



SAHARA
MUTUAL
FUND

ANNUAL REPORT

2006-07

(TO ALL EXISTING UNIT HOLDERS OF SAHARA MUTUAL FUND)

Dear Unit holder,

We, at Sahara Mutual Fund value your continuous association with us and would like to assure our unstinting efforts to manage funds in the most transparent, disciplined and prudent manner.

In view of the recent directions from the Securities and Exchange Board of India (SEBI), PAN will be the sole identification for transactions in the securities market irrespective of the amount of transaction.

In view of the above said directive from SEBI,

- (i) The copy of the PAN may be forwarded to the nearest office of the AMC/ KARVY Investor Service Centres or Transaction Centres (list available on www.saharamutual.com).
- (ii) While forwarding the same, kindly ensure that the self attested copy of the PAN is duly authenticated by a Gazetted Officer, Notary, Bank Manager, Member of Parliament / Legislative Assembly with signature, date and seal.
- (iii) In case the copy of the PAN is being submitted to any of the offices of the AMC personally, please do bring the original PAN card for authentication.

In case, you do not have a PAN, kindly initiate necessary action to obtain it and submit the same by December 31st, 2007 as SEBI has advised Mutual Funds to collect and verify copies of PAN card from all existing unit holders.

Effective from January 1, 2008 submission of PAN card copy is mandatory for all applicable transactions.

We eagerly look forward to your co-operation and committed effort for this exercise as the same is statutorily desired, in the overall interests of the existing unit holder through whom we would continue to be patronage with future investments in Sahara Mutual Fund schemes.

Kindly treat the same on top priority basis.

Assuring you our best services at all times.

With regards

Sd/-

M D Naik

Head - Investor Services.

Date: 8th September, 2007

SAHARA Liquid Fund

BOARD OF TRUSTEES

Justice S Mohan – Independent Trustee
Amitabha Ghosh – Associate
S R Hegde – Independent Trustee
P V Rao – Independent Trustee

SAHARA MUTUAL FUND

97-98, 9th Floor, Atlanta
Nariman Point
Mumbai- 400 021
Maharashtra

SPONSOR

Sahara India Financial Corporation Limited
Sahara India Bhawan, 1- Kapoorthala Complex, Lucknow -226024.

INVESTMENT MANAGER

Sahara Asset Management Company Private Limited
97-98, 9th Floor, Atlanta, Nariman Point, Mumbai- 400 021, Maharashtra.

REGISTRAR AND TRANSFER AGENT

KARVY COMPUTER SHARE PRIVATE LIMITED
21, Avenue 4, Street No. 1
Banjara Hills, Hyderabad -500 034.

CUSTODIAN

HDFC BANK LTD.
Kamala Mills Compound
Senapati Bapat Marg, Lower Parel
Mumbai -400 013.

STATUTORY AUDITORS

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

REPORT OF THE TRUSTEES

We are pleased to present before you the **ANNUAL REPORT** of **SAHARA MUTUAL FUND** for the year ended March 31, 2007.

Sahara Mutual Fund (Formerly known as First India Mutual Fund) has been constituted as a Trust in accordance with the provisions of the Indian Trust Act. The Fund is registered with SEBI under Registration No.: MF/030/96/0. 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 Trust Corpus is managed by the Board of Trustees as per provisions of the Trust Deed.

OVERVIEW OF DEBT MARKETS IN 2006-07

The Indian economy in the financial year 2006-07 exhibited robust growth backed by strong macroeconomic fundamentals. The strong GDP growth (advance estimates) of 9.2% over 9.0 % in the previous year surpassed the consumer expectations. The economy continued to show strong growth for the fourth year in succession supported by the double digit growth in the manufacturing and services sector.

The Industrial growth of 10.20% was backed by the strong performance of the manufacturing sector which grew at 11.30% and the services sector which grew at 11.20% for 2006-07.

One of the important aspects of current growth has been the sharp rise in the rate of investment in the economy supporting the industrial performance and outlook on growth.

The liquidity conditions were broadly determined by the policy changes in the reserve requirements, tax collections and high credit demand. The debt market continued its period of bearish trend mainly on the back drop of monetary tightening in US and other economies including India, escalating international and domestic oil prices, rising inflation and resultant spike in short term rates. The yields in the bond market moved in tandem with the rate hikes across the globe including India and domestic liquidity conditions.

The Indian rupee started the financial year 2006-07 on weak note by depreciating to a low of Rs.46.97 per US dollar in the month of July 2006. This was mainly due to higher crude oil prices, FII outflows and the Middle East crises. However, the situation reversed thereafter due to strong FIIs inflows. Moderation in the crude oil prices and the weakening of US dollar against other currencies. The rupee appreciate to touch a high of Rs.43.14 in the month of March and close the year at Rs.43.60 against a previous year close of Rs.44.61 per US dollar. In the recent past , Indian Rupee has witnessed strong trend on the back of technical factors like large FII investments and increased level of FDI in India.

In the Indian context, the yields in the government securities market is expected to remain under pressure due the tight liquidity conditions and supply of government bonds in the near future. However, the expectation of no further rate hikes and value buying by the investors is expected to provide the required support to the bond market at the current levels.

OVERVIEW OF EQUITY MARKETS IN 2006-07

Indian equity markets have been surprising the investors over the last 4 years by providing above average returns year after year. The India Inc has posted an average of over 30% growth in earnings for FY 06-07 and with capacity additions and other investments planned to meet ever rising consumption demand in the country and abroad, the prospects for future earnings look bright.

The stable macro-economic conditions, capacity additions by the corporate sector and strong growth outlook are attracting foreign capital into the country. Foreign investor interest and confidence in the in Indian growth story becomes evident from the \$6.7 billion FII inflow, \$15 billion FDI investments and \$22 billion by the route of external commercial borrowings during this period.

The current trend in consumption demand in the economy is expected to continue following increase in income levels and urbanization in the India social set-up. It is also seen that investment demand is picking up in the country despite a rising interest rate scenario and appreciating rupee.

The strong growth prospects and incremental risk appetite among investors across the globe pulled the markets from their intermittent lows.

It is believed that the year ahead would continue to witness strong corporate earnings, albeit a slightly lower growth, owing to large base effect. Economic fundamentals continue to perform confidence well over long term as witnessed by host of important macro and macro factors. To generate wealth over a prolonged period it would be prudent to remain invested in Indian equity markets and in those stocks which offer value for investor's money.

TRUSTEES:

The Trustees as on date comprise Justice S Mohan, Independent Trustee, Mr. Amitabha Ghosh, Nominee of the Sponsor, Mr. S. R. Hegde, Independent Trustee and Mr. P.V. Rao, Independent Trustee. Shri S T Gerela, Independent Trustee resigned from the Board with effect from June 12th, 2007. The Trustees place on record their appreciation for the valuable contribution made by him during his association with the Fund.

PERFORMANCE

Sahara Liquid Fund is an open ended liquid scheme with an objective 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,

Returns:

Performance as of March 31, 2007	1 year	3 years	Since inception	Inception date
NAV (%) VPO /	6.95	NA	6.65	February 20, 2002
FPO	6.71	5.71	5.92	
CRISIL Liquid Fund Index(%)	6.39	5.13	NA *	

* As Index launched on March 31st, 2002. Face Value of Units –Rs.1000/-
FPO- Fixed Pricing Option VPO – Variable 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;”

MARKET OUTLOOK FOR 2006 – 2007

DEBT MARKETS

The benign inflation numbers will continue to provide the required momentum to the market. However the expectation of cut in SLR requirement of banks will keep any major rally under check. The ten year G-sec is expected to find good support to 8.50% levels and trade in a broad range of 7.75% - 8.45% for the financial year 2007-08.

EQUITY MARKETS

It is believed that the year ahead would continue to witness strong corporate earnings, albeit a slightly lower growth, owing to large base effect. Economic fundamentals continue to perform confidence well over long term as witnessed by host of important macro and macro factors. To generate wealth over a prolonged period it would be prudent to remain invested in Indian equity markets and in those stocks which offer value for investor's money.

The Trustees would like to 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, 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, AMFI Certified distributors and other service providers for their continuous support. The Trustees would also like to thank all the investors for reposing their faith and trust in Sahara Mutual Fund.

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 Sahara Mutual Fund

sd/-
Justice S Mohan

Place: Mumbai
Date: 18.07.2007

Notes:

1. On written request, present and prospective unit holders / investors can obtain a copy of the trust deed and offer document of the relevant schemes.
2. Unit holders may request a copy of the annual report of the asset management company.
3. See further in the Report for statements on liabilities and responsibilities of the Trustees and Settlor, Risk Factors and other disclosures.

AUDITORS' REPORT TO THE TRUSTEES OF SAHARA MUTUAL FUND

To

The Board of Trustees

1. We have audited the Balance Sheet of Sahara Mutual Fund – Sahara Liquid Fund (the “Scheme”) as at March 31, 2007, 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. Without qualifying our opinion, we draw attention to Note no. 6 of Schedule 9 to the Financial Statements regarding transfer of certain amounts by the scheme to Unit Premium Reserve Account and Income Equalisation Account on purchase and redemption of units based on estimates which are considered appropriate by the Asset Management Company and Trustees. We are unable to express our opinion on the appropriateness of such transfer as the same are not capable of verification by us. However, the above has no impact on the net asset value of the scheme.
5. In our opinion and to the best of our information and according to the explanations given to us:
 - 5.1 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, 2007 and
 - ii). in case of the Revenue account, of the surplus 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.

The methods used to value non-traded/thinly traded securities as at March 31, 2007 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

S N Chaturvedi
Partner
Membership No.40479

Place: Mumbai
Date: July 18, 2007

BALANCE SHEET AS AT MARCH 31, 2007

	Schedule	As at March 31, 2007 (Rs)	As at March 31, 2006 (Rs)
ASSETS			
Investments	1	1,147,519,040	1,724,593,682
Deposits	2	100,000,000	50,000,000
Other Current Assets	3	18,313,141	36,819,899
Total Assets		1,265,832,181	1,811,413,581
LIABILITIES			
Unit Capital	4	959,835,134	1,491,920,650
Reserves & Surplus	5	304,302,075	318,172,296
Current Liabilities & Provisions	6	1,694,972	1,320,635
Total Liabilities		1,265,832,181	1,811,413,581
NET ASSET VALUE			
Net Asset Value per unit (Rs.)			
Fixed Dividend Plan		1,024.7690	1,023.9399
Fixed Growth Plan		1,341.8953	1,257.3228
Fixed Weekly Div Plan		1,025.4410	0.0000
Fixed Monthly Div Plan		1,025.0915	0.0000
Variable Daily Div Plan		1,024.7842	1,023.9494
Variable Weekly Div Plan		1,025.4167	1,023.9360
Variable Monthly Div Plan		1,025.5347	1,024.0510
Variable Growth Plan		1,346.2234	1,258.5984
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

S N Chaturvedi

Partner

For Sahara Mutual Fund

Justice S Mohan

Trustee

For Sahara Asset Management Company Private Ltd.

C Kamdar

Director

Amitabha Ghosh

Trustee

O P Srivastava

Director

Place: Mumbai

Date: 18/07/2007

Naresh Kumar Garg

Principal Officer

Puneet Srivastava

Fund Manager

REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2007

	Schedule	For the year ended March 31, 2007	For the year ended March 31, 2006
INCOME		(Rs)	(Rs)
Interest & Discount Income	7	91,443,512	102,960,937
Profit on Sale / Transfer of Investments (Net) (Other than Inter-Scheme Transfer / Sale)		23,582	-
Profit on Sale / Transfer of Investments (Inter Scheme) (Net)		129	-
Total Income		91,467,224	102,960,937
EXPENSES & LOSSES			
Loss on Sale / Redemption of Investments (Net) (Other than Inter-Scheme Transfer / Sale)		-	8,531,280
Loss on Sale / Transfer of Investments (Inter Scheme) (Net)		-	102
Management Fees		839,684	2,283,041
Trusteeship Fees & Expenses		162,998	552,850
Audit Fees		87,889	1,428,058
Custodian Charges		329,404	682,779
Insurance charges		87,795	318,604
Registrar & Transfer agent charges		1,100,298	1,538,309
Marketing & Other Expenses		1,540,206	3,635,589
Legal & Professional Fees		177,290	-
Total Expenses		4,325,566	18,970,612
Surplus for the year excluding unrealised depreciation		87,141,658	83,990,325
Excess / (Short) Provision for diminution in the value of Investment for earlier years written back	8	986,009	61,393,733
Transfer from Income Equalisation Reserve		(107,264,672)	51,213,476
Dividend including Distribution Tax		(18,347,939)	(25,752,884)
Surplus / (Deficit) transferred to Revenue Reserve		(37,484,944)	170,844,650
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

S N Chaturvedi

Partner

For Sahara Mutual Fund

Justice S Mohan

Trustee

Amitabha Ghosh

Trustee

For Sahara Asset Management Company Private Ltd.

C Kamdar

Director

O P Srivastava

Director

Place: Mumbai

Date: 18/07/2007

Naresh Kumar Garg

Principal Officer

Puneet Srivastava

Fund Manager

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at March 31, 2007 (Rs)	As at March 31, 2006 (Rs)
SCHEDULE 1		
Investments		
(Refer Note 7.12 of schedule 9 for detailed Portfolio statement)		
Non Convertible Debentures	-	50,000,000
Privately Placed Debentures	100,000,000	245,999,250
Mibor Linked Debentures	70,000,000	180,000,000
Commercial Papers	957,773,251	145,106,850
Certificate of Deposits	-	978,266,937
Pass Through Certificates	19,745,789	125,220,645
	<u>1,147,519,040</u>	<u>1,724,593,682</u>
 SCHEDULE 2		
Deposits		
With Scheduled Bank	100,000,000	50,000,000
	<u>100,000,000</u>	<u>50,000,000</u>
 SCHEDULE 3		
Other Current Assets		
Balances with Banks in Current accounts	1,203,222	1,554,784
Reverse Repo arrangements	3,174,158	1,014,161
Outstanding and Accrued Income	13,248,942	34,056,308
Receivable on issue/ switch in of units	686,819	174,457
Receivable from AMC		20,189
	<u>18,313,141</u>	<u>36,819,899</u>
 SCHEDULE 4		
Unit Capital		
Fixed Dividend Option (55615.8140 Units of Rs.1000 Each)	55,615,814	53,714,395
 (For 2005-06 53714.3950 Units of Rs. 1000 Each)		

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at March 31, 2007 (Rs)	As at March 31, 2006 (Rs)
Fixed Growth Option (2611.7767 Units of Rs 1000 Each) (For 2005-06 5713.062 Units of Rs. 1000 Each)	2,611,777	5,713,062
Fixed Weekly Dividend Option (89.4430 Units of Rs.1000 Each) (For 2005-06 Nil Units of Rs. 1000 Each)	89,443	-
Fixed Monthly Dividend Option (77.5190 Units of Rs.1000 Each) (For 2005-06 Nil Units of Rs. 1000 Each)	77,519	-
Variable Daily Dividend Option (27649.9310 Units of Rs. 1000 Each) (For 2005-06 168255.808 Units of Rs. 1000 Each)	27,649,931	168,255,808
Variable Weekly Dividend Option (1288.7090 Units of Rs. 1000 Each) (For 2005-06 65188.720 Units of Rs. 1000 Each)	1,288,709	65,188,720
Variable Monthly Dividend Option (2394.8440 Units of Rs. 1000 Each) (For 2005-06 1048.045 Units of Rs. 1000 Each)	2,394,844	1,048,045
Variable Growth Option (870107.0970 Units of Rs.1000 Each) (For 2005-06 1198000.620 Units of Rs. 1000 Each)	870,107,097	1,198,000,620
Total	959,835,134	1,491,920,650
(Refer Note 7.9 of Schedule 9)		

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at March 31, 2007 (Rs)	As at March 31, 2006 (Rs)
SCHEDULE 5		
Reserves and Surplus		
Revenue Reserve		
Balance as at beginning of the year	382,460,847	211,616,196
Transferred from Revenue Account	(37,484,944)	170,844,651
Balance as at end of the year	344,975,903	382,460,847
Income Equalisation Reserve		
Balance as at beginning of the year		
Additions during the year	(107,264,672)	51,213,477
Transferred to Revenue Account	107,264,672	(51,213,477)
Balance as at end of the year	-	-
Unrealised Appreciation Reserve		
Balance as at beginning of the year	-	715,930
Additions during the year	-	(715,930)
Balance as at end of the year	-	-
Unit Premium Reserve		
Balance as at beginning of the year	(64,288,551)	(55,377,689)
Additions during the year,	23,614,723	(8,910,862)
Net Balance as at end of year	(40,673,828)	(64,288,551)
	304,302,075	318,172,296
SCHEDULE 6		
Current Liabilities and Provisions		
Sundry Creditors	222,477	461,550
Management Fees Payable	133,535	14,006
TDS Payable on management fees	-	751
Payable on Redemption of units	1,139,661	338,555
Others Payable	199,299	505,773
	1,694,972	1,320,635

SCHEDULES FORMING PART OF REVENUE ACCOUNT

	For the year ended March 31, 2007 (Rs)	For the year ended March 31, 2006 (Rs)
SCHEDULE 7		
Interest & Discount Income		
Debentures / Bonds	16,890,475	-
Pass Through Certificate	4,357,687	8,870,111
Mibor linked debentures	17,278,191	29,023,748
Treasury Bills	-	526,882
Certificate of Deposits & Commercial Paper	46,670,857	47,890,119
Deposits	4,611,918	13,548,354
Reverse Repo arrangements	1,634,384	2,969,617
Other Income	-	132,106
	91,443,512	102,960,937
SCHEDULE 8		
Excess /(Short) Provision for diminution in the value of Investment for earlier years written back		
At the beginning of the year	(986,009)	(62,379,742)
At the end of the year	-	(986,009)
Net Changes in Provision for depreciation in value of investments	986,009	61,393,733

SCHEDULE 9

ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2007.

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 of 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 27th 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 27th 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 ("SIFCL").

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 Co Private Limited as on March 31, 2007 is as follows:

Name of the Shareholder	Type of holdings	Holding
Sahara India Financial Corporation Ltd.	Equity	58.12 %
Sahara India Corp Investment Ltd.	Equity	20.94 %
Sahara India Investment Corporation Ltd.	Equity	20.94 %
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

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. Profit or loss on sale of investments is determined on the respective trade date by adopting the “Weighted Average Cost” method.
3. Primary market Investments are recognized on the basis of allotment advice.
4. Front end fees on privately placed debentures are adjusted to the cost of Investments.

2.3 Valuation of Investments

2.3.1 Traded Investments

- a. Investments which are traded on a stock exchange are valued at the last available price quoted at an appropriate stock exchange on the valuation date.
- b. If there is no quote on the valuation date, it is valued at the last available quoted price at an appropriate stock exchange not exceeding 15 days preceding the valuation date.
- c. Government Securities are valued at the price released by an Agency (CRISIL) approved by AMFI, on daily basis.

2.3.2 Unlisted/Non traded/Thinly Traded Investments

- a. A debt security (other than a Government security) is considered as a thinly traded security if on the valuation date, there are no individual trades in that security in marketable lots (currently Rs. 5 crores) on the principal stock exchange or any other stock exchange.
- b. Investments not traded on any stock exchange for a prescribed period prior to the valuation date are treated as non-traded.
- c. Valuation of Unlisted/Non-traded/Thinly Traded debt instruments maturing within 182 days as at valuation date are valued at cost plus difference between the redemption value and the cost spread uniformly over the remaining maturity period of instrument.
- d. Unlisted/Non traded/thinly traded debt securities with over 182 days to maturity are valued in good faith by the Investment manager on the basis of valuation principles laid down by SEBI.

2.3.3 Other Investments

- a. Money Market Instruments are valued at cost plus accrued interest.
- b. 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.
- c. Traded treasury bills, certificate of deposits and commercial paper are valued at the yield at which they are currently traded. Non-traded treasury bills, certificate of deposits and commercial paper including those not traded for a period of seven days are valued at cost plus accrued interest.
- d. Investments in mutual fund schemes are valued based on the net asset value of the respective schemes as on the valuation date.

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 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

1. Income and Expenses are recognized on accrual basis.
2. Interest on Debentures, Government of India securities, Floating Rate Bonds and Money Market Instruments are recognized on accrual basis
3. Interest on funds invested in short-term deposits with scheduled commercial banks is recognized on accrual basis.
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 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

Income Equalisation Account is being maintained by crediting or (debiting) the equalisation account in respect of purchase or redemption of units by an appropriate amount which represents the distributable income at the time of purchase or redemption. The balance in the income equalisation account is transferred to the revenue account at the end of the year.

6. In terms of clauses h and i of the Ninth schedule to SEBI (Mutual Funds) Regulations, 1996, the scheme has transferred certain amounts to Unit Premium Reserve Account and Income Equalisation Account on purchase and redemption of units based on estimates which are considered appropriate by the Asset Management Company and Trustees.

7. Notes On Accounts

7.1 Management Fees, Trustee Fees, Custodian Fees

Management Fees

The total Management Fees has been computed at 0.06% 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 at 0.06% of average net assets calculated on a daily basis.

	1	2	3	4	5
Reference Point = MIBOR	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
IMA	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 at 0.003% on average net assets calculated on a daily basis.

Trusteeship Fees & Expenses

In accordance with Deed of Trust dated 18th 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.

- 7.2 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.
- 7.3 Certain investments are registered in the name of the Fund without specific reference to the Scheme. As at March 31, 2007 the aggregate market value of securities under Sahara Liquid Fund but held in the name of Sahara Mutual Fund is Rs. 3174157.98.
- 7.4 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.
- 7.5 **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):

Brokerage to SIFCL A/c CMSD (Associate) has been made for sale of units of the MF as given below:

(Rs. In lakhs)

Liquid Fund	Income Fund	Gift Fund	Tax Gain Fund	Growth Fund	Midcap Fund	Wealth Plus Fund	Infrastructure Fund	FMP 395 days
0.85	0.22	0.02	0.93	0.22	0.76	3.93	3.58	0.23

7.6 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
2006-07	14,764,671,089	1124.93
2005-06	30,573,175,938	1169.81

Sales

Year	Amount in Rupees	% of Daily Average
2006-07	15,141,885,641	1153.67
2005-06	30,096,029,085	1151.55

7.7 Aggregate Appreciation and Depreciation in the value of Investments :

Scheme	31-Mar-07		31-Mar-06	
	Appreciation (Rs. In lakhs)	Depreciation (Rs. In lakhs)	Appreciation (Rs. In lakhs)	Depreciation (Rs. In lakhs)
Debentures & Bonds/ PTC	-	-	-	9.86
MMI's	-	-	-	-

7.8 Income and Expense Ratio

	2006-07	2005-06
Total Income (including net unrealized appreciation and net of loss on sale of investments) to average net assets calculated on a daily basis.	6.97%	3.03%
Total Expenditure to average net assets calculated on a daily basis	0.33%	0.40 %

7.9 Movement in Unit Capital

7.9.1 Fixed Pricing Option – (Growth Option)

	Face Value (Rs.)	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
		As on March 31, 2007	As on March 31, 2007	As on March 31, 2006	As on March 31, 2006
Initial Capital	10	22,977,400.000	229,774,000	22,977,400.000	229,774,000
Opening Balance	10	-	-	76,281,568.999	762,815,690
	1000	5,713.062	5,713,062	-	-
Units Sold during the period	10	-	-	645,491,576.844	6,454,915,768
Units Sold during the period	1000	41,334.910	41,334,910	2,205,602.409	2,205,602,409
				647,697,179.253	8,660,518,177
Units Repurchased during the period	10	-	-	721,773,145.843	7,217,731,458
Units Repurchased during the period	1000	(44,436.195)	(44,436,195)	2,199,889.347	2,199,889,347
				(723,973,035.190)	(9,417,620,805)
Closing Balance		2,611.7767	2,611,777	5,713.062	5,713,062

7.9.2 Fixed Pricing Option - Dividend Option (Daily Dividend)

	Face Value Value (Rs.)	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
		As on March 31 2007	As on March 31 2007	As on March 31, 2006	As on March 31, 2006
Initial Capital	10	5,376,000.000	53,760,000	5,376,000.000	53,760,000
Opening Balance	10	-	-	47,031,010.755	470,310,108
	1000	53,714.395	53,714,395	-	-
Units Sold during the period	10	-	-	243,342,882.974	2,433,428,830
Units Sold during the period	1000	22,844.141	22,877,005	857,599.633	857,599,633
		22,844.141	22,877,005	244,200,482.607	3,291,028,463
Units Repurchased during the period	10	-	-	290,373,893.729	2,903,738,937
Units Repurchased during the period	1000	(20,942.722)	(20,942,722)	803,885.238	803,885,238
		(20,942.722)	(20,942,722)	(291,177,778.967)	(3,707,624,175.290)
Closing Balance		55,615.814	55,615,814	53,714.395	53,714,395

7.9.3 Fixed Pricing Option - Dividend Option (Weekly Option)

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2007	As on March 31, 2007	As on March 31, 2006	As on March 31, 2006
Initial Capital				
Opening Balance	-	-	-	-
Units Sold during the a period	89,443	89,443	6,427.622	6,427,622
Units Repurchased during the period	0.00	0.00	(6,427.622)	(6,427,622)
Closing Balance of Rs.1000 each	89.443	89,443	0.000	0.000

7.9.4 Fixed Pricing Option - Dividend Option (Monthly Option)

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2007	As on March 31, 2007	As on March 31, 2006	As on March 31, 2006
Initial Capital				
Opening Balance	-	-	-	-
Units Sold during the a period	1,221.435	1,221,435	--	-
Units Repurchased during the period	(1,143.916)	(1,143,916)	-	-
Closing Balance of Rs.1000 each	77.519	77,519	-	-

7.9.5 Variable Pricing Option – (Growth Option)

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2007	As on March 31, 2007	As on March 31, 2006	As on March 31, 2006
Initial Capital	1,986,915.353	1,986,915,353	1,986,915.353	1,986,915,353
Opening Balance	1,198,000.620	1,198,000,620	-	-
Units Sold during the period	3,414,751.331	3,414,751,331	7,948,646.118	7,948,646,118
Units Repurchased during the period	(3,742,644.854)	(3,742,644,854)	(6,750,645.498)	(6,750,645,498)
Closing Balance of Rs.1000 each	870,107.097	870,107,097	1,198,000.620	1,198,000,620

7.9.6 Variable Pricing Option - Dividend Option (Daily Dividend)

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2007	As on March 31, 2007	As on March 31, 2006	As on March 31, 2006
Initial Capital	1,760,554.229	1,760,554,229	1,760,554.229	1,760,554,229
Opening Balance	168,255.808	168,255,808	-	-
Units Sold during the a period	1,196,104.020	1,196,104,020	3,453,771.144	3,453,771,144
Units Repurchased during the period	(1,336,709.897)	(1,336,709,897)	(3,285,515.336)	(3,285,515,336)
Closing Balance of Rs.1000 each	27,649.931	27,649,931	168,255.808	168,255,808

7.9.7 Variable Pricing Option - Dividend Option (Weekly Option)

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2007	As on March 31, 2007	As on March 31, 2006	As on March 31, 2006
Initial Capital	9,766.992	9,766,992	9,766.992	9,766,992
Opening Balance	65,188.720	65,188,720	-	-
Units Sold during the period	367,452.043	367,452,043	1,292,329.087	1,292,329,087
Units Repurchased during the period	(431,352.054)	(431,352,054)	(1,227,140.367)	(1,227,140,367)
Closing Balance of Rs.1000 each	1,288.709	1,288,709	65,188.720	65,188,720

7.9.8 Variable Pricing Option - Dividend Option (Monthly Option)

	Number of Units	Amount (Rs)	Number of Units	Amount (Rs)
	As on March 31, 2007	As on March 31, 2007	As on March 31, 2006	As on March 31, 2006
Initial Capital	6,695.965	6,695,965	6,695.965	6,695,965
Opening Balance	1,048.045	1,048,045	-	-
Units Sold during the period	9,317.686	9,317,686	17,465.670	17,465,670
Units Repurchased during the period	(7,970.887)	(7,970,887)	(16,417.625)	(16,417,625)
Closing Balance of Rs.1000 each.	2,394.844	2,394,844	1,048.045	1,048,045

7.10 The Fund has declared the following dividend per unit during the financial year. There was no Bonus declared during the year ended March 31, 2007.

	2006-07	2005-06
Dividend declared on various dates on the face value of Rs.1000/- each	(**)	(*)

(**)

Option	Face Value (Rs)	Period	Dividend per unit (Rs.)
Fixed Pricing Option – Daily Dividend Option	1000/-	01/04/2006 to 31/03/2007	131.45
Fixed Pricing Option – Monthly Dividend Option	1000/-	01/04/2006 to 31/03/2007	45.50
Fixed Pricing Option – Weekly Dividend Option	1000/-	01/04/2006 to 31/03/2007	24.54
Variable Pricing Option-Daily Dividend Option	1000/-	01/04/2006 to 31/03/2007	135.93
Variable Pricing Option-Weekly Dividend Option	1000/-	01/04/2006 to 31/03/2007	133.55
Variable Pricing Option-Monthly Dividend Option	1000/-	01/04/2006 to 31/03/2007	72.79

The Dividend Per Unit disclosed above is cumulative for the period mentioned against each option.

(*)

Option	Face Value (Rs)	Period	Dividend per unit (Rs.)
Fixed Pricing Option – Daily Dividend Option	10/-	01/04/2005 to 26/10/2005	0.32
Fixed Pricing Option – Daily Dividend Option	1000/-	27/10/2005 to 31/03/2006	24.31
Fixed Pricing Option – Weekly Dividend Option	1000/-	27/10/2005 to 31/03/2006	7.25
Variable Pricing Option-Daily Dividend Option	1000/-	27/10/2005 to 31/03/2006	25.07
Variable Pricing Option-Weekly Dividend Option	1000/-	27/10/2005 to 31/03/2006	23.14
Variable Pricing Option-Monthly Dividend Option	1000/-	27/10/2005 to 31/03/2006	24.99

The Dividend Per Unit disclosed above is cumulative for the period mentioned against each option.

- 7.11** 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).

(Amount in lakhs)

Company which has invested	Schemes in which companies have invested more than 5% of the net assets	Name of the Funds/Schemes which have invested	Aggregate cost of acquisition during the period	Outstanding as at March 31, 2007
HDFC Bank Ltd	Sahara Liquid Fund	Sahara Infrastructure Fund	55.35	Nil
		Sahara Wealth Plus Fund	114.52	Nil

Union Bank of India	Sahara Infrastructure Fund	Sahara Mid Cap Fund	42.97	Nil
		Sahara Wealth Plus Fund	128.91	Nil
		Sahara Growth Fund	33.16	Nil
		Sahara Tax Gain Fund	7.88	Nil
		Sahara Infrastructure Fund	30.26	Nil
Lakshmi Vilas Bank Ltd	Sahara Liquid Fund	Sahara Mid Cap Fund	7.23	Nil

The above investments were made by the schemes purely on fundamental basis and to optimize return and retain high liquidity. These investments do not include reverse repo and fixed deposits. In addition to the above, the mutual fund has placed money as short term deposits towards margin money for F & O at competitive rates with HDFC Bank Ltd.

7.12 Portfolio Statement as on March 31, 2007:

Name of the Instrument	Rating	Quantity	Mkt Value (Rs In lakhs)	% of Debt Investments
1. Debt Instruments				
(a) Listed				
Bonds / Floating Rate NCDs (13.45%)				
Power Finance Corporation Ltd	AAA	100	1000.00	
Madras Cements	A1 +	700000	700.00	89.59
(b) Privately Placed / Unlisted				
Floating Rate NCDs/PTC (1.56%)				
Indian Retail ABS Series A1 PTC* mat 20/08/2007	AAA(S0)	10	104.66	
UBL Trust Series PTC A1- 11705/270607*	AAA(S0)	10	92.80	10.41
Total		700120	1897.46	100.00
2. Money Market Instruments				
Certificate of Deposit (75.75%)				
State Bank of Indore CD mat 21/05/2007	P1 +	1000000	975.54	
Indian Bank CD mat 05/06/2007	F1 +	999000	974.97	

IDBI Bank Ltd CD mat 05/06/2007	A1 +	1000000	974.64	
ICICI Bank Ltd CD mat 22/06/2007	A1 +	1000000	972.01	
UTI Bank Ltd CD mat 18/09/2007	P1 +	1000000	954.58	
Federal Bank Ltd CD mat 05/10/2007	F1 +	1000000	935.73	
Canara Bank CD 28/02/2008	P1 +	1000000	903.97	
ICICI Bank Ltd CD mat 20/09/2007	A1 +	880000	839.36	
State Bank of Patiala CD mat 10/07/2007	P1 +	500000	484.47	
Allahabad Bank CD mat 19/09/2007	P1 +	500000	477.05	
State Bank of Travancore CD mat 28/02/2007	P1 +	500000	453.11	
UCO Bank Ltd CD 27/03/2008	P1 +	500000	451.18	
IDBI Bank Ltd CD mat 15/06/2007	A1 +	186000	181.1	
Total		10065000	9577.71	100.00
Grand Total		10765120	11475.17	

* Thinly Traded / Non Traded Securities

7.13 Investments made by the scheme in Securities of Group Companies of the sponsor – NIL

7.14 Holdings over 25% of the NAV of the scheme:

Particulars	As on March 31, 2007	As on March 31, 2006
Number of Investors	1	2
Percentage of holdings	91.82	76.31

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

Perspective Historical Per Unit Statistics

Particulars	As at 31-Mar-07 (Rs Per Unit)	As at 31-Mar-06 (Rs Per Unit)	As at 31-Mar-05 (Rs Per Unit)	As at 31-Mar-04 (Rs Per Unit)
(A) Gross Income				
(i) Income other than Profit on sale of Investments	95.27	69.01	1.80	0.47
(ii) Income from Profit (net of loss) on inter-scheme sales/ transfer of Investments	0.0246	-0.0001	0.0003	0.0001

(iii) Income from Profit (net of Loss) on sale other				
than Inter scheme	0.00	-5.72	-0.42	-0.01
(iv) Transfer to revenue account from past year's reserve	NA	NA	NA	NA
(B) Aggregate of expenses, write off, amortisation and charges	4.32	7.00	0.11	0.06
(c) Net Income	90.97	56.30	1.27	0.40
(d) Net unrealised appreciation/ (diminution) in value of Investments	0.00	-0.66	-0.62	-0.04
(e) Net Asset Value				
Fixed Growth Plan	1341.8953	1257.3228	11.9127	11.3594
Fixed Dividend Plan	1024.7690	1023.9399	10.2365	10.2338
Fixed Weekly Dividend Plan	1025.4410	1024.6207	N/A	N/A
Fixed Monthly Dividend Plan	1025.0915	1023.8567	N/A	N/A
Variable Growth Plan	1346.2234	1258.5984	N/A	N/A
Variable Dividend Plan	1024.7842	1023.9494	N/A	N/A
Variable Weekly Dividend Plan	1025.4167	1023.9360	N/A	N/A
Variable Monthly Dividend Plan	1025.5347	1024.0510	N/A	N/A
(f) Repurchase Price during the year				
(i) Highest				
Fixed Growth Plan	1340.3967	1257.3228	11.9127	11.3594
Fixed Dividend Plan	1024.7262	1023.9399	10.2525	10.3690
Fixed Weekly Dividend Plan	0.0000	1024.6207	N/A	N/A
Fixed Monthly Dividend Plan	1030.2966	1023.8567	N/A	N/A
Variable Growth Plan	1345.0260	1258.5984	N/A	N/A
Variable Dividend Plan	1024.7833	1023.9494	N/A	N/A
Variable Weekly Dividend Plan	1026.3286	1025.0883	N/A	N/A
Variable Monthly Dividend Plan	1030.5445	1028.0323	N/A	N/A
(ii) Lowest				
Fixed Growth Plan	1258.0017	1228.0958	11.3607	10.7949
Fixed Dividend Plan	1024.0202	1023.8551	10.2338	10.1677
Fixed Weekly Dividend Plan	0.0000	1023.8568	N/A	N/A
Fixed Monthly Dividend Plan	1025.2408	1023.8567	N/A	N/A

Variable Growth Plan	1259.0052	1228.6401	N/A	N/A
Variable Dividend Plan	1024.0297	1023.8647	N/A	N/A
Variable Weekly Dividend Plan	1024.3377	1023.8568	N/A	N/A
Variable Monthly Dividend Plan	1024.6200	1024.2126	N/A	N/A
(g) Resale Price during the year				
(I) Highest				
Fixed Growth Plan	1338.8179	1257.3228	11.9127	11.3594
Fixed Dividend Plan	1024.7690	1023.9399	10.2525	10.3690
Fixed Weekly Dividend Plan	1024.8307	1024.6207	N/A	N/A
Fixed Monthly Dividend Plan	1027.0626	1023.8567	N/A	N/A
Variable Growth Plan	1345.7842	1258.5984	N/A	N/A
Variable Dividend Plan	1024.7842	1023.9494	N/A	N/A
Variable Weekly Dividend Plan	1025.5720	1025.0883	N/A	N/A
Variable Monthly Dividend Plan	1031.1376	1028.1523	N/A	N/A
(ii) Lowest				
Fixed Growth Plan	1262.9721	1157.4800	11.3607	10.7949
Fixed Dividend Plan	1023.9374	1023.8551	10.2338	10.1677
Fixed Weekly Dividend Plan	1024.6207	1023.8567	N/A	N/A
Fixed Monthly Dividend Plan	1023.8567	1023.8567	N/A	N/A
Variable Growth Plan	1259.2982	1228.0958	N/A	N/A
Variable Dividend Plan	1023.9469	1023.8567	N/A	N/A
Variable Weekly Dividend Plan	1020.2268	1023.8567	N/A	N/A
Variable Monthly Dividend Plan	1024.4776	1023.8567	N/A	N/A
(h) Ratio of expenses to average daily net assets by Percentage	0.32%	0.40%	0.60%	0.75%
(i) Ratio of income to average daily net assets by Percentage	6.98%	3.03%	4.97%	5.68%
(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

Per unit calculations based on number of units in issue at the end of the year

Addendum to the Offer Documents of schemes of Sahara Mutual Fund

1. Change in Minimum Additional Investments : Sahara Liquid Fund, Sahara Gilt Fund , Sahara Income Fund, Sahara Growth Fund, effective date 01/11/2006

Existing Provision	Revised Provision
Sahara Liquid Fund: Minimum Investment (Rs.10000/- under all options) Additional Investments: In multiples of Rs.5000/-	Sahara Liquid Fund : Minimum Investment (Rs.10000/- under all options). Additional Investments: Rs.5000/- & in multiples of Re.1/-.
Sahara Gilt Fund: Minimum Investment (under Dividend and Growth Option) : Rs.5000/- Additional Investments: In multiples of Rs.1000/-	Sahara Gilt Fund : Minimum Investment (under Dividend and Growth Option) : Rs.5000/- Additional Investments: Rs.1000/- and in multiples of Re.1/-.
Sahara Income Fund : Minimum Investment (under Dividend and Growth Option) : Rs.3000/- Additional Investments: In multiples of Rs.1000/-	Sahara Income Fund : Minimum Investment (under Dividend and Growth Option) : Rs.3000/- Additional Investments: Rs.1000/- and in multiples of Re.1/-
Sahara Growth Fund : Minimum Investment (under Dividend and Growth Option) : Rs.3000/- Additional Investments: In multiples of Rs.1000/-	Sahara Growth Fund: Minimum Investment (under Dividend and Growth Option) : Rs.3000/- Additional Investments: Rs.500/- and in multiples of Re.1/-

Date : 30th October , 2006

2. Change of Registrar and Transfer Agent. The Board has approved the change in the registrar and transfer agent from Computer Age Management Services (P) Ltd to KARVY Computershare Private Ltd with effect from the closing hours of Friday,

The contact office of Karvy is : 21, Avenue 4, Street No.1, Banjara Hills, Hyderabad -500 034. The contact telephone number is (040) 23312454 and email ID: service_smf@karvy.com. All future communications with respect to investor services should be sent to KARVY Computershare Private Limited at the following address : KARVY Computershare Private Limited, (Unit- Sahara Mutual Fund), KARVY Registry House, H No 8-2-596, Avenue 4, Street No,1, Banjara Hills, Hyderabad -500 034. Tel No: 040-23312454 / 23320751 / 23320752. Fax no: 040-23420886 Email ID: rvice_smf@karvy.com. The KARVY Investor Service Centres (ISCs) as official points of acceptance are given below for all related activities of the schemes of Sahara Mutual Fund. **AHMEDABAD:** 307, Shail Buildings, Opposite Madhusudhan House, Off C. G. Road, Near Navrangpura Telephone Exchange, Ahmedabad-380 006. Tel: 079-26400527 -28. **BANGALORE:** No. 51/25, 1st Floor, Surya Building, Ratna Avenue, Richmond Road, Bangalore - 560 025. Tel: 080-25320085-86. **BARODA:** 31-34, Payal Complex, Near Vadodara Stock Exchange, Sayajigunj, Baroda-390 005. Tel: 0265 -2225168-69. **BHUBANESHWAR:** 624, Sahid Nagar, Bhubaneswar-751007. Tel: 0674-2547532-33. **CHANDIGARH:** SCO-371-372, First Floor, Above HDFC Bank Ltd., Sector 35B, Chandigarh-160 022. Tel: 0172-5071726-28. **CHENNAI:** Flat No. F11, First

Floor, Akshya Plaza, (Erstwhile Harris Road), Opposite Chief Metropolitan Court, #108, Adhithanar Salai, Egmore, Chennai-600 002. Tel: 0448277383. **COCHIN:** 39, Panampilly Nagar, Cochin-682 036. Tel : 0484-2310884/0484-2322152. **COIMBATORE:** SNV Chambers, 482/483, Ponne Street, Opposite Power House Cross Cut Road , Coimbatore-641 012.Tel: 0422-2237501/02/03. **DURGAPUR:** Dutta Automobiles Building,1st Floor, Benachity, Durgapur - 713 213. Tel: 0343-2586375-77. **HYDERABAD:** 21, Avenue 4, Street No.1,Banjara Hills, Hyderabad-500 034. Tel: 040-23312454. **INDORE:** DM Tower, 105, 106 & 107,Above Standard Chartered Bank, Near Jangeerwala Chowrah, Indore-452 001.Tel: 0731-5069893-94. **JAIPUR:** S-16 A, 3rd Floor, Land Mark, Opposite Jaipur Club, Mahavir Marg, C-Scheme, Jaipur-302 001.Tel: 0141-2363321, 2375039. **JAMSHEDPUR:** Kanchan Tower, Illrd Floor, Chhaganlal Dayalji & Sons,3-S B Shop Area, (Near Traffic Signal), Main Road,Bistupur, Jamshedpur - 831 001. Tel: 0657-2487045/48.**KANPUR:** 15/46, B, First Floor, Opposite Muir Mills, Civil Lines, Kanpur-208 001. Tel: 0512-3127111, 3096000,3296000. **KOLKATA:** 16,Jatin Bagchi Road, Kolkata-700 029. Tel. 033-2465 9263. **LUCKNOW:** 94, Mahatma Gandhi Marg, Opposite Governor House, Lucknow - 226 001. Tel: 0522-2236819-21. **LUDHIANA:** SCO-3, Feroze Gandhi Market, Ludhiana-141 001. Tel: 0161-5034809-12. **MANGALORE:** Mahendra Arcade, Ground Floor, Kadiabail, Mangalore-575 003. Tel: 0824-2496701. **MUMBAI:** 26/30, Fort Foundation Bldg, Near MSC Bank, Maharashtra Chamber Of Commerce Lane ,Fort, Mumbai-400 023.Tel: 022-56382666. **NAGPUR:** 230/231,3rd Floor, Shiram Shyam Towers, Next to NIIT Building, Sadar, Kings Way, Nagpur-440 001.Tel: 0712-5656102-03. **NEW DELHI:** 105-108 Arunachal Building,19 Barakhamba Road, Connaught Place, New Delhi-110 001. Tel: 011-23324401. **PATNA:** "Anand Towers", 2nd Floor, Exhibition Road, Near Republic Hotel, Opposite Mithila Motors, Patna-800 001.Tel: 0612- 2321354/56.**PUNE:** Trupti Apartment, Flat No. 8, 4th Floor, Lane next to HDFC Bank, Opposite Ranajeet Hotel, Bhandarkar Road, Pune-411 004. Tel:020-4028 431/32. **SURAT:** G/16, Empire State Building, Near Udhna Darwaja, Ring Road,Surat-395 002. Tel: 0261-3017155-56. **VISAKHAPATNAM:** 47-14-5/1 Eswar Paradise, Dwaraka Nagar Main Road, Visakhapatnam - 530 016 Tel: 0891-2752916-18. The entire list of the offices of KARVY(ISCs/TPS) for servicing the schemes, is also available in the website www.saharamutual.com of Sahara Mutual Fund.

2) Auto Debit facility for all schemes. The auto debit facility under Systematic Investment Plan (SIP) for existing and prospective investors is now available. Auto Debit facility will be available with the banks as notified by Sahara Mutual Fund from time to time.

Date: December 8, 2006

3. PERMANENT ACCOUNT NUMBER (PAN) : Securities and Exchange Board of India (SEBI) vide its circular dated April 27th, 2007, directed that PAN would be the sole identification number for all participants transacting in the securities market including mutual funds, irrespective of the amount of transaction.

Consequently it is mandatory for all the existing and prospective investors (including all joint applicants / holders, guardians and Non – resident Indians) to furnish attested copy of the PAN along with the application for investment.

Accordingly investment application received upto December 31, 2007,

1. For applicable transactions **below Rs 50,000/-** : pl furnish
 - Either attested copy of PAN card or
 - Copy of Form 49A acknowledgement.
2. For applicable transactions of Rs 50,000/- or more : pl furnish
 - Either attested copy of PAN card or
 - Copy of Form 49A acknowledgement and Form 60 / Form 61.

Copy of PAN card can be attested by any one of the following 1) Offices of Sahara Mutual Fund 2) Investor Service Centers of our Registrar and Transfer Agents (KARVY Computershare Pvt Ltd) 3) Bank Manager of Scheduled Commercial Bank 4) Gazetted Officer 5) Notary Public 6) AMFI Certified Distributor (with ARN affixed).

The applicant should also produce the PAN card for verification at the time of making application for investment.

Attaching the evidence of having applied for PAN along with investment application is permitted upto 31st Dec 2007. Effective from January 1, 2008 submission of PAN card copy is mandatory for all applicable transactions.

This addendum forms an integral part of the offer documents of the respective schemes of Sahara Mutual Fund. All other terms and conditions in the offer document remains unchanged.

Date: 10/07/2007

4. Resignation of Trustee: Shri S.T. Gerela , Independent Trustee has resigned from the Board of Trustees of Sahara Mutual Fund.

Date: 01/08/2007

5. Change in Corporate Office and Point of Service (POS) . The Corporate Office of Sahara Mutual Fund is shifted to the following address w.e.f. 16th August, 2007.

Sahara Mutual Fund: 97-98, 9th Floor, Atlanta, Nariman Point, Mumbai- 400 021. Tel No: (022) 67520121 / 27. Fax: (022) 6654 7855.

The above office will act as "Official Point of Acceptance" for the schemes of Sahara Mutual Fund.

Date : 14th August, 2007

Scheme Classification & Objective: Sahara Liquid Fund is an open ended liquid scheme with an objective 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, **Risk Factors:** Mutual Funds and securities investments are subject to market risks and the NAV of the scheme may go up or down depending upon the factors affecting the securities market. There can be no assurance or guarantee that the Scheme objectives will be achieved. The past performance of the previous scheme, sponsor or its group affiliates is not indicative of and does not guarantee future performance of the scheme. The sponsor is not responsible or liable for any loss or shortfall resulting from the operations of the scheme beyond the initial contribution of Rs. 1 lakh made by it towards setting up of the Mutual Fund. Sahara Liquid Fund, is only the name of the scheme and does not in any manner indicate either the quality of the scheme, its future prospects or the returns. **Please read the offer document carefully before investing. Applicable load:** Entry Load – Nil: Exit Load : Nil. **Statutory Details:** Sahara Mutual Fund has been set up as a trust under the Indian Trust Act 1882 (liability restricted to the corpus of Rs.1 lac) with Sahara India Financial Corporation Limited as sponsor and Board of Trustees as Trust and Sahara Asset Management Company Private Limited as the Investment Manager to Sahara Mutual Fund.

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:

- 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.
- 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.

BOOK - POST

If undelivered, please return to:
Karvy Computershare Private Limited
(Unit: Sahara Mutual Fund)
21, Avenue 4, Street No. 1, Banjara Hills,
Hyderabad - 500 034.