

SAHARA
MUTUAL FUND

Corporate Office :
Express Towers, 12th Floor,
Nariman Point, Mumbai - 400 021.
Website: www.saharamutual.com

KEY INFORMATION MEMORANDUM & APPLICATION FORM SAHARA MID-CAP FUND

(An Open-Ended Growth Scheme)
IPO Opens on : 29th November 2004. Closes on : 22nd December 2004
Issue of units at Rs. 10/- per unit for cash at par during the
Initial Offer Period and NAV based prices thereafter.

Investment Manager
Sahara Asset Management Company
Private Limited

Sponsor
M/s. Sahara India Financial
Corporation Ltd.

Regd. Office : Unit A & B, 8th Floor, "Riaz Garden" No. 29, Kodambakkam High Road,
Chennai - 600 034.

APPLICATION NO. MC

BROKER/AGENT NAME & CODE	SUB-BROKER NAME AND CODE	INVESTOR SERVICE CENTRE	SERIAL NO.	DATE OF RECEIPT / TIME

The Trustees

SAHARA MUTUAL FUND

I/We have read and understood the Offer Document and agree to abide by the terms, conditions, rules and regulations of the appropriate Scheme(s).

I/We have not received nor have been induced by any rebate or gifts, directly or indirectly, in making this investment.

(Kindly read the Offer Document carefully before filling up the form.)

I. PLEASE CHOOSE THE OPTION FOR MAKING INVESTMENTS. [Please (✓)]				EXISTING INVESTOR INFORMATION	
<input type="checkbox"/> Dividend Plan	<input type="checkbox"/> Growth Plan	<input type="checkbox"/> Growth Auto - Payout Plan	<input type="checkbox"/> Bonus Plan	In case, the Option is not specified, the default option would be Dividend Re-Investment option.	
<input type="checkbox"/> Payout	<input type="checkbox"/> Reinvestment			Name of First Applicant	Folio No.

II. INVESTOR INFORMATION (Please fill particulars in Block letters)

NAME OF SOLE APPLICANT / FIRST APPLICANT / MINOR [(PLEASE TICK (✓) whichever applicable)]

DATE OF BIRTH

Mr./Ms./M/s.

(Compulsory for Investment of Rs.50,000/- and above) Permanent Account No. (PAN) Circle / Ward No.

NAME OF GUARDIAN (in case first applicant is a minor) / Contact person - Designation (in case of non-individual investors).

Mr./Mrs./Ms.

CONTACT DETAILS (in case of non-individual investors).

Tel. No. (O) Tel. No. (R) Fax

Mobile No. E-mail address

MAILING ADDRESS

State PIN Code

NAME OF SECOND APPLICANT

Mr./Ms./M/s.

(Compulsory for Investment of Rs.50,000/- and above) Permanent Account No. (PAN) Circle / Ward No.

NAME OF THIRD APPLICANT

Mr./Ms./M/s.

(Compulsory for Investment of Rs.50,000/- and above) Permanent Account No. (PAN) Circle / Ward No.

OVERSEAS ADDRESS (In case of NRIs/FIIs)

PIN Code

III. STATUS OF FIRST APPLICANT [Please tick (✓)]

- | | | | |
|--|---|--|---|
| <input type="checkbox"/> Resident Individual | <input type="checkbox"/> Companies | <input type="checkbox"/> NRI Repatriable | <input type="checkbox"/> FIIs |
| <input type="checkbox"/> On behalf of minor | <input type="checkbox"/> Bank/F.I. | <input type="checkbox"/> NRI Non-Repatriable | <input type="checkbox"/> Others, specify <input type="text"/> |
| <input type="checkbox"/> Karta of HUF | <input type="checkbox"/> Trust | <input type="checkbox"/> Proprietorship | |
| <input type="checkbox"/> Partnership Firm | <input type="checkbox"/> Society/Body Corporate | <input type="checkbox"/> AOP/BOI | |

MODE OF HOLDING [tick (✓)]

- | |
|---|
| <input type="checkbox"/> Single |
| <input type="checkbox"/> Joint |
| <input type="checkbox"/> Anyone or Survivor |

(In case of more than one applicant, if choice is not indicated the mode of holding will be treated as "Joint")

OCCUPATION (Please tick (✓))

- | | |
|---------------------------------------|--------------------------------------|
| <input type="checkbox"/> Service | <input type="checkbox"/> Student |
| <input type="checkbox"/> Business | <input type="checkbox"/> Retired |
| <input type="checkbox"/> Professional | <input type="checkbox"/> Agriculture |
| <input type="checkbox"/> Housewife | <input type="checkbox"/> Others |

IV. NOMINATION DETAILS

I/We hereby nominate the under mentioned nominee to receive the amount to my/our credit in event of my/our death. I/We also understand that all payments and settlements made to such nominee shall be a valid discharge by the AMC/Mutual Fund/Trustees.

Nominee's Name : If nominee is a minor (Date of Birth) , please furnish

Nominee's Address : Guardian's Address :

PAN No. of Guardian (Compulsory for investment of Rs. 50,000/- and above)

Relationship : Guardian's Signature : Tel. No.

V. BANK ACCOUNT DETAILS (Please tick (✓) This information is mandatory as per SEBI guidelines.

Name of Bank Account No.(in full)

Branch Address

The 9-digit MICR Code number of my/our Bank & Branch is : (the 9 digit code appears on your cheque next to the cheque number)

Account Type - Current Savings NRO NRE FCNR

PAYMENT OF DIVIDEND / REDEMPTION

Sahara Mutual Fund provides the facility of payment of dividend / redemption through issue of cheque / draft or direct credit into your bank account at HDFC Bank IDBI Bank UTI Bank

Please make payment of dividend / redemption through cheque / demand draft. Please credit my account for payment of dividend / redemption.

Sahara Mutual Fund will endeavour to use cheque / draft or Direct credit for payment of dividend / redemption as opted for by the investor, but retains the right to use any other mode of payment as deemed appropriate. I / We understand that Sahara Mutual Fund shall not be responsible if the Direct Credit could not be carried out because of incorrect / incomplete information or factors beyond its control.

VI. INVESTMENT DETAILS (MINIMUM APPLICATION AMOUNT OF RS. 1,000/- AND IN MULTIPLES OF RE. 1/- THEREAFTER)

Cheque/DD to be drawn in favour of "SAHARA MID-CAP FUND"		
Amount (in figures)	DD Charges (if any)	Amount (in words)
Cheque/DD No.		Drawn on Bank
Dated		Branch

Undertaking by NRIs : I/We confirm that I am/we are Non-Residents of Indian nationality/origin and that I/we hereby confirm that the funds for subscription have been remitted from abroad through approved banking channels or from my/our Non-Resident's External/Ordinary account/FCNR account. (Please strike whichever is not applicable.)

SIGNATURE(S)

First / Sole Applicant/Guardian

Second Applicant

Third Applicant



Corporate Office :
Express Towers, 12th Floor,
Nariman Point, Mumbai - 400 021.
Website: www.saharamutual.com

ACKNOWLEDGEMENT SLIP (to be filled by investor)

APPLICATION NO. MC

Received from Ms./Mr./M/s. <input type="text"/>	SAHARA MID-CAP FUND Option [Please (✓)]	Amount Paid	Collection Centre, Stamp, Signature & Date
Address : <input type="text"/>	<input type="checkbox"/> Dividend Plan	Rs. (in Figures) : <input type="text"/>	
<input type="text"/>	<input type="checkbox"/> Payout <input type="checkbox"/> Reinvestment	Rs. (in words) : <input type="text"/>	
<input type="text"/> Pin Code <input type="text"/>	<input type="checkbox"/> Growth Plan	Cheque/ DD No.: <input type="text"/> Dated : <input type="text"/>	
an application for purchase of units, subject to realisation of cheque(s)/demand draft(s) as per details.	<input type="checkbox"/> Growth Auto Payout Plan	Bank Name : <input type="text"/>	
	<input type="checkbox"/> Bonus Plan	Branch : <input type="text"/>	Date : <input type="text"/>

SYSTEMATIC INVESTMENT PLAN (SIP)

(Unit holders to provide a minimum of 4 or more post-dated cheques, for a minimum application of Rs. 500/-)

(Cheque should be dated 5th, 15th or 25th of the month) (Frequency – please Monthly Quarterly)

Sr. No.	Cheque No(s)	Date (monthly/quarterly 5th, 15th or 25th)	Amount (Rs.)
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			
11.			
12.			

Total Cheques Amount Rs.

Drawn on Bank Branch.....

Enrolment Period - From / (mm/yy) To / (mm/yy)

Investors who are investing for the first time into Sahara Schemes should fill up the main application form also.

Note : I/We have read and understood the contents of the Offer Document(s), Key Information Memorandum of the Scheme(s) and Instruction. I am/We are investing / switching / transacting into and agree to abide by terms, conditions, rules and regulations of the Scheme(s) as on the date of this transaction.

SYSTEMATIC TRANSFER PLAN (STP)

Frequency Monthly Quarterly

Fixed Amount Rs.

Enrolment Period From / (mm/yy) To / (mm/yy)

From Scheme Name Option

To Scheme Name Option

Pl. mention target folio no. to which it is to be allotted

SWITCH REQUEST

..... oror

Amount (Rs.)

No. of Units

Entire Balance

Please note that Switch can be done either in Units or in Amount only and not both.

I/We would like to Switch my/our Units as under

From Scheme Name Option

To Scheme Name Option

Pl. mention target folio no. to which it is to be allotted

INSTRUCTIONS

- This application form is for Resident investors and Non-Residents investing on a repatriable and non-repatriable basis.
- The form should be filled in English in BLOCK LETTERS. Please tick (✓) in the appropriate box, where boxes have been provided.
- The Signature(s) should be in English or in any of the Indian languages specified in the Eighth Schedule of the Constitution of India. Thumb Impressions must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under his/her official seal. Applications by minors should be signed by their guardians. In case of HUF, the Karta should sign on behalf of the HUF. Similarly, for the Association of Persons (AOP) the application must be signed by the Authorised Signatory.
- The cheque/demand draft should be drawn in favour of "Sahara Mid-Cap Fund" and crossed "Account Payee Only". The cheque/demand draft should be payable locally at the centre where the Application is deposited. The cheque/demand draft should be drawn on any bank which is a member/sub-member of the Bankers Clearing House of that City.
- Investors are requested to choose an Option, in the application form. In case of such a choice not being indicated by the investor, it will be deemed that the investor has opted for the Dividend plan Re-investment option.
- NRIs/Persons of Indian origin seeking to apply for Units on a non-repatriation basis may make payments by cheques/drafts drawn out of Non-Resident Ordinary (NRO) accounts payable at the centre where the application form is accepted.
- Payments by Cash, Stockinvests, Post-dated cheques or out station cheques will not be accepted.
- The Application Form Number, should be mentioned on the reverse of the payment instruments (cheques/DD) that accompanies the application.
- Applicants are requested to provide their e-mail addresses in the application form to enable the Fund to send them various investor communications more efficiently.
- As per SEBI, it is mandatory for the first applicant to provide the name of the bank, branch, address, account type and account number.
- If the application is for Rs. 50,000/- or more, then the PAN/GIR number and IT Circle/Ward/District of the all applicants are mandatory. Any Application without Bank account details, PAN/GIR No. will not be accepted.
- In case of an application under Power of Attorney or by a limited company, body corporate, registered society, trust or partnership, etc. the relevant Power of Attorney or the relevant resolution or authority to make the application as the case may be, or duly certified copy thereof, along with Memorandum and Articles of Association/bye-laws must be lodged along with the application form.
- Applicants should specify the mode of holding. In case of joint holders, the first named holder will receive all the Account Statements, income/redemption/refund warrants and any other correspondence sent from time to time.
- Applications complete in all respects, may be submitted at the Collection Centres at locations mentioned in the Kim/Application Form and those appointed by the Mutual Fund from time to time.
- No separate receipt will be issued for the application money. The Investor Service Centre will stamp and return the acknowledgement slip in the application form, to acknowledge receipt of the application.
- Applications incomplete in any respect or not accompanied by a cheque/demand draft for the amount payable are liable to be rejected and the money paid will be refunded without interest within six weeks from date of finalisation of allotment.
- If the applicant wishes to nominate in respect of this investment, kindly fill up the nomination details in the application form.
- The nomination can be made only by individuals applying for/holding units on their own behalf signed singly or jointly. Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot nominate.
- A minor can be nominated and in that event, the name and address of the guardian of the minor nominee shall be provided by the unitholder.
- The Nominee shall not be a trust, society, body corporate, partnership firm, Karta of Hindu Undivided Family or a Power of Attorney holder. A non-resident Indian can be a Nominee subject to the exchange control regulations in force, from time to time.
- Nomination in respect of the units stand rescinded upon the transfer of units.
- Transfer of Units in favour of Nominee shall be valid discharge by the Asset Management Company against the legal heir.
- The cancellation of nomination can be made only by those individuals who have held units on their own behalf singly or jointly and who made the original nomination.
- On cancellation of the nomination, the nomination shall stand rescinded and the Asset Management Company, shall not be under any obligation to transfer the units in favour of the Nominee.

Registrar:

COMPUTER AGE MANAGEMENT SERVICES PVT. LTD. (CAMS)

(Unit : Sahara Mutual Fund)

A&B Lakshmi Bawan, 609, Anna Salai, Chennai - 600 006, India.

Tel: (044) 28521596/0516 Fax : (044) 52141007 Toll Free : 1600 - 44 -22 - 67

Note : All future communication in connection with this application should be addressed to the Registrar at the address given in this form, quoting full name of sole/first applicant, the application serial number, the name of the scheme, amount invested, date and the place of the AMC/ISC where the application was lodged.

SAHARA MUTUAL FUND

Key Information Memorandum and Application Form

SAHARA MID-CAP FUND

(An Open-ended Growth Fund)

Offer for Units of Rs. 10/- Per Unit for cash during the Initial Offer Period and at NAV based prices upon re-opening

Initial Offer Opens on: 29th November 2004

Initial Offer Closes on: 22nd December 2004

This Key Information Memorandum (KIM) sets forth the information, which a prospective investor ought to know before investing. For further details of the scheme/Mutual Fund, due diligence certificate by the AMC, key personnel, investors' rights & services, risk factors, penalties & pending litigations, associate transactions etc. investors should, before investment, refer to the Offer Document available free of cost at any of the Investor Service Centres or distributors or from the website www.saharamutual.com.

The Scheme particulars have been prepared in accordance with Securities and Exchange Board of India (Mutual Funds) Regulations 1996, as amended till date, and filed with Securities and Exchange Board of India (SEBI). The units being offered for public subscription have not been approved or disapproved by SEBI, nor has SEBI certified the accuracy or adequacy of this KIM.

SPONSOR : Sahara India Financial Corporation Limited, Sahara India Bhawan, 1, Kapoorthala Complex, Lucknow – 226024, Uttar Pradesh, India.

INVESTMENT MANAGER : Sahara Asset Management Company Private Limited, Regd Office : Unit A & B, 8th Floor, "Riaz Garden" 29, Kodambakkam High Road, Nungambakkam, Chennai – 600034, Tamil Nadu, India.

CORP. OFFICE : Express Towers, 12th Floor, Nariman Point, Mumbai – 400021, Maharashtra, India.

TRUSTEES : Board of Trustees

SAHARA MID-CAP FUND

Investment Objective	An open-ended Growth Fund with an objective to achieve long term capital growth at medium level of risks by investing primarily in mid-cap stocks. The investment manager will have the discretion to invest upto 100% of the assets in the portfolio in equity market / equity related instruments at a given point of time. The AMC may choose to actively trade on the portfolio of the funds in order to achieve the investment objective.		
Asset Allocation Pattern of the scheme	Types of Instruments	Normal Allocation (% of Net Assets)	Risk Profile
	Under Normal Considerations		
	Equity and Equity Related instruments (Mid-Cap stocks) (including ADRs and GDRs, Futures & Options including those of indices)	65-100	High
	Debt and Money Market Instruments	0-35	Low
	This allocation is not absolute and would vary depending upon the conditions prevailing in the markets and the Investment Manager retains the option to alter the asset allocation for short term period on defensive consideration and may invest in cash equivalent, money market instruments and units of mutual funds. In the above context, the term "equity instruments" besides normal connotation also mean warrants and fully convertible debentures.		
Risk Profile of the Scheme	Mutual Fund investments are subject to market risks. Please read the offer document carefully for details on risk factors before investment.		
Plans and Options	Investment Plans (Pl. refer to Offer Document)		
	(i) Dividend Plan (Default Plan) (ii) Growth Plan		
	(iii) Growth Auto Payout Plan (iv) Bonus Plan		
	Options (Pl. refer to Offer Document)		
	(i) Dividend Reinvestment Facility (Default Option) (ii) Trigger Option		
	(iii) Switching Options (iv) Systematic Investment Plan (SIP)		
	(v) Systematic Investment Plan for Corporate Employees		
	(vi) Systematic Withdrawal Plan (SWP) (vii) Systematic Transfer Plan (STP)		
Applicable NAV (after the scheme opens for repurchase and sale)	<p>(i) Purchases: In respect of valid applications received upto 3 pm by the Mutual Fund alongwith a local cheque or a demand draft payable at par at the place where the application is received, the closing NAV of the day on which application is received shall be applicable.</p> <p>In respect of valid applications received after 3 pm by the Mutual Fund along with a local cheque or demand draft payable at the place where the application is received, the closing NAV of the next business day shall be applicable.</p> <p>However, in respect of valid application with outstation cheques/ demand drafts not payable at par at the place where the application is received, closing NAV of the day on which cheques/demand draft is credited shall be applicable. In the event of the outstation</p>		

	cheque/demand draft is realized and amount is credited to the account of the fund on Saturday the applicable NAV in such case shall be NAV of the next business day.		
	(ii) Redemptions In respect of valid applications received upto 3 pm by the Mutual Fund, same day's closing NAV shall be applicable. In respect of valid applications received after 3 pm by the Mutual Fund, the closing NAV of the next business day shall be applicable.		
	(iii) Switches Valid applications for "Switch out" shall be treated as redemptions and for "Switch-in" shall be treated as purchase in the respective scheme with applicable cut-off timings. The cut-off time and applicable NAV may change in line with SEBI and AMFI guidelines as may be applicable from time to time.		

Minimum Application Amount/ Number of Units	Purchase Rs. 1000/-	Additional Purchase Multiples of Re. 1/-	Repurchase/Switch For a minimum of Rs. 1000/-
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Despatch of Repurchase (Redemption) Request	As per SEBI Regulations, the Mutual Fund shall despatch redemption proceeds within 10 business days of the receipt of the redemption request. However, under normal circumstances, the Mutual Fund will endeavour to despatch the redemption cheque within 3 business days from the date of acceptance of repurchase request at the authorised centre of Sahara Mutual Fund.
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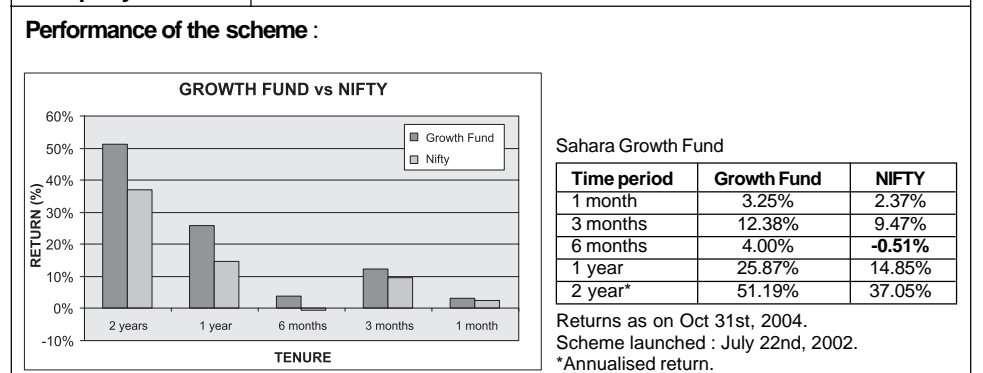
Benchmark Index	S & P CNX Mid –Cap 200 Index
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Dividend Policy	<p>As disclosed in this Offer Document, the Trustee proposes to adopt the following dividend distribution policy:</p> <p>Under the Dividend Option, it is proposed to declare dividends at appropriate times, subject to availability of distributable profits, as computed in accordance with SEBI Regulations. Further, the Trustees at its sole discretion may also declare interim dividends.</p> <p>Dividends, if any, declared would be paid to those Unit holders whose names appear in the Register of Unit holders on the Record Date. The actual date for declaration of dividend will be notified by a suitable display at the Investor Service Centres. Unit holders are entitled to receive dividend within 30 days of the date of declaration of the dividend.</p> <p>It must be distinctly understood that the actual declaration of dividend and the frequency thereof will inter-alia, depend on the availability of distributable profits as computed in accordance with SEBI Regulations. The decision of the Trustees in this regard shall be final. There is no assurance or guarantee to Unit holders as to the rate of dividend distribution nor that dividends will be paid regularly.</p> <p>The AMC may announce a book closure period for the purpose of making the dividend payment.</p>
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Name of the Fund Manager	Mr. Naresh Kumar Garg
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Name of the Trustee Company	Board of Trustees as Trustees
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Performance of the scheme :	
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Expenses of the Sahara Mid-Cap Fund	Initial Offer Period	Continuous Offer
(i) Load Structure	Entry : Nil Exit : Nil (The initial expenses will be borne by the AMC)	Entry : 2% Exit : Nil
(ii) Recurring expenses	<p>On the First Rs. 100 crores : 2.50% of the average weekly net assets</p> <p>On the Next Rs. 300 crores : 2.25% of the average weekly net assets</p> <p>On the Next Rs. 300 crores : 2.00% of the average weekly net assets</p> <p>On the Balance assets : 1.75% of the average weekly net assets</p>	

TAX TREATMENT FOR THE INVESTORS (UNIT HOLDERS)

- A. TO THE MUTUAL FUND**
- The Fund is a Mutual Fund registered with the Securities and Exchange Board of India and hence, is eligible for the benefits of Section 10 (23D) of the Income-Tax Act, 1961. Accordingly, the entire income of the Fund is exempt from income tax.
 - As per section 196 (iv) of the Income-tax Act, the income received by the Fund is not liable for deduction of tax at source under the provisions of Section 196 (iv), of the Act.
 - On income distribution, if any, made by the Mutual Fund, additional income tax is not payable under Section 115R of the Act, in the case of open-ended equity oriented funds (i.e. where more than 50% of total proceeds of the mutual fund are invested in equity shares of domestic companies as defined in Section 115T of the Act) for a period of one year commencing from April 1, 2003. This exemption has been extended beyond March 31, 2004 from April 1, 2004.
- B. TO THE UNIT HOLDERS**
- **Tax on Income**
As per the provisions of Section 10(35) of the Act, income received in respect of units of

a mutual fund specified under Section 10(23D) of the Act is exempt from income tax in the hands of the recipient unit holders.

➤ Tax Deduction at Source

In view of the exemption of income in the hands of the Unit holders, no income tax is deductible at source, on income distribution by the Mutual Fund, under the provisions of sections 194K of the Act.

➤ Securities Transaction Tax

Units of Equity Oriented Mutual Fund are treated as securities and Securities Transaction Tax shall be levied at the following rates from the date on which Chapter VII of the Finance Act, 2004 comes into force, in respect of purchase / sale of units of equity oriented mutual fund on a recognized Stock Exchange in India.

- Where the contract for the purchase / sale is settled by the actual delivery or transfer of such unit - 0.075% plus education cess.
- Where the contract for the purchase / sale is settled Otherwise than by the actual delivery or transfer of such unit - 0.015% plus education cess.
- Sale of unit of an equity oriented fund to the Mutual Fund - 0.15% plus education cess

➤ Capital Gains Tax

As per the provisions of section 2(42A) of the Income-tax Act, a Unit of a Mutual Fund, being a capital asset, is considered as short-term capital asset if it is held for not more than 12 months from the date of its acquisition by the Unit holder. Accordingly, a Unit of a Mutual Fund is treated as long-term capital asset if the same is so held for a period of more than 12 months.

Capital gains on Units will be computed after taking into account, expenditure incurred wholly and exclusively in connection with such transfer among others and the cost of acquisition. Generally, in case of long-term capital gains, such cost will be indexed by using the cost inflation index notified by the Government of India.

➤ Tax on capital gains

- As per the provisions of section 10 (38) long term capital gains on sale of units of Equity Oriented Mutual Funds, where the transaction of sale is entered into on a recognized stock exchange in India, on or after the date on which Chapter VII of the Finance Act, 2004 comes into force, shall be exempt.
- As per the provisions of section 111A, Short Term Capital Gains on sale of units of Equity Oriented Mutual Funds, where the transaction of sale is entered into on a recognised stock exchange in India, on or after the date on which Chapter VII of the Finance Act, 2004 comes into force, shall be at a concessional rate of 10% plus surcharge as applicable and education cess of 2% on the tax. Securities transaction tax shall be levied at 0.15% plus education tax at 2% on such tax.
- As per the provisions of 112 of the Income-tax Act, long-term capital gains in respect of Units are liable to tax at the concessional rate of 20%. Income tax on long-term capital gains arising from transfer of Units shall, however, be limited to 10% of the gains computed without the benefit of cost indexation. Additionally, a surcharge as applicable is payable except by a foreign company and an education cess of 2% on such income tax and surcharge.
- As per the provisions of section 54EC of the Income-tax Act, long-term capital gains arising on transfer of Units shall be exempt from tax to the extent such capital gains are invested, within a period of six months of such transfer, in acquiring specified bonds.
- As per the provisions of section 54ED of the Income-tax Act, long-term capital gains arising on transfer of Units shall be exempt from tax to the extent such capital gains are invested, within a period of six months of such transfer, in acquiring the equity shares forming part of a public issue of an Indian public company.
- Under Section 115E, in case of non-resident India, income by way of long term capital gains, in respect of units, is chargeable at the rate of 20% plus applicable surcharge and education cess. Such gains would be calculated without indexation of cost of acquisition.
- As per the provisions of section 115AB of the Income-tax Act, long-term capital gains arising to Specified Overseas Financial Organizations on Units purchased in foreign currency shall be liable to tax at the concessional rate of 10% plus applicable surcharge and education cess of 2% thereon. However, such gains shall be computed without the benefit of cost indexation.
- Long Term Capital gains on sale of units by Foreign Institutional Investors (FII) would be taxed at the rate of 10% (plus surcharge thereon as applicable and education cess of 2% thereon). However, such gains shall be computed without the benefit of cost indexation and without conversion of cost of acquisition in foreign currency as the first and second proviso to Section 48 do not apply to a FII by virtue of Section 115 AD (3) of the Act.

C. TAX DEDUCTION AT SOURCE

- **Domestic Unit holders** : No income tax is deductible at source from income by way of capital gains under the present provisions of the act.

- **Other Non-resident Unit holders other than a company** : Tax at source shall be deducted as under :

- Long Term Capital Gains - 20% plus surcharge plus education cess
- Short Term Capital Gains - 10% plus surcharge plus education cess

- **Foreign Company** : Tax at source shall be deducted as under :

- Long Term Capital Gains - 20% plus surcharge plus education cess
- Short Term Capital Gains - 10% plus surcharge plus education cess

- **Offshore Fund and Foreign Institutional Investors as defined in 115AB** :

Tax at source shall be deducted as under :

- Long Term Capital Gains - 10% plus surcharge plus education cess

- Under Section 196D of the Act, no deduction shall be made from any income by way of capital gains by an FII, in respect of transfer of securities referred to in Section 115AD of the Act.

- In accordance with the provisions of circular No. 728 dated October 30, 1995 issued by the Central Board of Direct Taxes (CBDT) in case of non-resident Unit holder who is a resident of a country with which India has signed double taxation avoidance agreement (and which is in force) the tax should be deducted at source at the rate provided in the Finance Act of the relevant year or the rate provided in the said agreement, whichever is more beneficial to such non-resident Unit holder. However, such concerned non-resident Unit holder will be required to obtain and provide the Fund with appropriate certificate from his tax assessing officer in India.

D. CAPITAL LOSSES

As per Section 94 (7), if any person buys or acquires units within a period or three months prior to the record date fixed for declaration of dividend, or distribution of income, and sells or transfers the same within a period of nine months from such record date, then capital losses arising from such sale to the extent of dividend or income received or receivable on such units will be ignored for the purpose of computation of his income chargeable to tax. The amount of loss so ignored shall be deemed to be the cost of purchase or acquisition of such additional units as are held by him on the date of such sale or transfer.

E. OTHER BENEFITS

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

Investments in Units of the Mutual Fund will also rank as an eligible form of investment to the extent provided under Rule 67(2) of the Income Tax Rules 1962 for Recognized Provident Funds, Approved Superannuation Funds and Approved Gratuity Funds.

F. WEALTH TAX

Units held under the Plans of the Scheme are not treated as assets as defined under Section 2(ea) of the Wealth Tax Act, 1957 and therefore would not be liable to wealth tax.

G. GIFT TAX

The Gift Tax Act, 1958, has ceased to apply to gifts made on or after 1st October 1998. Gifts of Units, purchased under the Plan, would therefore, be exempt from gift-tax.

Daily Net Asset Value (NAV) Publication	The NAV will be declared on all business days and will be published in 2 newspapers. NAV can also be viewed on www.saharamutual.com and www.amfiindia.com . Investors may also contact any of the Investor Service Centres of Sahara Mutual Fund.	
For Investor Grievances please contact	Name and Address of Registrar: Computer Age Management Services Pvt. Ltd. (CAMS) (Unit : Sahara Mutual Fund) A & B, Lakshmi Bhawan, 609, Anna Salai, Chennai – 600 006, Tamil Nadu, India. Tel: (044) 28521596/0516 Fax: (044) 52141007 Toll Free : 1600-44-22-67	Name, Address, Telephone Number, Fax number, E-mail ID of Sahara Mutual Fund, Express Towers, 12th Floor, Nariman Point, Mumbai – 400021. Maharashtra, India. Tel: (022) 30957153 Fax: (022) 56318982 E-mail: customercare@saharamutual.com Website : www.saharamutual.com
Unit Holders' Information	Accounts statement (on each transaction), Annual financial results and Half yearly portfolio disclosure shall be provided to investors by post.	

Date : 19-11-2004

COLLECTION CENTRES

SAHARA MUTUAL FUND LOCATIONS

• **MUMBAI** : Express Tower, 12th Floor, Nariman Point, Mumbai 400 021. Tel : 022-30957153, Fax : 56318982, E-mail : smfmumbai@saharamutual.com. • **BANGALORE** : S-622, Manipal Centre 47, Dickenson Road, 78th Municipal Division, Bangalore 560 042. Tel : 080-25327891-93, Fax : 25092065, E-mail : smfblr@saharamutual.com. • **CHENNAI** : Units A & B, 8th Floor, Riaz Garden, 29, Kodambakkam High Road, Chennai 600034. Tel : 044-28311045-7, Fax : 044-28311048, E-mail : smfchn@saharamutual.com. • **KOLKATA** : Block No. 704B, 7th Floor, Central Plaza, 2/6, Sarat Bose Road, Kolkata 700020. Tel : 033-24858515/16, Fax : 033-24858514, E-mail : smfkol@saharamutual.com. • **NEW DELHI** : 711-715, Tolstoy House, 15-17, Tolstoy Marg, New Delhi 110001. Tel : 011- 23358878/23356013, Fax : 23351482, E-mail : smfdel@saharamutual.com

COLLECTION CENTRES: (CAMS offices)

• **AHMEDABAD** : 402 - 406, 4th Floor - Devpath Building, Off: C G Road, Behind Lal Bungalow, Ellis Bridge, Ahmedabad – 380006, Tel : 079-2642 4940, 2646 4929 Fax : 2642 4950 E-mail : camsahm@camsonline.com. • **AGRA** : F-39/203, Sky Tower, Sanjay Place, Agra – 282002, E-mail : camsagr@camsonline.com. • **ALLAHABAD** : 1st Floor, Chandra Shekhar Azad Complex, (Near Indira Bhawan) 5, S.P. Marg, Civil Lines, Allahabad - 211 001. E-mail : camsall@camsonline.com. • **AMRITSAR** : 378-Majitha Complex, 1st Floor, M. M. Malviya Road, Amritsar - 143 001. E-mail : camsamt@camsonline.com. • **BANGALORE** : No.8, Kempe Gowda Road, Second Floor, Mahaveer Shopping Complex, Above Kids Kemp, K G Road, Bangalore – 560009. Tel:080-2225 9491, 2220 3157, Fax : 2225 5544, E-mail : camsbgl@camsonline.com. • **BELGAUM** : No. 21, Ground Floor, Arvind Complex, 1552, Maruti Galli, Belgaum - 590 002. E-mail : camsbel@camsonline.com. • **BHOPAL** : C-12, 1st Floor, Above Life Line Hospital, Zone-I, M.P.Nagar, Bhopal - 462 011. E-mail : camsbhp@camsonline.com. • **BHUBANESWAR** : 101/ 7, Janpath, Unit – III, Bhubaneswar : 751 001. Tel : 0674-253 4909, 253 5395, Fax : 253 4777, E-mail : camsbhr@camsonline.com. • **KOLKATA** : 53/A, Rafi Ahmed Kidwai Road, 1st Floor, Kolkata – 700016. Tel : 033-2217 1474 to 76. Fax : 2217 1477, E-mail : camskal@camsonline.com. • **CALICUT** : 17/28 H, 1st Floor, Manama Towers, Mavoor Road, Calicut - 673 001. E-mail : camsclt@camsonline.com. • **CHANDIGARH** : SCO 154-155, 1st Floor, Sector 17-C, Chandigarh – 160017 Tel No. 0172-706 651, 711 325, Fax : 705 217, E-mail : camschac@camsonline.com. • **CHENNAI** : A & B Lakshmi Bhawan, 609 Anna Salai, Chennai - 600 006. Tel : 044-2829 5402, 2829 5163, Fax : 2829 5403, E-mail : camsbl1@camsonline.com. • **COCHIN** : 41/1617, Rock Hill, First Floor, Banerji Road (North), Cochin – 682018. Tel : 0484-380 443, Fax : 355 396, E-mail : camscoc@camsonline.com. • **COIMBATORE** : 462-A, Venkatasamy Road, New Sidhapur Road, Coimbatore - 641004. Tel : 0422-2525353, 2523575, Fax : 2520817, E-mail : camscoe@camsonline.com. • **DEHRADUN** : 81, Chakrata Road, Dehradun - 248 001. E-mail: camsdun@camsonline.com. • **DURGAPUR** : 4/4, Central Park, City Centre, Doctor's Colony, Durgapur - 713 216. E-mail : camsdur@camsonline.com. • **GOA** : No. 15, First Floor, Diamond Chambers, 18th June Road, Panaji – 403001. Tel : 0832-242 4527, 546 1070, Fax : 242 4529, E-mail : camsgoa@camsonline.com. • **GUWAHATI** : A.K. Azad Road, Rehbari, Guwahati – 781008. E-mail : camsdwt@camsonline.com. • **HUBLI** : B -1, Laxmi Complex, Club Road, Hubli - 580029. E-mail : camshub@camsonline.com. • **INDORE** : Dalal Chambers, No. 101, Sagarmatha Apartments, 1st Floor, 18/7 MG Road, Indore - 452 003. Tel.0731-2528609,2529261, E-mail : camsind@camsonline.com. • **JAIPUR** : G-III, Park Saroj, Behind Ashok Nagar, Police Station, R-7, Yudhisthir Marg, C-Scheme, Jaipur - 302 001. Tel.0141-222 0948, 222 0951, E-mail : camsjai@camsonline.com. • **JALANDHAR** : 367/8, Central Town, Opp. Gurudwara Diwan Asthan, Jalandhar – 144001. Email : camsjal@camsonline.com. • **JAMNAGAR** : 207/209, K.P. Shah House I, K.V. Road, Jamnagar - 361 001. E-mail : camsjam@camsonline.com. • **JAMSHEDPUR** : Panch Bhawan, 'R' Road, Bistupur, Gr. Floor, (Near Rajasthan Bhawan), Jamshedpur - 831 001, E-mail : camsjpr@camsonline.com. • **JODHPUR** : 1/5, Nirmal Tower, 1st Chopasani Road, Jodhpur - 342003, E-mail : camsjpd@camsonline.com. • **KANPUR** : G - 27,28, Citi Centre, 63/ 2, THE MALL, KANPUR - 208 001. Tel No : 0512-2306668, 2306685, E-mail : camskpr@camsonline.com. • **LUCKNOW** : No. 3, 1st Flr., Saran Chambers 15, Park Road, Lucknow, Tel : 0522-237309. Fax : 237310, E-mail : camsluc@camsonline.com. • **LUDHIANA** : Shop No. 20-21 (Ground Floor), Prince Market, Near Traffic Lights, Sarabha Nagar Pulli, Pakhowal Road, P.O: Model Town, LUDHIANA - 141 002. Tel : 0161-5017502, 241 0279, Fax : 245 840, E-mail : camsldh@camsonline.com. • **MADURAI** : C/o M/s. Ganga Enterprises, No.56, Naicker New Street, Madurai - 625 001. E-mail : camsmdu@camsonline.com. • **MANGALORE** : 6. 1st Flr., West Gate Terminus, Falnir Road, Opp. Unity Health Complex, Highlands, Mangalore - 575 002. Tel : 0824-2436567, 5252525. E-mail : camsman@camsonline.com. • **MANIPAL** : Academy Annex, 1st Flr., Opposite Corporation Bank, Upendra Nagar, Manipal - 576 104. Email : camsmpl@camsonline.com. • **MUMBAI** : Rajabhadur Compound, Ground Floor, Opp Allahabad Bank, Behind ICICI Bank, 30, Mumbai Samachar Marg, Fort, Mumbai – 400023. Tel : 022-2270 2414, 2270 2415, 2270 2416, 2262 2903, 2262 2904. Fax : 2262 2561, 2262 2433, 2262 2825. E-mail : camsbby@camsonline.com. • **MYSORE** : No. 3, 1st Floor, CH.26 7th Main, 5th Cross, (Above Trishakthi Medicals), Saraswati Puram, Mysore - 570 009. E-mail : camsmys@camsonline.com. • **NAGPUR** : 145 Lendra Park, Behind Shabri, New Ramdaspath, Nagpur - 440 010. Tel.0712-253 2447, 253 7321, Fax: 254 1449. E-mail : camsnpr@camsonline.com. • **NASIK** : Rahakar Chambers, 2nd Floor, 431 Vakli Wadi, Ashok Stambh, Nasik - 422 001, E-mail : camsnsk@camsonline.com. • **NEW DELHI** : 304-305, III Floor, Kanchenjunga, 18, Barakhamba Road, New Delhi - 110 001. Tel : 011-2335 3831, 2335 3832, 2335 3833. Fax : 2335 3834, E-mail : camsdel@camsonline.com. • **PATIALA** : 3, Ajit agar, Patiala - 147 001, E-mail : camsptl@camsonline.com. • **PATNA** : Kamalalay Shobha Plaza (1st Floor), Behind RBI, Near Ashiana Tower, Exhibition Road, Patna - 800 001. Tel : 0612-2322 206. E-mail : camspat@camsonline.com. • **PONDICHERRY** : 25, 1st Flr., Jawaharlal Nehru Street, Pondicherry - 605 001. E-mail : campsdy@camsonline.com. • **PUNE** : Kalpataru Plaza : Office No. B. 314, 3rd floor, 224 Bhawani Peth, Pune – 411042. Tel : 020-26356978, 24004234, Fax : 2634 3885, E-mail : campsun@camsonline.com. • **RAJKOT** : C/o M/s. Gurukrupa Sales Agencies, No.111, Pooja Complex, Harihar Chowk, Near GPO, Rajkot - 360 001. E-mail : camsraj@camsonline.com. • **RAIPUR** : C-23, Sector 1, Devendra Nagar, Raipur - 492 004. E-mail : camsrai@camsonline.com. • **SALEM** : C/o Mr. AR Palaniappan, 28, 1st Floor, Advytha Ashram Road, Salem – 636 004. Email. camsal@camsonline.com. • **SECUNDERABAD** : 1-7-293/2/A/1 to 5/A, Behind Bank of India Building, Near Paradise Bus Stop, M.G.Road, Secunderabad - 500 003. Tel : 040-5532 1531, 5532 1532, Fax : 632 1531, E-mail : camshyd@camsonline.com. • **SURAT** : Niva Apartments, Above Sagrapura-Rudarpara Co-op Bank, Bhatia Street, Nanpura. Surat – 395001. Tel : 0261-246 4887, 246 4679, 246 2531. E-mail : camsstur@camsonline.com. • **TRICHUR** : VIII/350/15, O K John Memorial Building, Ekkanda Warriar Road, Trichur - 680 001. E-mail : camstur@camsonline.com. • **TRIVANDRUM** : 15/181 Chennakara Buildings, Althara Junction, Vellayambalam, Trivandrum – 695 015. Email : camstvm@camsonline.com. • **VADODARA** : G -10 Paradise Complex, Sayajigunj, Vadodara - 390005, Tel : 0265-222 5146, 236 2412. E-mail : camsvad@camsonline.com. • **VALSAD** : C/o CAD House, 1st Floor, Opp LIC Office, Halar Road, Valsad – 396001, E-mail : camsval@camsonline.com. • **VARANASI** : C 27/249 - 22A, Vivekanand Nagar Colony, Maldhaiya, Varanasi – 221002. E-mail : camsvar@camsonline.com. • **VIJAYAWADA** : C/o Mr. BVD Prasad, 40-1-48/2, Bandar Road, Adj. To HDFC Bank, Vijayawada – 520010, E-mail : camsvij@camsonline.com. • **VIZAG** : 47/9/17, 1st Floor, 3rd Lane, Dwaraka Nagar, Visakhapatnam – 530016, Tel : 0891-259 8875, Fax : 254 0175, E-mail : camsviz@camsonline.com