



STATEMENT OF ADDITIONAL INFORMATION (SAI) OF LIC MUTUAL FUND

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STATEMENT OF ADDITIONAL INFORMATION (SAI)

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STATEMENT OF ADDITIONAL INFORMATION (SAI)

This Statement of Additional Information (SAI) contains details of LIC 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)

This SAI is dated 30/06/2009

I. INFORMATION ABOUT THE SPONSOR, AMC AND TRUSTEE COMPANY

A. CONSTITUTION OF THE MUTUAL FUND

LIC Mutual Fund was set up as a separate Trust by the Life Insurance Corporation of India having its central office at Yogakshema, Jeevan Bima Marg, Mumbai 400 021. The Trust deed dt.20.04.89 was modified through a deed of modification as mentioned in schedule III of SEBI (Mutual Fund) Regulations 1996. The Trust Deed will not be modified without the prior approval of SEBI and Unit holders approval will be obtained where it affects the interest of the Unit holders. LIC has made an initial contribution of Rs.2 crore towards Trust Fund. LIC Mutual Fund Trustee Co. Pvt. Ltd. is formed and appointed to supervise the activities of the Fund. The Trustee company has entrusted the work of management of the Fund to LIC Mutual Fund Asset Management Company Ltd., which is a company promoted by Life Insurance Corporation of India with an authorized capital of Rs.25 crore.

The basic objective of LIC Mutual Fund is to mobilize savings from investors who are spread in various parts of the country and have no easy access to the capital market, with a view to providing them a vehicle for investment of their funds to ensure safety, security, easy liquidity and reasonably good returns

B. SPONSOR

LIC Mutual Fund is sponsored by LIC of India. The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs.2 crores to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

Life Insurance Corporation of India (LIC), the sponsor of LIC Mutual Fund is one amongst the largest insurance companies in the world, serving over 32 crore policy holders and managing a Fund of over Rs. 463147.62 crore. There are very few organizations in India, which manage funds of this size. However beyond the initial contribution of Rs. 2 crore towards setting up of the corpus LIC is not responsible or liable for any loss or shortfall resulting from the operations of any scheme of the Mutual Fund

Activities of the sponsor and its financial performance for the last three fiscal years-2

LIC of India, incorporated in 1956 under the LIC Act is in the principal business of providing life insurance. The brief financial position of LIC, is as under

Particulars	For financial years (Rs. in crore)		
	2006-07	2007-08	2008-09
TOTAL INCOME	174424.76	206362.98	215305.39

TOTAL OUTGO (INCLUDING TAXES, TRANSFER TO RESERVES & 5% OF VALUATION SURPLUS PAID TO CENTRAL GOVT)	76836.20	80176.14	68467.59
EXCESS OF INCOME OVER OUTGO ADDED TO FUND	97588.56	126186.84	146837.80
LIFE FUND AT THE END OF THE YEAR	560806.33	686616.45	826693.00
CAPITAL PROVIDED BY CENTRAL GOVT.	5.00	5.00	5.00

C. THE TRUSTEE

LIC Mutual Fund Trustee Company Pvt. Ltd. through its Board of Directors, shall discharge its obligations as trustee of the LIC Mutual Fund. The Trustee ensures that the transactions entered into by the AMC are in accordance with the SEBI Regulations and will also review the activities carried on by the AMC

LIC Mutual Fund Trustee Company Private Limited comprising the following eminent persons whose current directorships are as under:

Name and Address	Current Directorships
Shri Thomas Mathew T – Chairman (Associate) A-1, Jeevan Jyot, Shetalavad Lane, Nepean Sea Road, Mumbai – 400 006	Managing Director 1. LIC of India Director 1. LIC (Lanka) Ltd. Nominee Director 1. L&T Ltd. 2. Corporation Bank 3. Governing Board of the Management Development Institute, Gurgaon Chairman: 1. Shareholders Grievance Committee – L&T Ltd. Member in LIC of India: 1. Investment Committee 2. Executive Committee 3. Building Advisory Committee 4. Consumer Affairs Committee Member in Corporation Bank: 1. Audit Committee 2. Management Committee 3. Committee to monitor Large Value Frauds
Shri P N Shah (Independent) Shantiniketan, Block no. 51 Prabhat Colony, Road No. 1, Santacruz (E), Mumbai 400 055	Director 1. Indo Count Industries Ltd. 2. Taparia Tools Ltd. 3. P I Industries Ltd. 4. Secure Meters Ltd. 5. Wolkem India Ltd. 6. Lipi Data Systems Ltd. 7. Pranavaditya Spinning Mills Ltd

Shri P N Mehta (Independent) 90 Anand Lok August Kranti Marg New Delhi – 110049	Chairman Panasonic AVC Networks India Co. Ltd. Director: 1. Panasonic AVT Networks India Co. Ltd. 2. Salora International Ltd. Alternate Director 1. Bihar Sponge Iron Ltd Partner: Aiyar & Company
Shri V G Subramanian (Independent) A/5, Swami Shivananda C.H.S Ltd, Chakala Road Andheri (East), Mumbai-400 099.	Nil
Shri M Raghvendra (Independent) C-5/104, Saket Complex Thane (W), Mumbai-400 601.	Director 1. GIC AMC Ltd

Substantiative Provisions of Trust Deed

Substantiative Provisions of Trust Deed are as under-

- a. A Director of Trustee Co. in carrying out his responsibilities as Member of the Board of Trustee Co. shall maintain an arms length relationship with other companies, or institutions or financial intermediaries or any Body Corporate with which he may be associated.
- b. A member of the Board of Trustee Co. shall not participate in the meetings of the Board or in any decision making process for any investment in which he may be interested.
- c. All members of the Board of Trustee Co. shall furnish to the SEBI, the interest which they may have in any other company or institution or financial intermediary or any corporate by virtue of their position as Directors, partners or with which they may be associated in any other capacity.
- d. The Trustee Co. shall take into their custody or under their control all the capital property of the various schemes of LIC Mutual Fund and shall hold it in trust for the Unit holders.
- e. It shall be the duty of the Trustee Co. to act in the best interest of the unit holders and shall provide or cause to provide information to Unit holders and SEBI as may be specified by SEBI.
- f. All Unit holders will have beneficial interest in the trust property to the extent of individual holding in respective schemes only.
- g. The Trustee Co. shall appoint an AMC with SEBI approval to float schemes and manage the funds mobilized under various schemes. The Trustee Co shall enter into an investment management agreement with the AMC for this purpose.
- h. The Trustee Co. shall appoint a custodian and be responsible for the supervision of its activities in relation to the mutual fund and shall enter into a custodian agreement for this purpose.
- i. The Trustee Co. shall explicitly forbid the acquisition of any asset out of the trust property, which involves the assumption of any liability, which is unlimited or results in encumbrance of the trust property in any way.
- j. The trustee Co. shall have the power to dismiss the AMC under the specific events only with the approval of SEBI in accordance with the Regulations.

- k. The Trustee Co. shall take reasonable care to ensure that the funds under the various schemes floated and managed by the Asset Management Company are in accordance with the Trust Deed and the guidelines issued by SEBI.
- l. The Trustee Co. shall supervise the collection of any income due to be paid to the scheme and claiming of any repayment of tax and holding of any income received in trust for the holders in accordance with the Trust Deed and guidelines issued by SEBI.
- m. The Trustee Co. Board shall meet at-least once in every 2 months and at-least 6 such meetings shall be held every year.
- n. *No amendment to the Trust Deed shall be carried out without the prior approval of Unit holders and the Board, provided however, that in case a Board of Trustees is converted into a Trustee Company such a conversion shall not require the approval of Unit holders.* -6

Functions and responsibilities of the Trustee : -5

The Board of Trustee Co. shall discharge the functions and responsibilities as per the Trust Deed and Deed of Modification as mentioned in Schedule III of SEBI (MF) Regulations, 1996 and as per SEBI (Mutual Funds) Regulations 1996 as may be amended from time to time.

Under SEBI (Mutual Fund) Regulations, 1996, the Trustees/Trustee Co. have the following duties and obligations :

- A. To enter into an investment management agreement with the asset management company with prior approval of the SEBI.
- B. To ensure that the investment management agreement contains such clauses as are mentioned in the Fourth Schedule of SEBI (Mutual Fund) Regulations, 1996 and such other clauses as are necessary for the purpose of making investment.
- C. To ensure before the launch of any scheme that the asset management company has :-
 - ☐ Systems in place for its back office, dealing room and accounting;
 - ☐ 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;
 - ☐ Appointed auditors to audit its accounts, and ensured that the auditor for the Mutual Fund is different from the auditor of the AMC;
 - ☐ Appointed compliance officer to comply with regulatory requirements and to redress investor grievances;
 - ☐ Appointed registrars and laid down parameters for their supervision;
 - ☐ Appointed Custodians and laid down the parameters for supervision of their activities;
 - ☐ Prepared compliance manual and designed internal control mechanisms including internal audit systems;
 - ☐ Specified norms for empanelment of brokers and marketing agents.
- D. To ensure that the Asset Management Company has been diligent in empanelling the brokers, in monitoring securities transactions with brokers and avoiding undue concentration of business with any broker.
- E. To ensure that the asset management company has not given any undue or unfair advantage to any associates or dealt with any of the associates of the asset management company in any manner detrimental to interest of the Unit holders.
- F. To ensure that the transactions entered into by the asset management company are in accordance with SEBI (Mutual Fund) Regulations, 1996 and the scheme.
- G. To ensure that the asset management company 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 is not being compromised with those of any other scheme or of other activities of the asset management company.

- H. To ensure that all the activities of the asset management company are in accordance with the provisions of SEBI (Mutual Fund) Regulations, 1996.
- I. Where the trustee have reason to believe that the conduct of business of the mutual fund is not in accordance with SEBI (Mutual Fund) Regulations, 1996 and the scheme they shall forthwith take such remedial steps as are necessary by them and shall immediately inform the SEBI of the violation and the action taken by them.
- J. To file the details of his/her holdings in securities on a quarterly basis with the trust.
- K. To be accountable for, and be the custodian of, the funds and property of the respective schemes and to hold the same in trust for the benefit of the unit holders in accordance with SEBI (Mutual Fund) Regulations, 1996 and the provisions of trust deed.
- L. To take steps to ensure that the transactions of the mutual fund are in accordance with the provisions of the trust deed.
- M. To 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 SEBI (Mutual Fund) Regulations, 1996 and the trust deed.
- N. *To obtain the consent of the Unit holders :-12*
- ☐ Whenever required to do so by the SEBI in the interest of the Unit holders; or
 - ☐ Whenever required to do so on the requisition made by three-fourths of the Unit holders of any scheme; OR
 - ☐ When the majority of the trustee decide to wind up or prematurely redeem the units; or
 - ☐ Whenever any modification of the fundamental attributes of the scheme, or the trust or the fees and expenses payable or any other modification by the Trustee is proposed it shall be made bearing in mind that the interest of the Unit holders is not affected and no change in any of the above shall be carried out unless –
 - A written communication about the 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
 - The unit holders are given an option to exit at prevailing NAV without any exit load.
- Explanation:** For the purposes of this clause “fundamental attributes” mean the type of a scheme, the investment objectives and terms of issue.
- O. To call for the details of the transactions in securities by the key personnel of the asset management companies in their own name or on behalf of the asset management company and shall report to the SEBI, as and when required.
- P. To make a quarterly review of all transactions carried out between the mutual fund, asset Management Company and its associates.
- Q. To quarterly review the networth of the asset management company and in case of any shortfall, ensure that the asset management company make up for the shortfall as per clause (f) of sub-regulation (1) of regulation 21 of SEBI (Mutual Fund) Regulations, 1996.
- R. To 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 Unit holders.
- S. To ensure that there is no conflict of interest between the manner of deployment of its networth by the asset management company and the interest of the Unit holders.
- T. To periodically review the investor complaints received and the redressal of the same by the asset management company.
- U. To abide by the Code of Conduct as specified in the Fifth Schedule of SEBI (Mutual Fund) Regulations, 1996.

V. To furnish to the SEBI on 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 member of the trustee, directors and key personnel of the asset management company;
- c) A certificate to the effect that the asset management company 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 the regulation 24 of SEBI (Mutual Fund) Regulations, 1996 have been undertaken by the asset management company, it has taken adequate steps to ensure that the interest of the Unit holders are protected.

The independent Directors of Trustee Co. shall give their comment on the report received from the AMC regarding the investment by Mutual Fund in the securities of group Company(s) of the sponsor.

The Trustee fees

In accordance with the Trust Deed constituting the Mutual Fund, and the Deed of Modification the Trustee Co. is entitled to receive a sum of 5 lakhs per annum.

Certificate of registration

In accordance with the Regulation 9 of the Securities & Exchange Board of India Regulations, the LIC Mutual Fund has obtained a Certificate of Registration from SEBI on 9/5/94 vide Registration Code No.MF/012/94/5.

D. ASSET MANAGEMENT COMPANY

In terms of Securities & Exchange Board of India (Mutual Fund) Regulations, an Asset Management Company called the LIC Mutual Fund Asset Management Company Ltd. with an authorized capital of Rs. 25 crore has been appointed, as approved by the Securities & Exchange Board of India, to manage the affairs of LIC Mutual Fund and operate the schemes of the Fund. Promoted by LIC, LICMFAMC was incorporated in April 1994 and has since been managing the schemes of LICMF.

AMC SHAREHOLDING PATTERN:-7

- LIC OF INDIA	:	49.5%
- LIC HOUSING FINANCE LTD.	:	39.3%
- GIC HOUSING FINANCE LTD.	:	11.2%

AMC Board

The Board of Directors of the LIC Mutual Fund Asset Management Company Ltd. consists of the following :

Name Present Occupation and Address	Current Directorships
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<p>Shri T S Vijayan - Chairman (Associate) B-6, Jeevan Jyot Setalwad Lane Off. Napeansea Road Mumbai – 400 006</p>	<p>Chairman 1. LIC of India Non Executive Chairman 1. LIC Housing Finance Ltd. 2. LIC (Nepal) Ltd. 3. LIC (Lanka) Ltd. 4. LIC(Intl.) BSC (c) Bahrain 5. LIC (Mauritius) Offshore Ltd. 6. LIC Pension Fund Ltd. 7. LIC Card Services Pvt. Ltd. Director 1. Ken India Assurance Ltd.(Nairobi Kenya) 2. ICICI Bank Ltd. 3. GIC of India 4. National Commodity & Derivatives Exchange Ltd Chairman of Governing Board, National Insurance Academy, Pune, President of Insurance Institute of India Member 1. The Anglo Scottish Education Society 2. Asha Handicrafts Association 3. Governing Board of the Institute of Banking and Personnel Selection</p>
<p>Shri C R Thakore (Independent) Mrudul, 8 Jeevan Prakash Society, St. Xaviers High School Road PO Navajivan, Ahmedabad 380014</p>	<p>Nil</p>
<p>Shri R M Honavar (Independent) “Lakshmi Kamal”, 20, Chintamani Co-op. Hsg. Society, Karve Nagar, Pune – 411 052</p>	<p><u>Nil</u></p>
<p>Shri Sushobhan Sarker (Associate) Chief Executive Officer LICMF AMC Ltd. Industrial Assurance Building 4th floor, Opp. Churchgate Station Mumbai - 400 020</p>	<p><u>Director</u> 1. CCIL 2. IL&FS</p>

Shri T S Vishwanath (Independent) Flat no.10, Shankar Market Connaught Circus New Delhi – 110001	<u>Director</u> 1. Mangalam Cements Ltd 2. The Karnataka Bank Ltd.
Shri H N Motiwalla (Independent) 508, Sharada Chambers, 15A New Marine Lines Mumbai – 400020	<u>Director</u> 1. Excel Industries Ltd. 2. Hitech Plast Lyd. 3. Balakrishna Synthetics Ltd.
Shri Ramachandran R Nair (Independent) A-3, Jeevan Jyot, Sethalvad Lane, Nepean Sea Road, Mumbai – 400 036	Director & Chief Executive 1. LIC Housing Finance Ltd. <u>Director</u> 1. LICHFL Care Homes Ltd 2. Punjab Tractors Ltd. 3. Ashok Leyland Ltd. 4. LIC HFL Financial Services Ltd. 5. LIC HFL Trustee Co. Pvt. Ltd.

AMC Fees

In accordance with the Investment Management Agreement and the SEBI regulations the AMC is entitled to receive investment management and advisory fee at the rate of 1.25%, per annum of the weekly average net assets outstanding in an accounting year, for net assets upto Rs. 100 crore, and at the rate of 1% per annum of the weekly average net assets outstanding in an accounting year, for net assets above Rs. 100 crore.

Duties and obligations of AMC

The Investment Management Agreement was entered into by the LICMFAMC on 22.04.94.

Under the SEBI (Mutual Funds) Regulations, 1996, the Asset Management Company has the following obligations :

1. To 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 SEBI (Mutual Fund) Regulations, 1996 and the trust deed.
2. To exercise due diligence and care in all its investment decisions as would be exercised by other persons engaged in the same business.
3. To be responsible for the acts of commissions or omissions by its employees or the persons whose services the Asset Management Company has procured.
4. To submit to the trustee quarterly reports of each year on its activities and the compliance with SEBI (Mutual Fund) Regulations, 1996.
5. The trustee at the request of the asset Management Company may terminate the assignment of the asset Management Company 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 asset Management Company.
6. Notwithstanding anything contained in any contract or agreement or termination, the asset management company or its directors or other officers shall not be absolved of liability to the mutual fund for their acts of commissions or omissions, while holding such position or office.
7. The SEBI (MF) Regulations 1996 specify that, the AMC,

- a) Shall not through any broker associated with the sponsor, purchase or sell securities, which is average of 5% or more of the aggregate purchases and sale of securities made by the mutual fund in all its schemes.
 Provided that for the purpose of this sub-regulation, aggregate purchase and sale of securities shall exclude sale and distribution of units issued by the mutual fund. Provided further that the aforesaid limit of 5% shall apply for a block of three months.
 - b) Shall not purchase or sell securities through any broker (other than a broker referred to in clause (a)) which is average of 5 % or more of the aggregate purchases and sale of securities made by the mutual fund in all its schemes, unless LICMF AMC has recorded in writing the justification for exceeding the limit of 5% and reports of all such investments are sent to the trustee on a quarterly basis. Provided that the aforesaid limit shall apply for a block of three months.
 - c) Shall submit 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 LICMF AMC as the case maybe, by the mutual fund during the said quarter.
8. Not to utilize 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 provided that the Asset Management Company may utilize such services if disclosure to that effect is made to the unit holders and the brokerage or commission paid is also disclosed in the half yearly annual accounts of the mutual fund.
 9. To file with the trustee the details of transactions in securities by the key personnel of the asset management company in their own name or on behalf of the asset management company and to also report to the SEBI, as and when required by the SEBI.
 10. In case the asset management company enters into any securities transactions with any of its associates, a report to that effect to be sent immediately to the trustee.
 11. In case any company has invested more than 5 percent of the net asset value of a scheme, the investment made by that scheme or by any other scheme of the same mutual fund in that company or its subsidiaries to be brought to the notice of the trustee by the asset management company and to be disclosed in the half yearly and annual accounts of the respective schemes with justification for such investment. Provided that the latter investment has been made within 1 year of the date of the former investment calculated on either side.
 12. To file with the trustee and the SEBI -
 - a) Detailed bio-data of all its directors along with their interest in other companies within fifteen days of their appointment; and
 - b) Any change in the interests of the directors every six months.
 13. To file with the trustee a statement of holdings in securities of the directors of the asset management company with the dates of acquisition of such securities at the end of each financial year.
 14. Not to appoint any person as key personnel who has been found guilty of any economic offense or involved in violation of securities laws.
 15. To appoint registrars and share transfer agents who are registered with the SEBI.
 Provided if the work relating to the transfer of units, repurchase/ redemption etc 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 of charging higher rates shall be disclosed in the annual accounts.
 16. To abide by the Code of Conduct as specified in the Fifth Schedule.
The appointment of the AMC can be terminated by a majority of the trustee or by seventy five percent of unitholders of the scheme.⁻⁸
 17. The AMC is currently managing the affairs of the schemes of LIC Mutual Fund. It has obtained certificate of registration for carrying on the business of portfolio managers in terms of Regulation 24 (2) but the activity is yet to commence⁻¹

KEY PERSONNEL :-3

The day to day operations of the AMC are looked after by experienced and qualified professionals, consisting of senior officials on deputation from Life Insurance Corporation of India as well as directly recruited officials of the AMC.

NAME	AGE	POSITION	QUALIFICATION	EXPERIENCE
Mr. Sushobhan Sarker	55	Chief Executive Officer	B.Sc (Hons) MFM	<ul style="list-style-type: none"> • ED (Investment) LIC of India – 3 Years • Chief, Investment Deptt. (LIC of India) – 2 Years • Presently Chief Executive Officer – LIC Mutual Fund
Mr. R Chaudhary	48	Chief Marketing Officer	M.A., LIII	<ul style="list-style-type: none"> • Faculty Member, N.I.A., Pune – 5 years • Sr.DM – Incharge, Bhagalpur D.O., LIC of India – 2 years • Marketing Manager, Patna D.O., LIC of India – 1 year • Marketing Manager, Jalpaiguri D.O., LIC of India - 2 years • Presently Chief Marketing Officer at LIC Mutual Fund
Mr Samir Kumar Das	49	Chief Investment Officer	B.Sc. Tech (Textile Technology), CFA	<ul style="list-style-type: none"> • 10 Years in Fund Management • Presently Chief Investment Officer at LIC Mutual Fund
Mr. G K Maiya	50	DGM – Accounts	B.Com., F.C.A	<ul style="list-style-type: none"> • Manager – DO – Udipi – 1 year • Manager – Claims – DO – Udipi – 2 years • Manager (F&A) – DO – Machilipatnam – 3 years • AO (F&A) SCZO – Hyderabad – 4 years • Presently DGM (Accounts) at LIC Mutual Fund
Mr. P. Ponpandian	50	Company Secretary & Compliance Officer	M.Com , ACA, ACS	<ul style="list-style-type: none"> • Asst. Administrative Officer (F&A), Vellore, LIC of India -4 years, • Dy.Mgr. LICHFL Madurai,- 5 yrs • Asst. Secretary (P& GS) Central Office, LIC of India -2 yrs, • Presently DGM (Sectl., Legal & Compliance) at LIC Mutual Fund
Ms. B. Mahapatra	43	Fund Manager	M.Sc.	<ul style="list-style-type: none"> • Worked in LIC of India in Different Cadres – 11 Years • AGM (Finance) – 1 LICMFAMC (5 yrs) • Presently DGM (Finance) at LIC Mutual Fund
Ms S Ramasamy	49	Fund Manager	B.Com. A.C.A.	<ul style="list-style-type: none"> • LIC Mutual Fund – 5 Years • Investment Dept. – LIC of India – 11 Years • Presently DGM (Finance) at LIC Mutual Fund
Mr. Nagendra Singh	41	AGM	M.Com., MBA	<ul style="list-style-type: none"> • Investment Department, LIC Mutual Fund – 10 years • Presently A.G.M. (Accounts) at LIC Mutual Fund

Mr. Ashish Kumar	40	Fund Manager	B.Com MBA (Finance)	<ul style="list-style-type: none"> • Asst. Manager (Finance) LICMFAMC-3 years • Manager (Finance) LICMFAMC-5 years • Presently A.G.M. (Finance) at LIC Mutual Fund
Mr. A. R. Nayak	50	Dealer	B.Com., FIII	<ul style="list-style-type: none"> • Asst. Manager (Finance) LICMFAMC-5 years • Manager (Finance) LICMFAMC- 9 years • Presently A.G.M. (Finance) at LIC – LICMFAMC Ltd.
Ms Geetanjali Naik	40	Manager	B.Sc.	<ul style="list-style-type: none"> • Executive Asst. from 1995 to 2000 in LICMF AMC Ltd. • Asst. Manager (Finance) from 2000 to 2005 in LICMF AMC Ltd. • Presently Manager (Finance) at LICMF AMC Ltd.

E. SERVICE PROVIDERS CUSTODIANS

LIC Mutual Fund has appointed **Stock Holding Corporation of India** situated at Mittal Court, 'B' Wing, Nariman Point, Mumbai 400021, having SEBI Regulation no. IN/CUS/011 as per the custodian agreement with them, signed on 22/4/94 and **HDFC Bank Ltd.** Situated at Sandoz House, Dr. Annie Besant road, Worli, Mumbai 400 018, having SEBI Regulation no. IN/CUS/001 as per the custodian agreement with them, signed on 2/12/2002. LIC Mutual Fund may also appoint any other Depository as the custodian for the scheme.

Functions and Responsibilities of Custodians

The custodian is required to take delivery of all properties belonging to the Mutual Fund schemes and hold them in custody Separately from the assets of the custodian and their other clients. The custodian will make efforts to have the properties of the Fund registered in the name of the Fund and will deliver them only as per the instructions of the AMC and on receipt of the consideration.

The custodian shall collect, receive and deposit in the account or accounts of the Fund with the bank, income, dividends, interest, rights and other payments of whatever kind with respect to the securities and other assets and items of a like nature of the Fund held by or to the order of the custodian and shall execute such ownership and other confirmations as are necessary. LIC Mutual Fund shall have the right to change the Custodians if at any point of time it is observed that the service of the appointed Custodians is not upto the mark.

TRANSFER AGENT

All the activities such as processing of applications, issuance of statement of account / unit certificate and other such activities are proposed to be carried out by our Registrar and Transfer agents Registrars M/s. Karvy Mutual Fund Services (A division of Karvy Computershare Pvt. Ltd.). **The address of the Registrar is :**

"Karvy Plaza", H.No.8-2-596,
Avenue 4, Street No.1, Banjara Hills,
Hyderabad – 500 034
Phone: 040 - 23312454/23320751/52
Fax No. 040 - 23311968

The AMC shall have the right to change the Registrars and Transfer agent later.

The Board of Trustees and the Board of AMC have ensured that the registrar and transfer agent M/s Karvy Computershare Pvt. Ltd. has adequate capacity to discharge responsibilities with

regard to processing of applications and dispatching unit certificates to unitholders within the time limit prescribed in the Regulations and also has sufficient capacity to handle investor complaints

STATUTORY AUDITOR

M/s. Shah Gupta & Co.,
Chartered Accountants,
38, Bombay Mutual Building,
Fort, Mumbai – 400 001

LIC Mutual Fund shall review the appointment of Auditors after every three years or at such time as may be deemed fit in the opinion of the Board.

LEGAL COUNSEL

M/s Dave & Girish & Co
1st Floor, Sathna Bldg.,
55, Maharshi Karve Marg,
Marine Lines,
Mumbai – 400 002

FUND ACCOUNTANT

LICMF AMC Ltd.,
Indl. Assurance Bldg., 4th Floor,
Opp. Churchgate Station,
Mumbai – 400 020

COLLECTING BANKERS

Presently **HDFC Bank Ltd.**, is the Main Collecting Bank to the schemes. The AMC reserves the right to change the Banker or introduce additional banker/s to the scheme at a later date.

II. CONDENSED FINANCIAL INFORMATION-17

The following is the condensed financial information for schemes launched by LICMF during the last three fiscal years.

HISTORICAL PER UNIT STATISTICS

SCHEME	LICMF FMP SERIES 34		LICMF FMP SERIES 35		LICMF FMP SERIES 37		LICMF FMP SERIES 42	LICMF FMP SERIES 33
	2007-08	2008-09	2007-08	2008-09	2009-08	2007-08	2008-09	2008-09
NAV at the start of the year								
Dividend option	10.0000	10.0113	10.0000	10.1090	10.0037	10.0000	10.0000	10.0000
Growth option	10.0000	10.2421	10.0000	10.1581	10.0037	10.0000	10.0000	10.0000
Net Income	0.24	1.52	0.15	1.15	1.37	0.00	1.02	0.86
Income Distribution/Dividends	0.2306	0	0.1471	0	0	0.00	0.00	0.00
Transfer to reserves (if any)	0	0	0	0	0	0.00	0.00	0.00
NAV at the end of the year								
Dividend Option	10.0013	11.0766	10.1090	11.0279	11.1051	10.0037	10.8800	10.8299
Growth Option	10.2421	11.3321	10.1581	11.1901	11.1051	10.0037	10.8800	10.8299
Annualized returns (%) end of year since inception	9.52	10.41	9.06	9.99	10.86		11.89	11.89
Net Assets at the end of period (Rs. Lakh)	13138.55	9108.17	4216.92	3438.62	32517.5	43241.01	4347.59	24620.01
Ratio of Recurring expenses to net Assets (Annualized)	0.096	0.3999	0.0516	0.307	0.4657	0	0.307	0.5318

SCHEME	LICMF FMP SERIES 44	LICMF FMP SERIES 45	LICMF INTERVAL FUND – QRTL PLAN SERIES 1	LICMF INTERVAL FUND – MNTLY PLAN SERIES 1	LICMF INTERVAL FUND – ANNUAL PLAN SERIES 1	LICMF INTERVAL FUND – QRTL PLAN SERIES 2	LICMF FMP SERIES 36	
	2008-09	2008-09	2008-09	2007-08	2008-09	2008-09	20068-09	
NAV at the start of the year								
Dividend option	10.0000	10.0000	10.0000	10.0000	10.0000	10.0000	10.0000	
Growth option	10.0000	10.0000	10.0000	10.0000	10.0000	10.0000	10.0000	
Net Income	0.72	0.56	5.15	9.50	1.10	2.44	1.15	
Income Distribution/Dividends	0	0	0.817	0.9034	0.00	0.5462	0.00	
Transfer to reserves (if any)	0	0	0	0	0.00	0.00	0.00	
NAV at the end of the year								
Dividend Option	10.7076	10.5541	10.1381	10.0057	10.9283	10.0714	11.0037	
Growth Option	10.7076	10.5541	10.1381	10.9472	10.9283	10.6290	11.0037	
Annualized returns (%) end of year since inception	12.19	11.36	10.85	10.45	10.36	10.65	10.71	
Net Assets at the end of period (Rs. Lakh)	41396.55	4002.63	2205.32	4651.24	16899.12	1849.9	9214.29	
Ratio of Recurring expenses to net Assets (Annualized)	0.2716	0.4322	0.3417	0.6952	0.3724	0.3679	0.4278	

SCHEME	LICMF SAAF		LICMF TOP 100		LICMF INFRASTRUCTURE FUND		LICMF INCOME PLUS FUND	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
NAV at the start of the year								
Dividend option	9.8369	10.0000	8.1398	10.0000	9.2714	10.0000	10.0055	10.0000
Growth option	9.8369	10.0000	8.1398	10.0000	9.2714	10.0000	10.7302	10.0000
Net Income	-1.24	-0.11	-3.05	-1.88	-3.67	-0.73	2.70	0.70
Income Distribution/Dividends	0.00	0.00	0.00	0.00	0.00	0.0000 0.0000	0.8998 D 0.8898 W 0.9112 M	0.4444 D 0.4431 M 0.4447 M
Transfer to reserves (if any)	0.00	0.00	0.00	0.00	0.00		0.00	0.00
NAV at the end of the year								
Dividend Option	8.6211	9.8369	5.1379	8.1398	5.6482	9.2714	10.0009	10.0055
Growth Option	8.6211	9.8369	5.1379	8.1398	5.6482	9.2714	11.7411	10.7302
Annualized returns (%) end of year since inception	-9.94	-4.74	-43.25	-64.6400	-39.84	-75.02	9.15	8.7300
Net Assets at the end of period (Rs. Lakh)	15248.73	18249.86	28197.00	47320.23	15973.68	27914.76	122668.51	217022.82
Ratio of Recurring expenses to net Assets (Annualized)	1.5925	0.5424	1.9215	0.5077	2.2371	0.0263	0.4284	0.3041

SCHEME	LICMF INDIA VISION FUND			LICMF OPPORTUNITIES FUND			LICMF FLOATER MIP PLAN B		
	2008-09	2007-08	2006-07	2008-09	2007-08	2006-07	2008-09	2007-08	2006-07
NAV at the start of the year									
Dividend option	11.0584	9.2629	10.0000	10.0000	11.0381	13.1127	9.2574	10.1192	10.4200
Growth option	11.0584	9.2629	10.0000	17.5693	15.9083	15.3427	11.9115	11.6654	11.2245
Net Income	-5.47	4.84	-0.73	-5.31	2.79	0.56	0.21	1.10	0.59
Income Distribution/Dividends	0.00	0.00	0.00	0.00	3.00	2.5	0.00		
Daily									
Weekly								1.24	0.49
Monthly								0.75	
Quarterly								0.40	
Yearly									
Transfer to reserves (if any)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NAV at the end of the year									
Dividend Option	5.6464	11.0584	9.2629	6.1899	10.0000	11.0381	9.3561	9.2574	10.1192
Growth Option	5.6464	11.0584	9.2629	10.8752	17.5693	15.9083	12.0385	11.9115	11.6654
Annualized returns (%) end of year since inception	-23.04	8.3300	0.00	2.08	20.3600	25.7300	4.31	5.45	6.24
Net Assets at the end of period (Rs. Lakh)	7233.1	14588.11	23252.26	5312.86	6611.73	7426.06	262.17	354.18	824.58
Ratio of Recurring expenses to net Assets (Annualized)	1.663	2.3543	0.9472	1.887	2.1518	3.4448	2.1215	3.3707	2.9524

SCHEME	LICMF FLOATER MIP PLAN A			LICMF FLOATER MIP PLAN B			LICMF FLOATING RATE FUND – STP		
	2008-09	2007-08	2006-07	2008-09	2007-08	2006-07	2008-09	2007-08	2006-07
NAV at the start of the year									
Dividend option	9.9069	10.0024	10.7623	9.2574	10.1192	10.4200	10.1685	10.1608	10.1354
Growth option	14.5882	12.6339	11.9865	11.9115	11.6654	11.2245	13.0555	11.9761	11.1235
Net Income	-0.07	2.01	0.65	0.21	1.10	0.59	1.71	0.85	0.87
Income Distribution/Dividends				0.00			0.9449	0.8775	0.7232
Daily									
Weekly									
Monthly	0.07	1.45	0.99		1.24	0.49			
Quarterly	0.2	1.16			0.75				
Yearly		1.6			0.40				
Transfer to reserves (if any)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NAV at the end of the year									
Dividend Option	9.8524	9.9069	10.0024	9.3561	9.2574	10.1192	10.1498	10.1685	10.1608
Growth Option	14.6091	14.5882	12.6339	12.0385	11.9115	11.6654	14.3312	13.0555	11.9761
Annualized returns (%) end of year since inception	8.9	11.4900	10.0400	4.31	5.45	6.24	7.4700	6.8900	6.1122
Net Assets at the end of period (Rs. Lakh)	4607.59	5500.32	7096.39	262.17	354.18	824.58	83946.75	113076.34	98422.06
Ratio of Recurring expenses to net Assets (Annualized)	1.4657	1.5128	2.1521	2.1215	3.3707	2.9524	0.5568	0.5141	0.5793

SCHEME	LICMF SAVINGS PLUS FUND			LICMF INDEX FUND – SENSEX ADV.PLAN			LICMF INDEX FUND – NIFTY PLAN		
	2008-09	2007-08	2006-07	2008-09	2007-08	2006-07	2008-09	2007-08	2006-07
NAV at the start of the year									
Dividend option	9.9899	10.1048	10.0181	11.5669	11.0945	12.8124	10.2527	10.3900	14.0120
Growth option	12.7462	12.0602	11.3161	27.9252	26.7848	25.1845	27.7914	23.4125	21.9925
Net Income	0.21	0.92	1.13	-4.60	4.41	-0.35	-9.64	-4.68	1.11
Income Distribution/Dividends		0.6692	0.6033	0.00	0.00	2.5	0.00	2.00	5.00
Daily	0.2049								
Weekly	0.213								
Monthly	1.2345								
Quarterly									
Yearly									
Transfer to reserves (if any)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NAV at the end of the year									
Dividend Option	9.9996	9.9899	10.1048	7.2385	11.5669	11.0945	6.3648	10.2527	10.3900
Growth Option	13.8710	12.7462	12.0602	17.4755	27.9252	26.7848	17.2528	27.7914	23.4125
Annualized returns (%) end of year since inception	5.7800	5.3500	5.0086	9.1900	22.5400	28.9287	8.9900	22.1500	24.4961
Net Assets at the end of period (Rs. Lakh)	80233.43	172.16	73.67	375.98	444.71	2084.44	9849.72	31864.48	14269.65
Ratio of Recurring expenses to net Assets (Annualized)	0.604	0.6488	3.5549	1.1154	1.8497	2.6658	1.972	2.4806	2.5589

SCHEME	LICMF INDEX FUND – SENSEX PLAN			LICMF LIQUID FUND			LICMF CHILDREN FUND		
	2008-09	2007-08	2006-07	2008-09	2007-08	2006-07	2008-09	2007-08	2006-07
NAV at the start of the year									
Dividend option	11.0223	10.6611	15.0040	10.9932	10.9819	10.9572	13.2980	15.0869	13.8430
Growth option	32.1670	27.3249	23.6129	14.7356	13.6106	12.6635			
Net Income	-9.22	1.80	3.58	0.78	1.49	1.20	-6.73	-0.48	1.32
Income Distribution/Dividends	0.00	1.5	7.00	0.9954	0.86463	0.7694	0.00	0.00	0.00
Daily									
Weekly									
Monthly									
Quarterly									
Yearly									
Transfer to reserves (if any)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NAV at the end of the year									
Dividend Option	6.3925	11.0223	10.6611	10.9803	10.9932	10.9819	6.5726	13.2980	15.0869
Growth Option	18.6554	32.1670	27.3249	16.0775	14.7356	13.6106			

Annualized returns (%) end of year since inception	10.4600	25.5600	29.0930	6.9600	6.5900	6.2883	-5.600	4.5200	7.8211
Net Assets at the end of period (Rs. Lakh)	2296.16	4250.97	3112.02	1102299.28	369821.30	513503.15	467.74	971.71	1336.93
Ratio of Recurring expenses to net Assets (Annualized)	1.7324	2.2137	2.5122	0.4682	0.5665	0.5076	2.3637	2.1203	2.4058

SCHEME	LICMF GSEC FUND			LICMF BOND FUND			LICMF MONTHLY INCOME PLAN		
	2008-09	2007-08	2006-07	2008-09	2007-08	2006-07	2008-09	2007-08	2006-07
NAV at the start of the year									
Dividend option	11.7016	11.0124	10.5774	10.1660	10.1686	10.4348	9.7663	9.9035	11.1480
Growth option	20.1339	18.9481	18.1996	21.8201	20.0977	19.0944	27.2741	23.9707	23.0784
Net Income	-1.25	0.65	0.74	1.39	1.70	1.10	-0.026	1.87	0.37
Income Distribution/Dividends	2.00	0.00	0.00	0.75	0.85	0.80			
Daily									
Weekly									
Monthly							0.15	1.51	1.42
Quarterly								1.40	1
Yearly								1.6	0.9
Transfer to reserves (if any)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NAV at the end of the year									
Dividend Option	10.5339	11.7016	11.0124	10.5864	10.1660	10.1686	9.7175	9.7663	9.9305
Growth Option	21.5720	20.1339	18.9481	24.3990	21.8201	20.0977	27.1380	27.2741	23.9707
Annualized returns (%) end of year since inception	8.59000	8.7500	9.0481	9.4400	9.2100	8.9485	9.5	10.55	10.2915
Net Assets at the end of period (Rs. Lakh)	15472.10	6490.75	5051.40	8951.98	6828.34	9717.36	10770.62	16732.74	22675.48
Ratio of Recurring expenses to net Assets (Annualized)	1.4227	1.7018	1.0795	1.3074	1.1038	1.7976	1.6223	2.0757	2.5174

SCHEME	LICMF TAX PLAN			LICMF GROWTH FUND			LICMF EQUITY FUND		
	2008-09	2007-08	2006-07	2008-09	2007-08	2006-07	2008-09	2007-08	2006-07
NAV at the start of the year									
Dividend option	9.5467	10.6594	13.6008	9.0407	9.9697	7.9355	8.8365	10.5977	13.5462
Growth option	26.6640	24.2954	25.1250	10.1936	9.9697	10.5248	22.4259	19.1555	19.8456
Net Income	-4.85	0.95	-0.66	-3.31	1.19	-0.55	-6.79	3.38	-0.24
Income Distribution/Dividends	0.00	1.6	2.5	0.00	1.5	0.00	0.00	5.00	2.5
Daily									
Weekly									
Monthly									
Quarterly									
Yearly									
Transfer to reserves (if any)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NAV at the end of the year									
Dividend Option	5.9691	9.5467	10.6594	5.8462	9.0407	9.9697	5.6945	8.8365	10.5977
Growth Option	16.6717	26.6640	24.2954	6.5917	10.1936	9.9697	14.4519	22.4259	19.1555
Annualized returns (%) end of year since inception	4.36	9.52	9.9504	3.7300	9.5900	10.1371	4.8100	10.0500	10.0113
Net Assets at the end of period (Rs. Lakh)	2754.01	3948.51	3145.68	4763.26	6569.68	10138.92	6384.30	8539.22	8166.60
Ratio of Recurring expenses to net Assets (Annualized)	1.5906	2.5082	2.6938	0.1853	1.8957	3.1165	0.9201	2.1616	2.3927

SCHEME	LICMF BALANCED FUND			LICMF ULIS		
	2008-09	2007-08	2006-07	2008-09	2007-08	2006-07
NAV at the start of the year						
Dividend option	10.7639	9.9388	14.2442	9.5316	10.2421	14.2337
Growth option	50.9263	41.9880	42.7511			
Net Income	-4.64	5.46	1.62	-1.83	1.19	0.37
Income Distribution/Dividends	0.00	1.5	4.2	0.00	3.00	4.40
Daily						
Weekly						
Monthly						
Quarterly						
Yearly						
Transfer to reserves (if any)	0.00	0.00	0.00	0.00	0.00	0.00
NAV at the end of the year						

Dividend Option	8.1830	10.7639	9.9388	7.2558	9.5316	10.2421
Growth Option	38.7153	50.9263	41.9880			
Annualized returns (%) end of year since inception	7.700	9.8400	7.5151	9.54	11.4400	14.0198
Net Assets at the end of period (Rs. Lakh)	2444.35	2473.28	3300.58	6263.28	6316.41	5047.81
Ratio of Recurring expenses to net Assets (Annualized)	2.173	1.3464	2.3294	2.8635	2.1648	2.1343

III. HOW TO APPLY

NEW FUND OFFER

Applications for allotment of units should be made in the prescribed form only. Cheques / DDs should be drawn in favour of **Scheme Name as per the respective Scheme Information Document.** As per AMFI Circular dt.3/10/2007, DD charges reimbursed to the unitholders where there is no collection banking arrangement, will be borne by AMC and not to be charged to the scheme.

WHO CAN INVEST

Applications for allotment of the scheme units can be made by any of the below mentioned investors provided they are permitted to purchase Mutual Fund units by their respective constitutions and/or statutory regulations.

- (1) Resident citizens of India who are :
 - (i) Adult individual or individuals not exceeding three in number together on Single, Joint, First Holder or Survivor(s) or Anyone or survivor(s) basis,
 - (ii) Minors through their Parents/Step-parents/Guardians
(Joint Mode of Holding is not permitted with minors),
- (2) Hindu Undivided Family
(By the Karta acting on behalf of H.U.F.).
- (3) An association of persons or a body of individuals consisting in either case, only of husband and wife, governed by the system of community of property in force in the State of Goa and Union Territories of Dadra and Nagar Haveli and Daman and Diu by whom, or on whose behalf, investment is made.
- (4) Companies, Bodies Corporate, PSUs, Banks, Trusts, Societies, Co-operative Societies, Schools, Colleges, Universities, Clubs, Associations, Partnership firms and other such bodies.
- (5) Army/Airforce/Navy/Paramilitary funds & other eligible institutions.
- (6) On repatriable / non-repatriable basis by Non-Residents of Indian Nationality/ Persons of Indian Origin.

Explanation: A person shall be deemed to be of Indian origin if

- He/she, at any time, held an Indian passport, or
- He/she or either of his/her parents or any of his/her grandparents was an Indian and a permanent resident of Undivided India at any time.

However, Pakistani and Bangladeshi nationals, even though they satisfy the definition of 'Indian Origin', shall not be eligible to apply for the units.

The spouse of a citizen of India or a person of Indian origin shall also be deemed to be of Indian origin even though he/she may be of Non-Indian parentage.

WHERE TO SUBMIT APPLICATION FORM

Domestic investors –

Duly filled in applications with subscriptions can be submitted at the authorized collection centres along with local cheques/DD payable at the authorized centres only. Payment by cash will not be accepted.

NRI's on a fully repatriable basis-

In case of NRIs, payment may be made by means of a Draft in Indian Rupees purchased abroad or by cheque/DD drawn on Non resident (External) /FCNR Accounts, payable at the authorized centres only. Payments may also be made through Demand drafts or other instruments permitted under the Foreign Exchange Management Act.

NRI's on a non-repatriable basis-

NRIs can invest by cheques/DD's drawn out of Non resident (Ordinary) Accounts.

FII's shall pay their subscription by way of direct remittance from abroad or out of their special Non resident Rupee account maintained with designated bank in India or as may be permitted by law.

Application under (POA) Power of Attorney /Body Corporate/Registered Society/Trust/Partnership

In case of an application under POA or by a limited company, body corporate, registered society trust or Partnership etc., the relevant POA or the resolution or authority to make the application as the case may be, or duly certified copy thereof, along with the memorandum and articles of association /bye-laws must be Lodged at the authorized centre along with the application form.

Presently, our Corporate Office, Area Offices, Business Centers and R&T Agent are the only authorized Centres for redemption. However, the AMC may at their sole discretion add or delete one or more collection centres at a later date if they so find necessary.

Note: The application form no. should be noted on the reverse of all Cheques and bank drafts accompanying the application form.

BANK ACCOUNT DETAIL

In order to protect unit holder interest from fraudulent encashment of cheques, the current SEBI Regulations, has made it mandatory for investors to mention in their application/repurchase-redemption request, the bank name and account number of the unit holders. The AMC will not be responsible for any loss arising out of fraudulent encashment of cheques and or any delay /loss in transit. In the absence of these details, applications are liable for rejection.

RIGHT TO ACCEPT OR REJECT APPLICATIONS

Allotment is assured to all applicants provided the applications are complete in all respects and are in order.

Applications received for allotments of units under the scheme, which are not complete in any respect, are liable to be rejected and LIC Mutual Fund/AMC would not be responsible for consequences thereof. LIC Mutual Fund/AMC reserves, at their sole and absolute discretion, the right to accept or reject any application in whole or in part without assigning any reason.

REFUNDS

Where an application is rejected in full or in part, application money received will accordingly be refunded to the applicant within 6 weeks from the closure of the New Fund offer period. No interest will be paid on the amounts so refunded.

In case the Fund does not receive the minimum targeted subscription during the New Fund offer period, the subscription moneys received will be refunded within a period of 6 weeks from the close of the New Fund subscription. If refunds are not made for any reason within the above period, interest at 15% p.a. will be paid on the amounts due for refund.

SWITCH OVER FACILITY

Facility of switchover to other LIC Mutual Fund schemes are available on all Business days. Between two plans of the scheme switch over will be allowed at the NAV.

The switch over will be effected by way of redemption of units and a reinvestment of the Redemption proceeds in another scheme(s).

To effect a switch over, a unit holder must provide clear instructions. A separate form should be filled for effecting switch over and sent to the authorised centre. A fresh statement of account reflecting the new holdings will be issued by the Fund.

IV. RIGHTS OF UNITHOLDERS OF THE SCHEME

1. Unitholders 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 dispatched within 30 days of the declaration of the dividend. Account Statement reflecting the new or additional subscriptions as well as Redemption / Switch of Units shall be dispatched to the Unitholders within 10 business days of the Specified Redemption Date. Provided if a Unitholder so desires the Mutual Fund shall issue a Unit Certificate (non-transferable) within 30 days of the receipt of request for the certificate. ⁹
3. The Mutual Fund shall dispatch Redemption proceeds within 10 Business Days of receiving the Redemption request. ⁹
4. The Trustee is bound to make such disclosures to the Unitholders 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 Unitholders 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
 - 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 nation wide 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 to exit at the prevailing Net Asset Value without any Exit Load.
8. In specified circumstances, where the approval of unitholders is sought on any matter, the same shall be obtained by way of postal ballot or such other means as may be approved by SEBI.

V. INVESTMENT VALUATION NORMS FOR SECURITIES AND OTHER ASSETS

PROCEDURE FOR TAKING INVESTMENT DECISIONS: ⁴

All investment proposals originating from the primary market by way of public issue or private placement are appraised in detail supported by Memorandum, Financials from available sources such as database outputs, balance sheets, research reports if any etc. to arrive at a decision and the

justification for taking individual investment decision are duly recorded. A similar procedure is followed in respect to investments in secondary market for the first time. The reasons for subsequent investments in same security together with price limits for YTM etc, are also duly recorded.

The AMC Board has approved a set of procedures to be followed in chapter X of the Procedure and Delegation of Powers Order 1994 (with amendments and changes as approved by the board from time to time). This lays down the broad parameters for investment, the competent authorities for approving investments in various securities, and the procedures and guidelines to be followed for money market operations etc. these procedures and guidelines are followed in our investment decisions.

The Board of AMC / Trustee in their periodical meetings review the investments. The minutes of the Executive Committee (sub committee of the AMC Board) which is the highest competent authority for certain investment decision are also placed before the Boards

CALCULATION OF NET ASSET VALUE

NAV shall be calculated upto 4 decimal places on all business days and announced at the close of each business day and declared in accordance with the SEBI guidelines from time to time and will be displayed / available at the Corporate office, Registrars office and other Authorized Centers such as the Area Offices / Business Centers. The NAV will also be published in two daily newspapers in accordance with SEBI guidelines, and will also be updated on AMFI website and LICMF website on all business days. The NAV per unit shall be calculated as follows

$$\text{NAV} = \frac{\text{Market/Fair Value of Scheme's Investments} + \text{Receivables} + \text{Accrued Income} + \text{Other Assets} - \text{Accrued Expenses} - \text{Payables} - \text{Other Liabilities}}{\text{No. of Units outstanding}}$$

VALUATION OF INVESTMENTS

For valuation of investments, the following principles/ bases will be followed :

- 1) Traded Securities:** Quotations for Debentures/Bonds will be taken from the NSE Debt Market .When a debt security (other than Govt. securities) is not traded on any stock exchange on any particular valuation day, then the value at which it was traded on the principle stock exchange or any other stock exchange as the case may be on the earliest previous day may be used provided such a quotation not more than 15 days prior to the valuation date.
- 2) Thinly traded/Non-traded Securities:** A debt security (other than Govt. securities) shall be deemed to qualify as a thinly traded security and valued as a thinly traded security as per SEBI guidelines If on the valuation date there are no individual trades in that security in marketable lots (currently Rs. 5 Crs.) on the principle stock exchange or any other stock exchange

When a debt security (other than Govt. securities) is purchased by way of private placement, the value at which it was bought may be used for a period of 15 days beginning from the date of purchase.

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 described :

Step A

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

Step B

A Matrix of spreads (based on the credit risk) is 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 illiquidity risk.

Step D

a. Construction of Risk-Free Benchmark

Using Government of India dated securities, the Benchmark shall be constructed as below:

The Yields so arrived at are used to price the portfolio.

METHODOLOGY

GOI dated securities will be grouped into various duration buckets such as 0.5-1 years, 1-2 years, 2-3 years, 3-4 years, 4-5 years, 5-6 years and 6 years and the volume weighted yield would be computed for each bucket. Accordingly, there will be a benchmark YTM for each duration bucket. These duration buckets may be changed to reflect the market value more closely by any agency suggested by AMFI giving benchmark yield/matrix of spreads over benchmark yield.

The benchmark as calculated above will be set at least weekly, and in the event of any significant movement in prices of Government Securities on account of any event impacting interest rates on any day such as a change in the Reserve Bank of India (RBI) policies, the benchmark will be reset to reflect any change in the market conditions.

Note: The concept of duration over tenor has been chosen in order to capture the reinvestment risk. It is intended to gradually move towards a methodology that incorporates the continuous curve approach for valuation of such securities. However, in view of the current lack of liquidity in the corporate bond markets, a continuous curve approach to valuation would be necessarily based on limited data points, and this would result in out-of-line valuations. As an interim methodology therefore it is proposed that the Duration Bucket approach be adopted and continuously tracked in order to fine tune the duration buckets on a periodic basis. Over the next few years it is expected that with the deepening of the secondary market trading, it would be possible to make a gradual move from the Duration Bucket approach towards a continuous curve approach.

b. Building a Matrix of Spreads for Marking-up the Benchmark Yield

Mark-up for credit risk over the risk free benchmark YTM as calculated in step a, will be determined using the trades of corporate debentures/bonds of different ratings. All trades on appropriate stock exchanges during the fortnight prior to the benchmark date will be used in building the corporate YTM and spread matrices. Initially these matrices will be built only for corporate securities of investment-grade. The matrices are dynamic and the spreads will be computed every week. The matrix will be built for all duration buckets for which the benchmark GOI matrix is built to effectively link the corporate matrix with the GOI securities matrix. Accordingly:

- All traded paper (with minimum traded value of Rs. 1 crore) will be classified by their ratings and grouped into 7 duration buckets; for rated securities, the most conservative publicly available rating will be used.

- For each rating category, average volume weighted yield will be obtained both from trades on the appropriate stock exchange and from the primary market issuances.
- Where there are no secondary trades on the appropriate stock exchange in a particular rating category and no primary market issuances during the fortnight under consideration, trades on the appropriate stock exchange during the 30 day period prior to the benchmark date will be considered for computing the average YTM for such a rating category.
- If the matrix cannot be populated using any or all of the above steps, then credit spreads from trades on appropriate stock exchange of the relevant rating category over the AAA trades will be used to populate the matrix.
- In each rating category, all outliers will be removed for smoothening the YTM matrix.
- Spreads will be obtained by deducting the YTM in each duration category from the respective YTM of the GOI securities.
- In the event of lack of trades in the secondary market and the primary market the gaps in the matrix would be filled by extrapolation. If the spreads cannot be extrapolated for the reason of practicality, the gaps in the matrix will be filled by carrying the spreads from the last matrix.

c. Mark-up/Mark-down Yield

The Yields calculated would be marked-up/marked -down to account for the illiquidity risk, promoter background, finance company risk and the issuer class risk. As the level of illiquidity risk would be higher for non-rated securities, the marking process for rated and non-rated securities, would be differentiated as follows:

(i) Adjustments for Securities rated by external rating agencies:

The Yields so derived out of the above methodology could be adjusted to account for risk mentioned above.

A discretionary discount of upto +100 basis points for rated instruments with duration of upto 2 years and upto +75 basis points for rated instruments with duration over 2 years will be permitted to be provided for the above mentioned types of risks. The rationale for the above discount structure is to take cognizance of the differential interest rate risk of the securities. This structure will be reviewed periodically.

(ii) Adjustments for Internally Rated Securities :

To value an un-rated security, the fund manager has to assign an internal credit rating, which will be used for valuation. Since un-rated instruments tend to be more illiquid than rated securities, the yields would be marked-up by adding +50 basis points for securities having a duration of upto two years and +25 basis points for securities having duration of higher than two years to account for the illiquidity risk.

Category	Discretionary discount over benchmark yield in basis points
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

- #### iii) The benchmark yield/matrix of spreads over benchmark yield obtained from any agency suggested by AMFI (currently CRISIL) as a provider of benchmark yield/matrix of spreads over benchmark yield to mutual funds, must be applied for valuation of securities on the day on which the bench mark yield/matrix of spreads over benchmark yield is released by the aforesaid agency.

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.

Rights:

Rights will be valued as per norms stipulated in the Eight Schedule of the SEBI (MF) Regulations 1996.

Government Securities :

Government Securities will be valued at yield to maturity based on the prevailing market rate.

Repos/reverse Repos :

Schedule eighth 2(f) of SEBI (MF) Regulations 1996 states that 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.

Call Money :

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 (i.e. those instruments not traded for a period of 7 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.

3) Derivatives :

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 Fund) Regulations 1996. The securities held shall be marked to market by the AMC to ensure full coverage of investments made in derivative products at all time. Separate records shall be maintained for holding the cash and cash equivalents /securities for this purpose.

The valuation of untraded derivatives shall be done in accordance with the valuation norms 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 Fund) Regulations 1996.

4) Non Performing Assets :

As per the Guidelines issued by SEBI vide its circular MFD/CIR/8/92/2000 dated September 18,2000 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 and may be applied after a quarter past the due date.

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 NPAs :

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 calendar 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 recognised 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 open ended schemes the phasing would be such as to ensure full provisioning prior to the closure of the scheme or the scheduled phasing whichever is earlier.

The value of the asset must be provided in the following manner or earlier at the discretion of the fund. The Fund will not have the 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 the 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 the 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 the 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 the 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 the 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 the following phased manner :

10% provision	01.01.2001	6 months past the due date of interest i.e.3 months from the date of
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		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 years from the date of classification of the 'asset' as NPA, the 'asset' will be fully provided for. If any installment has fallen due, during the period of interest default, the amount of provision should be the 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 calendar 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 calendar quarter and 25% after every subsequent quarter where both installments and interest were in default earlier.
5. An asset is reclassified, as a '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 two quarters, income should be recognised 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 the 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 an NPA. Full provision can be made if the rating comes down to grade 'D'.

(h) Reschedulement of an Asset

In case any company defaults on 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 may be classified as a '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 a '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 a 'performing asset'.
- 6) All expenses and incomes accrued upto the valuation date shall be considered for computation of NAV. For this purpose while major expenses like management fees and other periodic expenses would be accrued on a day to day basis, other minor expenses and income may not be accrued, provided the non accrual does not affect the NAV calculations by more than 1 %.
- 7) Any changes in securities and in the number of units will be recorded in the books not later than the 1st valuation date following the date of the transaction. If this is not possible given the frequency of the NAV disclosure, the recording may be delayed upto a period of 7 days following the date of transaction, provided that as a result of non recording, the NAV calculations shall not be affected by more than 1%.

The above basis of valuation may be altered from time to time by the Trustee and in accordance with the investment valuation norms stipulated in the VIII Schedule of SEBI (MF)

ACCOUNTING POLICIES AND STANDARDS

In compliance with the Regulations 50(3) & 55(4) (iii) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, the policies and standards include, inter-alia, the following :

INVESTMENTS

- (A) Transactions for purchase/sale of investment are accounted as investment on trade dates.
- (B) The cost of investment acquired or purchased includes brokerage and stamps charges and any charge customarily included in the brokers bought note. Front-end fee received relating to privately placed debt instruments is reduced from the cost of such investment.
- (C) Bonus entitlements are recognized as investments on ex-bonus dates.
- (D) Right entitlement of equity shares are accounted as investment at issue price plus acquisition cost if any, on ex-right dates.
- (E) In respect of purchases/sale of interest bearing investments, accrued interest payable/receivable is debited / credited respectively to interest recoverable account and not added or deducted to cost of investments.
- (F) Holding cost of investments to be determined using Average Cost Method.
- (G) When Units are sold an appropriate part of the sale proceeds would be credited to an equalization account and when units are repurchased an appropriate amount would be debited to an equalization account. The net balance on this account should be credited or debited to the Revenue account, but should be reflected only after the net income of the fund is determined.
- (H) For the purposes of the financial statements all the investments shall be marked to market and be carried at market value in the balance sheet.

INCOME RECOGNITION

- (A) Dividend income is recognized on ex-dividend date for quoted shares and for unquoted shares dividend income is recognized on the date of declaration.
- (B) Interest on investment is accounted for on a daily accrual basis.
- (C) Profit or loss on sale of investments is accounted for on the basis of average cost method.
- (D) Commitment charges/Documentation charges are accounted for on cash basis.
- (E) Underwriting commission is recognized as revenue on cash basis when there is no devolvement. In case of either partial or full devolvement, the total commission received is reduced from the cost of such investments.
- (F) If accrued income on investment is not received for a period of 13 months beyond the due date, provision is made by debit to revenue account for the income so accrued and no further accrual of income on these investments is considered beyond this period.

EXPENSES

All expenses are accounted on accrual basis. Expenses incurred subsequently will be written off in the year in which they are incurred.

VI. TAX & LEGAL & GENERAL INFORMATION

A. TAXATION

As per the taxation laws in force at the date of this document, the tax benefits that are available to the investors are stated below. This information is provided for only general information purpose. Each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the scheme-14.

FOR DEBT SCHEMES

Income Tax

Income Distributed by the Mutual Fund

Consequent upon the amendments by the Finance bill, 2005 to the Income Tax Act, 1961, income in respect of units of Mutual Funds will continue to remain tax free in the hands of the investors. But in case of debt related schemes the Fund is required to pay dividend distribution tax @ 12.5% plus surcharge plus cess on income distributed to individual/HUF unitholders. However, in case of non-individual/HUF unitholders the Fund is required to pay dividend distribution tax @ 20% plus surcharge plus cess. The above mentioned provisions will continue as per the Finance Bill 2005. As per the Finance Bill 2007 effective from 01/04/2007 where the income is distributed by any Money Market Mutual Fund scheme and Liquid Fund scheme, the fund is required to pay dividend distribution tax @ 25% plus surcharge plus cess.

Tax deduction at source (All unitholders)

In view of the exemption of income in the hands of the unitholders, no income-tax is deductible at source, on income distribution by the Mutual Fund, under the provision of section 194K and 196A of the act. However, as per the section 196B of the act, tax is required to be withheld at the rate of 10.25% from dividend payable to approved overseas financial organization.

Capital Gains Tax

Foreign Institutional Investors

Long-term capital gains on sale of Units, held for a period of more than twelve months, would be taxed at the rate of 10% under Section 115AD of the Act. Such gains, would be calculated without indexation of cost of acquisition. Short-term capital gains would be taxed at 30%. The above tax rates would be increased by applicable surcharge, of 10% thereon, in case of, non-corporate Unitholders, where the income exceeds Rs.10,00,000 and 2.5% surcharge in case of corporate Unitholders.

Specified overseas financial organisations

As per the provisions of section 115AB of the Act, long-term capital gains on transfer of units arising to specified overseas financial organisations on transfer of units purchased by them in foreign currency shall be liable to tax at the concessional rate of 10 per cent plus applicable surcharge thereon. However, such gains shall be computed without the benefit of cost indexation.

Short-term capital gains would be taxed at 40% plus applicable surcharge in case of foreign companies and 30% plus applicable surcharge in case of others.

Other Unitholders

Long term capital gains in respect of Units, held for a period of more than twelve months, will be chargeable under Section 112 of the Act, at concessional rates of tax, at 20% as increased by the applicable surcharge.

The following amounts would 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.

Where redemption is made during the minority of the child, tax will be levied on either of the parents, whose income is greater. When the child attains majority, such tax liability will be on the child.

In case of Individuals and Hindu Undivided Families, where taxable income as reduced by long-term capital gains, is below the basic exemption limit, the long-term capital gains will be reduced to the extent of the shortfall and only the balance long-term capital gains will be subjected to the flat rate of income-tax. However, where the tax payable on such long-term capital gains, computed before indexation, exceeds 10%, as increased by the applicable surcharge, of the amount of capital gains, such excess tax shall not be payable by the Unitholder.

Short-term capital gains would be taxed at 35% plus applicable surcharge in case of companies and firms.

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

- Nil, where total income for a tax year (April to March) is less than or equal to Rs. 160,000/- for men, Rs. 190,000/- for woman, and Rs.240,000/- for senior citizen,plus
- 10% of the amount by which the total income exceeds Rs. 160,000/- for men , Rs.190,000/- for women and Rs.240,000/- for senior citizen but is less than or equal to Rs. 3,00,000/- plus
- 20% of the amount by which the total income exceeds Rs. 3,00,000/- for men, women and senior citizen but is less than or equal to Rs. 5,00,000/- plus
- 30% of the amount by which the total income exceeds Rs.5,00,000/-.

Education Cess @ 3% chargeable to all slabs

All Unitholders

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 Unitholders to receive the income) and sold within 3 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.

Tax deduction at source

Domestic Unitholders

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 securities referred to in Section 115AD of the Act.

Specified overseas financial organisations

As per the provisions of section 196B of the Act, long-term capital gains on transfer of units arising to specified overseas financial organisations on transfer of units purchased by them in foreign currency shall be liable to tax deduction at source at the rate of 10% plus applicable surcharge.

Short-term capital gains arising to such organisations shall be subject to tax deduction at source at 40% plus applicable surcharge in case of foreign companies and 30% plus applicable surcharge in case of others.

Other Non-resident Unitholders

Part II of the First Schedule to the Finance Act, 2005, provides for deduction of tax at source from capital gains at the rate of 20%, where they relate to long-term capital gains and at the marginal rates, viz. at 30% in case of non-corporate Unitholders and at 40% in case of corporate Unitholders, in case of short-term capital gains. Surcharge on income-tax will be levied at 10%, on such tax, in respect of all Unitholders, other than corporate Unitholders, where the income exceeds Rs. 10,00,000 and in respect of all corporate Unitholders at 2.5% of such tax.

In accordance with the provisions of Circular no.728 dated October 30, 1995 issued by the Central Board of Direct Taxes ('CBDT'), in case of non-resident Unitholder 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 Unitholder. However, such a non-resident Unitholder will be required to provide appropriate documents to the Mutual Fund, to be entitled to a beneficial rate under such agreement.

Exemptions from long-term capital gains

1. As per the provisions of section 54EC of the Act, long-term capital gains arising on transfer of units shall be exempt from tax to the extent such capital gains are invested, within a period of six months of such transfer, in acquiring specified bonds and remain so invested as specified.
2. As per the provisions of section 54ED of the Act, long-term capital gains arising on transfer of units shall be exempt from tax to the extent such capital gains are invested, within a period of six months of such transfer, in acquiring the equity shares forming part of a public issue of an Indian public company and remain so invested as specified.

FOR EQUITY SCHEMES

As per the taxation laws in force at the date of this document, the tax benefits that are available to the investors are stated below. This information is provided for only general information purpose. Each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the scheme.

Tax Benefits to the Mutual Fund

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

As per the Finance Bill 2006, income distribution, if any, made by the Mutual Fund, continue to remain tax free under Section 115R of the Act, in the case of open-ended equity-oriented funds (i.e. where the investible funds are invested by way of equity shares in domestic companies to the extent of more than 65% of the total proceeds of the Fund).

Tax Benefits to Unit holders

Income-tax

All Unit holders

Income received, otherwise than on transfer, in respect of units of a mutual fund, including Units under the Scheme would be exempt from tax under Section 10(35) of the Act.

Tax Deduction at Source

All Unit holders

No income-tax is deductible at source, on any income distribution by the Mutual Fund under the provisions of Sections 194K and 196A of the Act.

Capital Gains Tax

Foreign Institutional Investors

As per The Finance Bill 2006, section 10(38) of the Act, long-term capital gains on sale of securities (including units of mutual fund) where the transaction of sale is entered into on a recognized stock exchange in India, shall continue to remain exempt from tax. As per section 111A of the Act, short-term capital gains on sale of securities (including units of mutual fund) where the transaction of sale is entered into on a recognised stock exchange in India, shall continue to be subject to tax at a rate of 10 per cent (plus applicable surcharge and Education Cess).

As per the provisions of Section 54ED of the Act and subject to the conditions specified therein, capital gains arising from transfer of long term assets, being listed securities or units shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an "eligible issue of share capital" within six months from the date of transfer of the long term assets (provided they are not transferred within one year of acquisition). Eligible issue of share capital has been defined as an issue of equity shares which satisfies the following conditions:

- the issue is made by a public company formed and registered in India; and
- the shares forming part of the issue are offered for subscription to the public.

Other Unit holders

As per The Finance Bill 2006, vide section 10(38) of the Act, long-term capital gains on sale of securities (including units of mutual fund) where the transaction of sale is entered into on a recognized stock exchange in India, shall continue to remain exempt from tax.

As per The Finance Bill 2006, vide Section 111A of the Act, short-term capital gains on sale of securities (including units of mutual fund) where the transaction of sale is entered into on a recognised stock exchange in India, shall continue to be subject to tax at a rate of 10 per cent (plus applicable surcharge and Education Cess). Further it is proposed that in case of resident individuals and Hindu Undivided Families where taxable income as reduced by short-term capital gains, is below the basic exemption limit, the short-term capital gains will be reduced to the extent of the shortfall and only the balance short-term capital gains will be subjected to the flat rate of income-tax (plus applicable surcharge and Education Cess).

As per the provisions of Section 54EC of the Act and subject to the conditions specified therein, capital gains arising on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

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.

The Finance Bill 2004 further added that where any person purchases units ('original units') within a period of 3 months prior to the record date, who is allotted bonus units and sells all or any of the original units within a period

of 9 months after the record date, while continuing to hold all or any of the bonus units, then any loss arising on sale of the original units shall be ignored for the purpose of computing income chargeable to tax. The amount of loss so ignored shall be deemed to be the cost of purchase of the bonus units as are held on the date of such sale. The same provision is extended in the Finance Bill 2005 for the year 2005-06.

The Finance Bill 2004 has amended the definition of the term "record date" to include the date fixed by the Mutual Fund for the purposes of entitlement of the Unit holders to receive bonus units. The same definition shall continue to apply as per Finance Bill 2005.

Tax Deduction at Source

All Unit holders

No income-tax is deductible at source from income by way of capital gains under the present provisions of the Act. However, the matter is not free from doubt in case of non-residents (other than in case of Foreign Institutional Investors). Hence the provisions of section 195 of the Act may apply to non-residents (other than Foreign Institutional Investors).

As per the provisions of Section 54ED of the Act and subject to the conditions specified therein, capital gains arising from transfer of long term assets, being listed securities or units shall not be chargeable to tax to the extent such gains are invested in acquiring equity shares forming part of an "eligible issue of share capital" within six months from the date of transfer of the long term assets (provided they are not transferred within one year of acquisition). Eligible issue of share capital has been defined as an issue of equity shares which satisfies the following conditions:

- the issue is made by a public company formed and registered in India; and
- the shares forming part of the issue are offered for subscription to the public.

As per the provisions of Section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family, capital gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If part of such net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

Securities Transaction Tax

All Unit holders

As per the Finance Bill 2006, 0.25% of Transaction tax will be charged at the time of sale of units by the investor in case of all equity oriented funds. This will also include switch-out from the equity schemes however, in respect of transmission, wherein the investor's units are transferred to his nominee or legal heirs on his demise, STT shall not be levied.

Illustration of STT

For unit redemption	For amount redemption
Starting units = 50,000	Starting units = 40,000
Units redeemed = 10,000	Amount redeemed = Rs. 1,00,000
NAV = Rs 15.00	NAV = Rs. 20.00
Exit Load = 1.00%	Exit Load = 1.00%
STT = 0.25%	STT = 0.25%
Redemption price = NAV – Exit load = Rs. 14.85	Redemption price = NAV – Exit load = Rs. 19.80
Amount = 14.85 * 10,000 = Rs. 148,500	STT = 1,00,000 * 0.25% = Rs. 250.63
STT = 0.25% * 148,500 = Rs. 371.25	STT rounded to nearest rupee = Rs. 250
STT rounded to rupee = Rs. 371	Gross amount with STT = Rs. 1,00,250.63
Net amount to investor = 148,500 – 371	Number of unit = 1,00,250.63 / 19.80

= Rs. 148,129	= 5063.163
Balance Units = 40,000	Balance units = 34936.837

Other Benefits

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.

Wealth-tax

Units held under the Scheme(s) are not treated as assets as defined under Section 2(ea) of the Wealth-tax Act, 1957 and thereof would 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 Scheme(s), would therefore, be exempt from gift-tax.

B. LEGAL INFORMATION

NOMINATION FACILITY-16

As per AMFI Circular Ref.35/MEM-COR/57/07-08 dt.3/01/2008 Multiple Nomination facility to receive the money due in case of unfortunate death of the unitholder is available. The name of the nominee / nominees should be clearly written in the space provided in the Application form. Minors also can be nominated. In case the nominee is a minor, name of a major Appointee / Guardian, other than the applicant /s', should be mentioned in the space provided for. Nomination / Alternate Nomination / change of Nomination facility can also be availed of after issue of the Statement of Account by writing to the Registrars to the scheme. The Alternate nominee shall be entitled to receive the amount due in respect of Units of the deceased Unit holders only in the event of the first named nominee / nominees predeceasing all the unit holders. The nomination /s will become invalid on repurchase/ redemption / transfer of units.

It may be mentioned however, that such nomination is subject to the other provisions of law. In the event of dispute between heirs and consequent litigation in that behalf, resulting in a court order directing devolvement on a basis different from that indicated in the nomination, then such court order would prevail over the nomination and to that extent, the nomination facility is not final. As between the Mutual Fund and the nominee, the nomination is binding and effective subject to above.

KNOW YOUR CUSTOMER (KYC) COMPLIANCE

In terms of the Prevention of Money Laundering Act, 2002, the Rules issued there under and the guidelines/circulars issued by SEBI regarding the Anti Money Laundering (AML Laws), all intermediaries, including Mutual Funds, have to formulate and implement a client identification programme, verify and maintain the record of identity and address(es) of investors.

In order to make the data capture and document submission easy and convenient for the investors, Mutual Fund Industry has collectively entrusted the responsibility of collection of documents relating to identity and address of the investor(s) to an independent agency (presently CDSL Ventures Limited) which will act as central record keeping agency ('Central Agency'). As a token of having verified the identity and address of the investor(s) and for efficient retrieval of records, the Central Agency will issue a KYC Acknowledgement Letter (previously known as Mutual Fund Identification Number – MIN* Allotment Letter) to each investor who submits an application and the prescribed documents to the Central Agency.

Investors should note that it is mandatory for all applications for subscription of value of Rs.50,000/- and above 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). 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 above the threshold.

The KYC status will be validated with the records of the Central Agency before allotting units. LIC Mutual Fund will not be held responsible and / or liable for rejection of KYC Form, if any, by the Central Agency. Applications for subscriptions of value of Rs. 50,000 and above without a valid KYC compliance may be rejected. Provided further, where it is not possible to verify the KYC compliance status of the investor at the time of allotment of units, the Trustee / AMC shall verify the KYC compliance status of the investor within a reasonable time after the allotment of units. In the event of non compliance of KYC requirements, the Trustee / AMC reserves the right to freeze the folio of the investor(s) and affect mandatory redemption of unit holdings of the investors at the applicable NAV, subject to payment of exit load, if any and recovery of unamortized NFO expenses.

** 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.*

PREVENTION OF MONEY LAUNDERING

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 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. 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.

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.

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, LIC Mutual Fund Asset Management Company Limited ("the AMC") / LIC Mutual Fund ("the Mutual Fund") reserves the right to seek information, and / or obtain and retain documentation for establishing the identity of the investor, proof of residence, source of funds, etc. It may re-verify identity and obtain any incomplete or additional information for this purpose.

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. 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 and effect mandatory redemption of unit holdings of the investor(s) at the applicable NAV subject to payment of exit load, if any, and recovery of unamortised NFO expenses in terms of the said communication sent by the AMC to the investor(s) in this regard. 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, LICMF Asset Management Company Limited, LICMF Trustee Company Pvt. Limited 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 or mandatory redemption 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

PERMANENT ACCOUNT NUMBER

SEBI has made it mandatory for all applicants including joint holders and guardian to mention his/her Permanent Account Number (PAN) irrespective of the amount of purchase (fresh, additional, SIP). In order to verify that the PAN of the applicants (in case of application in joint names, guardian in case of minor, each of the applicants) has been duly and correctly quoted therein, the applicants shall attach a photocopy of the PAN card duly attested by the distributor / agent (AMFI registered) through whom the application is effected or by Bank Manager or Notary or Investor Service Centres of LIC Mutual Fund or ISCs of Karvy. Attestation will be done after verification with the original PAN card. *Applications not accompanied with the above requirements are liable to be rejected.*

Additionally, in the event of any application form being subsequently rejected for mismatch of applicant's PAN details with the details on the website of the Income Tax Department, the investment transaction will be cancelled and the amount may be redeemed at the applicable NAV, subject to payment of exit load, if any, and recovery of unamortised NFO expenses. For further details contact any of our area offices / business centers

TRANSFERABILITY / TRANSMISSION OF UNITS

As the Fund is prepared to repurchase / redeem its units on any business day, transfer facility is found to be redundant.

However, if a transferee becomes a holder of the units by operation of law or upon enforcement of a pledge, then the trustee shall, subject to production of such evidence, which in their opinion is sufficient, proceed to effect the transfer within 30 days from the date of lodging if the intended transferee is otherwise eligible to hold the units.

A person becoming entitled to hold the units in consequence of the death, of the unitholder, upon producing evidence to the satisfaction of the fund, shall be registered as a holder subject to eligibility constraints of the scheme. If after transfer as mentioned above the balance units in the folio / account are less than the stipulated number the folio / account shall be closed by repurchasing those units at the prevailing repurchase/redemption price on the date of transfer and the repurchase/redemption proceeds shall be sent to the first holder.

SUSPENSION OF REDEMPTION OF UNITS

The suspension of redemption of units under the scheme shall be made applicable only after the approval of the Trustee. The approval from the AMC Board and the Trustee giving details of the circumstances and the justification for the proposed action shall be informed to SEBI in advance. -10

- 1) When one or more stock exchanges or markets which provides basis of valuation for substantial portion of the assets of the scheme is closed otherwise than for ordinary holidays.
- 2) In circumstances outside the control of the Trustee and AMC the disposal of the assets of the scheme is not reasonable or would not reasonably be practicable without being detrimental to the interests of the Unit holders.
- 3) During Periods of extreme volatility in the stock market, which, in the opinion of the investment manager is prejudicial to the interest of the investors
- 4) In case of Natural calamity, strikes riots etc.
- 5) If so directed by SEBI.
- 6) During the period of Book closure, if any.

In the above eventualities the time limit for processing of requests for redemption of units will not be applicable.

UNCLAIMED REDEMPTION AMOUNTS

As per SEBI Circular No. MFD/CIR/9/120/2000 dated November 24, 2000, the unclaimed redemption amount and dividend amounts may be deployed by the Mutual Fund in call money market or money market instruments only and the investors who claim these amounts during a period of three years from due date shall be paid at the prevailing Net Assets Value. After a period of three years, this amount will be transferred to a pool account and the investors can claim the amount at NAV prevailing at the end of third year. The income earned on such investments will be used for the purpose of investor education. The AMC will make a continuous effort to remind the investors through letters to take their unclaimed amounts. Further, the investment management fee charged by the AMC for managing unclaimed amounts shall not exceed 50 basis points. -13

The following redemption amounts are with the fund as on 31/03/2009:

Scheme	Date of Redemption	Investors	Unclaimed Redemption Amount (Rs. In lacs)
Dhanashree 1989	31/10/1996	3119	0.00
Dhanavridhi 1989	15/05/2000	194	285.45
Dhan 80 CC (1)	31/11/1995	325	81.14
Dhanashree 1990	31/08/1997	1008	68.64
Dhan 80 CC B(1)	31/03/2001	6444	983.69
Dhanavarsha (3)	30/11/1996	1084	189.62
Dhanashree 1991	30/09/1998	611	47.83
Dhanavidya	15/12/2003	385	51.14
Dhanalakshmi (1)	31/01/1997	602	58.19
Dhan 80 CC B(2)	31/03/2002	14957	699.07
Dhanavarsha (4)	31/03/1998	4786	727.77
Dhanavarsha (5)	31/07/1998	3135	546.24
Dhan 88 (1)	31/03/2003	4734	151.65
Dhan Tax Saver 1995	31/03/2005	1284	86.78
Dhanavarsha (6)	30/11/2000	436	78.90
Dhanavarsha (1)RO	31/10/1999	1075	16.02
Dhan Tax Saver 1996	31/03/2006	597	48.58
Dhanavarsha (7)	31/03/2001	101	44.65
Dhanavarsha (8)	30/09/2001	793	169.86
Dhanavarsha (2)RO	07/08/2000	2358	554.89
Dhanavarsha (9)	31/01/2001	558	160.20
Dhanavarsha (10)	31/08/2001	166	43.09
Dhanavarsha (11)	28/02/2002	140	30.51
Dhanavarsha (13)	30/09/2002	850	297.71

DURATION OF THE SCHEME / WINDING UP (OPEN ENDED SCHEMES)

The duration of the Scheme is perpetual. The AMC, the Fund and the Trustee reserve the right to make such changes/alterations in the Scheme (including the charging of fees and expenses) offered under respective Scheme

Information Document to the extent permitted by the applicable Regulations. However, in terms of the Regulations, a Scheme may be wound up after repaying the amount due to the Unitholders:

1. On happening of any event, which in the opinion of the Trustee, requires the Scheme to be wound up, OR
2. If seventy five percent (75%) of the Unitholders of the Schemes pass a resolution that the Scheme be wound up, OR
3. If SEBI so directs in the interest of the Unitholders or
4. In case of non-fulfillment of condition prescribed in terms of minimum number of investors vide SEBI circular No. SEBI/IMD/CIR No.10/22701/03 dated December 12, 2003.

Where the Scheme is so wound up, the Trustee shall give notice of the circumstances leading to the winding up of the Scheme to:

- (I) SEBI and,
- (II) In two daily newspapers with circulation all over India and in one vernacular newspaper with circulation in Mumbai On and from the date of the publication of notice of winding up, the Trustee or the Investment Manager, as the case may be, shall:
 - a) Cease to carry on any business activities in respect of the Scheme so wound up;
 - b) Cease to create or cancel Units in the Scheme;
 - c) Cease to issue or redeem Units in the Scheme.

DURATION OF THE SCHEMES / WINDING UP (CLOSE ENDED SCHEMES)

The duration of the Scheme is limited till the maturity of the plan under the scheme unless rolled over. The AMC, the Fund and the Trustee reserve the right to make such changes/alterations the Scheme (including the charging of fees and expenses) offered under this respective Scheme Information Document to the extent permitted by the applicable Regulations. However, in terms of the Regulations, a Scheme may be wound up after repaying the amount due to the Unitholders:

1. On happening of any event, which in the opinion of the Trustee, requires the Scheme to be wound up, OR
2. If seventy five percent (75%) of the Unitholders of the Schemes pass a resolution that the Scheme be wound up, OR
3. If SEBI so directs in the interest of the Unitholders, OR
4. In case of non-fulfillment of condition prescribed in terms of minimum number of investors vide SEBI circular No. SEBI/IMD/CIR No.10/22701/03 dated December 12, 2003, OR.
5. On Maturity of the Plan under the Scheme.

Where the Scheme is so wound up, the Trustee shall give notice of the circumstances leading to the winding up of the Scheme to:

1. SEBI and,
2. In two daily newspapers with circulation all over India and in one vernacular newspaper with circulation in Mumbai.

On and from the date of the publication of notice of winding up, the Trustee or the Investment Manager, as the case may be, shall:

1. Cease to carry on any business activities in respect of the Scheme so wound up;
2. Cease to create or cancel Units in the Scheme;
3. Cease to issue or redeem Units in the Scheme.

PROCEDURE FOR WINDING UP

The Trustee shall call a meeting of the Unitholders of the Scheme to approve by simple majority of the Unitholders present and voting at the meeting for authorizing the Trustee or any other person to take steps for the winding up of the Scheme.

The Trustee or the person authorized above shall dispose of the assets of the Scheme in the best interest of the Unitholders of the Scheme.

The proceeds of sale realized in pursuance of the above, shall be first utilized towards discharge of such liabilities as are due and payable under the Scheme and after meeting the expenses connected with such winding up, the balance shall be paid to Unitholders in proportion to their respective interest in the assets of the Scheme, as on the date the decision for winding up was taken.

On completion of the winding up, the Trustee shall forward to SEBI and the Unitholders a report on the winding up, detailing the circumstances leading to the winding up, the steps taken for disposal of the assets of the Scheme before winding up, net assets available for distribution to the Unitholders and a certificate from the auditors of the Fund.

Notwithstanding anything contained herein above, the provisions of the Regulations in respect of disclosures of half-yearly reports and annual reports shall continue to be applicable until winding up is completed or the Scheme ceases to exist.

After the receipt of the report referred to above, if SEBI is satisfied that all measures for winding up of the Scheme have been complied with, the Scheme shall cease to exist.

C. GENERAL INFORMATION

BORROWING BY THE FUND

The Fund may borrow to meet temporary liquidity needs for the purpose of repurchase/redemption, redemption or payment of interest or dividend to the unitholders provided that such borrowing shall not exceed 20% of the net asset value and the duration of such borrowing shall not exceed a period of six months. There were borrowings by the fund for the financial year 2007-08.

UNDERWRITING

Subject to SEBI Regulations, the Scheme may enter into underwriting agreements. The Capital Adequacy norms for the purpose of underwriting shall be the net assets of the Scheme and the underwriting obligation of the scheme shall not at any time exceed the total net asset value of the Scheme.

STOCK LENDING BY THE SCHEME

Subject to the Regulations and the applicable guidelines, the Scheme may, if the Trustees permit, engage in stock lending. Stock lending means the lending of a stock to another person or entity for a fixed period of time, at a negotiated compensation.

The borrower will return the securities lent on expiry of the stipulated period. Each Scheme, under normal circumstances, shall not have exposure of more than 50% of its net assets in stock lending. The scheme may also not lend more than 50% of its net assets to any one intermediary to whom securities will be lent. Securities Lending could be considered for the purpose of generating additional income to unitholders on the longer term holdings of the Scheme. The AMC shall report to the Trustees on a quarterly basis as to the level of lending in terms of value, volume and the names of the intermediaries and the earnings/losses arising out of the transactions, the value of collateral security offered etc.

Stock lending is subject to following risks.

1. Settlement risk which is the inability of the approved intermediary / borrower to comply with the terms of the agreement for lending which may result in the failure of the intermediary to return the securities / loss of rights to the collateral offered by the borrower and the feasible loss of any corporate benefits accruing to the Scheme from the said securities.

2. Risks arising from fluctuations in the value of collateral offered by the borrower
3. Risks arising out of inability of the scheme to liquidate the securities lent to take advantage of market situations.

INTER SCHEME TRANSFERS

Transfer of investments from one scheme to another scheme in the same mutual fund shall be allowed only if –

- (a) such transfers are done at the prevailing market price for quoted instruments on spot basis

Explanation: "Spot basis" shall have same meaning as specified by Stock Exchange for spot transactions.

- (b) the securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.

ASSOCIATE TRANSACTIONS / SPONSOR

Investment by LIC Mutual Fund

There are no investments by the schemes of LIC Mutual Fund in securities issued by companies associated with or belonging to sponsor group.

LIC Mutual Fund's Policy for investing in group companies: LICMF Mutual Fund Scheme shall not invest in any unlisted securities of the group/associate company of the sponsor and in any privately placed security issued by associate or group company of the sponsor. LIC Mutual Fund will also ensure that its aggregate investment in the listed securities of the group companies of the sponsor shall not exceed 25% of the aggregate net assets of all schemes of the Fund.

LICMF AMC has not utilised the services of associate companies or its employees for distribution of its products or security transactions.

Investments by all Schemes of LIC Mutual Fund

1. The aggregate market value of investments in group companies by all the schemes of LIC Mutual Fund as on 25/06/2009, is furnished below:

Name of the Group Company - LIC Housing Finance Ltd.

Market value of Investment 16.44 Crore

2. The aggregate net asset value of all the schemes of LIC Mutual Fund as on 25/06/2009 is Rs. 33217.52 Crore.
3. The Investment in the securities of the sponsor and its associate companies constitute 0.0005% of the total net asset of all schemes of LIC Mutual Fund.
4. LICMF Mutual Fund scheme may consider investment in future, in any of the present or future group companies of the sponsor purely on investment consideration, subject to prudential norms.
5. No scheme of LIC Mutual Fund has invested more than 25% of its net asset value in the listed securities of any of the group companies of sponsor or AMC.
6. Names of the associate companies of the sponsor or AMC are given below :-

LIC Housing Finance Ltd.

LIC International (E.C) Bahrain

LICHFL Care Homes Ltd.

LIC (Nepal) Ltd.

ABB Ltd.

ACC Ltd.

Allahabad Bank
Ambuja Cement Ltd.
Andhra Bank
Ashok Leyland Ltd.
Axix Bank Ltd. (For I.UTI Bank)
Bharat Bijlee Ltd.
Bharat Petroleum Corporation Ltd
Central Provinces Railways Co. Ltd.
Cipla Ltd.
Corporation bank
DPSC Ltd.
Dr. Reddy's Laboratories Ltd.
E C E Industries Ltd.
Empire Industries Ltd
GAIL (India) Ltd.
Glaxosmithkline Pharmaceuticals Ltd.
Grasim Industries Ltd.
High Energy Batteries (India) Ltd.
Hindalco Industries Ltd.
Hindustan Petroleum Ltd.
ITC Ltd.
Indian Hotels Ltd.
Indian Overseas Bank
IDBI Ltd.
Industrial Investment Trust Ltd.
Jhagadia Copper Ltd.
LIC Housing Finance Ltd.
Lakshmi Machine Works Ltd.
Larsen & Toubro Ltd.
Mahanagar Telephone Nigam Ltd.
Mahindra & Mahindra Ltd.
Maruti Suzuki India Ltd.
Merck Ltd.
Modella woolens Ltd.
Nagpur Power & Inds. Ltd.
Oriental Bank of Commerce
PTD India Ltd.
Pfizer Ltd.
Punjab National Bank
Raymond Ltd.
Reliance Infrastructure Ltd.
Shalimar Wires Industries Ltd.

Siemens Ltd.
Simplex Mills Company Ltd.
Simplex Papers Ltd.
Simplex Realty Ltd.
Sir Shadi Lal Enterprises Ltd.
TCM Ltd.
TIL Ltd.
Tamilnadu Newsprint & Paper Ltd.
Tata Chemicals Ltd.
Tata Power Co. Ltd.
Tata Steel Ltd.
Tata Tea Ltd.
Thana Electricity Supply Co. Ltd.
Tilaknagar Industries Ltd.
Torrent Power Ltd.
UT Ltd.
Vijaya Bank
Voltas Ltd.
Zee Entertainment Enterprises Ltd.
Any other company that may be floated in future

The LIC Mutual Fund may have dealings, transactions or use the services of the above companies for marketing and distributing the scheme. The commission if any, that may be paid to them will be purely on commercial consideration and as approved by the Trustee.

Investments in Associated Companies of LIC and LICHFL

As on 31/03/2009

Name of The Company	Purchase Value (in lacs)	Scheme Name
ABB	126.16	LICMF INDEX - NIFTY PLAN
ABB	620.72	LICMF TOP 100 FUND
ABB	95.65	LICMF INFRASTRUCTURE FUND
ABB	17.16	LIC SPECIAL UNIT SCHEME
ACC	20.76	LICMF INDEX-SENSEX PLAN
ACC	78.86	LICMF INDEX - NIFTY PLAN
ACC	3.92	LICMF INDEX - SENSEX ADVANTAGE PLAN
ACC	181.30	LICMF OPPORTUNITIES FUND
ACC	796.60	LICMF TOP 100 FUND
ACC	35.92	LIC SPECIAL UNIT SCHEME
AMBUJA CEMENTS	72.20	LICMF UNIT LINKED INSURANCE SCHEME
AMBUJA CEMENTS	72.20	LICMF BALANCED FUND
AMBUJA CEMENTS	96.10	LICMF INDEX - NIFTY PLAN
AMBUJA CEMENTS	144.42	LICMF TOP 100 FUND
AMBUJA CEMENTS	79.00	LIC SPECIAL UNIT SCHEME
ANDHRA BANK	220.37	LICMF TOP 100 FUND
AXIS BANK	64.43	LICMF EQUITY FUND
AXIS BANK	93.41	LICMF GROWTH FUND

AXIS BANK	72.81	LICMF INDEX - NIFTY PLAN
AXIS BANK	20.06	LICMF INDEX - SENSEX ADVANTAGE PLAN
BHARAT PETROLEUM CORPN	76.57	LICMF INDEX - NIFTY PLAN
BHARAT PETROLEUM CORPN	27.28	LIC SPECIAL UNIT SCHEME
CIPLA	80.95	LICMF INDEX - NIFTY PLAN
GAS AUTHORITY OF INDIA	23.49	LICMF UNIT LINKED INSURANCE SCHEME
GAS AUTHORITY OF INDIA	269.72	LICMF GROWTH FUND
GAS AUTHORITY OF INDIA	57.14	LICMF TAX PLAN
GAS AUTHORITY OF INDIA	183.48	LICMF INDEX - NIFTY PLAN
GAS AUTHORITY OF INDIA	41.86	LICMF SYSTEMATIC ASSET ALLOCATION
GAS AUTHORITY OF INDIA	1178.36	LICMF TOP 100 FUND
GAS AUTHORITY OF INDIA	522.76	LICMF INFRASTRUCTURE FUND
GAS AUTHORITY OF INDIA	141.25	LIC SPECIAL UNIT SCHEME
GLAXO SMITH PHARMA	3.15	LIC SPECIAL UNIT SCHEME
GRASIM INDUSTRIES	41.62	LICMF INDEX-SENSEX PLAN
GRASIM INDUSTRIES	129.19	LICMF INDEX - NIFTY PLAN
GRASIM INDUSTRIES	6.05	LICMF INDEX - SENSEX ADVANTAGE PLAN
GRASIM INDUSTRIES	655.76	LICMF TOP 100 FUND
GRASIM INDUSTRIES	14.03	LIC SPECIAL UNIT SCHEME
HINDALCO	37.14	LICMF INDEX-SENSEX PLAN
HINDALCO	134.59	LICMF INDEX - NIFTY PLAN
HINDALCO	5.94	LICMF INDEX - SENSEX ADVANTAGE PLAN
HINDALCO	143.60	LIC SPECIAL UNIT SCHEME
HINDUSTAN PETROLEUM	3.15	LIC SPECIAL UNIT SCHEME
ITC	141.83	LICMF TAX PLAN
ITC	162.81	LICMF INDEX-SENSEX PLAN
ITC	368.70	LICMF INDEX - NIFTY PLAN
ITC	17.37	LICMF INDEX - SENSEX ADVANTAGE PLAN
ITC	135.97	LIC SPECIAL UNIT SCHEME
INDIAN OVERSEAS BANK	35.37	LICMF MONTHLY INCOME PLAN
INDIAN OVERSEAS BANK	13.88	LICMF FLOATER MIP - PLAN A
INDIAN OVERSEAS BANK	266.57	LICMF TOP 100 FUND
LIC HOUSING FINANCE	97.93	LIC SPECIAL UNIT SCHEME
LARSEN & TOUBRO	181.35	LICMF UNIT LINKED INSURANCE SCHEME
LARSEN & TOUBRO	31.24	LICMF BALANCED FUND
LARSEN & TOUBRO	531.21	LICMF EQUITY FUND
LARSEN & TOUBRO	490.41	LICMF GROWTH FUND
LARSEN & TOUBRO	297.48	LICMF TAX PLAN
LARSEN & TOUBRO	87.62	LICMF MONTHLY INCOME PLAN
LARSEN & TOUBRO	190.68	LICMF INDEX-SENSEX PLAN
LARSEN & TOUBRO	449.89	LICMF INDEX - NIFTY PLAN
LARSEN & TOUBRO	14.26	LICMF INDEX - SENSEX ADVANTAGE PLAN
LARSEN & TOUBRO	31.25	LICMF FLOATER MIP - PLAN A
LARSEN & TOUBRO	565.56	LICMF OPPORTUNITIES FUND
LARSEN & TOUBRO	226.85	LICMF INDIA VISION FUND
LARSEN & TOUBRO	893.24	LICMF SYSTEMATIC ASSET ALLOCATION
LARSEN & TOUBRO	1829.48	LICMF TOP 100 FUND
LARSEN & TOUBRO	1677.82	LICMF INFRASTRUCTURE FUND
LARSEN & TOUBRO	817.96	LIC SPECIAL UNIT SCHEME
MAHINDRA & MAHINDRA	37.11	LICMF EQUITY FUND

MAHINDRA & MAHINDRA	29.96	LICMF INDEX-SENSEX PLAN
MAHINDRA & MAHINDRA	83.32	LICMF INDEX - NIFTY PLAN
MAHINDRA & MAHINDRA	5.53	LICMF INDEX - SENSEX ADVANTAGE PLAN
MAHINDRA & MAHINDRA	92.77	LICMF INFRASTRUCTURE FUND
MARUTI SUZUKI INDIA LTD	31.18	LICMF INDEX-SENSEX PLAN
MARUTI SUZUKI INDIA LTD	126.23	LICMF INDEX - NIFTY PLAN
MARUTI SUZUKI INDIA LTD	4.57	LICMF INDEX - SENSEX ADVANTAGE PLAN
ORIENTAL BANK OF COMMERCE	1.89	LIC SPECIAL UNIT SCHEME
POWER TRADING CORPORATION OF INDIA	92.94	LICMF BALANCED FUND
POWER TRADING CORPORATION OF INDIA	106.27	LICMF GROWTH FUND
POWER TRADING CORPORATION OF INDIA	41.01	LICMF FLOATER MIP - PLAN A
POWER TRADING CORPORATION OF INDIA	173.40	LICMF OPPORTUNITIES FUND
POWER TRADING CORPORATION OF INDIA	335.96	LICMF INDIA VISION FUND
POWER TRADING CORPORATION OF INDIA	21.36	LIC SPECIAL UNIT SCHEME
PUNJAB NATIONAL BANK	94.93	LICMF UNIT LINKED INSURANCE SCHEME
PUNJAB NATIONAL BANK	363.94	LICMF EQUITY FUND
PUNJAB NATIONAL BANK	191.50	LICMF GROWTH FUND
PUNJAB NATIONAL BANK	63.30	LICMF MONTHLY INCOME PLAN
PUNJAB NATIONAL BANK	83.42	LICMF INDEX - NIFTY PLAN
PUNJAB NATIONAL BANK	131.33	LICMF OPPORTUNITIES FUND
PUNJAB NATIONAL BANK	329.03	LICMF TOP 100 FUND
PUNJAB NATIONAL BANK	177.35	LICMF INFRASTRUCTURE FUND
PUNJAB NATIONAL BANK	1.60	LIC SPECIAL UNIT SCHEME
RELIANCE INFRASTRUCTURE	388.98	LICMF EQUITY FUND
RELIANCE INFRASTRUCTURE	257.01	LICMF GROWTH FUND
RELIANCE INFRASTRUCTURE	138.35	LICMF TAX PLAN
RELIANCE INFRASTRUCTURE	82.29	LICMF CHILDRENS FUND
RELIANCE INFRASTRUCTURE	42.11	LICMF INDEX-SENSEX PLAN
RELIANCE INFRASTRUCTURE	155.59	LICMF INDEX - NIFTY PLAN
RELIANCE INFRASTRUCTURE	3.66	LICMF INDEX - SENSEX ADVANTAGE PLAN
RELIANCE INFRASTRUCTURE	286.68	LICMF OPPORTUNITIES FUND
RELIANCE INFRASTRUCTURE	1653.89	LICMF SYSTEMATIC ASSET ALLOCATION
RELIANCE INFRASTRUCTURE	768.41	LICMF TOP 100 FUND
RELIANCE INFRASTRUCTURE	396.83	LICMF INFRASTRUCTURE FUND
RELIANCE INFRASTRUCTURE	840.06	LIC SPECIAL UNIT SCHEME
SIEMENS	118.83	LICMF INDEX - NIFTY PLAN
SIEMENS	335.19	LICMF INFRASTRUCTURE FUND
SIEMENS	143.31	LIC SPECIAL UNIT SCHEME
TATA CHEMICALS	186.32	LICMF GROWTH FUND
TATA CHEMICALS	55.85	LIC SPECIAL UNIT SCHEME
TATA POWER	184.71	LICMF EQUITY FUND
TATA POWER	47.40	LICMF INDEX-SENSEX PLAN
TATA POWER	127.67	LICMF INDEX - NIFTY PLAN
TATA POWER	8.62	LICMF INDEX - SENSEX ADVANTAGE PLAN
TATA POWER	261.69	LICMF OPPORTUNITIES FUND
TATA POWER	869.10	LICMF TOP 100 FUND
TATA POWER	556.29	LICMF INFRASTRUCTURE FUND
TATA POWER	116.29	LIC SPECIAL UNIT SCHEME
TATA STEEL LTD	66.69	LICMF GROWTH FUND
TATA STEEL LTD	136.75	LICMF TAX PLAN

TATA STEEL LTD	75.99	LICMF INDEX-SENSEX PLAN
TATA STEEL LTD	263.60	LICMF INDEX - NIFTY PLAN
TATA STEEL LTD	7.29	LICMF INDEX - SENSEX ADVANTAGE PLAN
TATA STEEL LTD	59.65	LICMF OPPORTUNITIES FUND
TATA STEEL LTD	730.88	LICMF TOP 100 FUND
TATA STEEL LTD	350.68	LIC SPECIAL UNIT SCHEME
VIJAYA BANK	29.46	LICMF GROWTH FUND
VIJAYA BANK	156.54	LICMF TOP 100 FUND
VOLTAS	57.60	LICMF FLOATER MIP - PLAN A
VOLTAS	39.74	LICMF INDIA VISION FUND
ZEE ENTERTAINMENT	241.93	LICMF TOP 100 FUND
ZEE ENTERTAINMENT	16.74	LIC SPECIAL UNIT SCHEME

As on 31/03/2008

Name of The Company	Purchase Value (in lacs)	Scheme Name
ABB	239.64	LICMF INDEX - NIFTY PLAN
ABB	279.28	LICMF OPPORTUNITIES FUND
ABB	530.50	LICMF TOP 100 FUND
ABB	95.65	LICMF INFRASTRUCTURE FUND
ABB	17.16	LIC SPECIAL UNIT SCHEME
ACC	47.42	LICMF MONTHLY INCOME PLAN
ACC	39.78	LICMF INDEX-SENSEX PLAN
ACC	164.95	LICMF INDEX - NIFTY PLAN
ACC	3.59	LICMF INDEX - SENSEX ADVANTAGE PLAN
ACC	56.64	LICMF FLOATER MIP - PLAN A
ACC	282.41	LICMF OPPORTUNITIES FUND
ACC	728.08	LICMF TOP 100 FUND
ACC	530.85	LICMF INFRASTRUCTURE FUND
ACC	35.92	LIC SPECIAL UNIT SCHEME
AMBUJA CEMENTS	63.74	LICMF UNIT LINKED INSURANCE SCHEME
AMBUJA CEMENTS	43.21	LICMF INDEX-SENSEX PLAN
AMBUJA CEMENTS	215.66	LICMF INDEX - NIFTY PLAN
AMBUJA CEMENTS	4.45	LICMF INDEX - SENSEX ADVANTAGE PLAN
AMBUJA CEMENTS	8.96	LICMF FLOATER MIP - PLAN A
AMBUJA CEMENTS	134.84	LICMF TOP 100 FUND
AMBUJA CEMENTS	79.00	LIC SPECIAL UNIT SCHEME
ANDHRA BANK	213.86	LICMF TOP 100 FUND
AXIS BANK	73.78	LICMF INFRASTRUCTURE FUND
BHARAT PETROLEUM CORPN	141.56	LICMF INDEX - NIFTY PLAN
BHARAT PETROLEUM CORPN	27.28	LIC SPECIAL UNIT SCHEME
CIPLA	40.26	LICMF INDEX-SENSEX PLAN
CIPLA	160.50	LICMF INDEX - NIFTY PLAN
CIPLA	3.29	LICMF INDEX - SENSEX ADVANTAGE PLAN
DR REDDYS LABORATORIES	88.72	LICMF INDEX - NIFTY PLAN
GAS AUTHORITY OF INDIA	269.72	LICMF GROWTH FUND
GAS AUTHORITY OF INDIA	57.14	LICMF TAX PLAN
GAS AUTHORITY OF INDIA	344.31	LICMF INDEX - NIFTY PLAN
GAS AUTHORITY OF INDIA	41.86	LICMF SYSTEMATIC ASSET ALLOCATION
GAS AUTHORITY OF INDIA	912.27	LICMF TOP 100 FUND
GAS AUTHORITY OF INDIA	392.63	LICMF INFRASTRUCTURE FUND

GAS AUTHORITY OF INDIA	141.25	LIC SPECIAL UNIT SCHEME
GLAXO SMITH PHARMA	3.15	LIC SPECIAL UNIT SCHEME
GRASIM INDUSTRIES	366.09	LICMF UNIT LINKED INSURANCE SCHEME
GRASIM INDUSTRIES	167.24	LICMF MONTHLY INCOME PLAN
GRASIM INDUSTRIES	82.62	LICMF INDEX-SENSEX PLAN
GRASIM INDUSTRIES	282.10	LICMF INDEX - NIFTY PLAN
GRASIM INDUSTRIES	5.38	LICMF INDEX - SENSEX ADVANTAGE PLAN
GRASIM INDUSTRIES	55.06	LICMF OPPORTUNITIES FUND
GRASIM INDUSTRIES	3015.07	LICMF TOP 100 FUND
GRASIM INDUSTRIES	14.03	LIC SPECIAL UNIT SCHEME
HINDALCO	62.31	LICMF INDEX-SENSEX PLAN
HINDALCO	230.40	LICMF INDEX - NIFTY PLAN
HINDALCO	4.37	LICMF INDEX - SENSEX ADVANTAGE PLAN
HINDUSTAN PETROLEUM	3.15	LIC SPECIAL UNIT SCHEME
INDIAN HOTELS	147.18	LICMF GROWTH FUND
INDIAN HOTELS	149.97	LICMF INDIA VISION FUND
INDIAN HOTELS	140.69	LICMF TOP 100 FUND
INDIAN OVERSEAS BANK	35.37	LICMF MONTHLY INCOME PLAN
INDIAN OVERSEAS BANK	13.88	LICMF FLOATER MIP - PLAN A
INDIAN OVERSEAS BANK	266.57	LICMF TOP 100 FUND
ITC	141.83	LICMF TAX PLAN
ITC	196.15	LICMF INDEX-SENSEX PLAN
ITC	750.23	LICMF INDEX - NIFTY PLAN
ITC	13.50	LICMF INDEX - SENSEX ADVANTAGE PLAN
ITC	47.67	LIC SPECIAL UNIT SCHEME
LARSEN & TOUBRO	363.38	LICMF UNIT LINKED INSURANCE SCHEME
LARSEN & TOUBRO	557.39	LICMF EQUITY FUND
LARSEN & TOUBRO	269.25	LICMF GROWTH FUND
LARSEN & TOUBRO	167.28	LICMF TAX PLAN
LARSEN & TOUBRO	189.72	LICMF MONTHLY INCOME PLAN
LARSEN & TOUBRO	336.54	LICMF INDEX-SENSEX PLAN
LARSEN & TOUBRO	987.86	LICMF INDEX - NIFTY PLAN
LARSEN & TOUBRO	11.57	LICMF INDEX - SENSEX ADVANTAGE PLAN
LARSEN & TOUBRO	452.57	LICMF OPPORTUNITIES FUND
LARSEN & TOUBRO	256.02	LICMF INDIA VISION FUND
LARSEN & TOUBRO	4406.19	LICMF TOP 100 FUND
LARSEN & TOUBRO	1768.51	LICMF INFRASTRUCTURE FUND
LARSEN & TOUBRO	863.99	LIC SPECIAL UNIT SCHEME
LIC HOUSING FINANCE	97.93	LIC SPECIAL UNIT SCHEME
MAHINDRA & MAHINDRA	55.25	LICMF INDEX-SENSEX PLAN
MAHINDRA & MAHINDRA	178.21	LICMF INDEX - NIFTY PLAN
MAHINDRA & MAHINDRA	5.11	LICMF INDEX - SENSEX ADVANTAGE PLAN
MAHINDRA & MAHINDRA	67.75	LICMF TOP 100 FUND
MARUTI SUZUKI INDIA LTD	51.84	LICMF INDEX-SENSEX PLAN
MARUTI SUZUKI INDIA LTD	256.77	LICMF INDEX - NIFTY PLAN
MARUTI SUZUKI INDIA LTD	3.73	LICMF INDEX - SENSEX ADVANTAGE PLAN
ORIENTAL BANK OF COMMERCE	1.89	LIC SPECIAL UNIT SCHEME
POWER TRADING CORPORATION OF INDIA	92.94	LICMF BALANCED FUND
POWER TRADING CORPORATION OF INDIA	106.27	LICMF GROWTH FUND
POWER TRADING CORPORATION OF INDIA	41.01	LICMF FLOATER MIP - PLAN A

POWER TRADING CORPORATION OF INDIA	173.40	LICMF OPPORTUNITIES FUND
POWER TRADING CORPORATION OF INDIA	335.96	LICMF INDIA VISION FUND
POWER TRADING CORPORATION OF INDIA	21.36	LIC SPECIAL UNIT SCHEME
PUNJAB NATIONAL BANK	69.75	LICMF GROWTH FUND
PUNJAB NATIONAL BANK	155.49	LICMF INDEX - NIFTY PLAN
PUNJAB NATIONAL BANK	50.30	LICMF TOP 100 FUND
PUNJAB NATIONAL BANK	1.60	LIC SPECIAL UNIT SCHEME
RAYMONDS	65.74	LICMF UNIT LINKED INSURANCE SCHEME
RAYMONDS	243.65	LICMF TOP 100 FUND
RELIANCE INFRASTRUCTURE	566.45	LICMF EQUITY FUND
RELIANCE INFRASTRUCTURE	102.50	LICMF TAX PLAN
RELIANCE INFRASTRUCTURE	82.29	LICMF CHILDRENS FUND
RELIANCE INFRASTRUCTURE	92.72	LICMF INDEX-SENSEX PLAN
RELIANCE INFRASTRUCTURE	340.02	LICMF INDEX - NIFTY PLAN
RELIANCE INFRASTRUCTURE	3.15	LICMF INDEX - SENSEX ADVANTAGE PLAN
RELIANCE INFRASTRUCTURE	193.44	LICMF OPPORTUNITIES FUND
RELIANCE INFRASTRUCTURE	1018.58	LICMF SYSTEMATIC ASSET ALLOCATION
RELIANCE INFRASTRUCTURE	1367.24	LICMF TOP 100 FUND
RELIANCE INFRASTRUCTURE	861.48	LICMF INFRASTRUCTURE FUND
RELIANCE INFRASTRUCTURE	1792.01	LIC SPECIAL UNIT SCHEME
SIEMENS	412.74	LICMF INDEX - NIFTY PLAN
SIEMENS	62.49	LICMF OPPORTUNITIES FUND
SIEMENS	335.19	LICMF INFRASTRUCTURE FUND
SIEMENS	143.31	LIC SPECIAL UNIT SCHEME
TATA STEEL	234.06	LICMF UNIT LINKED INSURANCE SCHEME
TATA STEEL	157.65	LICMF TAX PLAN
TATA STEEL	66.36	LICMF MONTHLY INCOME PLAN
TATA STEEL	146.82	LICMF INDEX-SENSEX PLAN
TATA STEEL	576.79	LICMF INDEX - NIFTY PLAN
TATA STEEL	6.73	LICMF INDEX - SENSEX ADVANTAGE PLAN
TATA STEEL	49.87	LICMF FLOATER MIP - PLAN A
TATA STEEL	137.20	LICMF OPPORTUNITIES FUND
TATA STEEL	874.73	LICMF TOP 100 FUND
TATA STEEL	414.05	LICMF INFRASTRUCTURE FUND
TATA STEEL	248.46	LIC SPECIAL UNIT SCHEME
TATA CHEMICALS	186.32	LICMF GROWTH FUND
TATA CHEMICALS	55.85	LIC SPECIAL UNIT SCHEME
TATA POWER	266.74	LICMF EQUITY FUND
TATA POWER	57.93	LICMF GROWTH FUND
TATA POWER	237.67	LICMF INDEX - NIFTY PLAN
TATA POWER	142.23	LICMF OPPORTUNITIES FUND
TATA POWER	593.14	LICMF TOP 100 FUND
TATA POWER	1160.11	LICMF INFRASTRUCTURE FUND
TATA POWER	116.29	LIC SPECIAL UNIT SCHEME
VIJAYA BANK	29.46	LICMF GROWTH FUND
VIJAYA BANK	92.36	LICMF TOP 100 FUND
VOLTAS	10.35	LICMF FLOATER MIP - PLAN B
ZEE ENTERTAINMENT	108.64	LICMF INDEX - NIFTY PLAN
ZEE ENTERTAINMENT	241.93	LICMF TOP 100 FUND
ZEE ENTERTAINMENT	16.74	LIC SPECIAL UNIT SCHEME

As on 31/03/2007

Name of The Company	Purchase Value (in lacs)	Scheme Name
ABB	17.11	LICMF INDEX - NIFTY PLAN
ABB	186.48	LIC SPECIAL UNIT SCHEME
ACC	236.93	LICMF BALANCED FUND
ACC	304.96	LICMF GROWTH FUND
ACC	93.74	LICMF TAX PLAN
ACC	316.15	LICMF MONTHLY INCOME PLAN
ACC	46.75	LICMF INDEX-SENSEX PLAN
ACC	14.14	LICMF INDEX - NIFTY PLAN
ACC	23.75	LICMF INDEX - SENSEX ADVANTAGE PLAN
ACC	149.32	LICMF FLOATER MIP - PLAN A
ACC	209.61	LICMF OPPORTUNITIES FUND
ACC	803.18	LICMF INDIA VISION FUND
ACC	395.28	LIC SPECIAL UNIT SCHEME
AMBUJA CEMENTS	41.46	LICMF UNIT LINKED INSURANCE SCHEME
AMBUJA CEMENTS	68.30	LICMF GROWTH FUND
AMBUJA CEMENTS	52.28	LICMF INDEX-SENSEX PLAN
AMBUJA CEMENTS	16.83	LICMF INDEX - NIFTY PLAN
AMBUJA CEMENTS	29.54	LICMF INDEX - SENSEX ADVANTAGE PLAN
AMBUJA CEMENTS	15.37	LICMF FLOATER MIP - PLAN A
AMBUJA CEMENTS	166.46	LIC SPECIAL UNIT SCHEME
BHARAT PETROLEUM CORPN	10.77	LICMF INDEX - NIFTY PLAN
BHARAT PETROLEUM CORPN	26.49	LIC SPECIAL UNIT SCHEME
CIPLA	61.89	LICMF UNIT LINKED INSURANCE SCHEME
CIPLA	16.44	LICMF BALANCED FUND
CIPLA	344.31	LICMF GROWTH FUND
CIPLA	50.72	LICMF INDEX-SENSEX PLAN
CIPLA	16.26	LICMF INDEX - NIFTY PLAN
CIPLA	22.44	LICMF INDEX - SENSEX ADVANTAGE PLAN
CIPLA	12.77	LICMF FLOATER MIP - PLAN B
CIPLA	256.19	LIC SPECIAL UNIT SCHEME
DR REDDYS LABORATORIES	108.90	LICMF INDEX-SENSEX PLAN
DR REDDYS LABORATORIES	10.73	LICMF INDEX - NIFTY PLAN
DR REDDYS LABORATORIES	17.51	LICMF INDEX - SENSEX ADVANTAGE PLAN
DR REDDYS LABORATORIES	214.89	LIC SPECIAL UNIT SCHEME
GAS AUTHORITY OF INDIA	18.95	LICMF INDEX - NIFTY PLAN
GAS AUTHORITY OF INDIA	289.08	LICMF INDIA VISION FUND
GAS AUTHORITY OF INDIA	124.70	LIC SPECIAL UNIT SCHEME
GLAXO SMITH PHARMA	8.24	LICMF INDEX - NIFTY PLAN
GLAXO SMITH PHARMA	3.15	LIC SPECIAL UNIT SCHEME
GRASIM INDUSTRIES	326.12	LICMF UNIT LINKED INSURANCE SCHEME
GRASIM INDUSTRIES	369.14	LICMF MONTHLY INCOME PLAN
GRASIM INDUSTRIES	66.59	LICMF INDEX-SENSEX PLAN
GRASIM INDUSTRIES	18.74	LICMF INDEX - NIFTY PLAN
GRASIM INDUSTRIES	36.03	LICMF INDEX - SENSEX ADVANTAGE PLAN
GRASIM INDUSTRIES	194.15	LICMF OPPORTUNITIES FUND
GRASIM INDUSTRIES	60.34	LIC SPECIAL UNIT SCHEME
HINDALCO	125.08	LICMF BALANCED FUND

HINDALCO	341.65	LICMF EQUITY FUND
HINDALCO	50.96	LICMF TAX PLAN
HINDALCO	59.67	LICMF INDEX-SENSEX PLAN
HINDALCO	16.43	LICMF INDEX - NIFTY PLAN
HINDALCO	29.17	LICMF INDEX - SENSEX ADVANTAGE PLAN
HINDALCO	116.77	LIC SPECIAL UNIT SCHEME
HINDUSTAN PETROLEUM	8.00	LICMF INDEX - NIFTY PLAN
HINDUSTAN PETROLEUM	3.15	LIC SPECIAL UNIT SCHEME
INDIAN HOTELS	129.93	LICMF UNIT LINKED INSURANCE SCHEME
INDIAN HOTELS	30.59	LICMF TAX PLAN
INDIAN HOTELS	100.90	LICMF MONTHLY INCOME PLAN
INDIAN HOTELS	149.97	LICMF INDIA VISION FUND
ITC	367.37	LICMF GROWTH FUND
ITC	141.83	LICMF TAX PLAN
ITC	80.68	LICMF CHILDRENS FUND
ITC	191.40	LICMF INDEX-SENSEX PLAN
ITC	55.47	LICMF INDEX - NIFTY PLAN
ITC	94.30	LICMF INDEX - SENSEX ADVANTAGE PLAN
ITC	385.36	LICMF OPPORTUNITIES FUND
ITC	858.25	LIC SPECIAL UNIT SCHEME
LARSEN & TOUBRO	63.19	LICMF UNIT LINKED INSURANCE SCHEME
LARSEN & TOUBRO	48.57	LICMF TAX PLAN
LARSEN & TOUBRO	77.74	LICMF MONTHLY INCOME PLAN
LARSEN & TOUBRO	55.53	LICMF INDEX-SENSEX PLAN
LARSEN & TOUBRO	32.55	LICMF INDEX - NIFTY PLAN
LARSEN & TOUBRO	68.07	LICMF INDEX - SENSEX ADVANTAGE PLAN
LARSEN & TOUBRO	28.68	LICMF FLOATER MIP - PLAN A
LARSEN & TOUBRO	219.42	LICMF OPPORTUNITIES FUND
LARSEN & TOUBRO	413.73	LICMF INDIA VISION FUND
LARSEN & TOUBRO	1237.23	LIC SPECIAL UNIT SCHEME
LIC HOUSING FINANCE	97.93	LIC SPECIAL UNIT SCHEME
MAHANAGAR TELEPHONE NIGAM	7.17	LICMF INDEX - NIFTY PLAN
MAHANAGAR TELEPHONE NIGAM	197.77	LIC SPECIAL UNIT SCHEME
MAHINDRA & MAHINDRA	124.75	LICMF BALANCED FUND
MAHINDRA & MAHINDRA	255.52	LICMF MONTHLY INCOME PLAN
MAHINDRA & MAHINDRA	14.51	LICMF INDEX - NIFTY PLAN
MAHINDRA & MAHINDRA	44.76	LICMF INDEX - SENSEX ADVANTAGE PLAN
MAHINDRA & MAHINDRA	520.53	LICMF INDIA VISION FUND
MAHINDRA & MAHINDRA	193.60	LIC SPECIAL UNIT SCHEME
MARUTI SUZUKI INDIA LTD	180.14	LICMF BALANCED FUND
MARUTI SUZUKI INDIA LTD	41.12	LICMF INDEX-SENSEX PLAN
MARUTI SUZUKI INDIA LTD	22.54	LICMF INDEX - NIFTY PLAN
MARUTI SUZUKI INDIA LTD	18.93	LICMF INDEX - SENSEX ADVANTAGE PLAN
MARUTI SUZUKI INDIA LTD	22.56	LIC SPECIAL UNIT SCHEME
ORIENTAL BANK OF COMMERCE	4.76	LICMF INDEX - NIFTY PLAN
ORIENTAL BANK OF COMMERCE	1.89	LIC SPECIAL UNIT SCHEME
POWER TRADING CORPORATION OF INDIA	145.26	LICMF INDIA VISION FUND
PUNJAB NATIONAL BANK	11.49	LICMF INDEX - NIFTY PLAN
PUNJAB NATIONAL BANK	5.23	LIC SPECIAL UNIT SCHEME
RELIANCE INFRASTRUCTURE	162.72	LICMF UNIT LINKED INSURANCE SCHEME

RELIANCE INFRASTRUCTURE	259.11	LICMF EQUITY FUND
RELIANCE INFRASTRUCTURE	284.12	LICMF GROWTH FUND
RELIANCE INFRASTRUCTURE	30.84	LICMF TAX PLAN
RELIANCE INFRASTRUCTURE	240.07	LICMF MONTHLY INCOME PLAN
RELIANCE INFRASTRUCTURE	31.55	LICMF INDEX-SENSEX PLAN
RELIANCE INFRASTRUCTURE	2.95	LICMF INDEX - NIFTY PLAN
RELIANCE INFRASTRUCTURE	13.39	LICMF INDEX - SENSEX ADVANTAGE PLAN
RELIANCE INFRASTRUCTURE	133.01	LICMF FLOATER MIP - PLAN A
RELIANCE INFRASTRUCTURE	94.95	LICMF OPPORTUNITIES FUND
RELIANCE INFRASTRUCTURE	451.39	LIC SPECIAL UNIT SCHEME
SIEMENS	345.62	LICMF EQUITY FUND
SIEMENS	112.60	LICMF GROWTH FUND
SIEMENS	112.87	LICMF TAX PLAN
SIEMENS	16.46	LICMF INDEX - NIFTY PLAN
SIEMENS	32.16	LICMF INDEX - SENSEX ADVANTAGE PLAN
SIEMENS	333.02	LICMF OPPORTUNITIES FUND
SIEMENS	151.08	LIC SPECIAL UNIT SCHEME
TATA CHEMICALS	146.49	LIC SPECIAL UNIT SCHEME
TATA POWER	173.73	LICMF BALANCED FUND
TATA POWER	8.96	LICMF INDEX - NIFTY PLAN
TATA POWER	197.33	LIC SPECIAL UNIT SCHEME
TATA STEEL LTD	537.11	LICMF EQUITY FUND
TATA STEEL LTD	538.63	LICMF GROWTH FUND
TATA STEEL LTD	101.78	LICMF TAX PLAN
TATA STEEL LTD	83.19	LICMF INDEX-SENSEX PLAN
TATA STEEL LTD	22.91	LICMF INDEX - NIFTY PLAN
TATA STEEL LTD	37.47	LICMF INDEX - SENSEX ADVANTAGE PLAN
TATA STEEL LTD	228.29	LICMF OPPORTUNITIES FUND
TATA STEEL LTD	188.79	LIC SPECIAL UNIT SCHEME
ZEE ENTERTAINMENT	10.62	LICMF BALANCED FUND
ZEE ENTERTAINMENT	4.60	LICMF INDEX - NIFTY PLAN
ZEE ENTERTAINMENT	7.54	LIC SPECIAL UNIT SCHEME

DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection at the offices of the Mutual Fund at Indl. Assurance Bldg., 4th Floor, Opp. Churchgate Station, Mumbai – 400 020 during business hours of any day (excluding Saturdays, Sunday and public holidays)

1. Memorandum and Articles of Association of the AMC
2. Investment Management Agreement
3. Trust Deed and amendments thereto, if any
4. Mutual Fund Registration Certificate
5. Agreement between the Mutual Fund and the Custodian
6. Agreement with Registrars and Share Transfer Agent
7. Consent of Auditors to act in the said capacity
8. Consent of Legal Advisors to act in the said capacity

9. Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments from time to time thereto.

10. Indian Trusts Act, 1882

INVESTOR GRIEVANCES REDRESSAL / MECHANISM

LIC Mutual Fund has had on the whole over 4.96 lakh investors under its 104 different schemes. The investor complaint history for the last three years for existing schemes and the redressal mechanism thereof is as under:

FOR LAST 3 YEARS	SEBI	AMC	REGISTRARS
No. Of complaints recd. Upto 30/06/2009	111	339	16
No. of complaints disposed off	111	339	16
No. of complaints outstanding as on 30/06/2009	0	0	0

Most of the complaints relate to delay/loss of warrant/certificate in transit. Follow-up with various agencies is made in order to finally dispose of the complaints

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-18.