Asset Management Company Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. 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. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. Valuation of non-traded securities has been done in accordance with the guidelines notified by Securities and Exchange Board of India. In our opinion these valuations are fair and reasonable.
5. In our opinion and to the best of our information and according to the explanations given to us:
  - a. The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable and give a true and fair view in conformity with the Accounting principles generally accepted in India,
  - b. i). in case of Balance Sheet of the state of affairs of the scheme as at March 31, 2012 and
  - c. ii). in case of the Revenue account, of the deficit for the year ended on that date.
6. 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.

For **CHATURVEDI & CO.**  
*Chartered Accountants*  
(Firm Regn. No.:- 302137E)

**Place:** Mumbai  
**Date:** 26/05/2012

(SN Chaturvedi)  
Partner  
M.No.: 040479

# SAHARA GROWTH FUND

## BALANCE SHEET AS AT 31st MARCH, 2012

	Schedule	As at March 31, 2012 (Rs)	As at March 31, 2011 (Rs)
<b>ASSETS</b>			
Investments	1	97,437,065	111,944,143
Other Current Assets	2	13,374,996	11,234,647
<b>Total Assets</b>		<b>110,812,061</b>	<b>123,178,790</b>
<b>LIABILITIES</b>			
Unit Capital	3	37,222,298	41,238,505
Reserves & Surplus	4	71,709,981	81,460,967
Current Liabilities & Provisions	5	1,879,782	479,318
<b>Total Liabilities</b>		<b>110,812,061</b>	<b>123,178,790</b>
<b>NET ASSET VALUE</b>			
Net Asset Value per unit (Rs.)			
<b>Growth Option</b>		<b>77.0210</b>	<b>81.0890</b>
<b>Dividend Option</b>		<b>22.3563</b>	<b>23.5371</b>
Significant Accounting Policies and Notes to the accounts	7		
Schedules 1 to 5 and 7 form an integral part of the Balance Sheet			

As per our attached report of even date

**For Chaturvedi & Co**  
Chartered Accountants  
Firm Regn. No.: 302137E

**For Sahara Asset Management Company Pvt Ltd**

**For Sahara Mutual Fund**

**S.N.Chaturvedi**  
**Partner**  
M.No.: 040479

C.Kamdar  
**Director**

O.P.Srivastava  
**Director**

Justice S Mohan  
**Trustee**

Amitabha Ghosh  
**Trustee**

Naresh Kumar Garg  
**Chief Executive Officer**

A.N.Sridhar  
**Fund Manager**

**Place:** Mumbai

**Date:** 26<sup>th</sup> May 2012

**SAHARA GROWTH FUND**  
**REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012**

	<b>Schedule</b>	<b>For the year ended March 31, 2012 (Rs)</b>	<b>For the year ended March 31, 2011 (Rs)</b>
<b>INCOME</b>			
Dividend		1,731,520	876,042
Interest Income		764,414	463,557
Profit on Sale / Redemption of Investments(Net)		-	2,951,288
(Other than Inter Scheme Transfer / Sale)			
<b>Total Income</b>		<b>2,495,934</b>	<b>4,290,887</b>
<b>EXPENSES &amp; LOSSES</b>			
Loss on sale / Redemption of Investments(Net)		2,752,483	-
(Other than Inter Scheme Transfer / Sale)			
Management Fees		1,380,009	1,094,688
Registrar & Transfer Agent Charges		165,248	165,382
Custodian Fees		162,966	118,890
Fees & Expenses of Trustees		136,459	63,922
Statutory Audit Fees		80,731	42,488
Internal Audit Fees		121,507	135,301
Insurance		24,277	37,983
Costs related to Investor Communication		218,124	116,921
Transaction cost		24,701	131,511
Marketing & Selling Exps.		452,842	302,322
<b>Total Expenses</b>		<b>5,519,347</b>	<b>2,209,408</b>
Surplus for the Year (excluding unrealised appreciation)		<b>(3,023,413)</b>	<b>2,081,479</b>
Provision / Write back for diminution in value of investments	6	<b>(2,680,562)</b>	<b>(4,773,580)</b>
Transfer from Income Equalisation Reserve		<b>(7,822,861)</b>	<b>94,498,246</b>
Dividend paid, including dividend tax		-	<b>(28,828,349)</b>
Surplus/(Deficit) transferred to Reserves		<b>(13,526,836)</b>	<b>62,977,797</b>
Significant Accounting Policies and Notes to the accounts	7		
Schedules 6 & 7 form an integral part of the Revenue Account			

As per our attached report of even date

**For Chaturvedi & Co**  
Chartered Accountants  
Firm Regn. No.:- 302137E

**For Sahara Asset Management Company Pvt Ltd**

**For Sahara Mutual Fund**

**S.N.Chaturvedi**  
**Partner**  
M.No.: 040479

**C.Kamdar**  
**Director**

**O.P.Srivastava**  
**Director**

**Justice S Mohan**  
**Trustee**

**Amitabha Ghosh**  
**Trustee**

**Naresh Kumar Garg**  
**Chief Executive Officer**

**A.N.Sridhar**  
**Fund Manager**

**Place:** Mumbai  
**Date:** 26<sup>th</sup> May 2012

<b>SCHEDULES FORMING PART OF THE BALANCE SHEET</b>		<b>As at March 31, 2012 (Rs)</b>		<b>As at March 31, 2011 (Rs)</b>
<b>SCHEDULE 1</b>				
<b>Investments</b>				
(Refer note 8.14 of Schedule 7 for detailed Portfolio statement)				
Equity Shares		<b>97,437,065</b>		<b>111,944,143</b>
		<b>97,437,065</b>		<b>111,944,143</b>
<b>SCHEDULE 2</b>				
<b>Other Current Assets</b>				
Balances with Banks in Current accounts		<b>1,102,710</b>		521,670
Contracts for sale of Investments		-		480,262
Outstanding and Accrued Income		<b>6,055</b>		2,181
Reverse Repo arrangements		<b>9,999,740</b>		10,203,624
Receivable on issue of Units / Dividend		<b>22,680</b>		-
Investment - Liquid MF Units for Dividend		<b>87,011</b>		26,910
Application Money Pending Allotment		<b>2,156,800</b>		-
		<b>13,374,996</b>		11,234,647
<b>SCHEDULE 3</b>				
<b>Unit Capital</b>				
Growth Option: 470531.7060 units of Rs.10 each		<b>4,705,316</b>		4,454,392
(For 2010-2011: 445439.3010 units of Rs.10 each)				
Dividend Option: 3251698.1620 units of Rs.10 each		<b>32,516,982</b>		36,784,113
(For 2010-2011: 3678411.2760 units of Rs.10 each)				
Total		<b>37,222,298</b>		41,238,505
(Refer note 8.10 of Schedule 7)				
<b>SCHEDULE 4</b>				
<b>Reserves and Surplus</b>				
<b>Revenue Reserve</b>				
Balance as at beginning of the year	<b>128,306,830</b>		<b>65,329,034</b>	
Transfer from Revenue Account	<b>(13,526,836)</b>		<b>62,977,797</b>	
Balance as at end of the year		<b>114,779,994</b>		<b>128,306,831</b>

<b>Income Equalisation Reserve</b>				
Balance as at beginning of the year	-		-	
Additions During the year	(7,822,861)		94,498,246	
Transfer to Revenue Account	7,822,861		(94,498,246)	
Balance as at end of the year		-		-
<b>Unrealised Appreciation Reserve</b>				
Balance as at beginning of the year	3,728,518		4,259,673	
Additions During the year	(239,647)		(531,155)	
Balance as at end of the year		3,488,872		3,728,518
<b>Unit Premium Reserve</b>				
Balance as at beginning of the year	(50,574,382)		(21,418,895)	
Additions During the year	4,015,497		(29,155,487)	
Balance as at end of the year		(46,558,885)		(50,574,382)
		71,709,981		81,460,967
<b>SCHEDULE 5</b>				
<b>Current Liabilities and Provisions</b>				
Sundry Creditors		277,465		325,119
Management Fees Payable		24,751		23,690
Contracts for Purchase of Investments		1,006,819		-
Payable on redemption of units		466,481		119,137
Unclaimed Distributed Income		103,741		5,510
Load Charges payable to AMC		525		5,862
		1,879,782		479,318
<b>SCHEDULES FORMING PART OF REVENUE ACCOUNT</b>		<b>For the period ended</b>		<b>For the period ended</b>
		<b>March 31, 2012</b>		<b>March 31, 2011</b>
<b>SCHEDULE 6</b>		<b>(Rs)</b>		<b>(Rs)</b>
<b>Provision / Write back for diminution in value of Investments</b>				
At the beginning of the year		(5,621,081)		(847,501)
At the end of the year		(8,301,643)		(5,621,081)
		(2,680,562)		(4,773,580)

**PERSPECTIVE HISTORICAL PER UNIT STATISTICS**

<b>SAHARA GROWTH FUND</b>	<b>Year Ended</b>	<b>Year Ended</b>	<b>Year Ended</b>
<b>Particulars</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>31-Mar-12</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
<b>(a) Gross Income</b>			
(I) Income other than Profit on sale of Investments	<b>0.6705</b>	0.3248	0.51
(ii) Income from Profit (net of loss) on inter-scheme sales/ transfer of Investments	<b>0.0000</b>	0.0000	0.0000
(iii) Income from Profit (net of Loss) on sale other than Inter scheme	<b>-0.7395</b>	0.7157	14.28
(iv) Transfer to revenue account from past year's reserve	<b>NA</b>	NA	NA
<b>(b) Aggregate of expenses, write off, amortisation and charges</b>	<b>0.7433</b>	0.5358	1.08
<b>(c) Net Income</b>	<b>-0.8123</b>	0.5047	13.72
<b>(d) Net unrealised appreciation/(diminution) in value of Investments</b>	<b>-1.2930</b>	-0.4589	2.65
<b>(e) Net Asset Value</b>			
Growth Plan	<b>77.0210</b>	81.0890	76.9374
Dividend Plan	<b>22.3563</b>	23.5371	28.8445
<b>(f) Repurchase Price during the year**</b>			
(I) Highest			
Growth Plan	<b>81.8427</b>	90.4351	80.0759
Dividend Plan	<b>23.7559</b>	33.6849	80.0219
(ii) Lowest			
Growth Plan	<b>65.2184</b>	70.9635	48.9402
Dividend Plan	<b>18.9309</b>	21.3170	18.3618
<b>(g) Resale Price during the year**</b>			
(I) Highest			
Growth Plan	<b>82.6694</b>	93.4039	81.3681
Dividend Plan	<b>23.9959</b>	34.7908	30.5063
(ii) Lowest			
Growth Plan	<b>65.8772</b>	73.2931	48.9402
Dividend Plan	<b>19.1221</b>	22.0168	18.1840
<b>(h) Ratio of expenses to average daily net assets by Percentage</b>	<b>2.49%</b>	2.48%	2.49%
<b>(i) Ratio of income to average daily net assets by Percentage</b>	<b>-2.73%</b>	2.33%	40.22%
(excluding transfer to revenue account from past year's reserve but including net change in unrealized appreciation /depreciation in value of Investments and adjusted for net loss on sale / redemption of investments)			

\*\* based on the maximum load during the year



## SCHEDULE - 7

### ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012.

#### 1. INTRODUCTION

##### 1.1 About the Scheme

Sahara Growth Fund (the "Scheme") is an open ended growth scheme of Sahara Mutual Fund (the "Fund"). The objective is to achieve capital appreciation by investing in equity and equity related instruments. The Scheme has two options - Growth and Dividend. The scheme will not declare dividend under the Growth Plan. The Income earned on such units will remain invested under the scheme and will be reflected in the Net Asset Value. The initial issue period of the scheme was from July 22, 2002 to August 12, 2002 and the scheme was reopened for continuous purchase and redemption at prevailing NAV from August 30, 2002.

##### 1.2 Asset Management Company

Sahara Mutual Fund (SMF) has been established as a Trust in accordance with the Indian Trusts Act, 1882, and is sponsored by Sahara India Financial Corporation Limited .

Sahara Asset Management Company Private Limited ("SAMCPL"), a company incorporated under the Companies Act, 1956, has been appointed as the Asset Management Company ("Investment Manager") to Sahara Mutual Fund.

The Shareholding of Sahara Asset Management Company Private Limited as on March 31, 2012 is as follows:

Name of the Shareholder	Type of Holdings	Holding
Sahara India Financial Corporation Limited	Equity	45.60%
Sahara India Corp Investment Limited	Equity	11.36%
Sahara Prime City Limited (formerly Sahara India Investment Corporation Limited )	Equity	11.36%
Sahara Care Limited	Equity	31.68%
Name of the Shareholder	Type of Holdings	Holding
Sahara India Commercial Corporation Ltd	Preference	90.32 %
Sahara Care Ltd	Preference	9.68 %

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### 2.1. Basis of Accounting.

The Scheme maintains its books of account on an accrual basis. These financial statements 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, (the "Regulation"), and amendments thereto, as applicable.

## 2.2. Accounting for Investments

- 2.2.1 Investments are accounted on trade dates at cost including brokerage, stamp duty and other charges which are included in the acquisition of investments.
- 2.2.2 Profit or loss on sale of investments is determined on the respective trade date by adopting the "Weighted Average Cost" method.
- 2.2.3 Bonus/Rights entitlements on equity holdings are recognized only when the original shares on which the entitlement accrues are traded on the Principal stock exchange on ex-bonus/ex-rights basis respectively.
- 2.2.4 Primary Market Investments are recognized on the basis of allotment advice.

## 2.3. Valuation of Investments

### 2.3.1. Equity Investments:

#### a). Traded Investments

Traded equity securities and warrants are valued at the last quoted price on the National Stock Exchange of India Limited (NSE). However, if the securities and warrants are not listed on NSE, the securities are valued at the price quoted at the exchange where it is principally traded. When on a particular valuation day, a security has not been traded on NSE but has been traded on another stock exchange; the value at which it is traded on that stock exchange is used provided it is not more than thirty days prior to the valuation date.

The Valuation of Right Shares until they are traded, is done as per the method given below:

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

m

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 should 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 can be valued at the renunciation value.

#### b). Unlisted/Non traded / Thinly Traded Investments

Non-traded / thinly traded / privately placed equity securities including those not traded within thirty days are valued at fair value as per procedures determined by AMC and approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds, issued by the Securities and Exchange Board of India (SEBI) from time to time.

### 2.3.2. Money market and debt securities with residual maturity of upto 91 days:

Investments in Money Market and debt securities including floating rate securities with maturity of upto 91 days which are traded are valued at the weighted average price at which they are traded on the particular valuation day.

When such securities are not traded on a particular valuation day they are valued on amortization basis.

Investments in floating rate securities with floor and caps on coupon rate with maturity of upto 91 days are valued on amortization basis taking the coupon rate as floor.

#### **2.3.3. Money market and debt securities with residual maturity of over 91 days:**

Investments in Money Market and debt securities including floating rate securities with maturity of over 91 days, are valued at the weighted average price at which they are traded on the particular valuation day.

Investments in Money Market and debt securities including floating rate securities with maturity of over 91 days which are not traded are valued at benchmark yield/matrix of spread over risk free benchmark yield obtained from CRISIL & ICRA.

#### **2.3.4 Valuation of Other Investments**

Investments bought on “repo basis” are valued at the resale price after deduction of applicable interest up to the date of resale. Investments sold on “repo basis” are adjusted for the difference between the repurchase price (after deduction of applicable interest up to the date of repurchase) and the value of the instrument.

Investments in mutual fund schemes are valued based on the net asset value of the respective schemes as on the valuation date.

#### **2.3.5 Valuation of securities not covered under the above valuation policy:**

The total exposure in securities, which do not fall under above valuation norms, shall not exceed 5% of the total AUM of the scheme.

Investment in such securities will be valued by a method approved by the Independent Trustees and Statutory Auditors.

#### **2.3.6 Unrealized Appreciation / Depreciation.**

In accordance with the Guidance Note on Accounting for Investments in the Financial Statements of Mutual Funds issued by the Institute of Chartered Accountants of India, the unrealized appreciation determined separately for each individual investment is directly transferred to the “Unrealized Appreciation Reserve Account” i.e. without routing it through the revenue account.

The provision for depreciation in value of investments determined separately for each individual investment is recognized in the revenue account. The loss (realized) on investments sold / transferred during the year is charged to revenue account, instead of being first adjusted against the provision for depreciation, if already created in the prior year, as recommended by the said Guidance Note. However, this departure from the Guidance Note does not have any net impact on the Scheme's net assets or results for the year.

### **2.5 Revenue Recognition**

2.5.1 Income and Expenses are recognized on accrual basis.

2.5.2 Interest on funds invested in short term deposits with scheduled commercial banks is recognized on accrual basis.

- 2.5.3 Dividend income earned by the scheme is recognized on the date the share is quoted on ex-dividend basis on principal stock exchange.
- 2.5.4 Proportionate realized gains on investments out of sales / repurchase proceeds at the time of sale / repurchase of units are transferred to revenue Account from Unit Premium Reserve.

### **3. Net Asset Value for Growth/Dividend Options:**

The net asset value of the units is determined separately for units issued under the Growth and Dividend Options. For reporting the net asset value of the Growth and Dividend Options, daily income earned, including realized and unrealized gain or loss in the value of investments and expenses incurred by the scheme are allocated to the options in proportion to the value of the net assets.

### **4. Unit Premium Reserve Account**

Upon issue and redemption of units, the net premium or discount to the face value of units is adjusted against the unit premium reserve account of the respective Options/Scheme, after an appropriate of the issue proceeds and redemption payout is credited or debited respectively to the income equalization account.

The Unit Premium reserve account is available for distribution of dividend except to the extent it is represented by unrealized net appreciation in value of investments.

### **5. Income Equalisation Account**

An appropriate part of the sale proceeds or the redemption amount, as the case may be, is transferred to income equalization account. The total distributable surplus (without considering unrealized appreciation) upto the date of issue/ redemption of units has been taken into account for the purpose of ascertaining the amount to be transferred to Equalization Account on a daily basis. The net balance in this account is transferred to the Revenue Account at the end of the year.

### **6. Load Charges**

The load charges collected, if any are used to meet expenses as per the stipulated SEBI guidelines from time to time.

### **7. Unclaimed Redemption.**

In line with SEBI circular no. MFD/CIR/9/120/2000 dated November 24, 2000, the unclaimed redemption and dividend amounts may be deployed by the mutual funds in call money market or money market instruments only and the investors who claim these amounts during a period of three years from the due date shall be paid at the prevailing Net Asset Value. After a period of three years, this amount can be transferred to a pool account and the investors can claim the unclaimed redemption amount at NAV prevailing at the end of the third year. The income earned on such funds can be used for the purpose of investor education. The AMC should make continuous effort to remind the investors through letters to take their unclaimed amounts. Further, the investment management fee charged by the AMC for managing unclaimed amounts shall not exceed 50 basis points.

### **8. NOTES TO THE ACCOUNTS**

## 8.1 Management Fees, Trusteeship Fees, Custodian Fees

### Management Fees

Management Fees (inclusive of service tax) has been computed at 1.24 % on average net assets calculated on a daily basis.

### Trusteeship Fees & Expenses

In accordance with Deed of Trust dated 18<sup>th</sup> July 1996 between the Settler and the Trustees, the fund has paid or provided an annual fee of Rs.1,00,000/- per Trustee. Trusteeship fees & expenses are allocated to the schemes on the basis of their daily average net assets.

### Custodian Charges

HDFC Bank provides Custodial services to the scheme for which fees is paid as per the agreement.

8.2 Provision for tax has not been made since the income of the scheme is exempt from tax under Section 10(23D) of the Income Tax Act, 1961.

8.3 Transactions with Brokers in excess of 5% or more of the aggregate purchases and sale of securities made by the Fund have\ been reported to the Trustees on a Bimonthly basis.

8.4 Certain investments are registered in the name of the Fund without specific reference to the Scheme. As at March 31, 2012 the aggregate market value of securities under Sahara Growth Fund but held in the name of Sahara Mutual Fund is Rs.10,005,794.54

8.5 The marketing and selling expenses amounting to Rs. 452842.12 constitutes 16.37 % of the total schemes expenses.

## 8.6 Transactions with Associates

Brokerage / Commission on sale of units by the Scheme or by the Asset Management Company given to associates, pursuant to Regulation 25(8):

Commission to SIFCL A/c CMSD (Associate) made for sale of units of the MF for the current year ended 31<sup>st</sup> March 2012.

(Rs.In lakhs)					
Tax Gain Fund	Growth Fund	Liquid Fund	Mid cap Fund	Wealth Plus Fund	Infrastructure Fund
0.52	0.31	0.07	0.29	0.08	0.15

(Rs. in lakhs)					
R. E. A. L Fund	Star Value Fund	Super 20 Fund	Power and Natural Resources Fund	Banking & Financial Services Fund	Interval Fund – Quarterly Plan Sr 1
0.00	0.08	0.18	0.15	0.73	0.00

Commission to SIFCL A/c CMSD (Associate) made for sale of units of the MF for the previous year ended 31<sup>st</sup> March 2011.

(Rs.In lakhs)					
Tax Gain Fund	Growth Fund	Liquid Fund	Mid cap Fund	Wealth Plus Fund	Infrastructure Fund
1.00	0.51	0.09	0.42	0.57	0..37

(Rs. in lakhs)					
R. E. A. L Fund	Star Value Fund	Super 20 Fund	Power and Natural Resources Fund	Banking & Financial Services Fund	Interval Fund – Quarterly Plan Sr 1
1.21	0.15	0.30	1.09	1.64	0.01

**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)
<b>SIFCL A/c CMSD</b>	<b>Sponsor / Mutual Fund Distributor</b>	<b>April 11- March 12</b>	<b>(0.97 &amp; 0.07%)</b>	<b>(Rs.2,57,503.28 ; 9.83 % )</b>
SIFCL A/c CMSD	Sponsor / Mutual Fund Distributor	April 10- March 11	(5.15; 0.22%)	(Rs.737,214/-;11.94%)

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 2012 & April – Mar 2011.

**8.7 The aggregate value of Investment purchased and sold(Including Redemption) during the year as a percentage of daily average net asset value;**

**Purchases**

Year	Amount (Rs)	% of Daily average
<b>2011-12</b>	<b>261,229,115</b>	<b>235.45</b>
2010-11	253,280,636	284.08

**Sales**

Year	Amount (Rs)	% of Daily average
2011-12	270,085,032	243.44
2010-11	199,404,553	223.65

**8.8 Aggregate Appreciation and Depreciation in the value of Investments :**

Asset Class	31-Mar-12		31-Mar-11	
	Appreciation (Rs. In lakhs)	Depreciation (Rs. In lakhs)	Appreciation (Rs. In lakhs)	Depreciation (Rs. In lakhs)
Equity Shares	34.89	83.02	37.29	56.21

**8.9 Income and Expense Ratio**

	2011-12	2010-11
Total Income (including net unrealized appreciation and net of loss on sale of investments) to average net assets calculated on a daily basis.	-4.57%	2.69%
Total Expenditure to average net assets calculated on a daily basis	2.49%	2.48%

**8.10 Movements in Unit Capital:****8.10.1 Growth Option**

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2012	As on March 31, 2012	As on March 31, 2011	As on March 31, 2011
Initial Capital	1,256,545.617	12,565,456	1,256,545.617	12,565,456
Opening Balance	445439.301	4,454,393	497,482.302	4,974,823
Units Sold during the year	79446.588	794,466	88,703.850	887,039
Units Repurchased during the year	(54354.183)	(543,542)	(140,746.851)	(1,407,469)
Closing Balance	470531.706	4,705,317	445,439.301	4,454,393

**8.10.2 Dividend Option**

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2012	As on March 31, 2012	As on March 31, 2011	As on March 31, 2011
Initial Capital	308,657.065	3,086,571	308,657.065	3,086,571
Opening Balance	3678411.276	36,784,113	789,058.232	7,890,582
Units Sold during the year	107494.264	1,074,943	3,623,122.009	36,231,220
Units Repurchased during the year	(534207.378)	(5,342,074)	(733,768.965)	(7,337,690)
Closing Balance	3251698.162	32,516,982	3,678,411.276	36,784,113

**8.11** The scheme has declared Nil dividend for the year ended March 31, 2011 (PY: 7.50).  
There was no bonus declared during the year ended March 31, 2011 (PY: Nil).

**8.12 Unclaimed Amounts ( beyond six months) :**

Unclaimed Redemption and Dividend during the year ended March 31, 2012 are as below:

Scheme name	No of Investors	Unclaimed Dividend (Rs)	No. of Investors	Unclaimed Redemption (Rs)
Sahara Growth Fund	30	103740.86	5	36643.69

**8.13** Investments made by the Schemes of Sahara Mutual Fund in Companies or their subsidiaries that have invested more than 5% of the net asset value of any scheme, pursuant to Regulation 25(11).

(Rs.in lakhs)

Company which has invested in excess of 5% of the net asset of the respective scheme during the period	Scheme/s in which the Company has invested more than 5% of the Net Assets	Name of the Funds/Schemes which have invested	Type of security	Aggregate cost of acquisition during the period	Outstanding as on 31.03.2012
Reliance Capital Ltd	Sahara Liquid Fund	Sahara Income Fund	Commercial Paper	74.89	0.00
		Sahara Liquid Fund	Commercial Paper	6076.38	0.00
		Sahara Short Term Bond Fund	Commercial Paper	823.80	0.00

The above investments were made to optimize returns and retain high liquidity.

**8.14 Portfolio Statement as on March 31, 2012**

Name of the Instrument	Quantity	Market Value (Rs. in Lakhs)	% to NAV	% to Category Total
<b>1) Equity &amp; Equity Related</b>				
<b>(a) Listed/awaiting Listing on Stock Exchange</b>				
<b>EQUITY SHARES</b>				
<b>Construction Project</b>			<b>8.82</b>	<b>9.86</b>
Larsen and Toubro Limited.	2350	30.76		
GMR Infrastructure Ltd.	75000	23.29		
NCC Ltd	40000	22.54		
Pratibha Industries Ltd.	41000	19.48		
<b>Auto</b>			<b>7.66</b>	<b>8.57</b>
Mahindra & Mahindra Ltd.	5500	38.51		
Hero Motocorp Ltd (Ex-Hero Honda Motors Ltd)	1150	23.64		
Tata Motors Limited	7750	21.33		



<b>Power</b>			<b>7.38</b>	<b>8.25</b>
Tata Power Company Ltd.	30000	30.29		
National Thermal Power Corp Ltd.	17500	28.48		
Power Grid Corporation Of India Ltd.	20000	21.63		
<b>Banks</b>			<b>7.00</b>	<b>7.83</b>
ICICI Bank Ltd.	3300	29.38		
Punjab National Bank	2800	25.90		
State Bank of India	1000	20.96		
<b>Petroleum Products</b>			<b>6.81</b>	<b>7.61</b>
Indian Oil Corporation Limited.	10600	27.85		
Bharat Petroleum Corporation Ltd.	3400	23.81		
Reliance Industries Ltd	3000	22.52		
<b>Industrial Capital Goods</b>			<b>6.37</b>	<b>7.12</b>
Elecon Engineering Company Limited	43000	26.45		
Bharat Heavy Electricals Ltd.	9000	23.14		
ABG Shipyard Ltd	5200	19.81		
<b>Cement</b>			<b>5.67</b>	<b>6.34</b>
Grasim Industries Ltd	900	23.64		
India Cements Ltd.	17217	19.19		
Ambuja Cements Ltd - Old Name - Gujarat Ambuja	11000	18.94		
<b>Finance</b>			<b>5.05</b>	<b>5.65</b>
HDFC Ltd	3500	23.57		
Infrastructure .Development Finance Co.Ltd.	14000	18.90		
Mahindra & Mahindra Financial Services Ltd.	1875	12.57		
<b>Consumer Non Durables</b>			<b>4.33</b>	<b>4.84</b>
Hindustan Unilever Ltd.	7000	28.70		
Jyothy Laboratories Ltd.	11500	18.46		
<b>Oil</b>			<b>4.12</b>	<b>4.61</b>
Cairn India Ltd.	7000	23.37		
Oil & Natural Gas Corp Ltd	8000	21.47		
<b>Pharmaceuticals</b>			<b>3.08</b>	<b>3.44</b>
Cipla Ltd.	11000	33.56		
<b>Chemicals</b>			<b>2.76</b>	<b>3.09</b>
Pidilite Industries Ltd.	17000	30.07		
<b>Consumer Durables</b>			<b>2.55</b>	<b>2.85</b>
Whirlpool Of India Ltd	14000	27.81		
<b>Non - Ferrous Metals</b>			<b>2.38</b>	<b>2.66</b>
Hindalco Industries Ltd.	20000	25.88		
<b>Gas</b>			<b>2.07</b>	<b>2.31</b>
Gas Authority Of India Ltd.	6000	22.58		
<b>Minerals/Mining</b>			<b>2.05</b>	<b>2.29</b>
Coal India Ltd.	6500	22.35		
<b>Telecom - Services</b>			<b>2.05</b>	<b>2.29</b>
Bharti Airtel Ltd.	6600	22.30		
<b>Construction</b>			<b>2.04</b>	<b>2.28</b>
DLF Ltd	11000	22.19		
<b>Ferrous Metals</b>			<b>1.95</b>	<b>2.18</b>
Tata Steel Ltd.	4500	21.23		

<b>Media &amp; Entertainment</b>			<b>1.82</b>	<b>2.03</b>
Hathway Cable & Datacom Limited	12000	19.79		
<b>Paper</b>			<b>1.76</b>	<b>1.97</b>
Tamil Nadu Newsprint & Papers Ltd.	20000	19.20		
<b>Fertilizers</b>			<b>1.73</b>	<b>1.93</b>
Kakinada Fertilizers Ltd	88000	18.84		
<b>(b) Unlisted</b>	Nil	Nil	Nil	Nil
<b>Equity Total (a+b)(Book Cost Rs. 1022.50 lakhs)</b>	<b>620,142</b>	<b>974.37</b>	<b>89.45</b>	<b>100.00</b>
<b>2) Debt Instruments</b>				
(a) Listed/awaiting Listing on Stock Exchange	Nil	Nil	Nil	Nil
(b) Privately Placed/Unlisted	Nil	Nil	Nil	Nil
(c) Securitised Debt	Nil	Nil	Nil	Nil
<b>3) Money Market Instruments</b>	Nil	Nil	Nil	Nil
<b>4) Short Term Deposits</b>	Nil	Nil	Nil	Nil
<b>5) Other- Net Current Assets</b>	Nil	<b>114.95</b>	<b>10.55</b>	<b>100.00</b>
<b>Grand Total</b>	<b>620,142</b>	<b>1089.32</b>	<b>100.00</b>	<b>100.00</b>

**8.15** Investments made by the Scheme in shares of Group Companies of the Sponsor – NIL.

**8.16** Holdings over 25% of the NAV of the scheme as of March 31, 2012.

<b>Particulars</b>	<b>As on March 31, 2012</b>	<b>As on March 31, 2011</b>
Number of Investors	Nil	Nil
Percentage of Holdings	N/A	N/A

**8.17** Contingent Liability: Nil

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

As per our attached report of even date

**For Chaturvedi & Co**  
Chartered Accountants  
Firm Regn. No.:- 302137E

**For Sahara Asset Management Company Pvt Ltd**

**For Sahara Mutual Fund**

**S.N.Chaturvedi**  
**Partner**  
M.No.: 040479

**C.Kamdar**  
**Director**

**Naresh Kumar Garg**  
**Chief Executive Officer**

**O.P.Srivastava**  
**Director**

**A.N.Sridhar**  
**Fund Manager**

**Justice S Mohan**  
**Trustee**

**Amitabha Ghosh**  
**Trustee**

**Place:** Mumbai

**Date:** 26<sup>th</sup> May 2012

## SAHARA MIDCAP FUND

### AUDITORS' REPORT TO THE TRUSTEES OF SAHARA MUTUAL FUND

1. We have audited the Balance Sheet of Sahara Mutual Fund – Sahara Midcap Fund (the "Scheme") as at March 31, 2012, and the related Revenue Account for the year ended on that date, annexed thereto. These financial statements are a responsibility of the Trustees of Sahara Mutual Fund and the management of Sahara Asset Management Company Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. 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. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us:
  - a. The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable and give a true and fair view in conformity with the Accounting principles generally accepted in India,
  - b. i). in case of Balance Sheet of the state of affairs of the scheme as at March 31, 2012 and
  - c. ii). in case of the Revenue account, of the deficit for the year ended on that date.
5. 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.

For **CHATURVEDI & CO.**  
*Chartered Accountants*  
(Firm Regn. No.: 302137E)

**Place:** Mumbai  
**Date:** 26/05/2012

(SN Chaturvedi)  
Partner  
M.No.: 040479

**SAHARA MID-CAP FUND  
BALANCE SHEET AS AT 31st MARCH, 2012**

	<b>Schedule</b>	<b>As at March 31, 2012 (Rs)</b>	<b>As at March 31, 2011 (Rs)</b>
<b>ASSETS</b>			
Investments	1	108,677,706	121,705,739
Other Current Assets	2	11,322,146	9,692,370
<b>Total Assets</b>		<b>119,999,852</b>	<b>131,398,109</b>
<b>LIABILITIES</b>			
Unit Capital	3	73,008,384	81,203,309
Reserves & Surplus	4	43,873,304	49,314,178
Current Liabilities & Provisions	5	3,118,164	880,622
<b>Total Liabilities</b>		<b>119,999,852</b>	<b>131,398,109</b>
<b>NET ASSET VALUE</b>			
Net Asset Value per unit (Rs.)			
Growth Option		<b>28.9895</b>	<b>29.4673</b>
Dividend Option		<b>12.8263</b>	<b>13.0371</b>
Bonus Option		<b>28.9895</b>	<b>29.4673</b>
Growth Auto Earning Payout		<b>28.9895</b>	<b>29.4673</b>
Significant Accounting Policies and Notes to the accounts	8		
Schedules 1 to 5 and 8 form an integral part of the Balance Sheet			

As per our attached report of even date

**For Chaturvedi & Co**   **For Sahara Asset Management Company**  
Chartered Accountants   **Pvt Ltd**  
Firm Regn. No.: 302137E

**For Sahara Mutual Fund**

**S.N.Chaturvedi**  
**Partner**  
M.No.: 040479

C.Kamdar  
**Director**

O.P.Srivastava  
**Director**

Justice S Mohan  
**Trustee**

Amitabha Ghosh  
**Trustee**

Naresh Kumar Garg  
**Chief Executive Officer**

A.N.Sridhar  
**Fund Manager**

**Place:** Mumbai  
**Date:** 26<sup>th</sup> May 2012

**SAHARA MID-CAP FUND**  
**REVENUE ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2012**

	<b>Schedule</b>	<b>For the period ended</b>	<b>For the period ended</b>
		<b>March 31, 2012</b>	<b>March 31, 2011</b>
		<b>(Rs)</b>	<b>(Rs)</b>
<b>INCOME</b>			
Dividend		2,598,891	1,290,933
Interest and Discount Income	6	623,513	489,761
Profit on Sale / Redemption of Investments(Net) (Other than Inter Scheme Transfer / Sale)		2,336,464	19,784,427
<b>Total Income</b>		<b>5,558,868</b>	<b>21,565,121</b>
<b>EXPENSES &amp; LOSSES</b>			
Management Fees		1,473,453	1,490,617
Registrar & Transfer Agent Charges		245,227	318,473
Custodian Fees		177,837	134,135
Fees & Expenses of Trustees		148,074	88,512
Statutory Audit Fees		87,676	51,870
Internal Audit Fees		130,783	138,751
Insurance		25,247	38,840
Costs related to Investor Communication		237,091	149,034
Transaction cost		92,601	170,845
Marketing & Selling Exps.		360,752	447,881
<b>Total Expenses</b>		<b>2,978,741</b>	<b>3,028,959</b>
Surplus for the Year (excluding unrealised appreciation)		<b>2,580,127</b>	<b>18,536,161</b>
Provision / Write back for dimunition in value of Investments	7	<b>(2,737,854)</b>	<b>(10,696,722)</b>
Transfer from Income Equalisation Reserve		<b>(3,610,268)</b>	<b>26,543,862</b>
Dividend Including Distribution Tax		-	<b>(38,711,742)</b>
Surplus / (Deficit) transferred to Revenue Reserve		<b>(3,767,996)</b>	<b>(4,328,441)</b>
Significant Accounting Polices Notes to the accounts	8		
Schedules 6 to 8 form an integral part of the Revenue Account			

As per our attached report of even date

**For Chaturvedi & Co**  
Chartered Accountants  
Firm Regn. No.:- 302137E

**For Sahara Asset Management Company Pvt Ltd**

**For Sahara Mutual Fund**

**S.N.Chaturvedi**  
**Partner**  
M.No.: 040479

C.Kamdar  
**Director**

O.P.Srivastava  
**Director**

Justice S Mohan  
**Trustee**

Amitabha Ghosh  
**Trustee**

Naresh Kumar Garg  
**Chief Executive Officer**

A.N.Sridhar  
**Fund Manager**

**Place:** Mumbai  
**Date:** 26<sup>th</sup> May 2012

<b>SCHEDULES FORMING PART OF THE BALANCE SHEET</b>		<b>As at March 31, 2012 (Rs)</b>		<b>As at March 31, 2011 (Rs)</b>
<b>SCHEDULE 1</b>				
<b>Investments</b>				
(Refer note 8.14 of Schedule 8 for detailed Portfolio statement)				
Equity Shares		<b>108,677,706</b>		121,705,739
Certificate of Deposits		-		-
		<b>108,677,706</b>		121,705,739
<b>SCHEDULE 2</b>				
<b>Other Current Assets</b>				
Balances with Banks in Current accounts		<b>463,668</b>		479,575
Outstanding & Accrued Income		<b>43,177</b>		26,397
Reverse Repo arrangements		<b>7,889,557</b>		8,878,880
Receivable on issue of Units		<b>1,300</b>		-
Investment - Liquid MF Units		<b>607,644</b>		307,518
Application Money Pending Allotment		<b>2,316,800</b>		-
		<b>11,322,146</b>		9,692,370
<b>SCHEDULE 3</b>				
<b>Unit Capital</b>				
Bonus Plan		<b>109,411</b>		171,175
10941.1120 units of Rs. 10 each (For 2010-2011 17117.4680 units of Rs. 10 each)				
Dividend Plan		<b>58,628,227</b>		66,200,423
5862822.6820 units of Rs. 10 each (For 2010-2011 6620042.298 units of Rs. 10 each)				
Growth Plan		<b>14,123,811</b>		14,645,933
1412381.1320 units of Rs. 10 each (For 2010-2011 1464593.3000 units of Rs. 10 each)				
Auto Earnings Payout Plan		<b>146,935</b>		185,778
14693.547 units of Rs. 10 each (For 2010-2011 18577.8430 units of Rs. 10 each)				
Total		<b>73,008,384</b>		81,203,309
(Refer Notes on Accounts 8.10 of Schedule 8)				
<b>SCHEDULE 4</b>				
<b>Reserves and Surplus</b>				
<b>Revenue Reserve</b>				
Balance as at beginning of the year	<b>38,784,431</b>		43,112,872	
Transferred from Revenue Account	<b>(3,767,996)</b>		(4,328,441)	
Balance as at end of the year		<b>35,016,435</b>		38,784,431

<b>Income Equalisation Reserve</b>				
Balance as at beginning of the year	-		-	
Additions During the year	(3,610,268)		26,548,352	
Transferred to Revenue Account	3,610,268		(26,548,352)	
Balance as at end of the year		-		-
<b>Unrealised Appreciation Reserve</b>				
Balance as at beginning of the year	7,955,383		10,509,637	
Additions During the year	(1,370,180)		(2,554,253)	
Balance as at end of the year		6,585,203		7,955,383
<b>Unit Premium Reserve</b>				
Balance as at beginning of the year	2,574,364		(545,054)	
Additions During the year	(302,698)		3,119,419	
Balance as at end of the year		2,271,666		2,574,364
		43,873,304		49,314,178
<b>SCHEDULE 5</b>				
<b>Current Liabilities and Provisions</b>				
Sundry Creditors		300,792		318,281
Management Fees Payable		26,061		24,805
Contract for purchase of investments		2,121,318		-
Payable on Redemption of Units		304,871		451,379
Unclaimed Distributed Income		364,687		77,919
Load charges payable to AMC		435		8,239
		3,118,164		880,622
<b>SCHEDULES FORMING PART OF REVENUE ACCOUNT</b>		<b>For the period ended</b>		<b>For the period ended</b>
		<b>March 31, 2012</b>		<b>March 31, 2011</b>
		<b>(Rs)</b>		<b>(Rs)</b>
<b>SCHEDULE 6</b>				
<b>Interest and Discount Income</b>				
Reverse Repo arrangements		603,633		401,058
CBLO		19,835		-
Others		45		88,703
		623,513		489,761
<b>SCHEDULE 7</b>				
<b>Provision / Write back for diminution in value of Investments</b>				
At the beginning of the year		(13,269,074)		(2,572,352)
At the end of the year		(16,006,928)		(13,269,074)
		(2,737,854)		(10,696,722)

**PERSPECTIVE HISTORICAL PER UNIT STATISTICS**

<b>SAHARA MIDCAP FUND</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
<b>Particulars</b>	<b>31-Mar-12</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
<b>(a) Gross Income</b>			
(I) Income other than Profit on sale of Investments	<b>0.4414</b>	0.2193	0.32
(ii) Income from Profit (net of loss) on inter-scheme sales/ transfer of Investments	<b>0.0000</b>	0.0000	0.00
(iii) Income from Profit (net of Loss) on sale other than Inter scheme	<b>0.3200</b>	2.4364	8.72
(iv) Transfer to revenue account from past year's reserve	<b>NA</b>	NA	NA
<b>(b) Aggregate of expenses, write off, amortisation and charges</b>	<b>0.4080</b>	0.3730	0.47
<b>(c) Net Income</b>	<b>0.3534</b>	2.2827	8.58
<b>(d) Net unrealised appreciation/(dimunition) in value of Investments</b>	<b>-1.2905</b>	-0.6544	1.70
<b>(e) Net Asset Value</b>			
Growth Plan	<b>28.9895</b>	29.4673	27.4545
Dividend Plan	<b>12.8263</b>	13.0371	18.6403
Bonus Plan	<b>28.9895</b>	29.4367	27.4423
Growth - Auto Earning Payout	<b>28.9895</b>	29.4673	27.4839
<b>(f) Repurchase Price during the year**</b>			
(I) Highest			
Growth Plan	<b>31.4412</b>	36.5448	28.2152
Dividend Plan	<b>13.9105</b>	19.7585	19.15169
Bonus Plan	<b>31.4412</b>	36.5448	13.7464
Growth - Auto Earning Payout	<b>31.4412</b>	36.5448	28.0207
(ii) Lowest			
Growth Plan	<b>23.6321</b>	26.5922	12.8580
Dividend Plan	<b>10.4558</b>	11.8819	8.4508
Bonus Plan	<b>23.6321</b>	26.5922	13.7464
Growth - Auto Earning Payout	<b>23.6321</b>	26.5922	14.9557
<b>(g) Resale Price during the year**</b>			
(I) Highest			
Growth Plan	<b>31.7588</b>	37.7445	28.8500
Dividend Plan	<b>14.0510</b>	20.2450	19.5879
Bonus Plan	<b>31.7588</b>	37.7445	26.1413
Growth - Auto Earning Payout	<b>31.7588</b>	37.7445	25.8190
(ii) Lowest			
Growth Plan	<b>23.8708</b>	27.4652	12.4985
Dividend Plan	<b>10.5614</b>	12.2719	9.4982
Bonus Plan	<b>23.8708</b>	27.4652	26.1413
Growth - Auto Earning Payout	<b>23.8708</b>	27.4652	14.3611
<b>(h) Ratio of expenses to average daily net assets by Percentage</b>	<b>2.47%</b>	2.46%	2.50%
<b>(i) Ratio of income to average daily net assets by Percentage</b> (excluding transfer to revenue account from past year's reserve but including net change in unrealized appreciation /depreciation in value of Investments and adjusted for net loss on sale / redemption of investments)	<b>2.14%</b>	15.06%	57.64%

\*\*Based on the maximum load during the year



## SCHEDULE - 8

### ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2012

#### 1. INTRODUCTION

##### 1.1 About the Scheme

Sahara Midcap Fund (the "Scheme") is an open ended growth scheme of Sahara Mutual Fund (the "Fund"). The objective is to achieve long term capital growth at medium level of risks by investing primarily in mid –cap stocks. The Scheme has four plans – Dividend, Growth, Growth –Auto Earnings Payout and Bonus. The scheme will not declare dividend under the Growth Plan. The Income earned on such units will remain invested under the scheme and will be reflected in the Net Asset Value. The initial issue period of the scheme was from November 29, 2004 to December 22, 2004 and the scheme was reopened for continuous purchase and redemption at prevailing NAV from January 17, 2005.

##### 1.2 Asset Management Company

Sahara Mutual Fund (SMF) has been established as a Trust in accordance with the Indian Trusts Act, 1882, and is sponsored by Sahara India Financial Corporation Limited.

Sahara Asset Management Company Private Limited ("SAMCPL"), a company incorporated under the Companies Act, 1956, has been appointed as the Asset Management Company ("Investment Manager") to Sahara Mutual Fund.

The Shareholding of Sahara Asset Management Company Private Limited as on March 31, 2012 is as follows:

Name of the Shareholder	Type of Holdings	Holding
Sahara India Financial Corporation Limited	Equity	45.60%
Sahara India Corp Investment Limited	Equity	11.36%
Sahara Prime City Limited (formerly Sahara India Investment Corporation Limited )	Equity	11.36%
Sahara Care Limited	Equity	31.68%
Name of the Shareholder	Type of Holdings	
Sahara India Commercial Corporation Ltd	Preference	90.32%
Sahara Care Ltd	Preference	9.68%

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### 2.1. Basis of Accounting.

The Scheme maintains its books of account on an accrual basis. These financial statements 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, (the "Regulation"), and amendments thereto, as applicable.

##### 2.2. Accounting for Investments

**2.2.1** Investments are accounted on trade dates at cost including brokerage, stamp duty and other charges which are included in the acquisition of investments.

**2.2.2** Profit or loss on sale of investments is determined on the respective trade date by adopting the "Weighted Average Cost" method.

**2.2.3** Bonus/Rights entitlements on equity holdings are recognized only when the original shares on which the entitlement accrues are traded on the Principal stock exchange on ex-bonus/ex-rights basis respectively.

**2.2.4** Primary Market Investments are recognized on the basis of allotment advice.

## **2.3. Valuation of Investments**

### **2.3.1. Equity Investments:**

#### **a). Traded Investments**

Traded equity securities and warrants are valued at the last quoted price on the National Stock Exchange of India Limited (NSE). However, if the securities and warrants are not listed on NSE, the securities are valued at the price quoted at the exchange where it is principally traded. When on a particular valuation day, a security has not been traded on NSE but has been traded on another stock exchange; the value at which it is traded on that stock exchange is used provided it is not more than thirty days prior to the valuation date.

The Valuation of Right Shares until they are traded, is done as per the method given below:

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

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 should 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 can be valued at the renunciation value.

#### **b). Unlisted/Non traded / Thinly Traded Investments**

Non-traded / thinly traded / privately placed equity securities including those not traded within thirty days are valued at fair value as per procedures determined by AMC and approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds, issued by the Securities and Exchange Board of India (SEBI) from time to time.

### **2.3.2. Money market and debt securities with residual maturity of upto 91 days:**

Investments in Money Market and debt securities including floating rate securities with maturity of upto 91 days which are traded are valued at the weighted average price at which they are traded on the particular valuation day.

When such securities are not traded on a particular valuation day they are valued on amortization basis.

Investments in floating rate securities with floor and caps on coupon rate with maturity of upto 91 days are valued on amortization basis taking the coupon rate as floor.

#### **2.3.3. Money market and debt securities with residual maturity of over 91 days:**

Investments in Money Market and debt securities including floating rate securities with maturity of over 91 days, are valued at the weighted average price at which they are traded on the particular valuation day.

Investments in Money Market and debt securities including floating rate securities with maturity of over 91 days which are not traded are valued at benchmark yield/matrix of spread over risk free benchmark yield obtained from CRISIL & ICRA.

#### **2.3.4 Valuation of Other Investments**

Investments bought on “repo basis” are valued at the resale price after deduction of applicable interest up to the date of resale. Investments sold on “repo basis” are adjusted for the difference between the repurchase price (after deduction of applicable interest up to the date of repurchase) and the value of the instrument.

Investments in mutual fund schemes are valued based on the net asset value of the respective schemes as on the valuation date.

#### **2.3.5 Valuation of securities not covered under the above valuation policy:**

The total exposure in securities, which do not fall under above valuation norms, shall not exceed 5% of the total AUM of the scheme.

Investment in such securities will be valued by a method approved by the Independent Trustees and Statutory Auditors.

#### **2.3.6 Unrealised Appreciation/Depreciation.**

In accordance with the Guidance Note on Accounting for Investments in the Financial Statements of Mutual Funds issued by the Institute of Chartered Accountants of India, the unrealized appreciation determined separately for each individual investment is directly transferred to the “Unrealised Appreciation Reserve Account” i.e. without routing it through the revenue account.

The provision for depreciation in value of investments determined separately for each individual investment is recognized in the revenue account. The loss (realized) on investments sold / transferred during the year is charged to revenue account, instead of being first adjusted against the provision for depreciation, if already created in the prior year, as recommended by the said Guidance Note. However, this departure from the Guidance Note does not have any net impact on the Scheme's net assets or results for the year.

### **2 .4 Revenue Recognition**

- i. Income and Expenses are recognized on accrual basis.
- ii. Interest on funds invested in short term deposits with scheduled commercial banks is recognized on accrual basis.

- iii. Dividend income earned by the scheme is recognized on the date the share is quoted on ex-dividend basis on principal stock exchange.
- iv. Proportionate realized gains on investments out of sales / repurchase proceeds at the time of sale / repurchase of units are transferred to revenue Account from Unit Premium Reserve.

### **3. Net Asset Value for Growth / Dividend Options:**

The net asset value of the units is determined separately for units issued under the Growth, Dividend Options, Bonus and Auto Earning Payout Option. For reporting the net asset value of the Growth and Dividend Options, daily income earned, including realized and unrealized gain or loss in the value of investments and expenses incurred by the scheme are allocated to the options in proportion to the value of the net assets.

### **4. Unit Premium Reserve Account**

Upon issue and redemption of units, the net premium or discount to the face value of units is adjusted against the unit premium reserve account of the respective Options / Scheme, after an appropriate of the issue proceeds and redemption payout is credited or debited respectively to the income equalization account.

The unit premium reserve account is available for distribution of dividend except to the extent it is represented by unrealized net appreciation in value of investments.

### **5. Income Equalisation Account`**

An appropriate part of the sale proceeds or the redemption amount, as the case may be, is transferred to income equalization account. The total distributable surplus (without considering unrealized appreciation) upto the date of issue/ redemption of units has been taken into account for the purpose of ascertaining the amount to be transferred to Equalization Account on a daily basis. The net balance in this account is transferred to the Revenue Account at the end of the year.

### **6. Load Charges**

The load charges collected, if any are used to meet expenses as per the stipulated SEBI guidelines from time to time.

### **7. Unclaimed Redemption.**

In line with SEBI circular no. MFD/CIR/9/120 /2000 dated November 24, 2000, the unclaimed redemption and dividend amounts may be deployed by the mutual funds in call money market or money market instruments only and the investors who claim these amounts during a period of three years from the due date shall be paid at the prevailing Net Asset Value. After a period of three years, this amount can be transferred to a pool account and the investors can claim the unclaimed redemption amount at NAV prevailing at the end of the third year. The income earned on such funds can be used for the purpose of investor education. The AMC should make continuous effort to remind the investors through letters to take their unclaimed amounts. Further, the investment management fee charged by the AMC for managing unclaimed amounts shall not exceed 50 basis points.

### **8. NOTES TO THE ACCOUNTS**

## 8.1 Management Fees , Trusteeship Fees, Custodian Fees

### Management Fees

Management Fees (inclusive of service tax) has been computed at 1.22 % on average net assets calculated on a daily basis.

### Trusteeship Fees & Expenses

In accordance with Deed of Trust dated 18<sup>th</sup> July 1996 between the Settler and the Trustees, the fund has paid or provided an annual fee of Rs.1,00,000/- per Trustee. Trustee fees & expenses are allocated to the schemes on the basis of their daily average net assets.

### Custodian Charges

HDFC Bank provides Custodial services to the scheme for which fees is paid as per the agreement.

- 8.2. Provision for tax has not been made since the income of the scheme is exempt from tax under Section 10(23D) of the Income Tax Act, 1961.
- 8.3. Transactions with Brokers in excess of 5% or more of the aggregate purchases and sale of securities made by the Fund have / has been reported to the Trustees on a Bi-monthly basis.
- 8.4 Certain investments are registered in the name of the Fund without specific reference to the Scheme. As at March 31, 2012 the aggregate market value of securities held under Sahara Midcap Fund but held in the name of Sahara Mutual Fund is Rs7,894,333.96.
- 8.5 The marketing and selling expenses amounting to Rs. 3,60,751.86 constitutes 12.11 % of the total schemes expenses.

### 8.6 Transactions with Associates

Brokerage / Commission on sale of units by the Scheme or by the Asset Management Company given to associates, pursuant to Regulation 25(8):

**Commission to SIFCL A/c CMSD (Associate) made for sale of units of the MF for the current year ended 31<sup>st</sup> March 2012.**

(Rs.In lakhs)

Tax Gain Fund	Growth Fund	Liquid Fund	Mid cap Fund	Wealth Plus Fund	Infrastructure Fund
0.52	0.31	0.07	0.29	0.08	0.15

(Rs. in lakhs)

R. E. A. L Fund	Star Value Fund	Super 20 Fund	Power and Natural Resources Fund	Banking & Financial Services Fund	Interval Fund – Quarterly Plan Sr 1
0.00	0.08	0.18	0.15	0.73	0.00

Commission to SIFCL A/c CMSD (Associate) made for sale of units of the MF for the previous year ended 31<sup>st</sup> March 2011.

(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>	<b>Infrastructure Fund</b>
1.00	0.51	0.09	0.42	0.57	0.37

(Rs. in lakhs)

<b>R. E. A. L Fund</b>	<b>Star Value Fund</b>	<b>Super 20 Fund</b>	<b>Power and Natural Resources Fund</b>	<b>Banking &amp; Financial Services Fund</b>	<b>Interval Fund – Quarterly Plan Sr 1</b>
1.21	0.15	0.30	1.09	1.64	0.01

**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)
<b>SIFCL A/c CMSD</b>	<b>Sponsor / Mutual Fund Distributor</b>	<b>April 11- March 12</b>	<b>(0.97 &amp; 0.07%)</b>	<b>(Rs.2,57,503.28 ; 9.83 % )</b>
SIFCL A/c CMSD	Sponsor / Mutual Fund Distributor	April 10- March 11	(5.15; 0.22%)	(Rs.737214/-; 11.94%)

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 2012 & April – Mar 2011.

**8.7 The Aggregate value of Investment purchased and sold(Including Redemption) during the year as a percentage of daily average net asset value;**

**Purchases**

<b>Year</b>	<b>Amount (Rs)</b>	<b>% of Daily average</b>
<b>2011-12</b>	<b>203,604,639</b>	<b>169.11</b>
2010-11	240,408,278	195.38

**Sales**

Year	Amount (Rs)	% of Daily average
2011-12	214,880,938	178.47
2010-11	221,161,028	179.74

**8.8 Aggregate Appreciation and Depreciation in the value of Investments :**

Scheme	31-Mar-12		31-Mar-11	
	Appreciation (Rs. In lakhs)	Depreciation (Rs. In lakhs)	Appreciation (Rs. In lakhs)	Depreciation (Rs. In lakhs)
Equity Shares	65.85	160.07	79.55	132.69

**8.9 Income and Expense Ratio**

	2011-12	2010-11
Total Income (including net unrealized appreciation and net of loss on sale of investments) to average net assets calculated on a daily basis.	-3.21%	13.21%
Total Expenditure to average net assets calculated on a daily basis.	2.47%	2.46%

**8.10 Movements in Unit Capital:****8.10.1 Growth Option**

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2012	As on March 31, 2012	As on March 31, 2011	As on March 31, 2011
<b>Initial Capital</b>	<b>38,747,086.657</b>	<b>387,470,866</b>	38,747,086.657	387,470,866
Opening Balance	1464593.300	14,645,933	1,392,661.749	13,926,617
Units Sold during the year	179028.461	1,790,285	422,946.883	4,229,469
Units Repurchased during the year	(231240.629)	(2,312,406)	(351,015.33)	(3,510,153)
Closing Balance	1412381.132	14,123,811	1,464,593.300	14,645,933

**8.10.2 Dividend Option**

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2012	As on March 31, 2012	As on March 31, 2011	As on March 31, 2011
<b>Initial Capital</b>	<b>51,626,396.716</b>	<b>516,263,968</b>	51,626,396.716	516,263,968
Opening Balance	6620042.298	66,200,423	3,218,398.180	32,183,982

Units Sold during the year	326976.634	3,269,766	5,426,082.023	54,260,820
Units Repurchased during the year	(1084196.250)	(10,841,963)	(2,024,437.91)	(20,244,379)
Closing Balance	5862822.682	58,628,227	6,620,042.298	66,200,423

### 8.10.3 Bonus Option

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2012	As on March 31, 2012	As on March 31, 2011	As on March 31, 2011
<b>Initial Capital</b>	<b>46,030.000</b>	<b>460,300.00</b>	46,030.000	460,300
Opening Balance	17117.468	171,175	25,792.027	257,920
Units Sold during the year	171.062	1,711	16.382	164
Units Repurchased during the year	(6347.418)	(63,474)	(8,690.94)	(86,909)
Closing Balance	10941.112	109,411	17,117.468	171,175

### 8.10.4 Growth – Auto Earnings Payout Option

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2012	As on March 31, 2012	As on March 31, 2011	As on March 31, 2011
<b>Initial Capital</b>	<b>415,034.300</b>	<b>4,150,343</b>	415,034.300	4,150,343
Opening Balance	18577.843	185,778	28,984.722	289,847
Units Sold during the year	1278.907	12,789	1,433.798	14,338
Units Repurchased during the year	(5163.203)	(51,632)	(11,840.68)	(118,407)
Closing Balance	14693.547	146,935	18,577.843	185,778

**8.11** The Scheme has declared nil dividend during the year ended March 31, 2012. ( PY:Rs.4/- per unit & of Rs. 3/- per unit ).

There was no Bonus declared during the year ended March 31, 2012. (PY: Nil)

### 8.12 Unclaimed Amounts ( beyond six months):

Unclaimed Dividend and Redemption amounts as on March 31, 2012 are as below:

Scheme name	No of Investors	Unclaimed Dividend (Rs)	No of Investors	Unclaimed Redemption (Rs)
Sahara Midcap Fund	356	364688.67	65	243355.32

**8.13** Investments made by the Schemes of Sahara Mutual Fund in Companies or their subsidiaries that have invested more than 5% of the net asset value of any scheme, pursuant to Regulation 25(11).

(Rs.in lakhs)



Company which has invested in excess of 5% of the net asset of the respective scheme during the period	Scheme/s in which the Company has invested more than 5% of the Net Assets	Name of the Funds/Scheme s which have invested	Type of security	Aggregate cost of acquisition during the period	Outstanding as on 31.03.2012
Reliance Capital Ltd	Sahara Liquid Fund	Sahara Income Fund	Commercial Paper	74.89	0.00
		Sahara Liquid Fund	Commercial Paper	6076.38	0.00
		Sahara Short Term Bond Fund	Commercial Paper	823.80	0.00

The above investments were made to optimize returns and retain high liquidity.

#### 8.14 Portfolio Statement as on March 31, 2012

Name of the Instrument	Quantity	Market Value (Rs. in Lakhs)	% to NAV	% to Category Total
<b>1) Equity &amp; Equity Related</b>				
<b>(a) Listed/awaiting Listing on Stock Exchange</b>				
<b>EQUITY SHARES</b>				
<b>Consumer Non Durables</b>			<b>10.53</b>	<b>11.32</b>
Bata India Ltd.	3400	26.13		
Jyothy Laboratories Ltd.	16000	25.68		
Tata Coffee Ltd.	3000	25.10		
Zydus Wellness Ltd (Ex- Carnation Nurtra – Analogue Foods Ltd)	6400	24.38		
Balrampur Chini Mills Ltd.	38000	21.76		
<b>Banks</b>			<b>9.46</b>	<b>10.17</b>
City Union Bank Limited	60000	29.10		
Vijaya Bank	37500	21.92		
ING Vysya Bank Ltd.	6000	21.31		
IDBI Bank Ltd	19000	19.89		
Indian Bank	7500	18.30		
<b>Industrial Capital Goods</b>			<b>7.90</b>	<b>8.49</b>
Praj Industries Ltd	33000	26.47		
ABG Shipyard Ltd	6000	22.86		
Crompton Greaves Ltd	16000	22.10		
Thermax Ltd.	4500	20.90		
<b>Pharmaceuticals</b>			<b>7.24</b>	<b>7.78</b>
Unichem Laboratories Ltd.	18000	23.93		
Sun Pharma Advanced Research Co. Ltd	30000	22.40		
Lupin Ltd.	4000	21.18		
J B Chemicals & Pharmaceuticals Ltd.	28000	17.08		

<b>Media &amp; Entertainment</b>			<b>6.31</b>	<b>6.79</b>
Den Networks Ltd.	30000	31.76		
Hathway Cable & Datacom Limited	13772	22.72		
DQ Entertainment (International) Ltd.	80000	19.28		
<b>Construction</b>			<b>6.03</b>	<b>6.49</b>
HSIL LTD.	18100	26.00		
IVRCL Infrastructures & Projects Ltd.	39000	25.80		
IRB Infrastructure Developers Ltd.	10000	18.69		
<b>Textile Products</b>			<b>5.44</b>	<b>5.85</b>
Kewal Kiran Clothing Ltd.	3700	24.24		
Raymond Ltd.	5000	21.24		
Arvind Ltd (Ex-Arvind Mills Ltd)	22000	18.13		
<b>Cement</b>			<b>4.35</b>	<b>4.67</b>
India Cements Ltd.	23500	26.19		
Madras Cements Ltd	16000	24.60		
<b>Construction Project</b>			<b>3.84</b>	<b>4.13</b>
Voltas Ltd.	22000	24.70		
GMR Infrastructure Ltd.	65000	20.18		
<b>Power</b>			<b>3.74</b>	<b>4.03</b>
Torrent Power Ltd	12000	24.21		
KEC International Limited	30000	19.55		
<b>Auto Ancillaries</b>			<b>3.60</b>	<b>3.88</b>
Lumax Industries Ltd.	6000	21.87		
Suprajit Engineering Ltd.	102226	20.24		
<b>Finance</b>			<b>3.52</b>	<b>3.78</b>
LIC Housing Finance Ltd	9500	25.02		
Mahindra & Mahindra Financial Services Ltd.	2400	16.09		
<b>Fertilisers</b>			<b>3.19</b>	<b>3.43</b>
Coromandel International Ltd	8000	22.69		
Rashtriya Chemicals & Fertilisers Ltd	25900	14.62		
<b>Engineering Services</b>			<b>2.61</b>	<b>2.81</b>
Engineers India Ltd.	12000	30.52		
<b>Petroleum Products</b>			<b>2.34</b>	<b>2.51</b>
Hindustan Petroleum Corp Ltd.	9000	27.32		
<b>Paper</b>			<b>1.98</b>	<b>2.12</b>
Ballarpur Industries Ltd	90000	23.09		
<b>Transportation</b>			<b>1.95</b>	<b>2.10</b>
Cox & Kings (India) Ltd.	14000	22.83		
<b>Chemicals</b>			<b>1.93</b>	<b>2.07</b>
Tata Chemicals Ltd.	6500	22.53		
<b>Industrial Products</b>			<b>1.88</b>	<b>2.02</b>
Paper Products Ltd	33500	21.98		
<b>Leisure Facilities</b>			<b>1.83</b>	<b>1.97</b>

Talwalkars Better Value Fitness Ltd.	14000	21.41		
<b>Pesticides</b>			<b>1.67</b>	<b>1.80</b>
United Phosphorus Ltd.	15000	19.52		
<b>Gas</b>			<b>1.65</b>	<b>1.78</b>
Petronet LNG Limited.	11500	19.33		
<b>(b) Unlisted</b>	Nil	Nil	Nil	Nil
<b>Equity Total (a+b) (Book Cost Rs.1180.99 lakhs)</b>	<b>1085898</b>	<b>1086.78</b>	<b>92.98</b>	<b>100.00</b>
<b>2) Debt Instruments</b>				
(a) Listed/awaiting Listing on Stock Exchange	Nil	Nil	Nil	Nil
(b) Privately Placed/Unlisted	Nil	Nil	Nil	Nil
(c) Securitised Debt	Nil	Nil	Nil	Nil
<b>3) Money Market Instruments</b>	Nil	Nil	Nil	Nil
<b>4) Short term Deposit</b>	Nil	Nil	Nil	Nil
<b>5) Other- Net Current Assets</b>	Nil	<b>82.04</b>	<b>7.02</b>	<b>100.00</b>
<b>Grand Total</b>	<b>1085898</b>	<b>1168.82</b>	<b>100.00</b>	<b>100.00</b>

**8.15** Investments made by the Scheme in shares of Group Companies of the Sponsor – NIL.

**8.16** Holdings over 25% of the NAV of the scheme as of March 31, 2012:

<b>Particulars</b>	<b>As on March 31, 2012</b>	<b>As on March 31, 2011</b>
Number of Investors	<b>NIL</b>	NIL
Percentage of Holdings	<b>N/A</b>	N/A

**8.17** Contingent Liability: Nil

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

As per our attached report of even date

**For Chaturvedi & Co For Sahara Asset Management Company For Sahara Mutual Fund**  
Chartered Accountants **Pvt Ltd**  
Firm Regn. No.: 302137E

**S.N.Chaturvedi**  
**Partner**  
M.No.: 040479

C.Kamdar  
**Director**

O.P.Srivastava  
**Director**

Justice S Mohan  
**Trustee**

Amitabha Ghosh  
**Trustee**

Naresh Kumar Garg  
**Chief Executive Officer**

A.N.Sridhar  
**Fund Manager**

**Place:** Mumbai

**Date:** 26<sup>th</sup> May 2012

## SAHARA WEALTH PLUS FUND

### AUDITORS' REPORT TO THE TRUSTEES OF SAHARA MUTUAL FUND

1. We have audited the Balance Sheet of Sahara Mutual Fund – Sahara Wealth Plus Fund (the "Scheme") as at March 31, 2012, and the related Revenue Account for the year ended on that date, annexed thereto. These financial statements are a responsibility of the Trustees of Sahara Mutual Fund and the management of Sahara Asset Management Company Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. 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. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us:
  - a. The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable and give a true and fair view in conformity with the Accounting principles generally accepted in India,
  - b. i). in case of Balance Sheet of the state of affairs of the scheme as at March 31, 2012 and
  - c. ii). in case of the Revenue account, of the deficit for the year ended on that date.
5. 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.

For **CHATURVEDI & CO.**  
*Chartered Accountants*  
(Firm Regn. No.: 302137E)

**Place:** Mumbai  
**Date:** 26/05/2012

(SN Chaturvedi)  
Partner  
M.No.: 040479

# SAHARA WEALTH PLUS FUND

## BALANCE SHEET AS AT MARCH 31, 2012

	Schedule	As at March 31, 2012 (Rs)	As at March 31, 2011 (Rs)
<b>ASSETS</b>			
Investments	1	97,924,586	115,359,614
Deposits	2	-	7,362,743
Other Current Assets	3	12,062,104	5,716,915
Deferred Revenue Expenditure	4	-	-
<b>Total Assets</b>		<b>109,986,690</b>	<b>128,439,272</b>
<b>LIABILITIES</b>			
Unit Capital	5	57,786,833	67,049,932
Reserves & Surplus	6	48,341,546	60,383,663
Current Liabilities & Provisions	7	3,858,311	1,005,677
<b>Total Liabilities</b>		<b>109,986,690</b>	<b>128,439,272</b>
<b>NET ASSET VALUE</b>			
Net Asset Value per unit (Rs.)			
i) Fixed Pricing - Dividend		16.3019	17.0653
ii) Fixed Pricing - Growth		19.6804	20.6020
iii) Variable Pricing - Dividend		17.2426	17.8988
iv) Variable Pricing - Growth		20.6572	21.4435
Significant Accounting Policies and Notes to the accounts	10		
Schedules 1 to 7 and 10 form an integral part of the Balance Sheet			
As per our attached report of even date			

As per our attached report of even date

**For Chaturvedi & Co**  
Chartered Accountants  
Firm Regn. No.:- 302137E

**For Sahara Asset Management Company Pvt Ltd**

**For Sahara Mutual Fund**

**S.N.Chaturvedi**  
**Partner**  
M.No.: 040479

C.Kamdar  
**Director**

Naresh Kumar Garg  
**Chief Executive Officer**

O.P.Srivastava  
**Director**

A.N.Sridhar  
**Fund Manager**

Justice S Mohan  
**Trustee**

Amitabha Ghosh  
**Trustee**

**Place:** Mumbai  
**Date:** 26<sup>th</sup> May 2012

**SAHARA WEALTH PLUS Fund**  
**REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012**

	<b>Schedule</b>	<b>For the year ended</b>	<b>For the year ended</b>
		<b>March 31, 2012</b>	<b>March 31, 2011</b>
<b>INCOME</b>			
Dividend Income		1,651,681	1,440,684
Interest Income	8	803,412	351,381
Profit on Sale / Redemption of Investments (Net)		-	18,888,193
(Other than Inter Scheme Transfer / Sale)			
<b>Total Income</b>		<b>2,455,093</b>	<b>20,680,258</b>
<b>EXPENSES &amp; LOSSES</b>			
Loss on Sale / Redemption of Investments (Net)		4,254,501	-
(Other than Inter Scheme Transfer / Sale)			
Management Fees		639,461	656,118
Deferred Revenue Expenditure written off		-	2,828,411
Registrar & Transfer Agent Charges		251,269	357,204
Custodian Fees		168,154	134,358
Fees & Expenses of Trustees		139,398	113,994
Statutory Audit Fees		82,568	49,627
Internal Audit Fees		122,949	141,690
Insurance		23,860	38,490
Costs related to Investor Communication		218,086	132,974
Transaction cost		144,278	165,681
Marketing & Selling Exps.		266,905	340,313
<b>Total Expenses</b>		<b>6,311,429</b>	<b>4,958,860</b>
Net Surplus for the Year (excluding unrealised appreciation)		(3,856,336)	15,721,398
Less : Dividend Paid		-	(23,428,616)
Provision / Write back for dimunition in value of investments	9	(1,551,584)	(5,082,069)
Transfer from Income Equalisation Reserve		(18,961,536)	52,546,767
Net Surplus transferred to Revenue Reserve		<b>(24,369,456)</b>	<b>39,757,480</b>
Significant Accounting Policies and Notes to the accounts	10		
Schedules 8 to 10 form an integral part of the Revenue Account			

As per our attached report of even date

**For Chaturvedi & Co**  
Chartered Accountants  
Firm Regn. No.:- 302137E

**For Sahara Asset Management Company Pvt Ltd**

**For Sahara Mutual Fund**

**S.N.Chaturvedi**  
**Partner**  
M.No.: 040479

C.Kamdar  
**Director**

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**Trustee**

Amitabha Ghosh  
**Trustee**

Naresh Kumar Garg  
**Chief Executive Officer**

A.N.Sridhar  
**Fund Manager**

**Place:** Mumbai  
**Date:** 26<sup>th</sup> May 2012

<b>SCHEDULES FORMING PART OF THE BALANCE SHEET</b>		<b>As at March 31, 2012 (Rs)</b>		<b>As at March 31, 2011 (Rs)</b>
<b>SCHEDULE 1</b>				
<b>Investments</b>				
(Refer Note 9.14 of Schedule 10 for detailed Portfolio statement)				
Equity Shares		97,924,586		115,359,614
Certificate of Deposits		-		-
		<b>97,924,586</b>		<b>115,359,614</b>
<b>SCHEDULE 2</b>				
<b>Deposits</b>				
Certificate Of Deposits		-		7,362,743
		-		<b>7,362,743</b>
<b>SCHEDULE 3</b>				
<b>Other Current Assets</b>				
Balances with Banks in Current accounts		1,727,412		864,078
Contracts for sale of investments		-		423,762
Reverse Repo arrangements		6,822,029		4,091,033
Outstanding and accrued income		37,507		25,912
Receivable on issue of Units		450		-
Application Money Pending Allotment		2,156,800		-
Investment - Liquid MF Units for Dividend		1,317,906		312,130
		<b>12,062,104</b>		<b>5,716,915</b>
<b>SCHEDULE 4</b>				
<b>Deferred Revenue Expenditure</b>				
Incurred during the period		-		2,828,411
Less:- Amortised during the period		-		2,828,411
At the end of the period		-		-

<b>SCHEDULE 5</b>				
<b>Unit Capital</b>				
Fixed Plan Dividend		8,425,710		11,206,364
Fixed Pricing - Dividend Option 842570.9920 units of Rs.10 each				
(For 2010-2011 1120636.4120 units of Rs.10 each				
Fixed Plan Growth		3,157,155		3,354,526
Fixed Pricing - Growth Option 315715.5370 units of Rs.10 each				
(For 2010-2011 335452.5980 units of Rs.10 each				
Variable Plan Dividend		27,127,445		31,473,317
Variable Pricing - Dividend Option 2712744.4850 units of Rs.10 each				
(For 2010-2011 3147331.7440 units of Rs.10 each				
Variable Plan Growth		19,076,523		21,015,725
Variable Pricing - Growth Option 1907652.2930 units of Rs.10 each				
(For 2010-2011 2101572.5180 units of Rs.10 each				
Total		<b>57,786,833</b>		<b>67,049,932</b>
(Refer Note 9.10 of Schedule 10)				
<b>SCHEDULE 6</b>				
<b>Reserves and Surplus</b>				
<b>Revenue Reserve</b>				
Balance as at beginning of the year	<b>145,078,090</b>		<b>105,320,610</b>	
Transferred from Revenue Account	(24,369,456)		39,757,480	
Balance as at end of the year		120,708,634		145,078,090
<b>Income Equalisation Reserve</b>				
Balance as at beginning of the year	-		-	
Additions During the year	(18,961,536)		52,546,767	
Transferred to Revenue Account	18,961,536		(52,546,767)	
Balance as at end of the year		-		-
<b>Unrealised Appreciation Reserve</b>				
Balance as at beginning of the year	6,394,787		8,316,346	
Additions During the year	894,710		(1,921,560)	
Balance as at end of the year		7,289,497		6,394,787



<b>Unit Premium Reserve</b>				
Balance as at beginning of the year	<b>(91,089,214)</b>		<b>(70,965,949)</b>	
Additions During the year	11,432,629		(20,123,265)	
Balance as at end of the year		(79,656,585)		(91,089,214)
		<b>48,341,546</b>		<b>60,383,663</b>
<b>SCHEDULE 7</b>		<b>(Rs)</b>		<b>(Rs)</b>
<b>Current Liabilities and Provisions</b>				
Sundry Creditors		363,384		309,701
Management Fees Payable		9,644		11,327
Contract for purchase of Investments		1,763,783		-
Payable on redemption of units		1,059,697		683,751
Load charges payable to AMC		-		898
Distribution Payable		661,803		-
		<b>3,858,311</b>		<b>1,005,677</b>
<b>SCHEDULES FORMING PART OF THE REVENUE ACCOUNT</b>		<b>For the year ended</b>		<b>For the year ended</b>
		<b>March 31, 2012</b>		<b>March 31, 2011</b>
<b>SCHEDULE 8</b>				
<b>Interest &amp; Discount Income</b>				
Fixed Deposit		-		67,129
Commercial Paper/Certificate of Deposit		133,220		4,037
Reverse Repo		659,880		280,215
CBLO		10312		-
		<b>803,412</b>		<b>351,381</b>
<b>SCHEDULE 9</b>				
<b>Provision / Write back for dimunition in value of Investments</b>				
At the beginning of the year		(7,200,929)		(2,118,860)
At the end of the year		(8,752,513)		(7,200,929)
		<b>(1,551,584)</b>		<b>(5,082,069)</b>

**PERSPECTIVE HISTORICAL PER UNIT STATISTICS**

<b>SAHARA WEALTH PLUS FUND</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
<b>Particulars</b>	<b>31-Mar-12</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
	<b>(Rs. Per Unit)</b>	<b>(Rs. Per Unit)</b>	<b>(Rs. Per Unit)</b>
<b>(a) Gross Income</b>			
(i) Income other than Profit on sale of Investments	<b>0.4249</b>	0.2673	0.26
(ii) Income from Profit (net of loss) on inter-scheme sales/ transfer of Investments	<b>0.0000</b>	0.0000	0.00
(iii) Income from Profit (net of Loss) on sale other than Inter scheme	<b>-0.7362</b>	2.8170	7.32
(iv) Transfer to revenue account from past year's reserve	<b>NA</b>	NA	NA
<b>(b) Aggregate of expenses, write off, amortisation and charges</b>	<b>0.3560</b>	0.7396	1.69
<b>(c) Net Income</b>	<b>-0.6673</b>	2.3447	5.90
<b>(d) Net unrealised appreciation/(dimunition) in value of Investments</b>	<b>-0.2532</b>	-0.1202	1.26
<b>(e) Net Asset Value</b>			
Fixed Pricing - Dividend Plan	<b>16.3019</b>	17.0653	18.2231
Fixed Pricing - Growth Plan	<b>19.6804</b>	20.6020	18.2231
Variable Pricing - Dividend Plan	<b>17.2426</b>	17.8988	18.8068
Variable Pricing - Growth Plan	<b>20.6572</b>	21.4435	18.8068
<b>(f) Repurchase Price during the year**</b>			
(i) Highest			
Fixed Pricing - Dividend Plan	<b>17.7735</b>	22.9864	18.7165
Fixed Pricing - Growth Plan	<b>21.4570</b>	23.9123	18.7504
Variable Pricing - Dividend Plan	<b>18.6914</b>	23.8292	19.2694
Variable Pricing - Growth Plan	<b>22.3930</b>	24.8090	19.3174
(ii) Lowest			
Fixed Pricing - Dividend Plan	<b>14.1048</b>	15.8920	10.9383
Fixed Pricing - Growth Plan	<b>17.0280</b>	17.6183	11.7490
Variable Pricing - Dividend Plan	<b>14.8836</b>	16.6563	11.2791
Variable Pricing - Growth Plan	<b>17.8311</b>	18.2056	11.8810
<b>(g) Resale Price during the year**</b>			
(i) Highest			
Fixed Pricing - Dividend Plan	<b>17.9530</b>	23.7410	17.7557
Fixed Pricing - Growth Plan	<b>21.6737</b>	24.6973	19.1723
Variable Pricing - Dividend Plan	<b>18.8802</b>	24.6115	19.2350
Variable Pricing - Growth Plan	<b>23.6192</b>	25.6234	19.7520
(ii) Lowest			
Fixed Pricing - Dividend Plan	<b>14.2473</b>	16.4137	12.0134

Fixed Pricing - Growth Plan	<b>17.2000</b>	18.1967	11.1844
Variable Pricing - Dividend Plan	<b>15.0339</b>	17.2031	11.2791
Variable Pricing - Growth Plan	<b>18.0112</b>	18.8033	12.3420
<b>(h) Ratio of expenses to average daily net assets by Percentage</b>	<b>1.81%</b>	1.80%	1.69%
<b>(i) Ratio of income to average daily net assets by Percentage</b>	<b>-3.40%</b>	13.26%	49.77%
(excluding transfer to revenue account from past year's reserve but including net change in unrealized appreciation / depreciation in value of Investments and adjusted for net loss on sale / redemption of investments)			

\*\*Based on the maximum load during the year

## SCHEDULE - 10

### ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2012.

#### 1. INTRODUCTION

##### 1.1 About the Scheme

Sahara Wealth Plus Fund (the "Scheme") is an open ended growth scheme of Sahara Mutual Fund (the "Fund"). The objective is to invest in equity and equity related instruments of companies that would be wealth builders in the long run. The Scheme has two options – Fixed Pricing Option and Variable Pricing Option and sub options namely (i) Growth and (ii) Dividend under both Fixed Pricing Option and Variable Pricing Option. The scheme will not declare dividend under the Growth Plan. The Income earned on such units will remain invested under the scheme and will be reflected in the Net Asset Value. The initial issue period of the scheme was from July 4, 2005 to August 9, 2005 and the scheme was reopen for continuous purchase and redemption at prevailing NAV from September 6, 2005.

##### 1.2 Asset Management Company

Sahara Mutual Fund (SMF) has been established as a Trust in accordance with the Indian Trusts Act, 1882, and is sponsored by Sahara India Financial Corporation Limited.

Sahara Asset Management Company Private Limited ("SAMCPL"), a company incorporated under the Companies Act, 1956, has been appointed as the Asset Management Company ("Investment Manager") to Sahara Mutual Fund.

The shareholding of Sahara Asset Management Company Private Limited as on March 31, 2012 is as follows:

Name of the Shareholder	Type of Holdings	Holding
Sahara India Financial Corporation Limited	Equity	45.60%
Sahara India Corp Investment Limited	Equity	11.36%
Sahara Prime City Limited (formerly Sahara India Investment Corporation Limited )	Equity	11.36%
Sahara Care Limited	Equity	31.68%
Name of the Shareholder	Type of Holdings	Holding
Sahara India Commercial Corporation Ltd	Preference	90.32 %
Sahara Care Ltd	Preference	9.68 %

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### 2.1. Basis of Accounting

The Scheme maintains its books of account on an accrual basis. These financial statements 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, (the "Regulation"), and amendments thereto, as applicable.

## 2.2. Accounting for Investments

2.2.1 Investments are accounted on trade dates at cost including brokerage, stamp duty and other charges.

2.2.2 Profit or loss on sale of investments is determined on the respective trade date by adopting the "Weighted Average Cost" method.

2.2.3 Bonus/Rights entitlements on equity holdings are recognized only when the original shares on which the entitlement accrues are traded on the principal stock exchange on ex-bonus/ex-rights basis respectively.

2.2.4 Primary Market Investments are recognized on the basis of allotment advice.

## 2.3. Valuation of Investments

### 2.3.1. Equity Investments:

#### a). Traded Investments

Traded equity securities and warrants are valued at the last quoted price on the National Stock Exchange of India Limited (NSE). However, if the securities and warrants are not listed on NSE, the securities are valued at the price quoted at the exchange where it is principally traded. When on a particular valuation day, a security has not been traded on NSE but has been traded on another stock exchange; the value at which it is traded on that stock exchange is used provided it is not more than thirty days prior to the valuation date.

The Valuation of Right Shares until they are traded, is done as per the method given below:

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

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 should 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 can be valued at the renunciation value.

#### b). Unlisted/Non traded / Thinly Traded Investments

Non-traded / thinly traded / privately placed equity securities including those not traded within thirty days are valued at fair value as per procedures determined by AMC and approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds, issued by the Securities and Exchange Board of India (SEBI) from time to time.

### 2.3.2. Money market and debt securities with residual maturity of upto 91 days:

Investments in Money Market and debt securities including floating rate securities with maturity of upto 91 days which are traded are valued at the weighted average price at which they are traded on the particular valuation day.

When such securities are not traded on a particular valuation day they are valued on amortization basis.

Investments in floating rate securities with floor and caps on coupon rate with maturity of upto 91 days are valued on amortization basis taking the coupon rate as floor.

#### **2.3.3. Money market and debt securities with residual maturity of over 91 days:**

Investments in Money Market and debt securities including floating rate securities with maturity of over 91 days, are valued at the weighted average price at which they are traded on the particular valuation day.

Investments in Money Market and debt securities including floating rate securities with maturity of over 91 days which are not traded are valued at benchmark yield/matrix of spread over risk free benchmark yield obtained from CRISIL & ICRA.

#### **2.3.4 Valuation of Other Investments**

Investments bought on “repo basis” are valued at the resale price after deduction of applicable interest up to the date of resale. Investments sold on “repo basis” are adjusted for the difference between the repurchase price (after deduction of applicable interest up to the date of repurchase) and the value of the instrument.

Investments in mutual fund schemes are valued based on the net asset value of the respective schemes as on the valuation date.

#### **2.3.5 Valuation of securities not covered under the above valuation policy:**

The total exposure in securities, which do not fall under above valuation norms, shall not exceed 5% of the total AUM of the scheme.

Investment in such securities will be valued by a method approved by the Independent Trustees and Statutory Auditors.

#### **2.3.6 Unrealised Appreciation / Depreciation.**

In accordance with the Guidance Note on Accounting for Investments in the Financial Statements of Mutual Funds issued by the Institute of Chartered Accountants of India, the unrealized appreciation determined separately for each individual investment is directly transferred to the “Unrealised Appreciation Reserve Account” i.e. without routing it through the revenue account.

The provision for depreciation in value of investments determined separately for each individual investment is recognized in the revenue account. The loss (realized) on investments sold / transferred during the year is charged to revenue account, instead of being first adjusted against the provision for depreciation, if already created in the prior year, as recommended by the said Guidance Note. However, this departure from the Guidance Note does not have any net impact on the Scheme’s net assets or results for the year.

### **2.6 Revenue Recognition**

- 2.6.1 Income and Expenses are recognized on accrual basis.
- 2.6.2 Interest on funds invested in short term deposits with scheduled commercial banks is recognized on accrual basis.
- 2.6.3 Dividend income earned by the scheme is recognized on the date the share is quoted on ex-dividend basis on principal stock exchange.
- 2.6.4 Proportionate realized gains on investments out of sales / repurchase proceeds at the time of sale / repurchase of units are transferred to revenue Account from Unit Premium Reserve.

### **3. Net Asset Value for Growth/Dividend options**

The net asset value of the units is determined separately for units issued under the Fixed Pricing Option & Variable Pricing Option each having sub options Growth and Dividend. For reporting the net asset value of various options, daily income earned, including realized and unrealized gain or loss in the value of investments and expenses incurred by the scheme are allocated to the options in proportion to the value of the net assets.

### **4. Deferred Revenue Expenditure**

Initial Issue expenses comprise those costs directly associated with the issue of units of the scheme and include brokerage / agents' commission, advertising and marketing costs, registrar expenses and printing and dispatch costs. In accordance with the offer document of the scheme, such costs have been charged to the extent of 6% of amount collected in initial offer and was amortized over a period of 5 years from the date of allotment.

### **5. Unit Premium Reserve Account**

Upon issue and redemption of units, the net premium or discount to the face value of units is adjusted against the unit premium reserve account of the respective Options / Scheme, after an appropriate of the issue proceeds and redemption payout is credited or debited respectively to the income equalization account.

The Unit Premium Reserve Account is available for distribution of dividend except to the extent it is represented by unrealized net appreciation in value of investments.

### **6. Income Equalisation Account**

An appropriate part of the sale proceeds or the redemption amount, as the case may be, is transferred to income equalization account. The total distributable surplus (without considering unrealized appreciation) upto the date of issue/ redemption of units has been taken into account for the purpose of ascertaining the amount to be transferred to Equalization Account on a daily basis. The net balance in this account is transferred to the Revenue Account at the end of the year.

### **7. Load Charges**

The load charges collected, if any are used to meet expenses as per the stipulated SEBI guidelines from time to time.

### **8. Unclaimed Redemption.**

In line with SEBI circular no. MFD/CIR/9/120 /2000 dated November 24, 2000, the unclaimed redemption and dividend amounts may be deployed by the mutual funds in call money market or money market instruments only and the investors who claim these amounts during

a period of three years from the due date shall be paid at the prevailing Net Asset Value. After a period of three years, this amount can be transferred to a pool account and the investors can claim the unclaimed redemption amount at NAV prevailing at the end of the third year. The income earned on such funds can be used for the purpose of investor education. The AMC should make continuous effort to remind the investors through letters to take their unclaimed amounts. Further, the investment management fee charged by the AMC for managing unclaimed amounts shall not exceed 50 basis points.

## 9. NOTES TO THE ACCOUNTS

### 9.1 Management Fees , Trusteeship Fees, Custodian Fees

#### Management Fees

The total Management Fee (inclusive of service tax) has been computed at 0.56 % on average net assets calculated on a daily basis.

Under the Variable Pricing Option, the AMC fee earned depends on the scheme's daily performance and the same has been computed on average net assets calculated on a daily basis.

The IMA fees are charged accordingly, on the basis of whether at least one of the two conditions is met.

(a) If $NPR < \text{Benchmark}$ and $NPR < 0$	IMA fees = zero
(b) if either $NPR > \text{Benchmark}$ or $NPR > 0$	Actual IMA fees = $\frac{1}{2}$ of maximum permissible IMA fees
( c) if both $NPR > \text{Benchmark}$ and $NPR > 0$	Actual IMA fees = maximum permissible IMA fees

- Net Portfolio Return (NPR) = Gross Portfolio Return(GPR) - Scheme expense
- IMA = Investment Management and Advisory fees
- $GPR = \frac{\text{Total Income during the day (Incl Net Appreciation / Depreciation)}}{\text{Opening Net Assets}} \times 100$
- $\text{Benchmark Return} = \frac{(\text{Benchmark Value of today} - \text{Benchmark Value of yesterday})}{\text{Benchmark Value of yesterday}} \times (100 \times (365/1.25))$

#### Trusteeship Fees & Expenses

In accordance with Deed of Trust dated 18<sup>th</sup> July 1996 between the Settler and the Trustees, the fund has paid or provided an annual fee of Rs.1,00,000/- per Trustee. Trusteeship fees & Expenses are allocated to the schemes on the basis of their daily average net assets.

#### Custodian Charges

HDFC Bank Ltd provides Custodial services for which fees are paid as per the agreement.

**9.2** Provision for tax has not been made since the income of the scheme is exempt from tax under Section 10(23D) of the Income Tax Act, 1961.

**9.3** Transactions with Brokers in excess of 5% or more of the aggregate purchases and sale of securities made by the Fund have been reported to the Trustees on a bimonthly basis.



**9.4** Certain investments are registered in the name of the Fund without specific reference to the Scheme. As at March 31, 2012 the aggregate market value of securities under Sahara Wealth Plus Fund but held in the name of Sahara Mutual Fund is Rs.68,26,159.90

**9.5** The marketing and selling expenses amounting to Rs.266905.45, Registrar and Transfer Agent charges amounting to Rs. 251269.20 and cost related to investor communication amounting to Rs.218085.78 constitutes 12.98% , 12.22 % and 10.60 % respectively of the total schemes expenses.

#### **9.6 Transactions with Associates**

Brokerage / Commission on sale of units by the Scheme or by the Asset Management Company given to associates, pursuant to Regulation 25(8):

**Commission to SIFCL A/c CMSD (Associate) made for sale of units of the MF for the current year ended 31<sup>st</sup> March 2012**

(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>	<b>Infrastructure Fund</b>
0.52	0.31	0.07	0.29	0.08	0.15

(Rs. in lakhs)

<b>R. E. A. L Fund</b>	<b>Star Value Fund</b>	<b>Super 20 Fund</b>	<b>Power and Natural Resources Fund</b>	<b>Banking &amp; Financial Services Fund</b>	<b>Interval Fund – Quarterly Plan Sr 1</b>
0.00	0.08	0.18	0.15	0.73	0.00

Commission to SIFCL A/c CMSD (Associate) made for sale of units of the MF for the previous year ended 31<sup>st</sup> March 2011

(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>	<b>Infrastructure Fund</b>
1.00	0.51	0.09	0.42	0.57	0..37

(Rs. in lakhs)

<b>R. E. A. L Fund</b>	<b>Star Value Fund</b>	<b>Super 20 Fund</b>	<b>Power and Natural Resources Fund</b>	<b>Banking &amp; Financial Services Fund</b>	<b>Interval Fund – Quarterly Plan Sr 1</b>
1.21	0.15	0.30	1.09	1.64	0.01

**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)

<b>SIFCL A/c CMSD</b>	<b>Sponsor / Mutual Fund Distributor</b>	<b>April 11-March 12</b>	<b>(0.97 &amp; 0.07%)</b>	<b>(Rs.2,57,503.28 ; 9.83 % )</b>
SIFCL A/c CMSD	Sponsor / Mutual Fund Distributor	April 10-March 11	(5.15; 0.22%)	(Rs.737214/-;11.94%)

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 2012 & April – Mar 2011.

#### **9.7 Aggregate value of purchases and sales of Investments during the year as a percentage of daily average net asset value;**

##### **Purchases**

<b>Year</b>	<b>Amount ( Rs)</b>	<b>% of Daily Average</b>
<b>2011-12</b>	<b>159,285,660</b>	<b>140.46</b>
2010-11	226,185,731	190.85

##### **Sales**

<b>Year</b>	<b>Amount ( Rs)</b>	<b>% of Daily Average</b>
<b>2011-12</b>	<b>179,319,626</b>	<b>158.13</b>
2010-11	201,879,639	170.34

#### **9.8 Aggregate Appreciation and Depreciation in the value of Investments :**

<b>Asset Class</b>	<b>31-Mar-12</b>		<b>31-Mar-11</b>	
	<b>Appreciation (Rs. In lakhs)</b>	<b>Depreciation (Rs. In lakhs)</b>	<b>Appreciation (Rs. In lakhs)</b>	<b>Depreciation (Rs. In lakhs)</b>
Equity Shares	<b>72.89</b>	<b>87.53</b>	63.95	72.01

#### **9.9 Income and Expense Ratio**

	<b>2011-12</b>	<b>2010-11</b>
Total Income (including net unrealized appreciation and net of loss on sale of investments) to average net assets calculated on a daily basis.	<b>-2.88%</b>	16.77%
Total Expenditure (excluding Deferred Revenue Expenditure) to average net assets calculated on a daily basis	<b>1.81%</b>	1.80%

## 9.10 Movements in Unit Capital:

### 9.10.1 Fixed Pricing Option - Growth Option

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2012	As on March 31, 2012	As on March 31, 2011	As on March 31, 2011
Initial Capital	1581244.089	15,812,441	1,581,244.089	15,812,441
Opening Balance	335452.598	3,354,526	349539.227	3,495,392
Units Sold during the year	18805.623	188,056	67825.132	678,251
Units Repurchased during the year	(38542.684)	(385,427)	(81,911.761)	(819,118)
Closing Balance	315715.537	3,157,155	335452.598	3,354,526

### 9.10.2 Fixed Pricing Option - Dividend Option

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2012	As on March 31, 2012	As on March 31, 2011	As on March 31, 2011
Initial Capital	2611581.056	26,115,811	2,611,581.056	26,115,810
Opening Balance	1120636.412	11,206,364	509670.694	5,096,707
Units Sold during the year	19981.469	199,815	1411027.741	14,110,277
Units Repurchased during the year	(298046.889)	(2,980,469)	(800,062.023)	(8,000,620)
Closing Balance	842570.992	8,425,710	1120636.412	11,206,364

### 9.10.3 Variable Pricing Option – Growth Option

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2012	As on March 31, 2012	As on March 31, 2011	As on March 31, 2011
Initial Capital	21486302.533	214,863,025	21,486,302.533	214,863,025
Opening Balance	2101572.518	21,015,725	2166706.992	21,667,070
Units Sold during the year	59035.139	590,351	250656.514	2,506,565
Units Repurchased during the year	(252955.364)	(2,529,554)	(315,790.988)	(3,157,910)
Closing Balance	1907652.293	19,076,523	2101572.518	21,015,725

#### 9.10.4 Variable Pricing Option – Dividend Option

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2012	As on March 31, 2012	As on March 31, 2011	As on March 31, 2011
Initial Capital	4007989.345	40,079,893	4007989.345	40,079,893.45
Opening Balance	3147331.744	31,473,317	1876240.278	18,762,403
Units Sold during the year	34227.281	342,273	2577058.801	25,770,588
Units Repurchased during the year	(468814.540)	(4,688,145)	(1,305,967.340)	(13,059,673)
Closing Balance	2712744.485	27,127,445	3147331.744	31,473,317

**9.11** The Scheme has declared nil Dividend for the year ended March 31, 2012 (PY: Rs.4/-) .  
No Bonus (PY: Nil) was declared during the year ended March 31, 2012.

#### 9.12 Unclaimed Amounts ( beyond six months) :

Unclaimed Dividend and Redemption amounts as of March 31, 2012 are given below:

Scheme Name	No of Investors	Unclaimed Dividend (Rs)	No of Investors	Unclaimed Redemption (Rs)
Sahara Wealth Plus Fund	423	661804.69	69	658184.02

**9.13** Investments made by the Schemes of Sahara Mutual Fund in Companies or their subsidiaries that have invested more than 5% of the net asset value of any scheme, pursuant to Regulation 25(11).

(Rs.in lakhs)

Company which has invested in excess of 5% of the net asset of the respective scheme during the period	Scheme/s in which the Company has invested more than 5% of the Net Assets	Name of the Funds/Schemes which have invested	Type of security	Aggregate cost of acquisition during the period	Outstanding as on 31.03.2012
Reliance Capital Ltd	Sahara Liquid Fund	Sahara Income Fund	Commercial Paper	74.89	0.00
		Sahara Liquid Fund	Commercial Paper	6076.38	0.00
		Sahara Short Term Bond Fund	Commercial Paper	823.80	0.00

The above investments were made to optimize returns and retain high liquidity.

#### 9.14 Portfolio Statement as on March 31, 2012

Name of the Instrument	Quantity	Market Value (Rs.Lakhs)	% to NAV	% to Category Total
1) Equity & Equity Related				

<b>(a) Listed/awaiting Listing on Stock Exchange</b>				
<b>EQUITY SHARES</b>				
<b>Consumer Non Durables</b>			<b>24.34</b>	<b>26.38</b>
Nestle India Ltd	750	34.73		
Agro Tech Foods Ltd	7500	33.36		
Hindustan Unilever Ltd.	7500	30.75		
Bata India Ltd.	4000	30.74		
Jyothy Laboratories Ltd.	17000	27.29		
Zydus Wellness Ltd	7000	26.66		
Colgate-Palmolive (India) Ltd.	2000	22.37		
TTK Prestige Ltd.	700	20.61		
Tata Global Beverages Ltd. (Ex- Tata Tea Ltd)	17000	19.10		
Godrej Consumer Products Limited	2648	12.71		
<b>Pharmaceuticals</b>			<b>8.30</b>	<b>9.00</b>
Natco Pharma Ltd.	7250	25.66		
Divis Laboratories Ltd.	3000	22.98		
Lupin Ltd.	4000	21.18		
J B Chemicals & Pharmaceuticals Ltd.	30000	18.30		
<b>Power</b>			<b>7.89</b>	<b>8.55</b>
Power Grid Corporation Of India Ltd.	30000	32.45		
National Thermal Power Corp Ltd.	16000	26.04		
Tata Power Company Ltd.	25000	25.24		
<b>Industrial Capital Goods</b>			<b>6.61</b>	<b>7.16</b>
Crompton Greaves Ltd	20000	27.62		
Voltamp Transformers Ltd.	4500	23.27		
Praj Industries Ltd	24000	19.25		
<b>Auto</b>			<b>5.55</b>	<b>6.02</b>
Mahindra & Mahindra Ltd.	4600	32.21		
Hero Motocorp Ltd (Ex-Hero Honda Motors Ltd)	1300	26.72		
<b>Finance</b>			<b>4.70</b>	<b>5.10</b>
LIC Housing Finance Ltd	10000	26.34		
HDFC Ltd	3500	23.57		
<b>Industrial Products</b>			<b>4.48</b>	<b>4.86</b>
Supreme Industries Ltd.	12500	26.03		
Sintex Industries Limited.	25000	21.56		
<b>Gas</b>			<b>3.59</b>	<b>3.89</b>
Petronet LNG Limited.	14500	24.37		
Gujarat State Petronet Ltd.	18000	13.77		
<b>Construction Project</b>			<b>2.54</b>	<b>2.75</b>
Voltas Ltd.	24000	26.94		
<b>Chemicals</b>			<b>2.50</b>	<b>2.71</b>
Pidilite Industries Ltd.	15000	26.54		
<b>Telecom- Services</b>			<b>2.50</b>	<b>2.71</b>
Bharti Airtel Ltd.	7850	26.53		
<b>Paper</b>			<b>2.44</b>	<b>2.65</b>
Tamil Nadu Newsprint & Papers Ltd.	27000	25.92		
<b>Engineering Services</b>			<b>2.40</b>	<b>2.60</b>
Engineers India Ltd.	10000	25.43		

<b>Oil</b>			<b>2.28</b>	<b>2.47</b>
Oil & Natural Gas Corp Ltd	9000	24.15		
<b>Leisure Facilities</b>			<b>2.18</b>	<b>2.36</b>
Talwalkars Better Value Fitness Ltd.	15130	23.14		
<b>Mineral/Mining</b>			<b>2.11</b>	<b>2.28</b>
Coal India Ltd.	6500	22.35		
<b>Banks</b>			<b>2.07</b>	<b>2.24</b>
Indian Bank	9000	21.96		
<b>Construction</b>			<b>2.02</b>	<b>2.19</b>
Godrej Properties Ltd	3500	21.46		
<b>Petroleum Products</b>			<b>1.93</b>	<b>2.09</b>
Mangalore Refinery and Petrochemicals Limited	30000	20.46		
<b>Pesticides</b>			<b>1.84</b>	<b>1.99</b>
United Phosphorus Ltd.	15000	19.52		
<b>(b) Unlisted</b>	Nil	Nil	Nil	Nil
<b>Equity Total (a+b) (Book Cost Rs. 993.88lakhs)</b>	<b>491,228</b>	<b>979.25</b>	<b>92.27</b>	<b>100.00</b>
<b>2) Debt Instruments</b>				
(a) Listed/awaiting Listing on Stock Exchange	Nil	Nil	Nil	Nil
(b) Privately Placed/Unlisted	Nil	Nil	Nil	Nil
(c) Securitised Debt	Nil	Nil	Nil	Nil
<b>3) Money Market Instruments</b>	Nil	Nil	Nil	Nil
<b>4) Short Term Deposits</b>	Nil	Nil	Nil	Nil
<b>5) Other- Net Current Assets</b>	Nil	<b>82.03</b>	<b>7.73</b>	<b>100.00</b>
<b>Grand Total</b>	<b>491,228</b>	<b>1,061.28</b>	<b>100.00</b>	<b>100.00</b>

**9.15** Investments made by the Scheme in shares of Group Companies of the Sponsor – Nil

**9.16** Holdings over 25% of the NAV of the scheme.

<b>Particulars</b>	<b>As on March 31, 2012</b>	<b>As on March 31, 2011</b>
Number of investors	<b>Nil</b>	Nil
Percentage of Holdings	<b>N/A</b>	N/A

**9.17** Contingent Liability: Nil

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

As per our attached report of even date

**For Chaturvedi & Co** **For Sahara Asset Management Company**  
Chartered Accountants **Pvt Ltd**  
Firm Regn. No.: 302137E

**For Sahara Mutual Fund**

**S.N.Chaturvedi**  
**Partner**  
M.No.: 040479

**C.Kamdar**  
**Director**

**O.P.Srivastava**  
**Director**

**Justice S Mohan**  
**Trustee**

**Amitabha Ghosh**  
**Trustee**

**Naresh Kumar Garg** **A.N.Sridhar**  
**Chief Executive Officer** **Fund Manager**

**Place:** Mumbai  
**Date:** 26<sup>th</sup> May 2012

## SAHARA INFRASTRUCTURE FUND

### AUDITORS' REPORT TO THE TRUSTEES OF SAHARA MUTUAL FUND

1. We have audited the Balance Sheet of Sahara Mutual Fund – Sahara Infrastructure Fund (the "Scheme") as at March 31, 2012, and the related Revenue Account for the year ended on that date, annexed thereto. These financial statements are a responsibility of the Trustees of Sahara Mutual Fund and the management of Sahara Asset Management Company Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. 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. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us:  
The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable and give a true and fair view in conformity with the Accounting principles generally accepted in India,  
i). in case of Balance Sheet of the state of affairs of the scheme as at March 31, 2012 and  
ii). in case of the Revenue account, of the deficit for the year ended on that date.
5. 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.

For **CHATURVEDI & CO.**  
*Chartered Accountants*  
(Firm Regn. No.: 302137E)

**Place:** Mumbai  
**Date:** 26/05/2012

(SN Chaturvedi)  
Partner  
M.No.: 040479

# SAHARA INFRASTRUCTURE FUND

## BALANCE SHEET AS AT MARCH 31, 2012

	Schedule	As at March 31, 2012	As at March 31, 2011
ASSETS		(Rs)	(Rs)
Investments	1	66,013,924	80,862,222
Other Current Assets	2	8,099,885	9,016,786
Deferred Revenue Expenditure	3	-	40,912
<b>Total Assets</b>		<b>74,113,809</b>	<b>89,919,920</b>
LIABILITIES			
Unit Capital	4	59,700,716	68,369,383
Reserves & Surplus	5	13,168,608	20,815,897
Current Liabilities & Provisions	6	1,244,485	734,640
<b>Total Liabilities</b>		<b>74,113,809</b>	<b>89,919,920</b>
NET ASSET VALUE			
Net Asset Value per unit (Rs.)			
i) Fixed Pricing - Dividend		10.0959	10.8764
ii) Fixed Pricing - Growth		13.8075	14.8752
iii) Variable Pricing - Dividend		10.6128	11.3385
iv) Variable Pricing - Growth		14.4435	15.4312
Significant Accounting Policies and Notes to the accounts	9		
Schedules 1 to 6 and 9 form an integral part of the Balance Sheet			

As per our attached report of even date

**For Chaturvedi & Co**

Chartered Accountants

Firm Regn. No.:- 302137E

**For Sahara Asset Management Company  
Pvt Ltd**

**For Sahara Mutual Fund**

**S.N.Chaturvedi**  
**Partner**

M.No.: 040479

C.Kamdar  
**Director**

Naresh Kumar Garg  
**Chief Executive Officer**

O.P.Srivastava  
**Director**

A.N.Sridhar  
**Fund Manager**

Justice S Mohan  
**Trustee**

Amitabha Ghosh  
**Trustee**

**Place:** Mumbai

**Date:** 26<sup>th</sup> May 2012



**SAHARA INFRASTRUCTURE FUND**  
**REVENUE ACCOUNT FOR THE YEAR ENDED March 31, 2012**

	Schedule	For the year ended March 31, 2012 (Rs)	For the year ended March 31, 2011(Rs)
<b>INCOME</b>			
Dividend Income		1,331,568	1,361,985
Interest Income	7	633,070	317,788
Profit on Sale / Redemption of Investments (Net)		-	10,679,831
(Other than Inter Scheme Transfer / Sale)			
<b>Total Income</b>		<b>1,964,638</b>	<b>12,359,604</b>
<b>EXPENSES &amp; LOSSES</b>			
Loss on Sale / Redemption of Investments (Net)		3,803,470	-
(Other than Inter Scheme Transfer / Sale)			
Management Fees		569,628	799,809
Deferred Revenue Expenditure written off		40,912	3,733,490
Registrar & Transfer Agent Charges		184,135	324,096
Custodian Fees		114,673	114,155
Fees & Expenses of Trustees		95,655	94,636
Statutory Audit Fees		56,142	49,501
Internal Audit Fees		82,257	112,354
Insurance		15,861	27,604
Costs related to Investor Communication		150,932	101,935
Transaction cost		135,481	150,730
Marketing & Selling Exps.		128,873	419,937
<b>Total Expenses</b>		<b>5,378,019</b>	<b>5,928,247</b>
Net Surplus for the Year (excluding unrealised appreciation)		(3,413,381)	6,431,357
Provision / Write back for diminution in value of investments	8	(2,361,355)	(5,837,393)
Transfer from Income Equalization Reserve		(1,940,633)	(7,920,534)
Dividend Including Distribution Tax		-	-
Net Surplus transferred to Revenue Reserve		<b>(7,715,369)</b>	<b>(7,326,569)</b>
Significant Accounting Policies and Notes to the accounts	9		
Schedules 7 to 9 form an integral part of the Revenue Account			

As per our attached report of even date

**For Chaturvedi & Co**  
Chartered Accountants  
Firm Regn. No.:- 302137E

**For Sahara Asset Management Company Pvt Ltd**

**For Sahara Mutual Fund**

**S.N.Chaturvedi**  
**Partner**  
M.No.: 040479

C.Kamdar  
**Director**

O.P.Srivastava  
**Director**

Justice S Mohan  
**Trustee**

Amitabha Ghosh  
**Trustee**

Naresh Kumar Garg  
**Chief Executive Officer**

A.N.Sridhar  
**Fund Manager**

**Place:** Mumbai  
**Date:** 26<sup>th</sup> May 2012

<b>SCHEDULES FORMING PART OF THE BALANCE SHEET</b>		<b>As at March 31, 2012 (Rs)</b>		<b>As at March 31, 2011 (Rs)</b>
<b>SCHEDULE 1</b>				
<b>Investments</b>				
(Refer Note 9.14 of Schedule 9 for detailed Portfolio Statement)				
Equity Shares		66,013,924		80,862,222
Certificate of Deposits		-		-
		<b>66,013,924</b>		<b>80,862,222</b>
<b>SCHEDULE 2</b>				
<b>Other Current Assets</b>				
Balances with Banks in Current accounts		1,179,390		866,828
Contracts for sale of investments		783,497		849,427
Reverse Repo arrangements		5,820,165		7,171,787
Outstanding and accrued income		72,524		1,533
Investment - Liquid MF Units		244,309		127,211
		<b>8,099,885</b>		<b>9,016,786</b>
<b>SCHEDULE 3</b>				
<b>Deferred Revenue Expenditure</b>				
Incurred during the period		40,912		3,774,402
Less:- Amortized during the period		40,912		3,733,490
At the end of the period		-		<b>40,912</b>
<b>SCHEDULE 4</b>				
<b>Unit Capital</b>				
Fixed Plan Dividend		13,345,289		15,525,958
Fixed Pricing - Dividend Option 1334528.8650 units of Rs.10 each				
(For 2010-2011 1552595.7930 units of Rs.10 each)				
Fixed Plan Growth		10,622,013		12,062,587
Fixed Pricing - Growth Option 1062201.3300 units of Rs.10 each				
(For 2010-2011 1206258.7340 units of Rs.10 each)				
Variable Plan Dividend		17,961,159		20,950,623

Variable Pricing - Dividend Option 1796115.8560 units of Rs.10 each				
(For 2010-2011 2095062.2560 units of Rs.10 each)				
Variable Plan Growth		17,772,255		19,830,215
Variable Pricing - Growth Option 1777225.5330 units of Rs.10 each				
(For 2010-2011 1983021.4720 units of Rs.10 each)				
Total		<b>59,700,716</b>		<b>68,369,383</b>
(Refer Note 9.10 of Schedule 9)				
<b>SCHEDULE 5</b>				
<b>Reserves and Surplus</b>				
<b>Revenue Reserve</b>				
Balance as at beginning of the year	<b>15,083,993</b>		<b>22,410,562</b>	
Transferred from Revenue Account	(7,715,369)		<b>(7,326,569)</b>	
Balance as at end of the year		7,368,624		15,083,993
<b>Income Equalisation Reserve</b>				
Balance as at beginning of the year	-		-	
Additions During the year	(1,940,633)		(7,920,534)	
Transferred to Revenue Account	1,940,633		7,920,534	
Balance as at end of the year		-		-
<b>Unrealised Appreciation Reserve</b>				
Balance as at beginning of the year	<b>3,540,988</b>		<b>11,252,911</b>	
Additions During the year	155,574		(7,711,923)	
Balance as at end of the year		3,696,562		3,540,988
<b>Unit Premium Reserve</b>				
Balance as at beginning of the year	<b>2,190,917</b>		<b>5,649,577</b>	
Additions During the year	(87,495)		(3,458,661)	
Balance as at end of the year		2,103,422		2,190,916
		<b>13,168,608</b>		<b>20,815,897</b>
<b>SCHEDULE 6</b>				
<b>Current Liabilities and Provisions</b>				
Sundry Creditors		258,065		296,221
Management Fees Payable		9,527		10,102
Contract for purchase of Investments		440,739		-
Payable on redemption of units		290,625		339,852
Distribution Payable		245,324		86,684
Load charges payable to AMC		205		1,781
		<b>1,244,485</b>		<b>734,640</b>

<b>SCHEDULES FORMING PART OF REVENUE ACCOUNT</b>		<b>For the year ended March 31, 2012 (Rs)</b>		<b>For the year ended March 31, 2011 (Rs)</b>
<b>SCHEDULE 7</b>				
<b>Interest &amp; Discount Income</b>				
CBLO		6,853		-
Reverse Repo		387,235		317,788
Others		238,982		-
		<b>633,070</b>		<b>317,788</b>
<b>SCHEDULE 8</b>				
<b>Provision / Write back for dimunition in value of investments</b>				
At the beginning of the year		(8,460,027)		(2,622,634)
At the end of the year		(10,821,382)		(8,460,027)
		<b>(2,361,355)</b>		<b>(5,837,393)</b>

**PERSPECTIVE HISTORICAL PER UNIT STATISTICS**

<b>SAHARA INFRASTRUCTURE FUND</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
<b>Particulars</b>	<b>31-Mar-12</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
	<b>(Rs. Per Unit)</b>	<b>(Rs. Per Unit)</b>	<b>(Rs. Per Unit)</b>
<b>(a) Gross Income</b>			
(i) Income other than Profit on sale of Investments	<b>0.3291</b>	0.2457	0.18
(ii) Income from Profit (net of loss) on inter-scheme sales/ transfer of Investments	<b>0.00</b>	0.00	0.00
(iii) Income from Profit (net of Loss) on sale other than Inter scheme	<b>-0.6371</b>	1.5621	5.48
(iv) Transfer to revenue account from past year's reserve	<b>NA</b>	NA	NA
<b>(b) Aggregate of expenses, write off, amortisation and charges</b>	<b>0.2637</b>	0.8671	0.69
<b>(c) Net Income</b>	<b>-0.5717</b>	0.9407	4.97
<b>(d) Net unrealised appreciation/(dimunition) in value of Investments</b>	<b>-1.1934</b>	-0.7195	0.95
<b>(e) Net Asset Value</b>			
Fixed Pricing - Dividend Plan	<b>10.0959</b>	10.8764	12.0056
Fixed Pricing - Growth Plan	<b>13.8075</b>	14.8752	16.4200
Variable Pricing - Dividend Plan	<b>10.6128</b>	11.3385	12.4089
Variable Pricing - Growth Plan	<b>14.4435</b>	15.4312	16.8889
<b>(f) Repurchase Price during the year**</b>			
(i) Highest			
Fixed Pricing - Dividend Plan	<b>11.2980</b>	13.3242	12.7844
Fixed Pricing - Growth Plan	<b>15.4518</b>	18.2231	17.4852
Variable Pricing - Dividend Plan	<b>11.7794</b>	13.8326	13.1898
Variable Pricing - Growth Plan	<b>16.0313</b>	18.8256	17.9517
(ii) Lowest			
Fixed Pricing - Dividend Plan	<b>8.1285</b>	10.1447	7.3621
Fixed Pricing - Growth Plan	<b>11.1167</b>	13.8746	9.3781
Variable Pricing - Dividend Plan	<b>8.5246</b>	10.5684	7.0346
Variable Pricing - Growth Plan	<b>11.6013</b>	14.3831	9.4999
<b>(g) Resale Price during the year**</b>			
(i) Highest			
Fixed Pricing - Dividend Plan	<b>11.4121</b>	13.7616	13.0720
Fixed Pricing - Growth Plan	<b>15.6079</b>	18.8214	17.8786
Variable Pricing - Dividend Plan	<b>11.8984</b>	14.2867	13.4866
Variable Pricing - Growth Plan	<b>16.1932</b>	19.4437	18.3556

(ii) Lowest			
Fixed Pricing - Dividend Plan	<b>8.2106</b>	10.4778	6.9617
Fixed Pricing - Growth Plan	<b>11.2290</b>	14.3300	9.5891
Variable Pricing - Dividend Plan	<b>8.6107</b>	10.9154	7.1404
Variable Pricing - Growth Plan	<b>11.7185</b>	14.8553	9.7196
<b>(h) Ratio of expenses to average daily net assets by Percentage</b>	<b>1.99%</b>	1.93%	1.92%
<b>(i) Ratio of income to average daily net assets by Percentage</b>	<b>-4.43%</b>	5.67%	46.15%
(excluding transfer to revenue account from past year's reserve but including net change in unrealized appreciation / depreciation in value of Investments and adjusted for net loss on sale / redemption of investments)			

\*\* based on the maximum load during the year

## SCHEDULE - 9

### ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2012.

#### 1. INTRODUCTION

##### 1.1 About the Scheme

Sahara Infrastructure Fund (the "Scheme") is an open ended growth scheme of Sahara Mutual Fund (the "Fund"). The objective is to provide income distribution and / or medium to long term capital gains by investing predominantly in equity / equity related instruments of companies in the infrastructure sector. The Scheme has two options – Fixed Pricing Option and Variable Pricing Option and sub options namely (1) Growth and (ii) Dividend under both Fixed Pricing Option and Variable Pricing Option. The scheme will not declare dividend under the Growth Plan. The Income earned on such units will remain invested under the scheme and will be reflected in the Net Asset Value. The initial issue period of the scheme was from February 15, 2006 to March 14, 2006 and the scheme was reopen for continuous purchase and redemption at prevailing NAV from April 6, 2006.

##### 1.2 Asset Management Company

Sahara Mutual Fund (SMF) has been established as a Trust in accordance with the Indian Trusts Act, 1882, and is sponsored by Sahara India Financial Corporation Limited.

Sahara Asset Management Company Private Limited ("SAMCPL"), a company incorporated under the Companies Act, 1956, has been appointed as the Asset Management Company ("Investment Manager") to Sahara Mutual Fund.

The Shareholding of Sahara Asset Management Company Private Limited as on March 31, 2012 is as follows:

Name of the Shareholder	Type of Holdings	Holding
Sahara India Financial Corporation Limited	Equity	45.60%
Sahara India Corp Investment Limited	Equity	11.36%
Sahara Prime City Limited (formerly Sahara India Investment Corporation Limited )	Equity	11.36%
Sahara Care Limited	Equity	31.68%
Name of the Shareholder	Type of Holdings	Holding
Sahara India Commercial Corporation Ltd	Preference	90.32 %
Sahara Care Ltd	Preference	9.68 %

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### 2.1. Basis of Accounting

The Scheme maintains its books of account on an accrual basis. These financial statements 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, (the "Regulation"), and amendments thereto, as applicable.

## 2.2. Accounting for Investments

2.2.1 Investments are accounted on trade dates at cost including brokerage, stamp duty and other charges.

2.2.2 Profit or loss on sale of investments is determined on the respective trade date by adopting the "Weighted Average Cost" method.

2.2.3 Bonus/Rights entitlements on equity holdings are recognized only when the original shares on which the entitlement accrues are traded on the principal stock exchange on ex-bonus/ex-rights basis respectively.

2.2.4 Primary Market Investments are recognized on the basis of allotment advice.

## 2.3. Valuation of Investments

### 2.3.1. Equity Investments:

#### a). Traded Investments

Traded equity securities and warrants are valued at the last quoted price on the National Stock Exchange of India Limited (NSE). However, if the securities and warrants are not listed on NSE, the securities are valued at the price quoted at the exchange where it is principally traded. When on a particular valuation day, a security has not been traded on NSE but has been traded on another stock exchange; the value at which it is traded on that stock exchange is used provided it is not more than thirty days prior to the valuation date.

The Valuation of Right Shares until they are traded, is done as per the method given below:

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

m

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 should 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 can be valued at the renunciation value.

#### b). Unlisted/Non traded / Thinly Traded Investments

Non-traded / thinly traded / privately placed equity securities including those not traded within thirty days are valued at fair value as per procedures determined by AMC and approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds, issued by the Securities and Exchange Board of India (SEBI) from time to time.

### 2.3.2. Money market and debt securities with residual maturity of upto 91 days:

Investments in Money Market and debt securities including floating rate securities with maturity of upto 91 days which are traded are valued at the weighted average price at which they are traded on the particular valuation day.



When such securities are not traded on a particular valuation day they are valued on amortization basis.

Investments in floating rate securities with floor and caps on coupon rate with maturity of upto 91 days are valued on amortization basis taking the coupon rate as floor.

#### **2.3.3. Money market and debt securities with residual maturity of over 91 days:**

Investments in Money Market and debt securities including floating rate securities with maturity of over 91 days, are valued at the weighted average price at which they are traded on the particular valuation day.

Investments in Money Market and debt securities including floating rate securities with maturity of over 91 days which are not traded are valued at benchmark yield/matrix of spread over risk free benchmark yield obtained from CRISIL & ICRA.

#### **2.3.4 Valuation of Other Investments**

Investments bought on “repo basis” are valued at the resale price after deduction of applicable interest up to the date of resale. Investments sold on “repo basis” are adjusted for the difference between the repurchase price (after deduction of applicable interest up to the date of repurchase) and the value of the instrument.

Investments in mutual fund schemes are valued based on the net asset value of the respective schemes as on the valuation date.

#### **2.3.5 Valuation of securities not covered under the above valuation policy:**

The total exposure in securities, which do not fall under above valuation norms, shall not exceed 5% of the total AUM of the scheme.

Investment in such securities will be valued by a method approved by the Independent Trustees and Statutory Auditors.

#### **2.3.6 Unrealised Appreciation/Depreciation.**

In accordance with the Guidance Note on Accounting for Investments in the Financial Statements of Mutual Funds issued by the Institute of Chartered Accountants of India, the unrealized appreciation determined separately for each individual investment is directly transferred to the “Unrealised Appreciation Reserve Account” i.e. without routing it through the revenue account.

The provision for depreciation in value of investments determined separately for each individual investment is recognized in the revenue account. The loss (realized) on investments sold / transferred during the year is charged to revenue account, instead of being first adjusted against the provision for depreciation, if already created in the prior year, as recommended by the said Guidance Note. However, this departure from the Guidance Note does not have any net impact on the Scheme’s net assets or results for the year.

### **2.7 Revenue Recognition**

2.7.1 Income and Expenses are recognized on accrual basis.

- 2.7.2 Interest on funds invested in short term deposits with scheduled commercial banks is recognized on accrual basis.
- 2.7.3 Dividend income earned by the scheme is recognized on the date the share is quoted on ex-dividend basis on principal stock exchange.
- 2.7.4 Proportionate realized gains on investments out of sales / repurchase proceeds at the time of sale / repurchase of units are transferred to revenue Account from Unit Premium Reserve.

### **3. Net Asset Value for Growth/Dividend options**

The net asset value of the units is determined separately for units issued under the Fixed Pricing Option & Variable Pricing Option each having sub options Growth and Dividend. For reporting the net asset value of various options, daily income earned, including realized and unrealized gain or loss in the value of investments and expenses incurred by the scheme are allocated to the options in proportion to the value of the net assets.

### **4. Deferred Revenue Expenditure**

Initial Issue expenses comprise those costs directly associated with the issue of units of the scheme and include brokerage / agents commission, advertising and marketing costs, registrar expenses and printing and dispatch costs. In accordance with the offer document of the scheme, such costs have been charged to the extent of 6% of amount collected in initial offer and are being amortized over a period of 5 years from the date of allotment.

### **5. Unit Premium Reserve Account**

Upon issue and redemption of units, the net premium or discount to the face value of units is adjusted against the unit premium reserve account of the respective Options / Scheme, after an appropriate of the issue proceeds and redemption payout is credited or debited respectively to the income equalisation account.

The Unit Premium Reserve Account is available for distribution of dividend except to the extent it is represented by unrealized net appreciation in value of investments.

### **6. Income Equalisation Account**

An appropriate part of the sale proceeds or the redemption amount, as the case may be, is transferred to income equalization account. The total distributable surplus (without considering unrealized appreciation) upto the date of issue/ redemption of units has been taken into account for the purpose of ascertaining the amount to be transferred to Equalization Account on a daily basis. The net balance in this account is transferred to the Revenue Account at the end of the year.

### **7. Load Charges**

The load charges collected, if any are used to meet expenses as per the stipulated SEBI guidelines from time to time.

### **8. Unclaimed Redemption.**

In line with SEBI circular no. MFD/CIR/9/120/2000 dated November 24,2000, the unclaimed redemption and dividend amounts may be deployed by the mutual funds in call money market or money market instruments only and the investors who claim these amounts during a period of three years from the due date shall be paid at the prevailing Net Asset Value. After a period of three years, this amount can be transferred to a pool account and the

investors can claim the unclaimed redemption amount at NAV prevailing at the end of the third year. The income earned on such funds can be used for the purpose of investor education. The AMC should make continuous effort to remind the investors through letters to take their unclaimed amounts. Further, the investment management fee charged by the AMC for managing unclaimed amounts shall not exceed 50 basis points.

## 9. NOTES TO THE ACCOUNTS

### 9.1 Management Fees , Trusteeship Fees, Custodian Fees

#### Management Fees

The Management Fee (inclusive of service tax) has been computed at 0.74 % on average net assets calculated on a daily basis.

Under the Variable Pricing Option, the AMC fee earned depends on the scheme's daily performance and the same has been computed on average net assets calculated on a daily basis.

The IMA fees are charged accordingly, on the basis of whether at least one of the two conditions is met.

(a) If $NPR < \text{Benchmark}$ and $NPR < 0$	IMA fees = zero
(b) if either $NPR > \text{Benchmark}$ or $NPR > 0$	Actual IMA fees = $\frac{1}{2}$ of maximum permissible IMA fees
( c) if both $NPR > \text{Benchmark}$ and $NPR > 0$	Actual IMA fees = maximum permissible IMA fees

- Net Portfolio Return (NPR) = Gross Portfolio Return(GPR) - Scheme expense
- IMA = Investment Management and Advisory fees
- $GPR = \frac{\text{Total Income during the day (Incl Net Appreciation / Depreciation)}}{\text{Opening Net Assets}} \times 100$
- $\text{Benchmark Return} = \frac{(\text{Benchmark Value of today} - \text{Benchmark Value of yesterday})}{\text{Benchmark Value of yesterday}} \times (100 \times \frac{365}{1.25})$

#### Trusteeship Fees & Expenses

In accordance with Deed of Trust dated 18<sup>th</sup> July 1996 between the Settler and the Trustees, the fund has paid or provided an annual fee of Rs.1,00,000/- per Trustee. Trusteeship fees & Expenses are allocated to the schemes on the basis of their daily average net assets.

#### Custodian Charges

HDFC Bank Ltd provides Custodial services for which fees is paid as per the agreement.

- 9.2** Provision for tax has not been made since the income of the scheme is exempt from tax under Section 10(23D) of the Income Tax Act, 1961.
- 9.3** Transactions with Brokers in excess of 5% or more of the aggregate purchases and sale of securities made by the Fund have\s been reported to the Trustees on a bimonthly basis

**9.4** Certain investments are registered in the name of the Fund without specific reference to the Scheme. As at March 31, 2012, the aggregate market value of securities under Sahara Infrastructure Fund but held in the name of Sahara Mutual Fund is Rs.58,23,688.99.

**9.5** The Registrar and Transfer Agents charges amounting to Rs.1,84,134.71 constitutes 12.01 % of the total schemes expenses.

**9.6 Transactions with Associates**

Brokerage / Commission on sale of units by the Scheme or by the Asset Management Company given to associates, pursuant to Regulation 25(8):

**Commission to SIFCL A/c CMSD (Associate) made for sale of units of the MF for the current year ended 31<sup>st</sup> March 2012**

(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>	<b>Infrastructure Fund</b>
0.52	0.31	0.07	0.29	0.08	0.15

(Rs. in lakhs)

<b>R. E. A. L Fund</b>	<b>Star Value Fund</b>	<b>Super 20 Fund</b>	<b>Power and Natural Resources Fund</b>	<b>Banking &amp; Financial Services Fund</b>	<b>Interval Fund – Quarterly Plan Sr 1</b>
0.00	0.08	0.18	0.15	0.73	0.00

Commission to SIFCL A/c CMSD (Associate) made for sale of units of the MF for the previous year ended 31<sup>st</sup> March 2011

(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>	<b>Infrastructure Fund</b>
1.00	0.51	0.09	0.42	0.57	0.37

(Rs. in lakhs)

<b>R. E. A. L Fund</b>	<b>Star Value Fund</b>	<b>Super 20 Fund</b>	<b>Power and Natural Resources Fund</b>	<b>Banking &amp; Financial Services Fund</b>	<b>Interval Fund – Quarterly Plan Sr 1</b>
1.21	0.15	0.30	1.09	1.64	0.01

**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)
<b>SIFCL A/c CMSD</b>	<b>Sponsor / Mutual Fund Distributor</b>	<b>April 11-March 12</b>	(0.97 & 0.07%)	(Rs.2,57,503.28 ; 9.83 % )

SIFCL A/c CMSD	Sponsor / Mutual Fund Distributor	April 10- March 11	(5.15; 0.22%)	(Rs.737214/- ;11.94%)
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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 2012 & April – Mar 2011.

**9.7** The Aggregate value of purchases and sales of Investments during the year as a percentage of daily average net asset value;

**Purchases**

Year	Amount ( Rs)	% of Daily average
<b>2011-12</b>	116,703,913	151.30
2010-11	189,112,189	166.64

**Sales**

Year	Amount (Rs)	% of Daily average
<b>2011-12</b>	125,549,813	162.77
2010-11	229,894,567	202.58

**9.8 Aggregate Appreciation and Depreciation in the value of Investments :**

Asset Class	31-Mar-12		31-Mar-11	
	Appreciation (Rs. In lakhs)	Depreciation (Rs. In lakhs)	Appreciation (Rs. In lakhs)	Depreciation (Rs. In lakhs)
Equity Shares	<b>36.97</b>	<b>108.21</b>	35.41	84.60

**9.9 Income and Expense Ratio**

	<b>2011-12</b>	2010-11
Total Income (including net unrealized appreciation and net of loss on sale of investments) to average net assets calculated on a daily basis.	<b>-11.62%</b>	5.08%
Total Expenditure (excluding Deferred Revenue Expenditure) to average net assets calculated on a daily basis	<b>1.99%</b>	1.93%

## 9.10 Movements in Unit Capital:

### 9.10.1 Fixed Pricing Option - Growth Option

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2012	As on March 31, 2012	As on March 31, 2011	As on March 31, 2011
Initial Capital	3,908,842.083	39,088,421	3,908,842.083	39,088,421
Opening Balance	1206258.734	12,062,587	1,591,391.313	15,913,913
Units Sold during the year	57708.834	577,088	68,804.248	688,042
Units Repurchased during the year	(201766.238)	(2,017,662)	(453,936.83)	(4,539,368)
Closing Balance	1062201.330	10,622,013	1,206,258.734	12,062,587

### 9.10.2 Fixed Pricing Option - Dividend Option

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2012	As on March 31, 2012	As on March 31, 2011	As on March 31, 2011
Initial Capital	3,999,162.348	39,991,623	3,999,162.348	39,991,623
Opening Balance	1,552,595.793	15,525,958	2,016,256.605	20,162,566
Units Sold during the year	25,524.832	255,248	49,872.253	498,723
Units Repurchased during the year	(243,591.760)	(2,435,918)	(513,533.07)	(5,135,331)
Closing Balance	1,334,528.865	13,345,289	1,552,595.793	15,525,958

### 9.10.3 Variable Pricing Option – Growth Option

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2012	As on March 31, 2012	As on March 31, 2011	As on March 31, 2011
Initial Capital	15,622,781.058	156,227,811	15,622,781.058	156,227,811
Opening Balance	1,983,021.472	19,830,215	2,649,479.617	26,494,796
Units Sold during the year	57,681.454	576,815	137,952.730	1,379,527
Units Repurchased during the year	(263,477.393)	(2,634,774)	(804,410.88)	(8,044,109)
Closing Balance	1,777,225.533	17,772,255	1,983,021.472	19,830,215

#### 9.10.4 Variable Pricing Option – Dividend Option

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2012	As on March 31, 2012	As on March 31, 2011	As on March 31, 2011
Initial Capital	7,613,483.957	76,134,840	7,613,483.957	76,134,840
Opening Balance	2,095,062.256	20,950,623	2,822,990.197	28,229,902
Units Sold during the year	9,865.632	98,656	66,516.456	665,165
Units Repurchased during the year	(308,812.032)	(3,088,120)	(794,444.40)	(7,944,444)
Closing Balance	1,796,115.856	17,961,159	2,095,062.256	20,950,623

9.11 The scheme has declared nil dividend during the year ended March 31, 2012 (PY: Nil). There was no bonus declared during the year ended March 31, 2012 (PY: Nil).

#### 9.12 Unclaimed Amounts ( Beyond six months):

Unclaimed Dividend & Redemption amounts as of March 31, 2012 are as below:

Scheme Name	No of Investors	Unclaimed Dividend (Rs)	No. of Investors	Unclaimed Redemption (Rs)
Sahara Infrastructure Fund	47	245323.93	29	217533.31

9.13 Investments made by the Schemes of Sahara Mutual Fund in Companies or their subsidiaries that have invested more than 5% of the net asset value of any scheme, pursuant to Regulation 25(11).

(Rs.in lakhs)

Company which has invested in excess of 5% of the net asset of the respective scheme during the period	Scheme/s in which the Company has invested more than 5% of the Net Assets	Name of the Funds/Schemes which have invested	Type of security	Aggregate cost of acquisition during the period	Outstanding as on 31.03.2012
Reliance Capital Ltd	Sahara Liquid Fund	Sahara Income Fund	Commercial Paper	74.89	0.00
		Sahara Liquid Fund	Commercial Paper	6076.38	0.00
		Sahara Short Term Bond Fund	Commercial Paper	823.80	0.00

The above investments were made to optimize returns and retain high liquidity.

#### 9.14 Portfolio Statement as on March 31, 2012:

Name of the Instrument	Quantity	Market Value (Rs. in Lakhs)	% to NAV	% to Category Total
1) Equity & Equity Related				

<b>(a) Listed/awaiting Listing on Stock Exchange</b>				
<b>EQUITY SHARES</b>				
<b>Construction Project</b>			<b>15.08</b>	<b>16.65</b>
Larsen and Toubro Ltd.	1950	25.53		
Voltas Ltd.	17000	19.08		
GMR Infrastructure Ltd.	60000	18.63		
NCC Ltd	32000	18.03		
Pratibha Industries Ltd.	35000	16.63		
Ashoka Buildcon Ltd	6000	12.02		
<b>Construction</b>			<b>13.13</b>	<b>14.50</b>
Oberoi Realty Ltd	8500	22.92		
IRB Infrastructure Developers Ltd.	12000	22.42		
IVRCL Infrastructures & Projects Ltd.	31000	20.51		
Prestige Estates Project Ltd	17700	17.74		
DLF Ltd	6000	12.11		
<b>Industrial Capital Goods</b>			<b>11.69</b>	<b>12.90</b>
Elecon Engineering Company Ltd.	27000	16.61		
Praj Industries Ltd	20000	16.04		
Crompton Greaves Ltd	10000	13.81		
ABG Shipyard Ltd	3500	13.33		
McNally Bharat Engineering Co. Ltd.	15000	12.91		
Action Const Equip Ltd	40000	12.48		
<b>Petroleum Products</b>			<b>9.73</b>	<b>10.74</b>
Hindustan Petroleum Corp Ltd.	8000	24.29		
Castrol India Ltd.	3400	18.24		
Indian Oil Corporation Ltd	6000	15.76		
Bharat Petroleum Corporation Ltd.	1800	12.60		
<b>Cement</b>			<b>8.26</b>	<b>9.12</b>
India Cements Ltd.	15066	16.79		
Madras Cements Ltd	10800	16.61		
Ambuja Cements Ltd - (Ex- Gujarat Ambuja)	9000	15.50		
J K Cement Ltd	7000	11.29		
<b>Finance</b>			<b>7.05</b>	<b>7.79</b>
Rural Electrification Corporation Ltd.	9000	18.49		
L & T Finance Holdings Ltd	36000	17.23		
Power Finance Corporation Ltd.	8500	15.69		
<b>Power</b>			<b>6.73</b>	<b>7.42</b>
Power Grid Corporation Of India Ltd.	17000	18.39		
National Thermal Power Corp Ltd.	10000	16.28		
Power Trading Corporation India Ltd.	23366	14.35		
<b>Engineering Services</b>			<b>5.61</b>	<b>6.19</b>
Engineers India Ltd.	11000	27.97		
Va Tech Wabag Ltd.	3000	12.88		
<b>Oil</b>			<b>5.50</b>	<b>6.07</b>
Cairn India Ltd.	5500	18.36		
Oil & Natural Gas Corp Ltd	6000	16.10		



Asian Oilfield Services Ltd.	22641	5.58		
<b>Minerals/Mining</b>			<b>3.54</b>	<b>3.91</b>
Coal India Ltd.	7500	25.79		
<b>Transportation</b>			<b>2.21</b>	<b>2.44</b>
The Shipping Corp Of India Ltd.	26000	16.13		
<b>Gas</b>			<b>2.07</b>	<b>2.28</b>
Gas Authority Of India Ltd.	4000	15.05		
<b>(b) Unlisted</b>	Nil	Nil	Nil	Nil
<b>Equity Total (a+b)(Book Cost Rs. 731.39 Lakhs)</b>	<b>593,223</b>	<b>660.14</b>	<b>90.59</b>	<b>100.00</b>
<b>2) Debt Instruments</b>				
(a) Listed/awaiting Listing on Stock Exchange	Nil	Nil	Nil	Nil
(b) Privately Placed/Unlisted	Nil	Nil	Nil	Nil
(c) Securitised Debt	Nil	Nil	Nil	Nil
<b>3) Money Market Instruments</b>	Nil	Nil	Nil	Nil
<b>4) Short Term Deposits</b>	Nil	Nil	Nil	Nil
<b>5) Other- Net Current Assets</b>	Nil	68.55	9.41	100.00
<b>GRAND TOTAL</b>	<b>593,223</b>	<b>728.69</b>	<b>100.00</b>	<b>100.00</b>

**9.15** Investments made by the Scheme in shares of Group Companies of the Sponsor – NIL.

**9.16** Holdings over 25% of the NAV of the scheme.

<b>Particulars</b>	<b>As on March 31, 2012</b>	<b>As on March 31, 2011</b>
Number of Investors	<b>NIL</b>	NIL
Percentage of Holdings	<b>N/A</b>	N/A

**9.17** Contingent Liability : Nil

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

As per our attached report of even date

**For Chaturvedi & Co** **For Sahara Asset Management Company**  
Chartered Accountants **Pvt Ltd**  
Firm Regn. No.:- 302137E

**For Sahara Mutual Fund**

**S.N.Chaturvedi**  
**Partner**  
M.No.: 040479

**C.Kamdar**  
**Director**

**O.P.Srivastava**  
**Director**

**Justice S Mohan**  
**Trustee**

**Amitabha Ghosh**  
**Trustee**

**Naresh Kumar Garg**  
**Chief Executive Officer**

**A.N.Sridhar**  
**Fund Manager**

**Place:** Mumbai  
**Date:** 26<sup>th</sup> May 2012

## SAHARA R.E.A.L FUND

### AUDITORS' REPORT TO THE TRUSTEES OF SAHARA MUTUAL FUND

1. We have audited the Balance Sheet of Sahara Mutual Fund – Sahara R.E.A.L Fund (the "Scheme") as at March 31, 2012, and the related Revenue Account for the period ended on that date, annexed thereto. These financial statements are a responsibility of the Trustees of Sahara Mutual Fund and the management of Sahara Asset Management Company Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.

2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. 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. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.

4. In our opinion and to the best of our information and according to the explanations given to us:

The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable and give a true and fair view in conformity with the Accounting principles generally accepted in India,

i). in case of Balance Sheet of the state of affairs of the scheme as at March 31, 2012 and

ii). in case of the Revenue account, of the deficit for the period ended on that date.

5. 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.

For **CHATURVEDI & CO.**  
*Chartered Accountants*  
(Firm Regn. No.:- 302137E)

**Place:** Mumbai  
**Date:** 26/05/2012

(SN Chaturvedi)  
Partner  
M.No.: 040479

**SAHARA R.E.A.L FUND**  
**BALANCE SHEET AS AT MARCH 31, 2012**

	Schedule	As at March 31, 2012 (Rs)	As at March 31, 2011 (Rs)
<b>ASSETS</b>			
Investments	1	49,875,344	56,745,333
Other Current Assets	2	4,361,515	8,381,119
Deferred Revenue Expenditure	3	-	-
<b>Total Assets</b>		<b>54,236,859</b>	<b>65,126,452</b>
<b>LIABILITIES</b>			
Unit Capital	4	70,090,173	82,559,642
Reserves & Surplus	5	(17,559,793)	(17,934,149)
Current Liabilities & Provisions	6	1,706,479	500,959
<b>Total Liabilities</b>		<b>54,236,859</b>	<b>65,126,452</b>
<b>NET ASSET VALUE</b>			
Net Asset Value per unit (Rs.)			
i) Dividend		7.4950	7.8277
ii) Growth		7.4950	7.8277
Significant Accounting Policies and Notes to the accounts	9		
Schedules 1 to 6 and 9 form an integral part of the Balance Sheet			

As per our attached report of even date

**For Chaturvedi & Co**  
Chartered Accountants  
Firm Regn. No.:- 302137E

**For Sahara Asset Management Company Pvt Ltd**

**For Sahara Mutual Fund**

**S.N.Chaturvedi**  
**Partner**  
M.No.: 040479

**C.K.Kamdar**  
**Director**

**O.P.Srivastava**  
**Director**

**Justice S Mohan**  
**Trustee**

**Amitabha Ghosh**  
**Trustee**

**Naresh Kumar Garg**  
**Chief Executive Officer**

**A.N.Sridhar**  
**Fund Manager**

**Place:** Mumbai  
**Date:** 26<sup>th</sup> May 2012

**SAHARA R.E.A.L FUND**  
**REVENUE ACCOUNT FOR THE YEAR ENDED March 31, 2012**

	<b>Schedule</b>	<b>For the year ended March 31, 2012</b>	<b>For the year ended March 31, 2011</b>
		<b>(Rs)</b>	<b>(Rs)</b>
<b>INCOME</b>			
Dividend Income		889,564	1,136,471
Interest Income	7	386,807	594,954
Profit on Sale / Redemption of Investments (Net) (Other than Inter Scheme Transfer / Sale)			17,287,463
<b>Total Income</b>		<b>1,276,371</b>	<b>19,018,889</b>
<b>EXPENSES &amp; LOSSES</b>			
Loss on Sale / Redemption of Investments (Net) (Other than Inter Scheme Transfer / Sale)		3,777,979	-
Management Fees		702,876	1,080,581
Deferred Revenue Expenditure Written off		-	1,435,339
Registrar & Transfer Agent Charges		123,863	215,468
Custodian Fees		83,824	84,521
Fees & Expenses of Trustees		70,117	67,463
Statutory Audit Fees		40,911	35,250
Internal Audit Fees		59,557	82,547
Insurance		11,376	19,385
Costs related to Investor Communication		108,560	100,032
Transaction cost		151,894	111,207
Marketing & Selling Exps.		52,598	364,794
<b>Total Expenses</b>		<b>5,183,554</b>	<b>3,596,586</b>
Net Surplus for the Year (excluding unrealised appreciation)		(3,907,183)	15,422,302
Provision / Writeback for diminution in value of investments	8	1,496,373	(5,066,850)
Transfer from Income Equalisation Reserve		2,552,068	6,431,867
Net Surplus transferred to Revenue Reserve		<b>141,258</b>	<b>16,787,319</b>
Significant Accounting Policies and Notes to the accounts	9		
Schedules 7 to 9 form an integral part of the Revenue Account			

As per our attached report of even date

**For Chaturvedi & Co**  
Chartered Accountants  
Firm Regn. No.:- 302137E

**For Sahara Asset Management Company  
Pvt Ltd**

**For Sahara Mutual Fund**

**S.N.Chaturvedi**  
**Partner**  
M.No.: 040479

C.Kamdar  
**Director**

O.P.Srivastava  
**Director**

Justice S Mohan  
**Trustee**

Amitabha Ghosh  
**Trustee**

Naresh Kumar Garg  
**Chief Executive Officer**

A.N.Sridhar  
**Fund Manager**

**Place:** Mumbai  
**Date:** 26<sup>th</sup> May 2012

SCHEDULES FORMING PART OF THE BALANCE SHEET		As at March 31, 2012 (Rs)		As at March 31, 2011 (Rs)
SCHEDULE 1				
Investments				
(Refer Note 9.14 of Schedule 9 for detailed Portfolio statement)				
Equity Shares		49,875,344		56,745,333
Certificate of Deposits		-		-
		49,875,344		56,745,333
SCHEDULE 2				
Other Current Assets				
Balances with Banks in Current accounts		343,585		414,219
Reverse Repo arrangements		3,014,547		7,886,570
Contracts For Sale of Investments		846,493		-
Outstanding and accrued income		6,201		19,186
Receivable on issue of Units		150,689		61,144
		4,361,515		8,381,119
SCHEDULE 3				
Deferred Revenue Expenditure				
Incurred during the period		-		1,435,339
Less:- Amortised during the period		-		1,435,339
At the end of the period		-		-
SCHEDULE 4				
Unit Capital				
Dividend		18,286,222		23,735,254
Dividend Option 1828622.2030 units of Rs.10 each				
(For 2010-2011 2373525.3800 units of Rs.10 each)				
Growth		51,803,951		58,824,388
Growth Option 5180395.1220 units of Rs.10 each				
(For 2010-2011 5882438.7890 units of Rs.10 each)				
Total		70,090,173		82,559,642
(Refer Note 9.10 of Schedule 9)				
SCHEDULE 5				
Reserves and Surplus				
Revenue Reserve				
Balance as at beginning of the year	(18,027,385)		(34,814,704)	
Transferred from Revenue Account	141,258		16,787,319	
Balance as at end of the year		(17,886,127)		(18,027,385)

<b>Income Equalisation Reserve</b>				
Balance as at beginning of the year	-		-	
Additions During the year	2,552,068		6,431,867	
Transferred to Revenue Account	(2,552,068)		(6,431,867)	
Balance as at end of the year		-		-
<b>Unrealised Appreciation Reserve</b>				
Balance as at beginning of the year	2,617,703		8,554,121	
Additions During the year	(150,954)		(5,936,418)	
Balance as at end of the year		2,466,749		2,617,703
<b>Unit Premium Reserve</b>				
Balance as at beginning of the year	(2,524,468)		(318,872)	
Additions During the year	384,053		(2,205,596)	
Balance as at end of the year		(2,140,415)		(2,524,468)
		(17,559,793)		(17,934,149)
<b>SCHEDULE 6</b>				
<b>Current Liabilities and Provisions</b>				
Sundry Creditors		242,774		180,664
Management Fees Payable		11,950		12,725
Contract for purchase of Investments		1,272,791		-
Payable on redemption of units		178,863		307,570
Load charges payable to <b>AMC</b>		101		-
		1,706,479		500,959
<b>SCHEDULES FORMING PART OF REVENUE ACCOUNT</b>		<b>For the period ended 31 March 2012</b>		<b>For the period ended 31 March 2011</b>
<b>SCHEDULE 7</b>				
<b>Interest &amp; Discount Income</b>				
CBLO		5,740		-
Reverse Repo		381,067		282,735
Load Income		-		312,219
		386,807		594,954
<b>SCHEDULE 8</b>				
<b>Provision / Write back for dimunition in value of investments</b>				
At the beginning of the year		(8,760,909)		(3,694,059)
At the end of the year		(7,264,536)		(8,760,909)
		1,496,373		(5,066,850)

**PERSPECTIVE HISTORICAL PER UNIT STATISTICS**

<b>SAHARA R.E.A.L FUND</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
<b>Particulars</b>	<b>31-Mar-12</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
	<b>(Rs. Per Unit)</b>	<b>(Rs. Per Unit)</b>	<b>(Rs. Per Unit)</b>
<b>(a) Gross Income</b>			
(i) Income other than Profit on sale of Investments	<b>0.1821</b>	0.2097	0.1367
(ii) Income from Profit (net of loss) on inter-scheme sales/ transfer of Investments	<b>0.0000</b>	0.0000	0.0000
(iii) Income from Profit (net of Loss) on sale other than Inter scheme	<b>-0.5390</b>	2.0939	2.3815
(iv) Transfer to revenue account from past year's reserve	<b>0.0000</b>	0.0000	0.0000
<b>(b) Aggregate of expenses, write off, amortisation and charges</b>	<b>0.2005</b>	0.4356	0.3247
<b>(c) Net Income</b>	<b>-0.5575</b>	1.8680	2.1935
<b>(d) Net unrealised appreciation/ (dimunition) in value of Investments</b>	<b>-0.6845</b>	-0.7441	0.4015
<b>(e) Net Asset Value</b>			
Dividend Plan	<b>7.4950</b>	7.8277	7.8040
Growth Plan	<b>7.4950</b>	7.8277	7.8040
<b>(f) Repurchase Price during the year**</b>			
(i) Highest			
Fixed Pricing - Dividend Plan	<b>8.2418</b>	9.7240	7.9106
Fixed Pricing - Growth Plan	<b>8.2418</b>	9.7240	7.9106
(ii) Lowest			
Fixed Pricing - Dividend Plan	<b>6.1579</b>	7.1590	5.8714
Fixed Pricing - Growth Plan	<b>6.1580</b>	7.1590	5.0171
<b>(g) Resale Price during the year**</b>			
(i) Highest			
Fixed Pricing - Dividend Plan	<b>8.3250</b>	10.1292	0.00
Fixed Pricing - Growth Plan	<b>8.3250</b>	10.1292	0.00
(ii) Lowest			
Fixed Pricing - Dividend Plan	<b>6.2201</b>	7.3258	0.00
Fixed Pricing - Growth Plan	<b>6.2202</b>	7.3258	0.00
<b>(h) Ratio of expenses to average daily net assets by Percentage</b>	<b>2.50%</b>	2.49%	2.42%
<b>(i) Ratio of income to average daily net assets by Percentage</b>	<b>-6.95%</b>	17.74%	36.85%
(excluding transfer to revenue account from past year's reserve but including net change in unrealized appreciation / depreciation in value of Investments and adjusted for net loss on sale / redemption of investments)			

\*\*Based on the maximum load during the year

## SCHEDULE - 9

### ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012.

## 7. INTRODUCTION

### 1.1 About the Scheme

SAHARA 'R.E.A.L. FUND' (Retailing, Entertainment & Media, Auto & auto ancillaries and Logistics Sector) (the "Scheme") is an open ended equity scheme of Sahara Mutual Fund (the "Fund"). The investment objective is to provide long term capital gains by investing predominantly in equity / equity related instrument of companies in the Retailing, Entertainment & Media, Auto & auto ancillaries and Logistics sector. The Scheme has two options - Growth and Dividend. The scheme will not declare dividend under the Growth Plan. The Income earned on such units will remain invested under the scheme and will be reflected in the Net Asset Value. The New Fund Offer period of the scheme was from 05/10/2007 to 02/11/2007. The scheme was a closed ended equity scheme with a provision to become open ended upon completion of three years from the date of allotment. Accordingly the scheme became an open ended scheme w.e.f 27<sup>th</sup> November, 2010.

### 1.2 Asset Management Company

Sahara Mutual Fund (SMF) has been established as a Trust in accordance with the Indian Trusts Act, 1882, and is sponsored by Sahara India Financial Corporation Limited.

Sahara Asset Management Company Private Limited ("SAMCPL"), a company incorporated under the Companies Act, 1956, has been appointed as the Asset Management Company ("Investment Manager") to Sahara Mutual Fund.

The Shareholding of Sahara Asset Management Company Private Limited as on March 31, 2012 is as follows:

Name of the Shareholder	Type of Holdings	Holding
Sahara India Financial Corporation Limited	Equity	45.60 %
Sahara India Corp Investment Limited	Equity	11.36 %
Sahara Prime City Limited (formerly Sahara India Investment Corporation Limited)	Equity	11.36 %
Sahara Care Limited	Equity	31.68 %
Name of the Shareholder	Type of Holdings	Holding
Sahara India Commercial Corporation Ltd	Preference	90.32 %
Sahara Care Ltd	Preference	9.68 %

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1. Basis of Accounting.

The Scheme maintains its books of account on an accrual basis. These financial statements 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, (the “Regulation”), and amendments thereto, as applicable.

## **2.2. Accounting for Investments**

2.2.1 Investments are accounted on trade dates at cost including brokerage, stamp duty and other charges which are included in the acquisition of investments.

2.2.2 Profit or loss on sale of investments is determined on the respective trade date by adopting the “Weighted Average Cost” method.

2.2.3 Bonus/Rights entitlements on equity holdings are recognized only when the original shares on which the entitlement accrues are traded on the Principal stock exchange on ex-bonus/ex-rights basis respectively.

2.2.4 Primary Market Investments are recognized on the basis of allotment advice.

## **2.3. Valuation of Investments**

### **2.3.1. Equity Investments:**

#### **a). Traded Investments**

Traded equity securities and warrants are valued at the last quoted price on the National Stock Exchange of India Limited (NSE). However, if the securities and warrants are not listed on NSE, the securities are valued at the price quoted at the exchange where it is principally traded. When on a particular valuation day, a security has not been traded on NSE but has been traded on another stock exchange; the value at which it is traded on that stock exchange is used provided it is not more than thirty days prior to the valuation date.

The Valuation of Right Shares until they are traded, is done as per the method given below:

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

m

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 should 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 can be valued at the renunciation value.

#### **b). Unlisted/Non traded / Thinly Traded Investments**

Non-traded / thinly traded / privately placed equity securities including those not traded within thirty days are valued at fair value as per procedures determined by AMC and approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds, issued by the Securities and Exchange Board of India (SEBI) from time to time.

### **2.3.2. Money market and debt securities with residual maturity of upto 91 days:**

Investments in Money Market and debt securities including floating rate securities with maturity of upto 91 days which are traded are valued at the weighted average price at which they are traded on the particular valuation day.

When such securities are not traded on a particular valuation day they are valued on amortization basis.

Investments in floating rate securities with floor and caps on coupon rate with maturity of upto 91 days are valued on amortization basis taking the coupon rate as floor.

### **2.3.3. Money market and debt securities with residual maturity of over 91 days:**

Investments in Money Market and debt securities including floating rate securities with maturity of over 91 days, are valued at the weighted average price at which they are traded on the particular valuation day.

Investments in Money Market and debt securities including floating rate securities with maturity of over 91 days which are not traded are valued at benchmark yield/matrix of spread over risk free benchmark yield obtained from CRISIL & ICRA.

### **2.3.4 Valuation of Other Investments**

Investments bought on “repo basis” are valued at the resale price after deduction of applicable interest up to the date of resale. Investments sold on “repo basis” are adjusted for the difference between the repurchase price (after deduction of applicable interest up to the date of repurchase) and the value of the instrument.

Investments in mutual fund schemes are valued based on the net asset value of the respective schemes as on the valuation date.

### **2.3.5 Valuation of securities not covered under the above valuation policy:**

The total exposure in securities, which do not fall under above valuation norms, shall not exceed 5% of the total AUM of the scheme.

Investment in such securities will be valued by a method approved by the Independent Trustees and Statutory Auditors.

### **2.3.6 Unrealised Appreciation / Depreciation.**

In accordance with the Guidance Note on Accounting for Investments in the Financial Statements of Mutual Funds issued by the Institute of Chartered Accountants of India, the unrealized appreciation determined separately for each individual investment is directly transferred to the “Unrealised Appreciation Reserve Account” i.e. without routing it through the revenue account.

The provision for depreciation in value of investments determined separately for each individual investment is recognized in the revenue account. The loss (realized) on investments sold /

transferred during the year is charged to revenue account, instead of being first adjusted against the provision for depreciation, if already created in the prior year, as recommended by the said Guidance Note. However, this departure from the Guidance Note does not have any net impact on the Scheme's net assets or results for the year.

## **2.4 Revenue Recognition**

2.4.1 Income and Expenses are recognized on accrual basis.

2.4.2 Interest on funds invested in short term deposits with scheduled commercial banks is recognized on accrual basis.

2.4.3 Dividend income earned by the scheme is recognized on the date the share is quoted on ex-dividend basis on principal stock exchange.

2.4.4 Proportionate realized gains on investments out of sales / repurchase proceeds at the time of sale / repurchase of units are transferred to revenue Account from Unit Premium Reserve.

### **3. Net Asset Value for Growth / Dividend Options:**

The net asset value of the units is determined separately for units issued under the Growth and Dividend Options. For reporting the net asset value of the Growth and Dividend Options, daily income earned, including realized and unrealized gain or loss in the value of investments and expenses incurred by the scheme are allocated to the options in proportion to the value of the net assets.

### **4. Deferred Revenue Expenditure**

New Fund Offer expenses comprise those costs directly associated with the issue of units of the scheme and include brokerage / agent's commission, advertising and marketing costs, registrar expenses and printing and dispatch costs. In accordance with the offer document of the scheme, such costs have been charged to the extent of 6.00 % of amount collected during the new fund offer and was amortized over a period of 36 months of the plan from the date of allotment.

### **5. Unit Premium Reserve Account**

Upon issue and redemption of units, the net premium or discount to the face value of units is adjusted against the unit premium reserve account of the respective Options / Scheme, after an appropriate of the issue proceeds and redemption payout is credited or debited respectively to the income equalization account.

The Unit Premium reserve account is available for distribution of dividend except to the extent it is represented by unrealized net appreciation in value of investments.

### **6. Income Equalisation Account**

An appropriate part of the sale proceeds or the redemption amount, as the case may be, is transferred to income equalization account. The total distributable surplus (without considering unrealized appreciation) upto the date of issue/ redemption of units has been taken into account for the purpose of ascertaining the amount to be transferred to Equalization Account on a daily basis. The net balance in this account is transferred to the Revenue Account at the end of the year.

### **7. Load Charges**

The load charges collected, if any are used to meet expenses as per the stipulated SEBI guidelines from time to time.

### **8. Unclaimed Redemption.**

In line with SEBI circular no. MFD/CIR/9/120 /2000 dated November 24, 2000, the unclaimed redemption and dividend amounts may be deployed by the mutual funds in call money market or money market instruments only and the investors who claim these amounts during a period of three years from the due date shall be paid at the prevailing Net Asset Value.

After a period of three years, this amount can be transferred to a pool account and the investors can claim the unclaimed redemption amount at NAV prevailing at the end of the third year. The income earned on such funds can be used for the purpose of investor education. The AMC should make continuous effort to remind the investors through letters to take their unclaimed amounts. Further, the investment management fee charged by the AMC for managing unclaimed amounts shall not exceed 50 basis points.

## 9. NOTES TO THE ACCOUNTS

### 9.1 Management Fees, Trusteeship Fees, Custodian Fees

#### Management Fees

Management Fees (inclusive of service tax) has been computed at 1.25 % on average net assets calculated on a daily basis.

#### Trusteeship Fees & Expenses

In accordance with Deed of Trust dated 18<sup>th</sup> July 1996 between the Settler and the Trustees, the fund has paid or provided an annual fee of Rs.1,00,000/- per Trustee. Trusteeship fees & expenses are allocated to the schemes on the basis of their daily average net assets.

#### Custodian Charges

HDFC Bank provides Custodial services to the scheme for which fees is paid as per the agreement.

**9.2** Provision for tax has not been made since the income of the scheme is exempt from tax under Section 10(23D) of the Income Tax Act, 1961.

**9.3** Transactions with Brokers in excess of 5% or more of the aggregate purchases and sale of securities made by the Fund have\ been reported to the Trustees on a Bimonthly basis.

**9.4** Certain investments are registered in the name of the Fund without specific reference to the Scheme. As at March 31, 2012 the aggregate market value of securities under Sahara R. E .A .L Fund but held in the name of Sahara Mutual Fund is Rs.3,016,372.25

**9.5** The Transaction Cost amounting to Rs.151894.22 constitutes 10.81 % of the total schemes expenses.

### 9.6 Transactions with Associates

Brokerage / Commission on sale of units by the Scheme or by the Asset Management Company given to associates, pursuant to Regulation 25(8):

**Commission to SIFCL A/c CMSD (Associate) made for sale of units of the MF for the current year ended 31<sup>st</sup> March 2012.**

(Rs.In lakhs)

Tax Gain Fund	Growth Fund	Liquid Fund	Mid cap Fund	Wealth Plus Fund	Infrastructure Fund
0.52	0.31	0.07	0.29	0.08	0.15

(Rs.in lakhs)

R. E. A. L Fund	Star Value Fund	Super 20 Fund	Power and Natural Resources Fund	Banking & Financial Services Fund	Interval Fund – Quarterly Plan Sr 1
0.00	0.08	0.18	0.15	0.73	0.00

Commission to SIFCL A/c CMSD (Associate) made for sale of units of the MF for the previous year ended 31<sup>st</sup> March 2011.

(Rs.In lakhs)

Tax Gain Fund	Growth Fund	Liquid Fund	Mid cap Fund	Wealth Plus Fund	Infrastructure Fund
1.00	0.51	0.09	0.42	0.57	0.37

(Rs. in lakhs)

R. E. A. L Fund	Star Value Fund	Super 20 Fund	Power and Natural Resources Fund	Banking & Financial Services Fund	Interval Fund – Quarterly Plan Sr 1
1.21	0.15	0.30	1.09	1.64	0.01

**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)
<b>SIFCL A/c CMSD</b>	<b>Sponsor / Mutual Fund Distributor</b>	<b>April 11- March 12</b>	<b>(0.97 &amp; 0.07%)</b>	<b>(Rs.2,57,503.28 ; 9.83 % )</b>
SIFCL A/c CMSD	Sponsor / Mutual Fund Distributor	April 10- March 11	(5.15; 0.22%)	(Rs.737214/-; 11.94%)

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 2012 & April – Mar 2011.

**9.7** The aggregate value of Investment purchased and sold(Including Redemption) during the year as a percentage of daily average net asset value;

**Purchases**

Year	Amount (Rs)	% of Daily average
<b>2011-12</b>	<b>114,435,115</b>	<b>203.52</b>
2010-11	164,231,171	188.91

**Sales**

Year	Amount (Rs)	% of Daily average
<b>2011-12</b>	<b>118,878,283</b>	<b>211.42</b>
2010-11	203,254,712	233.80

**9.8 Aggregate Appreciation and Depreciation in the value of Investments :**

Asset Class	31-Mar-12		31-Mar-11	
	Appreciation (Rs. In lakhs)	Depreciation (Rs. In lakhs)	Appreciation (Rs. In lakhs)	Depreciation (Rs. In lakhs)
Equity Shares	<b>24.67</b>	<b>72.65</b>	26.18	87.61

**9.9 Income and Expense Ratio**

	<b>2011-12</b>	2010-11
Total Income (including net unrealized appreciation and net of loss on sale of investments) to average net assets calculated on a daily basis.	<b>-12.98%</b>	14.81%
Total Expenditure to average net assets calculated on a daily basis	<b>2.50%</b>	2.49%

**9.10 Movements in Unit Capital**

**9.10.1 Growth Option**

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2012	As on March 31, 2012	As on March 31, 2011	As on March 31, 2011
Initial Capital	<b>10,898,668.702</b>	<b>108,986,687</b>	10,898,668.702	108,986,687
Opening Balance	5882438.789	<b>58,824,388</b>	8,886,978.416	88,869,784
Units Sold during the year	17772.971	<b>177,730</b>	49,817.312	498,173
Units Repurchased during the year	(719816.638)	<b>(7,198,166)</b>	(3,054,356.939)	(30,543,569)
Closing Balance	5180395.122	<b>51,803,951</b>	5,882,438.789	58,824,388

**9.10.2 Dividend Option**

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2012	As on March 31, 2012	As on March 31, 2011	As on March 31, 2011
Initial Capital	<b>3,653,051.558</b>	<b>36,530,516</b>	3,653,051.558	36,530,516
Opening Balance	<b>2373525.380</b>	<b>23,735,254</b>	3,216,767.901	32,167,679

Units Sold during the year	<b>4595.227</b>	<b>45,952</b>	19,483.304	194,833
Units Repurchased during the year	<b>(549498.404)</b>	<b>(5,494,984)</b>	(862,725.825)	(8,627,258)
Closing Balance	<b>1828622.203</b>	<b>18,286,222</b>	2,373,525.380	23,735,254

**9.11** The scheme has declared nil dividend during the year (PY: Nil). There was no bonus declared during the year ended March 31, 2012 (PY: Nil).

**9.12 Unclaimed Amounts ( beyond six months) :**

Unclaimed Dividend and Redemption amounts as on March 31, 2012 are as below:

<b>Scheme name</b>	<b>No of Investors</b>	<b>Unclaimed Dividend (Rs)</b>	<b>No. of Investors</b>	<b>Unclaimed Redemption (Rs)</b>
Sahara R. E. A. L Fund.	-	-	11	<b>158684.00</b>

**9.13** Investments made by the Schemes of Sahara Mutual Fund in Companies or their subsidiaries that have invested more than 5% of the net asset value of any scheme, pursuant to Regulation 25(11).

(Rs.in lakhs)

<b>Company which has invested in excess of 5% of the net asset of the respective scheme during the period</b>	<b>Scheme/s in which the Company has invested more than 5% of the Net Assets</b>	<b>Name of the Funds/Schemes which have invested</b>	<b>Type of security</b>	<b>Aggregate cost of acquisition during the period</b>	<b>Outstanding as on 31.03.2012</b>
Reliance Capital Ltd	Sahara Liquid Fund	Sahara Income Fund	Commercial Paper	74.89	0.00
		Sahara Liquid Fund	Commercial Paper	6076.38	0.00
		Sahara Short Term Bond Fund	Commercial Paper	823.80	0.00

The above investments were made to optimize returns and retain high liquidity.

**9.14 Portfolio Statement as on March 31, 2012**

<b>Name of the Instrument</b>	<b>Quantity</b>	<b>Market Value (Rs. in Lakhs)</b>	<b>% to NAV</b>	<b>% to Category Total</b>
<b>1) Equity &amp; Equity Related</b>				
<b>(a) Listed/awaiting Listing on Stock Exchange</b>				
<b>EQUITY SHARES</b>				
<b>Media &amp; Entertainment</b>			<b>19.49</b>	<b>20.53</b>
Den Networks Ltd.	25000	26.46		
Hathway Cable & Datacom Limited	13414	22.13		
Jagran Prakashan Ltd.	20000	20.19		

Prime Focus Ltd.	40000	17.24		
DQ Entertainment (International) Ltd.	68000	16.39		
<b>Auto Ancillaries</b>			<b>13.16</b>	<b>13.86</b>
Sundaram Fasteners Ltd.	35000	19.41		
Steel Strips Wheels Ltd	8500	17.86		
Lumax Industries Ltd.	4400	16.04		
Suprajit Engineering Ltd.	80000	15.84		
<b>Textiles - Products</b>			<b>10.14</b>	<b>10.68</b>
Kewal Kiran Clothing Ltd.	2500	16.38		
Raymond Ltd.	3000	12.74		
Arvind Ltd (Ex-Arvind Mills Ltd)	15000	12.36		
Alok Industries Ltd.	60000	11.79		
<b>Consumer Non Durables</b>			<b>9.65</b>	<b>10.17</b>
Bata India Ltd.	3000	23.06		
Nestle India Limited.	350	16.21		
Balrampur Chini Mills Ltd.	20000	11.45		
<b>Transportation</b>			<b>8.38</b>	<b>8.82</b>
Gateway Distriparks Ltd.	18000	27.69		
Cox & Kings (India) Ltd.	10000	16.31		
<b>Auto</b>			<b>7.80</b>	<b>8.21</b>
Mahindra & Mahindra Ltd.	3500	24.51		
Hero Motocorp Ltd (Ex-Hero Honda Motors Ltd)	800	16.44		
<b>Bank</b>			<b>6.51</b>	<b>6.85</b>
ING Vysya Bank Ltd.	5000	17.76		
Oriental Bank of Commerce	6500	16.42		
<b>Consumer Durables</b>			<b>3.78</b>	<b>3.98</b>
Whirlpool Of India Ltd	10000	19.87		
<b>Retailing</b>			<b>3.70</b>	<b>3.90</b>
Shoppers Stop Limited.	5000	19.44		
<b>Finance</b>			<b>2.76</b>	<b>2.90</b>
LIC Housing Finance Ltd	5500	14.48		
<b>Leisure Facilities</b>			<b>2.62</b>	<b>2.76</b>
Talwalkars Better Value Fitness Ltd.	9000	13.77		
<b>Hotels</b>			<b>2.43</b>	<b>2.55</b>
Indian Hotel Company Ltd.	20000	12.74		
<b>Pharmaceuticals</b>			<b>2.32</b>	<b>2.45</b>
J B Chemicals & Pharmaceuticals Ltd.	20000	12.20		
<b>Textiles - Synthetic</b>			<b>2.21</b>	<b>2.33</b>
Bombay Dyeing Ltd.	2000	11.60		
<b>(b) Unlisted</b>	Nil	Nil	Nil	Nil
<b>Equity Total (a+b)(Book Cost Rs.546.73 lakhs)</b>	<b>513464</b>	<b>498.75</b>	<b>94.95</b>	<b>100.00</b>
<b>2) Debt Instruments</b>				
(a) Listed/awaiting Listing on Stock Exchange	Nil	Nil	Nil	Nil



(b) Privately Placed/Unlisted	Nil	Nil	Nil	<b>Nil</b>
(c) Securitized Debt	Nil	Nil	Nil	<b>Nil</b>
<b>3) Money Market Instruments</b>	Nil	Nil	Nil	<b>Nil</b>
<b>4) Short Term Deposits</b>	Nil	Nil	Nil	<b>Nil</b>
<b>5) Other- Net Current Assets</b>	Nil	<b>26.55</b>	<b>5.05</b>	<b>100.00</b>
<b>Grand Total</b>	<b>513464</b>	<b>525.30</b>	<b>100.00</b>	<b>100.00</b>

**9.15** Investments made by the Scheme in shares of Group Companies of the Sponsor – NIL.

**9.16** Holdings over 25% of the NAV of the scheme as of March 31, 2012.

<b>Particulars</b>	<b>As on March 31, 2012</b>	<b>As on March 31, 2011</b>
Number of Investors	<b>Nil</b>	Nil
Percentage of Holdings	<b>N/A</b>	N/A

**9.17 Contingent Liabilities:** Nil

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

As per our attached report of even date

**For Chaturvedi & Co**  
Chartered Accountants  
Firm Regn. No.:- 302137E

**For Sahara Asset Management Company Pvt Ltd**

**For Sahara Mutual Fund**

**S.N.Chaturvedi**  
**Partner**  
M.No.: 040479

C.Kamdar  
**Director**

O.P.Srivastava  
**Director**

Justice S Mohan  
**Trustee**

Amitabha Ghosh  
**Trustee**

Naresh Kumar Garg  
**Chief Executive Officer**

A.N.Sridhar  
**Fund Manager**

**Place:** Mumbai  
**Date:** 26<sup>th</sup> May 2012

## **SAHARA POWER AND NATURAL RESOURCES FUND**

### **AUDITORS' REPORT TO THE TRUSTEES OF SAHARA MUTUAL FUND**

1. We have audited the Balance Sheet of Sahara Mutual Fund – Sahara Power and Natural Resources Fund (the "Scheme") as at March 31, 2012, and the related Revenue Account for the period ended on that date, annexed thereto. These financial statements are a responsibility of the Trustees of Sahara Mutual Fund and the management of Sahara Asset Management Company Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.

2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. 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. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.

4. In our opinion and to the best of our information and according to the explanations given to us:

The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable and give a true and fair view in conformity with the Accounting principles generally accepted in India,

i). in case of Balance Sheet of the state of affairs of the scheme as at March 31, 2012 and

ii). in case of the Revenue account, of the deficit for the period ended on that date.

5. 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.

For **CHATURVEDI & CO.**  
*Chartered Accountants*  
(Firm Regn. No.:- 302137E)

**Place:** Mumbai  
**Date:** 26/05/2012

(SN Chaturvedi)  
Partner  
M.No.: 040479

**SAHARA POWER AND NATURAL RESOURCES FUND**

**BALANCE SHEET AS AT MARCH 31, 2012**

	<b>Schedule</b>	<b>As at March 31, 2012 (Rs)</b>	<b>As at March 31, 2011 (Rs)</b>
<b>ASSETS</b>			
Investments	1	34,841,988	43,367,350
Other Current Assets	2	1,522,819	1,875,754
<b>Total Assets</b>		<b>36,364,807</b>	<b>45,243,104</b>
<b>LIABILITIES</b>			
Unit Capital	3	32,903,486	38,231,541
Reserves & Surplus	4	2,867,536	6,839,018
Current Liabilities & Provisions	5	593,785	172,545
<b>Total Liabilities</b>		<b>36,364,807</b>	<b>45,243,104</b>
<b>NET ASSET VALUE</b>			
Net Asset Value per unit (Rs.)			
i) Dividend		9.8215	10.6505
ii) Growth		11.5134	12.4853
Significant Accounting Policies and Notes to the accounts	8		
Schedules 1 to 5 and 8 form an integral part of the Balance Sheet			

As per our attached report of even date

**For Chaturvedi & Co**  
Chartered Accountants  
Firm Regn. No.:- 302137E

**For Sahara Asset Management Company  
Pvt Ltd**

**For Sahara Mutual Fund**

**S.N.Chaturvedi**  
**Partner**  
M.No.: 040479

C.Kamdar  
**Director**

Naresh Kumar Garg  
**Chief Executive Officer**

O.P.Srivastava  
**Director**

A.N.Sridhar  
**Fund Manager**

Justice S Mohan  
**Trustee**

Amitabha Ghosh  
**Trustee**

**Place:** Mumbai  
**Date:** 26<sup>th</sup> May 2012

**SAHARA POWER AND NATURAL RESOURCES FUND**  
**REVENUE ACCOUNT FOR THE YEAR ENDED March 31, 2012**

	Schedule	For the year ended March 31, 2012 (Rs)	For the year ended March 31, 2011 (Rs)
<b>INCOME</b>			
Dividend Income		755,715	881,301
Interest Income	6	195,210	174,065
Profit on Sale / Redemption of Investments (Net) (Other than Inter Scheme Transfer / Sale)		-	8,052,400
<b>Total Income</b>		<b>950,925</b>	<b>9,107,766</b>
<b>EXPENSES &amp; LOSSES</b>			
Loss on Sale / Redemption of Investments (Net) (Other than Inter Scheme Transfer / Sale)		1,100,457	-
Management Fees		490,627	743,351
Registrar & Transfer Agent Charges		81,722	130,390
Custodian Fees		58,694	56,165
Fees & Expenses of Trustees		48,624	64,675
Statutory Audit Fees		28,547	23,284
Internal Audit Fees		41,869	53,944
Insurance		8,095	12,678
Costs related to Investor Communication		76,459	64,439
Transaction cost		36,026	73,996
Marketing & Selling Exps.		110,390	263,979
<b>Total Expenses</b>		<b>2,081,510</b>	<b>1,486,903</b>
Net Surplus for the Year (excluding unrealised appreciation)		(1,130,585)	7,620,862
Less : Dividend Paid		-	(5,104,564)
Provision / Write back for diminution in value of Investments	7	(1,708,482)	(1,471,894)
Transfer from Income Equalisation Reserve		(1,223,167)	(2,633,167)
<b>Net Surplus transferred to Revenue Reserve</b>		<b>(4,062,234)</b>	<b>(1,588,763)</b>
Significant Accounting Policies and Notes to the accounts	8		
Schedules 6 to 8 form an integral part of the Revenue Account			

As per our attached report of even date

**For Chaturvedi & Co**      **For Sahara Asset Management Company**  
Chartered Accountants      Pvt Ltd  
Firm Regn. No.:- 302137E

**For Sahara Mutual Fund**

**S.N.Chaturvedi**  
**Partner**  
M.No.: 040479

**C.K.Kamdar**  
**Director**

**O.P.Srivastava**  
**Director**

**Justice S Mohan**  
**Trustee**

**Amitabha Ghosh**  
**Trustee**

**Naresh Kumar Garg**  
**Chief Executive Officer**

**A.N.Sridhar**  
**Fund Manager**

**Place:** Mumbai  
**Date:** 26<sup>th</sup> May 2012

<b>SCHEDULES FORMING PART OF THE BALANCE SHEET</b>		<b>As at March 31, 2012</b>		<b>As at March 31, 2011</b>
		<b>(Rs)</b>		<b>(Rs)</b>
<b>SCHEDULE 1</b>				
<b>Investments</b>				
(Refer Note 8.14 of Schedule 8 for detailed Portfolio statement)				
Equity Shares		34,841,988		43,367,350
Certificate of Deposits		-		-
		<b>34,841,988</b>		<b>43,367,350</b>
<b>SCHEDULE 2</b>				
<b>Other Current Assets</b>				
Balances with Banks in Current accounts		311,013		362,563
Reverse Repo arrangements		1,099,364		514,125
Contracts For Sale of Investments		43,294		955,817
Outstanding and accrued income		15,066		110
Investment - Liquid MF Units		54,082		43,139
		<b>1,522,819</b>		<b>1,875,754</b>
<b>SCHEDULE 3</b>				
<b>Unit Capital</b>				
Dividend		12,472,248		14,511,358
Dividend Option 1247224.828 units of Rs.10 each				
(Previous Year 2010-11 1451135.7500 units of Rs.10 each)				
Growth		20,431,238		23,720,183
Growth Option 2043123.7530 units of Rs.10 each				
Previous Year 2010-11 2372018.2570 units of Rs.10 each)				
Total		<b>32,903,486</b>		<b>38,231,540</b>
(Refer Note 8.10 of Schedule 8)				
<b>SCHEDULE 4</b>				
<b>Reserves and Surplus</b>				
<b>Revenue Reserve</b>				

Balance as at beginning of the year	8,923,530		<b>10,512,293</b>	
Transferred from Revenue Account	(4,062,234)		(1,588,763)	
Balance as at end of the year		4,861,296		8,923,530
<b>Income Equalisation Reserve</b>				
Balance as at beginning of the year	-		-	
Additions During the year	(1,223,167)		(2,633,167)	
Transferred to Revenue Account	1,223,167		2,633,167	
Balance as at end of the year		-		-
<b>Unrealised Appreciation Reserve</b>				
Balance as at beginning of the year	1,139,546		5,825,445	
Additions During the year	(392,447)		(4,685,899)	
Balance as at end of the year		747,099		1,139,546
<b>Unit Premium Reserve</b>				
Balance as at beginning of the year	(3,224,058)		(3,032,324)	
Additions During the year	483,199		(191,734)	
Balance as at end of the year		(2,740,859)		(3,224,058)
		<b>2,867,536</b>		<b>6,839,018</b>
<b>SCHEDULE 5</b>				
<b>Current Liabilities and Provisions</b>				
Sundry Creditors		76,081		109,950
Management Fees Payable		8,252		8,737
Contract for purchase of Investments		302,045		-
Payable on redemption of units		158,945		53,858
Distribution Payable		48,462		-
		<b>593,785</b>		<b>172,545</b>
<b>SCHEDULES FORMING PART OF REVENUE ACCOUNT</b>		<b>For the period ended 31<sup>st</sup> March, 2012</b>		<b>For the period ended 31<sup>st</sup> March, 2011</b>
<b>SCHEDULE 6</b>				
<b>Interest &amp; Discount Income</b>				
CBLO		3,233		-
Reverse Repo		191,977		174,065
		<b>195,210</b>		<b>174,065</b>
<b>SCHEDULE 7</b>				
<b>Provision / Write back for dimunition in value of investments</b>				
At the beginning of the year		(3,005,591)		(1,533,697)
At the end of the year		(4,714,073)		(3,005,591)
		<b>(1,708,482)</b>		<b>(1,471,894)</b>

**PERSPECTIVE HISTORICAL PER UNIT STATISTICS**

<b>SAHARA POWER AND NATURAL RESOURCES FUND</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
<b>Particulars</b>	<b>31-Mar-12</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
	<b>(Rs. Per Unit)</b>	<b>(Rs. Per Unit)</b>	<b>(Rs. Per Unit)</b>
<b>(a) Gross Income</b>			
(i) Income other than Profit on sale of Investments	<b>0.2890</b>	0.2760	0.1976
(ii) Income from Profit (net of loss) on inter-scheme sales/ transfer of Investments	<b>0.0000</b>	0.0000	0.0000
(iii) Income from Profit (net of Loss) on sale other than Inter scheme	<b>-0.3344</b>	2.1062	5.7596
(iv) Transfer to revenue account from past year's reserve	<b>0.0000</b>	0.0000	0.0000
<b>(b) Aggregate of expenses, write off, amortisation and charges</b>	<b>0.2982</b>	0.3889	0.3352
<b>(c) Net Income</b>	<b>-0.3436</b>	1.9933	5.6220
<b>(d) Net unrealised appreciation/(dimunition) in value of Investments</b>	<b>-1.2056</b>	-0.4881	0.8666
<b>(e) Net Asset Value</b>			
Dividend Plan	<b>9.8215</b>	10.6505	12.6868
Growth Plan	<b>11.5134</b>	12.4853	12.6865
<b>(f) Repurchase Price during the year**</b>			
(i) Highest			
Fixed Pricing - Dividend Plan	<b>11.0894</b>	13.5628	13.4038
Fixed Pricing - Growth Plan	<b>12.9998</b>	15.1334	13.4033
(ii) Lowest			
Fixed Pricing - Dividend Plan	<b>7.9614</b>	9.8060	6.8089
Fixed Pricing - Growth Plan	<b>9.3328</b>	11.4953	6.9108
<b>(g) Resale Price during the year**</b>			
(i) Highest			
Fixed Pricing - Dividend Plan	<b>11.2014</b>	14.0080	13.4038
Fixed Pricing - Growth Plan	<b>13.1311</b>	15.6302	13.7049
(ii) Lowest			
Fixed Pricing - Dividend Plan	<b>8.0418</b>	10.1279	7.4317
Fixed Pricing - Growth Plan	<b>9.4271</b>	11.8727	6.9108
<b>(h) Ratio of expenses to average daily net assets by Percentage</b>	<b>2.50%</b>	2.50%	2.50%
<b>(i) Ratio of income to average daily net assets by Percentage</b>	<b>-2.88%</b>	12.82%	50.89%
(excluding transfer to revenue account from past year's reserve but including net change in unrealized appreciation / depreciation in value of Investments and adjusted for net loss on sale / redemption of investments)			

\*\*Based on the maximum load during the year

## SCHEDULE - 8

### ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012.

#### 1. INTRODUCTION

##### 1.1 About the Scheme

SAHARA Power and Natural Resources Fund is an open ended growth scheme of Sahara Mutual Fund (the "Fund"). 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. The Scheme has two options - Growth and Dividend. The scheme will not declare dividend under the Growth Plan. The Income earned on such units will remain invested under the scheme and will be reflected in the Net Asset Value. The New Fund Offer period of the scheme was from 28/04/2008 to 27/05/2008.

##### 1.2 Asset Management Company

Sahara Mutual Fund (SMF) has been established as a Trust in accordance with the Indian Trusts Act, 1882, and is sponsored by Sahara India Financial Corporation Limited.

Sahara Asset Management Company Private Limited ("SAMCPL"), a company incorporated under the Companies Act, 1956, has been appointed as the Asset Management Company ("Investment Manager") to Sahara Mutual Fund.

The Shareholding of Sahara Asset Management Company Private Limited as on March 31, 2012 is as follows:

Name of the Shareholder	Type of Holdings	Holding
Sahara India Financial Corporation Limited	Equity	45.60 %
Sahara India Corp Investment Limited	Equity	11.36 %
Sahara Prime City Limited (formerly Sahara India Investment Corporation Limited )	Equity	11.36 %
Sahara Care Limited	Equity	31.68 %
Name of the Shareholder	Type of Holdings	Holding
Sahara India Commercial Corporation Ltd	Preference	90.32 %
Sahara Care Ltd	Preference	9.68 %

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### 2.1. Basis of Accounting.

The Scheme maintains its books of account on an accrual basis. These financial statements 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, (the "Regulation"), and amendments thereto, as applicable.



## **2.2. Accounting for Investments**

2.2.1 Investments are accounted on trade dates at cost including brokerage, stamp duty and other charges which are included in the acquisition of investments.

2.2.2 Profit or loss on sale of investments is determined on the respective trade date by adopting the "Weighted Average Cost" method.

2.2.3 Bonus/Rights entitlements on equity holdings are recognized only when the original shares on which the entitlement accrues are traded on the Principal stock exchange on ex-bonus/ex-rights basis respectively.

2.2.4 Primary Market Investments are recognized on the basis of allotment advice.

## **2.3. Valuation of Investments**

### **2.3.1. Equity Investments:**

#### **a). Traded Investments**

Traded equity securities and warrants are valued at the last quoted price on the National Stock Exchange of India Limited (NSE). However, if the securities and warrants are not listed on NSE, the securities are valued at the price quoted at the exchange where it is principally traded. When on a particular valuation day, a security has not been traded on NSE but has been traded on another stock exchange; the value at which it is traded on that stock exchange is used provided it is not more than thirty days prior to the valuation date.

The Valuation of Right Shares until they are traded, is done as per the method given below:

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

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 should 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 can be valued at the renunciation value.

#### **b). Unlisted/Non traded / Thinly Traded Investments**

Non-traded / thinly traded / privately placed equity securities including those not traded within thirty days are valued at fair value as per procedures determined by AMC and approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds, issued by the Securities and Exchange Board of India (SEBI) from time to time.

### **2.3.2. Money market and debt securities with residual maturity of upto 91 days:**

Investments in Money Market and debt securities including floating rate securities with maturity of upto 91 days which are traded are valued at the weighted average price at which they are traded on the particular valuation day.

When such securities are not traded on a particular valuation day they are valued on amortization basis.

Investments in floating rate securities with floor and caps on coupon rate with maturity of upto 91 days are valued on amortization basis taking the coupon rate as floor.

### **2.3.3. Money market and debt securities with residual maturity of over 91 days:**

Investments in Money Market and debt securities including floating rate securities with maturity of over 91 days, are valued at the weighted average price at which they are traded on the particular valuation day.

Investments in Money Market and debt securities including floating rate securities with maturity of over 91 days which are not traded are valued at benchmark yield/matrix of spread over risk free benchmark yield obtained from CRISIL & ICRA.

### **2.3.4 Valuation of Other Investments**

Investments bought on “repo basis” are valued at the resale price after deduction of applicable interest up to the date of resale. Investments sold on “repo basis” are adjusted for the difference between the repurchase price (after deduction of applicable interest up to the date of repurchase) and the value of the instrument.

Investments in mutual fund schemes are valued based on the net asset value of the respective schemes as on the valuation date.

### **2.3.5 Valuation of securities not covered under the above valuation policy:**

The total exposure in securities, which do not fall under above valuation norms, shall not exceed 5% of the total AUM of the scheme.

Investment in such securities will be valued by a method approved by the Independent Trustees and Statutory Auditors.

### **2.3.6 Unrealised Appreciation / Depreciation.**

In accordance with the Guidance Note on Accounting for Investments in the Financial Statements of Mutual Funds issued by the Institute of Chartered Accountants of India, the unrealized appreciation determined separately for each individual investment is directly transferred to the “Unrealised Appreciation Reserve Account” i.e. without routing it through the revenue account.

The provision for depreciation in value of investments determined separately for each individual investment is recognized in the revenue account. The loss(realized) on investments sold / transferred during the year is charged to revenue account, instead of being first adjusted against the provision for depreciation, if already created in the prior year, as recommended by the said Guidance Note. However, this departure from the Guidance Note does not have any net impact on the Scheme's net assets or results for the year.

## **2.4 Revenue Recognition**

2.4.1 Income and Expenses are recognized on accrual basis.

2.4.2 Interest on funds invested in short term deposits with scheduled commercial banks is recognized on accrual basis.

2.4.3 Dividend income earned by the scheme is recognized on the date the share is quoted on ex-dividend basis on principal stock exchange.

2.4.4 Proportionate realized gains on investments out of sales / repurchase proceeds at the time of sale / repurchase of units are transferred to revenue Account from Unit Premium Reserve

## **3 Net Asset Value for Growth / Dividend Options:**

The net asset value of the units is determined separately for units issued under the Growth and Dividend Options. For reporting the net asset value of the Growth and Dividend Options, daily income earned, including realized and unrealized gain or loss in the value of investments and expenses incurred by the scheme are allocated to the options in proportion to the value of the net assets.

## **4 Unit Premium Reserve Account**

Upon issue and redemption of units, the net premium or discount to the face value of units is adjusted against the unit premium reserve account of the respective Options /Scheme, after an appropriate of the issue proceeds and redemption payout is credited or debited respectively to the income equalization account.

The Unit Premium reserve account is available for distribution of dividend except to the extent it is represented by unrealized net appreciation in value of investments.

## **5. Income Equalisation Reserve**

An appropriate part of the sale proceeds or the redemption amount, as the case may be, is transferred to income equalization account. The total distributable surplus (without considering unrealized appreciation) upto the date of issue/ redemption of units has been taken into account for the purpose of ascertaining the amount to be transferred to Equalization Account on a daily basis. The net balance in this account is transferred to the Revenue Account at the end of the year.

## **6. Load Charges**

The load charges collected, if any are used to meet expenses as per the stipulated SEBI guidelines from time to time.

## **7. Unclaimed Redemption.**

In line with SEBI circular no. MFD/CIR/9/120 /2000 dated November 24, 2000, the unclaimed redemption and dividend amounts may be deployed by the mutual funds in call money market or money market instruments only and the investors who claim these amounts during a period of three years from the due date shall be paid at the prevailing Net Asset Value. After a period of three years, this amount can be transferred to a pool account and the investors can claim the unclaimed redemption amount at NAV prevailing at the end of the third year. The income earned on such funds can be used for the purpose of investor

education. The AMC should make continuous effort to remind the investors through letters to take their unclaimed amounts. Further, the investment management fee charged by the AMC for managing unclaimed amounts shall not exceed 50 basis points.

## 8. NOTES TO THE ACCOUNTS

### 8.1 Management Fees, Trusteeship Fees, Custodian Fees

#### Management Fees

Management Fees (inclusive of service tax) has been computed at 1.25 % on average net assets calculated on a daily basis.

#### Trusteeship Fees & Expenses

In accordance with Deed of Trust dated 18<sup>th</sup> July 1996 between the Settler and the Trustees, the fund has paid or provided an annual fee of Rs.1,00,000/- per Trustee. Trusteeship fees & expenses are allocated to the schemes on the basis of their daily average net assets.

#### Custodian Charges

HDFC Bank provides Custodial services to the scheme for which fees is paid as per the agreement.

**8.2** Provision for tax has not been made since the income of the scheme is exempt from tax under Section 10(23D) of the Income Tax Act, 1961.

**8.3** Transactions with Brokers in excess of 5% or more of the aggregate purchases and sale of securities made by the Fund have been reported to the Trustees on a Bimonthly basis.

**8.4** Certain investments are registered in the name of the Fund without specific reference to the Scheme. As at March 31, 2012 the aggregate market value of securities under Sahara Power & Natural Resources Fund but held in the name of Sahara Mutual Fund is Rs. 1,100,030.14.

**8.5** The marketing and selling expenses amounting to Rs.1,10,390.14 constitutes 11.25 % of the total schemes expenses.

**8.6** Transactions with Associates

Brokerage / Commission on sale of units by the Scheme or by the Asset Management Company given to associates, pursuant to Regulation 25(8):

**Commission to SIFCL A/c CMSD (Associate) made for sale of units of the MF for the current year ended 31<sup>st</sup> March 2012.**

(Rs. In lakhs)

Tax Gain Fund	Growth Fund	Liquid Fund	Mid cap Fund	Wealth Plus Fund	Infrastructure Fund
0.52	0.31	0.07	0.29	0.08	0.15

(Rs. in lakhs)

R. E. A. L Fund	Star Value Fund	Super 20 Fund	Power and Natural Resources Fund	Banking & Financial Services Fund	Interval Fund – Quarterly Plan Sr 1
0.00	0.08	0.18	0.15	0.73	0.00

Commission to SIFCL A/c CMSD (Associate) made for sale of units of the MF for the previous year ended 31<sup>st</sup> March 2011

(Rs.In lakhs)

Tax Gain Fund	Growth Fund	Liquid Fund	Mid cap Fund	Wealth Plus Fund	Infrastructure Fund
1.00	0.51	0.09	0.42	0.57	0..37

(Rs. in lakhs)

R. E. A. L Fund	Star Value Fund	Super 20 Fund	Power and Natural Resources Fund	Banking & Financial Services Fund	Interval Fund – Quarterly Plan Sr 1
1.21	0.15	0.30	1.09	1.64	0.01

**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)
<b>SIFCL A/c CMSD</b>	<b>Sponsor / Mutual Fund Distributor</b>	<b>April 11- March 12</b>	<b>(0.97 &amp; 0.07%)</b>	<b>(Rs.2,57,503.28 ; 9.83 % )</b>
SIFCL A/c CMSD	Sponsor / Mutual Fund Distributor	April 10- March 11	(5.15; 0.22%)	(Rs.737214/-;11.94%)

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 2012 & April – Mar 2011.

**8.7 The aggregate value of Investment purchased and sold(Including Redemption) during the year as a percentage of daily average net asset value;**

**Purchases**

Year	Amount (Rs)	% of Daily average
<b>2011-12</b>	<b>49,154,920</b>	<b>125.24</b>
2010-11	996,351,25	167.55

**Sales**

Year	Amount (Rs)	% of Daily average
2011-12	54,482,128	138.81
2010-11	120,358,162	202.40

**8.8 Aggregate Appreciation and Depreciation in the value of Investments :**

Asset Class	31-Mar -12		31-Mar-11	
	Appreciation (Rs. In lakhs)	Depreciation (Rs. In lakhs)	Appreciation (Rs. In lakhs)	Depreciation (Rs. In lakhs)
Equity Shares	7.47	47.14	11.40	30.06

**8.9 Income and Expense Ratio**

	2011-12	2010-11
Total Income (including net unrealized appreciation and net of loss on sale of investments) to average net assets calculated on a daily basis.	-10.49%	12.18%
Total Expenditure to average net assets calculated on a daily basis	2.50%	2.50 %

**8.10 Movements in Unit Capital:****8.10.1 Growth Option**

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2012	As on March 31, 2012	As on March 31, 2011	As on March 31, 2011
Initial Capital	4,493,635.091	44,936,351	4,493,635.091	44,936,351
Opening Balance	2372018.257	23,720,183	3,386,818.901	33,868,189
Units Sold during the year	71952.758	719,528	76,447.689	764,477
Units Repurchased during the year	(400847.262)	(4,008,473)	(1,091,248.33)	(10,912,483)
Closing Balance	2043123.753	20,431,238	2,372,018.257	23,720,183

**8.10.2 Dividend Option**

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2012	As on March 31, 2012	As on March 31, 2011	As on March 31, 2011
Initial Capital	2,094,688.331	20,946,883	2,094,688.331	20,946,883
Opening Balance	1451135.750	14,511,358	1,565,549.748	15,655,497
Units Sold during the year	17024.235	170,242	1,271,383.738	12,713,837
Units Repurchased during the year	(220935.157)	(2,209,352)	(1,385,797.74)	(13,857,977)
Closing Balance	1247224.828	12,472,248	1,451,135.750	14,511,358

**8.11** The scheme has declared nil dividend for the year ended March 31, 2012 (PY: Rs.2/-). There was no bonus declared during the year ended March 31, 2012 (PY: Nil).

**8.12 Unclaimed Amounts ( beyond six months) :**

Unclaimed Redemption and Dividend during the year ended March 31, 2012 are as below:

Scheme Name	No of Investors	Unclaimed Dividend (Rs)	No. of Investors	Unclaimed Redemption (Rs)
Sahara Power & Natural Resources Fund	17	48461.27	9	142096.73

**8.13** Investments made by the Schemes of Sahara Mutual Fund in Companies or their subsidiaries that have invested more than 5% of the net asset value of any scheme, pursuant to Regulation 25(11).

(Rs.in lakhs)

Company which has invested in excess of 5% of the net asset of the respective scheme during the period	Scheme/s in which the Company has invested more than 5% of the Net Assets	Name of the Funds/Schemes which have invested	Type of security	Aggregate cost of acquisition during the period	Outstanding as on 31.03.2012
Reliance Capital Ltd	Sahara Liquid Fund	Sahara Income Fund	Commercial Paper	74.89	0.00
		Sahara Liquid Fund	Commercial Paper	6076.38	0.00
		Sahara Short Term Bond Fund	Commercial Paper	823.80	0.00

The above investments were made to optimize returns and retain high liquidity.

**8.14 Portfolio Statement as on March 31, 2012**

Name of the Instrument	Quantity	Market Value (Rs. in Lakhs)	% to NAV	% to Category Total
<b>1) Equity &amp; Equity Related</b>				
<b>(a) Listed/awaiting Listing on Stock Exchange</b>				
<b>EQUITY SHARES</b>				
<b>Power</b>			22.53	<b>23.13</b>
National Thermal Power Corp Ltd.	10000	16.28		
Power Grid Corporation Of India Ltd.	13000	14.06		
Power Trading Coporation India Ltd.	20683	12.70		
Orient Green Power Company Ltd.	80000	10.20		
Tata Power Company Ltd.	10000	10.10		
KEC International Limited	15332	9.99		
Torrent Power Ltd	3600	7.26		
<b>Construction Projects</b>			13.05	<b>13.40</b>

Lanco Infratech Ltd	60000	10.92		
GMR Infrastructure Ltd.	30000	9.32		
Larsen and Toubro Limited.	700	9.16		
Voltas Ltd.	8000	8.98		
Pratibha Industries Ltd.	17500	8.31		
<b>Industrial Capital Goods</b>			10.43	<b>10.71</b>
Crompton Greaves Ltd	8000	11.05		
Thermax Ltd.	2200	10.22		
Praj Industries Ltd	12000	9.62		
Bharat Heavy Electricals Ltd.	2500	6.43		
<b>Fertilisers</b>			8.22	<b>8.44</b>
Coromandel International Ltd	3000	8.51		
Zuari Industries Ltd.	1600	7.91		
Rashtriya Chemicals & Fertilisers Ltd	12000	6.77		
Chambal Fertilisers & Chemicals Ltd.	8025	6.20		
<b>Finance</b>			6.83	<b>7.01</b>
Rural Electrification Corporation Ltd.	6500	13.35		
Power Finance Corporation Ltd.	6000	11.07		
<b>Petroleum Products</b>			6.24	<b>6.40</b>
Bharat Petroleum Corporation Ltd.	1100	7.70		
Castrol India Ltd.	1400	7.51		
Indian Oil Corporation Ltd	2700	7.09		
<b>Ferrous Metals</b>			4.92	<b>5.05</b>
Manganese Ore India Ltd.	4200	10.51		
Tata Steel Ltd.	1500	7.08		
<b>Gas</b>			4.76	<b>4.89</b>
Gas Authority Of India Ltd.	3000	11.29		
Gujarat State Petronet Ltd.	7500	5.74		
<b>Oil</b>			4.53	<b>4.65</b>
Cairn India Ltd.	3000	10.02		
Oil & Natural Gas Corp Ltd	2300	6.17		
<b>Consumer Non Durables</b>			3.70	<b>3.80</b>
Aditya Birla Nuvo (Indian Rayon)	1000	9.45		
EID Parry (India) Ltd.	2000	3.79		
<b>Paper</b>			3.35	<b>3.44</b>
Tamil Nadu Newsprint & Papers Ltd.	12500	12.00		
<b>Non-Ferrous Metals</b>			3.26	<b>3.34</b>



Hindalco Industries Ltd.	9000	11.65		
<b>Minerals/Mining</b>			2.88	<b>2.96</b>
Coal India Ltd.	3000	10.32		
<b>Chemicals</b>			2.71	<b>2.79</b>
Tata Chemicals Ltd.	2800	9.71		
<b>(b) Unlisted</b>	Nil	Nil	Nil	<b>Nil</b>
<b>Equity Total (a+b)(Book Cost Rs.388.09 lakhs)</b>	<b>387640</b>	<b>348.42</b>	<b>97.40</b>	<b>100.00</b>
<b>2) Debt Instruments</b>				
(a) Listed/awaiting Listing on Stock Exchange	Nil	Nil	Nil	<b>Nil</b>
(b) Privately Placed/Unlisted	Nil	Nil	Nil	<b>Nil</b>
(c) Securuitised Debt	Nil	Nil	Nil	<b>Nil</b>
<b>3) Money Market Instruments</b>	Nil	Nil	Nil	<b>Nil</b>
<b>4) Short Term Deposits</b>	Nil	Nil	Nil	<b>Nil</b>
<b>5) Other- Net Current Assets</b>	Nil	<b>9.29</b>	<b>2.60</b>	<b>100.00</b>
<b>Grand Total</b>	<b>387640</b>	<b>357.71</b>	<b>100.00</b>	<b>100.00</b>

**8.15** Investments made by the Scheme in shares of Group Companies of the Sponsor – NIL.

**8.16** Holdings over 25% of the NAV of the scheme as of March 31, 2012.

<b>Particulars</b>	<b>As on March 31, 2012</b>	<b>As on March 31, 2011</b>
Number of Investors	<b>Nil</b>	Nil
Percentage of Holdings	<b>N/A</b>	N/A

**8.17** Contingent Liabilities: Nil

**8.18** Previous year's figures have been reclassified and regrouped wherever necessary to conform to the current year's classification.

As per our attached report of even date

**For Chaturvedi & Co**  
Chartered Accountants  
Firm Regn. No.:- 302137E

**For Sahara Asset Management Company**  
**Pvt Ltd**

**For Sahara Mutual Fund**

**S.N.Chaturvedi**  
**Partner**  
M.No.: 040479

**C.Kamdar**  
**Director**

**O.P.Srivastava**  
**Director**

**Justice S Mohan**  
**Trustee**

**Amitabha Ghosh**  
**Trustee**

**Naresh Kumar Garg**  
**Chief Executive Officer**

**A.N.Sridhar**  
**Fund Manager**

**Place:** Mumbai  
**Date:** 26<sup>th</sup> May 2012

## **SAHARA BANKING AND FINANCIAL SERVICES FUND**

### **AUDITORS' REPORT TO THE TRUSTEES OF SAHARA MUTUAL FUND**

1. We have audited the Balance Sheet of Sahara Mutual Fund – Sahara Banking and Financial Services Fund (the "Scheme") as at March 31, 2012, and the related Revenue Account for the period ended on that date, annexed thereto. These financial statements are a responsibility of the Trustees of Sahara Mutual Fund and the management of Sahara Asset Management Company Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.

2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. 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. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.

4. In our opinion and to the best of our information and according to the explanations given to us:

The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable and give a true and fair view in conformity with the Accounting principles generally accepted in India,

i). in case of Balance Sheet of the state of affairs of the scheme as at March 31, 2012 and

ii). in case of the Revenue account, of the deficit for the period ended on that date.

5. 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.

For **CHATURVEDI & CO.**  
*Chartered Accountants*  
(Firm Regn. No.: 302137E)

**Place:** Mumbai  
**Date:** 26/05/2012

(SN Chaturvedi)  
Partner  
M.No.: 040479

**SAHARA BANKING AND FINANCIAL SERVICES FUND  
BALANCE SHEET AS AT MARCH 31, 2012**

	<b>Schedule</b>	<b>As at</b>	<b>As at</b>
		<b>March 31, 2012</b>	<b>March 31, 2011</b>
<b>ASSETS</b>		<b>(Rs)</b>	<b>(Rs)</b>
Investments	1	198,521,930	230,476,500
Other Current Assets	2	16,458,416	13,487,083
<b>Total Assets</b>		<b>214,980,346</b>	<b>243,963,583</b>
<b>LIABILITIES</b>			
Unit Capital	3	151,128,239	136,965,532
Reserves & Surplus	4	61,421,811	106,462,947
Current Liabilities & Provisions	5	2,430,296	535,104
<b>Total Liabilities</b>		<b>214,980,346</b>	<b>243,963,583</b>
<b>NET ASSET VALUE</b>			
Net Asset Value per unit (Rs.)			
i) Dividend		11.8583	15.8472
ii) Growth		27.8344	31.3872
Significant Accounting Policies and Notes to the accounts	8		
Schedules 1 to 5 and 8 form an integral part of the Balance Sheet			

As per our attached report of even date

**For Chaturvedi & Co**

Chartered Accountants

Firm Regn. No.: 302137E

**For Sahara Asset Management Company**

**Pvt Ltd**

**For Sahara Mutual Fund**

**S.N.Chaturvedi**  
**Partner**

M.No.: 040479

**C.Kamdar**  
**Director**

**Naresh Kumar Garg**  
**Chief Executive Officer**

**O.P.Srivastava**  
**Director**

**A.N.Sridhar**  
**Fund Manager**

**Justice S Mohan**  
**Trustee**

**Amitabha Ghosh**  
**Trustee**

**Place:** Mumbai

**Date:** 26<sup>th</sup> May 2012

REVENUE ACCOUNT FOR THE YEAR ENDED March 31, 2012			
SAHARA BANKING AND FINANCIAL SERVICES FUND	Schedule	For the period year ended March 31, 2012 (Rs)	For the year ended March 31, 2011(Rs)
<b>INCOME</b>			
Dividend Income		3,032,789	1,754,470
Interest Income	6	1,128,386	741,309
Profit on Sale / Redemption of Investments (Net) (Other than Inter Scheme Transfer / Sale)		-	32,722,215
<b>Total Income</b>		<b>4,161,175</b>	<b>35,217,994</b>
<b>EXPENSES &amp; LOSSES</b>			
Loss on Sale / Redemption of Investments (Net) (Other than Inter Scheme Transfer / Sale)		21,072,465	-
Management Fees		2,738,071	2,407,004
Registrar & Transfer Agent Charges		335,797	311,428
Custodian Fees		313,416	205,955
Fees & Expenses of Trustees		263,753	158,055
Statutory Audit Fees		155,540	64,658
Internal Audit Fees		233,135	222,669
Insurance		44,922	62,090
Costs related to Investor Communication		253,890	167,531
Transaction cost		43,474	35,647
Marketing & Selling Exps.		1,093,638	1,219,703
<b>Total Expenses</b>		<b>26,548,101</b>	<b>4,854,740</b>
Net Surplus for the Year (excluding unrealised appreciation)		(22,386,926)	30,363,253
Provision / Write back for dimution in value of investments	7	2,603,848	(2,897,278)
Net Surplus for the Year (excluding unrealised appreciation)		(19,783,078)	27,465,975
Transfer from Income Equalisation Reserve		13,945,393	81,161,029
Dividend Paid		(33,676,619)	(53,261,063)
Net Surplus transferred to Revenue Reserve		<b>(39,514,304)</b>	<b>55,365,941</b>
Significant Accounting Policies and Notes to the accounts	8		
Schedules 6 to 8 form an integral part of the Revenue Account			

As per our attached report of even date

**For Chaturvedi & Co** **For Sahara Asset Management Company**

Chartered Accountants **Pvt Ltd**

Firm Regn. No.:- 302137E

**For Sahara Mutual Fund**

**S.N.Chaturvedi**  
**Partner**

M.No.: 040479

**C.Kamdar**  
**Director**

**Naresh Kumar Garg**  
**Chief Executive Officer**

**O.P.Srivastava**  
**Director**

**A.N.Sridhar**  
**Fund Manager**

**Justice S Mohan**  
**Trustee**

**Amitabha Ghosh**  
**Trustee**

**Place:** Mumbai

**Date:** 26<sup>th</sup> May 2012

SCHEDULES FORMING PART OF THE BALANCE SHEET		As at		As at
		March 31, 2012		March 31, 2011
		(Rs)		(Rs)
<b>SCHEDULE 1</b>				
<b>Investments</b>				
(Refer Note 8.14 of Schedule 8 for detailed Portfolio statement)				
Equity Shares		198,521,930		230,476,500
Certificate of Deposits		-		-
		<b>198,521,930</b>		<b>230,476,500</b>
<b>SCHEDULE 2</b>				
<b>Other Current Assets</b>				
Balances with Banks in Current accounts		2,181,257		752,334
Reverse Repo arrangements		14,077,835		4,649,083
Contracts For Sale of Investments		-		8,073,263
Outstanding and accrued income		8,524		994
Receivable on issue of Units		33820		-
Investment - Liquid MF Units		156,980		11,409
		<b>16,458,416</b>		<b>13,487,083</b>
<b>SCHEDULE 3</b>				
<b>Unit Capital</b>				
Dividend		130,255,275		119,992,171
Dividend Option 13025527.510 units of Rs.10 each				
(For 2010-2011 11999217.0890 units of Rs.10 each)				
Growth		20,872,964		16,973,361
Growth Option 2087296.372 units of Rs.10 each				
(For 2010-2011 1697336.1390 units of Rs.10 each)				
<b>Total</b>		<b>151,128,239</b>		<b>136,965,532</b>
(Refer Note 8.10 of Schedule 8)				
<b>SCHEDULE 4</b>				
<b>Reserves and Surplus</b>				
<b>Revenue Reserve</b>				
Balance as at beginning of the year	86,192,430		<b>30,826,490</b>	
Transferred from Revenue Account	(39,514,304)		55,365,941	
Balance as at end of the year		46,678,126		86,192,430
<b>Income Equalisation Reserve</b>				
Balance as at beginning of the year	-		-	
Additions During the year	13,945,393		81,161,029	

Transferred to Revenue Account	(13,945,393)		(81,161,029)	
Balance as at end of the year		-		-
<b>Unrealised Appreciation Reserve</b>				
Balance as at beginning of the year	<b>18,954,820</b>		<b>13,572,255</b>	
Additions During the year	(7,719,272)		5,382,565	
Balance as at end of the year		11,235,548		18,954,820
<b>Unit Premium Reserve</b>				
Balance as at beginning of the year	<b>1,315,696</b>		<b>6,404,801</b>	
Additions During the year	2,192,441		(5,089,105)	
Balance as at end of the year		3,508,137		1,315,696
		<b>61,421,811</b>		<b>106,462,947</b>
<b>SCHEDULE 5</b>				
<b>Current Liabilities and Provisions</b>				
Sundry Creditors		301,492		299,167
Management Fees Payable		48,590		46,852
Distribution Payable		156,091		6,036
Contract for purchase of Investments		1,391,631		-
Payable on redemption of units		527,580		183,049
Load charges payable to <b>AMC</b>		4,912		-
		<b>2,430,296</b>		<b>535,104</b>
		<b>For the year ended</b>		<b>For the year ended</b>
<b>SCHEDULES FORMING PART OF REVENUE ACCOUNT</b>		<b>March 31, 2012</b>		<b>March 31, 2011</b>
		<b>(Rs)</b>		<b>(Rs)</b>
<b>SCHEDULE 6</b>				
<b>Interest &amp; Discount Income</b>				
Fixed Deposit		-		204,505.08
CBLO		49,424		-
Reverse Repo		1,078,962		536,804
		<b>1,128,386</b>		<b>741,309</b>
<b>SCHEDULE 7</b>				
<b>Provision / Write back for diminution in value of investments</b>				
At the beginning of the year		(3,208,196)		(310,918)
At the end of the year		(604,348)		(3,208,196)
		<b>2,603,848</b>		<b>(2,897,278)</b>

**PERSPECTIVE HISTORICAL PER UNIT STATISTICS**

<b>SAHARA BANKING &amp; FINANCIAL SERVICES FUND</b>	<b>As at 31-Mar-12</b>	<b>As at 31-Mar-11</b>	<b>As at 31-Mar-11</b>
<b>Particulars</b>	<b>(Rs. Per Unit)</b>	<b>(Rs. Per Unit)</b>	<b>(Rs. Per Unit)</b>
<b>(a) Gross Income</b>			
(i) Income other than Profit on sale of Investments	<b>0.2753</b>	0.1822	0.1724
(ii) Income from Profit (net of loss) on inter-scheme sales/transfer of Investments	<b>0.0000</b>	0.0000	0.0000
(iii) Income from Profit (net of Loss) on sale other than Inter scheme	<b>-1.3943</b>	2.3891	2.8159
(iv) Transfer to revenue account from past year's reserve	<b>0.0000</b>	0.0000	0.0000
<b>(b) Aggregate of expenses, write off, amortisation and charges</b>	<b>0.3623</b>	0.3544	0.2188
<b>(c) Net Income</b>	<b>-1.4813</b>	2.2169	2.7695
<b>(d) Net unrealised appreciation/(dimunition) in value of Investments</b>	<b>0.7035</b>	1.1497	2.2174
<b>(e) Net Asset Value</b>			
Dividend Plan	<b>11.8583</b>	15.8472	15.8350
Growth Plan	<b>27.8344</b>	31.3872	25.0837
<b>(f) Repurchase Price during the year**</b>			
(i) Highest			
Fixed Pricing - Dividend Plan	<b>16.2140</b>	20.3802	19.7517
Fixed Pricing - Growth Plan	<b>32.1137</b>	37.4157	25.2419
(ii) Lowest			
Fixed Pricing - Dividend Plan	<b>9.2386</b>	14.2047	11.1709
Fixed Pricing - Growth Plan	<b>21.7302</b>	25.7764	11.1753
<b>(g) Resale Price during the year**</b>			
(i) Highest			
Fixed Pricing - Dividend Plan	<b>16.5788</b>	20.3802	20.1493
Fixed Pricing - Growth Plan	<b>32.8363</b>	37.4157	25.2419
(ii) Lowest			
Fixed Pricing - Dividend Plan	<b>9.4465</b>	14.2047	13.0250
Fixed Pricing - Growth Plan	<b>22.2191</b>	25.7764	10.6999
<b>(h) Ratio of expenses to average daily net assets by Percentage</b>	<b>2.50%</b>	2.48%	2.50%
<b>(i) Ratio of income to average daily net assets by Percentage</b>	<b>-10.22%</b>	15.51%	59.46%
(excluding transfer to revenue account from past year's reserve but including net change in unrealized appreciation / depreciation in value of Investments and adjusted for net loss on sale / redemption of investments)			

\*\*Based on the maximum load during the year

## SCHEDULE - 8

### ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012.

#### 1. INTRODUCTION

##### 1.1 About the Scheme

SAHARA Banking and Financial Services Fund is an open ended sectoral growth scheme of Sahara Mutual Fund (the "Fund"). The investment objective is to provide long term capital appreciation through investment in equities and equities related securities of companies engaged in Banking & Financial Services, either whole or in part. The Scheme has two options - Growth and Dividend. The scheme will not declare dividend under the Growth Plan. The Income earned on such units will remain invested under the scheme and will be reflected in the Net Asset Value. The New Fund Offer period of the scheme was from 28/07/2008 to 26/08/2008.

##### 1.2 Asset Management Company

Sahara Mutual Fund (SMF) has been established as a Trust in accordance with the Indian Trusts Act, 1882, and is sponsored by Sahara India Financial Corporation Limited.

Sahara Asset Management Company Private Limited ("SAMCPL"), a company incorporated under the Companies Act, 1956, has been appointed as the Asset Management Company ("Investment Manager") to Sahara Mutual Fund.

The Shareholding of Sahara Asset Management Company Private Limited as on March 31, 2012 is as follows:

Name of the Shareholder	Type of Holdings	Holding
Sahara India Financial Corporation Limited	Equity	45.60 %
Sahara India Corp Investment Limited	Equity	11.36 %
Sahara Prime City Limited (formerly Sahara India Investment Corporation Limited )	Equity	11.36 %
Sahara Care Limited	Equity	31.68 %
Name of the Shareholder	Type of Holdings	Holding
Sahara India Commercial Corporation Ltd	Preference	90.32 %
Sahara Care Ltd	Preference	9.68 %

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### 2.1. Basis of Accounting.

The Scheme maintains its books of account on an accrual basis. These financial statements 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, (the "Regulation"), and amendments thereto, as applicable.

##### 2.2. Accounting for Investments



2.2.1 Investments are accounted on trade dates at cost including brokerage, stamp duty and other charges which are included in the acquisition of investments.

2.2.2 Profit or loss on sale of investments is determined on the respective trade date by adopting the "Weighted Average Cost" method.

2.2.3 Bonus/Rights entitlements on equity holdings are recognized only when the original shares on which the entitlement accrues are traded on the Principal stock exchange on ex-bonus/ex-rights basis respectively.

2.2.4 Primary Market Investments are recognized on the basis of allotment advice.

## **2.3. Valuation of Investments**

### **2.3.1. Equity Investments:**

#### **a). Traded Investments**

Traded equity securities and warrants are valued at the last quoted price on the National Stock Exchange of India Limited (NSE). However, if the securities and warrants are not listed on NSE, the securities are valued at the price quoted at the exchange where it is principally traded. When on a particular valuation day, a security has not been traded on NSE but has been traded on another stock exchange; the value at which it is traded on that stock exchange is used provided it is not more than thirty days prior to the valuation date.

The Valuation of Right Shares until they are traded, is done as per the method given below:

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

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 should 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 can be valued at the renunciation value.

#### **b). Unlisted/Non traded / Thinly Traded Investments**

Non-traded / thinly traded / privately placed equity securities including those not traded within thirty days are valued at fair value as per procedures determined by AMC and approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds, issued by the Securities and Exchange Board of India (SEBI) from time to time.

### **2.3.2. Money market and debt securities with residual maturity of upto 91 days:**

Investments in Money Market and debt securities including floating rate securities with maturity of upto 91 days which are traded are valued at the weighted average price at which they are traded on the particular valuation day.

When such securities are not traded on a particular valuation day they are valued on amortization basis.

Investments in floating rate securities with floor and caps on coupon rate with maturity of upto 91 days are valued on amortization basis taking the coupon rate as floor.

#### **2.3.3. Money market and debt securities with residual maturity of over 91 days:**

Investments in Money Market and debt securities including floating rate securities with maturity of over 91 days, are valued at the weighted average price at which they are traded on the particular valuation day.

Investments in Money Market and debt securities including floating rate securities with maturity of over 91 days which are not traded are valued at benchmark yield/matrix of spread over risk free benchmark yield obtained from CRISIL & ICRA.

#### **2.3.4 Valuation of Other Investments**

Investments bought on “repo basis” are valued at the resale price after deduction of applicable interest up to the date of resale. Investments sold on “repo basis” are adjusted for the difference between the repurchase price (after deduction of applicable interest up to the date of repurchase) and the value of the instrument.

Investments in mutual fund schemes are valued based on the net asset value of the respective schemes as on the valuation date.

#### **2.3.5 Valuation of securities not covered under the above valuation policy:**

The total exposure in securities, which do not fall under above valuation norms, shall not exceed 5% of the total AUM of the scheme.

Investment in such securities will be valued by a method approved by the Independent Trustees and Statutory Auditors.

#### **2.3.6 Unrealised Appreciation/Depreciation.**

In accordance with the Guidance Note on Accounting for Investments in the Financial Statements of Mutual Funds issued by the Institute of Chartered Accountants of India, the unrealized appreciation determined separately for each individual investment is directly transferred to the “Unrealised Appreciation Reserve Account” i.e. without routing it through the revenue account.

The provision for depreciation in value of investments determined separately for each individual investment is recognized in the revenue account. The loss (realized) on investments sold / transferred during the year is charged to revenue account, instead of being first adjusted against the provision for depreciation, if already created in the prior year, as recommended by the said Guidance Note. However, this departure from the Guidance Note does not have any net impact on the Scheme's net assets or results for the year.

### **2.4 Revenue Recognition**

2.4.1 Income and Expenses are recognized on accrual basis.

2.4.2 Interest on funds invested in short term deposits with scheduled commercial banks is recognized on accrual basis.

2.4.3 Dividend income earned by the scheme is recognized on the date the share is quoted on ex-dividend basis on principal stock exchange.

2.4.4 Proportionate realized gains on investments out of sales / repurchase proceeds at the time of sale / repurchase of units are transferred to revenue Account from Unit Premium Reserve.

### **3. Net Asset Value for Growth / Dividend Options:**

The net asset value of the units is determined separately for units issued under the Growth and Dividend Options. For reporting the net asset value of the Growth and Dividend Options, daily income earned, including realized and unrealized gain or loss in the value of investments and expenses incurred by the scheme are allocated to the options in proportion to the value of the net assets.

### **4 Unit Premium Reserve Account**

Upon issue and redemption of units, the net premium or discount to the face value of units is adjusted against the unit premium reserve account of the Scheme, after an appropriate of the issue proceeds and redemption payout is credited or debited respectively to the income equalization account.

The Unit Premium reserve account is available for distribution of dividend except to the extent it is represented by unrealized net appreciation in value of investments.

### **5. Income Equalisation Account**

An appropriate part of the sale proceeds or the redemption amount, as the case may be, is transferred to income equalization account. The total distributable surplus (without considering unrealized appreciation) upto the date of issue/ redemption of units has been taken into account for the purpose of ascertaining the amount to be transferred to Equalization Account on a daily basis. The net balance in this account is transferred to the Revenue Account at the end of the year.

### **6. Load Charges**

The load charges collected, if any are used to meet expenses as per the stipulated SEBI guidelines from time to time.

### **7. Unclaimed Redemption.**

In line with SEBI circular no. MFD/CIR/9/120 /2000 dated November 24, 2000, the unclaimed redemption and dividend amounts may be deployed by the mutual funds in call money market or money market instruments only and the investors who claim these amounts during a period of three years from the due date shall be paid at the prevailing Net Asset Value. After a period of three years, this amount can be transferred to a pool account and the investors can claim the unclaimed redemption amount at NAV prevailing at the end of the third year. The income earned on such funds can be used for the purpose of investor education. The AMC should make continuous effort to remind the investors through letters to take their unclaimed amounts. Further, the investment management fee charged by the AMC for managing unclaimed amounts shall not exceed 50 basis points.

## 8. NOTES TO THE ACCOUNTS

### 8.1 Management Fees, Trusteeship Fees, Custodian Fees

#### Management Fees

Management Fees has been computed at 1.25 % on average net assets calculated on a daily basis.

#### Trusteeship Fees & Expenses

In accordance with Deed of Trust dated 18<sup>th</sup> July 1996 between the Settler and the Trustees, the fund has paid or provided an annual fee of Rs.1,00,000/- per Trustee. Trusteeship fees & expenses are allocated to the schemes on the basis of their daily average net assets.

#### Custodian Charges

HDFC Bank provides Custodial services to the scheme for which fees is paid as per the agreement.

**8.2** Provision for tax has not been made since the income of the scheme is exempt from tax under Section 10(23D) of the Income Tax Act, 1961.

**8.3** Transactions with Brokers in excess of 5% or more of the aggregate purchases and sale of securities made by the Fund have\ been reported to the Trustees on a Bimonthly basis.

**8.4** Certain investments are registered in the name of the Fund without specific reference to the Scheme. As at March 31, 2012 the aggregate market value of securities under Sahara Banking and Financial Services Fund but held in the name of Sahara Mutual Fund is Rs.14,086,358.84

**8.5** The marketing and selling expenses amounting to Rs.10,93,637.78 constitutes 19.97 % of the total schemes expenses.

### 8.6 Transactions with Associates

Brokerage / Commission on sale of units by the Scheme or by the Asset Management Company given to associates, pursuant to Regulation 25(8):

Commission to SIFCL A/c CMSD (Associate) made for sale of units of the MF for the current year ended 31<sup>st</sup> March 2012.

(Rs.In lakhs)

Tax Gain Fund	Growth Fund	Liquid Fund	Mid cap Fund	Wealth Plus Fund	Infrastructure Fund
0.52	0.31	0.07	0.29	0.08	0.15

(Rs. in lakhs)

R. E. A. L Fund	Star Value Fund	Super 20 Fund	Power and Natural Resources Fund	Banking & Financial Services Fund	Interval Fund – Quarterly Plan Sr 1
0.00	0.08	0.18	0.15	0.73	0.00

Commission to SIFCL A/c CMSD (Associate) made for sale of units of the MF for the previous year ended 31<sup>st</sup> March 2011.

(Rs.In lakhs)

Tax Gain Fund	Growth Fund	Liquid Fund	Mid cap Fund	Wealth Plus Fund	Infrastructure Fund
1.00	0.51	0.09	0.42	0.57	0..37

(Rs. in lakhs)

R. E. A. L Fund	Star Value Fund	Super 20 Fund	Power and Natural Resources Fund	Banking & Financial Services Fund	Interval Fund – Quarterly Plan Sr 1
1.21	0.15	0.30	1.09	1.64	0.01

**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)
<b>SIFCL A/c CMSD</b>	<b>Sponsor / Mutual Fund Distributor</b>	<b>April 11- March 12</b>	<b>(0.97 &amp; 0.07%)</b>	<b>(Rs.2,57,503.28 ; 9.83 % )</b>
SIFCL A/c CMSD	Sponsor / Mutual Fund Distributor	April 10- March 11	(5.15; 0.22%)	(Rs.737214/- ;11.94%)

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 2012 & April – Mar 2011.

- 8.7 The aggregate value of Investment purchased and sold(Including Redemption) during the year as a percentage of daily average net asset value;

**Purchases**

Year	Amount (Rs)	% of Daily average
<b>2011-12</b>	<b>613,786,340</b>	<b>280.22</b>
2010-11	514,292,016	262.68

**Sales**

Year	Amount (Rs)	% of Daily average
<b>2011-12</b>	<b>619,602,445</b>	<b>282.87</b>
2010-11	428,913,751	219.07

**8.8 Aggregate Appreciation and Depreciation in the value of Investments :**

Asset Class	31-Mar-12		31-Mar-11	
	Appreciation (Rs. In lakhs)	Depreciation (Rs. In lakhs)	Appreciation (Rs. In lakhs)	Depreciation (Rs. In lakhs)
Equity Shares	<b>112.36</b>	<b>6.04</b>	189.55	32.08

**8.9 Income and Expense Ratio**

	<b>2011-12</b>	2010-11
Total Income (including net unrealized appreciation and net of loss on sale of investments) to average net assets calculated on a daily basis.	<b>-2.87%</b>	26.03%
Total Expenditure to average net assets calculated on a daily basis	<b>2.50%</b>	2.48%

**8.10 Movements in Unit Capital:****8.10.1 Growth Option**

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2012	As on March 31, 2012	As on March 31, 2011	As on March 31, 2011
Initial Capital	<b>1902668.279</b>	<b>19,026,683</b>	1,902,668.279	19,026,683
Opening Balance	<b>1697336.139</b>	<b>16,973,361</b>	1702860.922	17,028,609
Units Sold during the year	<b>1117081.907</b>	<b>11,170,819</b>	1373983.506	13,739,835
Units Repurchased during the year	<b>(727121.674)</b>	<b>(7,271,217)</b>	(1379508.289)	(13,795,083)
Closing Balance	<b>2087296.372</b>	<b>20,872,964</b>	1697336.139	16,973,361

**8.10.2 Dividend Option**

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2012	As on March 31, 2012	As on March 31, 2011	As on March 31, 2011
Initial Capital	<b>356886.705</b>	<b>3,568,867</b>	356,886.705	3,568,867
Opening Balance	<b>11999217.089</b>	<b>119,992,171</b>	4277828.213	42,778,282
Units Sold during the year	<b>4989183.022</b>	<b>49,891,830</b>	12796513.230	127,965,132
Units Repurchased during the year	<b>(3962872.601)</b>	<b>(39,628,726)</b>	(5075124.354)	(50,751,244)
Closing Balance	<b>13025527.510</b>	<b>130,255,275</b>	11999217.089	119,992,171

**8.11** The scheme has declared dividend of Rs. 2.50 per unit during the year ended March 31, 2012 (PY: Rs. 4.00 per unit). There was no bonus declared during the year ended March 31, 2012 (PY: Nil).

### 8.12 Unclaimed Amounts ( beyond six months) :

Unclaimed Redemption and Dividend during the year ended March 31, 2012 are as below:

Scheme Name	No of Investors	Unclaimed Dividend (Rs)	No. of Investors	Unclaimed Redemption (Rs)
Sahara Banking and Financial Services Fund	43	156090.67	6	96953.35

### 8.13 Investments made by the Schemes of Sahara Mutual Fund in Companies or their subsidiaries that have invested more than 5% of the net asset value of any scheme, pursuant to Regulation 25(11).

(Rs.in lakhs)

Company which has invested in excess of 5% of the net asset of the respective scheme during the period	Scheme/s in which the Company has invested more than 5% of the Net Assets	Name of the Funds/Scheme s which have invested	Type of security	Aggregate cost of acquisition during the period	Outstanding as on 31.03.2012
Reliance Capital Ltd	Sahara Liquid Fund	Sahara Income Fund	Commercial Paper	74.89	0.00
		Sahara Liquid Fund	Commercial Paper	6076.38	0.00
		Sahara Short Term Bond Fund	Commercial Paper	823.80	0.00

The above investments were made to optimize returns and retain high liquidity.

### 8.14 Portfolio Statement as on March 31, 2012

Name of the Instrument	Quantity	Market Value (Rs. in Lakhs)	% to NAV	% to Category Total
<b>1) Equity &amp; Equity Related</b>				
<b>(a) Listed/awaiting Listing on Stock Exchange</b>				
<b>EQUITY SHARES</b>				
<b>Banks</b>			<b>81.63</b>	<b>87.40</b>
ICICI Bank Ltd.	27500	244.81		
HDFC Bank Ltd.	41000	213.14		
State Bank of India	9900	207.54		
Punjab National Bank	12500	115.63		
ING Vysya Bank Ltd.	30000	106.53		
City Union Bank Limited	197000	95.55		
Canara Bank	15800	75.18		
Kotak Mahindra Bank Ltd.	13500	73.62		
Oriental Bank of Commerce	27000	68.22		
Union Bank of India	27000	63.67		

Indian Bank	26000	63.44		
Yes Bank Ltd.	16000	59.01		
UCO Bank	73000	57.78		
Allahabad Bank	30000	55.82		
Syndicate Bank	45000	49.97		
Vijaya Bank	85000	49.68		
Bank Of Baroda	6000	47.77		
IndusInd Bank Limited.	14000	45.03		
The Federal Bank Limited	10000	42.65		
<b>Finance</b>			<b>11.77</b>	<b>12.60</b>
HDFC Ltd	12500	84.16		
LIC Housing Finance Ltd	26000	68.47		
Infrastr.Development Finance Co.Ltd.	40000	54.00		
Mahindra & Mahindra Financial Services Ltd.	6500	43.58		
<b>(b) Unlisted</b>	Nil	Nil	Nil	Nil
<b>Equity Total (a+b)(Book Cost Rs. 1878.91 Lakhs)</b>	<b>791200</b>	<b>1985.22</b>	<b>93.40</b>	<b>100.00</b>
<b>2) Debt Instruments</b>				
(a) Listed/awaiting Listing on Stock Exchange	Nil	Nil	Nil	Nil
(b) Privately Placed/Unlisted	Nil	Nil	Nil	Nil
(c) Securitised Debt	Nil	Nil	Nil	Nil
<b>3) Money Market Instruments</b>	Nil	Nil	Nil	Nil
<b>4) Short Term Deposits</b>	Nil	Nil	Nil	Nil
<b>5) Other- Net Current Assets</b>	Nil	<b>140.27</b>	<b>6.60</b>	<b>100.00</b>
<b>Grand Total</b>	<b>791200</b>	<b>2125.49</b>	<b>100.00</b>	<b>100.00</b>

**8.15** Investments made by the Scheme in shares of Group Companies of the Sponsor – NIL.

**8.16** Holdings over 25% of the NAV of the scheme as of March 31, 2012.

<b>Particulars</b>	<b>As on March 31, 2012</b>	<b>As on March 31, 2011</b>
Number of Investors	<b>Nil</b>	Nil
Percentage of Holdings	<b>N/A</b>	N/A

**8.17** Contingent Liabilities: Nil

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

As per our attached report of even date

**For Chaturvedi & Co**  
Chartered Accountants  
Firm Regn. No.:- 302137E

**For Sahara Asset Management Company Pvt Ltd**

**For Sahara Mutual Fund**

**S.N.Chaturvedi**  
Partner  
M.No.: 040479

**C.K.Kamdar**  
Director

**O.P.Srivastava**  
Director

**Justice S Mohan**  
Trustee

**Amitabha Ghosh**  
Trustee

**Naresh Kumar Garg**  
Chief Executive Officer

**A.N.Sridhar**  
Fund Manager

**Place:** Mumbai  
**Date:** 26<sup>th</sup> May 2012



## SAHARA SUPER 20 FUND

### AUDITORS' REPORT TO THE TRUSTEES OF SAHARA MUTUAL FUND

1. We have audited the Balance Sheet of Sahara Mutual Fund – Sahara Super 20 Fund (the "Scheme") as at March 31, 2012, and the related Revenue Account for the period ended on that date, annexed thereto. These financial statements are a responsibility of the Trustees of Sahara Mutual Fund and the management of Sahara Asset Management Company Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.

2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. 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. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.

4. In our opinion and to the best of our information and according to the explanations given to us:

The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable and give a true and fair view in conformity with the Accounting principles generally accepted in India,

i). in case of Balance Sheet of the state of affairs of the scheme as at March 31, 2012 and

ii). in case of the Revenue account, of the surplus for the period ended on that date.

5. 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.

For **CHATURVEDI & CO.**  
*Chartered Accountants*  
(Firm Regn. No.: 302137E)

**Place:** Mumbai  
**Date:** 26/05/2012

(SN Chaturvedi)  
Partner  
M.No.: 040479

<b>SAHARA SUPER 20 FUND</b>			
<b>BALANCE SHEET AS AT MARCH 31, 2012</b>			
	<b>Schedule</b>	<b>As at</b>	<b>As at</b>
		<b>March 31, 2012</b>	<b>March 31, 2011</b>
<b>ASSETS</b>		<b>(Rs)</b>	<b>(Rs)</b>
Investments	1	10,824,530	11,685,853
Other Current Assets	2	1,500,406	2,688,861
<b>Total Assets</b>		<b>12,324,936</b>	<b>14,374,714</b>
<b>LIABILITIES</b>			
Unit Capital	3	10,763,113	12,566,321
Reserves & Surplus	4	1,506,094	1,774,283
Current Liabilities & Provisions	5	55,729	34,110
<b>Total Liabilities</b>		<b>12,324,936</b>	<b>14,374,714</b>
<b>NET ASSET VALUE</b>			
Net Asset Value per unit (Rs.)			
i) Dividend		11.3999	11.4125
ii) Growth		11.3993	11.4117
Significant Accounting Policies and Notes to the accounts	8		
Schedules 1 to 5 and 8 form an integral part of the Balance Sheet			

As per our attached report of even date

**For Chaturvedi & Co**

Chartered Accountants

Firm Regn. No.: 302137E

**For Sahara Asset Management Company**

**Pvt Ltd**

**For Sahara Mutual Fund**

**S.N.Chaturvedi**  
**Partner**

M.No.: 040479

C.Kamdar  
**Director**

Naresh Kumar Garg  
**Chief Executive Officer**

O.P.Srivastava  
**Director**

A.N.Sridhar  
**Fund Manager**

Justice S Mohan  
**Trustee**

Amitabha Ghosh  
**Trustee**

**Place:** Mumbai

**Date:** 26<sup>th</sup> May 2012

<b>SAHARA SUPER 20 FUND</b>			
<b>REVENUE ACCOUNT FOR THE YEAR ENDED March 31, 2012</b>			
	<b>Schedule</b>	<b>For the year ended March 31, 2012</b>	<b>For the year ended March 31, 2011</b>
		<b>(Rs)</b>	<b>(Rs)</b>
<b>INCOME</b>			
Dividend Income		155,640	233,648
Interest Income	6	93,492	57,227
Profit on Sale / Redemption of Investments (Net)		292,179	1,682,562
(Other than Inter Scheme Transfer / Sale)			
<b>Total Income</b>		<b>541,311</b>	<b>1,973,437</b>
<b>EXPENSES &amp; LOSSES</b>			
Management Fees		159,121	213,320
Registrar & Transfer Agent Charges		26,624	45,436
Custodian Fees		19,179	15,904
Fees & Expenses of Trustees		15,636	12,348
Statutory Audit Fees		9,247	6,476
Internal Audit Fees		13,945	15,490
Insurance		2,792	621
Costs related to Investor Communication		13,384	12,233
Transaction cost		8,137	21,156
Marketing & Selling Exps.		49,977	83,656
<b>Total Expenses</b>		<b>318,041</b>	<b>426,640</b>
Net Surplus for the Year (excluding unrealised appreciation)		223,270	1,546,797
Provision / Write back for diminution in value of investments	7	(76,143)	(143,591)
Transfer from Income Equalisation Reserve		(338,067)	(609,028)
Net Surplus transferred to Revenue Reserve		<b>(190,940)</b>	<b>794,178</b>
Significant Accounting Policies and Notes to the accounts	8		
Schedules 6 to 8 form an integral part of the Revenue Account			

As per our attached report of even date

**For Chaturvedi & Co**      **For Sahara Asset Management Company**      **For Sahara Mutual Fund**  
Chartered Accountants      **Pvt Ltd**  
Firm Regn. No.:- 302137E

**S.N.Chaturvedi**  
**Partner**  
M.No.: 040479

C.Kamdar  
**Director**

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**Trustee**

Amitabha Ghosh  
**Trustee**

Naresh Kumar Garg  
**Chief Executive Officer**

A.N.Sridhar  
**Fund Manager**

**Place:** Mumbai  
**Date:** 26<sup>th</sup> May 2012

SCHEDULES FORMING PART OF THE BALANCE SHEET		As at		As at
		March 31, 2012		March 31, 2011
		(Rs)		(Rs)
<b>SCHEDULE 1</b>				
<b>Investments</b>				
(Refer Note 8.14 of Schedule 8 for detailed Portfolio statement)				
Equity Shares		10,824,530		11,685,853
Certificate of Deposits		-		-
		<b>10,824,530</b>		<b>11,685,853</b>
<b>SCHEDULE 2</b>				
<b>Other Current Assets</b>				
Balances with Banks in Current accounts		110,483		1,054,611
Reverse Repo arrangements		1,387,885		1,546,367
Contracts For Sale of Investments		-		84,753
Outstanding and accrued income		840		3,130
Receivable on issue of Units		100		-
Investment - Liquid MF Units		1,098		-
		<b>1,500,406</b>		<b>2,688,861</b>
<b>SCHEDULE 3</b>				
<b>Unit Capital</b>				
Dividend Option 301218.290 units of Rs.10 each		3,012,183		3,409,515
(For 2010-2011 340951.457 units of Rs.10 each)				
Growth Option 775092.991 units of Rs.10 each (For 2010-2011 915680.676 units of Rs.10 each)		7,750,930		9,156,807
Total		<b>10,763,113</b>		<b>12,566,321</b>
(Refer Note 8.10 of Schedule 8)				
<b>SCHEDULE 4</b>				
<b>Reserves and Surplus</b>				

<b>Revenue Reserve</b>				
Balance as at beginning of the year	<b>1,970,655</b>		<b>1,176,477</b>	
Transferred from Revenue Account	(190,941)		794,178	
Balance as at end of the year		1,779,714		1,970,655
<b>Income Equalisation Reserve</b>				
Balance as at beginning of the year	-		-	
Additions During the year	(338,067)		(609,028)	
Transferred to Revenue Account	338,067		609,028	
Balance as at end of the year		-		-
<b>Unrealised Appreciation Reserve</b>				
Balance as at beginning of the year	<b>428,041</b>		<b>755,547</b>	
Additions During the year	(148,513)		(327,506)	
Balance as at end of the year		279,528		428,041
<b>Unit Premium Reserve</b>				
Balance as at beginning of the year	<b>(624,413)</b>		<b>(147,020)</b>	
Additions During the year	71,265		(477,393)	
Balance as at end of the year		(553,148)		(624,413)
		<b>1,506,094</b>		<b>1,774,283</b>
<b>SCHEDULE 5</b>				
<b>Current Liabilities and Provisions</b>				
Sundry Creditors		38,645		30,226
Management Fees Payable		2,819		2,786
Payable on redemption of units		14,182		1,098
Load charges payable to <b>AMC</b>		83		-
		<b>55,729</b>		<b>34,110</b>
<b>SCHEDULES FORMING PART OF REVENUE ACCOUNT</b>		<b>For the year ended March 31, 2012</b>		<b>For the year ended March 31, 2011</b>
<b>SCHEDULE 6</b>		<b>(Rs)</b>		<b>(Rs)</b>
<b>Interest &amp; Discount Income</b>				
Commercial Paper/Certificate of Deposit/ CBLO		1,292		-
Reverse Repo		92,200		57,227
		<b>93,492</b>		<b>57,227</b>
<b>SCHEDULE 7</b>				
<b>Provision / Write back for dimunition in value of investments</b>				
At the beginning of the year		(466,420)		(322,829)
At the end of the year		(542,563)		(466,420)
		<b>(76,143)</b>		<b>(143,591)</b>

**PERSPECTIVE HISTORICAL PER UNIT STATISTICS**

<b>SAHARA SUPER 20 FUND</b>	<b>As at</b>	<b>As at</b>
<b>Particulars</b>	<b>31-Mar-12</b>	<b>31-Mar-11</b>
	<b>(Rs. Per Unit)</b>	<b>(Rs. Per Unit)</b>
<b>(a) Gross Income</b>		
(i) Income other than Profit on sale of Investments	0.2315	0.2315
(ii) Income from Profit (net of loss) on inter-scheme sales/ transfer of Investments	0.0000	0.0000
(iii) Income from Profit (net of Loss) on sale other than Inter scheme	0.2715	1.3389
(iv) Transfer to revenue account from past year's reserve	0.0000	0.0000
<b>(b) Aggregate of expenses, write off, amortisation and charges</b>	0.2955	0.3395
<b>(c) Net Income</b>	0.2074	1.2309
<b>(d) Net unrealised appreciation/(dimunition) in value of Investments</b>	-0.2444	-0.0305
<b>(e) Net Asset Value</b>		
Dividend Plan	10.3999	11.4125
Growth Plan	11.3993	11.4117
<b>(f) Repurchase Price during the year**</b>		
(i) Highest		
Fixed Pricing - Dividend Plan	12.0218	12.5113
Fixed Pricing - Growth Plan	12.0218	12.5109
(ii) Lowest		
Fixed Pricing - Dividend Plan	9.8914	10.1267
Fixed Pricing - Growth Plan	9.8904	10.1273
<b>(g) Resale Price during the year**</b>		
(i) Highest		
Fixed Pricing - Dividend Plan	12.1437	12.9220
Fixed Pricing - Growth Plan	12.1432	12.9216
(ii) Lowest		
Fixed Pricing - Dividend Plan	9.9913	10.4592
Fixed Pricing - Growth Plan	9.9903	10.4598
<b>(h) Ratio of expenses to average daily net assets by Percentage</b>	2.50%	2.50%
<b>(i) Ratio of income to average daily net assets by Percentage</b>	1.75%	9.06%
(excluding transfer to revenue account from past year's reserve but including net change in unrealized appreciation / depreciation in value of Investments and adjusted for net loss on sale / redemption of investments)		

\*\*Based on the maximum load during the year

## SCHEDULE - 8

### ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012.

#### 8. INTRODUCTION

##### 1.1 About the Scheme

Sahara Super 20 Fund is an open ended growth scheme of Sahara Mutual Fund (the "Fund"). The investment objective of the scheme would be to provide long term capital appreciation by investing in predominantly equity and equity related securities of around 20 companies selected out of the top 100 largest market capitalization companies, at the point of investment. The Scheme has two options - Growth and Dividend. The scheme will not declare dividend under the Growth Plan. The Income earned on such units will remain invested under the scheme and will be reflected in the Net Asset Value. The New Fund Offer period of the scheme was from 25/06/2009 to 23/07/2009.

##### 1.2 Asset Management Company

Sahara Mutual Fund (SMF) has been established as a Trust in accordance with the Indian Trusts Act, 1882, and is sponsored by Sahara India Financial Corporation Limited .

Sahara Asset Management Company Private Limited ("SAMCPL"), a company incorporated under the Companies Act, 1956, has been appointed as the Asset Management Company ("Investment Manager") to Sahara Mutual Fund.

The Shareholding of Sahara Asset Management Company Private Limited as on March 31, 2012 is as follows:

Name of the Shareholder	Type of Holdings	Holding
Sahara India Financial Corporation Limited	Equity	45.60 %
Sahara India Corp Investment Limited	Equity	11.36 %
Sahara Prime City Limited (formerly Sahara India Investment Corporation Limited)	Equity	11.36 %
Sahara Care Limited	Equity	31.68 %
Name of the Shareholder	Type of Holdings	Holding
Sahara India Commercial Corporation Ltd	Preference	90.32 %
Sahara Care Ltd	Preference	9.68 %

#### 9. SIGNIFICANT ACCOUNTING POLICIES

##### 2.1. Basis of Accounting.

The Scheme maintains its books of account on an accrual basis. These financial statements 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, (the "Regulation"), and amendments thereto, as applicable.

## 2.2. Accounting for Investments

- 2.2.5 Investments are accounted on trade dates at cost including brokerage, stamp duty and other charges which are included in the acquisition of investments.
- 2.2.6 Profit or loss on sale of investments is determined on the respective trade date by adopting the "Weighted Average Cost" method.
- 2.2.7 Bonus/Rights entitlements on equity holdings are recognized only when the original shares on which the entitlement accrues are traded on the Principal stock exchange on ex-bonus/ex-rights basis respectively.
- 2.2.8 Primary Market Investments are recognized on the basis of allotment advice.

## 2.3. Valuation of Investments

### 2.3.1. Equity Investments:

#### a). Traded Investments

Traded equity securities and warrants are valued at the last quoted price on the National Stock Exchange of India Limited (NSE). However, if the securities and warrants are not listed on NSE, the securities are valued at the price quoted at the exchange where it is principally traded. When on a particular valuation day, a security has not been traded on NSE but has been traded on another stock exchange; the value at which it is traded on that stock exchange is used provided it is not more than thirty days prior to the valuation date.

The Valuation of Right Shares until they are traded, is done as per the method given below:

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

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 should 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 can be valued at the renunciation value.

#### b). Unlisted/Non traded / Thinly Traded Investments

Non-traded / thinly traded / privately placed equity securities including those not traded within thirty days are valued at fair value as per procedures determined by AMC and approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds, issued by the Securities and Exchange Board of India (SEBI) from time to time.

### 2.3.2. Money market and debt securities with residual maturity of upto 91 days:

Investments in Money Market and debt securities including floating rate securities with maturity of upto 91 days which are traded are valued at the weighted average price at which they are traded on the particular valuation day.



When such securities are not traded on a particular valuation day they are valued on amortization basis.

Investments in floating rate securities with floor and caps on coupon rate with maturity of upto 91 days are valued on amortization basis taking the coupon rate as floor.

### **2.3.3. Money market and debt securities with residual maturity of over 91 days:**

Investments in Money Market and debt securities including floating rate securities with maturity of over 91 days, are valued at the weighted average price at which they are traded on the particular valuation day.

Investments in Money Market and debt securities including floating rate securities with maturity of over 91 days which are not traded are valued at benchmark yield/matrix of spread over risk free benchmark yield obtained from CRISIL & ICRA.

### **2.3.4 Valuation of Other Investments**

Investments bought on “repo basis” are valued at the resale price after deduction of applicable interest up to the date of resale. Investments sold on “repo basis” are adjusted for the difference between the repurchase price (after deduction of applicable interest up to the date of repurchase) and the value of the instrument.

Investments in mutual fund schemes are valued based on the net asset value of the respective schemes as on the valuation date.

### **2.3.5 Valuation of securities not covered under the above valuation policy:**

The total exposure in securities, which do not fall under above valuation norms, shall not exceed 5% of the total AUM of the scheme.

Investment in such securities will be valued by a method approved by the Independent Trustees and Statutory Auditors.

### **2.3.6 Unrealised Appreciation / Depreciation.**

In accordance with the Guidance Note on Accounting for Investments in the Financial Statements of Mutual Funds issued by the Institute of Chartered Accountants of India, the unrealized appreciation determined separately for each individual investment is directly transferred to the “Unrealised Appreciation Reserve Account” i.e. without routing it through the revenue account.

The provision for depreciation in value of investments determined separately for each individual investment is recognized in the revenue account. The loss (realized) on investments sold / transferred during the year is charged to revenue account, instead of being first adjusted against the provision for depreciation, if already created in the prior year, as recommended by the said Guidance Note. However, this departure from the Guidance Note does not have any net impact on the Scheme's net assets or results for the year.

## **2.8 Revenue Recognition**

- 2.8.1 Income and Expenses are recognized on accrual basis.
- 2.8.2 Interest on funds invested in short term deposits with scheduled commercial banks is recognized on accrual basis.
- 2.8.3 Dividend income earned by the scheme is recognized on the date the share is quoted on ex-dividend basis on principal stock exchange.
- 2.8.4 Proportionate realized gains on investments out of sales / repurchase proceeds at the time of sale / repurchase of units are transferred to revenue Account from Unit Premium Reserve.

### **3. Net Asset Value for Growth / Dividend Options:**

The net asset value of the units is determined separately for units issued under the Growth and Dividend Options. For reporting the net asset value of the Growth and Dividend Options, daily income earned, including realized and unrealized gain or loss in the value of investments and expenses incurred by the scheme are allocated to the options in proportion to the value of the net assets.

### **4 Unit Premium Reserve Account**

Upon issue and redemption of units, the net premium or discount to the face value of units is adjusted against the unit premium reserve account of the Scheme, after an appropriate of the issue proceeds and redemption payout is credited or debited respectively to the income equalization account.

The Unit Premium reserve account is available for distribution of dividend except to the extent it is represented by unrealized net appreciation in value of investments.

### **5. Income Equalisation Account**

An appropriate part of the sale proceeds or the redemption amount, as the case may be, is transferred to income equalization account. The total distributable surplus (without considering unrealized appreciation) upto the date of issue/ redemption of units has been taken into account for the purpose of ascertaining the amount to be transferred to Equalization Account on a daily basis. The net balance in this account is transferred to the Revenue Account at the end of the year.

### **6. Load Charges**

The load charges collected, if any are used to meet expenses as per the stipulated SEBI guidelines from time to time.

### **7. Unclaimed Redemption.**

In line with SEBI circular no.MFD/CIR/9/120 /2000 dated November 24, 2000, the unclaimed redemption and dividend amounts may be deployed by the mutual funds in call money market or money market instruments only and the investors who claim these amounts during a period of three years from the due date shall be paid at the prevailing Net Asset Value. After a period of three years, this amount can be transferred to a pool account and the investors can claim the unclaimed redemption amount at NAV prevailing at the end of the third year. The income earned on such funds can be used for the purpose of investor education. The AMC should make continuous effort to remind the investors through letters to take their unclaimed amounts. Further, the investment management fee charged by the AMC for managing unclaimed amounts shall not exceed 50 basis points.

## 8. NOTES TO THE ACCOUNTS

### 8.1 Management Fees, Trusteeship Fees, Custodian Fees

#### Management Fees

Management Fees has been computed at 1.25 % on average net assets calculated on a daily basis.

#### Trusteeship Fees & Expenses

In accordance with Deed of Trust dated 18<sup>th</sup> July 1996 between the Settler and the Trustees, the fund has paid or provided an annual fee of Rs.1,00,000/- per Trustee. Trusteeship fees & expenses are allocated to the schemes on the basis of their daily average net assets.

#### Custodian Charges

HDFC Bank provides Custodial services to the scheme for which fees is paid as per the agreement.

**8.2** Provision for tax has not been made since the income of the scheme is exempt from tax under Section 10(23D) of the Income Tax Act, 1961.

**8.3** Transactions with Brokers in excess of 5% or more of the aggregate purchases and sale of securities made by the Fund have\ been reported to the Trustees on a Bimonthly basis.

**8.4** Certain investments are registered in the name of the Fund without specific reference to the Scheme. As at March 31, 2012 the aggregate market value of securities under Sahara Super 20 Fund but held in the name of Sahara Mutual Fund is Rs.1,388,725.84.

**8.5** The marketing and selling expenses amounting to Rs. 49,976.85 constitutes 15.71 % of the total schemes expenses.

### 8.6 Transactions with Associates

Brokerage / Commission on sale of units by the Scheme or by the Asset Management Company given to associates, pursuant to Regulation 25(8):

**Commission to SIFCL A/c CMSD (Associate) made for sale of units of the MF for the current year ended 31<sup>st</sup> March 2012.**

(Rs.In lakhs)

Tax Gain Fund	Growth Fund	Liquid Fund	Mid cap Fund	Wealth Plus Fund	Infrastructure Fund
0.52	0.31	0.07	0.29	0.08	0.15

(Rs. in lakhs)

R. E. A. L Fund	Star Value Fund	Super 20 Fund	Power and Natural Resources Fund	Banking & Financial Services Fund	Interval Fund – Quarterly Plan Sr 1
0.00	0.08	0.18	0.15	0.73	0.00

Commission to SIFCL A/c CMSD (Associate) made for sale of units of the MF for the previous year ended 31<sup>st</sup> March 2011.

(Rs.In lakhs)

Tax Gain Fund	Growth Fund	Liquid Fund	Mid cap Fund	Wealth Plus Fund	Infrastructure Fund
1.00	0.51	0.09	0.42	0.57	0..37

(Rs. in lakhs)

R. E. A. L Fund	Star Value Fund	Super 20 Fund	Power and Natural Resources Fund	Banking & Financial Services Fund	Interval Fund – Quarterly Plan Sr 1
1.21	0.15	0.30	1.09	1.64	0.01

**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)
<b>SIFCL A/c CMSD</b>	<b>Sponsor / Mutual Fund Distributor</b>	<b>April 11-March 12</b>	<b>(0.97 &amp; 0.07%)</b>	<b>(Rs.2,57,503.28 ; 9.83 % )</b>
SIFCL A/c CMSD	Sponsor / Mutual Fund Distributor	April 10-March 11	(5.15; 0.22%)	(Rs.737214/- ;11.94%)

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 2012 & April – Mar 2011.

**8.7 The aggregate value of Investment purchased and sold(Including Redemption) during the year as a percentage of daily average net asset value;**

**Purchases**

Year	Amount (Rs)	% of Daily average
<b>2011-12</b>	<b>30,882,609</b>	<b>242.61</b>
2010-11	41,752,073	244.66

**Sales**

Year	Amount (Rs)	% of Daily average
<b>2011-12</b>	<b>31,812,747</b>	<b>249.92</b>
2010-11	51,189,728	299.97

**8.8 Aggregate Appreciation and Depreciation in the value of Investments :**

Asset Class	31-Mar-12		31-Mar-11	
	Appreciation (Rs. In lakhs)	Depreciation (Rs. In lakhs)	Appreciation (Rs. In lakhs)	Depreciation (Rs. In lakhs)
Equity Shares	<b>2.80</b>	<b>5.43</b>	4.28	4.66

**8.9 Income and Expense Ratio**

	<b>2011-12</b>	2010-11
Total Income (including net unrealized appreciation and net of loss on sale of investments) to average net assets calculated on a daily basis.	<b>2.19%</b>	11.34%
Total Expenditure to average net assets calculated on a daily basis	<b>2.50%</b>	2.50%

**8.10 Movements in Unit Capital:****8.10.1 Growth Option**

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2012	As on March 31, 2012	As on March 31, 2011	As on March 31, 2011
Initial Capital	<b>1,544,460.958</b>	<b>15,444,610</b>	1,544,460.958	15,444,610
Opening Balance	<b>915680.676</b>	<b>9,156,807</b>	1,478,921.517	14,789,215
Units Sold during the year	<b>107623.927</b>	<b>1,076,239</b>	213,538.359	2,135,384
Units Repurchased during the year	<b>(248211.612)</b>	<b>(2,482,116)</b>	(776,779.200)	(7,767,792)
Closing Balance	<b>775092.991</b>	<b>7,750,930</b>	915,680.676	9,156,807

**8.10.2 Dividend Option**

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2012	As on March 31, 2012	As on March 31, 2011	As on March 31, 2011
Initial Capital	<b>482,579.297</b>	<b>4,825,793</b>	482,579.297	4,825,793
Opening Balance	<b>340951.457</b>	<b>3,409,515</b>	462,744.165	4,627,442
Units Sold during the year	<b>9587.543</b>	<b>95,875</b>	43,550.929	435,509
Units Repurchased during the year	<b>(49320.710)</b>	<b>(493,207)</b>	(165,343.637)	(1,653,436)
Closing Balance	<b>301218.290</b>	<b>3,012,183</b>	340,951.457	3,409,515

**8.11** The scheme has declared nil dividend during the year (PY: NA). There was no bonus declared during the year ended March 31, 2012 (PY: NA).

## 8.12 Unclaimed Amounts ( beyond six months) :

Unclaimed Redemption and Dividend during the year ended March 31, 2012 are as below:

Scheme name	No of Investors	Unclaimed Dividend (Rs)	No. of Investors	Unclaimed Redemption (Rs)
Sahara Super 20 Fund	-	-	1	1098.06

**8.13** Investments made by the Schemes of Sahara Mutual Fund in Companies or their subsidiaries that have invested more than 5% of the net asset value of any scheme, pursuant to Regulation 25(11).

Company which has invested in excess of 5% of the net asset of the respective scheme during the period	Scheme/s in which the Company has invested more than 5% of the Net Assets	Name of the Funds/Scheme s which have invested	Type of security	Aggregate cost of acquisition during the period	Outstanding as on 31.03.2012
Reliance Capital Ltd	Sahara Liquid Fund	Sahara Income Fund	Commercial Paper	74.89	0.00
		Sahara Liquid Fund	Commercial Paper	6076.38	0.00
		Sahara Short Term Bond Fund	Commercial Paper	823.80	0.00

The above investments were made to optimize returns and retain high liquidity.

## 8.14 Portfolio Statement as on March 31, 2012

Name of the Instrument	Quantity	Market Value (Rs. in Lakhs)	% to NAV	% to Category Total
<b>1) Equity &amp; Equity Related</b>				
<b>(a) Listed/awaiting Listing on Stock Exchange</b>				
<b>EQUITY SHARES</b>				
<b>Finance</b>			<b>11.81</b>	<b>13.38</b>
HDFC Ltd	1000	6.73		
Rural Electrification Corporation Ltd.	2000	4.11		
Infrastructure Development Finance Co.Ltd.	2700	3.65		
<b>Power</b>			<b>10.38</b>	<b>11.76</b>
National Thermal Power Corp Ltd.	4500	7.32		
Power Grid Corporation Of India Ltd.	5000	5.41		
<b>Banks</b>			<b>10.20</b>	<b>11.57</b>
State Bank of India	300	6.29		

ICICI Bank Ltd	700	6.23		
<b>Auto</b>			<b>9.63</b>	<b>10.91</b>
Mahindra & Mahindra Ltd.	1100	7.70		
Hero Motocorp Ltd (Ex-Hero Honda Motors Ltd)	200	4.11		
<b>Petroleum Products</b>			<b>7.67</b>	<b>8.69</b>
Bharat Petroleum Corporation Ltd.	700	4.90		
Reliance Industries Ltd	600	4.50		
<b>Consumer Non- Durables</b>			<b>6.68</b>	<b>7.58</b>
Hindustan Unilever Ltd.	2000	8.20		
<b>Construction</b>			<b>5.76</b>	<b>6.52</b>
DLF Ltd	3500	7.06		
<b>Construction Project</b>			<b>5.33</b>	<b>6.05</b>
Larsen and Toubro Limited.	500	6.55		
<b>Oil</b>			<b>4.90</b>	<b>5.55</b>
Cairn India Ltd.	1800	6.01		
<b>Gas</b>			<b>4.29</b>	<b>4.87</b>
Gas Authority Of India Ltd.	1400	5.27		
<b>Cement</b>			<b>4.28</b>	<b>4.85</b>
Grasim Industries Ltd	200	5.25		
<b>Telecom - Services</b>			<b>4.13</b>	<b>4.68</b>
Bharti Airtel Ltd.	1500	5.07		
<b>Non - Ferrous Metals</b>			<b>3.16</b>	<b>3.59</b>
Hindalco Industries Ltd.	3000	3.88		
<b>(b) Unlisted</b>	Nil	Nil	Nil	<b>Nil</b>
<b>Equity Total (a+b) (Book Cost Rs. 110.88 lakhs)</b>	<b>32700</b>	<b>108.25</b>	<b>88.23</b>	<b>100.00</b>
<b>2) Debt Instruments</b>				
(a) Listed/awaiting Listing on Stock Exchange	Nil	Nil	Nil	<b>Nil</b>
(b) Privately Placed/Unlisted	Nil	Nil	Nil	<b>Nil</b>
(c) Securitised Debt	Nil	Nil	Nil	<b>Nil</b>
<b>3) Money Market Instruments</b>	Nil	Nil	Nil	<b>Nil</b>
<b>4) Short Term Deposits</b>	Nil	Nil	Nil	<b>Nil</b>
<b>5) Other- Net Current Assets</b>	Nil	<b>14.44</b>	<b>11.77</b>	<b>100.00</b>
<b>Grand Total</b>	<b>32700</b>	<b>122.69</b>	<b>100.00</b>	<b>100.00</b>

**8.15** Investments made by the Scheme in shares of Group Companies of the Sponsor – NIL.

**8.16** Holdings over 25% of the NAV of the scheme as of March 31, 2012.

<b>Particulars</b>	<b>As on March 31, 2012</b>	<b>As on March 31, 2011</b>
Number of Investors	<b>Nil</b>	Nil
Percentage of Holdings	<b>N/A</b>	N/A

**8.17** Contingent Liabilities: Nil

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

As per our attached report of even date

<b>For Chaturvedi &amp; Co</b> Chartered Accountants Firm Regn. No.:- 302137E	<b>For Sahara Asset Management Company</b> <b>Pvt Ltd</b>	<b>For Sahara Mutual Fund</b>
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**S.N.Chaturvedi**  
**Partner**  
M.No.: 040479

C.Kamdar  
**Director**

O.P.Srivastava  
**Director**

Justice S Mohan  
**Trustee**

Amitabha Ghosh  
**Trustee**

Naresh Kumar Garg  
**Chief Executive Officer**

A.N.Sridhar  
**Fund Manager**

**Place:** Mumbai

**Date:** 26<sup>th</sup> May 2012



## SAHARA STAR VALUE FUND

### AUDITORS' REPORT TO THE TRUSTEES OF SAHARA MUTUAL FUND

1. We have audited the Balance Sheet of Sahara Mutual Fund – Sahara Star Value Fund (the “Scheme”) as at March 31, 2012, and the related Revenue Account for the period ended on that date, annexed thereto. These financial statements are a responsibility of the Trustees of Sahara Mutual Fund and the management of Sahara Asset Management Company Private Limited (the “Management”). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. 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. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. Valuation of non-traded securities has been done in accordance with the guidelines notified by Securities and Exchange Board of India. In our opinion, these valuations are fair and reasonable.
5. In our opinion and to the best of our information and according to the explanations given to us:
  - a. The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable and give a true and fair view in conformity with the Accounting principles generally accepted in India,
  - b. i). in case of Balance Sheet of the state of affairs of the scheme as at March 31, 2012 and
  - c. ii). in case of the Revenue account, of the surplus for the period ended on that date.
6. 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.

For **CHATURVEDI & CO**  
*Chartered Accountants*  
(Firm Regn. No.:- 302137E)

**Place:** Mumbai  
**Date:** 26/05/2012

(SN Chaturvedi)  
Partner  
M.No.: 040479

<b>SAHARA STAR VALUE FUND</b>			
<b>BALANCE SHEET AS AT MARCH 31, 2012</b>			
	<b>Schedule</b>	<b>As at</b>	<b>As at</b>
		<b>March 31, 2012</b>	<b>March 31, 2011</b>
<b>ASSETS</b>		<b>(Rs)</b>	<b>(Rs)</b>
Investments	1	14,882,902	14,639,153
Other Current Assets	2	2,596,637	2,732,165
<b>Total Assets</b>		<b>17,479,539</b>	<b>17,371,318</b>
<b>LIABILITIES</b>			
Unit Capital	3	15,005,067	15,647,840
Reserves & Surplus	4	1,564,616	1,129,751
Current Liabilities & Provisions	5	909,856	593,727
<b>Total Liabilities</b>		<b>17,479,539</b>	<b>17,371,318</b>
<b>NET ASSET VALUE</b>			
Net Asset Value per unit (Rs.)			
i) Dividend		10.3502	10.0936
ii) Growth		11.3058	10.9998
Significant Accounting Policies and Notes to the accounts	8		
Schedules 1 to 5 and 8 form an integral part of the Balance Sheet			

As per our attached report of even date

**For Chaturvedi & Co** **For Sahara Asset Management Company**

**For Sahara Mutual Fund**

Chartered Accountants **Pvt Ltd**

Firm Regn. No.:- 302137E

**S.N.Chaturvedi**  
**Partner**

M.No.: 040479

**C.Kamdar**  
**Director**

**Naresh Kumar Garg**  
**Chief Executive Officer**

**O.P.Srivastava**  
**Director**

**A.N.Sridhar**  
**Fund Manager**

**Justice S Mohan**  
**Trustee**

**Amitabha Ghosh**  
**Trustee**

**Place:** Mumbai

**Date:** 26<sup>th</sup> May 2012

REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012			
SAHARA STAR VALUE FUND	Schedule	For the year ended March 31, 2012(Rs)	For the year ended March 31, 2011 (Rs)
<b>INCOME</b>			
Dividend Income		378,306	312,793
Interest Income	6	168,152	83,498
Profit on Sale / Redemption of Investments (Net)		170,118	3,063,694
(Other than Inter Scheme Transfer / Sale)			
<b>Total Income</b>		<b>716,576</b>	<b>3,459,985</b>
<b>EXPENSES &amp; LOSSES</b>			
Management Fees		177,177	210,574
Registrar & Transfer Agent Charges		32,365	44,968
Custodian Fees		24,490	19,847
Fees & Expenses of Trustees		20,370	13,686
Statutory Audit Fees		12,089	7,723
Internal Audit Fees		18,282	19,323
Insurance		3,614	957
Costs related to Investor Communication		17,632	31,884
Transaction cost		5,818	25,513
Marketing & Selling Exps.		72,384	75,881
<b>Total Expenses</b>		<b>384,221</b>	<b>450,356</b>
Net Surplus for the Year (excluding unrealised appreciation)		332,355	3,009,627
Less : Dividend Paid		-	(800,768)
Provision / Write back for dimunition in value of investments	7	19,029	(2,446,339)
Transfer from Income Equalisation Reserve		(40,255)	(375,680)
Net Surplus transferred to Revenue Reserve		<b>311,129</b>	<b>(613,160)</b>
Significant Accounting Policies and Notes to the accounts	8		
Schedules 6 to 8 form an integral part of the Revenue Account			

As per our attached report of even date

**For Chaturvedi & Co** **For Sahara Asset Management Company**  
Chartered Accountants **Pvt Ltd**  
Firm Regn. No.:- 302137E

**For Sahara Mutual Fund**

**S.N.Chaturvedi**  
**Partner**  
M.No.: 040479

C.Kamdar  
**Director**

Naresh Kumar Garg  
**Chief Executive Officer**

O.P.Srivastava  
**Director**

A.N.Sridhar  
**Fund Manager**

Justice S Mohan  
**Trustee**

Amitabha Ghosh  
**Trustee**

**Place:** Mumbai  
**Date:** 26<sup>th</sup> May 2012

SCHEDULES FORMING PART OF THE BALANCE SHEET		As at		As at
		March 31, 2012		March 31, 2011
		(Rs)		(Rs)
<b>SCHEDULE 1</b>				
<b>Investments</b>				
(Refer Note 8.14 of Schedule 8 for detailed Portfolio statement)				
Equity Shares		14,882,902		14,639,153
Certificate of Deposits		-		-
		<b>14,882,902</b>		<b>14,639,153</b>
<b>SCHEDULE 2</b>				
<b>Other Current Assets</b>				
Balances with Banks in Current accounts		832,162		698,356
Reverse Repo arrangements		1,736,100		2,002,590
Outstanding and accrued income		1,051		428
Receivable on issue of Units		400		-
Investment - Liquid MF Units		26,924		30,791
		<b>2,596,637</b>		<b>2,732,165</b>
<b>SCHEDULE 3</b>				
<b>Unit Capital</b>				
Dividend Option 412542.21 units of Rs.10 each		4,125,422		4,797,284
(For 2010-2011 479728.4320 units of Rs.10 each)				
Growth Option 1087964.534 units of Rs.10 each		10,879,645		10,850,555
(For 2010-2011 1085055.5290 units of Rs.10 each)				
Total		<b>15,005,067</b>		<b>15,647,840</b>
(Refer Note 8.10 of Schedule 8)				
<b>SCHEDULES FORMING PART OF THE BALANCE SHEET</b>				
<b>SCHEDULE 4</b>				
<b>Reserves and Surplus</b>				
<b>Revenue Reserve</b>				
Balance as at beginning of the year	399,824		<b>1,012,984</b>	
Transferred from Revenue Account	311,129		(613,160)	
Balance as at end of the year		710,953		399,824

<b>Income Equalisation Reserve</b>				
Balance as at beginning of the year	-		-	
Additions During the year	(40,255)		(375,680)	
Transferred to Revenue Account	40,255		375,680	
Balance as at end of the year			-	-
<b>Unrealised Appreciation Reserve</b>				
Balance as at beginning of the year	200,175		654,117	
Additions During the year	148,175		(453,942)	
Balance as at end of the year		348,350		200,175
<b>Unit Premium Reserve</b>				
Balance as at beginning of the year	529,752		(54,083)	
Additions During the year	(24,439)		583,835	
Balance as at end of the year		505,313		529,752
		1,564,616		1,129,751
<b>SCHEDULE 5</b>				
<b>Current Liabilities and Provisions</b>				
Sundry Creditors		31,857		41,609
Management Fees Payable		3,230		2,797
Contract for purchase of Investments		798,531		509,220
Payable on redemption of units		64,629		40,101
Distribution Payable		11,100		-
Load charges payable to <b>AMC</b>		509		-
		909,856		593,727
<b>SCHEDULES FORMING PART OF REVENUE ACCOUNT</b>		<b>For the year ended March 31, 2012</b>		<b>For the year ended March 31, 2011</b>
<b>SCHEDULE 6</b>		<b>(Rs)</b>		<b>(Rs)</b>
<b>Interest &amp; Discount Income</b>				
CBLO		1,293		-
Reverse Repo		166,859		83,498
		168,152		83,498
<b>SCHEDULE 7</b>				
<b>Provision / Write back for diminution in value of investments</b>				
At the beginning of the year		(3,091,970)		(645,631)
At the end of the year		(3,072,941)		(3,091,970)
		19,029		(2,446,339)

**PERSPECTIVE HISTORICAL PER UNIT STATISTICS**

<b>SAHARA STAR VALUE FUND</b>	<b>As at</b>	<b>As at</b>
<b>Particulars</b>	<b>31-Mar-12</b>	<b>31-Mar-11</b>
	<b>(Rs. Per Unit)</b>	<b>(Rs. Per Unit)</b>
<b>(a) Gross Income</b>		
(i) Income other than Profit on sale of Investments	0.3642	0.2533
(ii) Income from Profit (net of loss) on inter-scheme sales/ transfer of Investments	0.0000	0.0000
(iii) Income from Profit (net of Loss) on sale other than Inter scheme	0.1134	1.9579
(iv) Transfer to revenue account from past year's reserve	0.0000	0.0000
<b>(b) Aggregate of expenses, write off, amortisation and charges</b>	0.2561	0.2878
<b>(c) Net Income</b>	0.2215	1.9234
<b>(d) Net unrealised appreciation/(dimunition) in value of Investments</b>	-1.8158	-1.8480
<b>(e) Net Asset Value</b>		
Dividend Plan	10.3502	10.0936
Growth Plan	11.3058	10.9998
<b>(f) Repurchase Price during the year**</b>		
(i) Highest		
Fixed Pricing - Dividend Plan	11.0900	13.1422
Fixed Pricing - Growth Plan	12.0952	14.3095
(ii) Lowest		
Fixed Pricing - Dividend Plan	8.4810	9.3023
Fixed Pricing - Growth Plan	9.2577	10.1338
<b>(g) Resale Price during the year**</b>		
(i) Highest		
Fixed Pricing - Dividend Plan	11.2020	13.5736
Fixed Pricing - Growth Plan	12.2174	14.7792
(ii) Lowest		
Fixed Pricing - Dividend Plan	8.5667	9.6077
Fixed Pricing - Growth Plan	9.3512	10.4665
<b>(h) Ratio of expenses to average daily net assets by Percentage</b>	2.32%	2.35%
<b>(i) Ratio of income to average daily net assets by Percentage</b>	2.01%	15.69%
(excluding transfer to revenue account from past year's reserve but including net change in unrealized appreciation / depreciation in value of Investments and adjusted for net loss on sale / redemption of investments)		

\*\*Based on the maximum load during the year

## SCHEDULE - 8

### ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012.

#### 1. INTRODUCTION

##### 1.1 About the Scheme

Sahara Star Value Fund is an open ended growth scheme of Sahara Mutual Fund (the "Fund"). The investment objective would be to provide long term capital appreciation by investing predominantly in equity / equity related instruments of select companies based on value parameters. The Scheme has two options - Growth and Dividend. The scheme will not declare dividend under the Growth Plan. The Income earned on such units will remain invested under the scheme and will be reflected in the Net Asset Value. The New Fund Offer period of the scheme was from 30/07/2009 to 28/08/2009.

##### 1.2 Asset Management Company

Sahara Mutual Fund (SMF) has been established as a Trust in accordance with the Indian Trusts Act, 1882, and is sponsored by Sahara India Financial Corporation Limited.

Sahara Asset Management Company Private Limited ("SAMCPL"), a company incorporated under the Companies Act, 1956, has been appointed as the Asset Management Company ("Investment Manager") to Sahara Mutual Fund.

The Shareholding of Sahara Asset Management Company Private Limited as on March 31, 2012 is as follows:

Name of the Shareholder	Type of Holdings	Holding
Sahara India Financial Corporation Limited	Equity	45.60 %
Sahara India Corp Investment Limited	Equity	11.36 %
Sahara Prime City Limited (formerly Sahara India Investment Corporation Limited )	Equity	11.36 %
Sahara Care Limited	Equity	31.68 %
Name of the Shareholder	Type of Holdings	Holding
Sahara India Commercial Corporation Ltd	Preference	90.32 %
Sahara Care Ltd	Preference	9.68 %

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### 2.1. Basis of Accounting.

The Scheme maintains its books of account on an accrual basis. These financial statements 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, (the "Regulation"), and amendments thereto, as applicable.

##### 2.2. Accounting for Investments

2.2.1 Investments are accounted on trade dates at cost including brokerage, stamp duty and other charges which are included in the acquisition of investments.

2.2.2 Profit or loss on sale of investments is determined on the respective trade date by adopting the "Weighted Average Cost" method.

2.2.3 Bonus/Rights entitlements on equity holdings are recognized only when the original shares on which the entitlement accrues are traded on the Principal stock exchange on ex-bonus/ex-rights basis respectively.

2.2.4 Primary Market Investments are recognized on the basis of allotment advice.

## **2.3. Valuation of Investments**

### **2.3.1. Equity Investments:**

#### **a) Traded Investments**

Traded equity securities and warrants are valued at the last quoted price on the National Stock Exchange of India Limited (NSE). However, if the securities and warrants are not listed on NSE, the securities are valued at the price quoted at the exchange where it is principally traded. When on a particular valuation day, a security has not been traded on NSE but has been traded on another stock exchange; the value at which it is traded on that stock exchange is used provided it is not more than thirty days prior to the valuation date.

The Valuation of Right Shares until they are traded, is done as per the method given below:

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

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 should 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 can be valued at the renunciation value.

#### **b). Unlisted/Non traded / Thinly Traded Investments**

Non-traded / thinly traded / privately placed equity securities including those not traded within thirty days are valued at fair value as per procedures determined by AMC and approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds, issued by the Securities and Exchange Board of India (SEBI) from time to time.

### **2.3.2. Money market and debt securities with residual maturity of upto 91 days:**

Investments in Money Market and debt securities including floating rate securities with maturity of upto 91 days which are traded are valued at the weighted average price at which they are traded on the particular valuation day.

When such securities are not traded on a particular valuation day they are valued on amortization basis.



Investments in floating rate securities with floor and caps on coupon rate with maturity of upto 91 days are valued on amortization basis taking the coupon rate as floor.

#### **2.3.3. Money market and debt securities with residual maturity of over 91 days:**

Investments in Money Market and debt securities including floating rate securities with maturity of over 91 days, are valued at the weighted average price at which they are traded on the particular valuation day.

Investments in Money Market and debt securities including floating rate securities with maturity of over 91 days which are not traded are valued at benchmark yield/matrix of spread over risk free benchmark yield obtained from CRISIL & ICRA.

#### **2.3.4 Valuation of Other Investments**

Investments bought on “repo basis” are valued at the resale price after deduction of applicable interest up to the date of resale. Investments sold on “repo basis” are adjusted for the difference between the repurchase price (after deduction of applicable interest up to the date of repurchase) and the value of the instrument.

Investments in mutual fund schemes are valued based on the net asset value of the respective schemes as on the valuation date.

#### **2.3.5 Valuation of securities not covered under the above valuation policy:**

The total exposure in securities, which do not fall under above valuation norms, shall not exceed 5% of the total AUM of the scheme.

Investment in such securities will be valued by a method approved by the Independent Trustees and Statutory Auditors.

#### **2.3.6 Unrealised Appreciation/Depreciation.**

In accordance with the Guidance Note on Accounting for Investments in the Financial Statements of Mutual Funds issued by the Institute of Chartered Accountants of India, the unrealized appreciation determined separately for each individual investment is directly transferred to the “Unrealised Appreciation Reserve Account” i.e. without routing it through the revenue account.

The provision for depreciation in value of investments determined separately for each individual investment is recognized in the revenue account. The loss (realized) on investments sold / transferred during the year is charged to revenue account, instead of being first adjusted against the provision for depreciation, if already created in the prior year, as recommended by the said Guidance Note. However, this departure from the Guidance Note does not have any net impact on the Scheme's net assets or results for the year.

### **2.4 Revenue Recognition**

2.4.1 Income and Expenses are recognized on accrual basis.

2.4.2 Interest on funds invested in short term deposits with scheduled commercial banks is recognized on accrual basis.

2.4.3 Dividend income earned by the scheme is recognized on the date the share is quoted on ex-dividend basis on principal stock exchange.

2.4.4 Proportionate realized gains on investments out of sales / repurchase proceeds at the time of sale / repurchase of units are transferred to revenue Account from Unit Premium Reserve.

### **3. Net Asset Value for Growth / Dividend Options:**

The net asset value of the units is determined separately for units issued under the Growth and Dividend Options. For reporting the net asset value of the Growth and Dividend Options, daily income earned, including realized and unrealized gain or loss in the value of investments and expenses incurred by the scheme are allocated to the options in proportion to the value of the net assets.

### **4 Unit Premium Reserve Account**

Upon issue and redemption of units, the net premium or discount to the face value of units is adjusted against the unit premium reserve account of the Scheme, after an appropriate of the issue proceeds and redemption payout is credited or debited respectively to the income equalization account.

The Unit Premium reserve account is available for distribution of dividend except to the extent it is represented by unrealized net appreciation in value of investments.

### **5. Income Equalisation Account**

An appropriate part of the sale proceeds or the redemption amount, as the case may be, is transferred to income equalization account. The total distributable surplus (without considering unrealized appreciation) upto the date of issue/ redemption of units has been taken into account for the purpose of ascertaining the amount to be transferred to Equalization Account on a daily basis. The net balance in this account is transferred to the Revenue Account at the end of the year.

### **6. Load Charges**

The load charges collected, if any are used to meet expenses as per the stipulated SEBI guidelines from time to time.

### **7. Unclaimed Redemption.**

In line with SEBI circular no.MFD/CIR/9/120 /2000 dated November 24, 2000, the unclaimed redemption and dividend amounts may be deployed by the mutual funds in call money market or money market instruments only and the investors who claim these amounts during a period of three years from the due date shall be paid at the prevailing Net Asset Value. After a period of three years, this amount can be transferred to a pool account and the investors can claim the unclaimed redemption amount at NAV prevailing at the end of the third year. The income earned on such funds can be used for the purpose of investor education. The AMC should make continuous effort to remind the investors through letters to take their unclaimed amounts. Further, the investment management fee charged by the AMC for managing unclaimed amounts shall not exceed 50 basis points.

## **8. NOTES TO THE ACCOUNTS**

### **8.1 Management Fees, Trusteeship Fees, Custodian Fees**

## Management Fees

Management Fees has been computed at 1.07 % on average net assets calculated on a daily basis.

## Trusteeship Fees & Expenses

In accordance with Deed of Trust dated 18<sup>th</sup> July 1996 between the Settler and the Trustees, the fund has paid or provided an annual fee of Rs.1,00,000/- per Trustee. Trusteeship fees & expenses are allocated to the schemes on the basis of their daily average net assets.

## Custodian Charges

HDFC Bank provides Custodial services to the scheme for which fees is paid as per the agreement.

**8.2** Provision for tax has not been made since the income of the scheme is exempt from tax under Section 10(23D) of the Income Tax Act, 1961.

**8.3** Transactions with Brokers in excess of 5% or more of the aggregate purchases and sale of securities made by the Fund have\ s been reported to the Trustees on a Bimonthly basis.

**8.4** Certain investments are registered in the name of the Fund without specific reference to the Scheme. As at March 31, 2012 the aggregate market value of securities under Sahara Star Value Fund but held in the name of Sahara Mutual Fund is Rs. 17,37,151.67.

**8.5** The marketing and selling expenses amounting to Rs.72,384.45 constitutes 18.84% of the total schemes expenses.

## 8.6 Transactions with Associates

Brokerage / Commission on sale of units by the Scheme or by the Asset Management Company given to associates, pursuant to Regulation 25(8):

**Commission to SIFCL A/c CMSD (Associate) made for sale of units of the MF for the current year ended 31<sup>st</sup> March 2012.**

(Rs.In lakhs)

Tax Gain Fund	Growth Fund	Liquid Fund	Mid cap Fund	Wealth Plus Fund	Infrastructure Fund
0.52	0.31	0.07	0.29	0.08	0.15

(Rs. in lakhs)

R. E. A. L Fund	Star Value Fund	Super 20 Fund	Power and Natural Resources Fund	Banking & Financial Services Fund	Interval Fund – Quarterly Plan Sr 1
0.00	0.08	0.18	0.15	0.73	0.00

Commission to SIFCL A/c CMSD (Associate) made for sale of units of the MF for the previous year ended 31<sup>st</sup> March 2011.

(Rs.In lakhs)

Tax Gain Fund	Growth Fund	Liquid Fund	Mid cap Fund	Wealth Plus Fund	Infrastructure Fund
1.00	0.51	0.09	0.42	0.57	0..37

(Rs. in lakhs)

R. E. A. L Fund	Star Value Fund	Super 20 Fund	Power and Natural Resources Fund	Banking & Financial Services Fund	Interval Fund – Quarterly Plan Sr 1
1.21	0.15	0.30	1.09	1.64	0.01

**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)
<b>SIFCL A/c CMSD</b>	<b>Sponsor / Mutual Fund Distributor</b>	<b>April 11- March 12</b>	<b>(0.97 &amp; 0.07%)</b>	<b>(Rs.2,57,503.28 ; 9.83 % )</b>
SIFCL A/c CMSD	Sponsor / Mutual Fund Distributor	April 10- March 11	(5.15; 0.22%)	(Rs.737214/- ;11.94%)

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 2012 & April – Mar 2011.

**8.7 The aggregate value of Investment purchased and sold(Including Redemption) during the year as a percentage of daily average net asset value.**

**Purchases**

Year	Amount (Rs)	% of Daily average
<b>2011-12</b>	<b>26,972,326</b>	<b>162.84</b>
2010-11	46,904,429	244.52

**Sales**

Year	Amount (Rs)	% of Daily average
2011-12	27,067,193	163.41
2010-11	47,236,941	246.25

**8.8 Aggregate Appreciation and Depreciation in the value of Investments :**

Asset Class	31-Mar-12		31-Mar-11	
	Appreciation (Rs. In lakhs)	Depreciation (Rs. In lakhs)	Appreciation (Rs. In lakhs)	Depreciation (Rs. In lakhs)
Equity Shares	3.48	30.73	2.00	30.92

**8.9 Income and Expense Ratio**

	2011-12	2010-11
Total Income (including net unrealized appreciation and net of loss on sale of investments) to average net assets calculated on a daily basis.	-12.12%	2.96%
Total Expenditure to average net assets calculated on a daily basis	2.32%	2.35%

**8.10 Movements in Unit Capital:****8.10.1 Growth Option**

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2012	As on March 31, 2012	As on March 31, 2011	As on March 31, 2011
Initial Capital	877,619.245	8,776,192	877,619.245	8,776,192
Opening Balance	1,085,055.529	10,850,555	942,424.610	9,424,246
Units Sold during the year	212,076.665	2,120,767	750,401.454	7,504,015
Units Repurchased during the year	(209,167.660)	( 2,091,677)	(607,770.535)	(6,077,705)
Closing Balance	1,087,964.534	10,879,645	1,085,055.529	10,850,555

**8.10.2 Dividend Option**

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2012	As on March 31, 2012	As on March 31, 2011	As on March 31, 2011
Initial Capital	542,433.551	5,424,336	542,433.551	5,424,336
Opening Balance	479,728.432	4,797,284	478,055.874	4,780,559
Units Sold during the year	45,452.941	454,529	474,580.095	4,745,801
Units Repurchased during the year	(112,639.163)	(1,126,392)	(472,907.537)	(4,729,075)
Closing Balance	412,542.210	4,125,422	479,728.432	4,797,284

**8.11** The scheme has declared nil dividend for the year ended March 31, 2012 (PY: Rs.1/-). There was no bonus declared during the year ended March 31, 2011 (PY: Nil).

**8.12 Unclaimed Amounts ( beyond six months) :**

Unclaimed Redemption and Dividend during the year ended March 31, 2012 are as below:

Scheme name	No of Investors	Unclaimed Dividend (Rs)	No. of Investors	Unclaimed Redemption (Rs)
Sahara Star Value Fund	8	11100.87	2	26923.60

**8.13** Investments made by the Schemes of Sahara Mutual Fund in Companies or their subsidiaries that have invested more than 5% of the net asset value of any scheme, pursuant to Regulation 25(11).

(Rs.in lakhs)

Company which has invested in excess of 5% of the net asset of the respective scheme during the period	Scheme/s in which the Company has invested more than 5% of the Net Assets	Name of the Funds/Schemes which have invested	Type of security	Aggregate cost of acquisition during the period	Outstanding as on 31.03.2012
Reliance Capital Ltd	Sahara Liquid Fund	Sahara Income Fund	Commercial Paper	74.89	0.00
		Sahara Liquid Fund	Commercial Paper	6076.38	0.00
		Sahara Short Term Bond Fund	Commercial Paper	823.80	0.00

The above investments were made to optimize returns and retain high liquidity.

**8.14 Portfolio Statement as on March 31, 2012**

Name of the Instrument	Quantity	Market Value (Rs. in Lakhs)	% to NAV	% to Category Total
<b>1) Equity &amp; Equity Related</b>				
<b>(a) Listed/awaiting Listing on Stock Exchange</b>				
<b>EQUITY SHARES</b>				
<b>Consumer Non Durables</b>			<b>9.08</b>	<b>10.11</b>
Tata Coffee Ltd.	800	6.69		
Balrampur Chini Mills Ltd.	9000	5.15		
DCM Shriram Consolidated	7000	3.20		
<b>Auto Ancillaries</b>			<b>8.25</b>	<b>9.19</b>
Lumax Industries Ltd.	1350	4.92		
Hi-Tech Gears Ltd.	3370	4.76		
Steel Strips Wheels Ltd	1900	3.99		
<b>Fertilisers</b>			<b>8.04</b>	<b>8.95</b>
Zuari Industries Ltd.	1600	7.91		
Kakinada Fertilizers Ltd.	25300	5.42		

<b>Power</b>			<b>7.12</b>	<b>7.93</b>
Torrent Power Ltd	3700	7.46		
Kalpataru Power Transmission Ltd.	4000	4.34		
<b>Construction Projects</b>			<b>6.99</b>	<b>7.78</b>
Voltas Ltd.	5800	6.51		
NCC Ltd	9000	5.07		
<b>Banks</b>			<b>6.85</b>	<b>7.63</b>
City Union Bank Limited	13000	6.31		
Oriental Bank of Commerce	2000	5.05		
<b>Industrial Capital Goods</b>			<b>6.26</b>	<b>6.97</b>
Praj Industries Ltd	8000	6.42		
McNally Bharat Engineering Co. Ltd.	4600	3.96		
<b>Petroleum Products</b>			<b>6.05</b>	<b>6.74</b>
Indian Oil Corporation Ltd	2000	5.25		
Mangalore Refinery Petrochemicals	7000	4.77		
<b>Industrial Products</b>			<b>5.90</b>	<b>6.57</b>
HSIL Ltd	4000	5.75		
Finolex Cables Ltd.	13000	4.04		
<b>Textile -Products</b>			<b>5.84</b>	<b>6.50</b>
Arvind Ltd	6000	4.94		
Suryalakshmi Cotton Mills Ltd.	9100	4.73		
<b>Minerals/Mining</b>			<b>3.29</b>	<b>3.66</b>
Sesa Goa Ltd.	2800	5.45		
<b>Chemicals</b>			<b>3.23</b>	<b>3.59</b>
Gujarat Alkalies And Chemicals Ltd.	4400	5.34		
<b>Transportation</b>			<b>2.95</b>	<b>3.29</b>
Cox & Kings (India) Ltd.	3000	4.89		
<b>Construction</b>			<b>2.93</b>	<b>3.26</b>
Oberoi Realty Ltd	1800	4.85		
<b>Auto</b>			<b>2.90</b>	<b>3.23</b>
Escorts Ltd.	7000	4.80		
<b>Finance</b>			<b>2.21</b>	<b>2.46</b>
Rane Holdings Ltd.	1800	3.67		
<b>Media &amp; Entertainment</b>			<b>1.92</b>	<b>2.13</b>
Den Networks Ltd.	3000	3.18		
<b>(b) Unlisted</b>	Nil	Nil	Nil	Nil
<b>Equity Total (a+b) (Book Cost Rs. 176.07 lakhs)</b>	<b>165320</b>	<b>148.83</b>	<b>89.82</b>	<b>100.00</b>
<b>2) Debt Instruments</b>				
(a) Listed/awaiting Listing on Stock Exchange	Nil	Nil	Nil	Nil
(b) Privately Placed/Unlisted	Nil	Nil	Nil	Nil
(c) Securitised Debt	Nil	Nil	Nil	Nil
<b>3) Money Market Instruments</b>	Nil	Nil	Nil	Nil
<b>4) Short Term Deposits</b>	Nil	Nil	Nil	Nil

<b>5) Other- Net Current Assets</b>	Nil	<b>16.87</b>	<b>10.18</b>	<b>100.00</b>
<b>Grand Total</b>	<b>165320</b>	<b>165.70</b>	<b>100.00</b>	<b>100.00</b>

**8.15** Investments made by the Scheme in shares of Group Companies of the Sponsor – NIL.

**8.16** Holdings over 25% of the NAV of the scheme as of March 31, 2012.

<b>Particulars</b>	<b>As on March 31, 2012</b>	<b>As on March 31, 2011</b>
Number of Investors	Nil	Nil
Percentage of Holdings	N/A	N/A

**8.17** Contingent Liability: Nil

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

As per our attached report of even date

**For Chaturvedi & Co**  
Chartered Accountants  
Firm Regn. No.:- 302137E

**For Sahara Asset Management Company**  
**Pvt Ltd**

**For Sahara Mutual Fund**

**S.N.Chaturvedi**  
**Partner**  
M.No.: 040479

C.Kamdar  
**Director**

O.P.Srivastava  
**Director**

Justice S Mohan  
**Trustee**

Amitabha Ghosh  
**Trustee**

Naresh Kumar Garg  
**Chief Executive Officer**

A.N.Sridhar  
**Fund Manager**

**Place:** Mumbai  
**Date:** 26<sup>th</sup> May 2012



## SAHARA GILT FUND

### REPORT TO THE TRUSTEES OF SAHARA MUTUAL FUND

1. We have audited the Balance Sheet of Sahara Mutual Fund – Sahara Gilt Fund (the “Scheme”) as at March 31, 2012, and the related Revenue Account for the year ended on that date, annexed thereto. These financial statements are a responsibility of the Trustees of Sahara Mutual Fund and the management of Sahara Asset Management Company Private Limited (the “Management”). Our responsibility is to express an opinion on these financial statements based on our audit.

2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. 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. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.

4. In our opinion and to the best of our information and according to the explanations given to us:

The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable and give a true and fair view in conformity with the Accounting principles generally accepted in India,

i). in case of Balance Sheet of the state of affairs of the scheme as at March 31, 2012 and

ii). in case of the Revenue account, of the surplus for the year ended on that date.

5. 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.

For **CHATURVEDI & CO.**  
*Chartered Accountants*  
(Firm Regn. No.:- 302137E)

**Place:** Mumbai  
**Date:** 26/05/2012

(SN Chaturvedi)  
Partner  
M.No.: 040479

<b>Sahara Gilt Fund</b>			
<b>BALANCE SHEET AS AT MARCH 31, 2012</b>			
	<b>Schedule</b>	<b>As at</b>	<b>As at</b>
		<b>March 31, 2012</b>	<b>March 31, 2011</b>
<b>ASSETS</b>		<b>(Rs)</b>	<b>(Rs)</b>
Investments	1	-	-
Other Current Assets	2	598,517	892,484
<b>Total Assets</b>		<b>598,517</b>	<b>892,484</b>
<b>LIABILITIES</b>			
Unit Capital	3	341,757	537,180
Reserves & Surplus	4	255,310	353,813
Current Liabilities & Provisions	5	1,450	1,491
<b>Total Liabilities</b>		<b>598,517</b>	<b>892,484</b>
<b>NET ASSET VALUE</b>			
Net Asset Value per unit (Rs.)			
i) Growth Option		<b>18.5302</b>	<b>17.2159</b>
ii) Dividend Option		<b>15.4642</b>	<b>14.3674</b>
Significant Accounting Policies and Notes to the accounts	7		
Schedules 1 to 5 and 7 form an integral part of the Balance Sheet			

As per our attached report of even date

**For Chaturvedi & Co**  
Chartered Accountants  
Firm Regn. No.:- 302137E

**For Sahara Asset Management Company Pvt Ltd**

**For Sahara Mutual Fund**

**S.N.Chaturvedi**  
**Partner**  
M.No.: 040479

C.Kamdar  
**Director**

O.P.Srivastava  
**Director**

Justice S Mohan  
**Trustee**

Amitabha Ghosh  
**Trustee**

Naresh Kumar Garg  
**Chief Executive Officer**

A.N.Sridhar  
**Fund Manager**

**Place:** Mumbai  
**Date:** 26<sup>th</sup> May 2012

Sahara Gilt Fund			
REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012			
	Schedule	For the year ended March 31, 2012 (Rs)	For the year ended March 31, 2011 (Rs)
<b>INCOME</b>			
Interest & Discount Income	6	57,376	50,255
Total Income		<b>57,376</b>	<b>50,255</b>
<b>EXPENSES &amp; LOSSES</b>			
Management Fees		649	720
Registrar & Transfer Agent Charges		1,016	945
Custodian Fees		244	196
Fees & Expenses of Trustees		147	78
Statutory Audit Fees		102	33
Internal Audit Fees		139	103
Insurance		29	29
Costs related to Investor Communication		133	40
Transaction cost		49	36
Marketing & Selling Exps.		11	862
<b>Total Expenses</b>		<b>2,519</b>	<b>3,043</b>
Surplus for the year excluding unrealised depreciation		54,857	47,212
Surplus / (Deficit) for the year (Excluding unrealised Appreciation)		<b>54,857</b>	<b>47,212</b>
Transfer from Income Equalisation Reserve		(114,525)	(31,436)
Dividend Paid Including Dividend Tax		-	-
(Deficit) /Surplus transferred to Reserves		<b>(59,668)</b>	<b>15,776</b>
Significant Accounting Policies and Notes to the accounts	7		
Schedule 6 & 7 form an integral part of the Revenue account			

As per our attached report of even date

**For Chaturvedi & Co** **For Sahara Asset Management Company**  
Chartered Accountants **Pvt Ltd**  
Firm Regn. No.: 302137E

**For Sahara Mutual Fund**

**S.N.Chaturvedi**  
**Partner**  
M.No.: 040479

**C.Kamdar**  
**Director**

**O.P.Srivastava**  
**Director**

**Justice S Mohan**  
**Trustee**

**Amitabha Ghosh**  
**Trustee**

**Naresh Kumar Garg**  
**Chief Executive Officer**

**A.N.Sridhar**  
**Fund Manager**

**Place:** Mumbai

**Date:** 26<sup>th</sup> May 2012

SCHEDULES FORMING PART OF THE BALANCE SHEET		As at		As at
		March 31, 2012		March 31, 2011
		(Rs)		(Rs)
<b>SCHEDULE 1</b>				
<b>Investments</b>				
(Refer note 8.14 of Schedule 7 for detailed Portfolio statement)				
Government Securities		-		-
Treasury Bills		-		-
<b>SCHEDULE 2</b>				
<b>Other Current Assets</b>				
Balances with Banks in Current account		1,917		2,809
Investment - Liquid MF Units		1,290		-
Outstanding and Accrued Income		360		190
Reverse Repo arrangements		594,950		889,485
		<b>598,517</b>		<b>892,484</b>
<b>SCHEDULE 3</b>				
<b>Unit Capital</b>				
Dividend Option 11869.1180 units of Rs.10 each		118,691		118,691
(For 2010-11 - 11869.1180 units)				
Growth Option 22306.5870 units of Rs.10 each		223,066		418,489
(For 2010-11 - 41848.9020 units)				
Total		<b>341,757</b>		<b>537,180</b>
(Refer Notes 8.10 of Schedule 7)				
<b>SCHEDULE 4</b>				
<b>Reserves and Surplus</b>				
<b>Revenue Reserve</b>				
Balance as at beginning of the year	270,599		254,823	
Transferred from Revenue Account	(59,668)		15,776	
Balance as at end of the year		210,931		270,599
<b>Income Equalisation Account</b>				
Balance as at beginning of the year	-		-	
Added during the year	(114,525)		(31,436)	
Transferred to Revenue Account	114,525		31,436	
Balance as at end of the year		-		-

<b>Unrealised Appreciation Reserve</b>				
Balance as at beginning of the year	-		-	
Added during the year	-		-	
Balance as at end of the year		-		-
<b>Unit Premium Reserve</b>				
Balance as at beginning of the year	83,215		92,328	
Added during the year ,	(38,836)		(9,113)	
Balance as at end of the year		44,379		83,215
		<b>255,310</b>		<b>353,813</b>
<b>SCHEDULE 5</b>				
<b>Current Liabilities and Provisions</b>				
Sundry Creditors		151		190
Management Fees Payable		9		11
Dividend Payable to Unit Holders		1,290		1,290
		<b>1,450</b>		<b>1,491</b>
<b>SCHEDULES FORMING PART OF REVENUE ACCOUNT</b>		<b>For the year ended</b>		<b>For the year ended</b>
		<b>March 31, 2012</b>		<b>March 31, 2011</b>
		<b>(Rs)</b>		<b>(Rs)</b>
<b>SCHEDULE 6</b>				
<b>Interest &amp; Discount Income</b>				
Reverse Repo		56,819		50,255
CBLO		557		-
		<b>57,376</b>		<b>50,255</b>

**PERSPECTIVE HISTORICAL PER UNIT STATISTICS**

<b>SAHARA GILT FUND</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
<b>Particulars</b>	<b>31-Mar-12</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
<b>(a) Gross Income</b>			
(i) Income other than Profit on sale of Investments	<b>1.6789</b>	0.9355	0.62
(ii) Income from Profit (net of loss) on inter-scheme sales/ transfer of Investments	<b>0.0000</b>	0.0000	0.00
(iii) Income from Profit (net of Loss) on sale other than Inter scheme	<b>0.0000</b>	0.0000	0.00
(iv) Transfer to revenue account from past year's reserve	<b>0.0000</b>	0.0000	0.00
<b>(b) Aggregate of expenses, write off, amortisation and charges</b>	<b>0.0737</b>	0.0566	0.08
<b>(c) Net Income</b>	<b>1.6051</b>	0.8789	0.55
<b>(d) Net unrealised appreciation/ (dimunition) in value of investments</b>	<b>0.00</b>	0.00	0.00
<b>(e) Net Asset Value</b>			
Growth Plan	<b>18.5302</b>	17.2159	16.3610
Dividend Plan	<b>15.4642</b>	14.3674	13.6540
<b>(f) Repurchase Price during the year**</b>			
(i) Highest			
Growth Plan	<b>18.5302</b>	17.0437	16.3055
Dividend Plan	<b>15.4642</b>	14.2237	13.5511
(ii) Lowest			
Growth Plan	<b>17.2328</b>	16.2069	15.8182
Dividend Plan	<b>14.3815</b>	13.5254	13.2120
<b>(g) Resale Price during the year**</b>			
(i) Highest			
Growth Plan	<b>18.5302</b>	17.3020	16.1361
Dividend Plan	<b>15.4642</b>	14.4392	13.4508
(ii) Lowest			
Growth Plan	<b>17.2328</b>	16.4525	15.9792
Dividend Plan	<b>14.3815</b>	13.7303	13.4508
<b>(h) Ratio of expenses to average daily net assets by percentage</b>	<b>0.34%</b>	0.33%	0.32%
<b>(i) Ratio of income to average daily net assets by percentage</b>			
(excluding transfer to revenue account from past year's reserve but including net change in unrealized appreciation / depreciation in value of Investments and adjusted for net loss on sale / redemption of investments)	<b>7.31%</b>	5.06%	2.61%

\*\* Based on the maximum load during the year

## **SCHEDULE: 7**

### **ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012**

#### **1. INTRODUCTION**

##### **1.1 About the Scheme**

Sahara Gilt Fund (the "Scheme") is an Open Ended Scheme of Sahara Mutual Fund (the "Fund"). The primary objective is generating risk-free return and to provide medium to long term capital gains emphasizing the importance of capital preservation and investments will solely be in sovereign securities issued by Central or State Government or any security unconditionally guaranteed by Government of India. The scheme has two Plans – (i) Growth Plan and (ii) Dividend Plan. The scheme will not declare dividend under the Growth Plan. The Income earned on such units will remain invested under the scheme and will be reflected in the Net Asset Value. The initial issue period of the scheme was from February 6, 2002 to February 14, 2002 and the scheme was reopen for continuous purchase and redemption at prevailing NAV from February 22, 2002.

##### **1.2 Asset Management Company**

Sahara Mutual Fund (SMF) has been established as a Trust in accordance with the Indian Trusts Act, 1882, and is sponsored by Sahara India Financial Corporation Limited.

Sahara Asset Management Company Private Limited ("SAMCPL"), a company incorporated under the Companies Act, 1956, has been appointed as the Asset Management Company ("Investment Manager") to Sahara Mutual Fund.

The Shareholding of Sahara Asset Management Company Private Limited as on March 31, 2012 is as follows:

<b>Name of the Shareholder</b>	<b>Type of Holdings</b>	<b>Holding</b>
Sahara India Financial Corporation Limited	Equity	45.60 %
Sahara India Corp Investment Limited	Equity	11.36 %
Sahara Prime City Limited (formerly Sahara India Investment Corporation Limited)	Equity	11.36 %
Sahara Care Limited	Equity	31.68 %
<b>Name of the Shareholder</b>	<b>Type of Holdings</b>	<b>Holding</b>
Sahara India Commercial Corporation Ltd	Preference	90.32 %
Sahara Care Ltd	Preference	9.68 %

#### **2. SIGNIFICANT ACCOUNTING POLICIES**

##### **2.1 Basis of Accounting**

The Scheme maintains its books of account on an accrual basis. These financial statements 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, (the "Regulation"), and amendments thereto, as applicable.

## **2.2 Accounting for Investments**

- 2.2.1 Purchase and sale of investments are accounted on trade dates at price including / net of brokerage and other charges. Stamp duty is accounted as an expense when paid for.
- 2.2.2 Profit or loss on sale of investments is determined on the respective trade date by adopting the “Weighted Average Cost” method
- 2.2.3 Primary market Investments are recognized on the basis of allotment advice.

## **2.3 Valuation of Investments**

### **2.3.1. Government Securities:**

Government Securities are valued at the price released by an Agency (CRISIL) approved by AMFI, on daily basis.

### **2.3.2 Money market and debt securities with residual maturity of upto 91 days:**

Investments in Money Market and debt securities including floating rate securities with maturity of upto 91 days which are traded are valued at the weighted average price at which they are traded on the particular valuation day.

When such securities are not traded on a particular valuation day they are valued on amortization basis.

Investments in floating rate securities with floor and caps on coupon rate with maturity of upto 91 days are valued on amortization basis taking the coupon rate as floor.

### **2.3.3 Money market and debt securities with residual maturity of over 91 days:**

Investments in Money Market and debt securities including floating rate securities with maturity of over 91 days, are valued at the weighted average price at which they are traded on the particular valuation day.

Investments in Money Market and debt securities including floating rate securities with maturity of over 91 days which are not traded are valued at benchmark yield/ matrix of spread over risk free benchmark yield obtained from CRISIL & ICRA.

### **2.3.4 Valuation of Other Investments**

Investments bought on “repo basis” are valued at the resale price after deduction of applicable interest up to the date of resale. Investments sold on “repo basis” are adjusted for the difference between the repurchase price (after deduction of applicable interest up to the date of repurchase) and the value of the instrument.

Investments in mutual fund schemes are valued based on the net asset value of the respective schemes as on the valuation date.

### **2.3.5 Valuation of securities not covered under the above valuation policy:**

The total exposure in securities, which do not fall under above valuation norms, shall not exceed 5% of the total AUM of the scheme.



Investment in such securities will be valued by a method approved by the Independent Trustees and Statutory Auditors.

## **2.4 Unrealised Appreciation/Depreciation**

In accordance with the Guidance Note on Accounting for Investments in the Financial Statements of Mutual Funds issued by the Institute of Chartered Accountants of India, the unrealized appreciation determined separately for each investment is directly transferred to the “Unrealised Appreciation Reserve Account” i.e. without routing it through the revenue account.

The provision for depreciation in value of investments determined separately for each individual investment is recognized in the revenue account. The loss on investments sold / transferred during the year is charged to revenue account, instead of being first adjusted against the provision for depreciation, if already created in the prior year, as recommended by the said Guidance Note. However, this departure from the Guidance Note does not have any impact on the Scheme's net assets or result for the year.

## **2.5 Revenue Recognition**

- 2.5.1 Income and Expenses are recognized on accrual basis.
- 2.5.2 Interest on Government of India Securities and Money Market Instruments are recognized on accrual basis.
- 2.5.3 Interest on funds invested in short-term deposits with scheduled commercial banks is recognized on accrual basis.
- 2.5.4 Proportionate realized gains on investments out of sales / repurchase proceeds at the time of sale / repurchase of units are transferred to revenue Account from Unit Premium Reserve.

## **3. Net Asset Value for Growth / Dividend Options:**

The net asset value of the units is determined separately for units issued under the Growth and Dividend Options. For reporting the net asset value of the Growth and Dividend Options, daily income earned, including realized and unrealized gain or loss in the value of investments and expenses incurred by the scheme are allocated to the options in proportion to the value of the net assets.

## **4. Unit Premium Reserve Account**

Upon issue and redemption of units, the net premium or discount to the face value of units is adjusted against the unit premium reserve account of the respective Options /Scheme, after an appropriate amount of the issue proceeds and redemption payout is credited or debited respectively to the Income equalization account.

The Unit Premium reserve account is available for distribution of dividend except to the extent it is represented by unrealized net appreciation in value of investments.

## **5. Income Equalisation Account**

An appropriate part of the sale proceeds or the redemption amount, as the case may be, is transferred to income equalization account. The total distributable surplus (without considering unrealized appreciation) upto the date of issue/ redemption of units has been taken into account for the purpose of ascertaining the amount to be transferred to Equalization Account on a daily basis. The net balance in this account is transferred to the Revenue Account at the end of the year.

## **6. Load Charges**

The load charges collected, if any are used to meet expenses as per the stipulated SEBI guidelines from time to time.

## **7. Unclaimed Redemption.**

In line with SEBI circular no. MFD/CIR/9/120 /2000 dated November 24, 2000, the unclaimed redemption and dividend amounts may be deployed by the mutual funds in call money market or money market instruments only and the investors who claim these amounts during a period of three years from the due date shall be paid at the prevailing Net Asset Value. After a period of three years, this amount can be transferred to a pool account and the investors can claim the unclaimed redemption amount at NAV prevailing at the end of the third year. The income earned on such funds can be used for the purpose of investor education. The AMC should make continuous effort to remind the investors through letters to take their unclaimed amounts. Further, the investment management fee charged by the AMC for managing unclaimed amounts shall not exceed 50 basis points.

## **8. Notes on Accounts**

### **8.1 Management Fees, Trusteeship Fees, Custodian Fees**

#### **Management Fees**

Management Fee (inclusive of service tax) has been computed at 0.09 % on average net assets calculated on a daily basis

#### **Trusteeship Fees & Expenses**

In accordance with Deed of Trust dated 18<sup>th</sup> July 1996 between the Settler and the Trustees, the fund has paid or provided an annual fee of Rs.1,00,000/- per Trustee. Trusteeship fees & Expenses are allocated to the schemes on the basis of their daily average net assets.

#### **Custodian Charges**

HDFC Bank Ltd provides Custodial Services to the scheme for which fees is paid as per the agreement.

**8.2** Provision for tax has not been made since the income of the scheme is exempt from tax under Section 10(23D) of the Income Tax Act, 1961.

**8.3** Transactions with Brokers in excess of 5 % or more of the aggregate purchases and sale of securities made by the Fund have been reported to the Trustees on a bimonthly basis.

**8.4** Certain investments are registered in the name of the Fund without specific reference to the Scheme. As at March 31, 2012 the aggregate market value of securities under Sahara Gilt Fund but held in the name of Sahara Mutual Fund is Rs. 595,310.43.

**8.5** The Registrar and Transfer Agents charges amounting to Rs.1016.06 constitutes 40.34 % of the total schemes expenses.

## 8.6 Transactions with Associates

Brokerage / Commission on sale of units by the Scheme or by the Asset Management Company given to associates, pursuant to Regulation 25(8):

**Commission to SIFCL A/c CMSD (Associate) made for sale of units of the MF for the current year ended 31<sup>st</sup> March 2012.**

(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>	<b>Infrastructure Fund</b>
0.52	0.31	0.07	0.29	0.08	0.15

(Rs. in lakhs)

<b>R. E. A. L Fund</b>	<b>Star Value Fund</b>	<b>Super 20 Fund</b>	<b>Power and Natural Resources Fund</b>	<b>Banking &amp; Financial Services Fund</b>	<b>Interval Fund – Quarterly Plan Sr 1</b>
0.00	0.08	0.18	0.15	0.73	0.00

Commission to SIFCL A/c CMSD (Associate) made for sale of units of the MF for the previous year ended 31<sup>st</sup> March 2011.

(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>	<b>Infrastructure Fund</b>
1.00	0.51	0.09	0.42	0.57	0..37

(Rs. in lakhs)

<b>R. E. A. L Fund</b>	<b>Star Value Fund</b>	<b>Super 20 Fund</b>	<b>Power and Natural Resources Fund</b>	<b>Banking &amp; Financial Services Fund</b>	<b>Interval Fund – Quarterly Plan Sr 1</b>
1.21	0.15	0.30	1.09	1.64	0.01

**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)
<b>SIFCL A/c CMSD</b>	<b>Sponsor / Mutual Fund Distributor</b>	<b>April 11- March 12</b>	<b>(0.97 &amp; 0.07%)</b>	<b>(Rs.2,57,503.28 ; 9.83 % )</b>
SIFCL A/c CMSD	Sponsor / Mutual Fund Distributor	April 10- March 11	(5.15; 0.22%)	(Rs.737,214/- ;11.94%)

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 2012 & April – Mar 2011.

**8.7 Aggregate Value of purchases and sales (Including Redemption) of Investments during the year as a percentage of daily average net asset value;****Purchases**

Year	Amount in Rupees	% of Daily average
2011-12	736,443	98.18
2010-11	Nil	NIL

**Sales**

Year	Amount in Rupees	% of Daily average
2011-12	737,000	98.25
2010-11	Nil	NIL

**8.8 Aggregate Appreciation and Depreciation in the value of Investments :**

Scheme	31-Mar-12		31-Mar-11	
	Appreciation (Rs. In lakhs)	Depreciation (Rs. In lakhs)	Appreciation (Rs. In lakhs)	Depreciation (Rs. In lakhs)
Government Securities	-	-	-	-

**8.9 Income and Expense Ratio**

	2011-12	2010-11
Total Income (including net unrealized appreciation and net of loss on sale of investments) to average net assets calculated on a daily basis.	7.65%	5.41%
Total Expenditure to average net assets calculated on a daily basis	0.34%	0.33%

**8.10 Movement in Unit Capital****8.10.1 Growth Option**

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2012	As on March 31, 2012	As on March 31, 2011	As on March 31, 2011
Initial Capital	544,700.000	5,447,000	544,700.000	5,447,000
Opening Balance	41848.902	418,489	45,835.350	458,354
Units sold during the year	7414.630	74,146	0.000	-
Units repurchased during the year	(26956.945)	(269,569)	(3,986.448)	(39,865)
Closing Balance	22306.587	223,066	41,848.902	418,489

### 8.10.2 Dividend Option

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2012	As on March 31, 2012	As on March 31, 2011	As on March 31, 2011
Initial Capital	52,642,000.000	526,420,000	52,642,000.000	526,420,000
Opening Balance	11869.118	118,691	15,214.644	152,146
Units Sold during the year	0.000	-	0.000	-
Units Repurchased during the year	0.000	-	(3,345.526)	(33,455)
Closing Balance	11869.118	118,691	11,869.118	118,691

- 8.11 The Scheme has declared nil dividend during the year (PY: Nil). Further, there was no Bonus declared during the year ended March 31, 2012(PY: Nil).

### 8.12 Unclaimed Amounts ( beyond six months ) :

Unclaimed Redemption and Dividend amounts as of March 31, 2012 are given below:

Scheme name	No of Investors	Unclaimed Dividend (Rs)	No of Investors	Unclaimed Redemption (Rs)
<b>Sahara Gilt Fund</b>	2	1289.55	0	0.00

- 8.13 Investments made by the Schemes of Sahara Mutual Fund in Companies or their subsidiaries that have invested more than 5% of the net asset value of any scheme, pursuant to Regulation 25(11).

(Rs.in lakhs)

Company which has invested in excess of 5% of the net asset of the respective scheme during the period	Scheme/s in which the Company has invested more than 5% of the Net Assets	Name of the Funds/Scheme s which have invested	Type of security	Aggregate cost of acquisition during the period	Outstanding as on 31.03.2012
Reliance Capital Ltd	Sahara Liquid Fund	Sahara Income Fund	Commercial Paper	74.89	0.00
		Sahara Liquid Fund	Commercial Paper	6076.38	0.00
		Sahara Short Term Bond Fund	Commercial Paper	823.80	0.00

The above investments were made to optimize returns and retain high liquidity.

### 8.14 Portfolio Statement as on March 31, 2012.

Name of the Instrument	Rating	Quantity	Mkt Value (Rs. In lakhs)	% to NAV	% to Category Total
<b>1. Equity &amp; Equity Related</b>					
(a) Listed / awaiting listing on Stock		Nil	Nil	Nil	Nil

Exchanges					
(b) Unlisted		Nil	Nil	Nil	Nil
<b>2. Debt Instruments</b>					
<b>(a) Listed</b>					
Bonds		Nil	Nil	Nil	Nil
<b>(b) Privately Placed / Unlisted</b>					
Floating Rate NCDs		Nil	Nil	Nil	Nil
<b>3. Money Market Instruments</b>					
Certificate of Deposits		Nil	Nil	Nil	Nil
Commercial Papers		Nil	Nil	Nil	
<b>4. Securitized Debt Instruments</b>		Nil	Nil	Nil	Nil
<b>5. Short Term Deposits</b>		Nil	Nil	Nil	Nil
<b>6. Other – Net Current Assets</b>			5.97	100.00	100.00
<b>TOTAL</b>			<b>5.97</b>	<b>100.00</b>	<b>100.00</b>

**8.15** Investments made by the scheme in Securities of Group Companies of the sponsor – NIL

**8.16** Holdings over 25% of the NAV of the scheme as of March 31, 2012

Particulars	As on March 31, 2012	As on March 31, 2011
Number of Investors	0	1
Percentage of Holding	NA	25.31%

**8.17** Contingent Liability: Nil

**8.18** Previous year's figures have been reclassified and regrouped wherever necessary to conform to current year's classification.

As per our attached report of even date

**For Chaturvedi & Co** **For Sahara Asset Management Company**  
Chartered Accountants **Pvt Ltd**  
Firm Regn. No.:- 302137E

**For Sahara Mutual Fund**

**S.N.Chaturvedi**  
**Partner**  
M.No.: 040479

**C.Kamdar**  
**Director**

**O.P.Srivastava**  
**Director**

**Justice S Mohan**  
**Trustee**

**Amitabha Ghosh**  
**Trustee**

**Naresh Kumar Garg**  
**Chief Executive Officer**

**A.N.Sridhar**  
**Fund Manager**

**Place:** Mumbai  
**Date:** 26<sup>th</sup> May 2012

## SAHARA INCOME FUND

### AUDITORS' REPORT TO THE TRUSTEES OF SAHARA MUTUAL FUND

1. We have audited the Balance Sheet of Sahara Mutual Fund – Sahara Income Fund (the "Scheme") as at March 31, 2012, and the related Revenue Account for the year ended on that date, annexed thereto. These financial statements are a responsibility of the Trustees of Sahara Mutual Fund and the management of Sahara Asset Management Company Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.

2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3.. 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. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.

4. In our opinion and to the best of our information and according to the explanations given to us:

The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable and give a true and fair view in conformity with the Accounting principles generally accepted in India,

i). in case of Balance Sheet of the state of affairs of the scheme as at March 31, 2012 and

ii). in case of the Revenue account, of the surplus for the year ended on that date.

5. 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.

6. The methods used to value non-traded/thinly traded securities as at March 31, 2012 as determined by the Management under procedures approved by the Trustees of Sahara Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds, issued by the Securities and Exchange Board of India, are fair and reasonable.

For **CHATURVEDI & CO.**  
*Chartered Accountants*  
(Firm Regn. No.:- 302137E)

**Place:** Mumbai  
**Date:** 26/05/2012

(SN Chaturvedi)  
Partner  
M.No.: 040479

<b>Sahara Income Fund</b>			
<b>BALANCE SHEET AS AT MARCH 31, 2012</b>			
	<b>Schedule</b>	<b>As at</b>	<b>As at</b>
		<b>March 31, 2012</b>	<b>March 31, 2011</b>
<b>ASSETS</b>		<b>(Rs)</b>	<b>(Rs)</b>
Investments	1	<b>27,291,971</b>	251,724,998
Other Current Assets	2	<b>1,224,270</b>	1,864,318
<b>Total Assets</b>		<b>28,516,241</b>	253,589,316
<b>LIABILITIES</b>			
Unit Capital	3	<b>13,991,927</b>	135,094,350
Reserves & Surplus	4	<b>14,436,245</b>	118,357,618
Current Liabilities & Provisions	5	<b>88,069</b>	137,348
<b>Total Liabilities</b>		<b>28,516,241</b>	253,589,316
<b>NET ASSET VALUE</b>			
Net Asset Value per unit (Rs.)			
i) Growth Option		<b>20.5780</b>	18.7894
ii) Dividend Option		<b>16.9479</b>	15.4751
Significant Accounting Policies and Notes to the accounts	7		
Schedules 1 to 5 and 7 form an integral part of the Balance Sheet			

As per our attached report of even date

**For Chaturvedi & Co For Sahara Asset Management Company**  
Chartered Accountants **Pvt Ltd**  
Firm Regn. No.:- 302137E

**For Sahara Mutual Fund**

**S.N.Chaturvedi**  
**Partner**  
M.No.: 040479

**C.Kamdar**  
**Director**

**O.P.Srivastava**  
**Director**

**Justice S Mohan**  
**Trustee**

**Amitabha Ghosh**  
**Trustee**

**Naresh Kumar Garg**  
**Chief Executive Officer**

**A.N.Sridhar**  
**Fund Manager**

**Place:** Mumbai  
**Date:** 26<sup>th</sup> May 2012



<b>Sahara Income Fund</b>			
<b>REVENUE ACCOUNT FUND FOR THE YEAR ENDED MARCH 31, 2012</b>			
	<b>Schedule</b>	<b>For the year ended March 31, 2012</b>	<b>For the year ended March 31, 2011</b>
		<b>(Rs)</b>	<b>(Rs)</b>
<b>INCOME</b>			
Interest & Discount Income	6	<b>7,656,637</b>	27,835,774
Profit on Sale / Redemption of Investments (Net) (Other than Inter-Scheme Transfer / Sale)		<b>435,994</b>	-
Profit on Sale / Transfer of Investments (Inter Scheme) (Net)		-	-
<b>Total Income</b>		<b>8,092,631</b>	27,835,774
<b>EXPENSES &amp; LOSSES</b>			
Loss on Sale / Redemption of Investments (Net) (Other than Inter-Scheme Transfer / Sale)		-	99,978
Management Fees		<b>166,638</b>	483,320
Registrar & Transfer Agent Charges		<b>59,470</b>	334,988
Custodian Fees		<b>13,646</b>	206,920
Fees & Expenses of Trustees		<b>9,437</b>	33,615
Statutory Audit Fees		<b>9,571</b>	33,750
Internal Audit Fees		<b>5,765</b>	27,925
Insurance		<b>1,043</b>	3,078
Costs related to Investor Communication		<b>6,188</b>	104,561
Transaction cost		<b>9,425</b>	194,570
Marketing & Selling Exps.		<b>662</b>	240,821
<b>Total Expenses</b>		<b>281,845</b>	1,763,526
Surplus / (Deficit) before unrealised depreciation		<b>7,810,786</b>	26,072,248
Surplus / (Deficit) for the Year (Excluding unrealised Appreciation)		<b>7,810,786</b>	26,072,248
Transfer from Income Equalisation Reserve		<b>(105,303,305)</b>	(337,110,594)
Net (Deficit) transferred to Revenue Reserve		<b>(97,492,519)</b>	(311,038,346)
Significant Accounting Policies and Notes to the accounts	7		
Schedules 6 & 7 form an integral part of the Revenue Account			

As per our attached report of even date

**For Chaturvedi & Co**      **For Sahara Asset Management Company**      **For Sahara Mutual Fund**

Chartered Accountants **Pvt Ltd**

Firm Regn. No.:- 302137E

**S.N.Chaturvedi**  
**Partner**

M.No.: 040479

**C.Kamdar**  
**Director**

**Naresh Kumar Garg**  
**Chief Executive Officer**

**O.P.Srivastava**  
**Director**

**A.N.Sridhar**  
**Fund Manager**

**Justice S Mohan**  
**Trustee**

**Amitabha Ghosh**  
**Trustee**

**Place:** Mumbai

**Date:** 26<sup>th</sup> May 2012

SCHEDULES FORMING PART OF THE BALANCE SHEET		As at March 31, 2012		As at March 31, 2011
		(Rs)		(Rs)
<b>SCHEDULE 1</b>				
<b>Investments</b>				
(Refer Note 8.14 of schedule 7 for detailed portfolio statement)				
Certificate of Deposits		27,291,971		251,724,998
		27,291,971		251,724,998
<b>SCHEDULE 2</b>				
<b>Other Current Assets</b>				
Balances with Banks in Current account		40,260		239,655
Outstanding and Accrued Income		48,535		454,859
Reverse Repo arrangements		1,059,569		1,119,094
Investment - Liquid MF units		75,906		50,710
		1,224,270		1,864,318
<b>SCHEDULE 3</b>				
<b>Unit Capital</b>				
Growth Option units 1296505.6120 of Rs.10 each		12,965,053		133,941,089
(For 2010-11 - 13394109.1600 of Rs.10 each)				
Dividend Option 115326.1490 units of Rs.10 each		1,026,874		1,153,261
(For 2010-11 115326.1490 units of Rs.10 each)				
Total		13,991,927		135,094,350
(Refer Note 8.10 of schedule 7)				
<b>SCHEDULE 4</b>				
<b>Reserves and Surplus</b>				
<b>Revenue Reserve</b>				
Balance as at beginning of the year	111,374,019		422,412,364	
Transferred from Revenue Account	(97,492,519)		(311,038,346)	
Balance as at end of the year		13,881,500		111,374,019
<b>Income Equalisation Reserve</b>				
Balance as at beginning of the year	-		-	
Addition during the year	(105,303,305)		(337,110,594)	
Transferred to Revenue Account	105,303,305		337,110,594	

Balance as at end of the year		-		-
<b>Unrealised Appreciation Reserve</b>				
Balance as at beginning of the year	-		-	
Additions / (deletions) during the year	-		-	
Balance as at end of the year		-		-
<b>Unit Premium Reserve</b>				
Balance as at beginning of the year	6,983,599		31,639,266	
Additions during the year, Net	(6,428,854)		(24,655,667)	
Balance as at end of the year		554,745		6,983,599
		14,436,245		118,357,618
<b>SCHEDULE 5</b>				
<b>Current Liabilities and Provisions</b>				
Sundry Creditors		11,544		69,342
Management Fees Payable		519		9,027
Dividend Payable to Unit Holder		8,968		8,968
Payable on Redemption of units		67,038		50,011
		88,069		137,348
<b>SCHEDULES FORMING PART OF REVENUE ACCOUNT</b>		<b>For the year ended</b>		<b>For the year ended</b>
<b>SCHEDULE 6</b>		<b>March 31, 2012</b>		<b>March 31, 2011</b>
		(Rs)		(Rs)
<b>Interest &amp; Discount Income</b>				
Debentures / Bonds		-		158,825
Repo		303,427		1,055,136
Certificate of Deposit / Commercial Paper		7,330,173		26,621,813
Deposits		23,037		-
		7,656,637		27,835,774

**PERSPECTIVE HISTORICAL PER UNIT STATISTICS**

<b>SAHARA INCOME FUND</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
<b>Particulars</b>	<b>31-Mar-12</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
<b>(a) Gross Income</b>			
(i) Income other than Profit on sale of Investments	<b>5.4722</b>	2.0605	0.16
(ii) Income from Profit (net of loss) on inter-scheme sales/ transfer of Investments	<b>0.00</b>	0.00	0.00
(iii) Income from Profit (net of Loss) on sale other than Inter scheme	<b>0.3116</b>	-0.0074	0.000
(iv) Transfer to revenue account from past year's reserve	<b>NA</b>	NA	NA
<b>(b) Aggregate of expenses, write off, amortisation and charges</b>	<b>0.2014</b>	0.1231	0.01
<b>(c) Net Income</b>	<b>5.5824</b>	1.9299	0.15
<b>(d) Net unrealised appreciation/(dimunition) in value of Investments</b>	<b>0.0000</b>	0.0000	0.000
<b>(e) Net Asset Value</b>			
Growth Plan	<b>20.5780</b>	18.7894	17.6233
Dividend Plan	<b>16.9479</b>	15.4751	14.5138
<b>(f) Repurchase Price during the year**</b>			
(i) Highest			
Growth Plan	<b>20.5780</b>	18.6955	17.6191
Dividend Plan	<b>16.9479</b>	15.3977	14.4855
(ii) Lowest			
Growth Plan	<b>18.8221</b>	17.5452	16.5362
Dividend Plan	<b>15.5020</b>	14.4495	13.6332
<b>(g) Resale Price during the year**</b>			
(i) Highest			
Growth Plan	<b>20.5780</b>	18.7894	17.6213
Dividend Plan	<b>16.9479</b>	15.4751	14.4855
(ii) Lowest			
Growth Plan	<b>18.8221</b>	17.6334	16.5362
Dividend Plan	<b>15.5020</b>	14.5221	13.6332
<b>(h) Ratio of expenses to average daily net assets by percentage</b>	<b>0.34%</b>	0.34%	0.35%
<b>(i) Ratio of income to average daily net assets by percentage</b>	<b>9.53%</b>	5.39%	6.57%
(excluding transfer to revenue account from past year's reserve but including net change in unrealized appreciation / depreciation in value of Investments and adjusted for net loss on sale / redemption of investments)			

\*\* based on the maximum load during the year

## SCHEDULE: 7

### ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012.

#### 1. INTRODUCTION

##### 1.1 About the Scheme

Sahara Income Fund (the "Scheme") is an Open Ended Income Scheme of Sahara Mutual Fund (the "Fund"). The primary objective is generating regular income and also enable growth of capital through investment in debt instruments, money market and related securities and at all times emphasizes importance of capital preservation. The scheme has two Plans – (i) Growth plan and (ii) Dividend plan. The scheme will not declare dividend under the Growth Plan. The Income earned on such units will remain invested under the scheme and will be reflected in the Net Asset Value. The initial issue period of the scheme was from February 6, 2002 to February 14, 2002 and the scheme was reopened for continuous purchase and redemption at prevailing NAV from February 22, 2002.

##### 1.2 Asset Management Company

Sahara Mutual Fund (SMF) has been established as a Trust in accordance with the Indian Trusts Act, 1882, and is sponsored by Sahara India Financial Corporation Limited..

Sahara Asset Management Company Private Limited ("SAMCPL"), a company incorporated under the Companies Act, 1956, has been appointed as the Asset Management Company ("Investment Manager") to Sahara Mutual Fund.

The Shareholding of Sahara Asset Management Company Private Limited as on March 31, 2012 is as follows:

Name of the Shareholder	Type of Holdings	Holding
Sahara India Financial Corporation Limited	Equity	45.60 %
Sahara India Corp Investment Limited	Equity	11.36 %
Sahara Prime City Limited formerly Sahara India Investment Corporation Limited )	Equity	11.36 %
Sahara Care Limited	Equity	31.68 %
Name of the Shareholder	Type of Holdings	Holding
Sahara India Commercial Corporation Ltd	Preference	90.32 %
Sahara Care Ltd	Preference	9.68 %

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### 2.1 Basis of Accounting

The Scheme maintains its books of account on an accrual basis. These financial statements 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, (the "Regulation"), and amendments thereto, as applicable.

## **2.2 Accounting for Investments**

2.2.1 Purchase and sale of investments are accounted on trade dates at price including / net of brokerage and other charges. Stamp duty is accounted as an expense when paid for.

2.2.2 Profit or loss on sale of investments is determined on the respective trade date by adopting the "Weighted Average Cost" method.

2.2.3 Primary Market Investments are recognized on the basis of allotment advice.

2.2.4 Front end fees on privately placed debentures have been adjusted to the cost of investments.

## **2.3 Valuation of Investments**

### **2.3.1 (a) Money market and debt securities with residual maturity of upto 91 days:**

Investments in Money Market and debt securities including floating rate securities with maturity of upto 91 days which are traded are valued at the weighted average price at which they are traded on the particular valuation day.

When such securities are not traded on a particular valuation day they are valued on amortization basis.

Investments in floating rate securities with floor and caps on coupon rate with maturity of upto 91 days are valued on amortization basis taking the coupon rate as floor.

### **2.3.1 (b) Money market and debt securities with residual maturity of over 91 days:**

Investments in Money Market and debt securities including floating rate securities with maturity of over 91 days, are valued at the weighted average price at which they are traded on the particular valuation day.

Investments in Money Market and debt securities including floating rate securities with maturity of over 91 days which are not traded are valued at benchmark yield/ matrix of spread over risk free benchmark yield obtained from CRISIL & ICRA.

### **2.3.2 Valuation of Other Investments**

Investments bought on "repo basis" are valued at the resale price after deduction of applicable interest up to the date of resale. Investments sold on "repo basis" are adjusted for the difference between the repurchase price (after deduction of applicable interest up to the date of repurchase) and the value of the instrument.

Investments in mutual fund schemes are valued based on the net asset value of the respective schemes as on the valuation date.

### **2.3.3 Valuation of securities not covered under the above valuation policy:**

The total exposure in securities, which do not fall under above valuation norms, shall not exceed 5% of the total AUM of the scheme.

Investment in such securities will be valued by a method approved by the Independent Trustees and Statutory Auditors.

### **2.3.4 Unrealised Appreciation/Depreciation**

In accordance with the Guidance Note on Accounting for Investments in the Financial Statements of Mutual Funds issued by the Institute of Chartered Accountants of India, the unrealized appreciation determined separately for each individual investment is directly transferred to the "Unrealised Appreciation Reserve Account" i.e. without routing it through the revenue account.

The provision for depreciation in value of investments determined separately for each individual investment is recognized in the revenue account. The loss ( realized) on investments sold / transferred during the year is charged to revenue account, instead of being first adjusted against the provision for depreciation, if already created in the prior year, as recommended by the said Guidance Note. However, this departure from the Guidance Note does not have any impact on the Scheme's net assets or results for the year.

## **2.4 Revenue Recognition**

2.4.1 Income and Expenses are recognized on accrual basis.

2.4.2 Interest on funds invested in short-term deposits with scheduled commercial banks is recognized on accrual basis.

2.4.3 Interest on Debentures, Government of India securities and Money Market Instruments are recognized on accrual basis

2.4.4 Proportionate realized gains on investments out of sales / repurchase proceeds at the time of sale / repurchase of units are transferred to revenue Account from Unit Premium Reserve.

## **3. Net Asset Value for Growth / Dividend Options:**

The net asset value of the units is determined separately for units issued under the Growth and Dividend Options. For reporting the net asset value of the Growth and Dividend Options, daily income earned, including realized and unrealized gain or loss in the value of investments and expenses incurred by the scheme are allocated to the options in proportion to the value of the net assets.

## **4. Unit Premium Reserve Account**

Upon issue and redemption of units, the net premium or discount to the face value of units is adjusted against the unit premium reserve account of the respective Options / Scheme, after an appropriate amount of the issue proceeds and redemption payout is credited or debited respectively to the Income equalization account.

The Unit Premium reserve account is available for distribution of dividend except to the extent it is represented by unrealized net appreciation in value of investments.

## **5. Income Equalisation Reserve**

An appropriate part of the sale proceeds or the redemption amount, as the case may be, is transferred to income equalization account. The total distributable surplus (without considering unrealized appreciation) upto the date of issue/ redemption of units has been taken into account for the purpose of ascertaining the amount to be transferred to

Equalization Account on a daily basis. The net balance in this account is transferred to the Revenue Account at the end of the year.

## **6 Load Charges**

The load charges collected, if any are used to meet expenses as per the stipulated SEBI guidelines from time to time.

## **7. Unclaimed Redemption.**

In line with SEBI circular no. MFD/CIR/9/120 /2000 dated November 24, 2000, the unclaimed redemption and dividend amounts may be deployed by the mutual funds in call money market or money market instruments only and the investors who claim these amounts during a period of three years from the due date shall be paid at the prevailing Net Asset Value. After a period of three years, this amount can be transferred to a pool account and the investors can claim the unclaimed redemption amount at NAV prevailing at the end of the third year. The income earned on such funds can be used for the purpose of investor education. The AMC should make continuous effort to remind the investors through letters to take their unclaimed amounts. Further, the investment management fee charged by the AMC for managing unclaimed amounts shall not exceed 50 basis points.

## **8. NOTES ON ACCOUNTS**

### **8.1 Management Fees, Trusteeship Fees, Custodian Fees**

#### **Management Fees**

Management Fees (inclusive of service tax) has been computed at 0.20 % on average net assets calculated on a daily basis.

#### **Trusteeship Fees & Expenses**

In accordance with Deed of Trust dated 18<sup>th</sup> July 1996 between the Settler and the Trustees, the fund has paid or provided an annual fee of Rs.1,00,000/- per Trustee. Trusteeship fees & Expenses are allocated to the schemes on the basis of their daily average net assets.

#### **Custodian Charges**

HDFC Bank Ltd provides Custodial Services to the scheme for which fees is paid as per the agreement.

**8.2** Provision for tax has not been made since the income of the scheme is exempt from tax under Section 10(23D) of the Income Tax Act, 1961.

**8.3 Transactions** with Brokers in excess of 5% or more of the aggregate purchases and sale of securities made by the Fund have been reported to the Trustees on a bimonthly basis.

**8.4** Certain investments are registered in the name of the Fund without specific reference to the Scheme. As at March 31, 2012 the aggregate market value of securities under Sahara Income Fund but held in the name of Sahara Mutual Fund is Rs.10,60,210.05.



8.5 The Registrar and Transfer Agents charges amounting to Rs.59469.70 constitutes 21.10 % of the total schemes expenses.

#### 8.6 Transactions with Associates

Brokerage / Commission on sale of units by the Scheme or by the Asset Management Company given to associates, pursuant to Regulation 25(8):

**Commission to SIFCL A/c CMSD (Associate) made for sale of units of the MF for the current year ended 31<sup>st</sup> March 2012**

(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>	<b>Infrastructure Fund</b>
0.52	0.31	0.07	0.29	0.08	0.15

(Rs. in lakhs)

<b>R. E. A. L Fund</b>	<b>Star Value Fund</b>	<b>Super 20 Fund</b>	<b>Power and Natural Resources Fund</b>	<b>Banking &amp; Financial Services Fund</b>	<b>Interval Fund – Quarterly Plan Sr 1</b>
0.00	0.08	0.18	0.15	0.73	0.00

Commission to SIFCL A/c CMSD (Associate) made for sale of units of the MF for the previous year ended 31<sup>st</sup> March 2011

(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>	<b>Infrastructure Fund</b>
1.00	0.51	0.09	0.42	0.57	0..37

(Rs. in lakhs)

<b>R. E. A. L Fund</b>	<b>Star Value Fund</b>	<b>Super 20 Fund</b>	<b>Power and Natural Resources Fund</b>	<b>Banking &amp; Financial Services Fund</b>	<b>Interval Fund – Quarterly Plan Sr 1</b>
1.21	0.15	0.30	1.09	1.64	0.01

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

<b>Name of associate / related parties / group companies of Sponsor / AMC</b>	<b>Nature of association / nature of relation</b>	<b>Period Covered</b>	<b>Business given (Rs cr and % of total business received by the fund)</b>	<b>Commission paid (Rs &amp; % of total commission paid by the fund)</b>
(1)	(2)	(3)	(4)	(5)
<b>SIFCL A/c CMSD</b>	<b>Sponsor / Mutual Fund Distributor</b>	<b>April 11- March 12</b>	<b>(0.97 &amp; 0.07%)</b>	<b>(Rs.2,57,503.28 ; 9.83 % )</b>
SIFCL A/c CMSD	Sponsor / Mutual Fund Distributor	April 10- March 11	(5.15; 0.22%)	(Rs.737214/- ;11.94%)

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 2012 & April – Mar 2011.

**8.7** Aggregate Value of purchases and sales of Investments during the year as a percentage of daily average net asset value;

**Purchases**

Year	Amount in Rupees	% of Daily average
<b>2011-12</b>	<b>826,759,013</b>	<b>1009.00</b>
2010-11	4,248,616,507	878.74

**Sales**

Year	Amount in Rupees	% of Daily average
<b>2011-12</b>	<b>1,059,364,933</b>	<b>1292.88</b>
2010-11	5,065,254,680	1047.64

**8.8 Aggregate Appreciation and Depreciation in the value of Investments :**

Scheme	31-Mar-12		31-Mar-11	
	Appreciation (Rs. In lakhs)	Depreciation (Rs. In lakhs)	Appreciation (Rs. In lakhs)	Depreciation (Rs. In lakhs)
<b>Sahara Income Fund</b>				
<b>Bonds/NCDs</b>	-	-	-	-
<b>MMI's</b>	-	-	-	-
<b>Government Securities</b>	-	-	-	-

**8.9 Income and Expense Ratio**

	<b>2011-12</b>	<b>2010-11</b>
Total Income (including net unrealized appreciation and net of loss on sale of investments) to average net assets calculated on a daily basis.	<b>9.88%</b>	5.74%
Total Expenditure to average net assets calculated on a daily basis	<b>0.34%</b>	0.34%

**8.10 Movement in Unit Capital****8.10.1 Growth Option**

	<b>Number of Units</b>	<b>Amount (Rs)</b>	<b>Number of Units</b>	<b>Amount (Rs)</b>
	<b>As on March 31, 2012</b>	<b>As on March 31, 2012</b>	<b>As on March 31, 2011</b>	<b>As on March 31, 2011</b>

Initial Capital	20,125,350.000	201,253,500	20,125,350.000	201,253,500
Opening Balance	13394109.160	133,941,092	59,485,189.408	594,851,894
Units Sold during the year	1161414.030	11,614,140	102,854,020.497	1,028,540,205
Units Repurchased during the year	(13259017.578)	(132,590,176)	(148,945,100.745)	(1,489,451,007)
Closing Balance	1296505.612	12,965,056	13,394,109.160	133,941,092

#### 8.10.2 Dividend Option

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2012	As on March 31, 2012	As on March 31, 2011	As on March 31, 2011
Initial Capital	2,405,600.000	24,056,000	2,405,600.000	24,056,000
Opening Balance	115326.149	1,153,261	127,929.185	1,279,292
Units Sold during the year	19096.678	190,967	237.771	2,378
Units Repurchased during the year	(31735.425)	(317,354)	(12,840.807)	(128,408)
Closing Balance	102687.402	1,026,874	115,326.149	1,153,261

- 8.11** The scheme has declared nil dividend during the year ended March 31, 2012 (PY: Nil) Further, there was no Bonus declared during the year ended March 31, 2012 (PY: Nil).

#### 8.12 Unclaimed Amounts ( beyond six months) :

Unclaimed Redemption and Dividend amounts as of March 31, 2012 are given below:

Scheme Name	No of Investors	Unclaimed Dividend (Rs)	No of Investors	Unclaimed Redemption (Rs)
<b>Sahara Income Fund</b>	14	8968.04	11	66938.18

- 8.13** Investments made by the Schemes of Sahara Mutual Fund in Companies or their subsidiaries that have invested more than 5% of the net asset value of any scheme, pursuant to Regulation 25(11).

Company which has invested in excess of 5% of the net asset of the respective scheme during the period	Scheme/s in which the Company has invested more than 5% of the Net Assets	Name of the Funds/Schemes which have invested	Type of security	Aggregate cost of acquisition during the period	Outstanding as on 31.03.2012
Reliance Capital Ltd	Sahara Liquid Fund	Sahara Income Fund	Commercial Paper	74.89	0.00
		Sahara Liquid Fund	Commercial Paper	6076.38	0.00
		Sahara Short Term Bond Fund	Commercial Paper	823.80	0.00

The above investments were made to optimize returns and retain high liquidity.

**8.14 Portfolio Statement as on March 31, 2012:**

Name of the Instrument	Rating	Quantity	Mkt Value (Rs. In lakhs)	% to NAV	% to Category Total
<b>1. Equity &amp; Equity Related</b>					
(a) Listed / awaiting listing on Stock Exchanges		Nil	Nil	Nil	Nil
(b) Unlisted		Nil	Nil	Nil	Nil
<b>2. Debt Instruments</b>					
(a) Listed					
Bonds		Nil	Nil	Nil	Nil
(b) Privately Placed / Unlisted					
Floating Rate NCDs		Nil	Nil	Nil	Nil
<b>3. Money Market Instruments</b>					
(a) Certificate of Deposits					
SYNDICATE BANK CD **	CRISIL A1+	70	68.55	24.11	25.07
ORIENTAL BANK OF COMMERCE CD **	CRISIL A1+	70	68.35	24.04	25.00
PUNJAB & SIND BANK CD **	ICRA A1+	70	68.31	24.03	24.98
KARUR VYSYA BANK - CD **	CRISIL A1+	70	68.19	23.99	24.94
(b) Commercial Papers			0.00	0.00	0.00
<b>Total (a+b) (Book Cost Rs. 272.92 lakhs)</b>		<b>280</b>	<b>273.40</b>	<b>96.17</b>	<b>100.00</b>
<b>4. Securitised Debt Instruments</b>		Nil	Nil	Nil	Nil
<b>5. Short Term Deposits</b>		Nil	Nil	Nil	Nil
<b>6. Other – Net Current Assets</b>			10.88	3.83	100.00
<b>TOTAL</b>		<b>280.00</b>	<b>284.28</b>	<b>100.00</b>	<b>100.00</b>

\*\* Thinly Traded / Non Traded Securities

**8.15** Investments made by the scheme in Securities of Group Companies of the sponsor – NIL.

**8.16** Holdings over 25% of the NAV of the scheme

Particulars	As on March 31, 2012	As on March 31, 2011
Number of Investors	1	1
Percentage of holdings	36.52%	90.70%

**8.17** Contingent Liability : Nil

**8.18** Previous year's figures have been reclassified and regrouped wherever necessary to conform to the current year's classification.

As per our attached report of even date

<b>For Chaturvedi &amp; Co</b> Chartered Accountants Firm Regn. No.:- 302137E	<b>For Sahara Asset Management Company Pvt Ltd</b>	<b>For Sahara Mutual Fund</b>
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**S.N.Chaturvedi**  
**Partner**  
M.No.: 040479

C.Kamdar  
**Director**

O.P.Srivastava  
**Director**

Justice S Mohan  
**Trustee**

Amitabha Ghosh  
**Trustee**

Naresh Kumar Garg  
**Chief Executive Officer**

A.N.Sridhar  
**Fund Manager**

**Place:** Mumbai

**Date:** 26<sup>th</sup> May 2012

## SAHARA LIQUID FUND

### AUDITORS' REPORT TO THE TRUSTEES OF SAHARA MUTUAL FUND

1. We have audited the Balance Sheet of Sahara Mutual Fund – Sahara Liquid Fund (the "Scheme") as at March 31, 2012, and the related Revenue Account for the year ended on that date, annexed thereto. These financial statements are a responsibility of the Trustees of Sahara Mutual Fund and the management of Sahara Asset Management Company Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.

2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. 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. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.

4. In our opinion and to the best of our information and according to the explanations given to us:

The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable and give a true and fair view in conformity with the Accounting principles generally accepted in India,

i). in case of Balance Sheet of the state of affairs of the scheme as at March 31, 2012 and

ii). in case of the Revenue account, of the surplus for the year ended on that date.

5. 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.

6. The methods used to value non-traded/thinly traded securities as at March 31, 2012 as determined by the Management under procedures approved by the Trustees of Sahara Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds, issued by the Securities and Exchange Board of India, are fair and reasonable.

For **CHATURVEDI & CO.**  
*Chartered Accountants*  
(Firm Regn. No.: 302137E)

(SN Chaturvedi)  
Partner  
M.No.: 040479

**Place:** Mumbai  
**Date:** 26/05/2012

**SAHARA LIQUID FUND  
BALANCE SHEET AS AT MARCH 31, 2012**

	<b>Schedule</b>	<b>As at March 31, 2012 (Rs)</b>	<b>As at March 31, 2011 (Rs)</b>
<b>ASSETS</b>			
Investments	1	3,373,871,661	562,031,859
Other Current Assets	2	20,082,545	6,337,761
<b>Total Assets</b>		<b>3,393,954,206</b>	<b>568,369,620</b>
<b>LIABILITIES</b>			
Unit Capital	3	1,766,596,465	348,675,425
Reserves & Surplus	4	1,626,900,799	219,338,366
Current Liabilities & Provisions	5	456,942	355,829
<b>Total Liabilities</b>		<b>3,393,954,206</b>	<b>568,369,620</b>
<b>NET ASSET VALUE</b>			
<b>Net Asset Value Per Unit (Rs.)</b>			
Fixed Dividend Plan		<b>1,024.9637</b>	1,024.9307
Fixed Growth Plan		<b>1,945.3411</b>	1,776.8377
Fixed Weekly Div Plan		<b>1,027.4373</b>	1,027.4373
Fixed Monthly Div Plan		<b>1,024.4833</b>	1,026.0552
Variable Daily Div Plan		<b>1,024.9803</b>	1,024.9514
Variable Weekly Div Plan		<b>1,026.1480</b>	1,026.2986
Variable Monthly Div Plan		<b>1,027.3761</b>	1,026.3889
Variable Growth Plan		<b>1,961.5246</b>	1,791.0320
Significant Accounting Policies and Notes to the accounts	8		
Schedules 1 to 5 and 8 form an integral part of the Balance Sheet			

As per our attached report of even date

**For Chaturvedi & Co**   **For Sahara Asset Management Company**   **For Sahara Mutual Fund**  
Chartered Accountants   **Pvt Ltd**  
Firm Regn. No.: 302137E

**S.N.Chaturvedi**  
**Partner**  
M.No.: 040479

C.Kamdar  
**Director**

O.P.Srivastava  
**Director**

Justice S Mohan  
**Trustee**

Amitabha Ghosh  
**Trustee**

Naresh Kumar Garg  
**Chief Executive Officer**

A.N.Sridhar  
**Fund Manager**

**Place:** Mumbai  
**Date:** 26<sup>th</sup> May 2012

**REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012**

<b>SAHARA LIQUID FUND</b>	<b>Schedule</b>	<b>For the year ended March 31, 2012</b>	<b>For the year ended March 31, 2011</b>
<b>INCOME</b>		<b>(Rs)</b>	<b>(Rs)</b>
Interest & Discount Income	6	254,338,479	107,467,147
Profit on Sale / Transfer of Investments (Net)		927,500	-
(Other than Inter-Scheme Transfer / Sale)			
Profit on Sale / Transfer of Investments (Inter Scheme) (Net)		-	-
<b>Total Income</b>		<b>255,265,979</b>	<b>107,467,147</b>
<b>EXPENSES &amp; LOSSES</b>			
Loss on Sale / Transfer of Investments (Net)		-	773,550
(Other than Inter-Scheme Transfer / Sale)			
Loss on Sale / Transfer of Investments (Inter Scheme) (Net)		2,117	14,603
Management Fees		2,852,713	578,948
Registrar & Transfer Agent Charges		1,137,871	791,482
Custodian Fees		598,548	578,231
Fees & Expenses of Trustees		179,378	217,149
Statutory Audit Fees		147,332	167,130
Internal Audit Fees		288,448	190,520
Insurance		83,189	55,817
Costs related to Investor Communication		180,553	824,017
Transaction cost		167,437	911,311
Marketing & Selling Exps.		24,310	1,851,065
<b>Total Expenses</b>		<b>5,661,896</b>	<b>6,953,823</b>
Surplus for the year excluding unrealised depreciation		249,604,083	100,513,324
Provision / Write back for dimunition in value of Investments	7	(43,189)	-
Transfer from Income Equalization Reserve		584,595,299	(686,250,073)
Dividend including Distribution Tax		(7,598,964)	(5,065,317)
Surplus / (Deficit) transferred to Revenue Reserve		<b>826,557,229</b>	<b>(590,802,066)</b>
Significant Accounting Policies and Notes to the accounts	8		
Schedules 6 to 8 form an integral part of the Revenue account			

As per our attached report of even date

**For Chaturvedi & Co**  
Chartered Accountants  
Firm Regn. No.:- 302137E

**For Sahara Asset Management Company Pvt Ltd**

**For Sahara Mutual Fund**

**S.N.Chaturvedi**  
**Partner**  
M.No.: 040479

C.Kamdar  
**Director**

O.P.Srivastava  
**Director**

Justice S Mohan  
**Trustee**

Amitabha Ghosh  
**Trustee**

Naresh Kumar Garg  
**Chief Executive Officer**  
**Date: 26<sup>th</sup> May 2012**

A.N.Sridhar  
**Fund Manager**

**Place: Mumbai**



SAHARA LIQUID FUND				
SCHEDULES FORMING PART OF BALANCE SHEET		As at March 31, 2012 (Rs)		As at March 31, 2011 (Rs)
<b>SCHEDULE 1</b>				
<b>Investments</b>				
<b>(Refer Note 8.14 of schedule 8 for detailed Portfolio statement)</b>				
Certificate of Deposits		3,236,551,043		562,031,859
Collateralized Borrowing and Lending Obligation (CBLO)		137,320,618		-
		<b>3,373,871,661</b>		<b>562,031,859</b>
<b>SCHEDULE 2</b>				
<b>Other Current Assets</b>				
Balances with Banks in Current accounts		269,100		<b>686,399</b>
Reverse Repo arrangements		3,964,676		<b>3,369,262</b>
Outstanding and Accrued Income		15,848,767		<b>2,282,098</b>
Receivable on issue/ switch in of units		2		<b>2</b>
		<b>20,082,545</b>		<b>6,337,761</b>
<b>SCHEDULE3</b>				
<b>Unit Capital</b>				
Fixed Dividend Option ( 47733.9310 Units of Rs.1000 Each)		47,733,931		<b>44,543,882</b>
(For 2010-2011 44543.8820 Units of Rs.1000 Each)				
Fixed Growth Option (1054.6370 Units of Rs 1000 Each)		1,054,636		<b>2,034,111</b>
(For 2010-2011 2034.1120 Units of Rs 1000 Each)				
Fixed Weekly Dividend Option (Nil Units of Rs.1000 Each)		-		-
(For 2010-2011 Nil Units of Rs.1000 Each)				
Fixed Monthly Dividend Option (59.7020 Units of Rs.1000 Each)		59,702		<b>78,778</b>
(For 2010-2011 78.7780 Units of Rs.1000 Each)				
Variable Daily Dividend Option (26595.0540 Units of Rs. 1000 Each)		26,595,054		<b>24,991,460</b>
(For 2010-2011 24991.4600 Units of Rs. 1000 Each)				

Variable Weekly Dividend Option (1932.2170 Units of Rs. 1000 Each)		1,932,218		<b>1,043,961</b>
(For 2010-2011 1043.9600 Units of Rs. 1000 Each)				
Variable Monthly Dividend Option (247.8700 Units of Rs. 1000 Each)		247,870		<b>3,030,107</b>
(For 2010-2011 3030.1070 Units of Rs. 1000 Each)				
Variable Growth Option (1688973.0540 Units of Rs.1000 Each)		1,688,973,054		<b>272,953,126</b>
(For 2010-2011 272953.1260 Units of Rs.1000 Each)				
Total		<b>1,766,596,465</b>		<b>348,675,425</b>
(Refer Note 8.10 of Schedule 8)				
<b>Reserves and Surplus</b>				
<b>Revenue Reserve</b>				
Balance as at beginning of the year	120,061,341		710,863,406	
Transferred from Revenue Account	826,557,229		(590,802,066)	
Balance as at end of the year		946,618,570		120,061,340
<b>Income Equalisation Reserve</b>				
Balance as at beginning of the year				
Additions during the year	584,595,299		(686,250,073)	
Transferred to Revenue Account	(584,595,299)		686,250,073	
Balance as at end of the year		-		-
<b>Unrealised Appreciation Reserve</b>				
Balance as at beginning of the year	-		-	
Additions during the year	-		-	
Balance as at end of the year		-		-
<b>Unit Premium Reserve</b>				
Balance as at beginning of the year	99,277,026		955,040,135	
Additions during the year, Net	581,005,203		(855,763,109)	
Balance as at end of the year		680,282,229		99,277,026
		<b>1,626,900,799</b>		<b>219,338,366</b>
<b>SCHEDULE 5</b>				
<b>Current Liabilities and Provisions</b>				
Sundry Creditors		320,926		310,013
Management Fees Payable		54,351		19,545
Dividend Payable to Unit Holder Including Tax		55,665		5,416
Others Payable		26,000		20,855
		<b>456,942</b>		<b>355,829</b>

<b>SCHEDULES FORMING PART OF REVENUE ACCOUNT</b>		<b>For the year ended</b>		<b>For the year ended</b>
		<b>March 31, 2012</b>		<b>March 31, 2011</b>
<b>SCHEDULE 6</b>		<b>(Rs)</b>		<b>(Rs)</b>
<b>Interest &amp; Discount Income</b>				
Debentures / Bonds		-		<b>1,387,799</b>
Mibor linked debentures		-		<b>3,358,891</b>
Certificate of Deposits & Commercial Paper		249,931,836		<b>99,549,865</b>
Deposits		453,376		<b>264,184</b>
Reverse Repose arrangements		3,953,267		<b>2,906,408</b>
		<b>254,338,479</b>		<b>107,467,147</b>
<b>SCHEDULE 7</b>				
<b>Provision / Write back for dimunition in value of Investments</b>				
At the beginning of the year		-		-
At the end of the year		(43,189)		-
		<b>(43,189)</b>		<b>-</b>

**PERSPECTIVE HISTORICAL PER UNIT STATISTICS**

<b>SAHARA LIQUID FUND</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
<b>Particulars</b>	<b>31-Mar-12</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
	<b>(Rs Per Unit )</b>	<b>(Rs Per Unit )</b>	<b>(Rs Per Unit )</b>
<b>(A) Gross Income</b>			
(i) Income other than Profit on sale of Investments	<b>143.9709</b>	308.2154	22.48
(ii) Income from Profit (net of loss) on inter-scheme sales/ transfer of Investments	<b>-0.0012</b>	-0.0419	0.0000
(iii) Income from Profit (net of Loss) on sale other than Inter scheme	<b>0.5250</b>	-2.2185	-0.0190
(iv) Transfer to revenue account from past year's reserve	<b>NA</b>	NA	NA
<b>(B) Aggregate of expenses, write off, amortisation and charges</b>	<b>3.2038</b>	18.5435	1.94
<b>(c) Net Income</b>	<b>141.2909</b>	288.2719	20.52
<b>(d) Net unrealised appreciation/(dimunition) in value of Investments</b>	<b>-0.0244</b>	0.0000	0.00
<b>(e) Net Asset Value</b>			
Fixed Growth Plan	<b>1,945.3411</b>	1,776.8377	1,665.7648
Fixed Dividend Plan	<b>1,024.9637</b>	1,024.9307	1,024.9045
Fixed Weekly Dividend Plan	<b>1027.4373</b>	0.0000	0.0000
Fixed Monthly Dividend Plan	<b>1,024.4833</b>	1,026.0552	1,025.2199
Variable Growth Plan	<b>1,961.5246</b>	1,791.0320	1,678.8462
Variable Dividend Plan	<b>1,024.9803</b>	1,024.9514	1,024.9262
Variable Weekly Dividend Plan	<b>1,026.1480</b>	1,026.2986	1,025.5470
Variable Monthly Dividend Plan	<b>1,027.3761</b>	1,026.3889	1,025.4684
<b>(f) Repurchase Price during the year</b>			
(i) Highest			
Fixed Growth Plan	<b>1945.3411</b>	1,776.8377	1665.7648
Fixed Dividend Plan	<b>1024.9637</b>	1,024.9307	1024.9045
Fixed Weekly Dividend Plan	<b>1027.4373</b>	1,027.8139	1026.4232
Fixed Monthly Dividend Plan	<b>1034.5131</b>	1,032.1721	1025.0326
Variable Growth Plan	<b>1961.5246</b>	1,791.0320	1678.6196
Variable Dividend Plan	<b>1024.9803</b>	1,024.9514	1024.9262
Variable Weekly Dividend Plan	<b>1027.7564</b>	1,026.4910	1026.1085
Variable Monthly Dividend Plan	<b>1036.3453</b>	1,032.5009	1031.5719
(ii) Lowest			
Fixed Growth Plan	<b>1777.2935</b>	1,665.9900	1580.5182
Fixed Dividend Plan	<b>1024.9306</b>	1,024.9045	1024.9045
Fixed Weekly Dividend Plan	<b>1027.4373</b>	1,026.4230	1026.4232
Fixed Monthly Dividend Plan	<b>1024.4833</b>	1,024.6770	1025.0326
Variable Growth Plan	<b>1791.4961</b>	1,679.0727	1592.9593
Variable Dividend Plan	<b>1024.9502</b>	1,024.9262	1024.9262
Variable Weekly Dividend Plan	<b>1024.9579</b>	1,024.9240	1025.0437

Variable Monthly Dividend Plan	<b>1025.0500</b>	1,025.0024	1025.1791
<b>(g) Resale Price during the year</b>			
(i) Highest			
Fixed Growth Plan	<b>1945.3411</b>	1,776.8377	1662.8528
Fixed Dividend Plan	<b>1024.9637</b>	1,024.9307	1024.9045
Fixed Weekly Dividend Plan	<b>1027.4373</b>	1,027.8139	1026.2357
Fixed Monthly Dividend Plan	<b>1034.5131</b>	1,032.1721	1028.8309
Variable Growth Plan	<b>1961.5246</b>	1,791.0320	1678.6196
Variable Dividend Plan	<b>1024.9803</b>	1,024.9514	1024.9262
Variable Weekly Dividend Plan	<b>1027.7564</b>	1,026.4910	1025.6996
Variable Monthly Dividend Plan	<b>1036.3453</b>	1,032.5009	1031.3730
(ii) Lowest			
Fixed Growth Plan	<b>1777.2935</b>	1,665.9900	1581.4786
Fixed Dividend Plan	<b>1024.9306</b>	1,024.9045	1024.9045
Fixed Weekly Dividend Plan	<b>1027.4373</b>	1,026.4230	1026.2354
Fixed Monthly Dividend Plan	<b>1024.4833</b>	1,024.6770	1024.6771
Variable Growth Plan	<b>1791.4961</b>	1,679.0727	1591.6314
Variable Dividend Plan	<b>1024.9502</b>	1,024.9262	1024.9262
Variable Weekly Dividend Plan	<b>1024.9579</b>	1,024.9240	1024.9241
Variable Monthly Dividend Plan	<b>1025.0500</b>	1,025.0024	1025.0024
<b>(h) Ratio of expenses to average daily net assets by Percentage</b>			
	<b>0.21%</b>	0.36%	0.52%
<b>(i) Ratio of income to average daily net assets by Percentage</b>	<b>9.30%</b>	5.95%	6.06%
(excluding transfer to revenue account from past year's reserve but including net change in unrealized appreciation / depreciation in value of Investments and adjusted for net loss on sale / redemption of investments)			

\*\*Based on the maximum load during the year

## SCHEDULE: 8

### ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012

#### 1. INTRODUCTION

##### 1.1 About the Scheme

Sahara Liquid Fund (The "Scheme") is an Open Ended Income Scheme of Sahara Mutual Fund (the "Fund"). The primary objective the scheme is to create a highly liquid portfolio of good quality Debt as well as Money Market Instruments with a view to provide high liquidity and reasonable returns. The scheme has two options namely Fixed Pricing Option and Variable Pricing Option and sub options viz, (i) Growth option (ii) Daily Dividend Option, (iii) Weekly Dividend Option and (iv) Monthly Dividend Option under both Fixed Pricing Option and Variable Pricing Option. The Variable Pricing Option has been introduced under the scheme with effect from 27<sup>th</sup> October, 2005. The face value of units has been changed from Rs.10/- per unit to Rs.1000/- per unit by consolidation of units w.e.f 27<sup>th</sup> October, 2005. The Scheme will not declare dividend under the Growth Plan. The Income earned on such units will remain invested under the scheme and will be reflected in the Net Asset Value. The initial issue period of the scheme was from February 6, 2002 to February 14, 2002 and the scheme was open for continuous purchase and redemption at the prevailing NAV from February 20, 2002.

##### 1.2 Asset Management Company

Sahara Mutual Fund (SMF) has been established as a Trust in accordance with the Indian Trusts Act, 1882, and is sponsored by Sahara India Financial Corporation Limited.

Sahara Asset Management Company Private Limited ("SAMCPL"), a company incorporated under the Companies Act, 1956, and has been appointed as the Asset Management Company ("Investment Manager") to Sahara Mutual Fund.

The Shareholding of Sahara Asset Management Company Private Limited as on March 31, 2012 is as follows:

Name of the Shareholder	Type of Holdings	Holding
Sahara India Financial Corporation Limited	Equity	45.60 %
Sahara India Corp Investment Limited	Equity	11.36 %
Sahara Prime City Limited (formerly Sahara India Investment Corporation Limited )	Equity	11.36 %
Sahara Care Limited	Equity	31.68 %
Name of the Shareholder	Type of Holdings	Holding
Sahara India Commercial Corporation Ltd	Preference	90.32 %
Sahara Care Ltd	Preference	9.68 %

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### 2.1 Basis of Accounting

The Scheme maintains its books of account on an accrual basis. These financial statements 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, (the “Regulation”), and amendments thereto, as applicable.

## **2.2 Accounting for Investments**

2.2.1 Purchase and sale of investments are accounted on trade dates at price including / net of brokerage and other charges. Stamp duty is accounted as an expense when paid for.

2.2.2 Profit or loss on sale of investments is determined on the respective trade date by adopting the “Weighted Average Cost” method.

2.2.3 Primary market Investments are recognized on the basis of allotment advice.

2.2.4 Front end fees on privately placed debentures are adjusted to the cost of investments.

## **2.3 Valuation of Investments**

### **2.3.1 (a) Money market and debt securities with residual maturity of upto 91 days:**

Investments in Money Market and debt securities including floating rate securities with maturity of upto 91 days which are traded are valued at the weighted average price at which they are traded on the particular valuation day.

When such securities are not traded on a particular valuation day they are valued on amortization basis.

Investments in floating rate securities with floor and caps on coupon rate with maturity of upto 91 days are valued on amortization basis taking the coupon rate as floor.

### **2.3.1 (b) Money market and debt securities with residual maturity of over 91 days:**

Investments in Money Market and debt securities including floating rate securities with maturity of over 91 days, are valued at the weighted average price at which they are traded on the particular valuation day.

Investments in Money Market and debt securities including floating rate securities with maturity of over 91 days which are not traded are valued at benchmark yield/ matrix of spread over risk free benchmark yield obtained from CRISIL & ICRA.

### **2.3.2 Valuation of Other Investments**

Investments bought on “repo basis” are valued at the resale price after deduction of applicable interest up to the date of resale. Investments sold on “repo basis” are adjusted for the difference between the repurchase price (after deduction of applicable interest up to the date of repurchase) and the value of the instrument.

Investments in mutual fund schemes are valued based on the net asset value of the respective schemes as on the valuation date.

### **2.3.3 Valuation of securities not covered under the above valuation policy:**

The total exposure in securities, which do not fall under above valuation norms, shall not exceed 5% of the total AUM of the scheme.

Investment in such securities will be valued by a method approved by the Independent Trustees and Statutory Auditors.

### **2.3.4 Unrealized appreciation/Depreciation**

In accordance with the Guidance Note on Accounting for Investments in the Financial Statements of Mutual Funds issued by the Institute of Chartered Accountants of India, the unrealized appreciation determined separately for each individual investment is directly transferred to the “Unrealized Appreciation Reserve Account” i.e. without routing it through the revenue account.

The provision for depreciation in value of investments determined separately for each individual investment is recognized in the revenue account. The loss (realised) on investments sold / transferred during the year is charged to revenue account, instead of being first adjusted against the provision for depreciation, if already created in the prior year, as recommended by the said Guidance Note. However, this departure from the Guidance Note does not have any impact on the Scheme’s net assets or the results for the year.

### **2.4 Revenue Recognition**

2.4.1 Income and Expenses are recognized on accrual basis.

2.4.2 Interest on Debentures, Government of India securities, Floating Rate Bonds and Money Market Instruments are recognized on accrual basis

2.4.3 Interest on funds invested in short-term deposits with scheduled commercial banks is recognized on accrual basis.

2.4.4 Proportionate realized gains on investments out of sales / repurchase proceeds at the time of sale / repurchase of units are transferred to revenue Account from Unit Premium Reserve.

### **3. Net Asset Value for Fixed & Variable Pricing Options**

The net asset value of the units is determined separately for units issued under the Fixed Pricing Option & Variable Pricing Option each having sub options Growth, Daily Dividend, Weekly Dividend and Monthly Dividend. For reporting the net asset value of various options, daily income earned, including realized and unrealized gain or loss in the value of investments and expenses incurred by the scheme are allocated to the options in proportion to the value of the net assets

### **4. Unit Premium Reserve Account**

Upon issue and redemption of units, the net premium or discount to the face value of units is adjusted against the unit premium reserve account of the respective Options / Scheme, after an appropriate amount of the issue proceeds and redemption payout is credited or debited respectively to the income equalization reserve.

The Unit Premium reserve account is available for distribution of dividend except to the extent it is represented by unrealized net appreciation in value of investments.

### **5. Income Equalization Account**

An appropriate part of the sale proceeds or the redemption amount, as the case may be, is transferred to income equalization account. The total distributable surplus (without considering unrealized appreciation) upto the date of issue/ redemption of units has been taken into account for the purpose of ascertaining the amount to be transferred to Equalization Account on a daily basis. The net balance in this account is transferred to the Revenue Account at the end of the year



## 6 Load Charges

The load charges collected, if any are used to meet expenses as per the stipulated SEBI guidelines from time to time.

## 7. Unclaimed Redemption.

In line with SEBI circular no. MFD/CIR/9/120 /2000 dated November 24, 2000, the unclaimed redemption and dividend amounts may be deployed by the mutual funds in call money market or money market instruments only and the investors who claim these amounts during a period of three years from the due date shall be paid at the prevailing Net Asset Value. After a period of three years, this amount can be transferred to a pool account and the investors can claim the unclaimed redemption amount at NAV prevailing at the end of the third year. The income earned on such funds can be used for the purpose of investor education. The AMC should make continuous effort to remind the investors through letters to take their unclaimed amounts. Further, the investment management fee charged by the AMC for managing unclaimed amounts shall not exceed 50 basis points.

## 8. NOTES ON ACCOUNTS

### 8.1 Management Fees, Trustee Fees, Custodian Fees

#### Management Fees

The total Management Fees (inclusive of service tax) has been computed at 0.10% on average net assets calculated on a daily basis.

#### Variable Pricing Option

Under the variable pricing option the AMC fee charged is based on the scheme's performance on a daily basis and is computed of average net assets calculated on a daily basis.

	1	2	3	4	5
<b>Reference Point = MIBOR</b>	Where NPR < Reference Point( i.e when NPR is negative)	Where NPR = Reference Point	Where NPR > Reference Point and the difference between the two is less than 10 basis points.	Where NPR > Reference Point and the difference between the two is greater than or equal to 10 basis points.(Subject to condition stated in column 5)	Where NPR > Reference Point plus 10% of Reference Point. plus 10 basis points
<b>IMA</b>	Nil	Nil	Charged to the extent of out performance only	0.25	0.25 plus additional AMC fees of 1 basis points would be charged for every 10 basis points of out performance as mentioned above

**Net Portfolio Return (NPR) = Gross Portfolio Return-Scheme Recurring Expenses**

**IMA= Investment Management Advisory fees**

GPR = Total Income during the day (Including Net Appreciation/Depreciation)/Opening net assets \* 100

Scheme Recurring Expenses is total expenses during the day excluding IMA

**Fixed Pricing Option:**

The Management Fees under this option has been computed on average net assets calculated on a daily basis.

**Trusteeship Fees & Expenses**

In accordance with Deed of Trust dated 18<sup>th</sup> July 1996 between the Settler and the Trustees, the fund has paid or provided an annual fee of Rs.1,00,000/- per Trustee. Trusteeship fees & expenses are allocated to the schemes on the basis of their daily average net assets.

**Custodian Charges**

HDFC Bank Ltd provides Custodial Services to the scheme for which fees is paid as per the agreement.

**8.2** Provision for tax has not been made since the income of the Scheme is exempt from tax under Section 10(23D) of the Income Tax Act, 1961.

**8.3** Transactions with Brokers in excess of 5% or more of the aggregate purchases and sale of securities made by the Fund has been reported to the Trustees on a bimonthly basis

**8.4** Certain investments are registered in the name of the Fund without specific reference to the Scheme. As at March 31, 2012 the aggregate market value of securities under Sahara Liquid Fund but held in the name of Sahara Mutual Fund is Rs.14,13,77,386.18.

**8.5** The Registrar and Transfer Agents charges amounting to Rs.11,37,871.57 , and Custodian Fees amounting to Rs.5,98,547.64 constitutes 20.10 % and 10.58% respectively of the total schemes expenses.

**8.6 Transactions with Associates**

Brokerage / Commission on sale of units by the Scheme or by the Asset Management Company given to associates, pursuant to Regulation 25(8):

**Commission to SIFCL A/c CMSD (Associate) made for sale of units of the MF for the current year ended 31<sup>st</sup> March 2012**

(Rs.In lakhs)

Tax Gain Fund	Growth Fund	Liquid Fund	Mid cap Fund	Wealth Plus Fund	Infrastructure Fund
0.52	0.31	0.07	0.29	0.08	0.15

(Rs. in lakhs)

R. E. A. L Fund	Star Value Fund	Super 20 Fund	Power and Natural Resources Fund	Banking & Financial Services Fund	Interval Fund – Quarterly Plan Sr 1
0.00	0.08	0.18	0.15	0.73	0.00

Commission to SIFCL A/c CMSD (Associate) made for sale of units of the MF for the previous year ended 31<sup>st</sup> March 2011

(Rs.In lakhs)

Tax Gain Fund	Growth Fund	Liquid Fund	Mid cap Fund	Wealth Plus Fund	Infrastructure Fund
1.00	0.51	0.09	0.42	0.57	0.37

(Rs. in lakhs)

<b>R. E. A. L Fund</b>	<b>Star Value Fund</b>	<b>Super 20 Fund</b>	<b>Power and Natural Resources Fund</b>	<b>Banking &amp; Financial Services Fund</b>	<b>Interval Fund – Quarterly Plan Sr 1</b>
1.21	0.15	0.30	1.09	1.64	0.01

**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)
<b>SIFCL A/c CMSD</b>	<b>Sponsor / Mutual Fund Distributor</b>	<b>April 11- March 12</b>	<b>(0.97 &amp; 0.07%)</b>	<b>(Rs.2,57,503.28 ; 9.83 % )</b>
SIFCL A/c CMSD	Sponsor / Mutual Fund Distributor	April 10- March 11	(5.15; 0.22%)	(Rs.737,214/-;11.94%)

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 2012 & April – Mar 2011.

**8.7 The Aggregate Value of Investment purchased and sold(Including Redemption) during the year as a percentage of daily average net asset value;**

**Purchases**

<b>Year</b>	<b>Amount in Rupees</b>	<b>% of Daily Average</b>
<b>2011-12</b>	<b>56,208,286,642</b>	<b>2049.98</b>
2010-11	17,044,314,499	1008.64

**Sales**

<b>Year</b>	<b>Amount in Rupees</b>	<b>% of Daily Average</b>
<b>2011-12</b>	<b>53,633,637,955</b>	<b>1956.08</b>
2010-11	20,682,823,467	1223.95

**8.8 Aggregate Appreciation and Depreciation in the value of Investments :**

Scheme	31-Mar-12		31-Mar-11	
	Appreciation (Rs. In lakhs)	Depreciation (Rs. In lakhs)	Appreciation (Rs. In lakhs)	Depreciation (Rs. In lakhs)
<b>Debentures &amp; Bonds/PTC</b>	-	-	-	-
<b>MMI's</b>	-	0.43	-	-

**8.9 Income and Expense Ratio**

	2011-12	2010-11
Total Income (including net unrealized appreciation and net of loss on sale of investments) to average net assets calculated on a daily basis.	<b>9.31%</b>	6.31%
Total Expenditure to average net assets calculated on a daily basis	<b>0.21%</b>	0.36%

**8.10 Movement in Unit Capital****8.10.1 Fixed Pricing Option – (Growth Option)**

	Face Value (Rs.)	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
		As on March 31, 2012	As on March 31, 2012	As on March 31, 2011	As on March 31, 2011
Initial Capital	10	22,977,400.000	229,774,000	22,977,400.000	229,774,000
Opening Balance	1000	2034.112	2,034,112	1,381.967	1,381,967
Units Sold during the period	1000	5448.696	5,448,696	770,819.835	770,819,835
Units Repurchased during the period	1000	(6428.171)	(6,428,171)	(770,167.690)	(770,167,690)
Closing Balance		1054.637	1,054,637	2,034.112	2,034,112

**8.10.2 Fixed Pricing Option - Dividend Option ( Daily Dividend )**

	Face Value (Rs.)	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
		As on March 31, 2012	As on March 31, 2012	As on March 31, 2011	As on March 31, 2011
Initial Capital	10	5376000.000	53,760,000	5,376,000.000	53,760,000
Opening Balance	1000	44543.882	44,543,882	42,569.949	42,569,949
Units Sold during the period	1000	3626.013	3,626,013	131,116.510	131,116,510
Units Repurchased during the period	1000	(435.964)	(435,964)	(129,142.577)	(129,142,577)
Closing Balance		47733.931	47,733,931	44,543.88	44,543,882

#### 8.10.3 Fixed Pricing Option - Dividend Option ( Weekly Option )

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2012	As on March 31, 2012	As on March 31, 2011	As on March 31, 2011
Initial Capital				
Opening Balance	0.000	-	0.000	0.00
Units Sold during the period	0.000	-	0.000	0.00
Units Repurchased during the period	0.000	-	0.000	0.00
Closing Balance of Rs.1000 each	0.000	-	0.000	0.00

#### 8.10.4 Fixed Pricing Option - Dividend Option ( Monthly Option )

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2012	As on March 31, 2012	As on March 31, 2011	As on March 31, 2011
Initial Capital	-	-	-	-
Opening Balance	78.778	78,778	75.230	75,230
Units Sold during the period	1144.698	1,144,698	3.548	3,548
Units Repurchased during the period	(1163.774)	(1,163,774)	0.000	-
Closing Balance of Rs.1000/- each.	59.702	59,702	78.778	78,778

#### 8.10.5 Variable Pricing Option – ( Growth Option )

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2012	As on March 31, 2012	As on March 31, 2011	As on March 31, 2011
Initial Capital	1,986,915.353	1,986,915,353	1,986,915.353	1,986,915,353
Opening Balance	272953.126	272,953,126	2,449,763.318	2,449,763,318
Units Sold during the period	6733663.419	6,733,663,419	4,753,793.286	4,753,793,286
Units Repurchased during the period	(5317643.491)	(5,317,643,491)	(6,930,603.478)	(6,930,603,478)
Closing Balance of Rs.1000 each	1688973.054	1,688,973,054	272,953.126	272,953,126

#### 8.10.6 Variable Pricing Option - Dividend Option ( Daily Dividend )

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2012	As on March 31, 2012	As on March 31, 2011	As on March 31, 2011
Initial Capital	1,760,554.229	1,760,554,229	1,760,554.229	1,760,554,229
Opening Balance	24991.460	24,991,460	24,299.198	24,299,198
Units Sold during the period	1686.756	1,686,756	2,710.653	2,710,653
Units Repurchased during the period	(83.162)	(83,162)	(2,018.391)	(2,018,391)
Closing Balance of Rs.1000 each.	26595.054	26,595,054	24,991.460	24,991,460

#### 8.10.7 Variable Pricing Option - Dividend Option ( Weekly Option )

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2012	As on March 31, 2012	As on March 31, 2011	As on March 31, 2011
Initial Capital	9,766.992	9,766,992	9,766.992	9,766,992
Opening Balance	1043.960	1,043,960	6,241.443	6,241,443
Units Sold during the period	6417.255	6,417,255	3,227.877	3,227,877
Units Repurchased during the period	(5528.998)	(5,528,998)	(8,425.360)	(8,425,360)
Closing Balance of Rs.1000 each	1932.217	1,932,217	1,043.960	1,043,960

#### 8.10.8 Variable Pricing Option - Dividend Option ( Monthly Option )

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2012	As on March 31, 2012	As on March 31, 2011	As on March 31, 2011
Initial Capital	6,695.965	6,695,965	6,695.965	6,695,965
Opening Balance	3030.107	3,030,107	5,649.969	5,649,969
Units Sold during the period	21695.999	21,695,999	4,540.397	4,540,397
Units Repurchased during the period	(24478.236)	(24,478,236)	(7,160.259)	(7,160,259)
Closing Balance of Rs.1000 each.	247.870	247,870	3,030.107	3,030,107

**8.11** The Scheme has declared the following dividend per unit during the financial year.  
There was no Bonus declared during the year ended March 31, 2012.

Option	Face Value (Rs)	Period	Dividend per unit (Rs.)
Fixed Pricing Option-Daily Dividend Option	1000/-	01/04/2011 to 31/03/2012	92.8273
Fixed Pricing Option-Weekly Dividend Option	1000/-	01/04/2011 to 31/03/2012	0.0000
Fixed Pricing Option-Monthly Dividend Option	1000/-	01/04/2011 to 31/03/2012	94.7843
Variable Pricing Option-Daily Dividend Option	1000/-	01/04/2011 to 31/03/2012	92.8294
Variable Pricing Option-Weekly Dividend Option	1000/-	01/04/2011 to 31/03/2012	91.4869
Variable Pricing Option-Monthly Dividend Option	1000/-	01/04/2011 to 31/03/2012	92.3113

The Dividend Per Unit disclosed is cumulative for the period mentioned against each option.

Option	Face Value (Rs)	Period	Dividend per unit (Rs.)
Fixed Pricing Option – Daily Dividend Option	1000/-	01/04/2010 to 31/03/2011	66.1228
Fixed Pricing Option – Weekly Dividend Option	1000/-	01/04/2010 to 31/03/2011	11.3526
Fixed Pricing Option – Monthly Dividend Option	1000/-	01/04/2010 to 31/03/2011	65.5018

Variable Pricing Option-Daily Dividend Option	1000/-	01/04/2010 to 31/03/2011	66.1237
Variable Pricing Option-Weekly Dividend Option	1000/-	01/04/2010 to 31/03/2011	64.7475
Variable Pricing Option-Monthly Dividend Option	1000/-	01/04/2010 to 31/03/2011	65.5167

The Dividend per Unit disclosed is cumulative for the period mentioned against each option.

#### 8.12 Unclaimed Amounts ( beyond six months):

Unclaimed Redemption and Dividend amounts as of March 31, 2012 are given below:

Scheme Name	No of Investors	Unclaimed Dividend (Rs)	No of Investors	Unclaimed Redemption (Rs)
<b>Sahara Liquid Fund</b>	-	-	-	-

#### 8.13 Investments made by the Schemes of Sahara Mutual Fund in Companies or their subsidiaries that have invested more than 5% of the net asset value of any scheme, pursuant to Regulation 25(11).

(Rs.in lakhs)

Company which has invested in excess of 5% of the net asset of the respective scheme during the period	Scheme/s in which the Company has invested more than 5% of the Net Assets	Name of the Funds/Schemes which have invested	Type of security	Aggregate cost of acquisition during the period	Outstanding as on 31.03.2012
Reliance Capital Ltd	Sahara Liquid Fund	Sahara Income Fund	Commercial Paper	74.89	0.00
		Sahara Liquid Fund	Commercial Paper	6076.38	0.00
		Sahara Short Term Bond Fund	Commercial Paper	823.80	0.00

The above investments were made to optimize returns and retain high liquidity.

#### 8.14 Portfolio Statement as on March 31, 2012:

Name of the Instrument	Rating	Quantity	Mkt Value (Rs. In lakhs)	% to NAV	% to Category Total
<b>1. Equity &amp; Equity Related</b>					
(a) Listed / awaiting listing on Stock Exchanges		Nil	Nil	Nil	Nil
(b) Unlisted		Nil	Nil	Nil	Nil
<b>2. Debt Instruments</b>					
(a) Listed					
Bonds		Nil	Nil	Nil	Nil

<b>(b) Privately Placed / Unlisted</b>					
<b>Floating Rate NCDs</b>		<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>3. Money Market Instruments</b>					
<b>(a) Certificate of Deposits</b>					
<b>CANARA BANK CD **</b>	<b>CRISIL A1+</b>	<b>3500</b>	<b>3425.73</b>	<b>10.09</b>	<b>10.53</b>
<b>CORPORATION BANK CD **</b>	<b>CRISIL A1+</b>	<b>2500</b>	<b>2498.43</b>	<b>7.36</b>	<b>7.68</b>
<b>SYNDICATE BANK CD **</b>	<b>CARE A1+</b>	<b>2500</b>	<b>2498.43</b>	<b>7.36</b>	<b>7.68</b>
<b>STATE BANK OF BIKANER &amp; JAIPUR CD **</b>	<b>CRISIL A1+</b>	<b>2500</b>	<b>2498.08</b>	<b>7.36</b>	<b>7.68</b>
<b>CORPORATION BANK CD **</b>	<b>CRISIL A1+</b>	<b>2494</b>	<b>2444.62</b>	<b>7.20</b>	<b>7.52</b>
<b>UNION BANK OF INDIA CD **</b>	<b>CRISIL A1+</b>	<b>2500</b>	<b>2444.26</b>	<b>7.20</b>	<b>7.52</b>
<b>UCO BANK LTD CD **</b>	<b>CRISIL A1+</b>	<b>2500</b>	<b>2442.99</b>	<b>7.20</b>	<b>7.51</b>
<b>AXIS BANK CD **</b>	<b>CRISIL A1+</b>	<b>2494</b>	<b>2440.42</b>	<b>7.19</b>	<b>7.50</b>
<b>PUNJAB NATIONAL BANK CD **</b>	<b>ICRA A1+</b>	<b>2495</b>	<b>2436.19</b>	<b>7.18</b>	<b>7.49</b>
<b>CENTRAL BANK OF INDIA CD **</b>	<b>CARE A1+</b>	<b>2500</b>	<b>2435.67</b>	<b>7.18</b>	<b>7.49</b>
<b>UCO BANK LTD CD **</b>	<b>CRISIL A1+</b>	<b>1994</b>	<b>1951.24</b>	<b>5.75</b>	<b>6.00</b>
<b>STATE BANK OF HYDERABAD CD **</b>	<b>ICRA A1+</b>	<b>1600</b>	<b>1564.15</b>	<b>4.61</b>	<b>4.81</b>
<b>KARUR VYSYA BANK - CD **</b>	<b>CRISIL A1+</b>	<b>1500</b>	<b>1461.28</b>	<b>4.31</b>	<b>4.49</b>
<b>VIJAYA BANK CD **</b>	<b>CARE A1+</b>	<b>1000</b>	<b>999.46</b>	<b>2.95</b>	<b>3.07</b>
<b>STATE BANK OF PATIALA CD **</b>	<b>ICRA A1+</b>	<b>500</b>	<b>491.27</b>	<b>1.45</b>	<b>1.51</b>
<b>PUNJAB NATIONAL BANK CD **</b>	<b>ICRA A1+</b>	<b>500</b>	<b>490.87</b>	<b>1.45</b>	<b>1.51</b>
<b>(b) Commercial Papers</b>			<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total (a+b) (Book Cost less of Depreciation Rs. 32365.51 lakhs)</b>		<b>33077.00</b>	<b>32523.08</b>	<b>95.84</b>	<b>100.00</b>
<b>4. Securitised Debt Instruments</b>		<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>5. Short Term Deposits</b>		<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>6. Collateralized Borrowing and Lending Obligation (Book Cost Rs. 1373.21 lakhs)</b>			<b>1374.10</b>	<b>4.05</b>	<b>100.00</b>
<b>7. Other – Net Current Assets</b>			<b>37.79</b>	<b>0.11</b>	<b>100.00</b>
<b>Total</b>		<b>33077.00</b>	<b>33934.97</b>	<b>100.00</b>	<b>100.00</b>

\*\* Thinly Traded / Non Traded Securities

**8.15** Investments made by the scheme in Securities of Group Companies of the sponsor – NIL

**8.16** Holdings over 25% of the NAV of the scheme:

<b>Particulars</b>	<b>As on March 31, 2012</b>	<b>As on March 31, 2011</b>
Number of Investors	<b>2</b>	<b>2</b>
Percentage of holdings	<b>70.04</b>	<b>70.51%</b>



**8.17** Contingent Liability: Nil

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

As per our attached report of even date

**For Chaturvedi & Co** **For Sahara Asset Management Company**  
Chartered Accountants **Pvt Ltd**  
Firm Regn. No.:- 302137E

**For Sahara Mutual Fund**

**S.N.Chaturvedi**  
**Partner**  
M.No.: 040479

C.Kamdar  
**Director**

O.P.Srivastava  
**Director**

Justice S Mohan  
**Trustee**

Amitabha **Ghosh**  
**Trustee**

**Naresh Kumar Garg**  
**Chief Executive Officer**

**A.N.Sridhar**  
**Fund Manager**

**Place:** Mumbai

**Date:** 26<sup>th</sup> May 2012

## SAHARA CLASSIC FUND

### AUDITORS' REPORT TO THE TRUSTEES OF SAHARA MUTUAL FUND

1. We have audited the Balance Sheet of Sahara Mutual Fund – Sahara Classic Fund (the "Scheme") as at March 31, 2012, and the related Revenue Account for the year ended on that date, annexed thereto. These financial statements are a responsibility of the Trustees of Sahara Mutual Fund and the management of Sahara Asset Management Company Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.

2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. 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. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.

4. In our opinion and to the best of our information and according to the explanations given to us:

The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable and give a true and fair view in conformity with the Accounting principles generally accepted in India,

i). in case of Balance Sheet of the state of affairs of the scheme as at March 31, 2012 and

ii). in case of the Revenue account, of the surplus for the year ended on that date.

5. 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.

6. The methods used to value non-traded/thinly traded securities as at March 31, 2012 as determined by the Management under procedures approved by the Trustees of Sahara Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds, issued by the Securities and Exchange Board of India, are fair and reasonable.

For **CHATURVEDI & CO.**  
*Chartered Accountants*  
(Firm Regn. No.:- 302137E)

**Place:** Mumbai  
**Date:** 26/05/2012

(SN Chaturvedi)  
Partner  
M.No.: 040479

<b>SAHARA CLASSIC FUND</b>			
<b>BALANCE SHEET AS AT MARCH 31, 2012</b>			
	<b>Schedule</b>	<b>As at</b>	<b>As at</b>
		<b>March 31, 2012</b>	<b>March 31, 2011</b>
<b>ASSETS</b>		<b>(Rs)</b>	<b>(Rs)</b>
Investments	1	1,462,410	1,860,320
Other Current Assets	2	326,281	104,072
<b>Total Assets</b>		<b>1,788,691</b>	<b>1,964,392</b>
<b>LIABILITIES</b>			
Unit Capital	3	1,207,358	1,449,265
Reserves & Surplus	4	580,929	514,678
Current Liabilities & Provisions	5	404	449
<b>Total Liabilities</b>		<b>1,788,691</b>	<b>1,964,392</b>
<b>NET ASSET VALUE</b>			
Net Asset Value per unit (Rs.)			
i) Dividend		14.8068	13.5509
ii) Growth		14.8074	13.5515
Significant Accounting Policies and Notes to the accounts	7		
Schedules 1 to 5 and 7 form an integral part of the Balance Sheet			

As per our attached report of even date

**For Chaturvedi & Co**   **For Sahara Asset Management Company**   **For Sahara Mutual Fund**  
Chartered Accountants **Pvt Ltd**  
Firm Regn. No.:- 302137E

**S.N.Chaturvedi**  
**Partner**  
M.No.: 040479

C..Kamdar  
**Director**

O.P.Srivastava  
**Director**

Justice S Mohan  
**Trustee**

Amitabha Ghosh  
**Trustee**

Naresh Kumar Garg  
**Chief Executive Officer**

A.N.Sridhar  
**Fund Manager**

**Place:** Mumbai  
**Date:** 26<sup>th</sup> May 2012

REVENUE ACCOUNT FOR THE YEAR ENDED March 31, 2012			
SAHARA CLASSIC FUND	Schedule	For the year ended March 31, 2012 (Rs)	For the year ended March 31, 2011 (Rs)
<b>INCOME</b>			
Interest Income	6	172,539	164,249
Profit on Sale / Redemption of Investments (Net)		2,261	-
(Other than Inter Scheme Transfer/ Sale)			
<b>Total Income</b>		<b>174,800</b>	<b>164,249</b>
<b>EXPENSES &amp; LOSSES</b>			
Loss on Sale / Redemption of Investments (Net)		-	1,663
(Other than Inter Scheme Transfer/Sale)			
Loss on Sale / Transfer of Investments (Inter Scheme) (Net)		-	149
Management Fees		1,891	2,510
Registrar & Transfer Agent Charges		2,624	3,733
Custodian Fees		547	633
Fees & Expenses of Trustees		342	292
Statutory Audit Fees		232	132
Internal Audit Fees		356	339
Insurance		79	166
Costs related to Investor Communication		331	90
Transaction cost		187	282
Marketing & Selling Exps.		28	608
<b>Total Expenses</b>		<b>6,617</b>	<b>10,597</b>
Net Surplus for the Year (excluding unrealized appreciation)		168,183	153,652
Transfer from Income Equalization Reserve		(102,068)	(238,148)
Net Surplus transferred to Revenue Reserve		<b>66,115</b>	<b>(84,496)</b>
Significant Accounting Policies and Notes to the accounts	7		
Schedules 6 & 7 form an integral part of the Revenue Account			

As per our attached report of even date

**For Chaturvedi & Co**      **For Sahara Asset Management Company**  
Chartered Accountants      **Pvt Ltd**  
Firm Regn. No.:- 302137E

**For Sahara Mutual Fund**

**S.N.Chaturvedi**  
**Partner**  
M.No.: 040479

C.Kamdar  
**Director**

O.P.Srivastava  
**Director**

Justice S Mohan  
**Trustee**

Amitabha Ghosh  
**Trustee**

Naresh Kumar Garg  
**Chief Executive Officer**

A.N.Sridhar  
**Fund Manager**

**Place:** Mumbai  
**Date:** 26<sup>th</sup> May 2012

SCHEDULES FORMING PART OF THE BALANCE SHEET		As at		As at
		March 31, 2012		March 31, 2011
		(Rs)		(Rs)
<b>SCHEDULE 1</b>				
<b>Investments</b>				
(Refer Note 8.14 of Schedule 7 for detailed Portfolio statement)				
Equity Shares		-		-
Certificate of Deposits		1,462,410		1,860,320
		<b>1,462,410</b>		<b>1,860,320</b>
<b>SCHEDULE 2</b>				
<b>Other Current Assets</b>				
Balances with Banks in Current accounts		6,180		42,983
Reverse Repo arrangements		317,373		53,908
Outstanding and accrued income		2,728		7,181
		<b>326,281</b>		<b>104,072</b>
<b>SCHEDULE 3</b>				
<b>Unit Capital</b>				
Dividend		323,577		393,433
Dividend Option 32357.7040 units of Rs.10 each				
(Previous Year 39343.2750 units of Rs.10 each)				
Growth		883,781		1,055,832
Growth Option 88378.135 units of Rs.10 each (Previous Year 105583.2350 units of Rs.10 each)				
Total		<b>1,207,358</b>		<b>1,449,265</b>
(Refer Note 8.10 of Schedule 7)				
<b>SCHEDULES FORMING PART OF THE BALANCE SHEET</b>				
<b>SCHEDULE 4</b>				
<b>Reserves and Surplus</b>				
<b>Revenue Reserve</b>				

Balance as at beginning of the year	515,505		600,002	
Transferred from Revenue Account	66,115		(84,496)	
Balance as at end of the year		581,620		515,506
<b>Income Equalisation Reserve</b>				
Balance as at beginning of the year	-		-	
Additions During the year	(102,068)		(238,148)	
Transferred to Revenue Account	102,068		238,148	
Balance as at end of the year		-		-
<b>Unrealised Appreciation Reserve</b>				
Balance as at beginning of the year	-		-	
Additions During the year	-		-	
Balance as at end of the year		-		-
<b>Unit Premium Reserve</b>				
Balance as at beginning of the year	(828)		(1,230)	
Additions During the year	137		402	
Balance as at end of the year		(691)		(828)
		580,929		514,678
<b>SCHEDULE 5</b>				
<b>Current Liabilities and Provisions</b>				
Sundry Creditors		371		417
Management Fees Payable		33		32
		404		449
<b>SCHEDULES FORMING PART OF REVENUE ACCOUNT</b>		<b>For the year ended</b>		<b>For the year ended</b>
		<b>March 31, 2012</b>		<b>March 31, 2011</b>
<b>SCHEDULE 6</b>				
<b>Interest &amp; Discount Income</b>				
Commercial Paper/Certificate of Deposit		161,893		143,392
Reverse Repo		10,646		20,857
		172,539		164,249

**PERSPECTIVE HISTORICAL PER UNIT STATISTICS**

	<b>As at</b>	<b>As at</b>	<b>As at</b>
<b>SAHARA CLASSIC FUND</b>	<b>31-Mar-12</b>	<b>31-Mar-11</b>	<b>31-Mar-11</b>
<b>Particulars</b>	<b>(Rs. Per Unit)</b>	<b>(Rs. Per Unit)</b>	<b>(Rs. Per Unit)</b>
<b>(a) Gross Income</b>			
(i) Income other than Profit on sale of Investments	<b>1.4291</b>	1.1333	1.0810
(ii) Income from Profit (net of loss) on inter-scheme sales/ transfer of Investments	<b>-</b>	-	
(iii) Income from Profit (net of Loss) on sale other than Inter scheme	<b>0.0187</b>	-0.0115	0.0009
(iv) Transfer to revenue account from past year's reserve	<b>0.0000</b>	0.0000	
<b>(b) Aggregate of expenses, write off, amortisation and charges</b>	<b>0.0548</b>	0.0606	0.0582
<b>(c) Net Income</b>	<b>1.3930</b>	1.0602	1.0237
<b>(d) Net unrealised appreciation/(diminution) in value of Investments</b>	<b>0.00</b>	0.00	
<b>(e) Net Asset Value</b>			
Dividend Plan	<b>14.8074</b>	13.5509	12.7230
Growth Plan	<b>14.8068</b>	13.5515	12.7234
<b>(f) Repurchase Price during the year**</b>			
(i) Highest			
Fixed Pricing - Dividend Plan	<b>14.8068</b>	13.1444	12.6136
Fixed Pricing - Growth Plan	<b>14.8074</b>	13.1450	12.7234
(ii) Lowest			
Fixed Pricing - Dividend Plan	<b>13.5763</b>	12.3492	11.9398
Fixed Pricing - Growth Plan	<b>13.5768</b>	12.3497	11.9346
<b>(g) Resale Price during the year**</b>			
(i) Highest			
Fixed Pricing - Dividend Plan	<b>14.8068</b>	13.6864	12.7047
Fixed Pricing - Growth Plan	<b>14.8074</b>	13.6870	12.8261
(ii) Lowest			
Fixed Pricing - Dividend Plan	<b>13.5763</b>	12.8584	11.9345
Fixed Pricing - Growth Plan	<b>13.5768</b>	12.8589	11.9346
<b>(h) Ratio of expenses to average daily net assets by Percentage</b>	<b>0.35%</b>	0.35%	0.35%
<b>(i) Ratio of income to average daily net assets by Percentage</b>	<b>8.90%</b>	6.14%	6.51%
(excluding transfer to revenue account from past year's reserve but including net change in unrealized appreciation / depreciation in value of Investments and adjusted for net loss on sale / redemption of investments)			

\*\*Based on the maximum load during the year

## SCHEDULE: 7

### ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012.

#### 1. INTRODUCTION

##### 1.1 About the Scheme

Sahara Classic Fund (the "Scheme") is an Open Ended Income Scheme of Sahara Mutual Fund (the "Fund"). The primary objective is generating returns by investing in debt instruments including money market instruments and also to invest in equity and equity related instruments to seek capital appreciation. The scheme has two Plans – (i) Growth Plan and (ii) Dividend Plan. The scheme will not declare dividend under the Growth Plan. The Income earned on such units will remain invested under the scheme and will be reflected in the Net Asset Value. The new fund offer period of the scheme was from December 18, 2007 to January 16, 2008 and the scheme was reopened for continuous purchase and redemption at prevailing NAV from February 8, 2008.

##### 1.2 Asset Management Company

Sahara Mutual Fund (SMF) has been established as a Trust in accordance with the Indian Trusts Act, 1882, and is sponsored by Sahara India Financial Corporation Limited .

Sahara Asset Management Company Private Limited ("SAMCPL"), a company incorporated under the Companies Act, 1956, has been appointed as the Asset Management Company ("Investment Manager") to Sahara Mutual Fund.

The shareholding of Sahara Asset Management Company Private Limited as on March 31<sup>st</sup>, 2012 is as follows:

Name of the Shareholder	Type of Holdings	Holding
Sahara India Financial Corporation Limited	Equity	45.60%
Sahara India Corp Investment Limited	Equity	11.36%
Sahara Prime City Limited (formerly Sahara India Investment Corporation Limited )	Equity	11..36%
Sahara Care Limited	Equity	31.68%
Name of the Shareholder	Type of Holdings	Holding
Sahara India Commercial Corporation Ltd	Preference	90.32 %
Sahara Care Ltd	Preference	9.68 %

#### 2 SIGNIFICANT ACCOUNTING POLICIES

##### 2.1 Basis of Accounting

The Scheme maintains its books of account on an accrual basis. These financial statements 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, (the "Regulation"), and amendments thereto, as applicable.



## 2.2 Accounting for Investments

- 2.2.1 Purchase and sale of investments are accounted on trade dates at price including / net of brokerage and other charges. Stamp duty is accounted as an expense when paid for.
- 2.2.2 Profit or loss on sale of investments is determined on the respective trade date by adopting the "Weighted Average Cost" method.
- 2.2.3 Primary Market Investments are recognized on the basis of allotment advice.
- 2.2.4 Front end fees on privately placed debentures have been adjusted to the cost of investments.
- 2.2.5 Bonus/Rights entitlements on equity holdings are recognized only when the original shares on which the entitlement accrues are traded on the Principal stock exchange on ex-bonus/ex-rights basis respectively

## 2.3 Valuation of Investments

### 2.3.1. Equity Investments:

#### a). Traded Investments

Traded equity securities and warrants are valued at the last quoted price on the National Stock Exchange of India Limited (NSE). However, if the securities and warrants are not listed on NSE, the securities are valued at the price quoted at the exchange where it is principally traded. When on a particular valuation day, a security has not been traded on NSE but has been traded on another stock exchange, the value at which it is traded on that stock exchange is used provided it is not more than thirty days prior to the valuation date.

The Valuation of Rights shares until they are traded, is done as per the method given below:

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

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 should 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 can be valued at the renunciation value.

#### b). Unlisted/Non traded / Thinly Traded Investments

Non-traded / thinly traded / privately placed equity securities including those not traded within thirty days are valued at fair value as per procedures determined by AMC and approved by the Trustees in accordance with the guidelines for valuation of securities for mutual funds, issued by the Securities and Exchange Board of India (SEBI) from time to time.

### **2.3.2. Money market and debt securities with residual maturity of upto 91 days:**

Investments in Money Market and debt securities including floating rate securities with maturity of upto 91 days which are traded are valued at the weighted average price at which they are traded on the particular valuation day.

When such securities are not traded on a particular valuation day they are valued on amortization basis.

Investments in floating rate securities with floor and caps on coupon rate with maturity of upto 91 days are valued on amortization basis taking the coupon rate as floor.

### **2.3.3 Money market and debt securities with residual maturity of over 91 days:**

Investments in Money Market and debt securities including floating rate securities with maturity of over 91 days, are valued at the weighted average price at which they are traded on the particular valuation day.

Investments in Money Market and debt securities including floating rate securities with maturity of over 91 days which are not traded are valued at benchmark yield/matrix of spread over risk free benchmark yield obtained from CRISIL & ICRA.

### **2.3.4 Valuation of Other Investments**

Investments bought on “repo basis” are valued at the resale price after deduction of applicable interest up to the date of resale. Investments sold on “repo basis” are adjusted for the difference between the repurchase price (after deduction of applicable interest up to the date of repurchase) and the value of the instrument.

Investments in mutual fund schemes are valued based on the net asset value of the respective schemes as on the valuation date.

### **2.3.5 Valuation of securities not covered under the above valuation policy:**

The total exposure in securities, which do not fall under above valuation norms, shall not exceed 5% of the total AUM of the scheme.

Investment in such securities will be valued by a method approved by the Independent Trustees and Statutory Auditors.

### **2.3.6 Unrealised Appreciation / Depreciation**

In accordance with the Guidance Note on Accounting for Investments in the Financial Statements of Mutual Funds issued by the Institute of Chartered Accountants of India, the unrealized appreciation determined separately for each individual investment is directly transferred to the “Unrealised Appreciation Reserve Account” i.e. without routing it through the revenue account.

The provision for depreciation in value of investments determined separately for each individual investment is recognized in the revenue account. The loss (realized) on investments sold / transferred during the year is charged to revenue account, instead of being first adjusted against the provision for depreciation, if already created in the prior year, as recommended by the said Guidance Note. However, this departure from the Guidance Note does not have any impact on the Scheme’s net assets or results for the year.

## **2.4 Revenue Recognition**

- 2.4.1 Income and Expenses are recognized on accrual basis.
- 2.4.2 Interest on funds invested in short-term deposits with scheduled commercial banks is recognized on accrual basis.
- 2.4.3 Interest on Debentures, Government of India securities and Money Market Instruments are recognized on accrual basis
- 2.4.4 Proportionate realized gains on investments out of sales / repurchase proceeds at the time of sale / repurchase of units are transferred to revenue Account from Unit Premium Reserve.
- 2.4.5 Dividend income earned by the scheme is recognized on the date the share is quoted on ex-dividend basis on principal stock exchange.

### **3 Net Asset Value for Growth / Dividend Options:**

The net asset value of the units is determined separately for units issued under the Growth and Dividend Options. For reporting the net asset value of the Growth and Dividend Options, daily income earned, including realized and unrealized gain or loss in the value of investments and expenses incurred by the scheme are allocated to the options in proportion to the value of the net assets.

### **4 Unit Premium Reserve Account**

Upon issue and redemption of units, the net premium or discount to the face value of units is adjusted against the unit premium reserve account of the respective Options / Scheme, after an appropriate amount of the issue proceeds and redemption payout is credited or debited respectively to the Income equalization account.

The Unit Premium reserve account is available for distribution of dividend except to the extent it is represented by unrealized net appreciation in value of investments.

### **5. Income Equalisation Account`**

An appropriate part of the sale proceeds or the redemption amount, as the case may be, is transferred to income equalization account. The total distributable surplus (without considering unrealized appreciation) upto the date of issue/ redemption of units has been taken into account for the purpose of ascertaining the amount to be transferred to Equalization Account on a daily basis. The net balance in this account is transferred to the Revenue Account at the end of the year.

### **6. Load Charges**

The load charges collected, if any are used to meet expenses as per the stipulated SEBI guidelines from time to time.

### **7. Unclaimed Redemption.**

In line with SEBI circular no. MFD/CIR/9/120 /2000 dated November 24, 2000, the unclaimed redemption and dividend amounts may be deployed by the mutual funds in call money market or money market instruments only and the investors who claim these amounts during a period of three years from the due date shall be paid at the prevailing Net Asset Value. After a period of three years, this amount can be transferred to a pool

account and the investors can claim the unclaimed redemption amount at NAV prevailing at the end of the third year. The income earned on such funds can be used for the purpose of investor education. The AMC should make continuous effort to remind the investors through letters to take their unclaimed amounts. Further, the investment management fee charged by the AMC for managing unclaimed amounts shall not exceed 50 basis points.

## 8. NOTES ON ACCOUNTS

### 8.1 Management Fees, Trusteeship Fees, Custodian Fees

#### Management Fees

Management Fees has been computed at 0.10 % average net assets calculated on a daily basis.

#### Trusteeship Fees & Expenses

In accordance with Deed of Trust dated 18<sup>th</sup> July 1996 between the Settler and the Trustees, the fund has paid or provided an annual fee of Rs.1,00,000/- per Trustee. Trusteeship fees & Expenses are allocated to the schemes on the basis of their daily average net assets.

#### Custodian Charges

HDFC Bank Ltd provides Custodial Services to the scheme for which fees is paid as per the agreement.

**8.2** Provision for tax has not been made since the income of the scheme is exempt from tax under Section 10(23D) of the Income Tax Act, 1961.

**8.3** Transactions with Brokers in excess of 5% or more of the aggregate purchases and sale of securities made by the Fund have been reported to the Trustees on a bimonthly basis

**8.4** Certain investments are registered in the name of the Fund without specific reference to the Scheme. As at March 31, 2012 the aggregate market value of securities under Sahara Classic Fund but held in the name of Sahara Mutual Fund is Rs.317565.26.

**8.5** The Registrar and Transfer Agents charges amounting to Rs.2623.93 constitutes 39.65% of the total schemes expenses.

### 8.6 Transactions with Associates

Brokerage / Commission on sale of units by the Scheme or by the Asset Management Company given to associates, pursuant to Regulation 25(8):

**Commission to SIFCL A/c CMSD (Associate) made for sale of units of the MF for the current year ended 31<sup>st</sup> March 2012.**

(Rs. in lakhs)

Tax Gain Fund	Growth Fund	Liquid Fund	Mid cap Fund	Wealth Plus Fund	Infrastructure Fund
0.52	0.31	0.07	0.29	0.08	0.15

(Rs. in lakhs)

R. E. A. L Fund	Star Value Fund	Super 20 Fund	Power and Natural Resources Fund	Banking & Financial Services Fund	Interval Fund – Quarterly Plan Sr 1
0.00	0.08	0.18	0.15	0.73	0.00

Commission to SIFCL A/c CMSD (Associate) made for sale of units of the MF for the previous year ended 31<sup>st</sup> March 2011

(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>	<b>Infrastructure Fund</b>
1.00	0.51	0.09	0.42	0.57	0..37

(Rs. in lakhs)

<b>R. E. A. L Fund</b>	<b>Star Value Fund</b>	<b>Super 20 Fund</b>	<b>Power and Natural Resources Fund</b>	<b>Banking &amp; Financial Services Fund</b>	<b>Interval Fund – Quarterly Plan Sr 1</b>
1.21	0.15	0.30	1.09	1.64	0.01

**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)
<b>SIFCL A/c CMSD</b>	<b>Sponsor / Mutual Fund Distributor</b>	<b>April 11- March 12</b>	<b>(0.97 &amp; 0.07%)</b>	<b>(Rs.2,57,503.28 ; 9.83 % )</b>
SIFCL A/c CMSD	Sponsor / Mutual Fund Distributor	April 10- March 11	(5.15; 0.22%)	(Rs.737,214/-; 11.94%)

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 2012 & April – Mar 2011.

**8.7 Aggregate Value of purchases and sales of Investments during the year as a percentage of daily average net asset value;**

**Purchases**

<b>Year</b>	<b>Amount in Rupees</b>	<b>% of Daily Average</b>
<b>2011-12</b>	<b>20,766,837</b>	<b>1098.35</b>
<b>2010-11</b>	<b>17,463,027</b>	<b>695.73</b>

**Sales**

Year	Amount in Rupees	% of Daily Average
<b>2011-12</b>	<b>21,333,533</b>	<b>1128.32</b>
2010-11	18,418,779	733.81

**8.8 Aggregate Appreciation and Depreciation in the value of Investments :**

Scheme	31-Mar -12		31-Mar-11	
	Appreciation (Rs. In lakhs)	Depreciation (Rs. In lakhs)	Appreciation (Rs. In lakhs)	Depreciation (Rs. In lakhs)
Sahara Classic Fund	-	-	-	-
<b>MMIs</b>	-	-		-

**8.9 Income and Expense Ratio**

	<b>2011-12</b>	2010-11
Total Income (including net unrealized appreciation and net of loss on sale of investments) to average net assets calculated on a daily basis.	<b>9.25%</b>	6.47%
Total Expenditure to average net assets calculated on a daily basis	<b>0.35%</b>	0.35%

**8.10 Movement in Unit Capital****8.10.1 Growth Option**

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2012	As on March 31, 2012	As on March 31, 2011	As on March 31, 2011
Initial Capital	<b>62,910.552</b>	<b>629,106</b>	62,910.552	629,106
Opening Balance	105583.235	1,055,832	180,586.870	1,805,869
Units Sold during the year	64030.199	640,302	197,350.618	1,973,506
Units Repurchased during the year	(81235.299)	(812,353)	(272,354.253)	(2,723,543)
Closing Balance	88378.135	883,781	105,583.235	1,055,832

**8.10.2 Dividend Option**

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2012	As on March 31, 2012	As on March 31, 2011	As on March 31, 2011
Initial Capital	<b>36,339.483</b>	<b>363,395</b>	36339.483	363,395
Opening Balance	39343.275	393,433	39,280.283	392,803
Units Sold during the year	1817.339	18,173	11,722.148	117,221
Units Repurchased during the year	(8802.910)	(88,029)	(11,659.156)	(116,592)
Closing Balance	32357.704	323,577	39,343.275	393,433

**8.11** The scheme has declared NIL dividends during the financial year. (PY Nil)  
Further, there was no Bonus declared during the year ended March 31, 2012 (PY: Nil).

**8.12 Unclaimed Amounts ( beyond six months) :**

Unclaimed Redemption and Dividend amounts as of March 31, 2012 are given below:

Scheme name	No of Investors	Unclaimed Dividend (Rs)	No of Investors	Unclaimed Redemption (Rs)
<b>Sahara Classic Fund</b>	-	-	-	-

**8.13** Investments made by the Schemes of Sahara Mutual Fund in Companies or their subsidiaries that have invested more than 5% of the net asset value of any scheme, pursuant to Regulation 25(11).

(Rs.in lakhs)

Company which has invested in excess of 5% of the net asset of the respective scheme during the period	Scheme/s in which the Company has invested more than 5% of the Net Assets	Name of the Funds/Schemes which have invested	Type of security	Aggregate cost of acquisition during the period	Outstanding as on 31.03.2012
Reliance Capital Ltd	Sahara Liquid Fund	Sahara Income Fund	Commercial Paper	74.89	0.00
		Sahara Liquid Fund	Commercial Paper	6076.38	0.00
		Sahara Short Term Bond Fund	Commercial Paper	823.80	0.00

The above investments were made to optimize returns and retain high liquidity.

**8.14 Portfolio Statement as on March 31, 2012 :**

Name of the Instrument	Rating	Quantity	Mkt Value (Rs. In lakhs)	% to NAV	% to Category Total
<b>1. Equity &amp; Equity Related</b>					
<b>(a) Listed / awaiting listing on Stock Exchanges</b>		<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>(b) Unlisted</b>		<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>2. Debt Instruments</b>					
<b>(a) Listed Bonds</b>		<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>(b) Privately Placed / Unlisted Floating Rate NCDs</b>		<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>3. Money Market Instruments</b>					

<b>(a) Certificate of Deposits</b>					
SYNDICATE BANK CD **	CRISIL A1+	5.00	4.90	27.38	33.42
PUNJAB NATIONAL BANK CD **	ICRA A1+	5.00	4.88	27.30	33.33
KARUR VYSYA BANK - CD **	CRISIL A1+	5.00	4.87	27.24	33.25
<b>(b) Commercial Papers</b>			0.00	0.00	0.00
<b>Total (a+b) (Book Cost Rs. 14.62 lakhs)</b>		15	14.65	81.92	100.00
<b>4. Securitized Debt Instruments</b>		<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>5. Short Term Deposits</b>		<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>6. Other - Net Current Assets</b>			3.23	18.08	100.00
<b>TOTAL</b>		<b>15.00</b>	<b>17.88</b>	<b>100.00</b>	<b>100.00</b>

\*\* Thinly Traded / Non Traded Securities

**8.15** Investments made by the scheme in Securities of Group Companies of the sponsor – NIL.

**8.16** Holdings over 25% of the NAV of the scheme

<b>Particulars</b>	<b>As on March 31, 2012</b>	<b>As on March 31, 2011</b>
Number of Investors	<b>Nil</b>	Nil
Percentage of holdings	<b>N/A</b>	NA

**8.17** Contingent Liability: Nil

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

As per our attached report of even date

**For Chaturvedi & Co** **For Sahara Asset Management Company**  
Chartered Accountants **Pvt Ltd**  
Firm Regn. No.: 302137E

**For Sahara Mutual Fund**

**S.N.Chaturvedi**  
**Partner**  
M.No.: 040479

C.Kamdar  
**Director**

O.P.Srivastava  
**Director**

Justice S Mohan **Trustee** Amitabha Ghosh  
**Trustee**

Naresh Kumar Garg **Chief Executive Officer** A.N.Sridhar  
**Fund Manager**

**Place:** Mumbai  
**Date:** 26<sup>th</sup> May 2012



## **SAHARA INTERVAL FUND – QUARTERLY PLAN – SERIES 1**

### **AUDITORS' REPORT TO THE TRUSTEES OF SAHARA MUTUAL FUND**

1. We have audited the Balance Sheet of Sahara Mutual Fund – Sahara Interval Fund – Quarterly Plan – Series 1 (the "Scheme") as at March 31, 2012, and the related Revenue Account for the period ended on that date, annexed thereto. These financial statements are a responsibility of the Trustees of Sahara Mutual Fund and the management of Sahara Asset Management Company Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.

2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. 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. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.

4. In our opinion and to the best of our information and according to the explanations given to us:

The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable and give a true and fair view in conformity with the Accounting principles generally accepted in India,

i). in case of Balance Sheet of the state of affairs of the scheme as at March 31, 2012 and

ii). in case of the Revenue account, of the surplus for the period ended on that date.

5. 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.

6. The methods used to value non-traded/thinly traded securities as at March 31, 2012 as determined by the Management under procedures approved by the Trustees of Sahara Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds, issued by the Securities and Exchange Board of India, are fair and reasonable.

For **CHATURVEDI & CO.**  
*Chartered Accountants*  
(Firm Regn. No.: 302137E)

**Place:** Mumbai  
**Date:** 26/05/2012

(SN Chaturvedi)  
Partner  
M.No.: 040479

<b>SAHARA INTERVAL FUND - QUARTERLY PLAN - SERIES 1</b>			
<b>BALANCE SHEET AS AT MARCH 31, 2012</b>			
	<b>Schedule</b>	<b>As at</b>	<b>As at</b>
		<b>March 31, 2012</b>	<b>March 31, 2011</b>
<b>ASSETS</b>		<b>(Rs)</b>	<b>(Rs)</b>
Investments	1	2,342,572	2,453,785
Other Current Assets	2	94,269	75,539
<b>Total Assets</b>		<b>2,436,841</b>	<b>2,529,324</b>
<b>LIABILITIES</b>			
Unit Capital	3	1,877,406	2,113,285
Reserves & Surplus	4	558,434	399,406
Current Liabilities & Provisions	5	1,001	16,633
<b>Total Liabilities</b>		<b>2,436,841</b>	<b>2,529,324</b>
<b>NET ASSET VALUE</b>			
Net Asset Value per unit (Rs.)			
i) Dividend		12.9705	11.8899
ii) Growth		12.9707	11.8900
Significant Accounting Policies and Notes to the accounts	7		
Schedules 1 to 5 and 7 form an integral part of the Balance Sheet			

As per our attached report of even date

**For Chaturvedi & Co** **For Sahara Asset Management Company**  
Chartered Accountants **Pvt Ltd**  
Firm Regn. No.: 302137E

**For Sahara Mutual Fund**

**S.N.Chaturvedi**  
**Partner**  
M.No.: 040479

**C.Kamdar**  
**Director**

**Naresh Kumar Garg**  
**Chief Executive Officer**

**O.P.Srivastava**  
**Director**

**A.N.Sridhar**  
**Fund Manager**

**Justice S Mohan**  
**Trustee**

**Amitabha Ghosh**  
**Trustee**

**Place:** Mumbai

**Date:** 26<sup>th</sup> May 2012

<b>SAHARA INTERVAL FUND - QUARTERLY PLAN - SERIES 1</b>			
<b>REVENUE ACCOUNT FOR THE YEAR ENDED March 31, 2012</b>			
	<b>Schedule</b>	<b>For the year ended March 31, 2012 (Rs)</b>	<b>For the year ended March 31, 2011 (Rs)</b>
<b>INCOME</b>			
Interest Income	6	222,496	236,078
Profit on Sale / Redemption of Investments (Net)		2,316	-
(Other than Inter Scheme Transfer / Sale)			
<b>Total Income</b>		<b>224,812</b>	<b>236,078</b>
<b>EXPENSES &amp; LOSSES</b>			
Loss on Sale / Redemption of Investments (Net)		-	2,571
(Other than Inter Scheme Transfer / Sale)			
Loss on Sale / Transfer of Investments Interscheme - (Net)		-	149
Management Fees		3,717	14,303
Registrar & Transfer Agent Charges		2,248	3,798
Custodian Fees		688	852
Fees & Expenses of Trustees		411	334
Statutory Audit Fees		280	154
Internal Audit Fees		429	439
Insurance		86	121
Costs related to Investor Communication		406	187
Transaction cost		371	50
Marketing & Selling Exps.		36	979
<b>Total Expenses</b>		<b>8,672</b>	<b>23,939</b>
Net Surplus for the Year (excluding unrealised appreciation)		216,140	212,138
Transfer from Income Equalisation Reserve		(61,881)	<b>(225,230)</b>
Net Surplus transferred to Revenue Reserve		<b>154,259</b>	<b>(13,092)</b>
Significant Accounting Policies and Notes to the accounts	7		
Schedules 6 & 7 form an integral part of the Revenue Account			

As per our attached report of even date

**For Chaturvedi & Co**      **For Sahara Asset Management Company**      **For Sahara Mutual Fund**  
Chartered Accountants      Pvt Ltd  
Firm Regn. No.:- 302137E

<b>S.N.Chaturvedi</b> <b>Partner</b> M.No.: 040479	<b>C.Kamdar</b> <b>Director</b>	<b>O.P.Srivastava</b> <b>Director</b>	<b>Justice S Mohan</b> <b>Trustee</b>	<b>Amitabha Ghosh</b> <b>Trustee</b>
	<b>Naresh Kumar Garg</b> <b>Chief Executive Officer</b>	<b>A.N.Sridhar</b> <b>Fund Manager</b>		

**Place:** Mumbai  
**Date:** 26<sup>th</sup> May 2012

<b>SCHEDULES FORMING PART OF THE BALANCE SHEET</b>		<b>As at March 31, 2012 (Rs)</b>		<b>As at March 31, 2011 (Rs)</b>
<b>SCHEDULE 1</b>				
<b>Investments</b>				
(Refer Note 8.14 of Schedule 7 for detailed Portfolio statement)				
Certificate of Deposits		2,342,572		2,453,785
		<b>2,342,572</b>		<b>2,453,785</b>
<b>SCHEDULE 2</b>				
<b>Other Current Assets</b>				
Balances with Banks in Current accounts		4,286		30,084
Reverse Repo arrangements		82,577		32,743
Outstanding and accrued income		7,406		7,209
Investment - Liquid MF Units		-		5,303
		<b>94,269</b>		<b>75,539</b>
<b>SCHEDULE 3</b>				
<b>Unit Capital</b>				
Dividend		507,907		711,228
Dividend Option 50790.7240 units of Rs.10 each (For 2010-11 71122.7640 of Rs.10 each)				
Growth		1,369,499		1,402,057
Growth Option 136949.8940 units of Rs.10 each (For 2010-11 140205.7170 units of Rs.10 each)				
Total		<b>1,877,406</b>		<b>2,113,285</b>
(Refer Note 8.10 of Schedule 7)				
<b>SCHEDULES FORMING PART OF THE BALANCE SHEET</b>				
<b>SCHEDULE 4</b>				
<b>Reserves and Surplus</b>				
<b>Revenue Reserve</b>				
Balance as at beginning of the year	<b>442,129</b>		455,221	
Transferred from Revenue Account	154,259		(13,092)	
Balance as at end of the year		596,388		442,129
<b>Income Equalisation Reserve</b>				
Balance as at beginning of the year	-		-	
Additions During the year	(61,881)		(225,230)	
Transferred to Revenue Account	61,881		225,230	
Balance as at end of the year		-		-
<b>Unrealised Appreciation Reserve</b>				
Balance as at beginning of the year	-		-	

Additions During the year	-		-	
Balance as at end of the year		-		-
<b>Unit Premium Reserve</b>				
Balance as at beginning of the year	(42,723)		(66,984)	
Additions During the year	4,769		24,260	
Balance as at end of the year		(37,954)		(42,723)
		<b>558,434</b>		<b>399,406</b>
<b>SCHEDULE 5</b>				
<b>Current Liabilities and Provisions</b>				
Sundry Creditors		934		461
Management Fees Payable		67		63
Payable on redemption of units		-		16,109
		<b>1,001</b>		<b>16,633</b>
<b>SCHEDULES FORMING PART OF REVENUE ACCOUNT</b>		<b>For the period ended</b>		<b>For the period ended</b>
<b>SCHEDULE 6</b>		<b>March 31, 2012</b>		<b>March 31, 2011</b>
<b>Interest &amp; Discount Income</b>				
Commercial Paper/Certificate of Deposit		195,673		209,629
Reverse Repo		26,823		25,177
Load Income		-		1,272
		<b>222,496</b>		<b>236,078</b>

**PERSPECTIVE PER UNIT STATISTICS**

<b>SAHARA INTERVAL FUND</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
<b>Particulars</b>	<b>31-Mar-12</b>	<b>31-Mar-11</b>	<b>31-Mar-10</b>
	<b>(Rs. Per Unit)</b>	<b>(Rs. Per Unit)</b>	<b>(Rs. Per Unit)</b>
<b>(a) Gross Income</b>			
(i) Income other than Profit on sale of Investments	1.1851	1.1171	0.9138
(ii) Income from Profit (net of loss) on inter-scheme sales/ transfer of Investments	0.0000	-0.0007	0.0000
(iii) Income from Profit (net of Loss) on sale other than Inter scheme	0.0123	-0.0122	0.0010
(iv) Transfer to revenue account from past year's reserve	0.0000	0.0000	0.0000
<b>(b) Aggregate of expenses, write off, amortisation and charges</b>	0.0462	0.1004	0.0885
<b>(c) Net Income</b>	1.1513	1.0038	0.8263
<b>(d) Net unrealised appreciation/(dimunition) in value of Investments</b>	0.0000	0.0000	0.0000
<b>(e) Net Asset Value</b>			
Dividend Plan	12.9705	11.8899	11.1718
Growth Plan	12.9707	11.8900	11.1718
<b>(f) Repurchase Price during the year**</b>			
(i) Highest			
Fixed Pricing - Dividend Plan	12.9707	11.7710	11.0386
Fixed Pricing - Growth Plan	12.9705	11.7711	11.0427
(ii) Lowest			
Fixed Pricing - Dividend Plan	11.9053	11.0668	10.6905
Fixed Pricing - Growth Plan	11.9054	11.0668	10.4442
<b>(g) Resale Price during the year**</b>			
(i) Highest			
Fixed Pricing - Dividend Plan	12.9705	11.8899	11.1519
Fixed Pricing - Growth Plan	12.9707	11.8900	11.1519
(ii) Lowest			
Fixed Pricing - Dividend Plan	11.9053	11.1786	10.6981
Fixed Pricing - Growth Plan	11.9054	11.1786	10.6980
<b>(h) Ratio of expenses to average daily net assets by Percentage</b>	0.35%	0.61%	0.70%
<b>(i) Ratio of income to average daily net assets by Percentage</b>	8.72%	6.13%	7.23%
(excluding transfer to revenue account from past year's reserve but including net change in unrealized appreciation / depreciation in value of Investments and adjusted for net loss on sale / redemption of investments)			

\*\* based on the maximum load during the year.

## SCHEDULE: 7

### ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012

#### 1. INTRODUCTION

##### 1.1 About the Scheme

**Sahara Interval Fund – Quarterly Plan – Series 1 (the “Scheme”)** is a debt oriented interval fund of Sahara Mutual Fund (the “Fund”). The investment objective of the scheme is to generate returns with low volatility through a portfolio of debt and money market instruments with a provision to offer liquidity at periodic intervals. The scheme has two options – (i) Growth option and (ii) Dividend option. The scheme will not declare dividend under the Growth Plan. The Income earned on such units will remain invested under the scheme and will be reflected in the Net Asset Value. The new fund offer period of the scheme was from 22/09/2008 to 26/09/2008. **Specified Transaction Period (STP):** The Specified Transaction Period is 12th- 16th in the months of March, June, September, and December and the minimum period of STP will be two business days. **Dematerialization of units:** The unit holders will have an option to hold the units in dematerialized form. Accordingly the units of the scheme can be available in dematerialized (electronic) form. The applicant intending to hold units in dematerialized form will be required to have a beneficiary account with a Depository Participant (DP) of the NSDL / CDSL. The facility for trading units in dematerialized form will be available on at least one on the exchange compulsorily. **Listing:** The Units of the scheme are listed on the Capital Market Segment in the National Stock Exchange. **Liquidity:** The scheme will be available for Sale/switch-in / and redemption / switch-out during STP period only. Such facilities will not be available outside STP. **Investment Restrictions:** In addition to the investment restrictions specified in the Seventh Schedule of SEBI (Mutual Funds) Regulations, 1996, Investments shall be permitted only in such securities which mature on or before the opening of the immediately following specified transaction period. In case of securities with put and call options the residual time for exercising the put option of the securities shall not be beyond the opening of the immediately following specified transaction period.

##### 1.2 Asset Management Company

Sahara Mutual Fund (SMF) has been established as a Trust in accordance with the Indian Trusts Act, 1882, and is sponsored by Sahara India Financial Corporation Limited.

Sahara Asset Management Company Private Limited (“SAMCPL”), a company incorporated under the Companies Act, 1956, has been appointed as the Asset Management Company (“Investment Manager”) to Sahara Mutual Fund.

The Shareholding of Sahara Asset Management Company Private Limited as on March 31, 2012 is as follows:

Name of the Shareholder	Type of Holdings	Holding
Sahara India Financial Corporation Limited	Equity	45.60 %
Sahara India Corp Investment Limited	Equity	11.36 %
Sahara Prime City Limited (formerly Sahara India Investment Corporation Limited )	Equity	11.36 %
Sahara Care Limited	Equity	31.68 %
Name of the Shareholder	Type of Holdings	Holding
Sahara India Commercial Corporation Ltd	Preference	90.32 %
Sahara Care Ltd	Preference	9.68 %

## **2. SIGNIFICANT ACCOUNTING POLICIES**

### **2.1 Basis of Accounting**

The Scheme maintains its books of account on an accrual basis. These financial statements 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, (the “Regulation”), and amendments thereto, as applicable.

### **2.2 Accounting for Investments**

- 2.2.1 Purchase and sale of investments are accounted on trade dates at price including / net of brokerage and other charges. Stamp duty is accounted as an expense when paid for.
- 2.2.2 Profit or loss on sale of investments is determined on the respective trade date by adopting the “Weighted Average Cost” method.
- 2.2.3 Primary Market Investments are recognized on the basis of allotment advice.
- 2.2.4 Front end fees on privately placed debentures have been adjusted to the cost of investments.

### **2.3 Valuation of Investments**

#### **2.3.1 (a) Money market and debt securities with residual maturity of upto 91 days:**

Investments in Money Market and debt securities including floating rate securities with maturity of upto 91 days which are traded are valued at the weighted average price at which they are traded on the particular valuation day.

When such securities are not traded on a particular valuation day they are valued on amortization basis.

Investments in floating rate securities with floor and caps on coupon rate with maturity of upto 91 days are valued on amortization basis taking the coupon rate as floor.

#### **2.3.1 (b) Money market and debt securities with residual maturity of over 91 days:**

Investments in Money Market and debt securities including floating rate securities with maturity of over 91 days, are valued at the weighted average price at which they are traded on the particular valuation day.

Investments in Money Market and debt securities including floating rate securities with maturity of over 91 days which are not traded are valued at benchmark yield/ matrix of spread over risk free benchmark yield obtained from CRISIL & ICRA.

#### **2.3.2 Valuation of Other Investments**

Investments bought on “repo basis” are valued at the resale price after deduction of applicable interest up to the date of resale. Investments sold on “repo basis” are adjusted for the difference between the repurchase price (after deduction of applicable interest up to the date of repurchase) and the value of the instrument.

Investments in mutual fund schemes are valued based on the net asset value of the respective schemes as on the valuation date.

#### **2.3.3 Valuation of securities not covered under the above valuation policy:**

The total exposure in securities, which do not fall under above valuation norms, shall not exceed 5% of the total AUM of the scheme.



Investment in such securities will be valued by a method approved by the Independent Trustees and Statutory Auditors.

### **2.3.4 Unrealised Appreciation / Depreciation**

In accordance with the Guidance Note on Accounting for Investments in the Financial Statements of Mutual Funds issued by the Institute of Chartered Accountants of India, the unrealized appreciation determined separately for each individual investment is directly transferred to the "Unrealised Appreciation Reserve Account" i.e. without routing it through the revenue account.

The provision for depreciation in value of investments determined separately for each individual investment is recognized in the revenue account. The loss ( realized) on investments sold / transferred during the year is charged to revenue account, instead of being first adjusted against the provision for depreciation, if already created in the prior year, as recommended by the said Guidance Note. However, this departure from the Guidance Note does not have any impact on the Scheme's net assets or results for the year.

## **2.4 Revenue Recognition**

2.4.1 Income and Expenses are recognized on accrual basis.

2.4.2 Interest on funds invested in short-term deposits with scheduled commercial banks is recognized on accrual basis.

2.4.3 Interest on Debentures, Government of India securities and Money Market Instruments are recognized on accrual basis

2.4.4 Proportionate realized gains on investments out of sales / repurchase proceeds at the time of sale / repurchase of units are transferred to revenue Account from Unit Premium Reserve.

## **3 Net Asset Value for Growth / Dividend Options:**

The net asset value of the units is determined separately for units issued under the Growth and Dividend Options. For reporting the net asset value of the Growth and Dividend Options, daily income earned, including realized and unrealized gain or loss in the value of investments and expenses incurred by the scheme are allocated to the options in proportion to the value of the net assets.

## **4. Unit Premium Reserve Account**

Upon issue and redemption of units, the net premium or discount to the face value of units is adjusted against the unit premium reserve account of the respective Options /Scheme, after an appropriate amount of the issue proceeds and redemption payout is credited or debited respectively to the Income equalization account.

The Unit Premium reserve account is available for distribution of dividend except to the extent it is represented by unrealized net appreciation in value of investments.

## **5. Income Equalisation Account**

An appropriate part of the sale proceeds or the redemption amount, as the case may be, is transferred to income equalization account. The total distributable surplus (without considering unrealized appreciation) upto the date of issue/ redemption of units has been taken into account for the purpose of ascertaining the amount to be transferred to Equalization Account on a daily basis. The net balance in this account is transferred to the Revenue Account at the end of the year.

## **6. Load Charges**

The load charges collected, if any are used to meet expenses as per the stipulated SEBI guidelines from time to time.

## **7. Unclaimed Redemption.**

In line with SEBI circular no. MFD/CIR/9/120 /2000 dated November 24, 2000, the unclaimed redemption and dividend amounts may be deployed by the mutual funds in call money market or money market instruments only and the investors who claim these amounts during a period of three years from the due date shall be paid at the prevailing Net Asset Value. After a period of three years, this amount can be transferred to a pool account and the investors can claim the unclaimed redemption amount at NAV prevailing at the end of the third year. The income earned on such funds can be used for the purpose of investor education. The AMC should make continuous effort to remind the investors through letters to take their unclaimed amounts. Further, the investment management fee charged by the AMC for managing unclaimed amounts shall not exceed 50 basis points.

## **8. NOTES ON ACCOUNTS**

### **8.1 Management Fees, Trusteeship Fees, Custodian Fees**

#### **Management Fees**

Management Fees (inclusive of service tax) has been computed at 0.15 % on average net assets calculated on a daily basis.

#### **Trusteeship Fees & Expenses**

In accordance with Deed of Trust dated 18<sup>th</sup> July 1996 between the Settler and the Trustees, the fund has paid or provided an annual fee of Rs.1,00,000/- per Trustee. Trusteeship fees & Expenses are allocated to the schemes on the basis of their daily average net assets.

#### **Custodian Charges**

HDFC Bank Ltd provides Custodial Services to the scheme for which fees is paid as per the agreement.

**8.2** Provision for tax has not been made since the income of the scheme is exempt from tax under Section 10(23D) of the Income Tax Act, 1961.

**8.3** Transactions with Brokers in excess of 5% or more of the aggregate purchases and sale of securities made by the Fund have been reported to the Trustees on a bimonthly basis.

**8.4** Certain investments are registered in the name of the Fund without specific reference to the Scheme. As at March 31, 2012 the aggregate market value of securities under Sahara Interval fund but held in the name of Sahara Mutual Fund is Rs.82626.70.

**8.5** The Registrar and Transfer Agents charges amounting to Rs. 2248.19 constitutes 25.92 % of the total schemes expenses..

#### **8.6 Transactions with Associates**

Brokerage / Commission on sale of units by the Scheme or by the Asset Management Company given to associates, pursuant to Regulation 25(8):

**Commission to SIFCL A/c CMSD (Associate) made for sale of units of the MF for the current year ended 31<sup>st</sup> March 2012.**

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>	<b>Infrastructure Fund</b>
0.52	0.31	0.07	0.29	0.08	0.15

(Rs. in lakhs)					
<b>R. E. A. L Fund</b>	<b>Star Value Fund</b>	<b>Super 20 Fund</b>	<b>Power and Natural Resources Fund</b>	<b>Banking &amp; Financial Services Fund</b>	<b>Interval Fund – Quarterly Plan Sr 1</b>
0.00	0.08	0.18	0.15	0.73	0.00

Commission to SIFCL A/c CMSD (Associate) made for sale of units of the MF for the previous year ended 31<sup>st</sup> March 2011

(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>	<b>Infrastructure Fund</b>
1.00	0.51	0.09	0.42	0.57	0.37

(Rs. in lakhs)					
<b>R. E. A. L Fund</b>	<b>Star Value Fund</b>	<b>Super 20 Fund</b>	<b>Power and Natural Resources Fund</b>	<b>Banking &amp; Financial Services Fund</b>	<b>Interval Fund – Quarterly Plan Sr 1</b>
1.21	0.15	0.30	1.09	1.64	0.01

**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)
<b>SIFCL A/c CMSD</b>	<b>Sponsor / Mutual Fund Distributor</b>	<b>April 11- March 12</b>	<b>(0.97 &amp; 0.07%)</b>	<b>(Rs.2,57,503.28 ; 9.83 % )</b>

SIFCL A/c CMSD	Sponsor / Mutual Fund Distributor	April 10-March 11	(5.15; 0.22%)	(Rs.737214/- ;11.94%)
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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 Fun)	Brokerage (Rs Cr & % of total brokerage paid by the Fund)
-	-	-	-	-

There are no associate brokers, hence not applicable for the period April – Mar 2012 & April – Mar 2011.

**8.7 Aggregate Value of purchases and sales of Investments during the year as a percentage of daily average net asset value;**

**Purchases**

Year	Amount in Rupees	% of Daily average
2011-12	19,451,786	784.98
2010-11	217,093,94	627.83

**Sales**

Year	Amount in Rupees	% of Daily average
2011-12	19,760,832	797.45
2010-11	230,329,30	666.11

**8.8 Aggregate Appreciation and Depreciation in the value of Investments :**

Asset Class	31-Mar -12		31-Mar-11	
	Appreciation (Rs. In lakhs)	Depreciation (Rs. In lakhs)	Appreciation (Rs. In lakhs)	Depreciation (Rs. In lakhs)
MMIs	-	-	-	-
Gov Securities	-	-	-	-

**8.9 Income and Expense Ratio**

	2011-12	2010-11
Total Income (including net unrealized appreciation and net of loss on sale of investments) to average net assets calculated on a daily basis.	9.07%	6.75%
Total Expenditure to average net assets calculated on a daily basis	0.35%	0.61%

## 8.10 Movement in Unit Capital

### 8.10.1 Growth Option

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2012	As on March 31, 2012	<b>As on March 31, 2011</b>	<b>As on March 31, 2011</b>
Initial Capital	<b>557,722.938</b>	<b>5,577,229</b>	557,722.938	5,577,229
Opening Balance	140205.717	1,402,057	251,821.209	2,518,212
Units Sold during the year	32017.482	320,175	113,101.509	1,131,015
Units Repurchased during the year	(35273.305)	(352,733)	(224,717.001)	(2,247,170)
Closing Balance	136949.894	1,369,499	140,205.717	1,402,057

### 8.10.2 Dividend Option

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2012	As on March 31, 2012	<b>As on March 31, 2011</b>	<b>As on March 31, 2011</b>
Initial Capital	<b>264,875.405</b>	<b>2,648,754</b>	264,875.405	2,648,754
Opening Balance	71122.764	711,228	79,502.768	795,028
Units Sold during the year	4541.415	45,414	10,616.022	106,160
Units Repurchased during the year	(24873.455)	(248,735)	(18,996.026)	(189,960)
Closing Balance	50790.724	507,907	71,122.764	711,228

**8.11** The scheme has not declared dividend during the financial year (PY: N/A) Further, there was no Bonus declared during the year ended March 31, 2012 (PY: N/A).

### 8.12 Unclaimed Amounts ( beyond six months):

Unclaimed Redemption and Dividend amounts as of March 31, 2012 are given below:

Scheme Name	No of Investors	Unclaimed Dividend (Rs)	No of Investors	Unclaimed Redemption (Rs)
<b>Sahara Interval Fund</b>	-	-		

**8.13** Investments made by the Schemes of Sahara Mutual Fund in Companies or their subsidiaries that have invested more than 5% of the net asset value of any scheme, pursuant to Regulation 25(11).

(Rs.in lakhs)

Company which has invested in excess of 5% of the net asset of the respective scheme during the period	Scheme/s in which the Company has invested more than 5% of the Net Assets	Name of the Funds/Schemes which have invested	Type of security	Aggregate cost of acquisition during the period	Outstanding as on 31.03.2012
Reliance Capital Ltd	Sahara Liquid Fund	Sahara Income Fund	Commercial Paper	74.89	0.00
		Sahara Liquid Fund	Commercial Paper	6076.38	0.00
		Sahara Short Term Bond Fund	Commercial Paper	823.80	0.00

The above investments were made to optimize returns and retain high liquidity.

**8.14 Portfolio Statement as on March 31, 2012:**

Name of the Instrument	Rating	Quantity	Mkt Value (Rs. In lakhs)	% to NAV	% to Category Total
<b>1. Equity &amp; Equity Related</b>					
<b>(a) Listed / awaiting listing on Stock Exchanges</b>		Nil	Nil	Nil	Nil
<b>(b) Unlisted</b>		Nil	Nil	Nil	Nil
<b>2. Debt Instruments</b>					
<b>(a) Listed</b>					
<b>Bonds</b>		Nil	Nil	Nil	Nil
<b>(b) Privately Placed / Unlisted</b>					
<b>Floating Rate NCDs</b>		Nil	Nil	Nil	Nil
<b>3. Money Market Instruments</b>					
<b>(a) Certificate of Deposits</b>					
CORPORATION BANK CD **	CRISIL A1+	6	5.88	24.14	25.03
SYNDICATE BANK CD **	CRISIL A1+	6	5.88	24.12	25.00
UCO BANK LTD CD **	CRISIL A1+	6	5.87	24.10	24.99
AXIS BANK CD **	CRISIL A1+	6	5.87	24.10	24.98
<b>(b) Commercial Papers</b>			0.00	0.00	0.00

<b>Total (a+b) (Book Cost Rs. 23.43 lakhs)</b>		<b>24</b>	<b>23.50</b>	<b>96.47</b>	<b>100.00</b>
<b>4. Securitized Debt Instruments</b>		<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>5. Short Term Deposits</b>		<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>6. Other – Net Current Assets</b>			0.86	3.53	100.00
<b>TOTAL</b>		<b>24.00</b>	<b>24.36</b>	<b>100.00</b>	<b>100.00</b>

\*\* Thinly Traded / Non Traded Securities

**8.15** Investments made by the scheme in Securities of Group Companies of the sponsor – NIL

**8.16** Holdings over 25% of the NAV of the scheme

<b>Particulars</b>	<b>As on March 31, 2012</b>	<b>As on March 31, 2011</b>
Number of Investors	Nil	Nil
Percentage of holdings	N/A	N/A

**8.17** Contingent Liability: Nil

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

As per our attached report of even date

**For Chaturvedi & Co**      **For Sahara Asset Management Company**      **For Sahara Mutual Fund**  
Chartered Accountants      **Pvt Ltd**  
Firm Regn. No.:- 302137E

**S.N.Chaturvedi**  
**Partner**  
M.No.: 040479

C.Kamdar  
**Director**

O.P.Srivastava  
**Director**

Justice S Mohan  
**Trustee**

Amitabha Ghosh  
**Trustee**

Naresh Kumar Garg

**Chief Executive Officer**

A.N.Sridhar

**Fund Manager**

**Place:** Mumbai

**Date:** 26<sup>th</sup> May 2012

## SAHARA SHORT TERM BOND FUND

### AUDITORS' REPORT TO THE TRUSTEES OF SAHARA MUTUAL FUND

1. We have audited the Balance Sheet of Sahara Mutual Fund – Sahara Short Term Bond Fund (the "Scheme") as at March 31, 2012, and the related Revenue Account for the year ended on that date, annexed thereto. These financial statements are a responsibility of the Trustees of Sahara Mutual Fund and the management of Sahara Asset Management Company Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.

2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. 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. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.

4. In our opinion and to the best of our information and according to the explanations given to us:

The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable and give a true and fair view in conformity with the Accounting principles generally accepted in India,

i). in case of Balance Sheet of the state of affairs of the scheme as at March 31, 2012 and

ii). in case of the Revenue account, of the surplus for the year ended on that date.

5. 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.

6. The methods used to value non-traded/thinly traded securities as at March 31, 2012 as determined by the Management under procedures approved by the Trustees of Sahara Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds, issued by the Securities and Exchange Board of India, are fair and reasonable.

For **CHATURVEDI & CO.**  
*Chartered Accountants*  
(Firm Regn. No.: 302137E)

**Place:** Mumbai  
**Date:** 26/05/2012

(SN Chaturvedi)  
Partner  
M.No.: 040479



<b>SAHARA SHORT TERM BOND FUND</b>			
<b>BALANCE SHEET AS AT MARCH 31, 2012</b>			
	<b>Schedule</b>	<b>As at</b>	<b>As at</b>
		<b>March 31, 2012</b>	<b>March 31, 2011</b>
<b>ASSETS</b>		<b>(Rs)</b>	<b>(Rs)</b>
Investments	1	4,940,210,519	5,878,423
Other Current Assets	2	25,571,713	1,163,004
<b>Total Assets</b>		<b>4,965,782,232</b>	<b>7,041,427</b>
<b>LIABILITIES</b>			
Unit Capital	3	3,837,459,515	6,146,438
Reserves & Surplus	4	1,125,795,708	435,230
Current Liabilities & Provisions	5	2,527,009	459,759
<b>Total Liabilities</b>		<b>4,965,782,232</b>	<b>7,041,427</b>
<b>NET ASSET VALUE</b>			
Net Asset Value per unit (Rs.)			
i) Dividend		10.1952	10.1643
ii) Growth		12.9387	11.3151
Significant Accounting Policies and Notes to the accounts	8		
Schedules 1 to 5 and 8 form an integral part of the Balance Sheet			

As per our attached report of even date

**For Chaturvedi & Co**  
Chartered Accountants  
Firm Regn. No.: 302137E

**For Sahara Asset Management Company**  
**Pvt Ltd**

**For Sahara Mutual Fund**

**S.N.Chaturvedi**  
**Partner**  
M.No.: 040479

C.Kamdar  
**Director**

O.P.Srivastava  
**Director**

Justice S Mohan  
**Trustee**

Amitabha Ghosh  
**Trustee**

Naresh Kumar Garg  
**Chief Executive Officer**

A.N.Sridhar  
**Fund Manager**

**Place:** Mumbai  
**Date:** 26<sup>th</sup> May 2012

<b>SAHARA SHORT TERM BOND FUND</b>			
<b>REVENUE ACCOUNT FOR THE YEAR ENDED March 31, 2012</b>			
	<b>Schedule</b>	<b>For the year ended March 31, 2012 (Rs)</b>	<b>For the year ended March 31, 2011 (Rs)</b>
<b>INCOME</b>			
Interest Income	6	144,027,311	113,338,411
Profit on Sale / Redemption of Investments (Net) (Other than Inter Scheme Transfer / Sale)		114,847	-
<b>Total Income</b>		<b>144,142,158</b>	<b>113,338,411</b>
<b>EXPENSES &amp; LOSSES</b>			
Loss on Sale / Redemption of Investments (Net) (Other than Inter Scheme Transfer / Sale)		-	3,596,802
Loss on Sale / Transfer of Investments - Inter Scheme (Net)		94,892	122,338
Management Fees		2,291,907	1,835,004
Registrar & Transfer Agent Charges		662,278	1,350,627
Custodian Fees		280,308	641,870
Fees & Expenses of Trustees		87,176	456,187
Statutory Audit Fees		75,033	137,225
Internal Audit Fees		164,136	199,508
Insurance		44,840	2,857
Costs related to Investor Communication		125,883	322,787
Transaction cost		80,083	793,724
Marketing & Selling Exps.		14,591	1,047,792
Dividend Paid		1,296,753	225,916
<b>Total Expenses</b>		<b>5,217,880</b>	<b>10,732,639</b>
Net Surplus for the Year (excluding unrealised appreciation)		138,924,278	102,605,771
Provision / Write back for dimunition in value of investments	7	(90,087)	-
Transfer from Income Equalisation Reserve		874,062,883	(225,984,005)
Net Surplus transferred to Revenue Reserve		<b>1,012,897,074</b>	<b>(123,378,234)</b>
Significant Accounting Policies and Notes to the accounts	8		
Schedules 6 to 8 form an integral part of the Revenue Account			

As per our attached report of even date

**For Chaturvedi & Co**  
Chartered Accountants  
Firm Regn. No.: 302137E

**For Sahara Asset Management Company Pvt Ltd**

**For Sahara Mutual Fund**

**S.N.Chaturvedi**  
**Partner**  
M.No.: 040479

C.Kamdar  
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Naresh Kumar Garg  
**Chief Executive Officer**

A.N.Sridhar  
**Fund Manager**

**Place:** Mumbai  
**Date:** 26<sup>th</sup> May 2012

<b>SCHEDULES FORMING PART OF THE BALANCE SHEET</b>		<b>As at March 31, 2012 (Rs)</b>		<b>As at March 31, 2011 (Rs)</b>
<b>SCHEDULE 1</b>				
<b>Investments</b>				
(Refer Note 8.14 of Schedule 8 for detailed Portfolio statement)				
Certificate of Deposits		4,820,365,497		5,878,423
Collateralized Borrowing and Lending Obligation (CBLO)		119,845,022		-
		<b>4,940,210,519</b>		<b>5,878,423</b>
<b>SCHEDULE 2</b>				
<b>Other Current Assets</b>				
Balances with Banks in Current accounts		375,354		637,512
Reverse Repo arrangements		14,457,887		501,147
Outstanding and accrued income		10,738,472		24,345
		<b>25,571,713</b>		<b>1,163,004</b>
<b>SCHEDULE 3</b>				
<b>Unit Capital</b>				
Dividend		12,128,881		3,241,828
Dividend Option 1212888.1370 units of Rs.10 each				
(Previous Year 324182.8050 units of Rs.10 each)				
Growth		3,825,330,634		2,904,610
Growth Option 382533063.3430 units of Rs.10 each				
(Previous Year 290461.0060 units of Rs.10 each)				
Total		<b>3,837,459,515</b>		<b>6,146,438</b>
(Refer Note 8.10 of Schedule 8)				
<b>SCHEDULE 4</b>				
<b>Reserves and Surplus</b>				
<b>Revenue Reserve</b>				
Balance as at beginning of the year	670,516		<b>124,048,750</b>	
Transferred from Revenue Account	1,012,897,074		(123,378,234)	
Balance as at end of the year		1,013,567,590		670,516
<b>Income Equalisation Reserve</b>				

Balance as at beginning of the year	-		-	
Additions During the year	874,062,883		(225,984,005)	
Transferred to Revenue Account	(874,062,883)		225,984,005	
Balance as at end of the year		-		-
<b>Unrealised Appreciation Reserve</b>				
Balance as at beginning of the year	-		-	
Additions During the year	-		-	
Balance as at end of the year		-		-
<b>Unit Premium Reserve</b>				
Balance as at beginning of the year	(235,287)		926,846	
Additions During the year	112,463,405		(1,162,133)	
Balance as at end of the year		112,228,118		(235,287)
		<b>1,125,795,708</b>		<b>435,230</b>
<b>SCHEDULE 5</b>				
<b>Current Liabilities and Provisions</b>				
Sundry Creditors		122,447		459,364
Management Fees Payable		103,312		373
Contract for purchase of Investments		-		22
Payable on redemption of units		2,301,250		-
		<b>2,527,009</b>		<b>459,759</b>
<b>SCHEDULES FORMING PART OF REVENUE ACCOUNT</b>		<b>For the year ended</b>		<b>For the year ended</b>
		<b>March 31, 2012</b>		<b>March 31, 2011</b>
<b>SCHEDULE 6</b>		<b>(Rs)</b>		<b>(Rs)</b>
<b>Interest &amp; Discount Income</b>				
FRN		-		3,167,107
Bond		-		1,805,124
Fixed Deposit		592,696		4,410,274
Commercial Paper/Certificate of Deposit		140,301,996		102,926,295
Reverse Repo		3,132,619		1,029,611
		<b>144,027,311</b>		<b>113,338,411</b>
<b>SCHEDULE 7</b>				
<b>Provision / Write back for diminution in value of Investments</b>				
At the beginning of the year		-		-
At the end of the year		(90,087)		-
		<b>(90,087)</b>		<b>-</b>

**PERSPECTIVE HISTORICAL PER UNIT STATISTICS**

<b>SAHARA SHORT TERM BOND FUND</b>	<b>As at</b>	<b>As at</b>
<b>Particulars</b>	<b>31-Mar-12</b>	<b>31-Mar-11</b>
	<b>(Rs. Per Unit)</b>	<b>(Rs. Per Unit)</b>
<b>(a) Gross Income</b>		
(i) Income other than Profit on sale of Investments	0.3753	184.3969
(ii) Income from Profit (net of loss) on inter-scheme sales/ transfer of Investments	0.0003	-5.8518
(iii) Income from Profit (net of Loss) on sale other than Inter scheme	-0.0002	-0.1990
(iv) Transfer to revenue account from past year's reserve	0.0000	0.0000
<b>(b) Aggregate of expenses, write off, amortisation and charges</b>	0.0133	11.4107
<b>(c) Net Income</b>	0.3620	166.9353
<b>(d) Net unrealised appreciation/(dimunition) in value of Investments</b>	-0.0002	0.0000
<b>(e) Net Asset Value</b>		
Dividend Plan	10.1952	10.1643
Growth Plan	12.9387	11.3151
<b>(f) Repurchase Price during the year**</b>		
(i) Highest		
Fixed Pricing - Dividend Plan	10.6983	10.6358
Fixed Pricing - Growth Plan	12.9387	11.3038
(ii) Lowest		
Fixed Pricing - Dividend Plan	10.1480	10.1376
Fixed Pricing - Growth Plan	11.3335	10.6037
<b>(g) Resale Price during the year**</b>		
(i) Highest		
Fixed Pricing - Dividend Plan	10.6983	10.6464
Fixed Pricing - Growth Plan	12.9387	11.3151
(ii) Lowest		
Fixed Pricing - Dividend Plan	10.148	10.1477
Fixed Pricing - Growth Plan	11.3335	10.6143
<b>(h) Ratio of expenses to average daily net assets by Percentage</b>	0.25%	0.34%
<b>(i) Ratio of income to average daily net assets by Percentage</b>	9.14%	5.18%
(excluding transfer to revenue account from past year's reserve but including net change in unrealized appreciation / depreciation in value of Investments and adjusted for net loss on sale / redemption of investments)		

\*\*Based on the maximum load during the year

## SCHEDULE: 8

### ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012

#### 1. INTRODUCTION

##### 1.1 About the Scheme

Sahara Short Term Bond Fund is an open ended income fund of Sahara Mutual Fund (the "Fund"). The investment objective of the Scheme is to generate optimal returns consistent with moderate levels of risk and liquidity by investing in debt securities and money market securities. The scheme has two options – (i) Growth option and (ii) Dividend Reinvestment option. The scheme will not declare dividend under the Growth Plan. The Income earned on such units will remain invested under the scheme and will be reflected in the Net Asset Value. The new fund offer period of the scheme was from 12/03/2009 to 8/04/2009.

##### 1.2 Asset Management Company

Sahara Mutual Fund (SMF) has been established as a Trust in accordance with the Indian Trusts Act, 1882, and is sponsored by Sahara India Financial Corporation Limited.

Sahara Asset Management Company Private Limited ("SAMCPL"), a company incorporated under the Companies Act, 1956, has been appointed as the Asset Management Company ("Investment Manager") to Sahara Mutual Fund.

The Shareholding of Sahara Asset Management Company Private Limited as on March 31, 2012 is as follows:

Name of the Shareholder	Type of Holdings	Holding
Sahara India Financial Corporation Limited	Equity	45.60 %
Sahara India Corp Investment Limited	Equity	11.36 %
Sahara Prime City Limited (formerly Sahara India Investment Corporation Limited )	Equity	11.36 %
Sahara Care Limited	Equity	31.68 %
Name of the Shareholder	Type of Holdings	Holding
Sahara India Commercial Corporation Ltd	Preference	90.32 %
Sahara Care Ltd	Preference	9.68 %

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### 2.1 Basis of Accounting

The Scheme maintains its books of account on an accrual basis. These financial statements 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, (the "Regulation"), and amendments thereto, as applicable.

## **2.2 Accounting for Investments**

2.1 .1 Purchase and sale of investments are accounted on trade dates at price including / net of brokerage and other charges. Stamp duty is accounted as an expense when paid for.

2.2.1 Profit or loss on sale of investments is determined on the respective trade date by adopting the “Weighted Average Cost” method.

2.2.3 Primary Market Investments are recognized on the basis of allotment advice.

2.2.4 Front end fees on privately placed debentures have been adjusted to the cost of investments.

## **2.3 Valuation of Investments**

### **2.3.1 (a) Money market and debt securities with residual maturity of upto 91 days:**

Investments in Money Market and debt securities including floating rate securities with maturity of upto 91 days which are traded are valued at the weighted average price at which they are traded on the particular valuation day.

When such securities are not traded on a particular valuation day they are valued on amortization basis.

Investments in floating rate securities with floor and caps on coupon rate with maturity of upto 91 days are valued on amortization basis taking the coupon rate as floor.

### **2.3.1 (b) Money market and debt securities with residual maturity of over 91 days:**

Investments in Money Market and debt securities including floating rate securities with maturity of over 91 days, are valued at the weighted average price at which they are traded on the particular valuation day.

Investments in Money Market and debt securities including floating rate securities with maturity of over 91 days which are not traded are valued at benchmark yield/ matrix of spread over risk free benchmark yield obtained from CRISIL & ICRA.

### **2.3.2 Valuation of Other Investments**

Investments bought on “repo basis” are valued at the resale price after deduction of applicable interest up to the date of resale. Investments sold on “repo basis” are adjusted for the difference between the repurchase price (after deduction of applicable interest up to the date of repurchase) and the value of the instrument.

Investments in mutual fund schemes are valued based on the net asset value of the respective schemes as on the valuation date.

### **2.3.3 Valuation of securities not covered under the above valuation policy:**

The total exposure in securities, which do not fall under above valuation norms, shall not exceed 5% of the total AUM of the scheme.

Investment in such securities will be valued by a method approved by the Independent Trustees and Statutory Auditors.

### **2.3.4 Unrealised Appreciation / Depreciation**

In accordance with the Guidance Note on Accounting for Investments in the Financial Statements of Mutual Funds issued by the Institute of Chartered Accountants of India, the unrealized appreciation determined separately for each individual investment is directly transferred to the "Unrealised Appreciation Reserve Account" i.e. without routing it through the revenue account.

The provision for depreciation in value of investments determined separately for each individual investment is recognized in the revenue account. The loss( realised) on investments sold / transferred during the year is charged to revenue account, instead of being first adjusted against the provision for depreciation, if already created in the prior year, as recommended by the said Guidance Note. However, this departure from the Guidance Note does not have any impact on the Scheme's net assets or results for the year.

## **2.4 Revenue Recognition**

2.4.1 Income and Expenses are recognized on accrual basis.

2.4.2 Interest on funds invested in short-term deposits with scheduled commercial banks is recognized on accrual basis.

2.4.3 Interest on Debentures, Government of India securities and Money Market Instruments are recognized on accrual basis

2.4.4 Proportionate realized gains on investments out of sales / repurchase proceeds at the time of sale / repurchase of units are transferred to revenue Account from Unit Premium Reserve.

## **3. Net Asset Value for Growth / Dividend Options:**

The net asset value of the units is determined separately for units issued under the Growth and Dividend Reinvestment Option. For reporting the net asset value of the Growth and Dividend Options, daily income earned, including realized and unrealized gain or loss in the value of investments and expenses incurred by the scheme are allocated to the options in proportion to the value of the net assets.

## **4. Unit Premium Reserve Account**

Upon issue and redemption of units, the net premium or discount to the face value of units is adjusted against the unit premium reserve account of the respective Options /Scheme, after an appropriate amount of the issue proceeds and redemption payout is credited or debited respectively to the Income equalization account.

The Unit Premium reserve account is available for distribution of dividend except to the extent it is represented by unrealized net appreciation in value of investments.

## **5. Income Equalisation Account**

An appropriate part of the sale proceeds or the redemption amount, as the case may be, is transferred to income equalization account. The total distributable surplus (without considering unrealized appreciation) upto the date of issue/ redemption of units has been taken into account for the purpose of ascertaining the amount to be transferred to Equalization Account on a daily basis. The net balance in this account is transferred to the Revenue Account at the end of the year.



## **6. Load Charges**

The load charges collected, if any are used to meet expenses as per the stipulated SEBI guidelines from time to time.

## **7. Unclaimed Redemption.**

In line with SEBI circular no. MFD/CIR/9/120 /2000 dated November 24, 2000, the unclaimed redemption and dividend amounts may be deployed by the mutual funds in call money market or money market instruments only and the investors who claim these amounts during a period of three years from the due date shall be paid at the prevailing Net Asset Value. After a period of three years, this amount can be transferred to a pool account and the investors can claim the unclaimed redemption amount at NAV prevailing at the end of the third year. The income earned on such funds can be used for the purpose of investor education. The AMC should make continuous effort to remind the investors through letters to take their unclaimed amounts. Further, the investment management fee charged by the AMC for managing unclaimed amounts shall not exceed 50 basis points.

## **8. NOTES ON ACCOUNTS**

### **8.1 Management Fees, Trusteeship Fees, Custodian Fees**

#### **Management Fees**

Management Fees (inclusive of service tax) has been computed at 0.15 % on average net assets calculated on a daily basis.

#### **Trusteeship Fees & Expenses**

In accordance with Deed of Trust dated 18<sup>th</sup> July 1996 between the Settler and the Trustees, the fund has paid or provided an annual fee of Rs.1,00,000/- per Trustee. Trusteeship fees & Expenses are allocated to the schemes on the basis of their daily average net assets.

#### **Custodian Charges**

HDFC Bank Ltd provides Custodial Services to the scheme for which fees is paid as per the agreement.

- 8.2** Provision for tax has not been made since the income of the scheme is exempt from tax under Section 10(23D) of the Income Tax Act, 1961.
- 8.3** Transactions with Brokers in excess of 5% or more of the aggregate purchases and sale of securities made by the Fund have been reported to the Trustees on a bimonthly basis.
- 8.4** Certain investments are registered in the name of the Fund without specific reference to the Scheme. As at March 31, 2012 the aggregate market value of securities under Sahara Short Term Bond Fund but held in the name of Sahara Mutual Fund is Rs.13,43,89,151.92
- 8.5** The Registrar and Transfer Agents charges amounting to Rs. 662277.70 constitutes 17.31 % of the total schemes expenses.

## 8.6 Transactions with Associates

Brokerage / Commission on sale of units by the Scheme or by the Asset Management Company given to associates, pursuant to Regulation 25(8):

**Commission to SIFCL A/c CMSD (Associate) made for sale of units of the MF for the current year ended 31<sup>st</sup> March 2012.**

(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>	<b>Infrastructure Fund</b>
0.52	0.31	0.07	0.29	0.08	0.15

(Rs. in lakhs)

<b>R. E. A. L Fund</b>	<b>Star Value Fund</b>	<b>Super 20 Fund</b>	<b>Power and Natural Resources Fund</b>	<b>Banking &amp; Financial Services Fund</b>	<b>Interval Fund – Quarterly Plan Sr 1</b>
0.00	0.08	0.18	0.15	0.73	0.00

Commission to SIFCL A/c CMSD (Associate) made for sale of units of the MF for the previous year ended 31<sup>st</sup> March 2011

(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>	<b>Infrastructure Fund</b>
1.00	0.51	0.09	0.42	0.57	0..37

(Rs. in lakhs)

<b>R. E. A. L Fund</b>	<b>Star Value Fund</b>	<b>Super 20 Fund</b>	<b>Power and Natural Resources Fund</b>	<b>Banking &amp; Financial Services Fund</b>	<b>Interval Fund – Quarterly Plan Sr 1</b>
1.21	0.15	0.30	1.09	1.64	0.01

**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)
<b>SIFCL A/c CMSD</b>	<b>Sponsor / Mutual Fund Distributor</b>	<b>April 11-March 12</b>	<b>(0.97 &amp; 0.07%)</b>	<b>(Rs.2,57,503.28 ; 9.83 % )</b>
SIFCL A/c CMSD	Sponsor / Mutual Fund Distributor	April 10-March 11	(5.15; 0.22%)	(Rs.737,214/-; 11.94%)

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 2012 & April – Mar 2011.

**8.7 Aggregate Value of purchases and sales of Investments during the year as a percentage of daily average net asset value;****Purchases**

Year	Amount in Rupees	% of Daily average
2011-12	31,958,022,342	2083.18
2010-11	24,463,748,690	1234.27

**Sales**

Year	Amount in Rupees	% of Daily average
2011-12	27,153,216,629	1769.98
2010-11	26,671,179,969	1345.64

**8.8 Aggregate Appreciation and Depreciation in the value of Investments :**

Asset Class	31-Mar-12		31-Mar-11	
	Appreciation (Rs. In lakhs)	Depreciation (Rs. In lakhs)	Appreciation (Rs. In lakhs)	Depreciation (Rs. In lakhs)
MMIs	-	0.90	-	-
Gov Securities	-	-	-	-

**8.9 Income and Expense Ratio**

	2011-12	2010-11
Total Income (including net unrealized appreciation and net of loss on sale of investments) to average net assets calculated on a daily basis.	9.38%	5.53%
Total Expenditure to average net assets calculated on a daily basis	0.25%	0.34%

**8.10 Movement in Unit Capital****8.10.1 Growth Option**

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2012	As on March 31, 2012	As on March 31, 2011	As on March 31, 2011
Initial Capital	1,443,80.713	1,443,807	1,443,80.713	1,443,807
Opening Balance	290461.006	2,904,610	205,702,648.318	2,057,026,483
Units Sold during the year	845733123.014	8,457,331,230	1,030,264,809.167	10,302,648,092

<b>Units Repurchased during the year</b>	<b>(463490520.677)</b>	<b>(4,634,905,207)</b>	<b>(1,235,676,996.479)</b>	<b>(12,356,769,965)</b>
<b>Closing Balance</b>	<b>382533063.343</b>	<b>3,825,330,633</b>	<b>290,461.006</b>	<b>2,904,610</b>

#### 8.10.2 Dividend Option

	<b>Number of Units</b>	<b>Amount (Rs)</b>	<b>Number of Units</b>	<b>Amount (Rs)</b>
	<b>As on March 31, 2012</b>	<b>As on March 31, 2012</b>	<b>As on March 31, 2011</b>	<b>As on March 31, 2011</b>
<b>Initial Capital</b>	95,02.00	950,20	95,02.00	950,20
<b>Opening Balance</b>	324182.805	3,241,828	254,004.445	2,540,044
<b>Units Sold during the year</b>	2442942.922	24,429,429	3,429,454.817	34,294,548
<b>Units Repurchased during the year</b>	(1554237.590)	(15,542,376)	(3,359,276.457)	(33,592,765)
<b>Closing Balance</b>	1212888.137	12,128,881	324,182.805	3,241,828

**8.11** The scheme has declared the following dividend per unit during the financial year .  
Further, there was no Bonus declared during the year ended March 31, 2012 (PY: Nil).

<b>Record Date</b>	<b>Div Per Unit (Rs)</b>	<b>Record Date</b>	<b>Div Per Unit (Rs)</b>
	<b>2011-12</b>		<b>2010-11</b>
<b>28.04.2011</b>	<b>0.0950</b>	29.04.2010	0.5000
<b>26.05.2011</b>	<b>0.0700</b>	26.05.2010	0.0350
<b>23.06.2011</b>	<b>0.0600</b>	24.06.2010	0.0370
<b>28.07.2011</b>	<b>0.5500</b>	29.07.2010	0.0615
<b>25.08.2011</b>	<b>0.0700</b>	26.08.2010	0.0498
<b>28.09.2011</b>	<b>0.0800</b>	23.09.2010	0.0500
<b>25.10.2011</b>	<b>0.0600</b>	28.10.2010	0.0545
<b>24.11.2011</b>	<b>0.0600</b>	25.11.2010	0.0485
<b>29.12.2011</b>	<b>0.0700</b>	30.12.2010	0.0740
<b>25.01.2012</b>	<b>0.0640</b>	27.01.2010	0.0655
<b>23.02.2012</b>	<b>0.0700</b>	-	0.0000
<b>29.03.2012</b>	<b>0.1000</b>	24.03.2011	0.1265

#### 8.12 Unclaimed Amounts ( beyond six months):

Unclaimed Redemption and Dividend amounts as of March 31, 2012 are given below:

<b>Scheme Name</b>	<b>No of Investors</b>	<b>Unclaimed Dividend (Rs)</b>	<b>No of Investors</b>	<b>Unclaimed Redemption (Rs)</b>
<b>Sahara Short Term Bond Fund</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**8.13** Investments made by the Schemes of Sahara Mutual Fund in Companies or their subsidiaries that have invested more than 5% of the net asset value of any scheme, pursuant to Regulation 25(11).

(Rs in lakhs)

Company which has invested in excess of 5% of the net asset of the respective scheme during the period	Scheme/s in which the Company has invested more than 5% of the Net Assets	Name of the Funds/Schemes which have invested	Type of security	Aggregate cost of acquisition during the period	Outstanding as on 31.03.2012
Reliance Capital Ltd	Sahara Liquid Fund	Sahara Income Fund	Commercial Paper	74.89	0.00
		Sahara Liquid Fund	Commercial Paper	6076.38	0.00
		Sahara Short Term Bond Fund	Commercial Paper	823.80	0.00

The above investments were made to optimize returns and retain high liquidity.

**8.14 Portfolio Statement as on March 31, 2012:**

Name of the Instrument	Rating	Quantity	Mkt Value (Rs. In lakhs)	% to NAV	% to Category Total
<b>1. Equity &amp; Equity Related</b>					
(a) Listed / awaiting listing on Stock Exchanges		Nil	Nil	Nil	Nil
(b) Unlisted		Nil	Nil	Nil	Nil
<b>2. Debt Instruments</b>					
(a) Listed					
Bonds		Nil	Nil	Nil	Nil
(b) Privately Placed / Unlisted					
Floating Rate NCDs					
<b>3. Money Market Instruments</b>					
(a) Certificate of Deposits					
INDIAN BANK CD **	FITCH A1+	5000	4995.08	10.06	10.34
IDBI BANK CD**	CRISIL A1+	5000	4952.02	9.98	10.25
CANARA BANK CD **	CRISIL A1+	2500	2470.20	4.98	5.11
CORPORATION BANK CD **	CRISIL A1+	2500	2466.00	4.97	5.10
ANDHRA BANK CD **	CARE A1+	2500	2465.51	4.97	5.10

SOUTH INDIAN BANK CD **	CARE A1+	2500	2463.81	4.96	5.10
PUNJAB NATIONAL BANK CD **	ICRA A1+	2500	2451.17	4.94	5.07
ALLAHABAD BANK CD **	CRISIL A1+	2500	2447.65	4.93	5.07
UNION BANK OF INDIA CD **	CRISIL A1+	2500	2444.26	4.92	5.06
UNION BANK OF INDIA CD **	CRISIL A1+	2500	2438.30	4.91	5.05
ALLAHABAD BANK CD **	CRISIL A1+	2500	2437.20	4.91	5.04
ORIENTAL BANK OF COMMERCE CD **	CRISIL A1+	2430	2372.67	4.78	4.91
PUNJAB & SIND BANK CD **	ICRA A1+	2430	2371.25	4.78	4.91
SYNDICATE BANK CD **	CRISIL A1+	2419	2368.87	4.77	4.90
STATE BANK OF PATIALA CD **	ICRA A1+	2000	1965.09	3.96	4.07
PUNJAB NATIONAL BANK CD **	ICRA A1+	2000	1963.49	3.96	4.06
VIJAYA BANK CD **	CARE A1+	1500	1499.19	3.02	3.10
CANARA BANK CD **	CRISIL A1+	1500	1468.17	2.96	3.04
KARUR VYSYA BANK - CD **	CRISIL A1+	925	901.12	1.82	1.87
STATE BANK OF HYDERABAD CD **	ICRA A1+	900	879.83	1.77	1.82
UCO BANK LTD CD **	CRISIL A1+	500	489.28	0.99	1.01
<b>(b) Commercial Papers</b>			0.00	0.00	0.00
Total (a+b) (Book Cost less of Depreciation Rs.48203.65 lakhs )		<b>49104</b>	<b>48310.18</b>	<b>97.34</b>	<b>100.00</b>
<b>4. Securitised Debt Instruments</b>		<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>5. Short Term Deposits</b>		<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>6. Collateralized Borrowing and Lending Obligation</b> (Book Cost Rs.1198.45 lakhs)			1199.23	2.42	100.00
<b>7. Other - Net Current Assets</b>			123.15	0.25	100.00
<b>TOTAL</b>		<b>49104.00</b>	<b>49632.55</b>	<b>100.00</b>	<b>100.00</b>

\*\* Thinly Traded / Non Traded Securities

**8.15** Investments made by the scheme in Securities of Group Companies of the sponsor – NIL.

**8.16** Holdings over 25% of the NAV of the scheme

Particulars	As on March 31, 2012	As on March 31, 2011
Number of Investors	<b>2</b>	-
Percentage of holdings	<b>98.79</b>	-

**8.17** Contingent Liability : Nil

**8.18** Previous year's figures have been reclassified and regrouped wherever necessary to conform to the current year's classification.

As per our attached report of even date

<b>For Chaturvedi &amp; Co</b>	<b>For Sahara Asset Management Company</b>	<b>For Sahara Mutual Fund</b>
Chartered Accountants	<b>Pvt Ltd</b>	
Firm Regn. No.:- 302137E		

**S.N.Chaturvedi**  
**Partner**  
M.No.: 040479

C.Kamdar  
**Director**

O.P.Srivastava  
**Director**

Justice S Mohan	Amitabha Ghosh
<b>Trustee</b>	<b>Trustee</b>

Naresh Kumar Garg  
**Chief Executive Officer**

A.N.Sridhar  
**Fund Manager**

**Place:** Mumbai  
**Date:** 26<sup>th</sup> May 2012

### **Summary of the Substantive Provisions of the Trust Deed**

The Trust Deed dated July 18, 1996, contains inter-alia, the following clauses that may be of material interest to the investor:

- Frame one or more schemes for the issue of units to be subscribed by the public or class of public or specified person or persons whether singly or otherwise and shall frame such rules and regulations for the issue, re-purchase and redemption thereof and for the distribution of income on units, and modify or alter the said rules and regulations as the Trustees may in their absolute discretion deem fit, the duration of each scheme being indefinite in the case of open-ended schemes.
- In carrying out his responsibilities as a member of the Board of Trustees of Sahara Mutual Fund, the individual trustee shall maintain an arm's length relationship with other companies, or institutions or financial intermediaries or any body corporate with which he/she may be associated in any capacity.
- A member of the Board of Trustees shall not participate in the meetings of the Board or in any decision making process for any investments in which he/she may be interested.
- All members of the Board of Trustees shall furnish to SEBI and the Board of Trustees the interest which he/she may have in any other company, or institution or financial intermediary or any corporate by virtue of his/her position as Director, partner or with which he/she may be associated in any other capacity.
- No member of the Board of Trustees of Sahara Mutual Fund shall be a member of the Board of Trustees of any other Mutual Fund and shall hold them in trust for the Unit holders.
- The Trustees shall take into their custody or under their control all the capital and other property of the various schemes of Sahara Mutual Fund and shall hold them in trust for the Unit holders.
- The Trustees shall supervise the collection of any income receivable by the Fund of any scheme thereunder and any claims for refund of taxes paid and shall hold any income received in trust for the Unit holders in accordance with the Deed of Trust and the guidelines issued by SEBI.
- It shall be the duty of the Trustees to act in the best interest of the Unit holders of the various schemes floated under the Deed of Trust at all times and the Trustees shall provide or cause to be provided to the Unit holders and SEBI such information as may be specified by SEBI from time to time.
- The Trustees shall take reasonable care to ensure that the funds under the schemes are managed by the AMC in accordance with the Deed of Trust and SEBI guidelines.

### **Duties And Responsibilities Of The Trustees**

- The trustees and the AMC shall, with the prior approval of SEBI enter into an Investment Management Agreement.
- The investment management agreement shall contain such provisions as are mentioned in the fourth schedule of SEBI Regulations and such other provisions as are necessary for the purpose of making investments.
- The trustees shall have a right to obtain from the AMC such information as is considered necessary by the trustees.
- The trustees shall ensure before the launch of any scheme that the AMC has
  - ✓ Systems in place for its back office, dealing room and accounting.
  - ✓ Appointed all key personnel including Fund Managers for the Scheme and submitted their bio-data which shall contain the educational qualifications, past experience in the securities markets within 15 days of their appointment.
  - ✓ Appointed auditors to audit its accounts.



- ✓ Appointed a Compliance Officer to comply with regulatory requirements and to redress investor grievances.
  - ✓ Appointed Registrars and laid down parameters for their supervision.
  - ✓ Prepared a compliance manual and designed internal control mechanisms including internal audit systems.
  - ✓ Specified norms for empanelment of brokers and marketing agent.
  - ✓ obtained, wherever required under these regulations, prior in principle approval from the recognised stock exchange(s) where units are proposed to be listed.
  - ✓ The compliance officer appointed shall immediately and independently report to the Board any non-compliance observed by him.
- The trustees shall ensure that the AMC has been diligent in empanelling the brokers, in monitoring securities transactions with brokers and avoiding undue concentration of business with any broker.
  - The trustees shall ensure that the AMC has not given any undue or unfair advantage to any associates or dealt with any of the associates of the AMC in any manner detrimental to interest of the Unit holders.
  - The trustees shall ensure that the transactions entered into by the AMC are in accordance with the SEBI Regulations and the Scheme.
  - The trustee shall ensure that the AMC has been managing the Mutual Fund Scheme independently of other activities and has taken adequate steps to ensure that the interest of investors of those Scheme are not being compromised with those of any other Scheme or of other activities of the AMC.
  - The trustees shall ensure that all the activities of the AMC are in accordance with the provisions of the SEBI Regulations.
  - Where the trustees have reason to believe that the conduct of business of the Mutual Fund is not in accordance with the SEBI Regulations and the Scheme, they shall forthwith take such remedial steps as are felt necessary by them, and shall immediately inform SEBI of the violation and the action taken by them.
  - Each trustee shall file the details of his transactions (exceeding Rs.1 lakh) of dealing in securities with the Mutual Fund on a quarterly basis.
  - The trustees shall be accountable for, and be the custodian of the property of the respective Scheme and shall hold the same in trust for the benefit of the Unit holders in accordance with the SEBI Regulations and the provisions of the trust deed.
  - The trustees shall take steps to ensure that the transactions of the Mutual Fund are in accordance with the provisions of the trust deed.
  - 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 the SEBI Regulations and the trust deed.
  - No amendments shall be carried out without the prior approval of SEBI and unit holders approval would be obtained where it affects the interests of unit holders.
  - The trustees shall obtain the consent of the Unit holders:-
    - ✓ Whenever required to do so by SEBI in the interest of the Unit holder; or
    - ✓ Whenever required to do so on the requisition made by three fourths of the Unit holders of any Scheme or
    - ✓ When the majority of the trustees decide to wind up 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:-
  - ✓ A written communication about the proposed change is sent to each Unit holder and an advertisement is given in one English daily newspapers having nationwide circulation well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is located;
  - ✓ The Unit holders are given an option to exit at the prevailing net asset value without any exit load.
- The trustees shall call for the details of transactions in securities by the key personnel of the AMC in their own names or on behalf of the AMC and shall report to SEBI, on a six monthly basis.
- The trustees shall, on a quarterly basis, review all transactions carried out between the Mutual Fund, and AMC and its associates.
- The trustees shall review that net worth of the AMC on a quarterly basis and in case of any shortfall, ensure that the AMC make up for the shortfall as per clause (f) of sub-Regulations (1) of regulation 21 of SEBI Regulations.
- The trustees shall periodically review all service contracts such as custody arrangements, transfer agency of the securities and satisfy themselves that such contracts are executed in the interests of the Unit holder.
- The trustees shall ensure that there is no conflict of interest between the manner of deployment of its networth by the AMC and the interests of the Unit holders.
- The trustees shall periodically review the investor complaints received and the redressal of the same by the AMC.
- The trustees shall abide by the code of conduct as specified in the fifth schedule of SEBI Regulations.
- The trustees shall furnish to SEBI, on a half yearly basis:-
  - ✓ A report on the activities of the Mutual Fund
  - ✓ 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 AMC.
  - ✓ A certificate to the effect that the AMC has been managing the Scheme independently of any other activities and in case any activities of the nature referred to in sub-regulations (2) of regulation 24 have been undertaken by the AMC and has taken adequate steps to ensure that the interests of the Unit holders are protected.
- The independent trustees referred to in sub-regulation (5) of regulation 16 of SEBI Regulations shall give their comments on the report received from the AMC regarding the investments by the Mutual Fund in the securities of group companies of the Sponsor.
- Disclosures to the investors:- The trustee 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.

#### **The Trustees Shall Exercise Due Diligence As Under:**

##### **General:**

- The Trustee shall be discerning in the appointment of the Board of Directors of the AMC.
- The Trustee shall review the desirability of continuance of the AMC if substantial irregularities are observed in any of the Scheme and shall not allow the AMC to float new Schemes.
- The Trustee shall ensure that the trust property is properly protected, held and administered by proper person and by a proper number of such persons.
- The Trustee shall ensure that service providers are holding appropriate registrations from SEBI or concerned regulatory authority.

- The trustees shall arrange for test checks of service contracts.
- The trustees shall immediately report to SEBI any special developments in the Mutual Fund.
- 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.

**Specific:**

- Obtain internal audit reports at regular intervals from independent auditors appointed by the trustees.
- Obtain compliance certificates at regular intervals from the AMC.
- Hold meetings of trustees on a Bimonthly basis as per MFD/CIR/10/15895/2002 dt 20.08.2002.
- 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. The Trustees have formed an Audit Committee during their meeting on 7<sup>th</sup> September, 2001. The Audit committee members are Justice S. Mohan, Shri Amitabha Ghosh, Shri S R Hegde and Shri A K Thakur and the quorum being any two members.
- Consider the reports of the independent auditor and compliance reports of AMC at the meetings of trustees for appropriate action.
- Maintain records of the decision of the trustees at their meetings and also the minutes of their meetings.
- Prescribe and adhere to a code of ethics by the trustees, AMC and its personnel.
- Communicate in writing to the AMC the deficiencies and checking the removal of deficiencies.
- Notwithstanding anything contained hereinabove the trustees shall not be held liable for acts done in good faith if they have exercised adequate due diligence honestly.
- The trustees shall pay specific attention to the following, as may be applicable, namely:
  - ✓ The investment management agreement and the compensation paid under the agreement.
  - ✓ Service contracts with affiliates, whether the AMC has charged higher fees than outside contractors for the same service.
  - ✓ Selection of the AMC's independent directors.
  - ✓ Securities transactions involving affiliates to the extent such transactions are permitted.
  - ✓ Selecting and nominating individuals to fill independent director's vacancies.
  - ✓ Code of ethics must be designed to prevent fraudulent, deceptive or manipulative practices by insiders in connection with personal securities transactions.
  - ✓ The reasonableness of the fees paid to the Sponsor, AMC and any other for services provided.
  - ✓ Principal underwriting contracts and their renewals.
  - ✓ Any service contract with the associates of the AMC.
- Power to make rules:-  
The trustee company may, from time to time, as per provisions of SEBI Regulations (with the prior permission from Unit holders, in case of change of fundamental attributes in accordance with Clause 15 of Regulation 18 of the SEBI (Mutual Funds) Regulations, 1996 and otherwise to be in conformity with the SEBI Regulations or to reflect the change in rules and

regulations, generally applicable to mutual funds or trusts), prescribe such forms and make such rules for the purpose of giving effect to the provisions of the Scheme, with power to the Trustee company / Asset Management company to add to, alter or amend all or any of the forms and rules that may be framed from time to time.

- Power to remove difficulties:-

If any difficulty in giving effect to the provisions of the Scheme, the trustee company may take such steps which are not inconsistent with these provisions, which appear to them to be necessary or expedient, for the purpose of removing the difficulties.

**ADDENDUMS FORMING PART OF THE SCHEME INFORMATION DOCUMENT(S) OF  
SAHARA MUTUAL FUND**

**(A) Dematerialization of Units:**

Pursuant to SEBI Circular dated 19th May, 2011, No CIR/IMD/DF/9/2011, w.e.f 1st October, 2011 the Board of Trustees of Sahara Mutual Fund has approved the option to unitholders to hold units in Dematerialised ("Demat") form while subscribing to the Units of the schemes of the Mutual Fund, in addition to the existing option of holding Units in physical form by way of an account statement. The option to hold units in Demat form is available for all the schemes

of the Fund except for subscriptions through Systematic Investment Plan (SIP) and for plan/options where the dividend distribution frequency is less than one month. Unit Holders opting to hold the Units in Demat form must provide their Demat Account details in the specified section of the Application Form.

Account statements for Units held in Demat form: In case of Units held in demat form, the Unit Holder will receive the holding statement directly from the respective DP at such frequency as may be defined in the Depositories Act or regulations or on specific request.

**(B) Consolidated Account Statement (CAS):**

- Pursuant to Regulation 36 of SEBI (Mutual Funds) Regulations, 1996 and amendment thereto read with SEBI Circular No. Cir/IMD/DF/16/2011 dated 8th September, 2011, the investors whose transaction\* has been accepted by the AMC/ Mutual Fund on or after 1st October, 2011 will receive confirmation specifying the number of units allotted by way of E-mail and or/SMS on their registered E-mail address and/or mobile number within 5 business days from date of receipt of transaction\* request.

- Thereafter a Consolidated Account Statement (CAS) will be sent for each calendar month to the investors in whose folios transaction(s)\* has/have taken place during that month on or before 10th day of the succeeding month detailing all the transactions and holding at the end of the month across all the schemes of all Mutual funds including the transaction charges paid to the distributors.

\* The word 'transaction' shall include purchase, redemption, switch, dividend payout, dividend

reinvestment, systematic investment plan, systematic withdrawal plan, systematic transfer plan and bonus transactions.

- For the purpose of sending CAS, Common Investors across Mutual funds shall be identified by their Permanent Account Number (PAN).
- In the event the account has more than one registered holder, the first named Unit holder shall receive the CAS/ Account statement.
- Further a CAS every half yearly (September/March) will be issued, on or before 10th 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.

**(C) Mailing of Annual Report or Abridged Summary:**

Pursuant to Regulation 56 of SEBI (Mutual Funds) Regulations, 1996 and amendments thereto, read with SEBI circular No. Cir/IMD/DF/16/2011 dated 8th September, 2011, pertaining to the mailing of annual report and/or abridged summary thereof, the scheme wise annual report or an abridged summary hereinafter shall be sent by the AMC/Mutual Fund as under:

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

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

**(D) Change in Benchmark- Sahara Interval Fund Quarterly Plan - Series 1**

The Board of Trustees has approved the change in benchmark of Sahara Interval Fund Quarterly Plan- Series 1 from CRISIL Short Term Bond Fund Index (STBEX) to CRISIL Liquid Fund Index (LIQUIFEX) w.e.f. 3rd October, 2011.

**Date : 30th September, 2011**

**Transaction charges:**

With effect from 1st November, 2011, the Fund shall deduct Transaction Charges on purchase/ subscription received from first time mutual fund investor and investor/s other than first time mutual fund investor, whose application is routed through distributor / agent who have "Opted in" for Transaction charges.

- (i) First time Mutual Fund Investor (Across Mutual Fund Industry): Transaction charges of ` 150/- for subscription of ` 10,000/- and above shall be deducted from the subscription amount and paid to the Distributor/ Agent of the first time Investor and the balance amount shall be invested.
- (ii) Investor other than First Time Mutual Fund Investor: Transaction charge of ` 100/- per subscription of ` 10,000/- and above will be deducted from the subscription amount and paid to the distributor/agent of the investor and the balance shall be invested.
- (iii) For SIP: Transaction charges in case of investments through Systematic Investment Plan (SIP) shall be deducted only if the total commitment (i.e. amount per SIP installment x No. of installments) amounts to ` 10,000/- or more. The Transaction Charges shall be deducted in 4 installments.
- (iv) Transaction charges shall not be deducted for: (a) Purchases /subscriptions for an amount less than ` 10,000/-
- (b) Transaction other than purchases/subscriptions relating to new inflows such as Switch/STP/SWP/STP etc.
- (c) Purchases/subscriptions made directly with the Fund (i.e. not through any distributor/agent).
- (d) Transactions carried out through stock exchange mechanism.

**Date: 31st October, 2011**

**NOTICE:**

- I. Demat option for Systematic Investment Plan (SIP): Pursuant to SEBI Circular dated 19th May, 2011, No CIR/ IMD/DF/9/2011 w.e.f. 1st October, 2011 the option to unitholders to hold units in Dematerialised ("Demat") form while subscribing to the Units of the schemes of the Mutual Fund was introduced. The Board of Trustees of Sahara Mutual Fund has approved w.e.f. 1st January, 2012 the option to hold units In Demat Form for Systematic Investment Plan (SIP) transactions. The Units for subscription in Demat Form units will be allotted based on the applicable NAV as per Scheme Information Document (SID) and will be credited to investors Demat Account on weekly basis on realisation of funds, for e.g. Units will be credited to investors Demat account every Monday for realization status received in last week from Monday to Friday.
- II. Resignation of AMC Director: Shri Suresh Chukkapalli, Director on the Board of Sahara Asset Management Company Private Limited (AMC), has resigned effective date 15th December, 2011. Consequently the details in the Statement of Additional Information (SAI) titled "Details of AMC Directors stands modified".

**Date : 30th December, 2011**

**\*\***

**Revision to Know Your Customer Procedure**

Pursuant to SEBI Circular No. MIRSD/ Cir-26/ 2011 dated December 23rd, 2011, SEBI (KYC Registration Agency) Regulations, 2011 and SEBI Circular No. MIRSD/SE/Cir-21/2011 dated October 5th, 2011, regarding uniformity in the Know Your Customer (KYC) process in the securities market and development of a mechanism for centralization of the KYC records to avoid duplication of KYC Process across the intermediaries in the securities market, the Board of Trustees of Sahara Mutual Fund ("Mutual Fund"), has

decided to make the following changes (applicable from January 1st, 2012) to the SID/SAI/KIM of the schemes of Sahara Mutual Fund:

- a. SEBI has introduced a common KYC Application Form for all the SEBI registered intermediaries including Mutual Funds. New Investors are therefore requested to use the common KYC Application Form and carry out the KYC process including In-Person Verification (IPV) with any SEBI registered intermediaries including mutual funds. The KYC Application Forms are also available on our website [www.saharamutual.com](http://www.saharamutual.com)
- b. The Mutual Fund shall perform the initial KYC of its new investors and may undertake enhanced KYC measures commensurate with the risk profile of its investors. The Mutual Fund shall upload the details of the investors on the system of the KYC Registration Agency (KRA). Karvy Computershare Pvt Ltd {Registrar & Transfer Agent (RTA)} may also undertake the KYC of the investors on behalf of the Mutual Fund. KRA shall send a letter to the investor within 10 working days of the receipt of the initial/updated KYC documents from the Mutual Fund, confirming the details thereof.
- c. Once the investor has done KYC with a SEBI registered intermediary, the investor need not undergo the same process again with another intermediary including mutual funds. However, the Mutual Fund reserves the right to carry out fresh KYC of the investor.
- d. It is mandatory for intermediaries including mutual funds to carry out In-Person Verification (IPV) of its new investors from the Effective Date. The IPV carried out by any SEBI registered intermediary can be relied upon by the Mutual Fund /Sahara Asset Management Company Limited and NISM/AMFI certified distributors who are KYD compliant are authorised to undertake the IPV for Mutual Fund investors.
- e. Existing KYC compliant investors of the Mutual Fund can continue to invest as per the current practice. However, existing investors are also urged to comply with the new KYC requirements including IPV as mandated by SEBI. The above procedure is as per the current guidelines issued by SEBI in this regard. Sahara Mutual Fund reserves the right to modify/enhance the KYC norms & procedures, points of acceptance etc. as may be modified/revised/changed by SEBI from time to time.

**Date : 27th January, 2012**

#### **POINTS OF SERVICE (POS) FOR SCHEMES OF SAHARA MUTUAL FUND**

The Unit holders/ Investors are advised to note this Point of Service (POS) for schemes of Sahara Mutual Fund. Sahara Asset Management Company Private Limited : Office No. 305-A, 3rd Floor, Shyam Anukampa, Opp. HDFC Bank, C Scheme, Ashok Marg, Jaipur – 302001 Phone - 0141-3269923

**Date: 1st February, 2012**

#### **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, 2012 so as to ensure fair treatment to all investors including existing investors as well as investors seeking to purchase or redeem units of mutual funds 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.

For the purpose of valuation of investment and to arrive at fair and realizable value, the investments are categorized into following instruments:

- a) Overnight instruments like Reverse Repo / CBLO / Call money etc. and Term Deposits,
- b) Money Market Instruments.
- c) T-Bills, d) Central Government Securities/ State Government Securities
- e) Bond/Debentures etc

##### **Definition:**

- 1) **“Cut-off period of Amortization”:**

The period upto which the amortization is allowed by SEBI from time to time (currently upto 91 days) and for which valuation matrix from the bond valuer aggregator is not available.

**2) Similar Security:**

Those securities which shall mean the 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 (either Short term rating or Long term rating), and falling in same "Maturity Bucket" as defined below.

**3) Maturity bucket :**

i) 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

ii) 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.

For the purpose of valuation, Debt and Money Market Securities are categorized into 2 categories:

a) Securities upto the "cut-off period of amortization" (Presently 91 days).

b) Securities above "cut-off period of amortization".

Further the instruments Commercial Paper (CP), Bonds and Non-Convertible Debentures (NCDs) etc are categorized into three sub-categories:-

1) NBFC

2) Real Estate, PTC, etc

3) Others

**The Valuation Policy of Debt and Money Market Instruments is given below:**

<b>Sr. No.</b>	<b>Instrument</b>	<b>Valuation applicable on the day of valuation</b>
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, Asset Backed Securities (ABS), Mortgage Backed Securities (MBS), etc	
	i) Same security traded / reported on a Public Platform.	On Weighted Average yield of all trades for that Securities on that day irrespective of settlement day.
	ii) If Same Security not traded, but "Similar Security" w.r.t respective category and sub-category as defined above, if traded / reported on Public	On Weighted Average yield of all the trades of all such "Similar Securities" on that day, irrespective of settlement day.



	Platform	
	iii) If Same and Similar Securities not traded / reported on Public Platform	
	a) For Securities having remaining maturity upto the "Cut-off period of Amortization".	On Amortization basis based on last valuation of Securities in the portfolio and on remaining maturity.
	b) For Securities having maturity above "Cut-off period of Amortization"	Valuation shall be taken as per the corresponding "Bond Valuer Aggregator" for that day for respective sub-categories of securities.
3.	Central Government Securities / State Government Securities / Treasury Bills	Valuation as per aggregator for such securities by Crisil or any other agencies entrusted by SEBI from time to time for that day.

The transaction data for debt securities are generally provided by agencies like Bilav Information Services LLP etc. The AMC may use the services of any of such agencies for processing of such transaction data for the purpose of portfolio valuation.

The data on yield are generally provided upto 4 decimal point which would be considered for arriving at the weighted average yield and in turn the valuation of the security.

#### **Valuation of Inter Scheme Transfer (IST):**

If the same or "Similar Security" is traded, the Inter Scheme shall be done on the Weighted Average Yield of Same / "Similar Security" traded upto the time of IST.

If no trades are available for Same or "Similar Security" till that time on that day the previous day closing prices shall be taken.

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

#### **Related matters**

- i) 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.
- ii) In the case of an event where the market quotes available are no longer reliable, the valuation of the respective Securities for that day will be approved by the Investment and Valuation Committee keeping in mind the prevailing market conditions, the last traded prices and such other factors affecting the valuation. Also in case the data provided by such agencies/sources indicate any abnormal trade in term of price/yield which is not in line with general trades which have taken place on the day, such data may be excluded for the valuation purpose to arrive at reasonable and realistic price of a portfolio securities. For this purpose, the abnormal situation would be if the yield mentioned in the transaction is over +/- 250 Basis Point compared to the previous day weighted yield.
- 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 amortization basis based on last valuation of Securities in the portfolio.

**Date : 20th April, 2012**

#### **Sahara Gilt Fund**

- 1) Notice is hereby given to the Unit holders of Sahara Gilt Fund ('the scheme') that the Board of Trustees of Sahara Mutual Fund ('the fund') have approved the modification in the asset allocation of Sahara Gilt Fund with effect from  
20th April, 2012:

#### **Sahara Gilt Fund**

**Central Govt. Securities & T Bill / State Govt. Securities  
CBLO/ Call Market/ Reverse Repo or similar instruments**

**0-100%  
0-100%**

In accordance with Regulation 18(15A) of the SEBI (Mutual Funds) Regulations, 1996, all the existing Unit holders under the Scheme are being given an option to exit the Scheme at the Applicable Net Asset Value without any exit load on such redemption commencing from 20th March, 2012 to 19th April, 2012 (both days inclusive).

If a Unit holder has no objection to the above proposal, no action needs to be taken by him/her and it would be deemed that such Unit holder has consented to the above proposal. However, in case the Unit holder does not agree to the same, he/she has the option to redeem/switch-out units held by them under the Scheme by filling out the redemption/ switch-out transaction slip and submitting the same to any of the Investor Service Centres or the Registrar and Transfer Agent viz. Karvy Computershare Private Limited between 20th March, 2012 to 19th April, 2012 upto 3.00 p.m. It may however, be noted that the offer to exit is purely optional and not compulsory.

Further, the option to exit the Scheme is available to all Unit holders except for Unit holders:

1. who have pledged their units, unless they procure a release of their pledges and exercise their exit option on or before 3:00 p.m. upto 19th April, 2012.
  2. whose units are marked under lien/injunction in accordance with the instructions of any Court of Law/Income Tax Authority/other Regulatory Authority unless they get the vacation order & exercise their exit option on or before 3.00 p.m. upto 19th April, 2012.
- Unit holders under the Scheme as on 17th March, 2012 are being sent a detailed communication in this regard, through an appropriate mode of communication (post, courier, email, etc). For any further assistance/clarification, Unit holders may contact us on 022-67520121-27 or alternatively, email us at [saharamutual@saharamutual.com](mailto:saharamutual@saharamutual.com) or visit our website [www.saharamutual.com](http://www.saharamutual.com)

**Date : 16th March 2012**

NOTICE is hereby given in respect of all the Schemes of Sahara Mutual Fund regarding change in modification to the process of change of address and change of Bank details being carried out w.e.f 1st May 2012.

**1. Process for change in Bank Mandate**

- a. Investor should submit duly filled "Multiple Bank Account Registration Form or Change of Bank Mandate form" at any of the official point of acceptance of Sahara Mutual Fund.
- b. The investors have to submit in original any one of the following documents of the new bank account:
  - i. Cancelled original cheque of the new bank mandate with first unit holder name and bank account number printed on the face of the cheque.
  - ii. Self attested copy of bank statement.
  - iii. Bank passbook with current entries not older than three (3) months.
  - iv. Bank Letter duly signed by branch Manager/authorized personnel.
- c. Investors are also required to submit in original any one of the following document of the existing bank account:
  - i. Cancelled original cheque with first unit holder name and bank account number printed on the face of the cheque.
  - ii. Bank account statement/Pass book.
  - iii. Bank letter on the letterhead confirming the bank account holder with the account details, duly signed and stamped by the Branch Manager/authorized personnel.
  - iv. In case such bank account is already closed, a duly signed and stamped original letter from such bank on the letter head of bank, confirming the closure of said account.
- d. If photocopies of the above stated documents are submitted, investor must produce the original for verification at the official point of acceptance of transaction. The original shall be returned to the investor over the counter upon verification. Kindly note that the photocopies submitted should be attested in original by the Branch Manager or Authorised personnel of the Bank.

- e. If any redemption requests is received within 15 days of submission or change in bank mandate/change of address, the redemption proceeds / communication shall be sent to the old bank a/c /old address.
- f. In case, the request for change in bank mandate is invalid/incomplete/dissatisfactory in respect of signature mismatch/ document insufficiency/not complying with any requirement as stated above, the request for such change will not be processed and redemption/Dividend proceeds, if any, will be processed in the last registered Bank account.

## **2. Process for change in Address**

- a. Investor should submit duly filled "Change of Address form" or "change of address request letter" along with any one of the following documents at any of the official point of acceptance of transaction of Sahara Mutual Fund.
  - i. KYC Not Complied Folios/Clients:**
    - Proof of new Address, and
    - Proof of Identity: Only PAN card copy if PAN is updated in the folio, or PAN/other proof of identity if PAN is not updated in the folio.
  - ii. KYC Complied Folios/Clients**
    - Proof of new Address
    - Any other document/form that the KRA may specify from time to time.
- b. If photocopies of the above stated documents are submitted, investor must produce the original for verification at the official point of acceptance of transaction. The original shall be returned to the investor over the counter upon verification. Kindly note that the photocopies submitted should be properly attested/verified by entities authorized for attesting/verification of document.

**Date: 30th April, 2012**



**SAHARA MUTUAL FUND**

97-98, Atlanta  
Nariman Point  
Mumbai-400 021