

## STATEMENT OF ADDITIONAL INFORMATION (SAI)

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

This SAI is dated April 25, 2012

### *Interpretation*

For all purposes of the SAI, except as otherwise expressly provided or unless the context otherwise requires:

- all references to the masculine shall include the feminine and all references, to the singular shall include the plural and vice-versa.
- all references to "dollars" or "\$" refer to United States Dollar`s and "Rs" refer to Indian Rupees. A "crore" means "ten million" and a "lakh" means a "hundred thousand".
- all references to timings relate to Indian Standard Time (IST).
- References to a day are to a calendar day including non Business Day.

Please note that words and expressions used in the SAI will have the same meaning assigned from time to time in the SID.

## **I. INFORMATION ABOUT SPONSOR, TRUSTEE COMPANY AND ASSET MANAGEMENT COMPANY (AMC)**

### **A. Constitution of the Mutual Fund**

Axis Mutual Fund (the "Mutual Fund") has been constituted as a trust on June 27, 2009 in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) with Axis Bank Limited, as the Sponsor and Axis Mutual Fund Trustee Limited as the trustee to the Mutual Fund. The Deed of Trust has been registered under the Indian Registration Act, 1908. The Mutual Fund was registered with SEBI on September 04, 2009 under Registration Code MF-/061/09/02.

The office of the Mutual Fund is at Axis House, 1<sup>st</sup> Floor, Bombay Dyeing Mill Compound, Pandurang Budhkar Marg, Worli, Mumbai – 400025.

### **B. Sponsor**

Axis Mutual Fund is sponsored by Axis Bank Limited ("Axis Bank"). The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1,00,000/- (Rs. One Lakh only) to Axis Mutual Fund Trustee Limited (the Trustee Company) as the initial contribution towards the corpus of the Mutual Fund.

Axis Bank was the first of the new private banks to have begun operations in 1994, after the Government of India allowed new private banks to be established.

The business of the Bank is divided into four segments:

1. Treasury,
2. Retail Banking,
3. Corporate/Wholesale Banking and
4. Other Banking Business.

Axis Bank has strengths across these segments and is committed to adopting the best industry practices internationally in order to achieve excellence.

Axis Bank was promoted jointly by the Administrator of the specified undertaking of the Unit Trust of India (UTI - I), Life Insurance Corporation of India (LIC) and General Insurance Corporation of India (GIC) and other four PSU insurance companies, i.e. National Insurance Company Ltd., The New India Assurance Company Ltd., The Oriental Insurance Company Ltd. and United India Insurance Company Ltd.

Axis Bank is focused on fueling its organic growth strategy through enlarging its geographical coverage of centres. It has aggressively forayed deeper into India covering district headquarters and other Tier II cities/ towns across the country.

The Bank as on 31st March, 2011 is capitalized to the extent of Rs. 410.54 Crores with the public holding (other than promoters and GDRs) at 53.60%.

The Bank's Registered Office is at Ahmedabad and its Central Office is located at Mumbai. The Bank has a very wide network of more than 1281 branches (as on 31st March, 2011). The Bank has a network of over 6270 ATMs (as on 31st March, 2011) providing 24 hrs a day banking convenience to its customers. This is one of the largest ATM networks in the country.

The Bank has strengths in both retail and corporate banking and is committed to adopting the best industry practices internationally in order to achieve excellence.

Financial Performance of the Sponsor (past three years):

Particulars	(Rs. In Crores)		
	2010-2011	2009-2010	2008-2009
Net Worth	18,181.98	15,433.12	9,757.45
Total Income	19,786.94	15,583.80	13,732.36
Profit after tax	3,388.49	2,514.53	1,815.36
Assets Under Management (if applicable)	Not Applicable	Not Applicable	Not Applicable

### C. The Trustee

Axis Mutual Fund Trustee Limited (the "Trustee"), through its Board of Directors, shall discharge its obligations as Trustee of the Mutual Fund. The Trustee ensures that the transactions entered into by the AMC are in accordance with the SEBI (Mutual Funds) Regulations, 1996 and will also review the activities carried on by the AMC.

#### I. Details of Trustee Directors:

Name	Age/Qualification	Brief Experience
Dr. T. C. Nair, Chairman	Age: 65 Years  Qualification: M.A, Phd. Economics	Dr. T. C. Nair was a Whole Time Member of Securities and Exchange Board of India. Prior to this, Dr. Nair, was Managing Director, Bharatiya Reserve Bank Note Pvt. Limited, Bangalore (wholly owned subsidiary of Reserve Bank of India). A Central Banker by profession, Dr. Nair, has held various important positions in the Reserve Bank of India since 1978.

Mr. Kedar Desai	Age: 40 Years  Qualification: B.Com, LLB, Solicitor	Mr. Kedar Desai is a solicitor by profession and is a partner at M/s. Desai Desai Carrimjee & Mulla, Advocates & Solicitors. Prior to this, he was a partner at Kanga & Company, Advocates & Solicitors. He has been providing advisory services to clients in various legal matters concerning corporate laws, Private Equity Transactions and the Foreign Exchange Management Act. He has also represented clients in commercial litigation matters.
Mr. B. Gopalakrishnan#	Age: 58 Years  Qualification: BA, LLB, LLM, MBA(HRM)	Mr. Gopalakrishnan has over 30 years of experience in the legal field. As the President (Law) at Axis Bank, he heads the legal team of the bank. Prior to joining Axis Bank, he was a part of the Unit Trust of India and was responsible for its legal function. He is a visiting faculty at various leading universities and colleges in India and teaches subjects such as Banking Law, Derivatives, Banking Operations, Capital Markets and Company Law. He is also a member of various committees/bodies including the Corporate Counsel Committee of the Society of Indian Law Firms, Indian Banker's Association and Income Tax Appellate Tribunal Bar Association.
Mr. Uday M. Chitale	Age: 62  Qualification: B.Com (Hons), F.C.A., MICA (Member of Indian Council of Arbitration)	Mr. Chitale is a Chartered Accountant in professional practice for over 35 years and is the Senior Partner of the well-known firm M/s. M.P. Chitale & Co. based in Mumbai. He is affiliated to the Global Association of Professional Accountants and Business Advisers, DFK International. He is a director on the Board of Directors of various companies including GMR Infrastructure Limited, ICICI Securities Limited, JSW Steel Limited and Indian Council for Dispute Resolution.

# Associate Director

## **II. Rights, obligations, responsibilities and duties of the Trustee under the deed of Trust and the Regulations.**

Pursuant to the Deed of Trust dated June 27, 2009, constituting the Mutual Fund, and in terms of the Regulations, the rights, obligations, responsibilities and duties of the Trustee are as under:

1. To enter into Investment Management Agreement with the prior approval of SEBI.
2. To ensure that the Investment Management Agreement contains clauses as are mentioned in the Fourth Schedule of the Regulations and such other clauses as are necessary for the purpose of entrusting investment management of the Mutual Fund.
3. The Trustee shall have a right to obtain from the AMC such information as is considered necessary by the Trustee.
4. The Trustee shall ensure before the launch of any scheme that the AMC, has:
  - (a) Systems in place for its back office, dealing room and accounting;

- (b) Appointed all key personnel including fund manager(s) for the scheme(s) and submitted their bio-data which shall contain the educational qualifications, past experience in the securities market with the Trustee, within 15 days of their appointment.
  - (c) Appointed auditors to audit its accounts
  - (d) Appointed a compliance officer who shall be responsible for monitoring the compliance of the SEBI Act, 1992, rules and Regulations, notifications, guidelines, instructions, etc., issued by the Board or the Central Government and for redressal of investors grievances
  - (e) Appointed registrars and laid down parameters for their supervision
  - (f) Prepared a compliance manual and designed internal control mechanisms including internal audit systems;
  - (g) Specified norms for empanelment of brokers and marketing agents
  - (h) Obtained, wherever required under the Regulations, prior in principle approval from the recognised stock exchange(s) where units are proposed to be listed.
5. The Trustee shall ensure that
- (a) the AMC has been diligent in empanelling the brokers, in monitoring securities transactions with brokers and avoiding undue concentration of business with any broker.
  - (b) the AMC has not given any undue or unfair advantage to any associates or dealt with any of the associates of the AMC in any manner detrimental to interest of the unitholders.
  - (c) The transactions entered into by the AMC are in accordance with the Regulations and the scheme.
  - (d) AMC has been managing the Mutual Fund schemes independently of other activities and have taken adequate steps to ensure that the interest of investors of one scheme are not being compromised with those of any other scheme or of other activities of the AMC.
  - (e) The activities of the AMC are in accordance with the provisions of the Regulations.
  - (f) The transactions of the Mutual Fund are in accordance with the provisions of the Deed of Trust.
  - (g) There is no conflict of interest between the manner of deployment of its networth by the AMC and the interest of the unit- holders.
  - (h) The investment of the Trust Fund and unit Capital of each scheme is made only in the permitted securities and within limits prescribed by the Deed of Trust, the Regulations, and the SID of the scheme concerned.
  - (i) The income due to be paid to the schemes is collected and properly accounted for and shall claim any repayment of tax and holding any income received in trust for the holders in accordance with the Deed of Trust and the Regulations.
  - (j) No change in the fundamental attributes of any scheme or the trust or fees and expenses payable or any other change which would modify the scheme and affects the interest of unitholders, shall be carried out unless,
    - (i) A written communication about the proposed change is sent to each unitholder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of region where the Head Office of the Mutual Fund is situated; and
    - (ii) The unitholders are given an option for a period of 30 days to exit at the prevailing Net Asset Value without any exit load.
6. Where the Trustee has reason to believe that the conduct of business of the Mutual Fund is not in accordance with the Regulations and the scheme they shall forthwith take such remedial steps as are necessary by them and shall immediately inform the Board of the violation and the action taken by them.

7. Each Board of Director of the Trustee shall file the details of his transactions of dealing in securities with the Mutual Fund on a quarterly basis.
8. The Trustee shall be accountable for, and be the custodian of, the funds and property of the respective schemes and shall hold the same in trust for the benefit of the unit holders in accordance with the Regulations and the provisions of Deed of Trust.
9. The Trustee shall be responsible for the calculation of any income due to be paid to the Mutual Fund and also of any income received in the Mutual Fund for the holders of the units of any scheme in accordance with the Regulations and the Deed of Trust.
10. The Trustee shall obtain the consent of the unit holders
  - (a) Whenever required to do so by the Board in the interest of the unit holders or
  - (b) Whenever required to do so on the requisition made by three-fourths of the unit holders of any scheme or
  - (c) When the majority of the Trustee decide to wind up or prematurely redeem the units.
11. The Trustee shall:
  - (a) Periodically review the investor complaints received and the redressal of the same by the AMC.
  - (b) Call for the details of transactions in securities by the key personnel of the AMC in his own name or on behalf of the AMC and shall report to the Board, as and when required.
  - (c) Quarterly review all transactions carried out between the Mutual Fund, AMC and its associates.
  - (d) Quarterly review the networth of the AMC and in case of any shortfall, ensure that the asset management company make up for the shortfall.
  - (e) Periodically review all service contracts such as custody arrangements, transfer agency of the securities and satisfy itself that such contracts are executed in the interest of the unitholders.
  - (f) Abide by the Code of Conduct as specified in the Fifth Schedule.
  - (g) Be bound to make such disclosures to the unit holders as are essential in order to keep them informed about any information, which may have an adverse bearing on their investments.
12. The Trustee shall furnish to the Board on a half-yearly basis,
  - (a) A report on the activities of the Mutual Fund
  - (b) A certificate stating that the Trustee has satisfied itself that there have been no instances of self-dealing or front running by any of the Director of the Trustee, directors and key personnel of the AMC.
  - (c) A certificate to the effect that the AMC has been managing the schemes independently of any other activities and in case any activities of the nature referred to in sub-regulation (2) of regulation 24 have been undertaken by the asset management company and has taken adequate steps to ensure that the interests of the unit holders are protected.
13. The independent Board of Directors of Trustee referred to in sub-regulation (5) of regulation 16 shall give their comments on the report received from the AMC regarding the investments by the Mutual Fund in the securities of group companies of the sponsor.
14. The Trustee, in carrying out its responsibilities under the Deed of Trust and the Regulations, shall maintain arm's length relationship with other companies, institutions or financial intermediaries or any body corporate with which it is associated.

15. A Director of the Trustee shall not participate in the meetings of the Trustee or in any decision making process in respect of any investments for the Mutual Fund in which he may be interested.
16. The Trustee in discharge of its duties and in exercise of all discretionary powers, may engage, appoint, employ, retain or authorize the AMC to engage, appoint, employ or retain any solicitors, advocates, bankers, brokers, accountants, professional advisors and consultants as it may deem appropriate.
17. Trustee shall exercise due diligence as under :
  - A.** General Due Diligence :
    - (i) The Trustee shall be discerning in the appointment of the directors on the Board of the AMC.
    - (ii) Trustee shall review the desirability or continuance of the AMC if substantial irregularities are observed in any of the schemes and shall not allow the AMC to float new schemes.
    - (iii) The Trustee shall ensure that the trust property is properly protected, held and administered by proper persons and by a proper number of such persons.
    - (iv) The Trustee shall ensure that all service providers are holding appropriate registrations from the Board or concerned regulatory authority.
    - (v) The Trustee shall arrange for test checks of service contracts.
    - (vi) The Trustee shall immediately report to the Board of any special developments in the Mutual Fund.
  - B.** Specific due diligence :
    - (i) Obtain internal audit reports at regular intervals from independent auditors appointed by the Trustee,
    - (ii) Obtain compliance certificates at regular intervals from the AMC,
    - (iii) Hold meeting of Trustee more frequently,
    - (iv) Consider the reports of the independent auditor and compliance reports of AMC at the meetings of Trustee for appropriate action,
    - (v) Maintain records of the decisions of the Trustee at its meetings and of the minutes of the meetings,
    - (vi) Prescribe and adhere to a code of ethics by the Trustee, AMC and its personnel,
    - (vii) Communicate in writing to the AMC of the deficiencies and checking on the rectification of deficiencies.
18. The independent directors of the Trustee Company shall pay specific attention to the following:-
  - (a) The Investment Management Agreement and the compensation paid under the agreement
  - (b) Service contracts with affiliates (whether the AMC has charged higher fees than outside contractors for the same services)
  - (c) Selection of the AMC's independent directors
  - (d) Securities transactions involving affiliates to the extent such transactions are permitted
  - (e) Selecting and nominating individuals to fill independent director's vacancies,
  - (f) Code of ethics must be designed to prevent fraudulent, deceptive or manipulative practices by insiders in connection with personal securities transactions
  - (g) The reasonableness of fees paid to sponsors, AMC and any others for services provided
  - (h) Principal underwriting contracts and their renewals
  - (i) Any service contract with the associates of the AMC.

**Notwithstanding anything contained in the SEBI Regulations the Trustee shall not be held liable for the acts done in good faith and if adequate due diligence has been exercised by it.**

Amendments to the Deed of Trust shall not be carried out without the prior approval of SEBI and Unitholders' approval/consent as per the procedure/provisions laid down in the Regulations and the Deed of Trust would be obtained where it affects the interest of the Unitholders.

#### **19. Supervisory Role of the Trustee**

The supervisory role of Trustee will be discharged inter alia by reviewing the information and operations of the Mutual Fund based on the internal audit reports/compliance reports received on a periodical basis. The Compliance Officer has direct reporting line to the Board of Directors of the Trustee. The Board meeting of the Trustee shall be held at least once in every two calendar months and at least six such meetings shall be held in every year or at such frequency as may be prescribed under the Regulations. The Board Meeting of the Trustee has been held **six times** during the financial year 2009 – 10 and **Seven times** during the financial year 2010-2011. Further, the quorum for a Board meeting of the Trustee shall not be constituted unless such number of independent directors as may be prescribed by SEBI from time to time, are present at the meeting.

Further the Audit Committee chaired by an independent director of the Trustee is responsible for:

- Review of the periodic financial statements of the Trustee and Mutual Fund including audit observations
- To review the internal audit systems and internal and statutory audit reports
- Recommending appointment of auditors

#### **Trustee – Fees and Expenses**

In accordance with the Deed of Trust constituting the Mutual Fund, the Trustee shall be entitled to receive a fee not exceeding 0.10% per annum of the average daily/weekly net assets of the Fund. In addition to the aforesaid remuneration, the Trustee shall be entitled for reimbursement of all costs, charges and expenses incurred in or about the administration and execution of the Fund. Such reimbursement from and out of the Trust Funds would always be to the extent permitted under the Regulations.

#### **D. Asset Management Company**

Axis Asset Management Company Limited (AMC) is a public limited company incorporated under the Companies Act, 1956 on January 13, 2009, having its Registered Office at Axis House, 1<sup>st</sup> Floor, Bombay Dyeing Mill Compound, Pandurang Budhkar Marg, Worli, Mumbai – 400025. Axis Asset Management Company Limited has been appointed as the Investment Manager of the Axis Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated June 27, 2009, and executed between the Trustee and the AMC.

The AMC has obtained Certificate of Registration as Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993 vide registration no. INP000003534 with effect from January 04, 2010(valid up to January 03, 2013). There is no conflict of interest between the Mutual Fund and the PMS activity.



**I. Details of Axis AMC Directors:**

<b>Name</b>	<b>Age / Qualification</b>	<b>Brief Experience</b>
Ms. Shikha Sharma#, Chairperson	Age: 53  Qualification: BA(Economics), MBA(IIM Ahmedabad)	<p>In a career spanning more than two decades, Ms. Shikha Sharma has had a wide exposure across the entire spectrum of financial services and has been instrumental in setting up various businesses for the ICICI Group. She began her career with ICICI Limited in 1980 in Project Finance and has helped set up ICICI Securities where she headed the markets and corporate finance businesses. Ms. Sharma spearheaded ICICI's retail foray into Personal Financial Services; which helped ICICI to move from primarily a corporate bank to a universal Financial Services Group. She has played an instrumental role in building ICICI's foray into Life Insurance in joint venture between ICICI Bank, and Prudential plc. Ms. Sharma has led the venture from its inception as founder CEO. Under her leadership, ICICI Prudential Life grew to become India's leading private sector Life Insurance Company.</p> <p>Ms. Sharma currently heads Axis Bank as its Managing Director &amp; CEO.</p>
Mr. T. S. Narayanasami	Age: 63  Qualification: B. Sc.	<p>Mr. Narayanasami has been a prominent banker and has held important positions in the banking industry. In his previous roles, he has been the Chairman &amp; Managing Director of Bank of India, Indian Overseas bank and Andhra Bank. He has worked at Union Bank of India for thirty one years with key responsibilities held in branch, regional and zonal offices; covering a vast geographical spread. As a banker Mr. Narayanasami has taken several initiatives to expand customer reach and satisfaction through varied strategies.</p> <p>A renowned and respected personality in the Banking Circles, Mr. Narayanasami has held positions as Member of the Managing Committee of Indian Bank's Association and President of the Governing Council of the Indian Institute of Banking and Finance.</p>



Mr. U. R. Bhat	Age: 60  Qualification: M.Sc., CAIIB, FCIB (London)	Mr. Bhat has a vast experience in the Indian Capital Market. Mr. Bhat has more than a decade experience as an investment advisor to institutions. Mr. Bhat is currently the Managing Director at Dalton Capital Advisors (India) Pvt. Ltd. He has also served at a prominent positions with JP Morgan Securities Ltd., Mumbai and Jardine Fleming India Asset Management Co. Ltd. and its successors, Mumbai. In the early nineties he played a pivotal role in setting up the asset management business at Indian Bank.
Mr. Pranesh Misra	Age: 55  Qualification: B.Sc(Hons), PGDBM(IIM Ahmedabad)	Mr. Misra has over 27 years of experience in communication, marketing, marketing research, brand planning and international client management. His experience ranges from FMCG to banking and insurance to automotives and technology. As head of marketing of Mashreq Bank, Dubai, Mr. Misra launched several innovative financial products. In his previous role, he has assumed the position of the President and Chief Operating Officer of Lintas India Private Limited. Currently, as the founder of Brandscapes Consultancy Private Limited, he is involved in development of the company's business.
Ms. Sonu Bhasin #	Age: 48  Qualification: B.S.C.[Hons], MBA	Ms. Sonu Bhasin is a banker by profession and heads the Retail Banking for Axis Bank. As President (Retail Banking) at Axis Bank, she handles Retail Liabilities and Investment Products for all customer segments. In previous roles she was associated with ING Vysya Bank, Delhi and headed the Third Party Products Development for the bank.
Mr. Rajiv Anand#, Managing Director and Chief Executive Officer	Age: 46  Qualification: B. Com, ACA	Mr. Rajiv Anand, has over 20 years' experience in the capital markets. In his last assignment he assumed the position of the Chief Investment Officer at IDFC Asset Management Company Limited (formerly known as Standard Chartered Asset Management Company Private Limited and ANZ Grindlays Asset Management Company Private Limited). In previous roles, he has worked in the treasury department of HSBC for 4 years and Standard Chartered Grindlays Bank for 3 years. In his assignment with Standard Chartered Grindlays Bank, he was a part of the bank's Treasury team managing balance sheet portfolios like SLR, daily funding as well as the foreign currency loan /deposit book.

# Associate Director

## II. Duties and Responsibilities of the AMC as specified in the Regulations

1. The AMC shall take all reasonable steps and exercise due diligence to ensure that the investment of funds pertaining to any scheme is not contrary to the provisions of the SEBI Regulations and the Deed of Trust.
2. The AMC shall exercise due diligence and care in all its investment decisions as would be exercised by other persons engaged in the same business.

3. The AMC shall be responsible for the acts of commission or omission by its employees or the persons whose services have been procured by the AMC.
4. The AMC shall submit to the Trustee quarterly reports of each year on its activities and the compliance with the SEBI Regulations.
5. The Trustee at the request of the AMC may terminate the assignment of the AMC at any time, provided that such termination shall become effective only after the Trustee have accepted the termination of assignment and communicated their decision in writing to the AMC.
6. Notwithstanding anything contained in any contract or agreement or termination, the AMC or its directors or other officers shall not be absolved of liability to the Mutual Fund for their acts of commission or omission, while holding such position or office.
7. The Chief Executive Officer (whatever his designation may be) of the AMC shall ensure that the Mutual Fund complies with all the provisions of the SEBI Regulations and the guidelines or circulars issued in relation thereto from time to time and that the investments made by the fund managers are in the interest of the unit holders and shall also be responsible for the overall risk management function of the Mutual Fund.
8. The fund managers (whatever the designation may be) shall ensure that the funds of the schemes are invested to achieve the objectives of the scheme and in the interest of the unit holders.
9. (a) The AMC shall not through any broker associated with the sponsor, purchase or sell securities, which is average of 5 per cent or more of the aggregate purchases and sale of securities made by the Mutual Fund in all its schemes. For this purpose, the aggregate purchase and sale of securities shall exclude sale and distribution of units issued by the Mutual Fund. The aforesaid limit of 5 percent shall apply for a block of any three months.  
  
(b) The AMC shall not purchase or sell securities through any broker [other than a broker referred to in Pt. 9(a) above which is average of 5 per cent or more of the aggregate purchases and sale of securities made by the Mutual Fund in all its schemes, unless the AMC has recorded in writing the justification for exceeding the limit of 5 per cent and reports of all such investments are sent to the Trustee on a quarterly basis. The aforesaid limit shall apply for a block of three months.
10. The AMC shall not utilise the services of the sponsor or any of its associates, employees or their relatives, for the purpose of any securities transaction and distribution and sale of securities. However, the AMC may utilise such services if disclosure to that effect is made to the unitholders and the brokerage or commission paid is also disclosed in the half-yearly annual accounts of the Mutual Fund. Provided further that the Mutual Fund shall disclose at the time of declaring half yearly and yearly results:
  - (i) any underwriting obligations undertaken by the schemes of the Mutual Funds with respect to issue of securities associate companies,
  - (ii) devolvement, if any,
  - (iii) subscription by the schemes in the issues lead managed by associate companies,
  - (iv) subscription to any issue of equity or debt on private placement basis where the sponsor or its associate companies have acted as arranger or manager.
11. The AMC shall file with the Trustee the details of transactions in securities by the key personnel of the AMC in their own name or on behalf of the AMC and shall also report to the SEBI, as and when required by SEBI.

12. In case the AMC enters into any securities transactions with any of its associates a report to that effect shall be sent to the Trustee at its next meeting.
13. In case any company has invested more than 5 per cent of the net asset value of a scheme, the investment made by that scheme or by any other scheme of the Mutual Fund in that company or its subsidiaries shall be brought to the notice of the Trustee by the AMC and be disclosed in the half-yearly and annual accounts of the respective schemes with justification for such investment provided the latter investment has been made within one year of the date of the former investment calculated on either side.
14. The AMC shall file with the Trustee and the Board—
  - (a) detailed bio-data of all its directors along with their interest in other companies within fifteen days of their appointment
  - (b) any change in the interests of directors every six months
  - (c) a quarterly report to the Trustee giving details and adequate justification about the purchase and sale of the securities of the group companies of the sponsor or the AMC, as the case may be, by the Mutual Fund during the said quarter
15. Each director of the AMC shall file the details of his transactions of dealing in securities with the Trustee on a quarterly basis in accordance with guidelines issued by SEBI.
16. The AMC shall not appoint any person as key personnel who has been found guilty of any economic offence or involved in violation of securities laws.
17. The AMC shall calculate the value of net assets of each Scheme of the Mutual Fund and disclose to investors the basis of calculating the Purchase/Redemption Price per unit and Net Asset Value of the various schemes of the Mutual Fund in the appropriate SID or by such other means as may be specified by the Trustee and SEBI.
18. The AMC shall appoint registrars and share transfer agents who are registered with SEBI, provided if the work relating to the transfer of units is processed in-house, the charges at competitive market rates may be debited to the scheme and for rates higher than the competitive market rates, prior approval of the Trustee shall be obtained and reasons for charging higher rates shall be disclosed in the annual accounts.
19. The AMC shall
  - (1) not act as a trustee of any mutual fund
  - (2) not undertake any other business activities except activities in the nature of portfolio management services, management and advisory services to offshore funds, pension funds, provident funds, venture capital funds, management of insurance funds, financial consultancy and exchange of research on commercial basis if any of such activities are not in conflict with the activities of the Mutual Fund, provided that the AMC may itself or through its subsidiaries undertake such activities if it satisfies the Board that the key personnel of the AMC, the systems, back office, bank and securities accounts are segregated activity-wise and there exist systems to prohibit access to inside information of various activities. Provided further that AMC shall meet capital adequacy requirements, if any, separately for each such activity and obtain separate approval, if necessary under the relevant regulations.
  - (3) not invest in any of its schemes unless full disclosure of its intention to invest has been made in the SID, provided that an AMC shall not be entitled to charge any fees on its investment in that scheme.
20. The AMC shall abide by the Code of Conduct as specified in the Fifth Schedule to the Regulations.

**III. Information on Key Personnel of the Asset Management Company:**

Employee	Designation/ Function	Age	Qualifications	Total No. of years of Experience	Assignments held during last 10 years	Period From - To
Mr. Rajiv Anand	Managing Director & Chief Executive Officer (MD & CEO)	46	B.Com, A.C.A.	Over 20 years.	Axis Bank Limited as a depute for setting up the Asset Management Business. No banking activity carried out.	January 2009 - March 2009
					IDFC Asset Management Company Limited (erstwhile Standard Chartered Asset Management Company Private Limited and ANZ Grindlays Asset Management Company Private Limited) (Head Investments and Fund Manager Fixed Income)	1999 - 2009
Mr. Chandresh Nigam	Head Investments	43	B. Tech, PGDM(IIM Calcutta)	Over 20 years	TCG Advisory Services Pvt. Ltd. (Advisor to long biased long short India dedicated fund)	2005 - 2009
					Prudential ICICI Asset Management Company Ltd. (Equity Fund Manager)	2003 - 2005
					Zurich Asset Management Company (I) Pvt. Ltd. (now a part of HDFC Mutual Fund) (Equity Fund Manager)	1993 - 2003

Mr. R. Sivakumar	Head – Fixed Income and Products	35	Bachelor of Technology, IIT, Madras  PGDM, IIM, Ahmedabad	Over 12 years	Fund Manager – PMS, Axis Asset Management Co. Ltd. (August 2009 till September 01 2010)	August 2009 – September 2010
					Fortis Investment Management (India) Pvt. Ltd. - previously known as ABN AMRO Asset Management (India) Private Limited  (Last position held – Chief Operating Officer. Previous roles included Fund Manager – Fixed Income, VP – Product Development and Portfolio Management and Head – Structured Products.)	2004-2009
					Sundaram Asset Management Company Limited (Fund Manager – Fixed Income)	2001-2004
					Zurich Asset Management (India) Private Limited (Research Analyst)	1999-2000
					Goldman Sachs Asset Management India Pvt. Ltd. (National Sales Head)	2008 - 2009
Mr. Karan Datta	National Sales Head	41	B.Com (Hons), MBA (Finance)	Over 17 years	Franklin Templeton Asset Management India Pvt. Ltd. (Head – Banks and National Distributors)	2002 - 2008
					Birla Sunlife Distribution Company Limited. (Head – Retail and Institutional Sales)	1997 - 2002

Mr. Praveen Bhatt	Head Operations	– 41	B.E.(Instrumentation), MMS	Over 15 years	IDFC Asset Management Company Private Limited (Vice President- Customer Services and Marketing)	2001 – 2009
					Hathway Investments (I) Pvt. Ltd (Head – Strategic Marketing responsible for the site <a href="http://www.iinvestor.com">www.iinvestor.com</a> )	2000 – 2001
					Zurich Asset Management Company (I) Pvt. Ltd. (now a part of HDFC Mutual Fund) (Manager- Marketing and Communication)	1998 – 2000
Mr. Miten Chawda	Head Compliance & Company Secretary	– 37	B.Com, ACS, LLB	Over 15 years.	Axis Bank Limited as a depute for the Asset Management Business. No banking activity carried out	January 2009 – March 2009
					Lotus India Asset Management Company Private Limited (Now Religare Asset Management Company Limited )(Head – Compliance and Company Secretary)	2005 – 2008
					Kotak Mahindra Asset Management Company Limited. (Chief Compliance Officer and Company Secretary)	2004 - 2005
					Principal Asset Management Company Private Limited. (Compliance Officer and Company Secretary)	2002 – 2004
					Mehta & Mehta - Company Secretaries. (Manager)	1999 – 2001

Mr. Ninad Deshpande	Fund Manager – Fixed Income	34	BE, MMS (Finance)	Over years 10	Goldman Sachs Asset Management India Pvt. Ltd (Lead Portfolio Manager-Fixed Income)	2008 - 2009
					Franklin Templeton Asset Management India Pvt. Ltd. (Assistant Vice President-Fixed Income)	2004 - 2008
					Bank of Bahrain & Kuwait (Deputy Manager-Treasury)	2003 - 2004
					SBI DFHI Ltd. erstwhile SBI Gilts Ltd. (Deputy Manager)	2001 - 2003
					Siemens Ltd. (Associate)	1998 - 1999
Mr. Pankaj Murarka	Senior Fund Manager - Equity	35	B.Com, ACA	Over Years 12	Pipal Capital Management Private Ltd. (Portfolio Manager)	April 2009 – November 2009
					DSP Merrill Lynch Ltd., India (Portfolio Manager)	2006 - 2009
					Rare Enterprises (Head of Research & Fund Manager)	2004 – 2006
					Motilal Oswal Securities Ltd. (Institutional Sales)	2003 - 2004
					UTI Asset Management Company Ltd (Fund Management)	1999 - 2003
					UTI Asset Management Company Ltd (Equity Research)	1998 - 1999
Mr. Sudhanshu Asthana	Fund Manager – Equity	37	Bachelor in Economics, Master in Economics, Diploma in Investment Management, (NMIMS)	Over years 12	Barclays Wealth India Pvt. Limited. (Fund Manager – Equity)	2008 - 2009
					SBI Funds Management Pvt. Limited (Fund Manager – Equity)	2007 - 2008



					Quantum Asset Management Company Pvt. Limited (Joint Fund Manager – Equity)	2005 - 2007
					Quantum Advisor Pvt. Limited (Equity Analyst)	2005
					BRICS Securities Limited (Equity Analyst)	2005
					Alchemy Share & Stock Brokers Pvt. Limited (Equity Analyst)	2004 – 2005
					Sunidhi Consultancy Services Pvt. Limited (Equity Analyst)	2003 – 2004
					Karvy Stock Broking Limited (Equity Analyst)	2003
					Tata TD Waterhouse Securities Pvt. Ltd. (Equity Analyst)	2002 – 2003
					Birla Sunlife Securities Limited (Equity Analyst)	1999 – 2002
Mr. Jinesh Gopani	Fund Manager – Equity	33	B.Com, Master of Management Studies	Over 10 years	Birla Sun Life Asset Management Company Ltd. (Portfolio Manager)	2008 – 2009
					Voyager India Capital Pvt. Ltd. (Research Analyst and Portfolio Manager)	2006 – 2008
					Emkay Share & Stock Brokers Ltd. (Research Analyst)	2002 - 2006
					Net worth Stock Broking Ltd. (Research Analyst)	2001 –2002

Mr. Milind Vengurlekar	Investor Relations Officer	44	M. Com, Diploma in Financial Management	Over 22 years.	IDFC Asset Management Company Private Limited (erstwhile Standard Chartered Asset Management Company Private Limited) (AVP – Investor Services)	2001-2009
					Standard Chartered Bank Limited (erstwhile ANZ Grindlays Bank Limited)(Manager – Custodial Services)	February 1988 to May 2001

#### Investment Team Personnel

Employee	Designation/ Function	Age	Qualifications	Total No. of years of Experience	Assignments held during last 10 years	Period From - To
Mr. Viresh Joshi	Chief Trader - Equity	38	B. Com	Over 14 years.	BNP Paribas Securities India Pvt. Limited. (Associate Director-Equities)	2008 - 2009
					ICICI Securities Limited. (Institutional – Sr. Sales Trader - Equity Derivatives)	2005 - 2008
					Motilal Oswal Securities Limited (Institutional – Sales Trader - Equity Derivatives)	2003 - 2005
					MF Global Sify Securities (I) Pvt. Ltd. (earlier Refco Sify Securities India Pvt Limited (Institutional – Associate Sales Trader - Equity Derivatives)	2001 - 2003
					Santoor Leafin Pvt. Limited. (Sales Trader - Equity Derivatives)	1999 - 2001
Mr. Ashish Naik	Analyst – Equity	29	BE Computers (Mumbai University), PGDBM (XLRI), FRM	Over 6 years	Goldman Sachs India Securities Limited (Business Analyst)	2007 - 2009
					Hexaware Technologies Ltd. (Software Engineer)	2003-2005

Mr. Anurag Mittal	Credit Analyst and Dealer – Fixed Income	29	B.Com (Hons), ACA, MSc in Accounting and Finance (London School of Economics)	Over 4 years	ICICI Prudential Life Insurance Company Limited (Credit Research Analyst and Dealing)	2008 – 2009
					Bank of America (Corporate Banking)	2006 – 2008

All the key personnel are based at the Registered Office of the AMC in Mumbai.

#### **IV. Shareholding of the AMC**

Axis Asset Management Co. Ltd. is a wholly owned subsidiary of Axis Bank.

Shareholder	Type of holding	% Holding
Axis Bank Limited and its nominees	Equity	100.00

#### **V. Procedure and Recording of Investment Decisions**

All investment decisions, relating to the Schemes, will be undertaken by the AMC in accordance with the Regulations, the investment objectives specified in the SID and the Investment Manual of the AMC. All investment making decisions taken by the AMC in relation to the corpus of the Schemes will be recorded.

A detailed report will be made before taking any decision to invest in a company/issuer for the first time. Individual scrip wise reasons will be recorded by the fund manager at the time of placing individual orders. Performance of the Schemes will be periodically tabled before the boards of the AMC and the Trustee respectively. Performance of the Schemes vis-à-vis their respective benchmark indices will be periodically monitored by the boards of the Trustee and the AMC. Further, the boards of the Trustee and the AMC will also review the performance of the Schemes in the light of performance of the mutual fund industry.

The AMC has appointed an investment review committee for the equity, debt / fixed income and other Schemes comprising of the Managing Director and CEO, Head Investments, Head – Fixed Income/Fund Manager(s) – Fixed Income and Fund Manager(s). The Committee would lay down the broad investment policy for the Schemes, review the policy and to review the portfolio and performance of the Schemes periodically. However, the day to day investment management decision will solely be of the fund manager of the respective Scheme.

All investment decisions shall be recorded in terms of SEBI Circular No. MFD/CIR/6/73/2000, dated July 27, 2000 as amended from time to time.

The Managing Director and Chief Executive Officer of the AMC shall inter-alia ensure that the investments made by the fund managers are in the interest of the Unit holders. The Fund Manager shall ensure that the funds of the Scheme(s) are invested in line with the investment objective of the Scheme(s) and in the interest of the Unit holders.

**E. Service providers****Custodian****Deutsche Bank A.G.**

222, Kodak House, Dr. D.N. Road  
Fort, Mumbai - 400 001  
SEBI Registration Number: IN/CUS/003.

**The Bank of Nova Scotia (In case of Axis Gold ETF)**

12-13, Maker Chambers VI  
220- Nariman Point,  
Mumbai – 400 021  
SEBI Registration Number: IN/CUS/018

**Registrar and Transfer agent****Karvy Computershare Pvt. Ltd**

Unit : Axis Mutual Fund  
Karvy Plaza, No. 8-2-596  
Street No. 1, Banjara Hills  
Hyderabad - 500 034.  
SEBI registration Number: INR000000221.

The Trustee and the AMC have ensured that the Registrar has adequate capacity to discharge responsibilities with regard to processing of applications and dispatching unit certificates to Unit holders within the time limit prescribed in the Regulations and also has sufficient capacity to handle investor complaints.

**Statutory auditor of the Mutual Fund****M/s. S R Batliboi & Co**

Chartered Accountants  
6<sup>th</sup> Floor, Express Towers  
Nariman Point  
Mumbai- 400 021

**Legal counsel**

There are no retained legal counsels to the Mutual Fund or AMC. The AMC uses the services of renowned legal counsel, if need arises.

**Fund Accountant****Deutsche Bank A.G.**

222, Kodak House, Dr. D.N. Road  
Fort, Mumbai - 400 001

**Collecting Bankers**

Axis Bank, HDFC Bank, Kotak Mahindra Bank, and / or such other banks registered with SEBI may be appointed as the collecting banker(s)/paying banker(s) under the scheme on such terms and conditions as may be decided by the AMC from time to time.

**Principal business address of the Bank**

Axis Bank  
(SEBI Registration No: INB 100000017)  
Axis House, Bombay Dyeing Mill Compound,  
Pandurang Budhkar Marg, Worli  
Mumbai 400 025.

HDFC Bank Limited  
(SEBI Registration No: INB 100000063)  
HDFC Bank House, Senapati Bapat Marg,  
Lower Parel, Mumbai - 400 013

Kotak Mahindra Bank Limited  
(SEBI Registration No: INB 100000927)  
36-38A, Nariman Bhavan, 227  
Nariman Point, Mumbai - 400 021

#### **F. Condensed financial information (CFI)**

Historical Cost Per Unit Statistic	Axis Liquid Fund		Axis Treasury Advantage Fund	
Date of launch @	9-Oct-09		9-Oct-09	
	April 01,2010 to March 31,2011	October 09,2009 to March 31,2010	April 01,2010 to March 31,2011	October 09,2009 to March 31,2010
<b>NAV at the beginning of the period **</b>				
Retail Growth Option	1,003.3715	1,000.0000	1,003.2301	1,000.0000
Retail Daily Dividend Option	1,000.0000	1,000.0000	1,000.0000	1,000.0000
Retail Weekly Dividend Option	1,000.1507	1,000.0000	1,000.2692	1,000.0000
Retail Monthly Dividend Option	1,000.7156	1,000.0000	1,000.7828	1,000.0000
Institutional Growth Option	1,019.3678	1,000.0000	1,021.2399	1,000.0000
Institutional Daily Dividend Option	1,000.0000	1,000.0000	1,000.0000	1,000.0000
Institutional Weekly Dividend Option	1,002.3240	1,000.0000	1,000.7874	1,000.0000
Institutional Monthly Dividend Option	1,000.7518	1,000.0000	1,001.3265	1,000.0000
<b>Dividends</b>				
Retail Daily Dividend Option - Individual/HUF	48.4936	2.6247	53.8717	2.8353
Retail Daily Dividend Option - Others	48.4936	2.6247	50.2094	2.6390
Retail Weekly Dividend Option - Individual/HUF	46.7553	2.2843	53.3297	2.5471
Retail Weekly Dividend Option - Others	46.7553	2.2843	46.8023	0.7420
Retail Monthly Dividend Option - Individual/HUF	48.4922	0.0857	53.3855	1.9348
Retail Monthly Dividend Option - Others	48.4922	0.0857	46.4106	-
Institutional Daily Dividend Option - Individual/HUF	50.0617	14.9497	56.1537	18.4040
Institutional Daily Dividend Option - Others	50.0617	14.9497	52.3366	17.1290
Institutional Weekly Dividend Option - Individual/HUF	49.5234	12.1769	55.5901	17.7288
Institutional Weekly Dividend Option - Others	49.5234	12.1769	51.8110	16.5007

Institutional Monthly Dividend Option - Individual/HUF	49.5898	12.5568	55.7114	17.2748
Institutional Monthly Dividend Option - Others	49.5898	12.5568	40.9493	16.0776
<b>NAV at the End of period</b>				
Retail Growth Option	1,067.6363	1,003.3715	1,066.9299	1,003.2301
Retail Daily Dividend Option	1,000.0597	1,000.0000	1,000.0793	1,000.0000
Retail Weekly Dividend Option	1,000.8297	1,000.1507	1,000.9547	1,000.2692
Retail Monthly Dividend Option	1,001.5451	1,000.7156	1,001.6171	1,000.7828
Retail Quarterly Dividend Option				
Institutional Growth Option	1,086.6811	1,019.3678	1,088.7756	1,021.2399
Institutional Regular Dividend Option				
Institutional Daily Dividend Option	1,000.0684	1,000.0000	1,000.0793	1,000.0000
Institutional Weekly Dividend Option	1,002.8709	1,002.3240	1,001.3942	1,000.7874
Institutional Monthly Dividend Option	1,001.5781	1,000.7518	1,002.1053	1,001.3265
<b>Scheme Return since inception (Simple Return)</b>				
Growth	-	-	-	-
Retail Growth	6.40%	0.34%	6.35%	0.32%
Institutional Growth	6.60%	1.94%	6.61%	2.12%
Benchmark Returns	6.21%	1.54%	6.21%	1.54%
	Crisil Liquid Fund Index		Crisil Liquid Fund Index	
<b>Net Assets at the end of the period (Rs in Crs.)</b>	1,404.02	342.44	510.96	1,091.94
<b>Ratio of Recurring expenses to Net Assets (%)</b>	0.35%	0.22%	0.37%	0.27%

Historical Cost Per Unit Statistic	Axis Equity Fund		Axis Tax Saver Fund		Axis Short Term Fund	
Date of launch @	5-Jan-10		29-Dec-09		22-Jan-10	
	April 01,2010 to March 31,2011	January 05,2010 to March 31,2010	April 01,2010 to March 31,2011	December 29,2009 to March 31,2010	April 01,2010 to March 31,2011	January 22,2010 to March 31,2010
<b>NAV at the beginning of the period **</b>						
Growth Option	10.40	10.00	10.8477	10.0000	-	-
Dividend Option	10.40	10.00	10.8467	10.0000	-	-
Retail Growth Option	-	-	-	-	10.0652	10.0000
Retail Dividend Option	-	-	-	-		-

Retail Regular Dividend Option	-	-	-	-	10.0063	10.0000
Retail Monthly Dividend Option	-	-	-	-	10.0349	10.0000
Retail Quarterly Dividend Option	-	-	-	-		-
Institutional Growth Option	-	-	-	-	10.0840	10.0000
Institutional Regular Dividend Option	-	-	-	-	10.0147	10.0000
Institutional Monthly Dividend Option	-	-	-	-	10.0368	10.0000
<b>Dividends</b>						
Retail Regular Dividend - Individual/HUF	-	-	1.0000	-	0.4233	0.0056
Retail Regular Dividend - Others	-	-	1.0000	-	0.3870	-
Retail Monthly Dividend Option - Individual/HUF	-	-	-	-	0.4526	0.0246
Retail Monthly Dividend Option - Others	-	-	-	-	0.4219	-
Institutional Regular Dividend - Individual/HUF	-	-	-	-	0.4582	0.0492
Institutional Regular Dividend - Others	-	-	-	-	0.4168	0.0459
Institutional Monthly Dividend Option - Individual/HUF	-	-	-	-	0.4859	0.0411
Institutional Monthly Dividend Option - Others	-	-	-	-	0.4528	0.0383
<b>NAV at the End of period</b>						
Growth Option	11.03	10.40	12.4241	10.8477	-	-
Dividend Option	11.03	10.40	11.3818	10.8467	-	-
Retail Growth Option	-	-	-	-	10.5852	10.0652
Retail Regular Dividend Option	-	-	-	-	10.0555	10.0063
Retail Monthly Dividend Option	-	-	-	-	10.0307	10.0349
Institutional Growth Option	-	-	-	-	10.6441	10.0840
Institutional Regular Dividend Option	-	-	-	-	10.0261	10.0147
Institutional Monthly Dividend Option	-	-	-	-	10.0158	10.0368
<b>Scheme Return since inception (Simple Return)</b>						
Growth	6.06%	4.00%	14.53%	8.48%	-	-
Retail Growth	-	-	-	-	5.17%	0.65%
Institutional Growth	-	-	-	-	5.55%	0.84%



Benchmark Returns	11.14%	-0.55%	8.15%	1.17%	5.12%	0.82%
	S&P CNX Nifty		BSE 200		Crisil Short Term Bond Fund Index	
Net Assets at the end of the period (Rs in Crs.)	759.28	847.91	101.86	22.13	246.20	141.39
Ratio of Recurring expenses to Net Assets (%)	2.13%	1.79%	2.50%	2.50%	0.76%	0.81%

Historical Cost Per Unit Statistic	Axis Fixed Term Plan - Series 1		AXIS INCOME SAVER	AXIS TRIPLE ADVANTAGE FUND
Date of launch @	17-Mar-10		16-Jul-10	23-Aug-10
	April 01,2010 to March 31,2011	March 17,2010 to March 31,2010	July 16,2010 to March 31,2011	Aug 23,2010 to March 31,2011
<b>NAV at the beginning of the period **</b>				
Retail Growth Option	10.0432	10.0000	-	-
Retail Dividend Option	10.0432	10.0000	-	-
Retail Quarterly Dividend Option	10.0432	10.0000	-	-
<b>Dividends</b>				
Quarterly Dividend - Individual/HUF	-	-	0.1757	-
Quarterly Dividend - Others	-	-	0.1637	-
Retail Quarterly Dividend - Individual/HUF	0.6149	-	-	-
Retail Quarterly Dividend - Others	0.5731	-	-	-
Half Yearly Dividend - Individual/HUF	-	-	0.1318	-
Half Yearly Dividend - Others	-	-	0.1228	-
Annual Dividend - Individual/HUF	-	-	0.1318	-
Annual Dividend - Others	-	-	0.1228	-
<b>NAV at the End of period</b>				
Growth Option	-	-	10.3636	10.3445
Dividend Option	-	-	-	10.3443
Quarterly Dividend Option			10.1622	-
Half Yearly Dividend Option			10.2125	-
Annual Dividend Option			10.2104	-
Retail Growth Option	10.7612	10.0432	-	-
Retail Dividend Option	10.7612	10.0432	-	-
Retail Quarterly Dividend Option	10.0428	10.0432	-	-

<b>Scheme Return since inception (Simple Return)</b>				
Growth	-	-	3.64%	3.45%
Retail Growth	7.15%	0.43%	-	-
Benchmark Returns	5.12%	0.23%	4.09%	6.75%
	CRISIL Short Term Bond Fund Index		CRISIL MIP Blended Fund Index	35% of S&P CNX Nifty + 35% of CRISIL Composite Bond Fund Index + 30% of INR Price of Gold
<b>Net Assets at the end of the period (Rs in Crs.)</b>	96.69	90.64	437.12	517.21
<b>Ratio of Recurring expenses to Net Assets (%)</b>	0.20%	0.20%	2.00%	2.05%

Historical Cost Per Unit Statistic	AXIS GOLD ETF	AXIS FIXED TERM PLAN - SERIES 11 (371 DAYS)	AXIS FIXED TERM PLAN - SERIES 12 (367 DAYS)
<b>Date of launch @</b>	<b>10-Nov-10</b>	<b>18-Jan-11</b>	<b>9-Feb-11</b>
	Nov 10,2010 to March 31,2011	Jan 18,2011 to March 31,2011	Feb 09,2011 to March 31,2011
<b>NAV at the beginning of the period **</b>			
Growth Option	-	-	-
Dividend Option	-	-	-
Quarterly Dividend Option	-	-	-
<b>Dividends</b>			
Retail Monthly Dividend Option - Others	-	-	-
Retail Quarterly Dividend - Individual/HUF	-	0.0703	0.0527
Retail Quarterly Dividend - Others	-	0.0650	-
<b>NAV at the End of period</b>			
Growth Option	2,072.9403	10.1853	10.1661
Dividend Option	-	10.1853	10.1661
Quarterly Dividend Option	-	10.1050	10.1058
<b>Scheme Return since inception (Simple Return)</b>			
Growth	2.27%	1.85%	1.66%
Retail Growth			

	-	-	-
Institutional Growth	-	-	-
Benchmark Returns	2.67%	1.43%	1.30%
	Domestic Price of Gold	CRISIL Short Term Bond Fund Index	CRISIL Short Term Bond Fund Index
<b>Net Assets at the end of the period (Rs in Crs.)</b>	164.40	43.44	11.43
<b>Ratio of Recurring expenses to Net Assets (%)</b>	1.00%	1.32%	0.14%

Historical Cost Per Unit Statistic	AXIS MIDCAP FUND	AXIS FIXED TERM PLAN - SERIES 13 (370 DAYS)
<b>Date of launch @</b>	<b>18-Feb-11</b>	<b>23-Mar-11</b>
	<b>Feb 18,2011 to March 31,2011</b>	<b>Mar 23,2011 to March 31,2011</b>
<b>NAV at the beginning of the period **</b>		
Growth Option	-	-
Dividend Option	-	-
Quarterly Dividend Option	-	-
<b>Dividends</b>		
Quarterly Dividend - Individual/HUF	-	-
Quarterly Dividend - Others	-	-
<b>NAV at the End of period</b>		
Growth Option	10.24	10.0798
Dividend Option	10.24	10.0798
Quarterly Dividend Option	-	10.0798
<b>Scheme Return since inception (Simple Return)</b>		
Growth	2.40%	0.80%
Benchmark Returns	3.18%	0.28%
	BSE Midcap Index	CRISIL Short Term Bond Fund Index
<b>Net Assets at the end of the period (Rs in Crs.)</b>	164.61	275.05
<b>Ratio of Recurring expenses to Net Assets (%)</b>	2.40%	0.15%

The net asset value disclosed above represents the computed NAV as on March 31, 2010 and March 31, 2011 and not the last declared NAV.

@ Date of launch is deemed to be the date of allotment of respective schemes

\*\* Allotment NAV per unit is indicated as the schemes of Axis Mutual Fund were launched during the current period

^ Returns are calculated for the Growth Options of the respective Scheme(s)/Plan(s), considering the movement of NAV during the period. Past performance may or may not be sustained in future.

## II. HOW TO APPLY?

**This section must be read in conjunction with the Section "Units and Offer" of the SID**

1. The application form/Transaction Slip for the Sale of Units of the respective Schemes/Plans will be available and accepted at the office of the ISCs / Official Points of acceptance during their business hours on their respective business days. In respect of New Fund Offer (NFO) of Schemes/Plan(s) launched on or after Oct 1, 2010, an investor can subscribe to the NFO through Applications Supported by Blocked Amount (ASBA) facility by applying for the Units offered under the Option(s)/Plan(s) of the Scheme(s) in the ASBA Application Form and following the procedure as prescribed in the form. For details please refer to the Section "Applications Supported by Blocked Amount (ASBA) facility"
2. Applications must be completed in Block Letters in English.
3. Applications filled up and duly signed by all joint investors should be submitted along with the cheque/draft/other payment instrument or instruction to a designated ISC /Official Point of acceptance of AMC or the Registrar as specified. Signatures should be in English or in any Indian Language.
4. All cheques and bank drafts must be drawn in favour of "a Specific Scheme" and crossed "A/c Payee only". A separate cheque or bank draft must accompany each application/each scheme. Investors must use separate application forms for investing simultaneously in more than one Plan of the Scheme subject to the minimum subscription requirements under each Plan. If the amount mentioned on the application is different from the amount mentioned on the accompanying cheque or bank / demand draft or the amount is not mentioned in the application form, then the amount on the cheque will be treated as the application amount and the application will be processed accordingly. In case the name of the Scheme/Plan mentioned on the application form differs from the name mentioned on the accompanying payment instrument, then the application will be treated as an application for the Scheme/Plan mentioned on the application form.
5. All cheques and bank drafts accompanying the application form should contain the application form number / folio number, scheme name and name of first investor on its reverse.
6. In order to protect the interest of Investors from fraudulent encashment of cheques, the current SEBI Regulations, have made it mandatory for Investors to mention in their Application / Redemption request, their bank name, branch, address, account type and account number. The Registrar/AMC may ask the investor to provide a blank cancelled cheque or its photocopy for the purpose of verifying the bank account number.
7. PAN issued by the Income Tax authorities is used as the sole identification number for all investors transacting in the securities market including mutual funds, irrespective of the amount of transaction. Thus, all investors (including resident and non-resident investors) are required to provide PAN, along with a certified\* copy of the PAN card for all transactions in Units of the schemes of the Fund irrespective of the amount of transaction.

8. PAN will not be required in case of Systematic Investment Plans (SIPs) where aggregate of installments in a financial year i.e. April to March does not exceed Rs 50,000/-. This exemption will be applicable only to investments by individuals, Non Resident Indian
9. (NRI), minors, joint holders and sole proprietary firms (but not including Persons of Indian Origin (PIO), Hindu Undivided Family (HUF) and other categories). However, investors are required to furnish an attested copy (self attested / attested by an AMFI registered distributor bearing its AMFI Registration Number) of any of the photo identification documents along with the proof of address as specified in the application form.

PAN requirement is also exempt for investors residing in the state of Sikkim, Central Government, State Government, and the officials appointed by the courts e.g. Official liquidator, Court receiver etc. (under the category of Government). However, this would be subject to verifying the veracity of the claim of the specified organizations or residents of Sikkim, by collecting sufficient documentary evidence in support of their claim for such an exemption. Please refer to the application form for details of the document(s) which are required to be submitted in such cases.

9. Know Your Client ("KYC") formalities under the Prevention of Money Laundering Act, 2002 ("PMLA") and the related guidelines issued by SEBI are required to be completed by investors for all fresh investments / applications irrespective of the amount of investment.

KYC requirements will have to be complied with for any amount of investment for the following transactions w.e.f. January 01, 2011:

1. New / Additional Purchases
2. Switch Transactions
3. New SIP Registrations
4. New STP Registrations

Dividend reinvestment transactions of any amount will not be subject to the KYC Compliance requirements.

This one-time verification is valid for transactions across all mutual funds. The process to complete KYC formalities is as follows:

- a. A completed KYC application form along with PAN card copy and the other documents/information as mentioned below should be submitted to any designated 'Points of Service' (POS) – Axis AMC Investor Service Centres (as specified), Karvy Investor Service Centres (as specified) or CVL Centres (CDSL Ventures Ltd.). The POS list is available at [www.cvlindia.com](http://www.cvlindia.com)
- b. A KYC application form can be obtained from any designated POS.
- c. The list of all documents/information required and instructions to fill the form can be found in the KYC application form).
- d. After verification of the KYC application form and accompanying documents, investors will receive a letter certifying their KYC compliance. There is no charge for this verification.
- e. When investing any amount with the Fund, a copy of the KYC compliance letter/Mutual Fund Identification Number ("MIN") Allotment Letter (with PAN) /

Printout of KYC Compliance Status downloaded from CVL website ([www.cvlindia.com](http://www.cvlindia.com)) should be attached to the scheme's application form to avoid rejection.

- f. If an investor has a Mutual Fund Identification Number and has not provided a certified\* copy of the PAN card at the time of obtaining MIN, he is required to complete the KYC formalities as mentioned above in order to be KYC-compliant.

*\*(Investors are requested to submit a copy along with the original for verification at the Investor Service Centres of the Fund/Karvy, which will be returned across the counter. Alternatively, a distributor empanelled with the Fund can attest a copy. A Bank Manager's attestation or a Notarised copy will also be accepted.)*

Applicants intending to apply for units through a Power of Attorney (PoA) must ensure that the issuer of the PoA and the holder of the PoA must mention their KYC Compliance Status and attach proof of KYC Compliance at the time of investment.

In the event of non compliance of KYC requirements, the Trustee / AMC reserves the right to freeze the folio of the investor(s).

10. Applicants must satisfy the minimum Application Amount requirements mentioned in the SID of the respective schemes of the Mutual Fund.
11. Applications not complete in any respect are liable to be rejected.
12. The AMC / Trustee retains the sole and absolute discretion to reject any application.

**Application incomplete in any respect (other than mentioned above) will be liable to be rejected**

In order to protect investors from frauds, it is advised that the Application Form number / folio number, scheme name and name of the first investor should be written overleaf the cheque / draft, before they are handed over to any courier / messenger / distributor / ISC.

In order to protect investors from fraudulent encashment of cheques, Regulations require that cheques for Redemption of Units specify the name of the Unit Holder and the bank name and account number where payments are to be credited. Hence, all applicants for Purchase of Units must provide a bank name, bank account number, branch address, and account type in the Application Form.

### **Payment Mode**

Payment can be made by either

- cheque;
- draft (i.e. demand draft or bank draft); or
- a payment instrument (such as pay order, banker's cheque, etc.)
- a payment mode as may be approved by the AMC from time to time.

### *Resident Investors*

A) For Investors having a bank account with Axis Bank or such banks with whom the AMC would have an arrangement from time to time:

Payment may be made for subscription to the Units of the Scheme either by issuing a cheque drawn on such banks or by giving a debit mandate to their account with a branch of Axis Bank situated at the same location as the ISC/ Official Point of acceptance or such other banks with whom the AMC would have an arrangement from time to time.

B) For Investors not covered by (A) above:

Payment may be RTGS/NEFT or made by cheque or bank draft drawn on any bank, which is situated at and is a member of the Bankers' Clearing House, located at the place where the application is submitted.

No cash, money orders, post dated cheques [except through Systematic Investment Plan (SIP)] and postal orders will be accepted, however outstation cheques (i.e. if the cheque is payable at a bank's branch which does not participate in local clearing mechanism of the city where the application is submitted) shall be accepted at the sole discretion of AMC.

The AMC will reimburse demand draft charges subject to maximum of Rs. 10,000/- per transaction for purchase of units by investors residing at location where the ISC's/Official Points of Acceptance are not located as per the table below:

<b>Amount of Investments</b>	<b>Rate of Charge of Demand Drafts</b>
Upto Rs 10,000	At actuals subject to a maximum of Rs 50
Above Rs 10,000	Re. 1 per Rs 1000
Maximum Charges	Rs 10,000

The AMC reserves the right to refuse bearing of demand draft charges, in case of investments made by the same applicant(s) through multiple applications at its own discretion which will be final and binding on the investor. Investors residing at places other than where the ISC's/Official Point of Acceptance are located, are requested to make the payment by way of demand draft(s) after deducting charges as per the rates indicated in the above table. The AMC reserves the right to insist for the proof of demand draft charges. It may be noted that additional charges, if any, incurred by the investor over and above the levels indicated above will not be borne by the AMC. No demand draft charges will be borne by the AMC for the purchase of Units by investors residing at such locations where the ISC's / Official Points of Acceptance are located. Reimbursement of demand draft charges will be applicable for all equity schemes and hybrid schemes. Further demand draft charges will also be reimbursed for Axis Income Saver.

Investors may kindly note that DD charges will not be reimbursed for debt and liquid schemes of the Mutual Fund. Applications accompanied by cheques/drafts not fulfilling the above criteria are liable to be rejected.

### *Non Resident Indians (NRI)/Persons of Indian Origin (PIO), Foreign Institutional Investors*

#### **Repatriation Basis**

In the case of NRIs including PIOs, payment may be made either by inward remittance through normal banking channels or out of funds held in his Non - Resident (External) Rupee Account (NRE) / Foreign Currency (Non- Resident) Account (FCNR). In case Indian rupee drafts are purchased abroad or from Foreign Currency Accounts or Non-resident Rupee



Accounts an account debit certificate from the Bank issuing the draft confirming the debit shall also be enclosed.

FIs shall pay their subscription either by inward remittance through normal banking channels or out of funds held in Foreign Currency Account or Non- Resident Rupee Account maintained by the FI with a designated branch of an authorised dealer in accordance with the relevant exchange management regulations.

**Non-repatriation Basis**

In the case of NRIs/PIOs, payment may be made either by inward remittance through normal banking channels or out of funds held in his NRE / FCNR / Non-Resident Ordinary Rupee Account (NRO). In case Indian rupee drafts are purchased abroad or from Foreign Currency Accounts or Non-resident Rupee Accounts an account debit certificate from the Bank issuing the draft confirming the debit shall also be enclosed.

Returned cheque(s) are liable not to be presented again for collection, and the accompanying Application Form is liable to be rejected. In case the returned cheque(s) are presented again, the necessary charges may be debited to the Investor.

**Application on behalf of minor accounts**

- Minor shall be the first and the sole holder in an account. There shall not be any joint accounts with minor as the first or joint holder.
- Guardian in the folio on behalf of the minor should either be a natural guardian (i.e. father or mother) or a court appointed legal guardian, and should mandatorily submit requisite documentation to the AMC evidencing the relationship/status of the guardian.
- Date of birth of the minor along with supporting documents (viz. birth certificate, school leaving certificate/ Mark sheet issued by Higher Secondary Board of respective states, ICSE, CBSE etc., or, passport or any other document evidencing the date of birth of the minor) should be mandatorily provided while opening the account.

**Change in status of minor on attaining majority**

- The guardian and the minor will have to submit an application form along with prescribed documents to change the status of the account from "minor" to "major".
- In case the requisite documents to change the status are not received by the AMC/Registrar by the date when the minor attains majority, the AMC/Mutual Fund will not permit any financial and non financial transactions including fresh registration of Systematic Transfer Plan(STP), Systematic Investment Plan (SIP) and Systematic Withdrawal Plan (SWP) in the folio after the date of the minor attaining majority till the time the above application from along with the prescribed documents are received by the mutual fund.
- In case of existing standing instructions like SIPs, SWPs, STPs, etc. registered in the minor's folio for a period beyond the minor's date of majority, the AMC/Registrar shall continue to process the existing standing instructions like SIP, STP, SWP registered prior to the minor attaining majority. Such existing standing instructions will continue to be processed till the time a instruction from the major to terminate the standing instruction is received by the mutual fund along with the prescribed documents.

**Change in guardian**

In case of change in guardian, the new guardian must be a natural guardian (i.e. father or mother) or a court appointed legal guardian and such guardian shall mandatorily submit prescribed documentation to the AMC evidencing the relationship/status of the guardian, proof of KYC compliance, attestation of signature of new guardian from the bank maintaining the minor's account where the new guardian is registered as the guardian, etc.

**Application under Power of Attorney**

An applicant wanting to transact through a power of attorney must lodge the photocopy of the Power of Attorney (PoA) attested by a Notary Public or the original PoA (which will be returned after verification) within 30 days of submitting the Application Form / Transaction Slip at a Designated ISC's/Official Point of acceptance or along with the application in case of application submitted duly signed by POA holder. Applications are liable to be rejected if the power of attorney is not submitted within the aforesaid period.

**Application by a non – individual investor**

In case of an application by a company, body corporate, society, mutual fund, trust or any other organisation not being an individual, a duly certified copy of the relevant resolution or document along with the updated Specimen Signature list of Authorised Signatories must be lodged along with the Application Form / Transaction Slip at a Designated ISC's/Official Point of acceptance. Further, the AMC may require that a copy of the incorporation deeds / constitutive documents (e.g. Memorandum and Articles of Association) be also submitted to the ISC's/Official Point of acceptance.

Requests for redemption may not be processed if the necessary documents are not submitted.

**RESTRICTION ON ACCEPTANCE OF THIRD PARTY PAYMENTS FOR SUBSCRIPTION OF UNITS**

- (A) When payment is made through instruments issued from an account other than that of the beneficiary investor, the same is referred to as Third-Party payment. In case of payments from a joint bank account, the first holder of the mutual fund folio has to be one of the joint holders of the bank account from which payment is made.
- (B) The Asset management Company shall not accept subscriptions with Third-Party payments except in the following exceptional situations:
  - 1. Payment by Parents/Grand-Parents/related persons on behalf of a minor in consideration of natural love and affection or as gift for a value not exceeding Rs.50,000/- (each regular purchase or per SIP installment)
  - 2. Payment by Employer on behalf of employee under Systematic Investment Plans through Payroll deductions.
  - 3. Custodian on behalf of an FII or a client.

**Documents to be obtained for exceptional cases:**

Investors submitting their applications through the above mentioned 'exceptional cases' are required to comply with the following, without which applications for subscriptions for units will be rejected / not processed / refunded.

- (A) Mandatory KYC for all investors (guardian in case of minor) **and** the person making the payment i.e. third party. In order for an application to be considered as valid, investors and the person making the payment should attach their valid KYC Acknowledgement Letter to the application form.

- (B) Submission of a separate, complete and valid 'Third Party Payment Declaration Form' from the investors (guardian in case of minor) and the person making the payment i.e. third party. The said Declaration Form shall, *inter-alia*, contain the details of the bank account from which the payment is made and the relationship with the investor(s). Please contact the nearest OPA/ISC of Axis Mutual Fund or visit our website [www.axismf.com](http://www.axismf.com) for the said Declaration Form.

### **Adoption of a safe mode of writing a cheque**

In order to avoid fraud, the investors shall make the payment instrument (cheque, demand draft, pay order, etc) favouring "XYZ Scheme A/c First Investor name" or "XYZ Scheme A/c Permanent Account Number" .

### **Process to identify Third-Party payments:**

The following process shall be followed for identifying Third-Party Cheques:

- (A) An investor at the time of his/her purchase must provide the details of his pay-in bank account (i.e. account from which a subscription payment is made) and his pay-out bank account (i.e. account into which redemption / dividend proceeds are to be paid).

Identification of third party cheques by the AMC / Mutual Fund / Registrar & Transfer Agent (R&TA) will be on the basis of either matching of pay-in bank account details with pay-out bank account details or by matching the bank account number / name / signature of the first named applicant / investor with the name / account number / signature available on the cheque. If the name is not pre-printed on the cheque or signature on the cheque does not match, then the first named applicant / investor should submit any one of the following documents:

- i. a copy# of the bank passbook or a statement of bank account having the name and address of the account holder and account number;
- ii. a letter (in original) from the bank on its letterhead certifying that the investor maintains an account with the bank, along with information like bank account number, bank branch, account type, the MICR code of the branch & IFSC Code (where available).

*In respect of (ii) above, it should be certified by the authorized signatory of the bank with his / her full signature, name, employee code, bank seal and contact number.*

*# Investors should also bring the original documents along with the documents mentioned in (i) above to the ISCs / Official Points of Acceptance of Axis Mutual Fund. The copy of such documents will be verified with the original documents to the satisfaction of the AMC / Mutual Fund / R&TA. The original documents will be returned across the counter to the investor after due verification.*

Investors should note that where the bank account numbers have changed on account of the implementation of core banking system at their banks, any related communication from the bank towards a change in bank account number should accompany the application form for subscription of units.

- (B) If the subscription is settled with pre-funded instruments such as Pay Order, Demand Draft issued against debit to investor's bank account, Banker's cheque, etc., the AMC will accept any one of following as a valid supporting document:
1. a proof of debit to the investor's bank account in the form of a bank manager's certificate with details of account holder's Name, bank account number and PAN as per bank records, if available.
  2. a copy of the acknowledgement from the bank, wherein the instructions to debit carry the bank account details and name of the investor as an account holder are available.
  3. a copy of the passbook/bank statement evidencing the debit for issuance of a DD
- (C) A pre-funded instrument issued by the Bank against Cash shall not be accepted for investments of Rs.50,000/- or more. This also should be accompanied by a certificate from the banker giving name, bank account number, address and PAN (if available) of the person who has requested for the demand draft.
- (D) If payment is made by RTGS, NEFT, ECS, bank transfer, etc., a copy of the instruction to the bank stating the account number debited must accompany the purchase application.

The above broadly covers the various modes of payment for mutual fund subscriptions. The above list is not a complete list and is only indicative in nature and not exhaustive. Any other method of payment, as introduced by the Mutual Fund, will also be covered under these provisions.

In case the application for subscription does not comply with the above provisions, the AMC /Trustee retains the sole and absolute discretion to reject / not process such application and refund the subscription money and shall not be liable for any such rejection.

#### **Mode of Holding**

An application can be made by up to a maximum of three applicants. Applicants must specify the 'mode of holding' in the Application Form.

If an application is made by one Unit Holder only, then the mode of holding will be considered as 'Single'.

If an application is made by more than one investors, they have an option to specify the mode of holding as either 'Jointly' or 'Anyone or Survivor'.

In either of the cases referred above i.e. application made by one investor/more than one investor, the Fund shall not entertain requests for including any other person as a joint holder once the application has been accepted.

If the mode of holding is specified as 'Jointly', all instructions to the Fund would have to be signed by all the Unit Holders, jointly. The Fund will not be empowered to act on the instruction of any one of the Unit Holders in such cases.

If the mode of holding is specified as 'Anyone or Survivor', an instruction signed by any one of the Unit Holders will be acted upon by the Fund. It will not be necessary for all the Unit Holders to sign.

If an application is made by more than one investor and the mode of holding is not specified, the mode of holding would be treated as joint. The Fund will not be empowered to act on the instruction of any one of the Unit Holders in such cases.

In all cases, all communication to Unit Holders (including account statements, statutory notices and communication, etc.) will be addressed to the first-named Unit Holder. All payments, whether for redemptions, dividends, etc will be made favouring the first-named Unit Holder.

The first named Unit Holder shall have the right to exercise the voting rights associated with such Units as per the applicable guidelines.

Investors should carefully study the paragraphs on "Transfer and Transmission" and "Nomination Facility" before ticking the relevant box pertaining to the mode of holding in the Application Form.

### **Account Statements**

An account statement stating the number of Units purchased and allotted will be sent through ordinary post or courier and/or electronic mail to each Unit holder within 5 business days. The Account Statement is non-transferable. Despatch of account statements to NRIs/FIIs will be subject to RBI approval, if required. In case of Unit holder who have provided their e-mail address the Fund will provide the Account Statement only through e-mail message, subject to Regulations and unless otherwise required. In cases where the email does not reach the Unit holder, the Fund / its Registrar & Transfer Agents will not be responsible, but the Unit holder can request for fresh statement. The Unit holder shall from time to time intimate the Fund / its Registrar & Transfer Agent about any changes in his e-mail address.

### **Additional facilities for subscription/redemption/switch of units:**

#### **Transactions through Electronic Mode**

The Mutual Fund may allow subscriptions of Units by electronic mode including through the various web sites with which the AMC would have an arrangement from time to time.

Subject to the investor fulfilling certain terms and conditions as stipulated by AMC from time to time, the AMC, Mutual Fund, Registrar or any other agent or representative of the AMC, Mutual Fund, the Registrar may accept transactions through any electronic mode including through fax/web/ phone transactions as permitted by SEBI or other regulatory authorities.

For details investors are advised to refer to the SID of the respective Scheme(s) of the Mutual Fund.

#### **Online Transactions**

Investors can avail of the online facility which enables them to transact online on [www.axismf.com](http://www.axismf.com). For details and applicable terms and conditions for such transactions investors are advised to refer to 'SID' of the respective Scheme(s) of the Mutual Fund and the website of the Asset Management Company i.e. [www.axismf.com](http://www.axismf.com).

#### **Easy Call (Transactions over Phone)**

AMC shall based on arrangements with its service providers offer facility to give transactions over phone. For details investors are advised to refer to the SID of the respective Scheme(s) of the Mutual Fund.

**Additional mode of payment through Applications Supported by Blocked Amount (ASBA) facility:**

Pursuant to SEBI Circular dated SEBI/IMD/CIR No 18 /198647 /2010 March 15, 2010, an investor can subscribe to the New Fund Offer (NFO) launched on or after Oct 1, 2010 through ASBA facility by applying for the Units offered under the Option(s)/Plan(s) of the Scheme(s) in the ASBA Application Form and following the procedure as prescribed in the form. ASBA is an application containing an authorization given by the Investor to block the application money in his specified bank account towards the subscription of Units offered during the NFO of the Scheme of Axis Mutual Fund. Thus, for an investor who applies through ASBA facility, the

application money towards the subscription of Units shall be debited from his specified bank account only if his/her application is selected for allotment of Units.

**Benefits of Applying through ASBA facility**

- (i) Writing cheques and demand drafts is not required, as investor needs to submit ASBA application Form accompanying an authorization to block the account to the extent of application money towards subscription of Units. The balance money, if any, in the account can be used for other purposes by the investors.
- (ii) Release/Unblocking of blocked funds after allotment is done instantaneously.
- (iii) Unlike other modes of payment, ASBA facility prevents the loss of interest income on the application money towards subscription of Units as it remains in the bank account of the investor till the allotment is made.
- (iv) Refunds of money to the investors do not arise as the application money towards subscription of Units gets blocked only on the allotment of Units.
- (v) The investor deals with the known intermediary i.e.his/her own bank.
- (vi) The application form is simpler as the application form for ASBA will be different from the NFO application form.

**ASBA Procedure**

- (a) An Investor intending to subscribe to the Units of the NFO through ASBA, shall submit a duly completed ASBA Application Form to a Self Certified Syndicate Bank (SCSB), with whom his/her bank account is maintained.
- (b) The ASBA Application Form towards the subscription of Units can be submitted through one of the following modes
  - i. Submit the form physically with the Designated Branches (DBs) of the SCSB ("Physical ASBA"); or
  - ii. Submit the form electronically through the internet banking facility offered by the SCSB ("Electronic ASBA").
- (c) An acknowledgement will be given by the SCSB in the form of the counter foil or specifying the application number for reference. Such acknowledgement does not guarantee, in any manner that the investors will be allotted the Units applied for. Note: if the bank account specified in the ASBA Application Form does not have sufficient credit balance to meet the application money towards the subscription of Units, the Bank shall reject the ASBA Application form.
- (d) On acceptance of Physical or Electronic ASBA, the SCSB shall block funds available in the bank account specified to the extent of the application money specified in the ASBA Application Form.
- (e) The application money towards the Subscription of Units shall be blocked in the account until (i) Allotment of Units is made or (ii) Rejection of the application or (iii) Winding up of the Scheme, as the case may be.
- (f) SCSBs shall unblock the bank accounts for (i) Transfer of requisite money to the Mutual Fund / Scheme bank account against each valid application on allotment or (ii) in case the application is rejected.



- (g) The list of SCSBs and their DBs where ASBA application form can be submitted is available on the websites of BSE ([www.bseindia.com](http://www.bseindia.com)), NSE ([www.nseindia.com](http://www.nseindia.com)) and SEBI ([www.sebi.gov.in](http://www.sebi.gov.in)) and shall also be given in the ASBA application form of respective schemes.

Note: No request for withdrawal of ASBA application form made during the NFO Period will be allowed.

#### **Grounds for Technical Rejections of ASBA application forms**

ASBA Application Forms can be rejected, at the discretion of Registrar and Transfer Agent of Axis Mutual Fund or SCSBs including but not limited on the following grounds:-

1. Applications by persons not competent to contract under the Indian Contract Act, 1872, including but not limited to minors, insane persons etc.
2. Mode of ASBA i.e. either Physical ASBA or Electronic ASBA, not selected or ticked.
3. ASBA Application Form without the stamp of the SCSB.
4. Application by any person outside India if not in compliance with applicable foreign and Indian laws.
5. Bank account details not given/incorrect details given.
6. Duly certified Power of Attorney, if applicable, not submitted alongwith the ASBA application form.
7. No corresponding records available with the Depositories matching the parameters namely (a) Names of the ASBA applicants (including the order of names of joint holders) (b) DP ID (c) Beneficiary account number or any other relevant details pertaining to the Depository Account.

#### **Mechanism for Redressal of Investor Grievances**

All grievances relating to the ASBA facility may be addressed to the respective SCSBs, giving full details such as name, address of the applicant, number of Units applied for, counterfoil or the application reference given by the SCSBs, DBs or CBs, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Application Form was submitted by the ASBA Investor. If the SCSB is unable to resolve the grievance, it shall be addressed to Investor Relations Officer of Axis Mutual Fund

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

1. Unit holders of the Scheme have a proportionate right in the beneficial ownership of the assets of the Scheme.
2. When the Mutual Fund declares a dividend under the Scheme, the dividend warrants shall be despatched within 30 days of the declaration of the dividend. Account Statement reflecting the new or additional subscription as well as Redemption / Switch of Units (other than NFO) shall be despatched to the Unit holder within 5 business days of the Specified Transaction Date or Redemption Date. Provided if a Unit holder so desires the Mutual Fund shall issue a Unit certificate (non- transferable) within 5 business days of the receipt of request for the certificate.
3. The Mutual Fund shall dispatch Redemption proceeds within 10 Business Days of receiving the Redemption request.
4. The Trustee is bound to make such disclosures to the Unit holders as are essential in order to keep the unitholders informed about any information known to the Trustee which may have a material adverse bearing on their investments.
5. The appointment of the AMC for the Mutual Fund can be terminated by majority of the Directors of the Trustee Board or by 75% of the Unit holders of the Scheme.
6. 75% of the Unit holders of a Scheme can pass a resolution to wind- up a Scheme.
7. The Trustee shall obtain the consent of the Unit holders:
  - whenever required to do so by SEBI, in the interest of the Unit holders.



- whenever required to do so if a requisition is made by three- fourths of the Unit holders of the Scheme.
  - when the Trustee decides to wind up the Scheme or prematurely redeem the Units.
8. The Trustee shall ensure that no change in the fundamental attributes of any Scheme or the trust or fees and expenses payable or any other change which would modify the Scheme and affects the interest of Unit holders, shall be carried out unless:
- (i) a written communication about the proposed change is sent to each Unit holder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated; and
  - (ii) the Unit holders are given an option of 30 days to exit at the prevailing Net Asset Value without any Exit Load.
9. In specific circumstances, where the approval of unit holders is sought on any matter, the same shall be obtained by way of a postal ballot or such other means as may be approved by SEBI.

#### **IV. INVESTMENT VALUATION NORMS FOR SECURITIES AND OTHER ASSETS**

The Net Asset Value (NAV) would be determined on each valuation day and for such other purpose as may be required for transaction purposes. The NAV of the Units of the Scheme will be computed by dividing the net assets of the Scheme by the number of Units outstanding on the valuation date. The NAV shall be computed based on the following formula or such other formula as may be prescribed by SEBI from time to time.

Net Assets = Market or Fair Value of the Scheme's Investments + Receivables + Accrued Income + Other Assets – Accrued Expenses – Payables – Other Liabilities

The Fund shall value its investments according to the valuation norms, as specified in Schedule VIII of the Regulations, or such norms as may be prescribed by SEBI from time to time. The broad Valuation norms are detailed below:

##### **1) Traded Securities {Equity/Equity Related/Debt Security (other than Government security)}:**

- (i) The securities shall be valued at the last quoted closing price on the stock exchange.
- (ii) When the securities are traded on more than one recognised stock exchange, the securities shall be valued at the last quoted closing price on the stock exchange where the security is principally traded.
- (iii) When on a particular valuation day, a security has not been traded on the Principal stock exchange; the value at which it is traded on another stock exchange may be used.
- (iv) When a security (other than debt securities) is not traded on any stock exchange on a particular valuation day, the value at which it was traded on the selected stock exchange, as the case may be, on the earliest previous day may be used provided such date is not more than thirty days prior to valuation date.

When a debt security (other than Government Securities) is not traded on any stock exchange on any particular valuation day, the value at which it was traded on the principal stock exchange or any other stock exchange, as the case may be, on the earliest previous day may be used provided such date is not more than

fifteen days prior to valuation date. When a debt security (other than Government Securities) is purchased by way of private placement, the value at which it was bought may be used for a period of fifteen days beginning from the date of purchase.

## **2) Thinly Traded Securities:**

### **(i) Thinly Traded Equity/Equity Related Securities:**

"When trading in an equity/equity related security (such as convertible debentures, equity warrants, etc.) in a month is both less than Rs. 5 lakhs and the total volume is less than 50,000 shares, it shall be considered as a thinly traded security and valued accordingly".

In order to determine whether a security is thinly traded or not, the volumes traded in all recognised stock exchanges in India may be taken into account.

### **(ii) Thinly Traded Debt Securities:**

A debt security (other than Government Securities) shall be 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 crore) on the principal stock exchange or any other stock exchange.

A thinly traded debt security as defined above would be valued as per the norms set for non-traded debt security.

## **3) Non Traded Securities:**

When a security (other than Government Securities) is not traded on any stock exchange for a period of thirty days prior to the valuation date, the scrip must be treated as a 'non traded' security.

### **Valuation of Non-Traded / Thinly Traded Securities**

Non traded/ thinly traded securities shall be valued "in good faith" by the AMC on the basis of the valuation principles laid down below:

#### **(i) Non-traded / thinly traded equity securities:**

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

Net Worth per share = [share capital + reserves (excluding revaluation reserves) - Misc. expenditure and Debit Balance in P&L A/c] Divided by number of Paid up Shares.

Average capitalisation rate (P/E ratio) for the industry based upon either BSE or NSE data (which should be followed consistently and changes, if any noted with proper justification thereof) shall be taken and discounted by 75% i.e. only 25% of the Industry average P/E shall be taken as capitalisation rate (P/E ratio). Earnings per share of the latest audited annual accounts will be considered for this purpose.

(d) The value as per the net worth value per share and the capital earning value calculated as above shall be averaged and further discounted by 10% for ill-liquidity so as to arrive at the fair value per share.

In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised earning.

In case where the latest balance sheet of the company is not available within nine months from the close of the year, unless the accounting year is changed, the shares of such companies shall be valued at zero.

In case an individual security accounts for more than 5% of the total assets of the scheme, an independent valuer shall be appointed for the valuation of the said security.

## **(ii) Valuation of Debt and Money Market Instrument**

Pursuant to the SEBI Circular no. SEBI/IMD/CIR No.16/ 193388/ 2010 dated February 02, 2010 and SEBI Circular no. Cir/IMD/DF/4/2010 dated June 21, 2010 on "Valuation of Debt and Money Market Instruments", the provisions regarding valuation of these securities is as under:

Debt papers Valuation is broadly classified under two categories:

- (A) Valuation of Money Market & Debt Securities with residual maturity of upto 91 days.
- (B) Valuation of Money Market & Debt Securities with residual maturity of over 91 days

Papers covered under category (>91 days to maturity) are marked to market on daily basis. For the said purpose aggregated Matrix is used. Aggregated Matrix is the average of the matrices of two agencies appointed by AMFI - Crisil and ICRA.

AMC is required to classify its debt instruments under two categories for the purpose of valuation – Non banking Finance Company, PTCs (Pool), Real estate (NPR) and Others. Crisil and ICRA both provide matrices for the above said sectors separately.

### **(A) Valuation of Money Market & Debt Securities with Residual Maturity of Upto 91 Days:**

SEBI Circular No. SEBI/IMD/CIR NO. 16/ 193388/2010 dated February 02, 2010 has prescribed that security having redemption/maturity of Upto 91 days would be valued as given below. All money market and debt securities, including floating rate securities, with residual maturity of upto 91 days shall be valued at the weighted average price at which they are traded on the particular valuation day. When such securities are not traded on a particular valuation day they shall be valued on amortization basis. It is further clarified that in case of floating rate securities with floor and caps on coupon rate and residual maturity of upto 91 days then those shall be valued on amortization basis taking the coupon rate as floor. (as mentioned in Information memorandum or cash flow provided by the issuer).

Above Para is applicable to all Debt instruments including CP, CD, BRDS, Fixed Coupon Bonds, Zero Coupon Bonds & Pass Through Certificates, etc.

### **(i) Valuation of Money Market Instrument except Treasury Bills (CP, CD, BRDS):**

The same shall be valued at weighted average price at which they are traded on NSE WDM on the particular valuation day and amortization shall be done from the weighted average price till maturity date. Currently Money market Instruments are not reported on NSE WDM platform. Hence, for the purpose of mark to market AMCs own purchase/sale transactions (Last traded price) shall be considered and amortization shall be done from that price. (Single deal of 5 crore & above).

In case security which is more than 91 days to maturity at the time of purchase and now becomes less than 92 days, shall be amortized from 92nd days price as per CBV.

### **(ii) Valuation of Treasury Bills:**

Currently Crisil Bond Valuer does not cover valuation of treasury bills. The same shall be valued at weighted average price at which they are traded on NSE WDM on the

particular valuation day and amortization shall be done from weighted average price till maturity date.

For the purpose of mark to market AMC's own purchase/sale transactions (Last traded price) shall be considered and amortization shall be done from that price. (Single deal of 5 crore & above).

**(iii) Valuation of Other Debt Instruments(NCD/ZCB/PTC/FRN):**

The same shall be valued at weighted average price at which they are traded on NSE WDM on the particular valuation day and amortization shall be done from the weighted average price till maturity date. AMC's own purchase/sale transactions (Last traded price) shall be considered for the purpose of mark to market and amortization shall be done from that price. (Single deal of 5 crore & above).

In case a security which is more than 91 days to maturity at the time of purchase and now becomes less than 92 days, shall be amortized from 92nd days price as per CBV.

**(B) Valuation of Money Market & Debt Securities with Residual Maturity of over 91 Days:**

SEBI Circular No. SEBI/IMD/CIR NO. 16/ 193388/2010 dated February 02, 2010 has prescribed that security having redemption/maturity of over 91 days would be valued as given below. All money market and debt securities, including floating rate securities, with residual maturity of over 91 days shall be valued at weighted average price at which they are traded on the particular valuation day. When such securities are not traded on

a particular valuation day they shall be valued at benchmark yield/ matrix of spread over risk free benchmark yield obtained from agency(ies) entrusted for the said purpose by AMFI.

SEBI has prescribed the method of valuation for all the debt instruments other than Government Securities (G-Sec) due for maturity after 91 days including zero coupon bonds, securitized debt.

For the purpose of valuation, all Non Traded Debt Securities would be classified into "Investment grade" and "Non Investment grade" securities based on their credit ratings. The non-investment grade securities would further be classified as "Performing" and "Non Performing" assets.

- All Non Government investment grade debt securities, classified as not traded, shall be valued on yield to maturity basis as described in the applicable SEBI circular.
- All Non Government non-investment grade performing debt securities would be valued at a discount of 25% to the face value.
- All Non Government non-investment grade non-performing debt securities would be valued based on the provisioning norms. These norms detail the guidelines for identification and provisioning form NPA (Debt Securities) issued by SEBI to Mutual Funds.

iii) Debt instruments shall generally be valued on a yield to maturity basis, the capitalization factor being determined for comparable traded securities and with an appropriate discount for lower liquidity, promoter background, finance company risk and issuer class risk.

SEBI in its circulars dated Oct 18,2008,February 20 ,2002, September 18,2002,October 18,2008 had provided the discretionary mark up and mark down yields.

The recent circular dated June 12, 2009 provides as follows and would be implemented within the given timeframe.

Category	Discretionary discount over benchmark yield in basis points
Rated Instruments with duration upto 2 years	Discretionary Discount of upto +100/-50
Rated Instruments with duration over 2 years	Discretionary Discount of upto +75/-25
Unrated Instruments with duration upto 2 years	Discretionary Discount of upto +50 over and above the mandatory Discount of +50
Unrated Instruments with duration over 2 years	Discretionary Discount upto +50 over and above the mandatory Discount of +25

The approach in valuation of non traded debt securities is based on the concept of using spreads over the benchmark rate to arrive at the yields for pricing the non traded security. The Yields for pricing the non traded debt security would be arrived at using the process as defined below.

#### **Step A**

A Risk Free Benchmark Yield is built using the government securities (GOI Sec) as the base. GOI Secs are used as the benchmarks as they are traded regularly; free of credit risk; and traded across different maturity spectrums every week.

#### **Step B**

A Matrix of spreads(based on the credit risk) are built for marking up the benchmark yields. The matrix is built based on traded corporate paper on the wholesale debt segment of an appropriate stock exchange and the primary market issuances. The matrix is restricted only to investment grade corporate paper.

#### **Step C**

The yields as calculated above are Marked-up/Marked-down for ill-liquidity risk

#### **Step D**

The Yields so arrived are used to price the portfolio

(iv) while investments in call money, bills purchased under rediscounting scheme and short term deposits with banks shall be valued at cost plus accrual; other money market instruments shall be valued at the yield at which they are currently traded. For this purpose, non-traded instruments that is, instruments not traded for a period of seven days will be valued at cost plus interest accrued till the beginning of the day plus the difference between the redemption value and the cost spread uniformly over the remaining maturity period of the instruments;

(v) In respect of convertible debentures and bonds, the non-convertible and convertible components shall be valued separately. The non-convertible component should be valued on the same basis as would be applicable to a debt instrument. The convertible component should be valued on the same basis as would be applicable to an equity instrument. If, after conversion the resultant equity instrument would be traded pari passu with an existing instrument which is traded, the value of the latter instrument can be adopted after an appropriate discount for the non-tradability of the instrument during the period preceding the conversion. While valuing such instruments, the fact whether the conversion is optional should also be factored in.

(vi) In respect of warrants to subscribe for shares attached to instruments, the warrants can be valued at the value of the share which would be obtained on exercise of the warrant as reduced by the amount which would be payable on exercise of the warrant. A discount

similar to the discount to be determined in respect of convertible debentures (as referred to in sub-paragraph (d) above) must be deducted to account for the period that must elapse before the warrant can be exercised.

(vii) Where instruments have been bought on 'repo' basis, the instrument must be valued at the resale price after deduction of applicable interest upto date of resale. Where an instrument has been sold on a 'repo' basis, adjustment must be made for the difference between the repurchase price (after deduction of applicable interest upto date of repurchase) and the value of the instrument. If the repurchase price exceeds the value, the depreciation must be provided for and if the repurchase price is lower than the value, credit must be taken for the appreciation.

**(C) Valuation of securities not covered under the current valuation policy:**

In case of securities purchased by mutual fund does not fall within the current framework of the valuation of securities then the mutual fund shall report immediately to AMFI regarding the same. Further, at the time of investment AMC's shall ensure that the total exposure in such securities does not exceed 5% of the total AUM of the scheme.

AMFI has been advised that the valuation agencies should ensure that the valuation of such securities gets covered in the valuation framework within six weeks from the date of receipt of such intimation from mutual fund.

In the interim period, till AMFI makes provisions to cover such securities in the valuation of securities framework, the mutual funds shall value such securities using their proprietary model which has been approved by their independent trustees and the statutory auditors.

**4) Valuation of Unlisted Equity Shares:**

Unlisted equity shares of a company shall be valued "in good faith" on the basis of the valuation principles laid down below:

- a. Based on the latest available audited balance sheet, net worth shall be calculated as lower of (i) and (ii) below:
  - ii. Net worth per share = [share capital plus free reserves (excluding revaluation reserves) minus Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses] divided by Number of Paid up Shares.
  - iii. After taking into account the outstanding warrants and options, Net worth per share shall again be calculated and shall be = [share capital plus consideration on exercise of Option/Warrants received/receivable by the Company plus free reserves (excluding revaluation reserves) minus Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses] divided by {Number of Paid up Shares plus Number of Shares that would be obtained on conversion/exercise of Outstanding Warrants and Options}

The lower of (i) and (ii) above shall be used for calculation of net worth per share and for further calculation in (c) below.

- (b) Average capitalisation rate (P/E ratio) for the industry based upon either BSE or NSE data (which should be followed consistently and changes, if any, noted with proper justification thereof) shall be taken and discounted by 75% i.e. only 25% of the Industry average P/E shall be taken as capitalisation rate (P/E ratio). Earnings per share of the latest audited annual accounts will be considered for this purpose.

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

The above methodology for valuation shall be subject to the following conditions:

- i. All calculations as aforesaid shall be based on audited accounts.
- ii. In case where the latest balance sheet of the company is not available within nine months from the close of the year, unless the accounting year is changed, the shares of such companies shall be valued at zero.
- iii. If the net worth of the company is negative, the share would be marked down to zero.
- iv. In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised earning.
- v. In case an individual security accounts for more than 5% of the total assets of the scheme, an independent valuer shall be appointed for the valuation of the said security. To determine if a security accounts for more than 5% of the total assets of the scheme, it should be valued in accordance with the procedure as mentioned above on the date of valuation.

At the discretion of the AMC and with the approval of the Trustee, an unlisted equity share may be valued at a price lower than the value derived using the aforesaid methodology.

#### **5) Valuation of securities with Put/Call Options:**

The option embedded securities would be valued as follows:

##### **Securities with call option:**

The securities with call option shall be valued at the lower of the value as obtained by valuing the security to final maturity and valuing the security to call option.

In case there are multiple call options, the lowest value obtained by valuing to the various call dates and valuing to the maturity date is to be taken as the value of the instrument.

##### **Securities with Put option:**

The securities with put option shall be valued at the higher of the value as obtained by valuing the security to final maturity and valuing the security to put option.

In case there are multiple put options, the highest value obtained by valuing to the various put dates and valuing to the maturity date is to be taken as the value of the instruments.

##### **Securities with both Put and Call option on the same day:**

The securities with both Put and Call option on the same day would be deemed to mature on the Put/Call day and would be valued accordingly.

#### **6) Illiquid Securities:**

- (a) Aggregate value of "illiquid securities" of scheme, which are defined as non-traded, thinly traded and unlisted equity shares, shall not exceed 15% of the total assets of the scheme and any illiquid securities held above 15% of the total assets shall be assigned zero value.



- (b) All funds shall disclose as on March 31 and September 30 the scheme-wise total illiquid securities in value and percentage of the net assets while making disclosures of half yearly portfolios to the unit holders. In the list of investments, an asterisk mark shall also be given against all such investments, which are recognised as illiquid securities.
- (c) Mutual Funds shall not be allowed to transfer illiquid securities among their schemes w.e.f. October 1, 2000.
- (d) In respect of closed ended funds, for the purposes of valuation of illiquid securities, the limits of 15% and 20% applicable to open-ended funds should be increased to 20% and 25% respectively.

#### **7) Value of "Rights" entitlement:**

a) Until they are traded, the value of the "rights" entitlement would be calculated as:

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

where

$V_r$  = Value of rights

$n$  = no. of rights Offered

$m$  = no. of original shares held

$P_{ex}$  = Ex-Rights price

$P_{of}$  = Rights Offer price

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

#### **8) Valuation of Derivative Products:**

- i. The traded derivatives shall be valued at market price in conformity with the stipulations of sub clauses (i) to (v) of clause 1 of the Eighth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended from time to time.
- ii. The valuation of untraded derivatives shall be done in accordance with the valuation method for untraded investments prescribed in sub clauses (i) and (ii) of clause 2 of the Eighth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended from time to time.

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

#### **9) Valuation Norms for Foreign Securities:**

On the Valuation Day, the securities issued outside India and listed on the stock exchanges outside India shall be valued at the closing price on the stock exchange at which it is listed or at the last available traded price. However in case a security is listed on more than one stock exchange, the AMC reserves the right to determine the stock exchange, the price of which would be used for the purpose of valuation of that security.

Further in case of extreme volatility in the international markets, the securities listed in those markets may be valued on a fair value basis. For the purpose of valuing all Overseas Investments including ADR's / GDR's listed in Stock Exchange of overseas market, following valuation procedure would be followed:



If the security is listed in a time zone ahead of India than the same days price closing price would be used for valuation. The price in foreign currency would be obtained and based on the closing RBI reference rate, the valuation in Indian rupee would be done. If the INR price for the security is available then the same would be used for valuation.

If the security is listed in a time zone behind India's, than the previous days price would be used for valuation. The price in foreign currency would be obtained and based on the closing

RBI reference rate, Indian rupee equivalent would be obtained. If the INR price for the security is available then the same would be used for valuation.

If the stock is listed in currency for which RBI reference rate is not available, the exchange rates available from Bloomberg (at 5.00 P.M IST) will be used. In case the direct exchange rates are not available on Bloomberg, then cross currency rate with USD would be considered and converted as per the INR/USD RBI reference rate.

In case any particular security is not traded on the Valuation Day, the same shall be valued on a fair value basis by the Valuation Committee of the AMC.

#### **10) Guidelines for Identification and Provisioning for Non Performing Assets (Debt Securities) For Mutual Funds:**

##### **(A) Definition of a Non Performing Asset (NPA):**

An 'asset' shall be classified as non performing, if the interest and/or principal amount have not been received or remained outstanding for one quarter from the day such income / installment has fallen due.

##### **(B) Effective date for classification and provisioning of NPA's:**

The definition of NPA may be applied after a quarter past due date of the interest. For e.g. if the due date for interest is 30.06.2000, it will be classified as NPA from 01.10.2000.

##### **(C) Treatment of income accrued on the NPA and further accruals:**

- After the expiry of the 1st quarter from the date the income has fallen due, there will be no further interest accrual on the asset i.e. if the due date for interest falls on 30.06.2000 and if the interest is not received, accrual will continue till 30.09.2000 after which there will be no further accrual of income. In short, taking the above example, from the beginning of the 2nd quarter there will be no further accrual on income.
- On classification of the asset as NPA from a quarter past due date of interest, all interest accrued and recognized in the books of accounts of the Fund till the date, should be provided for. For e.g. if interest income falls due on 30.06.2000, accrual will continue till 30.09.2000 even if the income as on 30.06.2000 has not been received. Further, no accrual will be done from 01.10.2000 onwards. Full provision will also be made for interest accrued and outstanding as on 30.06.2000.

##### **(D) Provision for NPAs – Debt Securities:**

Both secured and unsecured investments once they are recognized as NPAs call for provisioning in the same manner and where these are related to close ended scheme the phasing would be such that to ensure full provisioning prior to the closure of the scheme or the scheduled phasing which ever is earlier.

The value of the asset must be provided in the following manner or earlier at the discretion of the fund. Fund will not have discretion to extend the period of provisioning. The provisioning against the principal amount or installments should be made at the following rates irrespective of whether the principal is due for repayment or not.

- 10% of the book value of the asset should be provided for after 6 months past due date of interest i.e. 3 months from the date of classification of the asset as NPA.
- 20% of the book value of the asset should be provided for after 9 months past due date of interest i.e. 6 months from the date of classification of the asset as NPA.
- Another 20% of the book value of the assets should be provided for after 12 months past due date of interest i.e. 9 months from the date of classification of the asset as NPA.
- Another 25% of the book value of the assets should be provided for after 15 months past due date of interest i.e. 12 months from the date of classification of the asset as NPA.
- The balance 25% of the book value of the asset should be provided for after 18 months past due date of the interest i.e. 15 months from the date of classification of the assets as NPA.

Book value for the purpose of provisioning for NPAs shall be taken as a value determined as per the prescribed valuation method.

This can be explained by an illustration:

Let us consider that interest income is due on a half yearly basis and the due date falls on 30.06.2000 and the interest is not received till 1st quarter after due date i.e. 30.09.2000.

This provisioning will be done in following phased manner:

10% provision 01.01.2001 6 months past due date of interest i.e. 3 months from the date of classification of asset as NPA (01.10.2000)

20% provision 01.04.2001

20% provision 01.07.2001

25% provision 01.10.2001

25% provision 01.01.2002

Thus, 1 1/2; years past the due date of income or 1 1/4; year from the date of classification of the 'asset' as an NPA, the 'asset' will be fully provided for. If any installment is fallen due, during the period of interest default, the amount of provision should be installment amount or above provision amount, whichever is higher.

#### **(E) Reclassification of assets:**

Upon reclassification of assets as 'performing assets':

1. In case a company has fully cleared all the arrears of interest, the interest provisions can be written back in full.
2. The asset will be reclassified as performing on clearance of all interest arrears and if the debt is regularly serviced over the next two quarters.
3. In case the company has fully cleared all the arrears of interest, the interest not credited on accrual basis would be credited at the time of receipt.
4. The provision made for the principal amount can be written back in the following manner:

-

- • 100% of the asset provided for in the books will be written back at the end of the 2nd quarter where the provision of principal was made due to the interest defaults only.
  - • 50% of the asset provided for in the books will be written back at the end of the 2nd quarter and 25% after every subsequent quarter where both installments and interest were in default earlier.
5. An asset is reclassified, as 'standard asset' only when both overdue interest and overdue installments are paid in full and there is satisfactory performance for a subsequent period of 6 months.

**(F) Receipt of past dues:**

When the fund has received income/principal amount after their classifications as NPAs;

- For the next 2 quarters, income should be recognized on cash basis and thereafter on accrual basis. The asset will be continued to be classified as NPA for these two quarters.
- During this period of two quarters although the asset is classified as NPA no provision needs to be made for the principal if the same is not due and outstanding
- If part payment is received towards principal, the asset continues to be classified as NPA and provisions are continued as per the norms set at (D) above. Any excess provision will be written back.

**(G) Classification of Deep Discount Bonds as NPAs:**

Investments in Deep Discount Bonds can be classified as NPAs, if any two of the following conditions are satisfied:

- If the rating of the Bond comes down to grade 'BB' or below.
- If the company is defaulting in their commitments in respect of other assets, if available.
- Full Net worth erosion.

Provision should be made as per the norms set at (D) above as soon as the asset is classified as NPA.

Full provision can be made if the rating comes down to grade 'D'

**(H) Reschedulement of an asset:**

In case any company defaults either interest or principal amount and the fund has accepted a reschedulement of the schedule of payments, then the following practice may be adhered to:

- (i) In case it is a first reschedulement and only interest is in default, the status of the asset namely, 'NPA' may be continued and existing provisions should not be written back. This practice should be continued for two quarters of regular servicing of the debt. Thereafter, this be classified as 'performing asset' and the interest provided may be written back.
- (ii) If the reschedulement is done due to default in interest and principal amount, the asset should be continued as non performing for a period of 4 quarters, even though the asset is continued to be serviced during these 4 quarters regularly. Thereafter, this can be classified as 'performing asset' and all the interest provided till such date should be written back.
- (iii) If the reschedulement is done for a second/third time or thereafter, the characteristic of NPA should be continued for eight quarters of regular servicing of

the debt. The provision should be written back only after it is reclassified as 'performing asset'.

**(I) Disclosure in the Half Yearly Portfolio Reports:**

The mutual funds shall make scrip wise disclosures of NPAs on half yearly basis along with the half yearly portfolio disclosure.

The total amount of provisions made against the NPAs shall be disclosed in addition to the total quantum of NPAs and their proportion of the assets of the mutual fund scheme.

In the list of investments an asterisk mark shall be given against such investments which are recognized as NPAs. Where the date of redemption of an investment has lapsed, the amount not redeemed shall be shown as 'Sundry Debtors' and not investment provided that where an investment is redeemable by installments, that will be shown as an investment until all installments have become overdue.

**(J) Effective date for implementation / switchover to the current norms:**

The above norms shall be implemented by all mutual funds including UTI from 01.10.2000.

**11) Valuation of Gold Instruments**

Valuation of Gold would be in line with SEBI/IMD/CIR No. 2/65348/06 dated April 21, 2006 and notification dated 27th December 2006.

Value of gold:

(1) The gold held by a gold exchange traded fund scheme shall be valued at the AM fixing price of London Bullion Market Association (LBMA) in US dollars per troy ounce for gold having a fineness of 995.0 parts per thousand, subject to the following:

- (a) adjustment for conversion to metric measures as per standard conversion rates;
- (b) adjustment for conversion of US dollars into Indian rupees as per the RBI reference rate declared by the Foreign Exchange Dealers Association of India (FEDAI); and
- (c) addition of –
  - (i) transportation and other charges that may be normally incurred in bringing such gold from London to the place where it is actually stored on behalf of the mutual fund; and
  - (ii) notional customs duty and other applicable taxes and levies that may be normally incurred to bring the gold from London to the place where it is actually stored on behalf of the mutual fund:

Provided that the adjustment under clause (c) above may be made on the basis of a notional premium that is usually charged for delivery of gold to the place where it is stored on behalf of the mutual fund:

Provided further that where the gold held by a gold exchange traded fund scheme has a greater fineness, the relevant LBMA prices of AM fixing shall be taken as the reference price under this sub-paragraph.

(2) If the gold acquired by the gold exchange traded fund scheme is not in the form of standard bars, it shall be assayed and converted into standard bars which comply with the good delivery norms of the LBMA and thereafter valued in terms of sub-paragraph (1)."

Valuation policy as per SEBI (Mutual Funds) Regulations is in place which is updated and reviewed by the Trustee and the AMC from time to time.

## **12) Valuation of Government Securities:**

### **(i) Central Government Securities:**

For valuation of government securities, all the mutual funds are advised to use the prices for Government Securities released by an agency (CRISIL) suggested by AMFI for the sake of uniformity in calculation of NAVs.

### **(ii) State Government Securities:**

Traded State Government Loans would be valued at the last quoted closing price on NSE WDM provided that there is at least one trade of Rs. 5 cr. or more.

Whenever state loan is thinly traded (i.e. less than 5 Cr.) / not traded following methodologies can be considered:

- (i) Benchmark Central Government Security would be defined for every State Government Security.
- (ii) Mark – up to the yield to be decided for each state government security in the portfolio.
- (iii) Based on the market trade, track record of state government etc. Mark – up to be reviewed at least once in 7 days

State Government Security would be valued using the yield of benchmark security and the applicable mark-up.

## **13) Valuation of Securitised Debt:**

- (i) In case of securitized debt, the redemption of principal amount takes place at determined periodicity i.e. monthly, quarterly etc. Expected cash flow statements received from the issuer should be entered in the security master of the CRISIL Bond Valuer. Subsequent change, if any, in the future cash flow is updated in the security master. The CBV provides the clean price for PTCs The derived clean price is consider for valuation.
- (ii) CBV calculates the average maturity (WAM) of the security and that average maturity will be used to determine whether the PTC will be amortized or valued at Matrix YTM. If average maturity is greater than 91days, the security would be valued as per the CRISIL Bond Valuer at Matrix YTM. In case, average maturity is less than & equal to 91 days, the security would be amortised on the basis of the price at which it was valued one day prior to amortisation date i.e. (If subsequently average maturity turned to equal or less than 91 days then ammort the same by freezing 92nd day price).
- (iii) In case of upto 91 days PTC to be valued at cost if purchased from primary market i.e. purchased at face value. In case of purchase from secondary market at premium/discount, the same shall be amortised from CBV (WAM to be considered).
- (iv) In case of valuation of FRN PTCs, valued at cost if purchased from primary market i.e. purchased at face value. And interest will be done as defined in the term sheet. If purchased at premium/discount then amortise the same till final maturity/Put-call date whichever is earlier. Valuation of such instrument is not covered by CBV. Such papers are generally linked to Mibor & and having Cap & Floor rates with various compounding options and periodic repayments structures. Generally issuer provides the cash flow at Cap & Floor rates. Based on the cash flow, the valuation of such paper shall be done at Cap or Floor as mentioned in the information memorandum of the paper.

#### 14) Accrual of Expenses and Income

All expenses and incomes accrued up to the valuation date shall be considered for computation of NAV. For this purpose, major expenses like management fees and other periodic expenses would be accrued on a day to day basis. The minor expenses and income will be accrued on a periodic basis, provided the non-daily accrual does not affect the NAV calculations by more than 1%.

#### 15) Valuation of Units of Mutual Funds:

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

(ii) In case of non-traded Mutual Fund scheme (investment in own schemes and other mutual fund schemes), the last declared NAV would be considered for valuation.

#### 16) Changes in securities and in number of units

Any changes in securities and in the number of units shall be recorded in the books not later than the first valuation date following the date of transaction. If this is not possible given the frequency of the Net Asset Value disclosure, the recording may be delayed upto a period of seven days following the date of the transaction, provided that as a result of the non-recording, the Net Asset Value calculations shall not be affected by more than 1%.

In case the Net Asset Value of a scheme differs by more than 1%, due to non-recording of the transactions, the investors or scheme/s as the case may be, shall be paid the difference in amount as follows:-

(i) If the investors are allotted units at a price higher than Net Asset Value or are given a price lower than Net Asset Value at the time of sale of their units, they shall be paid the difference in amount by the scheme.

(ii) If the investors are charged lower Net Asset Value at the time of purchase of their units or are given higher Net Asset Value at the time of sale of their units, AMC shall pay the difference in amount to the scheme. The AMC may recover the difference from the investors.

The valuation guidelines as outlined above are as per prevailing Regulations and are subject to change from time to time in conformity with changes made by SEBI.

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

$$\text{NAV (Rs.)} = \frac{\text{Market or Fair Value of Scheme's + including Accrued Investments} + \text{Current Assets} - \text{Current Liabilities and Provisions} + \text{Income}}{\text{No. of Units outstanding under Scheme on the Valuation Day}}$$

The NAV of the Growth Option and the Dividend Option will be different after the declaration of the first dividend.

## V. TAX & LEGAL & GENERAL INFORMATION

The information furnished below outlines briefly the key tax implications applicable to the unit holders of the Scheme and to the Mutual Fund based on relevant provisions of the Income Tax Act, 1961, Wealth Tax Act, 1957, Gift Tax Act, 1958 and the amendments made by the Finance Act, 2011 (collectively called 'the relevant provisions'). The information given is included only for general purpose and is based on advice received by the AMC regarding the law and practice currently in force in India and the Investors/Unit holders should be aware that the relevant fiscal rules or their explanation may change. As is the case with any investment, there can be no assurance that the tax position or the proposed tax position prevailing at the time of an investment in the Scheme will endure indefinitely. In view of the individual nature of tax consequences, each Investor / Unit holder is advised to consult his / her own professional tax advisor.

### TAX BENEFITS TO THE MUTUAL FUND

Axis Mutual Fund is a Mutual Fund registered with the Securities & Exchange Board of India and, hence, the entire income of the Mutual Fund is exempt from income-tax in accordance with the provisions of Section 10(23D) of the Income-tax Act, 1961, (the Act).

The Mutual Fund will receive all income without any deduction of tax at source under the provisions of Section 196(iv) of the Act.

However, the Mutual Fund shall be liable to pay securities transaction tax in respect of certain transactions listed hereunder:

Nature of Transaction	Payable by	Value on which tax shall be levied	Rates (%)
Delivery based purchase transaction in equity shares or units of equity oriented fund entered in a recognized stock exchange	Purchaser	Value at which shares / units are bought	0.125
Delivery based sale transaction in equity shares or units of equity oriented fund entered in a recognized stock exchange	Seller	Value at which shares / units are sold	0.125
Non-delivery based sale transaction in equity shares or units of equity oriented fund entered in a recognised stock exchange.	Seller	Value at which shares / units are sold	0.025
Transaction for sale of futures in securities	Seller	Value at which futures are traded	0.017
Transaction for sale of an option in securities	Seller	The option premium	0.017
Transaction for sale of an option in securities, where the option is exercised	Purchaser	The settlement price	0.125
Sale of units of an equity oriented fund to the mutual fund	Seller	Value at which units are sold	0.25

“Equity oriented fund” means a fund:

Where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty-five percent of the total proceeds of such fund; and which has been set-up under a scheme of a Mutual fund, provided that the percentage of equity share holding of the fund shall be computed with reference to the annual average of the monthly averages of the opening and closing figures.

The equity oriented funds are exempt from paying distribution tax on income distributed to unit holders.

#### **A. TAX BENEFITS TO THE UNIT HOLDERS**

##### **TAXATION ON INVESTING IN EQUITY SCHEMES OF MUTUAL FUNDS**

###### **INCOME TAX**

###### **Tax on Income distributed by the Mutual Fund**

###### **All Unit Holders**

Income received by unit holders in respect of the units of the Mutual Fund, is exempt from tax under Section 10(35) of the Act.

###### **Tax Deduction at Source on Income distributed by the Mutual Fund**

###### **All Unit Holders**

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.

###### **Tax on Capital Gains**

As per the provisions of section 2(42A) of the Act, a unit of a Mutual Fund, held by the investor as a capital asset, is considered to be a short-term capital asset, if it is held for 12 months or less from the date of its acquisition by the unit holder. Accordingly, if the unit of a Mutual Fund is held for a period of more than 12 months, it is treated as a long-term capital asset.

###### **All Unit Holders**

###### **Long Term Capital Gains**

As per Section 10(38) of the Act, long-term capital gains arising from the sale of unit of an equity oriented fund entered into in a recognised stock exchange or sale of such unit of an equity oriented fund to the mutual fund would be exempt from income-tax, provided such transaction of sale is chargeable to securities transaction tax.

For this purpose “equity oriented fund” means where the investible funds are invested by the Mutual Fund in equity shares in domestic companies to the extent of more than sixty five percent of the total proceeds of such fund set up under a scheme of a Mutual Fund specified under Section 10(23D) of the Act.

Companies would be required to include such long term capital gains in computing the book profits and minimum alternate tax liability under section 115JB of the Act.



## Short-term Capital Gains

As per Section 111A of the Act, short-term capital gains from the sale of unit of an equity oriented fund entered into in a recognised stock exchange or sale of such unit of an equity oriented fund to the mutual fund is proposed to be taxed at 15 per cent provided such transaction of sale is chargeable to securities transaction tax.

The said tax rate shall be increased by applicable surcharge of 5 per cent surcharge in case of resident corporate Unit holders, and 2 per cent in case of non-resident corporate unit holder, where the total income exceeds Rs. 10,000,000. No surcharge is applicable to non-corporate investors. Further, an additional surcharge of 3 per cent by way of education cess shall be

charged in all cases on amount of tax inclusive of surcharge, if any.

However, in case of individuals/ HUFs, being residents, where the total taxable income excluding short-term capital gains is below the maximum amount not chargeable to tax<sup>1</sup>, then the difference between the current maximum amount not chargeable to tax and total income excluding short-term capital gains, shall be adjusted from short-term capital gains. Therefore only the balance short term capital gains will be liable to income tax at the proposed rate of 15 percent, plus education cess. Securities transaction tax is not deductible while computing capital gains.

Further, in case of non-resident unit holder who is a resident of a country with which India has signed a Double Taxation Avoidance Agreement (which is in force), income tax is payable at the rate provided in the Act or the rate provided in the said agreement, whichever is more beneficial, to such non-resident unit holder.

Where sale / repurchase is made during the minority of the child, tax will be levied on either of the parents, whose income is greater, where the said income is not covered by the exception in the proviso to section 64(1A) of the Act. When the child attains majority, such tax liability will be on the child.

There are no tax rebates available. However, individuals and HUF, can claim deduction from total income, under section 80C of the Act, in respect of specified investments made during the year up to Rs. 1,00,000.

## Tax Deduction at Source on capital gains

### Domestic Unit holders

No income-tax is deductible at source from income by way of capital gains under the provisions of the Act and as per Circular no. 715 dated August 8, 1995 issued by the CBDT.

### Foreign Institutional Investors

Under Section 196D of the Act, no deduction shall be made from any income by way of

<sup>1</sup> Effective 1 April 2011, the maximum amounts of total income, not chargeable to tax would be as under:

Type of person	Maximum amount of income not chargeable to tax
Women below 60 years	Rs. 190,000
Other individuals and HUFs	Rs. 180,000
Individuals of the age 60 years or above but below 80 years	Rs. 250,000
Individuals of the age 80 years or above	Rs. 5,00,000

capital gains, in respect of transfer of units referred to in Section 115AD of the Act.

### **Specified overseas financial organizations**

Income-tax is deductible on short-term capital gains arising on sale / repurchase of unit of equity oriented fund referred to above, at the rate of 15 per cent plus applicable surcharge of 2 per cent in case of foreign companies where the total income exceeds Rs. 10,000,000. No surcharge is applicable to non-corporate investors. Further, an additional surcharge of 3 per cent by way of education cess is chargeable in all cases on amount of tax inclusive of surcharge, if any.

### **Other Non-resident Unit holders**

Part II of the First Schedule to the Finance Bill, 2011, provides for deduction of tax at source on short-term capital gains arising on sale / repurchase of units of equity oriented mutual fund at

the rate of 15 per cent plus applicable surcharge in respect of corporate unit holders at 2 per

cent of such tax where the total income exceeds Rs. 10,000,000. No surcharge is applicable to non-corporate investors. Further, an additional surcharge of 3 per cent by way of education cess is chargeable in all cases on amount of tax inclusive of surcharge, if any.

### **Minimum Alternate Tax**

#### **All Corporate Unit holders**

The Finance Act, 2006 amended the Minimum Alternate Tax (MAT) provisions whereby long-term capital gains arising on sale of unit of equity oriented fund though exempt under section 10(38) of the Act, would not be excluded from the book profits to calculate profits chargeable to MAT.

### **Securities Transaction Tax**

#### **All Unit holders**

Unit holders shall be liable to pay securities transaction tax in respect of transactions of purchase and sale of units of equity oriented fund as under:

Nature of Transaction	Tax rate (%)
Delivery based purchase transaction in units of equity oriented fund entered in a recognized stock exchange	0.125
Delivery based sale transaction in units of equity oriented fund entered in a recognized stock exchange	0.125
Non-delivery based sale transaction in units of equity oriented fund entered in a recognised stock exchange.	0.025
Sale of units of an equity oriented fund to the mutual fund	0.25

Value of taxable securities transaction in case of units shall be the price at which such units are purchased or sold.

As per the Finance Act, 2008 deduction in respect of securities transaction tax paid is allowed under section 36 of the Act, for the purpose of computation of business income, subject to the condition that such income from taxable securities transaction is included under the head 'profits and gains of business/profession'.

### **Equity Linked Savings Schemes**

Equity Linked Savings Schemes (ELSS) are schemes formulated under the Equity Linked Savings Scheme (ELSS), 2005, issued by the Central Government.

Accordingly, any investment made by an assessee in the ELSS of the Fund up to a sum of Rs. 100,000/- in a financial year would qualify for deduction under Section 80C of the I.T. Act.

An “assessee” as per ELSS 2005 means:—

- (i) an individual; or
- (ii) a Hindu undivided family;

### **TAXATION ON INVESTING IN DEBT ORIENTED SCHEMES OF MUTUAL FUNDS**

#### **Dividend Distribution Tax**

#### **Money Market Mutual Funds and Liquid Funds**

*From 1 April 2011 to 31 May 2011*

Income distribution, if any, made by money market mutual funds and liquid funds shall attract distribution tax under Section 115R of the Act, at the rate of 27.038 per cent (inclusive of surcharge at 5 per cent on income-tax and an additional surcharge by way of education cess at the rate of 3 per cent on the amount of tax inclusive of surcharge)

*With effect from 1 June 2011*

Income distribution, if any, made by money market mutual funds and liquid funds shall attract distribution tax under Section 115R of the Act, at the rate of 27.038 per cent (inclusive of surcharge at 5 per cent on income-tax and an additional surcharge by way of education cess at the rate of 3 per cent on the amount of tax inclusive of surcharge) in case income is distributed to individuals and Hindu Undivided Family (HUFs), and at 32.445 percent (inclusive of surcharge at 5 per cent on income-tax and an additional surcharge by way of education cess at the rate of 3 per cent on the amount of tax inclusive of surcharge) in case income is distributed to persons other than Individual and HUFs.

#### **Other than Money Market Mutual funds and Liquids Funds**

*From 1 April 2011 to 31 May 2011*

Income distribution, if any, made by Mutual Fund other than Equity Oriented Mutual Funds, Money Market Mutual funds and Liquids Funds shall attract distribution tax under Section 115R of the Act, at 13.519 per cent (inclusive of surcharge at 5 per cent on income-tax and an additional surcharge by way of education cess at the rate of 3 per cent on the amount of tax inclusive of surcharge) in case income is distributed to individuals and Hindu Undivided Family (HUFs), and at 21.63 per cent (inclusive of surcharge at 5 per cent on income-tax and an additional surcharge by way of education cess at the rate of 3 per cent on the amount of tax inclusive of surcharge) in case income is distributed to persons other than Individual and HUFs.

*With effect from 1 June 2011*

Income distribution, if any, made by Mutual Fund other than Equity Oriented Mutual Funds,

Money Market Mutual funds and Liquids Funds shall attract distribution tax under Section 115R of the Act, at 13.519 per cent (inclusive of surcharge at 5 per cent on income-tax and an additional surcharge by way of education cess at the rate of 3 per cent on the amount of tax inclusive of surcharge) in case income is distributed to individuals and Hindu Undivided Family (HUFs), and at 32.445 per cent (inclusive of surcharge at 5 per cent on income-tax and an additional surcharge by way of education cess at the rate of 3 per cent on the amount of tax inclusive of surcharge) in case income is distributed to persons other than Individual and HUFs.

### **Income-tax**

#### **Income distributed by the Mutual Fund**

##### **All Unit holders**

Income received in respect of units of a mutual fund, is exempt from tax under Section 10(35)

of the Act. Exemption from income-tax under section 10(35) of the Act shall however not apply to any income arising from the transfer of these units.

#### **Tax Deduction at Source on income distributed**

##### **All Unit holders**

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.

### **Capital Gains Tax**

As per the provisions of section 2(42A) of the Act, a unit of a Mutual Fund, held by the investor as a capital asset, is considered to be a short-term capital asset, if it is held for 12 months or less from the date of its acquisition by the unit holder. Accordingly, if the unit of a Mutual Fund is

held for a period of more than 12 months, it is treated as a long-term capital asset.

#### **Foreign Institutional Investors**

Long-term capital gains arising on sale / repurchase of such units shall be taxed at the rate of 10 per cent under Section 115AD of the Act. The said tax rate shall be increased by applicable surcharge of 2 per cent surcharge in case of corporate Unit holders, where the total income exceeds Rs. 10,000,000. No surcharge is applicable to non-corporate investors. Further, an additional surcharge of 3 per cent by way of education cess shall be charged in all cases on amount of tax inclusive of surcharge, if any. Such gains shall be calculated without inflation index and currency fluctuations.

Short-term capital gains arising on sale / repurchase of such units shall be taxed at 30 per cent. The said tax rate shall be increased by applicable surcharge of 2 per cent surcharge in case of corporate Unit holders where the total income exceeds Rs. 10,000,000. No surcharge is applicable to non-corporate investors. Further, an additional surcharge of 3 per cent by way of education cess shall be charged in all cases on amount of tax inclusive of surcharge, if any.

However, in case of FII unit holder who is a resident of a country with which India has signed a Double Taxation Avoidance Agreement (which is in force) income tax is payable at the rate provided in the Act or the rate provided in the said agreement, whichever is more beneficial to such FII unit holder.

### **Specified overseas financial organisations**

As per the provisions of section 115AB of the Act, long-term capital gains arising on sale / repurchase of such units purchased in foreign currency shall be liable to tax at the concessional rate of 10 per cent. The said tax rate shall be increased by applicable surcharge of 2 per cent surcharge in case of corporate Unit holders, where the total income exceeds Rs. 10,000,000. No surcharge is applicable to non-corporate investors. Further, an additional surcharge of 3 per cent by way of education cess shall be charged in all cases on amount of tax inclusive of surcharge, if any. However, such gains shall be computed without the benefit of cost indexation.

Short-term capital gains arising on sale / repurchase of such units purchased in foreign currency may be taxed at 40 per cent in case of foreign companies, and 30 per cent in case of others. The said tax rate shall be increased by applicable surcharge of 2 per cent surcharge in case of corporate Unit holders, where the total income exceeds Rs. 10,000,000. No surcharge is applicable to non-corporate investors. Further, an additional surcharge of 3 per

cent by way of education cess shall be charged in all cases on amount of tax inclusive of surcharge, if any. Each Unit holder is advised to consult his / her or its own professional tax advisor for application of tax rate of 10 per cent (increased by applicable surcharge and education cess) on short-term capital gains arising on sale / repurchase of such units (other than unit of equity oriented fund referred to above) purchased in foreign currency.

However, in case of such specified overseas financial organization unit holder who is a resident of a country with which India has signed a Double Taxation Avoidance Agreement (which is in force) income tax is payable at the rate provided in the Act or the rate provided in the said agreement, whichever is more beneficial to such specified overseas financial organization unit holder.

### **Other Unit holders**

#### **Long-term capital Gains**

Long-term capital gains arising on sale / repurchase of such units shall be chargeable under Section 112 of the Act, at concessional rate of tax, at 20 per cent. The said tax rate shall be increased by applicable surcharge of 5 per cent in case of corporate Unit holders (being resident) and 2 per cent surcharge in case of corporate Unit holders (being non-resident), where the total income exceeds Rs. 10,000,000. No surcharge is applicable to non-corporate investors. Further, an additional surcharge of 3 per cent by way of education cess shall be charged in all cases on amount of tax inclusive of surcharge, if any.

The following amounts shall be deductible from the full value of consideration, to arrive at the amount of capital gains:

Cost of acquisition of Units as adjusted by Cost Inflation Index notified by the Central Government, and Expenditure incurred wholly and exclusively in connection with such transfer.

However, where the tax payable on such long-term capital gains, computed before indexation, exceeds 10 per cent, (as increased by the applicable surcharge and education cess), of the amount of capital gains, such excess tax shall not be payable by the Unit holder.

In case of Individuals and HUF (being a resident), where taxable income as reduced by long-term capital gains arising on sale of units (other than unit of an equity oriented fund) is upto / below the basic exemption limit, the long-term capital gains shall be reduced to the extent of

the shortfall and only the balance long-term capital gains shall be subjected to the flat rate of income-tax.

### Short-term capital gains

Short-term capital gains arising on sale / repurchase of such units shall be taxed at 30 per cent plus 5 per cent surcharge in case of corporate unit holders (being resident), where the total income exceeds Rs. 10,000,000. Further, an additional surcharge of 3 per cent by way of education cess is payable in all cases on amount of tax inclusive of surcharge.

Short-term capital gains arising on sale / repurchase of such units shall be taxed at 30 per cent in case of firm (being resident). No surcharge is applicable to non-corporate investors. Further, an additional surcharge of 3 per cent by way of education cess is payable in all cases on amount of tax.

Short-term capital gains arising on sale / repurchase of such units shall be taxed at 30 per cent in case of local authority (being resident). Further, an additional surcharge of 3 per cent by

way of education cess is payable in all cases on amount of tax.

Short-term capital gains arising to a co-operative society (being resident) are taxable on progressive basis as given below:

Where total income for a tax year (April to March) is less than or equal to Rs. 10,000	10% of the total income
Where such total income is more than Rs.10,000 but does not exceed Rs. 20,000	Rs. 1000 plus 20 per cent of the amount by which the total income exceeds Rs.10,000
Where the total income exceeds Rs. 20,000	Rs. 3,000 plus 30 per cent of the amount by which the total income exceeds Rs. 20,000

Further, an additional surcharge of 3 per cent by way of education cess is payable in all cases on amount of tax.

Short-term capital gains arising to individuals and HUFs are taxable on progressive basis, as given below:

Where total income for a tax year (April to March) is less than or equal to Rs. 180,000 (the basic exemption limit)	Nil
Where such total income is more than Rs. 180,000 but is less than or equal to Rs. 500,000	10 per cent of the amount by which the total income exceeds Rs. 180,000
Where such total income is more than Rs. 500,000 but is less than or equal to Rs. 800,000	Rs. 32,000 plus 20 per cent of the amount by which the total income exceeds Rs. 500,000
Where such total income is more than Rs. 800,000	Rs. 92,000 plus 30 per cent of the amount by which the total income exceeds Rs. 800,000

The basic exemption limit in case of a resident individuals of 60 years of age or above but below 80 years of age is Rs 250,000. In case of resident individual of 80 years of age or above, the basic exemption limit is Rs 5,00,000. In case of a resident individual being a woman below the 60 years of age, the basic exemption limit is Rs 190,000.

While no surcharge is applicable to non-corporate investors, an additional surcharge of 3 per cent by way of education cess on amount of tax is applicable in all cases.

However, in case of such other non-resident unit holder who is a resident of a country with which India has signed a Double Taxation Avoidance Agreement (which is in force) income-tax is payable at the rate provided in the Act or the rate provided in the said agreement, whichever is more beneficial to such other non-resident unit holder.

Where sale / repurchase is made during the minority of the child, tax will be levied on either of the parents, whose income is greater, where the said income is not covered by the exception in the proviso to section 64(1A) of the Act. When the child attains majority, such tax liability will be on the child.

There are no tax rebates available. However, individuals and HUF, can claim deduction from total income, under a section 80C of the Act, in respect of specified investments made during the year upto Rs. 100,000.

### **Tax Deduction at Source on capital gains**

#### **Domestic Unit holders**

No income-tax is deductible at source from income by way of capital gains under the provisions of the Act and as per Circular no. 715 dated August 8, 1995 issued by the CBDT.

#### **Foreign Institutional Investors**

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

#### **Specified overseas financial organisations**

As per section 196B of the Act, income-tax is deductible on long-term capital gains arising on sale / repurchase of such units purchased in foreign currency, at the rate of 10 per cent. The said tax rate shall be increased by applicable surcharge of 2 per cent surcharge in case of corporate Unit holders, where the total income exceeds Rs. 10,000,000. No surcharge is applicable to non-corporate investors. Further, an additional surcharge of 3 per cent by way of education cess is chargeable in all cases on amount of tax inclusive of surcharge, if any.

Income-tax is deductible on short-term capital gains arising on sale / repurchase of such units at the rate of 40 per cent plus applicable surcharge at the rate of 2 per cent in case of foreign companies, where the total income exceeds Rs. 10,000,000; and 30 per cent in case of non-corporate Unit holders. No surcharge is applicable to non-corporate investors. Further, an additional surcharge of 3 per cent by way of education cess is chargeable in all cases on amount of tax inclusive of surcharge, if any.

#### **Other Non-resident Unit holders**

Part II of the First Schedule to the Finance Bill, 2011, provides for deduction of tax at source on long-term capital gains arising on sale / repurchase of units at the rate of 20 per cent. Surcharge on income-tax will be levied in respect of all corporate Unit holders at 2 per cent of such tax, where the total income exceeds Rs. 10,000,000. No surcharge is applicable to non-corporate investors. Further, an additional surcharge of 3 per cent by way of education cess shall be chargeable in all cases on amount of tax inclusive of surcharge, if any.

Tax is deductible on short-term capital gains arising on sale / repurchase of units at the marginal rates, viz. at 30 per cent in case of individuals and other non-corporate Unit holders; and at 40 per cent in case of corporate Unit holders. Surcharge on income-tax will be levied in respect of all corporate Unit holders at 2 per cent of such tax, where the total income



exceeds Rs. 10,000,000. No surcharge is applicable to non-corporate investors. Further, an additional surcharge of 3 per cent by way of education cess shall be chargeable in all cases on amount of tax inclusive of surcharge, if any.

In case of non-resident unit holder who is a resident of a country with which India has signed a Double Taxation Avoidance Agreement (which is in force) the tax should be deducted at source under section 195 of the Act 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 a non-resident unit holder will be required to provide appropriate documents to the Fund, to be entitled to a beneficial rate under such agreement.

If the non-resident unit holder produces a nil or lower withholding certificate from the income tax authorities, then tax shall be deducted at such rates mentioned in the certificate during the validity of the certificate.

### **Other Benefits and Important concerns**

#### **Deduction for the Securities Transaction Tax**

As per the Finance Act, 2008 deduction in respect of securities transaction tax paid is allowed in the computation of business income. This is subject to the condition that such income from taxable securities transaction is included under the head "profit and gains from business and profession".

#### **Religious and Charitable Trusts**

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

#### **Set off of Capital losses**

##### **All Unit Holders**

The long-term capital loss suffered on sale / repurchase of units shall be available for set off against long-term capital gains arising on sale of other assets and balance unabsorbed long-term capital loss shall be carried forward for set off only against long-term capital gains in subsequent years.

Short-term capital loss suffered on sale / repurchase of units shall be available for set off against both long-term and short-term capital gains arising on sale of other assets and balance unabsorbed short-term capital loss shall be carried forward for set off against capital gains in subsequent years.

Such carry forward is admissible maximum upto eight assessment years.

Each Unit holder is advised to consult his / her or its own professional tax advisor before claiming set off of long-term capital loss arising on sale / repurchase of units of an equity oriented fund referred to above, against long-term capital gains arising on sale of other assets.

#### **Dividend Stripping**

##### **All Unit holders**

Under the provisions of Section 94(7) of the Act, loss arising on sale of Units, which are bought within 3 months prior to the record date (i.e. the date fixed by the Mutual Fund for the



purposes of entitlement of the Unit holders to receive the income) and sold within 9 months

after the record date, shall be ignored for the purpose of computing income chargeable to tax to the extent of exempt income received or receivable on such Units.

### **Bonus stripping**

#### **All Unit holders**

Additionally, as per sub clause (8) to section 94 of the Act, wherein in case of units purchased within a period of three months prior to the record date for entitlement of bonus and sold within nine months after the record date, the loss arising on transfer of original units shall be

ignored for the purpose of computing the income chargeable to tax. The loss so ignored shall be treated as cost of acquisition of such bonus units.

### **Furnishing of Permanent Account Number(PAN)**

As per the provisions of the section 206AA of the Income-tax Act, 1961, applicable from 1 April 2010 (i.e. financial year starting from 1 April 2010), any person whose receipts are subject to deduction of tax at source shall mandatorily furnish his PAN to the deductor failing which the deductor shall deduct tax at source at higher of the following rates:

- i. the rate prescribed in the Act;
- ii. at the rates in force (this takes into account the rates as per the DTAA)
- iii. at the rate of 20 per cent

In view of the same, even a non-resident is technically required to have a PAN under the provisions of the Act and non-availability of the same may result in withholding at higher rate. However, if PAN is available, then the beneficial rates as per tax treaty (if applicable) can be availed subject to the deductee being eligible for treaty benefits.

### **Exemptions from long-term capital gains**

As per the provisions of section 54EC of the Act, long-term capital gains arising on sale / repurchase 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 to the extent it does not exceed Rs. 5,000,000 and remain so invested as specified.

### **Wealth-tax**

Units held under the respective Plans are not treated as assets as defined under Section 2(ea) of the Wealth-tax Act, 1957 and thereof shall not liable to wealth-tax.

### **Gift-tax**

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

## **B. Legal Information**

### **1 Nomination Facility**

- I. Pursuant to Regulation 29A of the SEBI Regulations, the AMC provides an option to the Unit holder to nominate (in the manner prescribed under the SEBI Regulations), a person(s) in whom the Units held by him shall vest in the event of his death. Where the Units are held by more than one person jointly, the joint Unit holders may together nominate a person(s) in whom all the rights in the Units shall vest in the event of death of all the joint Unit holders. By provision of this facility the AMC is not in any way attempting to grant any rights other than those granted by law to the nominee(s).

- II. A nomination in respect of the Units does not create an interest in the property after the death of the Unit holder. The nominee(s) shall receive the Units only as an agent and trustee for the legal heirs or legatees as the case may be. It is hereby clarified that the nominees(s) under the nomination facility provided herein shall not necessarily acquire any title or beneficial interest in the property by virtue of this nomination.
- III. Nomination can be made only by individuals on their own behalf, either singly or jointly. Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot nominate.
- IV. Only the following categories of Indian Residents can be nominated: (a) individuals (b) minors through parent/legal guardian (c) religious and charitable trusts and (d) Central Government, State Government, a local authority or any person designated by virtue of his office.
- V. The Nominee shall not be a trust other than a religious or charitable trust, society, body corporate, partnership firm, Karta of Hindu Undivided Family or a Power of Attorney holder.
- VI. A non-resident Indian can be a Nominee subject to the exchange controls in force from time to time.
- VII. Minor(s) can be nominated and in that event, the name and address of the guardian of the minor nominee shall be provided by the Unit holder. Nomination can also be in favour of the Central Government, State Government, a local authority, any person designated by virtue of his office or a religious or charitable trust.
- VIII. Nomination can be made for maximum of 3 nominees. In case of multiple nominees, the percentage of allocation / share in favour of each of the nominees should be indicated against their name and such allocation / share should be in whole numbers without any decimals making a total of 100 percent. In the event of Unit holders not indicating the percentage of allocation / share for each of the nominees, the Mutual Fund /the AMC, by invoking default option shall settle the claim equally amongst all the nominees.
- IX. Nomination in respect of the Units stands rescinded upon the Redemption of Units.
- X. Cancellation of nomination can be made only by those individuals who hold 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 Mutual Fund / AMC shall not be under any obligation to transfer the Units in favour of the nominee(s).
- XI. The nomination facility extended under the Scheme is subject to existing laws. The AMC shall, subject to production of such evidence which in their opinion is sufficient, proceed to effect the payment/transfer to the Nominee(s). Transfer of Units / payment to the nominee(s) of the sums shall discharge the Mutual Fund / AMC of all liability towards the estate of the deceased Unit holder and his/her/their successors/legal heirs.
- XII. The Fund, the AMC and the Trustee are entitled to be indemnified from the deceased Unit Holder's estate against any liabilities whatsoever that any of them may suffer or incur in connection with a nomination.
- XIII. Nomination will be mandatory for new folios/accounts opened by individuals especially with sole/single holding.
- XIV. Investors who do not wish to nominate must sign separately confirming their non-intention to nominate.
- XV. In case of joint holdings in a folio, all joint holders will be required to sign the request for nomination/cancellation of nomination, even if the mode of holding is not joint. The facility to nominate will not be available in a folio held on behalf of a minor. Nomination form cannot be signed by Power of Attorney (PoA) holders.
- XVI. The facility to nominate will not be available in a folio held on behalf of a minor.
- XVII. Nomination shall be maintained at the folio or account level and shall be applicable for investments in all schemes in the folio or account.
- XVIII. Every new nomination in a folio will over write the existing nomination.

Investors may note that where the Units are transferred in favor of the nominee, the "Know Your Customer" norms, where applicable will have to be fulfilled by the nominee.

## **2 Prevention of Money Laundering - Know Your Customer (KYC) Compliance**

- I. Prevention of Money Laundering Act, 2002 (hereinafter referred to as "Act") came into effect from July 1, 2005 vide Notification No. GSR 436(E) dated July 1, 2005 issued by Department of Revenue, Ministry of Finance, Government of India. Further, SEBI vide its circular reference number ISD/CIR/RR/AML/1/06 dated January 18, 2006 including amendments thereto mandated that all intermediaries including mutual funds should formulate and implement a proper policy framework as per the guidelines on anti money laundering measures and also to adopt a Know Your Customer (KYC) policy. The intermediaries may, according to their requirements specify additional disclosures to be made by clients for the purpose of identifying, monitoring and reporting incidents of money laundering and suspicious transactions Undertaken by clients. SEBI also issued another circular reference no.
- II. ISD/CIR/RR/AML/2/06 dated March 20, 2006 advising all intermediaries to take necessary steps to ensure compliance with the requirement of section 12 of the Act inter-alia maintenance and preservation of records and reporting of information relating to cash and suspicious transactions to Financial Intelligence Unit-India (FIU-IND), New Delhi.
- III. All investors shall complete a one-time process of KYC, which is mandatory for any amount of investment for the New / Additional Purchases, Switch Transactions, New SIP Registration, New STP Registrations. Further, investors may submit duly filled in KYC application forms together with their photograph, PAN card copy, proof of address/constitution documents and other requisite documents, to a centralized agency appointed by the mutual fund industry, presently CDSL Ventures Ltd. Such form and documents may be submitted at any 'Point of Service' designated by CDSL Ventures Ltd. The KYC process is required to be done only once to enable transacting across a majority of mutual funds.

The investor(s) should ensure that the amount invested in the scheme is through legitimate sources only and does not involve and is not designated for the purpose of any contravention or evasion of the provisions of the Income Tax Act, Prevention of Money Laundering Act, Prevention of Corruption Act and / or any other applicable law in force and also any laws enacted by the Government of India from time to time or any rules, regulations, notifications or directions issued thereunder.

- IV. Investors should note that it is mandatory for all applications for subscription of any amount to quote the KYC Compliance Status of each applicant (guardian in case of minor) in the application for subscription and attach proof of KYC Compliance viz. KYC Acknowledgement Letter (or the erstwhile Mutual Fund Identification Number\* (MIN) Allotment Letter) / Printout of KYC Compliance Status downloaded from CVL website ([www.cvlindia.com](http://www.cvlindia.com)) using the PAN Number.

*\*Valid only where investors who have already obtained the erstwhile Mutual Fund Identification Number (MIN) by submitting the PAN copy as the proof of identity.*

- V. Applicants intending to apply for units through a Power of Attorney (PoA) must ensure that the issuer of the PoA and the holder of the PoA must mention their KYC Compliance Status and attach proof of KYC Compliance at the time of investment. In the event of non compliance of KYC requirements, the Trustee / AMC reserves the right to freeze the folio of the investor(s) folio.
- VI. To ensure appropriate identification of the investor(s) under its KYC policy and with a view to monitor transactions for the prevention of money laundering, the AMC / the Mutual Fund reserves the right to seek information, record investor's telephonic calls and / or obtain and retain documentation for establishing the identity of the investor, proof of residence, source of funds, etc.
- VII. It may re-verify identity and obtain any incomplete or additional information for this purpose.
- VIII. The investor(s) and their attorney, if any, shall produce reliable, independent source documents such as photographs, certified copies of ration card/ passport/ driving license/PAN card, etc. and/or such documents or produce such information as may be required from time

to time for verification of the identity, residential address and financial information of the investor(s) by the AMC/Mutual Fund.

- IX. If the investor(s) or the person making payment on behalf of the investor(s), refuses / fails to provide the required documents/ information within the period specified in the communication(s) sent by the AMC to the investor(s) then the AMC, after applying appropriate due diligence measures, believes that the transaction is suspicious in nature within the purview of the Act and SEBI circulars issued from time to time and/or on account of deficiencies in the documentation, shall have absolute discretion to report suspicious transactions to FIU-IND and / or to freeze the folios of the investor(s), reject any application(s) / allotment of units.
- X. The KYC documentation shall also be mandatorily complied with by the holders entering the Register of Members by virtue of operation of law e.g. transmission, etc. The Mutual Fund, AMC, Trustee and their Directors, employees and agents shall not be liable in any manner for any claims arising whatsoever on account of freezing the folios / rejection of any application / allotment of units due to non-compliance with the provisions of the Act, SEBI circular(s) and KYC policy and / or where the AMC believes that transaction is suspicious in nature within the purview of the Act and SEBI circular(s) and reporting the same to FIU-IND.

Please refer to the paragraph "How to apply" for the process to complete KYC formalities.

### **3 Transfer and Transmission Facility**

- I. Units of the schemes shall be non-transferable. However, Units of all schemes of Axis Mutual Fund which are held in demat form shall be freely transferable under the depository system and in accordance with the provisions of the SEBI (Depositories and Participants) Regulations, 1996. However, restrictions on transfer of Units of Axis Tax Saver Fund during the lock in period shall continue to be applicable as per the ELSS guidelines. Further, if a person becomes a holder of the units consequent to operation of law, or upon enforcement of a pledge, the Mutual Fund will, subject to production of satisfactory evidence, effect the transfer, if the transferee is otherwise eligible to hold the units.
- II. In case units are held in a single name by a unit holder, units shall be transmitted in favour of the nominee, where the unit holder has appointed a nominee, upon production of death certificate or any other document to the satisfaction of the Mutual Fund, AMC/Trustee or Registrar.
- III. If the unit holder has not appointed a nominee, the units shall be transmitted in favour of the unit holder's executor / administrator of estate / legal heir(s), as the case may be, on production of death certificate or any other document to the satisfaction of the Mutual Fund, AMC/Trustee or Registrar.
- IV. In case units are held by more than one registered unit holder, then upon death of first unit holder, units shall be transmitted in favour of the second named holder on production of a death certificate or any other document to the satisfaction of the Mutual Fund, AMC/Trustee or Registrar.
- V. The rights in the units will vest in the nominee upon the death of all joint unit holders upon the nominee producing a death certificate or any other document to the satisfaction of the Mutual Fund, AMC/Trustee or Registrar.

#### **Transmission facility:**

- I. In case of transmission of Units, the transferee will have to comply with the applicable " Know Your Customer" Norms.
- II. In case of transmission of Units, the claimant(s) of Units will be required to submit the prescribed documents as may be applicable. Investors may refer to our website

([www.axismf.com](http://www.axismf.com)) or contact any of our investor service centres for the various documents required under different transmission scenarios.

- III. In case of transmission of Units to a claimant who is a minor, the prescribed documents like PAN, KYC, bank details, indemnity, etc. of the guardian will be required.
- IV. If the amount involved in transmission exceeds Rs. 1 lakh, the AMC/Mutual Fund may, on a case to case basis, seek additional documents from the claimant(s) of Units.

#### **4 Duration of the Scheme and Winding Up**

- I. Each closed-ended Scheme/ Plan will have a Maturity Date / Final Redemption Date and will be compulsorily and without any act by the unit holder(s) redeemed on Maturity Date / Final Redemption Date. On Maturity / Final Redemption Date of the Scheme/ Plan, the units will be redeemed at the Applicable NAV.
- II. The Mutual Fund may convert the Scheme/ Plans under the Scheme after the Maturity Date / Final Redemption Date into an open-end Scheme/ Plan and this shall be in accordance with the SEBI Regulations.
- III. The Units of close-ended Scheme/ Plan may be converted into open-ended scheme,
  - (a) If the SID of such scheme discloses the option and the period of such conversion; or
  - (b) The Unit holders are provided with an option to redeem their units in full.
- IV. A close-ended scheme shall be fully redeemed at the end of the maturity period.
- V. Provided that a close ended scheme may be allowed to be rolled over if the purpose, period and other terms of the roll over and all other material details of the scheme including the likely composition of assets immediately before the roll over, the net assets and net asset value of the scheme, are disclosed to the Unit holders and a copy of the same has been filed with SEBI.
- VI. Provided further, that such roll over will be permitted only in case of those Unit holders who express their consent in writing and the Unit holders who do not opt for the roll over or have not given written consent shall be allowed to redeem their holdings in full at net asset value based price.
- VII. A closed-ended Scheme/ Plan shall be wound up on the expiry of duration fixed in the Scheme/ Plan on the redemption of the Units unless it is rolled-over for a further period under sub-regulation (4) of regulation 33.
- VIII. An Open-ended / Interval Scheme has a perpetual life.
- IX. Where the Scheme is a Close - Ended Schemes with automatic conversion into Open-Ended Scheme upon Maturity, such schemes will remain close - ended for the period mentioned in the SID and subsequently the scheme will automatically be converted into an open-ended scheme without any further reference from the Mutual Fund/ Trustee/ AMC/ Unit holders. Thereafter, the duration of the Scheme is perpetual.
- X. However, in terms of the Regulations, an open-ended schemes may be wound up anytime, and close-ended scheme may be wound up at any time prior to the maturity date, after repaying the amount due to the unit holders under the following circumstances:
  - (1) On happening of any event, which in the opinion of the Trustee, requires the Scheme concerned to be wound up, OR
  - (2) If 75% of the unit holders of the Scheme concerned pass a resolution that the Scheme be wound up, OR
  - (3) If SEBI so directs in the interests of unit holders.
  - (4) In addition to the above, an open- ended scheme may also be wound up if the scheme/investment Plan fails to fulfill the condition of a minimum of 20 investors on an ongoing basis for each calendar quarter.

## **5 Procedure and Manner of Winding Up**

- I. The Trustee shall call a meeting of the Unit holders of the Scheme to consider and pass necessary resolutions by simple majority of Unit holders present and voting at the meeting for authorising the AMC or any other person / agency to take the steps for winding up of the Scheme.
- II. Provided that a meeting shall not be necessary if the Scheme is wound up at the end of the maturity period.
- III. The Trustee or the person authorised as above, shall dispose the assets of the Scheme concerned in the best interests of the Unit holders of the Scheme.
- IV. The proceeds of the sale made in pursuance of the above, shall in the first instance be utilised towards discharge of such liabilities as are properly due under the Scheme and after making appropriate provision for meeting the expenses connected with such winding up, the balance shall be paid to the Unit holders in proportion to their respective interests in the assets of the Scheme as on the date when the decision for the winding up was taken.
- V. On the completion of the winding up, the Trustee shall forward to SEBI and the Unit holders, a report on the winding up containing particulars such as circumstances leading to the winding up, the steps taken for disposal of assets of the Scheme before winding up, expenses of the Scheme for winding up, net assets available for distribution to the Unit holders and a certificate from the Auditors of the Mutual Fund.
- VI. Notwithstanding anything contained herein, the application of the provisions of SEBI Regulations in respect of disclosures of half-yearly reports and annual reports shall continue to be applicable until the winding up is completed or the Scheme ceases to exist.
- VII. After the receipt of report referred to the above under "Procedure and Manner of Winding up" if SEBI is satisfied that all measures for winding up of the Scheme have been complied with, the Scheme shall cease to exist.
- VIII. The aforesaid provisions pertaining to "Procedure and Manner of Winding Up" shall apply in respect of each individual scheme and to the extent possible shall apply mutatis mutandis to each Investment Plan.

## **6. Consolidation of Folios**

In case an investor has multiple folios, the AMC reserves the right to consolidate all the folios into one folio, based on such criteria as may be determined by the AMC from time to time. In case of additional purchases in same scheme / fresh purchase in new scheme, if the investor fails to provide the folio number, the AMC reserves the right to allot the units in the existing folio, based on such integrity checks as may be determined by the AMC from time to time.

## **7. Miscellaneous**

Investors may note that in case of fresh/additional purchases, if the name of the Scheme on the application form/transaction slip differs with the name on the Cheque/Demand Draft/payment instrument/transfer letter, then the AMC will allot units under the Scheme mentioned on the application form. In case of fresh/additional purchases, if the Scheme name is not mentioned on the application form/transaction slip, then the units will be allotted under the Scheme mentioned on the Cheque/Demand Draft/payment instrument/transfer letter.. The Plan/Option that will be considered in such cases if not specified by the customer will be the default option of the Scheme as per the SID. However, in case additional purchase is under the same scheme as fresh purchase, then the AMC reserves the right to allot units in the option under which units were allotted at the time of fresh purchase.



## 8. INVESTOR HAVING MULTIPLE ACCOUNTS

The Mutual Fund has also provided a facility to the investors to register multiple bank accounts. By registering multiple bank accounts, the investors can use any of the registered bank accounts to receive redemption / dividend proceeds. These account details will be used by the AMC / Mutual Fund / R&TA for verification of instrument used for subscription to ensure that third party payments are not used for mutual fund subscription, except where permitted above. Investors are requested to avail the facility of registering multiple bank accounts by filling in the Application Form for Registration of Multiple Bank Accounts available at our ISCs/OPAs or on our website [www.axismf.com](http://www.axismf.com). For details, please refer to the 'Multiple Bank Account Registration Form'.

## 9. Application with/without broker

Investors may note and follow the below-mentioned directions while applying for the units of the schemes of the Mutual Fund:

- (1) In case where the Broker code is already printed in Application form / Transaction form / Purchase request form by the AMC / Registrar / Distributor :

Where the Investor wishes to apply directly (i.e. not through existing broker / distributor), then the investor should strike off the broker code (printed) and should write "Direct Applications" or "Not Applicable (N.A.)" and countersign the same

- (2) In case where the Broker code is not printed in Application form / Transaction form / Purchase request form :

*In case of direct applications*, the Investor should write in the space provided for the broker code "Direct Application" or "Not Applicable (N.A.)" .

- (3) In case of change in broker, the investor will be required to strike off the old broker code and countersign near the new broker code, before submitting the application form / transaction form / purchase form to the designated ISC's/ OPA (Official points of Acceptance).
- (4) The Registrar and the AMC shall effect the application for changes in the broker code within the reasonable period of time from the time of receipt of written request from the investor at the designated ISC's / OPA. Decision of the Registrar/AMC in this regard shall be final and acceptable to all.
- (5) All Unitholders who have invested/may invest through channel distributors and intend to make their future investments through the direct route, are advised to complete the procedural formalities prescribed by AMC from time to time.

## C. General Information

### 1. Inter-Scheme Transfer of Investments

Transfers of investments from one scheme to another scheme in the Mutual Fund shall be allowed only if

- (a) Such transfers are done at the prevailing market price for quoted instruments on spot basis. (spot basis shall have same meaning as specified by stock exchange for spot transactions.)
- (b) Transfers of unquoted securities will be as per the policy laid down by the Trustee from time to time
- (c) The securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.

## 2. Associate Transactions

### Investment in Group Companies

During the period October 9, 2009 to March 31, 2010, the following investments were made in the securities of Sponsors and its Group Companies :

Rs. In crores

Name of company	Particulars	Axis Equity Fund			Axis Tax Saver Fund		
		Quantity	Market Value	% to Net Assets	Quantity	Market Value	% to Net Assets
Axis Bank Ltd	Equity	200000	23.37	2.76%	3943	0.46	2.22%

During the period April 1, 2010 to March 31, 2011, the following investments were made in the securities of Sponsors and its Group Companies :

Rs. In crores

Name of company	Particulars	Axis Equity Fund			Axis Tax Saver Fund		
		Quantity	Market Value	% to Net Assets	Quantity	Market Value	% to Net Assets
Axis Bank Ltd	Equity	185000	23.87	2.98%	27057	3.47	10.32%
	Fixed Deposit	-	9	1.21%	-	-	-

Rs. In crores

Name of company	Particulars	Triple Advantage Fund		
		Quantity	Market Value	% to Net Assets
Axis Bank Ltd	Equity	30000	4.12	0.95%
	Fixed Deposit	-	29	5.89%

The AMC has dealt with the following associates for the purpose of securities transaction (aggregate purchase and sale) during the period October 9, 2009 to March 31, 2010:

Rs. In crores

Name of Associate (Counterparty)	Name of the Scheme	Nature of Security	Amount	Transaction Type
AXIS BANK LTD.	Axis Liquid Fund	CP	9.91	Purchase
AXIS BANK LTD.	Axis Liquid Fund	CD	392.16	Purchase
AXIS BANK LTD.	Axis Treasury Advantage Fund	CP	9.36	Purchase
AXIS BANK LTD.	Axis Treasury Advantage Fund	CD	324.23	Purchase
AXIS BANK LTD.	Axis Treasury Advantage Fund	CD	58.77	Sale
AXIS BANK LTD.	Axis Treasury Advantage Fund	NCD	131.14	Purchase
AXIS BANK LTD.	Axis Equity Fund	FD	40	Purchase
KARNATAKA BANK	Axis Short Term Fund	NCD	10.42	Purchase



The AMC has dealt with the following associates for the purpose of securities transaction (aggregate purchase and sale) during the period April 1, 2010 to March 31, 2011:

Rs. In crores

Name of Associate (Counterparty)	Name of the Scheme	Nature of Security	Amount	Transaction Type
AXIS BANK LTD.	Axis Equity Fund	NCD	94.21	Purchase
AXIS BANK LTD.	Axis Equity Fund	CD	21.40	Purchase
AXIS BANK LTD.	Axis Equity Fund	FD	9.00	Purchase
AXIS BANK LTD.	Axis Income Saver	CD	8.46	Purchase
AXIS BANK LTD.	Axis Liquid Fund	91 Days Tbill	9.99	Purchase
AXIS BANK LTD.	Axis Liquid Fund	CP	24.99	Purchase
AXIS BANK LTD.	Axis Liquid Fund	CD	98.02	Sale
AXIS BANK LTD.	Axis Short Term Fund	CD	21.88	Purchase
AXIS BANK LTD.	Axis Short Term Fund	ZCB	9.30	Purchase
AXIS BANK LTD.	Axis Treasury Advantage Fund	91 Days Tbill	139.95	Purchase
AXIS BANK LTD.	Axis Treasury Advantage Fund	CD	134.40	Purchase
AXIS BANK LTD.	Axis Treasury Advantage Fund	CD	422.88	Sale
AXIS BANK LTD.	Axis Treasury Advantage Fund	NCD	40.31	Purchase
AXIS BANK LTD.	Axis Triple Advantage Fund	FD	29	Purchase
AXIS BANK LTD.	Axis Triple Advantage Fund	GOI	4.97	Sale
KARNATAKA BANK LTD.	Axis Liquid Fund	CD	24.40	Purchase

Amount paid to Associate Companies during the period October 9, 2009 to March 31, 2010:

(Rs. In Crs.)

	Bank Charges	Professional Clearing Member Charges	Investment Management Fees	Service Tax on Management Fees	Trusteeship Fees
<b>Name of Associate</b>	<b>Axis Bank Limited</b>				
Axis Liquid Fund	0.00*	-	0.13	0.01	1.37
Axis Treasury Advantage Fund	0.01	-	1.13	0.12	11.05
Axis Equity Fund	0.01	0.03	2.61	0.27	2.26
Axis Tax Saver Fund	0.00*	-	0.01	0.00*	0.02
Axis Short Term Fund	0.00*	-	0.16	0.02	0.50
Axis Fixed Term Plan – Series 1 (384 days)	0.00*	-	0.01	0.00*	0.04

\* less than Rupees 0.005 Crore

Amount paid to Associate Companies during the period April 1, 2010 to March 31, 2011:

(Rs. In Crs.)

	Bank Charges	Professional Clearing Member Charges	Investment Management Fees	Service Tax on Management Fees	Trusteeship Fees
<b>Name of Associate</b>	<b>Axis Bank Limited</b>				
Axis Liquid Fund	-	0.01	4.42	0.46	0.04

Axis Treasury Advantage Fund	-	0.01	2.02	0.21	0.04
Axis Equity Fund	0.06	0.06	8.17	0.84	0.02
Axis Tax Saver Fund	-	0.00*	0.53	0.06	0.00*
Axis Short Term Fund	-	0.00*	0.98	0.10	0.00*
Axis Fixed Term Plan – Series 1 (384 days)	-	-	0.14	0.01	0.00*
Axis Fixed Term Plan – Series 3 (3 months)	-	0.00*	0.00*	0.00*	0.00*
Axis Fixed Term Plan – Series 4 (3 months)	-	0.00*	0.00*	0.00*	0.00*
Axis Income Saver	0.00*	0.00*	3.30	0.34	0.00*
Axis Triple Advantage Fund	0.00*	0.00*	2.53	0.26	0.00*
Axis Gold ETF	-	-	0.35	0.04	0.00*
Axis Fixed Term Plan – Series 11	-	-	0.09	0.01	0.00*
Axis Fixed Term Plan – Series 12	-	-	0.00*	0.00*	0.00*
Axis Midcap Fund	-	-	0.22	0.02	0.00*
Axis Fixed Term Plan – Series 13	-	-	0.00*	0.00*	0.00*

\* less than Rupees 0.005 Crore

**Amount paid to Associate Companies during the period April 1, 2010 to March 31, 2011:**

	PCM Charges – Axis Bank	CBLO/Sec settlement & processing charges and CMS charges – Axis Bank	Marketing & Sales Promotion Expenses – Axis Bank	Direct Debit, Verification & Cancellation charges – Axis Bank	The Central Depository Services (India) Ltd.
<b>Name of Associate</b>	<b>Axis Bank Limited</b>				
Axis Liquid Fund	-	0.08	0.00*	-	-
Axis Treasury Advantage Fund	-	0.03	0.00*	-	0.00*
Axis Equity Fund	0.03	0.02	0.03	0.11	0.00*
Axis Tax Saver Fund	-	0.00*	0.00*	0.01	0.00*
Axis Short Term Fund	-	0.01	0.00*	-	0.00*
Axis Fixed Term Plan – Series 1 (384 days)	-	0.00*	0.00*	-	0.00*
Axis Income Saver	0.00*	0.01	0.00*	0.00*	0.00*
Axis Triple Advantage Fund	0.00*	0.02	0.00*	0.02	0.00*
Axis Gold ETF	-	0.00*	-	-	0.01
Axis Fixed Term Plan – Series 11 (371 days)	-	0.00*	-	-	0.01
Axis Fixed Term Plan – Series 12 (367 days)	-	-	-	-	0.01
Axis Midcap Fund	-	0.00*	-	0.00*	0.00*
Axis Fixed Term Plan – Series 13 (370 days)	-	0.00*	-	-	0.01

\* less than Rupees 0.005 Crore

The Scheme(s) of the Fund have not undertaken any underwriting obligation with respect to issues of associate companies. Further, the Mutual Fund has had no transactions in securities through associate brokers.

The Schemes of the Fund did not subscribe to the issues lead managed by associate companies during the Financial Year 2009-10. However, during the period April 1, 2010 to March 31, 2011, the Scheme(s) of Axis Mutual Fund has subscribed to the following issues lead managed by sponsor.

Name of the Associate: **Axis Bank Ltd.**

Name of Security	Type of Security	Name of the Scheme	Applied(Rs. in crores)	Allotted(Rs. in crores)
8.35 Cairn India Ltd. (07/12/2012)	Commercial Paper	Axis Short Term Fund	15	15
Orient Green Power Co.	Equity	Axis Equity Fund	10	9.56
Jaypee Infratech Ltd.	Equity	Axis Equity Fund	15	14.25

The AMC has utilized the services of its associates for distribution and sale of units of scheme(s) of Axis Mutual Fund. Details of commission paid to the associates for distribution of units are as follows:

Name of Associate	Nature of Association	Period covered	Business given		Commission paid	
			Amount in Cr.	% of total business received	Amount in Cr.	% of total commission paid
Axis Bank Ltd.	Distributor	Oct 9, 2009* to March 31, 2010	3,883.30	12.76%	0.70	27.90%
		April 1, 2010 to Sept 30, 2010	4,718.64	12.32%	1.28	34.36%
		Oct 1, 2010 to March 31, 2011	5,552.35	7.69%	4.61	51.05%

\*Date of allotment of the first scheme of Axis Mutual Fund.

Associate transactions are conducted at arms length relationship and do not in any manner affect the performance of the schemes.

The AMC may however, for the purposes of providing certain services utilize the services of the Sponsor, group companies and any other subsidiary or associate company of the Sponsor established or to be established at a later date, who is in a position to provide the requisite services to the AMC. Following are the associates of the sponsor and AMC with which the Mutual Fund proposes to have dealings, transactions and those whose services may be used for marketing and distributing the scheme and the commissions that may be paid to them. The AMC may also utilize the services of other associates for the mutual fund transactions and for distributing the units of the scheme.

Axis Bank Limited
Axis Securities and Sales Limited
Axis Mutual Fund Trustee Limited
Axis Private Equity Limited
United Stock Exchange of India Limited
Karnataka Bank Limited

Edelweiss Asset Management Limited
Mahanagar Telephone Nigam Ltd. (MTNL)
LICHFL Asset Management Co. Pvt. Ltd.
Central Depository Service (India) Ltd.

The scheme will invest in group companies of the sponsor or the sponsor in accordance with the provisions of the Regulations.

The AMC, on behalf of the Fund, shall conduct its business with the aforesaid companies (Including their employees or relatives) on commercial terms and on arms-length basis and at mutually agreed terms and conditions to the extent permitted under the Regulations.

### **3. Stock Lending by the Mutual Fund**

Subject to the SEBI Regulations as applicable from time to time, the Mutual Fund may, engage in Stock Lending. Stock Lending means the lending of stock to another person or entity for a fixed period of time, at a negotiated compensation. The securities lent will be returned by the borrower on the expiry of the stipulated period.

For details, investors are requested to refer to the Scheme Information Document of the respective schemes.

### **4. Borrowing by the Mutual Fund**

The Mutual Fund is allowed to borrow to meet the temporary liquidity needs of the schemes for the purpose of repurchase, redemption of units or payment of interest or dividend to the unit holders, provided that the Mutual Fund shall not borrow more than 20% of the net assets of each scheme and the duration of such borrowing shall not exceed a period of six months. There have been no borrowing for the Financial Year 2009-10 and 2010-11.

### **5. Unclaimed Redemption and Dividend Amount**

As per Circular No. MFD/CIR/9/120/2000, dated November 24, 2000, issued by SEBI, unclaimed redemption and dividend amounts shall be deployed by the Mutual Fund in money market instruments and such other instruments/securities as maybe permitted from time to time. The investment management fee charged by the AMC for managing such unclaimed amounts shall not exceed 50 basis points. Investors who claim these amounts during a period of three years from the due date shall be paid at the prevailing NAV. After a period of three years, this amount can be transferred to a pool account and the investors can claim the said amounts at the NAV prevailing at the end of the third year. The AMC shall make a continuous effort to remind investors through letters to take their unclaimed amounts.

### **6. Suspension of the Purchase and Redemption of Units**

Subject to the approval of the Boards of the AMC and of the Trustee, and subject also to necessary communication of the same to SEBI, the determination of the NAV of the Units of a Scheme, and consequently of the Purchase, Redemption and switching of Units, may be temporarily suspended in any of the conditions described below.

- a) When one or more stock exchanges or markets which provide the basis of valuation for a substantial portion of the assets of the Scheme is closed otherwise than for ordinary holidays.
- b) When, as a result of political, economic or monetary events or any other circumstances outside the control of the Trustee and the AMC, the disposal of the assets of the Scheme is not considered to be reasonably practicable or might otherwise be detrimental to the interests of the Unit Holders.
- c) In the event of breakdown in the means of communication used for the valuation of

- investments of the Scheme, so that the value of the securities of the Scheme cannot be accurately or reliably arrived at.
- d) If, in the opinion of the AMC, extreme volatility of markets causes or might cause, prejudice to the interests of the Unit Holders of the Scheme.
  - e) In case of natural calamities, war, strikes, riots, and bandhs.
  - f) In case of any other event of force majeure or disaster that in the opinion of the AMC affects the normal functioning of the AMC or the Registrar.
  - g) During the period of Book Closure.
  - h) If so directed by SEBI.

In any of the above eventualities, the time limits for processing requests for subscription and Redemption of Units will not be applicable. Suspension or restriction of Redemption facility shall be made applicable only after the approval of the Board of Directors of the AMC and the Trustee. The approval from the AMC Board and the Trustee giving details of circumstances and justification for the proposed action shall also be informed to SEBI in advance.

## **7. Documents Available for Inspection**

The following documents will be available for inspection at the office of the Mutual Fund at Axis House, 1<sup>st</sup> Floor, Bombay Dyeing Mill Compound, Pandurang Budhkar Marg, Worli, Mumbai – 400 025 during business hours on any day (excluding Saturdays, Sundays and public holidays)

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

## **8. Underwriting by the Mutual Fund**

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

## **9. Investor Grievances Redressal Mechanism**

Investors can lodge any service request or complaints or enquire about NAVs, Unit Holdings, Valuation, Dividends, etc by calling the investor line of the AMC at **"1800 3000 3300"** (toll-free number) or **4325 5100** (at local call rate for enquiring at AMC ISC's) or email – [customerservice@axismf.com](mailto:customerservice@axismf.com). The service representatives may require personal information of the investor for verification of his / her identity in order to protect confidentiality of information. The AMC will at all times endeavour to handle transactions efficiently and to resolve any investor grievances promptly.

Any complaints should be addressed to Mr. Milind Vengurlekar, who has been appointed as the Investor Relations Officer and can be contacted at:

Address :

Axis House, 1<sup>st</sup> Floor, Bombay Dyeing Mill Compound, Pandurang Budhkar Marg, Worli,

Mumbai – 400 025

Phone no.: 022 43254138 / 4123

### Investor Complaints history

Given below is the status of Investor Complaints / Queries for the period October 09, 2009(i.e. since inception of schemes) to March 31, 2012.

Period	October 09, 2009 to March 31, 2010			April 1, 2010 to March 31, 2011		
	Number of Complaints/Queries					
	Received	Redressed	Pending	Received	Redressed	Pending
Scheme Name						
Axis Treasury Advantage Fund	5	5	0	0	0	0
Axis Liquid Fund	1	1	0	0	0	0
Axis Equity Fund	3675	3675	0	14525	14315	210
Axis Long Term Equity Fund*	21	21	0	1353	1327	26
Axis Short Term Fund	0	0	0	0	0	0
Axis Fixed Term Plan – Series 1(384 days)	0	0	0	0	0	0
Axis Fixed Term Plan – Series 3( 3 months)	0	0	0	0	0	0
Axis Fixed Term Plan – Series 4( 3 months)	0	0	0	0	0	0
Axis Income Saver	0	0	0	5440	5425	15
Axis Triple Advantage Fund	0	0	0	4619	4589	30
Axis Gold ETF	0	0	0	2508	2391	117
Axis Fixed Term Plan – Series 11 (371 days)	0	0	0	0	0	0
Axis Fixed Term Plan – Series 12 (367 days)	0	0	0	0	0	0
Axis Fixed Term Plan – Series 13 (370 days)	0	0	0	0	0	0
Axis Midcap Fund	0	0	0	0	0	0
Axis Dynamic Bond Fund	0	0	0	0	0	0
Axis Fixed Term Plan – Series 14 (368 days)	0	0	0	0	0	0
Axis Fixed Tem Plan – Series 15 (370 days)	0	0	0	0	0	0
Axis Fixed Term Plan – Series 16 (370 days)	0	0	0	0	0	0
Axis Hybrid Fund – Sr. 1	0	0	0	0	0	0
Axis Hybrid Fund – Sr. 2	0	0	0	0	0	0
Axis Hybrid Fund – Sr. 3	0	0	0	0	0	0
Axis Capital Protection Oriented Fund – Series 1	0	0	0	0	0	0
Axis Gold Fund	0	0	0	0	0	0
Total	3702	3702	0	28445	28047	398

Period	April 1, 2011 to March 31, 2012		
	Number of Complaints / Queries		
	Received	Redressed	Pending
<b>Scheme Name</b>			
Axis Treasury Advantage Fund	930	928	2
Axis Liquid Fund	1308	1308	0
Axis Equity Fund	30473	30465	8
Axis Long Term Equity Fund*	6751	6751	0
Axis Short Term Fund	316	316	0
Axis Fixed Term Plan – Series 1(384 days)	161	161	0
Axis Fixed Term Plan – Series 3( 3 months)	0	0	0
Axis Fixed Term Plan – Series 4( 3 months)	0	0	0
Axis Income Saver	5063	5063	0
Axis Triple Advantage Fund	9790	9787	3
Axis Gold ETF	2997	2997	0
Axis Fixed Term Plan – Series 11 (371 days)	197	197	0
Axis Fixed Term Plan – Series 12 (367 days)	164	164	0
Axis Fixed Term Plan – Series 13 (370 days)	198	198	0
Axis Midcap Fund	2654	2651	3
Axis Dynamic Bond Fund	279	279	0
Axis Fixed Term Plan – Series 14 (368 days)	170	166	4
Axis Fixed Tem Plan – Series 15 (370 days)	167	167	0
Axis Fixed Term Plan – Series 16 (370 days)	161	161	0
Axis Hybrid Fund – Sr. 1	504	504	0
Axis Hybrid Fund – Sr. 2	607	607	0
Axis Hybrid Fund – Sr. 3	326	326	0
Axis Capital Protection Oriented Fund – Series 1	556	556	0
Axis Gold Fund	4034	4032	2
Axis Capital Protection Oriented Fund – Series 2	580	580	0
Axis Fixed Term Plan – Series 17 (12 Months)	161	161	0
Axis Capital Protection Oriented Fund – Series 3	654	654	0
Axis Capital Protection Oriented Fund – Series 4	534	534	0
Axis Constant Maturity 10 Year Fund	51	51	0
Axis Fixed Term Plan – Series 18 (15 Months)	28	28	0
Axis Fixed Term Plan – Series 20 (3 Months)	19	19	0
Axis Fixed Term Plan – Series 21 (394 days)	3	3	0
Axis Fixed Term Plan – Series 22 (374 days)	2	2	0
Axis Fixed Term Plan – Series 23 (3 Months)	3	3	0
Axis Income Fund	2	2	0
<b>Total</b>	<b>69843</b>	<b>69821</b>	<b>22</b>

\*Name changed from Axis Tax Saver Fund w.e.f. September 2, 2011.

Notwithstanding anything contained in this Statement of Additional Information, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the guidelines thereunder shall be applicable.

for and on behalf of the Board of Directors of  
Axis Asset Management Company Limited

Sd/-  
Rajiv Anand  
Managing Director & CEO

Place: Mumbai  
Dated: April 25, 2012

**ADDENDUM DATED AUGUST 9, 2011 TO THE STATEMENT OF ADDITIONAL INFORMATION (SAI)  
OF AXIS MUTUAL FUND**

2. Ms. Sonu Bhasin has resigned as a director on the Board of Directors of Axis AMC with effect from July 31, 2011. Accordingly reference to Ms. Bhasin under the section 'Details of Axis AMC directors' stands deleted.
3. Mr. Ramesh Kumar Bammi has been appointed as an Associate Director on the Board of Directors of Axis AMC with effect from August 08, 2011. Accordingly the section 'Details of Axis AMC Directors' shall include the following details of Mr. Bammi:

<b>Name</b>	<b>Age / Qualification</b>	<b>Brief Experience</b>
Mr. R.K. Bammi #	Age: 57  Qualification: MA (Economics), Delhi School of Economics	Mr. Bammi, Executive Director (Retail Banking), Axis Bank is a Certified Associate from the Indian Institute of Bankers. He has over 30 years of experience in the banking sector and has been with Axis Bank since 1994. His previous roles include Head of Retail Banking and Head of Distribution at the Bank. Currently, he is responsible for the retail banking business including distribution, retail lending & retail liabilities and investment products.

#Associate

All other terms & conditions of the Statement of Additional Information (SAI) of Axis Mutual Fund remain unchanged.

This addendum forms an integral part of Statement of Additional Information (SAI) of Axis Mutual Fund.

for **Axis Asset Management Company Limited**  
**(Investment Manager to Axis Mutual Fund)**

**Sd/-**

**Rajiv Anand**  
**Managing Director &**  
**Chief Executive Officer**

Place: Mumbai  
Date: August 9, 2011



**ADDENDUM DATED SEPTEMBER 30, 2011 TO THE SCHEME INFORMATION DOCUMENTS, STATEMENT OF  
ADDITIONAL INFORMATION AND KEY INFORMATION MEMORANDA OF THE SCHEMES OF AXIS MUTUAL FUND (as  
applicable)**

**(A) Consolidated Account Statement**

The following paragraph on Consolidated Account Statement stands included below the section 'Account Statement(s)' under the Scheme Information Documents of schemes of Axis Mutual Fund:

**'Consolidated Account Statement**

On acceptance of the application for subscription, an allotment confirmation specifying the number of units allotted by way of e-mail and/or SMS within 5 business days from the date of receipt of transaction request will be sent to the Unit Holders registered e-mail address and/or mobile number. Consolidated account statement for each calendar month shall be issued, on or before tenth day of succeeding month, detailing all the transactions and holding at the end of the month including transaction charges paid to the distributor, across all schemes of all mutual funds, to all the investors in whose folios transaction has taken place during that month. The AMC shall ensure that a consolidated account statement every half yearly (September/ March) is issued, on or before tenth day of succeeding month, detailing holding at the end of the six month, across all schemes of all mutual funds, to all such investors in whose folios no transaction has taken place during that period.

The AMC shall identify common investors across fund houses by their permanent account number for the purposes of sending consolidated account statement. In case of specific request received from the Unit Holders, the AMC/Fund will provide the Account Statement to the Investors within 5 business days from the receipt of such request. In the event the account has more than one registered holder, the first named Unit Holder shall receive the Account Statement. The word transaction will include purchase, redemption, switch, dividend payout, dividend reinvestment, systematic investment plan, systematic withdrawal plan and systematic transfer plan.

The AMC will endeavor to send statement of accounts by e-mail where the Investor has provided the e-mail id. The statement of holding of the beneficiary account holder for units held in demat will be sent by the respective Depository Participants periodically. Additionally, the AMC may at its discretion send Account Statements individually to the investors.'

**(B) Mailing of Annual Report or Abridged Summary**

The following paragraph stands included below the section 'Annual Report' under the Scheme Information Documents of schemes of Axis Mutual Fund:

'The Scheme wise annual report or an abridged summary hereinafter shall be sent by AMC/Mutual Fund as under:

- (i) by e-mail to the Unit holders whose e-mail address is available with the Fund,
- (ii) in physical form to the Unit holders whose email address is not available with the Fund and/or to those Unit holders who have opted / requested for the same.

The physical copy of the scheme wise annual report or abridged summary shall be made available to the investors at the registered office of the AMC. A link of the scheme annual report or abridged summary shall be displayed prominently on the website of the Mutual Fund.'

**(C) Option to hold Units in dematerialized (demat) form**

Investors shall have an option to receive allotment of Mutual Fund units in their demat account while subscribing to any scheme (open ended/close ended/Interval) in terms of the guidelines/ procedural requirements as laid by the Depositories (NSDL/CDSL) from time to time.

Investors desirous of having the Units of the Scheme in dematerialized form should contact the ISCs of the AMC/Registrar.

Where units are held by investor in dematerialized form, the demat statement issued by the Depository Participant would be deemed adequate compliance with the requirements in respect of dispatch of statements of account.

In case investors desire to convert their existing physical units (represented by statement of account) into dematerialized form or vice versa, the request for conversion of units held in physical form into Demat (electronic) form or vice versa should be submitted along with a Demat/Remat Request Form to their Depository Participants. In case the units are desired to be held by investor in dematerialized form, the KYC performed by Depository Participant shall be considered compliance of the applicable SEBI norms.

Units held in Demat form are freely transferable in accordance with the provisions of SEBI (Depositories and Participants) Regulations, as may be amended from time to time. Transfer can be made only in favour of transferees who are capable of holding units and having a Demat Account. The delivery instructions for transfer of units will have to be lodged with the Depository Participant in requisite form as may be required from time to time and transfer will be affected in accordance with such rules / regulations as may be in force governing transfer of securities in dematerialized mode.

The demat option is provided to all schemes and options of Axis Mutual Fund except for all daily and weekly dividend options under all debt and liquid schemes. Further, demat option shall not be offered for SIP transactions.

For details, Investors may contact any of the Investor Service Centres of the AMC.

**Effective date for the above changes is October 01, 2011.**

This addendum shall form an integral part of the Scheme Information Documents/ Statement of Additional Information/ Key Information Memoranda (as applicable) of the Schemes of Axis Mutual Fund.

All other terms and conditions of the Scheme Information Documents, Statement of Additional Information and Key Information Memoranda of Axis Mutual Fund remain unchanged.

**for Axis Asset Management Co. Ltd.  
(Investment Manager to Axis Mutual Fund)**

sd/-

**Rajiv Anand  
Managing Director &  
Chief Executive Officer**

**Date: September 30, 2011**

## **ADDENDUM DATED DECEMBER 31, 2011 TO THE STATEMENT OF ADDITIONAL INFORMATION (SAI) AND KEY INFORMATION MEMORANDA CUM APPLICATION FORM (KIM) OF SCHEMES OF AXIS MUTUAL FUND**

### **Revision In Know Your Customer (KYC) Procedure**

Investors may kindly note that pursuant to SEBI Circular No. MIRSD/ Cir-26/ 2011 dated December 23, 2011, SEBI (KYC Registration Agency) Regulations, 2011 and SEBI Circular No. MIRSD/SE/Cir-21/2011 dated October 5, 2011, regarding uniformity in the Know Your Customer (KYC) process in the securities market and development of a mechanism for centralization of the KYC records to avoid duplication of KYC Process across the intermediaries in the securities market, with effect from **January 1, 2012**, the following changes shall be applicable to SAI / KIM of the Schemes of Axis Mutual Fund:

1. SEBI has introduced a common KYC Application Form for all the SEBI registered intermediaries viz. Mutual Funds, Portfolio Managers, Depository Participants, Stock Brokers, Venture Capital Funds, Collective Investment Schemes, etc. New Investors are therefore requested to use the common KYC Application Form and carry out the KYC process including In-Person Verification (IPV) with any SEBI registered intermediaries including mutual funds. The KYC Application Forms are also available on our website **www.axismf.com**
2. The Mutual Fund shall perform the initial KYC of its new investors and may undertake enhanced KYC measures commensurate with the risk profile of its investors. The Mutual Fund shall upload the details of the investors on the system of the KYC Registration Agency (KRA). Registrar & Transfer Agent (RTA) of the Mutual Fund may also undertake the KYC of the investors on behalf of the Mutual Fund. KRA shall send a letter to the investor within 10 working days of the receipt of the initial/updated KYC documents from the Mutual Fund, confirming the details thereof.
3. Once the investor has done KYC with a SEBI registered intermediary, the investor need not undergo the same process again with another intermediary including mutual funds. However, the Mutual Fund reserves the right to carry out fresh KYC/additional KYC of the investor.
4. It is mandatory for intermediaries including mutual funds to carry out In-Person Verification (IPV) of its new investors from January 1, 2012. The IPV carried out by any SEBI registered intermediary can be relied upon by the Mutual Fund. Axis Asset Management Company Limited and NISM / AMFI certified distributors who are KYD compliant are authorised to undertake the IPV for Mutual Fund investors. Further, in case of any applications received directly (i.e. without being routed through the distributors) from the investors, the Mutual Fund may rely upon the IPV (on the KYC Application Form) performed by the scheduled commercial banks.
5. Existing KYC compliant investors of the Mutual Fund can continue to invest as per the current practice.

All other terms & conditions of the SAI and KIM of Axis Mutual Fund remain unchanged.

This addendum forms an integral part of SAI and KIM of Axis Mutual Fund.

for **Axis Asset Management Company Limited**  
**(Investment Manager to Axis Mutual Fund)**

Sd/-

**Rajiv Anand**  
**Managing Director &**  
**Chief Executive Officer**

Date: December 31, 2011

**ADDENDUM DATED FEBRUARY 29, 2012 TO THE STATEMENT OF  
ADDITIONAL INFORMATION (SAI) / SCHEME INFORMATION DOCUMENT  
OF (SID) / KEY INFORMATION MEMORANDA (KIM) OF ALL SCHEMES OF  
AXIS MUTUAL FUND**

**Change in address of the office of the mutual fund, Trustee Company and the asset management company**

Pursuant to Bombay Dyeing Mills Compound (premises of the office of the mutual fund, trustee company and asset management company) being renamed as Wadia International Centre, the address of the office of the above stated entities shall be read as under w.e.f. March 01, 2012:

Axis House", 1st Floor,  
C-2, Wadia International Centre,  
Pandurang Budhkar Marg, Worli,  
Mumbai – 400025

The location of the office will remain unchanged.

All other terms and conditions of the Scheme Information Documents/Key Information Memoranda and Statement of Additional Information of Axis Mutual Fund remain unchanged.

This addendum forms an integral part of the SAI / SIDs / KIMs of the Schemes of Axis Mutual Fund as amended from time to time.

**for Axis Asset Management Company Limited  
(Investment Manager to Axis Mutual Fund)**

**Sd/-**

**Rajiv Anand  
Managing Director & CEO**

Date: February 29, 2012

## **ADDENDUM DATED APRIL 30, 2012 TO THE STATEMENT OF ADDITIONAL INFORMATION (SAI) OF AXIS MUTUAL FUND**

### **Modifications to the process vis-à-vis change in bank mandate / address**

Investors may kindly note that in accordance with AMFI communication no. 135/BP/26/11-12 dated March 21, 2012, Axis Asset Management Company Limited shall carry out following modifications to the process vis-à-vis change in bank mandate/address effective May 1, 2012 (effective date) –

#### **I. Change in Bank Mandate**

1. Updation of Bank Account in Customer's Folio shall be either through "Multiple Bank Account Registration Form" or a standalone separate "Change of Bank Mandate Form";
2. In case of standalone change of bank details, documents as entailed below should be submitted as a proof of new bank account details. Based on Axis AMC's internal risk assessment, Axis AMC may also consider collecting proof of old bank account and proof of identity of the clients, while effecting the change of bank account;
3. Customers are advised to register multiple bank accounts and choose any of such registered bank accounts for receipt of redemption proceeds;
4. Any unregistered bank account or new bank account forming part of redemption request shall not be entertained or processed;
5. Such Investors, who have not already provided bank mandate at the time of making investment, are required to submit proof of new bank account details as entailed here below. Such Investors are also required to submit valid Proof of Identity as prescribed under KYC guidelines along with Proof of Investment; and
6. Any change of Bank Mandate request received/processed few days prior to submission of a redemption request or on the same day as a standalone change request, Axis AMC will continue to follow cooling period of 10 calendar days for validation of the same.

*Investors are required to submit any one of the following documents in Original or produce originals for verification or copy attested by the Bank –*

#### **New Bank Account/Bank details Registration**

- Cancelled original cheque of new bank mandate with first unit holder name and bank account number printed on the face of the cheque; OR
- Self - attested copy of bank statement; OR
- Bank Passbook with current entries not older than 3 months; OR
- Letter from the bank on its letterhead confirming the bank account holder with the account details, duly signed by the Branch Manager/authorised personnel.

AND Proof of Identity as prescribed under KYC guidelines along with Proof of Investment - only for such investors who have not registered their bank mandate at the time of making investment.

#### **Change in Existing Bank Mandate**

- Cancelled original cheque with first unitholder name and bank account number printed on the face of the cheque; OR
- Original bank account statement or pass book; OR
- Original letter issued by the Bank on the letterhead confirming the bank account holder with the account details, duly signed by the Branch Manager; OR
- In case such Bank account is already closed, a duly signed and stamped original letter from such bank on the letter head of bank, confirming the closure of said account.

#### **II. Change in Address**

Investors / unit holders are requested to note that from the effective date, self- attested copies of the below mentioned documents shall be submitted along with a duly filled in 'Change of Address Form'.

**1. KYC not complied folios**

- Proof of new Address
- Proof of Identity (in case of PAN updated folios - only PAN card copy shall be accepted, and in other case
- PAN/other valid proof of identity shall be accepted
- Based on Axis AMC's internal risk assessment, Axis AMC may also consider collecting proof of old address, while effecting change of address

**2. KYC complied folios:**

- Proof of new Address
- Any other document/form that the KYC Registration Agency (KRA) may specify from time to time.

Copies of all documents submitted by the Investors should be self-attested and accompanied by originals for verification.

In case the original of any document is not produced for verification, then the copies should be properly attested/ verified by entities authorised for attesting / verification of the documents as per KYC guidelines.

All other terms & conditions of the SAI of Axis Mutual Fund remain unchanged.

This addendum forms an integral part of SAI of Axis Mutual Fund.

for **Axis Asset Management Company Limited**  
**(Investment Manager to Axis Mutual Fund)**

Sd/-

**Rajiv Anand**  
**Managing Director &**  
**Chief Executive Officer**

Date: April 30, 2012  
Place: Mumbai

## ADDENDUM DATED JUNE 15, 2012 TO THE STATEMENT OF ADDITIONAL INFORMATION (SAI) OF AXIS MUTUAL FUND

Mr. Rahul Vekaria has been appointed as Credit Analyst and Dealer for Axis Mutual Fund with effect from June 15, 2012. Accordingly, the section 'Information on Key Personnel of the Asset Management Company' shall include the following details of Mr. Rahul Vekaria:

Employee	Designation/ Function	Age	Qualifications	Total No. of years of Experience	Assignments held during last 10 years	Period From - To
Mr. Rahul Vekaria	Credit Analyst and Dealer	26	B. Com, ACA	Over 4 years.	Axis Securities and Sales Limited (Asst. Manager – Fixed Income)	2010 - 2012
					Price Waterhouse Coopers (Audit Assistant – Financial Services)	2007 - 2009

All other terms & conditions of the Statement of Additional Information (SAI) of Axis Mutual Fund remain unchanged.

This addendum forms an integral part of Statement of Additional Information (SAI) of Axis Mutual Fund.

for **Axis Asset Management Company Limited**  
(Investment Manager to Axis Mutual Fund)

Sd/-

**Rajiv Anand**  
Managing Director &  
Chief Executive Officer

Date: June 15, 2012

*relax.* IT'S AXIS.

