

**SCHEME INFORMATION DOCUMENT**

**TAURUS LIQUID PLUS FUND  
(An Open-end Debt Scheme)**

Offer of Units of Rs. 10/- each for cash (subject to applicable load) during the

New Fund Offer and Continuous offer for Units at NAV based prices

**Name of Mutual Fund** : Taurus Mutual Fund  
**New Fund Offer Opens on** : 24<sup>th</sup> November 2008  
**New Fund Offer Closes on** : 26<sup>th</sup> November 2008  
**Scheme re-opens on** : 08<sup>th</sup> December 2008

Name of Asset Management Company : Taurus Asset Management Company Limited  
Name of Trustee Company : Taurus Investment Trust Company Limited  
Addresses, Website of the entities :  
Registered Office : 305, Regent Chambers, 208, Jamnalal Bajaj Marg,  
Nariman Point, Mumbai - 400 021

Corporate office : 3<sup>rd</sup> Floor, DCM Building, Barakhamba Road,  
New Delhi – 110001  
Website: [www.taurusmutualfund.com](http://www.taurusmutualfund.com)

**The particulars of the Scheme have been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations 1996, (herein after referred to as SEBI (MF) Regulations) as amended till date, and filed with SEBI, along with a Due Diligence Certificate from the AMC. The units being offered for public subscription have not been approved or recommended by SEBI nor has SEBI certified the accuracy or adequacy of the Scheme Information Document.**

The Scheme Information Document sets forth concisely the information about the scheme that a prospective investor ought to know before investing. Before investing, investors should also ascertain about any further changes to this Scheme Information Document after the date of this Document from the Mutual Fund / Investor Service Centres / Website / Distributors or Brokers.

**The investors are advised to refer to the Statement of Additional Information (SAI) for details of Taurus Mutual Fund, Tax and Legal issues and general information on [www.taurusmutualfund.com](http://www.taurusmutualfund.com)**

**SAI is incorporated by reference (is legally a part of the Scheme Information Document). For a free copy of the current SAI, please contact your nearest Investor Service Centre or log on to our website.**

**The Scheme Information Document should be read in conjunction with the SAI and not in isolation.**

This Scheme Information Document is dated 17<sup>th</sup> November 2008

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**HIGHLIGHTS/ SUMMARY OF THE SCHEME**

1. Investment Objective : The investment objective of the scheme is to generate returns with higher liquidity and low volatility from a portfolio of money market and debt instruments. However, there is no assurance that the investment objective of the scheme will be realised.

2. Liquidity : The scheme is an open-end scheme. It will offer units for sale and repurchase at NAV based prices on all business days on an ongoing basis, commencing not later than 30 days from the closure of New Fund Offer period.

As per SEBI Regulations, Mutual Fund shall despatch redemption proceeds within 10 working/business days of receiving a valid redemption request. However, the Fund will endeavour to pay redemption proceeds in one day at all RBI centres and three days at other locations

3. Benchmark : CRISIL Liquid Fund Index

4. Transparency/NAV Disclosure : The AMC will calculate and disclose the first NAV of the scheme not later than 30 days from the closure of New Fund offer period. Subsequently, the NAV will be declared on all working days and released to the Press and Association of Mutual Fund in India (AMFI). NAVs will also be displayed on the website of the AMC.

The AMC will publish full portfolio of the scheme on half-yearly basis.

5. Plans & Options The scheme offer three plans namely Retail Plan, Institutional Plan and Super Institutional Plan and two options as under in all the three plans:-

**Growth Option**

No dividend will be declared under this option. Income/profits received/earned on the corpus will be accumulated by the Fund as capital accretion and will remain invested in the scheme and will get reflected in the Net Asset Value). Unitholder who opts for this option will not receive any dividend in normal circumstances.

**Dividend Option**

Under dividend option, only dividend reinvestment facility is available. Under this facility, the dividend due and payable to the unitholders will be compulsorily and without any further act by unitholders, reinvested in the dividend option at a price based on the prevailing net asset value per unit on the record date. Units for the purpose of reinvestment will be created and credited to the unitholder's account at the applicable NAV declared immediately following the record date. There shall, however, be no load on the dividend so reinvested. This facility will be available on daily as well as weekly basis. Under daily dividend facility, the Fund will endeavour to declare dividend on daily basis.

In the weekly dividend facility, the Fund will endeavour to declare dividend on a weekly basis. Friday will be the record date for weekly dividend (if Friday is a holiday, first working day of the next week).

All the plans will have common portfolio.

**Default Option:** The investors must clearly indicate their choices of Plan i.e. Retail, Institutional, Super Institutional and option i.e. growth/dividend in the relevant space provided for in the Application Form. In the absence of clear instructions of the investor, it will be presumed that the investor has opted for Retail Plan with growth option.

6. Loads

: Entry Load : Nil

Exit Load

Retail Plan : 0.10% if redeemed within 30 SIP/  
SWP/STP days from the date of allotment

Institutional Plan & : 0.10% if redeemed within 7  
days from the date of allotment

Super Institutional Plan : 0.10% if redeemed within 7  
days from the date of allotment

Switch-In and Switch-Outs are considered as Purchase and Redemption and as such, entry/exit loads will be charged as above. However, no entry/exit Load is chargeable in case of switches made between different options of scheme.

Also, as per SEBI Circular No. SEBI/IMD/CIR No.10/112153/07 dated December 31, 2007, no entry load is chargeable in case of direct applications.

7. Minimum Application Amount

: **Minimum Investment**

Plan	NFO Period	Continuous Offer Period	Add. Investments in an A/c during continuous offer
Retails Plan	Rs.5000/- & in multiple of Rs.1000/-	Rs.5000/- & in multiple of Rs.1000/-	Rs.1000/- & in multiple of Rs.1000/-
Institutional Plan	Rs.10 lacs & in multiple of Re.1/-	Rs.10lacs & in multiple of Re.1/-	Rs.1lac & in multiple of Re.1/-
Super Institutional Plan	Rs.50lacs & in multiple of Re.1/-	Rs.50lacs & in multiple of Re.1/-	Rs.1lac & in multiple of Re.1/-

## I. INTRODUCTION

### A. RISK FACTORS

#### **Standard Risk Factors:**

- Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal.
- As the price / value / interest rates of the securities in which the scheme invests fluctuates, the value of your investment in the scheme may go up or down.
- Past performance of the Sponsor/AMC/Mutual Fund does not guarantee future performance of the scheme.
- The name of the scheme does not in any manner indicate either the quality of the scheme or its future prospects and returns.
- The sponsor is not responsible or liable for any loss resulting from the operation of the scheme beyond the initial contribution of 2 Lacs made by it towards setting up the Fund.
- The present scheme is not a guaranteed or assured return *scheme*

#### **Scheme Specific Risk Factors**

- **Schemes investing in Bonds**

#### **Interest Rate Risk / Price Risk**

From the perspective of coupon rates, debt securities can be classified in two categories, i.e., Fixed coupon bearing securities and Floating coupon bearing securities. In Fixed coupon bearing securities, the coupon rate is determined at the time of investment and paid/received at the predetermined frequency. In the floating coupon bearing securities, on the other hand, the coupon rate changes - 'floats' - with the underlying benchmark rate, e.g., MIBOR, 1 yr. Treasury bill.

Fixed income securities (such as Government Securities, bonds, debentures and money market instruments) where a fixed return is offered, run price-risk. Generally, when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, the payment-frequency of such coupon, days to maturity and the increase or decrease in the level of interest rates. The prices of Government Securities (existing and new) will be influenced only by movement in interest rates in the financial system and liquidity. Whereas, in the case of corporate or institutional fixed income securities, such as bonds or debentures, prices are influenced not only by the change in interest rates but also by credit rating of the security and liquidity thereof.

#### **Reinvestment Risk**

Investments in fixed income securities may carry reinvestment risk as interest rates prevailing in the market may differ from the original coupon of the bond. Consequently the proceeds from regular coupon and principal payments on due date may get invested at a lower rate.

**Credit Risk** : Credit Risk comprises three components.

- **Default Risk:** Securities carry a risk of repayment of principal or interest by the borrower. This is called as default risk. The default risk depends on micro economic factors such as financial soundness and ability of the borrower and macro economic factors such as industry performance, competition, trade barriers etc.
- **Downgrade Risk:** It is the risk that credit rating agency downgrades the rating of an issuer based on earnings and cash flows generating capacity.
- **Spread Risk:** Though the sovereign yield curve might remain constant, investments in corporate bonds are exposed to the risk of spread widening between corporate bonds and gilts. Typically, if this spread widens, the prices of the corporate bonds tend to fall and so could the NAV of the Debt Schemes. Similar risk prevails for the investments in the floating rate bonds, where the benchmark might remain unchanged, but the spread over the benchmark might vary. In such an event, if the spread widens, the price and the NAV could fall.

- Liquidity Risk: This refers to the ease at which a security can be sold at or near its true value. The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. Liquidity risk is characteristic of the Indian fixed income market.
- Prepayment Risk: Asset securitisation is a process whereby commercial or consumer credits are packaged and sold in the form of financial instruments Full prepayment of underlying loan contract may arise under any of the following circumstances;
  - Obligor pays the Receivable due from him at any time prior to the scheduled maturity date of that Receivable; or
  - Receivable is required to be repurchased by the Seller consequent to its inability to rectify a material misrepresentation with respect to that Receivable; or
  - The Servicer recognizing a contract as a defaulted contract and hence repossessing the underlying Asset and selling the same
  - In the event of prepayments, investors may be exposed to changes in tenor and yield.

- **Risk associated with Investing in Derivatives**

As and when the Scheme trades in the derivatives market there are risk factors and issues concerning the use of derivatives that investors should understand. Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but of the derivative itself.

Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price or interest rate movements correctly. There is a possibility that a loss may be sustained by the portfolio as a result of the failure of another party (usually referred to as the “counterparty”) to comply with the terms of the derivatives contract. Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

Derivative Products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the fund manager to identify such opportunities. Identification and execution of the strategies to be pursued by the fund manager involve uncertainty and decision of fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies.

The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments.

- **Risk associated with Investing in Securitised Debt**

Securitized debt papers carry credit risk of the Obligors and are dependent on the servicing of the PTC / Contributions etc. However these are offset suitably by appropriate pool selection as well as credit enhancements specified by Rating Agencies. In cases where the underlying facilities are linked to benchmark rates, the securitized debt papers may be adversely impacted by adverse movements in benchmark rates. However this risk is mitigated to an extent by appropriate credit enhancement specified by rating agencies. Securitized debt papers also carry the risks of prepayment by the obligors. In case of prepayments of securities debt papers, it may result in reduced actual duration as compared to the expected duration of the paper at the time of purchase, which may adversely impact the portfolio yield. These papers also carry risk associated with the collection agent who is responsible for collection of receivables and depositing them. The Investment team evaluates the risks associated with such

investments before making an investment decision. The underlying assets in the case of investment in securitized debt could be mortgages or other assets like credit card receivables, automobile / vehicle / personal / commercial / corporate loans and any other receivables / loans / debt. The risks associated with the underlying assets can be described as under:

Credit card receivables are unsecured. Automobile / vehicle loan receivables are usually secured by the underlying automobile / vehicle and sometimes by a guarantor. Mortgages are secured by the underlying property. Personal loans are usually unsecured.

Corporate loans could be unsecured or secured by a charge on fixed assets / receivables of the company or a letter of comfort from the parent company or a guarantee from a bank / financial institution. As a rule of thumb, underlying assets which are secured by a physical asset / guarantor are perceived to be less risky than those which are unsecured. By virtue of this, the risk and therefore the yield in descending order of magnitude would be credit card receivables, personal loans, vehicle / automobile loans, mortgages and corporate loans assuming the same rating.

Liquidity in Securitized Debt may be affected by trading volumes, settlement periods and transfer procedures. These factors may cause potential losses from being not able to sell the securitized debt instruments at its fair value.

*The risks in lending portfolio securities, as with other extensions of credit, consist of the failure of another party, in this case the approved intermediary, to comply with the terms of agreement entered into between the lender of securities i.e. the Scheme and the approved intermediary. Such failure to comply with can result in the possible loss of rights in the collateral put up by the borrower of the securities, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing to the lender from the securities deposited with the approved intermediary. The Mutual Fund may not be able to sell such lent securities and this can lead to temporary illiquidity.*

## **B. REQUIREMENT OF MINIMUM INVESTORS IN THE SCHEME**

The Scheme/Plan shall have a minimum of 20 investors and no single investor shall account for more than 25% of the corpus of the Scheme/Plan(s). However, if such limit is breached during the NFO of the Scheme, the Fund will endeavor to ensure that within a period of three months or the end of the succeeding calendar quarter from the close of the NFO of the Scheme, whichever is earlier, the Scheme complies with these two conditions. In case the Scheme / Plan(s) does not have a minimum of 20 investors in the stipulated period, the provisions of Regulation 39(2)(c) of the SEBI (MF) Regulations would become applicable automatically without any reference from SEBI and accordingly the Scheme / Plan(s) shall be wound up and the units would be redeemed at applicable NAV. The two conditions mentioned above shall also be complied within each subsequent calendar quarter thereafter, on an average basis, as specified by SEBI. If there is a breach of the 25% limit by any investor over the quarter, a rebalancing period of one month would be allowed and thereafter the investor who is in breach of the rule shall be given 15 days notice to redeem his exposure over the 25% limit. Failure on the part of the said investor to redeem his exposure over the 25 % limit within the aforesaid 15 days would lead to automatic redemption by the Mutual Fund on the applicable Net Asset Value on the 15th day of the notice period. The Fund shall adhere to the requirements prescribed by SEBI from time to time in this regard.

## **C. SPECIAL CONSIDERATIONS**

The Mutual Fund is not assuring or guaranteeing that it will be able to make regular periodical distributions to its Unitholders though it has every intention to manage the portfolio so as to make periodical income distributions to Unitholders.

Periodical distributions will be dependent on the returns achieved by the Asset Management Company through the active management of the portfolio. Periodical distributions may therefore vary from period to period based on investment results of the portfolio.

The liquidity of the Scheme's investments may be inherently restricted by trading volumes, settlement periods and transfer procedures. In the event of an inordinately large number of redemption requests or of a re-structuring of the Scheme's portfolio, these periods may become significant.

The Trustees have the right in their sole discretion, to limit redemptions under certain circumstances.

**D. Anti Money Laundering and Know Your Customer (KYC)**

TMF is committed to complying with all applicable anti money laundering and KYC laws and regulations. TMF recognizes the value and importance of creating a business environment that strongly discourages money launderers from using TMF. To that end, certain policies have been adopted by the AMC. The need to KYC is vital for the prevention of money laundering.

With effect from January 01, 2008, PAN shall be the sole identification number for all investors (including joint applicants, guardians and NRIs) for transacting in the Scheme, irrespective of the amount of transaction. Accordingly, for investing in the scheme, investors shall be required to submit a photocopy of the PAN card issued to them by the Income Tax Department, provided that the photocopy shall either be verified with the original at the ISCs or be verified/attested by bank managers or judicial authorities. Any application not accompanied by a copy of the PAN Card, will be liable to be rejected. Also, all investors (including guardians and power of attorney holders) need to complete the process of KYC by submitting a duly filledup KYC application form along with photograph, photocopy of PAN card and proof of address for individuals or corporate documents for bodies corporate, in accordance with the Prevention of Money Laundering Act, 2002, Rules issued there under and related guidelines/circulars issued by SEBI. Investors shall note that completion of the KYC process is mandatory for any investment, whether by way of first time purchase or subsequent purchase, if the investment is for a value of Rs. 50,000 or more. To facilitate the KYC process, the mutual fund industry has collectively entrusted the responsibility of collection of documents for KYC, as well as related record keeping, to an independent agency (presently CDSL Ventures Limited) that will act as a central record keeping agency ('Central Agency'). Therefore, investors may submit their applications for KYC, along with the requisite documents, at any 'Point of Service' designated by the Central Agency. For addresses of the Points of Service, please log on to the website of AMFI, [www.amfiindia.com](http://www.amfiindia.com) or, website of Central Agency, [www.cvlindia.com](http://www.cvlindia.com). While making an application for KYC, investors shall submit all the requisite documents in original, along with a self-attested photocopy of each of them. The original documents will be returned across the counter, after verification. Investors may also submit notarized copies of these documents. Investors will receive an acknowledgement ('KYC Acknowledgement') which shall be submitted to the Fund along with their application form in the case of a first time purchase, or with their additional purchase request in the case of a subsequent purchase in the Scheme. Investors shall be required to complete the KYC process only once for transactions across a majority of mutual funds, which are registered with the Central Agency for KYC. Accordingly, investors who have already completed the KYC process through the Central Agency shall, when making first time or subsequent purchases in the Scheme(s), be required to submit to the Fund a copy of their KYC Acknowledgement. Submission of the KYC Acknowledgement when investing in the Scheme shall be deemed sufficient compliance of the PAN and KYC requirements, provided that submission of the original PAN card for verification, along with a self-attested photocopy thereof, shall have been done at the time of completing the KYC process. Investors are requested to note that all transactions, as mentioned above, shall be in compliance of the PAN and KYC requirements. Accordingly, transactions which are not in compliance of the PAN and KYC requirements, as mentioned above, are liable to be rejected. Investors/Unit Holders may contact their distributors, if any, or the ISCs for any additional information/clarification.

**E. Permanent Account Number (PAN)**

In accordance with SEBI circulars dated April 27, 2007 and June 25, 2007, with effect from July 02, 2007, PAN issued by the Income Tax authorities will be used as the sole identification number for all investors transacting in the securities market including mutual funds, irrespective of the amount of transaction. Thus, on and from January 01, 2008, it will be mandatory for all investors to provide a certified\* copy of the PAN card for all transactions in units of the Scheme. In case of investors who do not provide a certified\* copy of the PAN card, the application for transaction in units of the Scheme could be rejected.

\*Investors are requested to submit a copy along with the original for verification at the investor service centers of the Fund/KARVY, which will be returned across the counter. A Bank Manager's attestation or a Notarized copy will also be accepted.

**F. Suspicious Transaction Reporting**

If after due diligence, the AMC believes that the transaction is suspicious in nature as regards money laundering, the AMC shall report any suspicious transactions to competent authorities under the PMLA and rules / guidelines issued there under by SEBI and RBI, furnish any such information in connection therewith to such authorities and take any other actions as may be required for the purposes of fulfilling its obligations under the PMLA without obtaining the prior approval of the investor / Unit Holder / a person making the payment on behalf of the investor.

**This Scheme Information Document sets forth concisely the information about the Scheme that a prospective investor ought to know before investing. This Scheme Information Document will remain effective till a material change (other than a change in Fundamental Attributes and within the purview of this Scheme Information Document) occurs and thereafter the changes shall be filed with SEBI and circulated to the unitholders. This Scheme Information Document should be retained for future reference.**

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

**D. DEFINITIONS**

The Trustee / TITCO	Taurus Investment Trust Company Ltd. (Earlier known as Creditcapital Investment Trust Company Ltd.) is a company incorporated under the Companies Act, 1956 and authorized by SEBI to act as the Trustee for Taurus Mutual Fund.
Asset Management Co./AMC/ Investment Manager/ TAMCO	Taurus Asset Management Company Ltd. (Earlier known as Creditcapital Asset Management Company Ltd.), Investment Manager to Taurus Mutual Fund is a company incorporated under the Companies Act, 1956 and authorized by SEBI to act as the Asset Management Company.
Sponsor	HB Portfolio Limited
HB Portfolio Ltd. (HBPL)	HB Portfolio Ltd. is a company incorporated under the Companies Act, 1956.
SEBI or the Board	The Securities & Exchange Board of India, a Board established under The Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI Regulations	The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended from time to time by SEBI for the operation and management of Mutual Funds, including any re-enactment thereof.
IT Act	Income Tax Act 1961.
RBI	Reserve Bank of India established under the Reserve Bank of India Act, 1934.
Custodian	Deutsche Bank or any other Custodian appointed by the Trustees.
Depository	Depository as defined in the Depository Act, 1996.
IMA	Investment Management Agreement dated August 20, 1993 executed between TITCO and TAMCO and all amendments thereto from time to time.

Registrar & Transfer Agent	Karvy Computershare Pvt. Ltd. Hyderabad.
Entry Load	A charge that is paid by the unitholder at the time of investing in the units of Taurus Liquid Plus Fund.
Exit Load	A charge that is paid by the unitholder at the time of redeeming the units from Taurus Liquid Plus Fund.
Contingent Deferred Sales Charge/ CDSF	Exit charge permitted under SEBI Regulations for a no load scheme.
Scheme Information Document	Scheme Information Document of Taurus Liquid Plus Fund
TLPF	Taurus Liquid Plus Fund – an open end debt scheme
Cut-off Time	A time prescribed in this Scheme Information Document up to which an investor can submit a Purchase request / Redemption request, to be entitled to the Applicable NAV for that Business Day.
On-going Offer	Offer of Units under the Scheme when it becomes open ended after the closure of the New Fund Offer Period.
Ongoing Offer Period	The period during which the Units under the Scheme are offered for subscription/redemption after the closure of New Fund Offer Period.
Securities	As defined under Section 2(h) of the Securities Contracts (Regulations) Act, 1956 of India; and also include shares, stocks, bonds, debentures, warrants, instruments, obligations, money market instruments, debt instruments or any financial or capital market instrument of whatsoever nature made or issued by any statutory authority of body corporate, incorporated or registered by or under any law; or any other securities, assets or such other investments as may be permissible from time to time under the regulations.
Systematic Investment Plan/ SIP	A plan enabling investors to save and invest in the Scheme on a monthly/quarterly basis by submitting post-dated cheques/payment instructions.
Systematic Transfer Plan	A plan enabling Unit Holders to transfer sums on a monthly/quarterly basis from the Scheme to other schemes launched by the Fund from time to time by giving a single instruction.
Systematic Withdrawal Plan/ SWP	A plan enabling Unit Holders to withdraw amounts from the Scheme on a monthly/quarterly basis by giving a single instruction.
Transaction Slip	A form meant to be used by Unit Holders seeking additional Purchase or Redemption of Units in the Scheme, change in bank account details, switch-in or switch-out and such other facilities offered by the AMC and mentioned in the Transaction Slip.
Trust Deed	The Trust Deed dated August 20, 1993 as amended from time to time.
NAV	Net Asset Value of the units of the Scheme as calculated in the manner provided in this Scheme Information Document or as may be prescribed by SEBI Regulations from time to time.
Applicable NAV	The Net Asset Value applicable for purchases/redemption/ switches

	based on the business day and relevant cut-off times on which the application is accepted at an Investor Service Centre. (During Ongoing Offer Period)
Units	The interest of the subscribers in the Scheme which consists of unit representing one undivided share in the assets of the Scheme.
Unitholder/Investor	A person who holds units under the Scheme.
Business Day	A day other than (i) Saturday and Sunday (ii) day(s) on which the money markets are closed/not accessible (iii) a day on which banks in Mumbai and/or RBI are closed for business/clearing (iv) a day on which Stock Exchange, Mumbai and / or National Stock Exchange are closed (v) A day which is a public and/or bank holiday at the Investor Service Centre where the application is received (vi) A book closure period announced by the AMC/Trustee (vii) A day on which sale and redemption of units is suspended by the AMC/Trustee (viii) A day on which normal business cannot be transacted due to bandhs, floods, storms, strikes or such other events as the AMC/Trustee may specify from time to time. The Trustees/AMC reserve the right to change the definition of Business Day. The Trustee/AMC reserve the right to declare any day as a Business Day or otherwise at any or all Investor Service Centres.
NRI/ PIO	Non-Resident Indians and Persons of Indian Origin
FIIIs	Foreign Institutional Investors, registered with SEBI under Securities and Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended from time to time.
CBDT	Central Board of Direct Taxes.
DTAA	Double Taxation Avoidance Agreement
Gilts / Government Securities	As defined under Section 2(b) of the Securities Contract(s) (Regulation) Act, 1956, "Government security" means a security created and issued, whether before or after the commencement of this Act, by the Central Government or a State Government for the purpose of raising a public loan and having one of the forms specified in Clause (2) of Section 2 of Public Debt Act, 1944 (13 of 1944).
Repo/Reverse Repo	Sale / Purchase of Securities as may be allowed by RBI from time to time with simultaneous agreement to repurchase / resell them at a later date.
Money Market Instruments	Include Treasury Bills, Commercial Papers, Mibor linked instruments Commercial Bills, Government Securities having un-expired maturity upto one year, Call or Notice Money, Certificate of Deposit, Usance Bills, Corporate Debentures, Collateralised Borrowing and Lending Obligation (CBLO) and any other like instruments as specified by RBI/SEBI from time to time.

**E. DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY**

A Due Diligence Certificate duly signed by the Compliance Officer of the Asset Management Company has been submitted to SEBI, which reads as follows:

It is confirmed that:

(i) the draft Scheme Information Document forwarded to SEBI is in accordance with the SEBI (Mutual Funds) Regulations, 1996 and the guidelines and directives issued by SEBI from time to time.

(ii) all legal requirements connected with the launching of the scheme as also the guidelines, instructions, etc., issued by the Government and any other competent authority in this behalf, have been duly complied with.

(iii) the disclosures made in the Scheme Information Document are true, fair and adequate to enable the investors to make a well informed decision regarding investment in the proposed scheme.

(iv) the intermediaries named in the Scheme Information Document and Statement of Additional Information are registered with SEBI and their registration is valid, as on date.

**Date : July 25, 2008**

**Place : New Delhi**

**Sangeeta Verma  
Compliance Officer**

## II INFORMATION ABOUT THE SCHEME

### A. TYPE OF THE SCHEME

Taurus Liquid Plus Fund is an open end debt scheme that focuses on investing in money market instruments/securities and other debt securities.

### B. WHAT IS THE INVESTMENT OBJECTIVE OF THE SCHEME?

The investment objective of the scheme is to generate returns with higher liquidity and low volatility from a portfolio of money market and debt instruments. However, there is no assurance that the investment objective of the scheme will be achieved and the scheme does not assure and guarantee any returns.

### C. HOW WILL THE SCHEME ALLOCATE ITS ASSETS?

Under normal circumstances, the asset allocation pattern will be as under:-

Instruments	% of Portfolio		Risk Profile
	Minimum	Maximum	
Money market & debt instruments which have residual maturity and repricing tenor not exceeding one year	50%	100%	Low
Debt Instruments which have residual and repricing tenor exceeding one year *	0%	50%	Low to Medium

\* Debt instruments may include securitized debt upto 50% of net assets. Derivatives may be used upto 50% of the scheme's net assets to hedge and portfolio balancing in order to protect the interest of the unitholders.

#### Change In Investment Pattern

Subject to the SEBI Regulations, the asset allocation pattern indicated above may change from time to time, depending on liquidity considerations or on account of high levels of subscriptions or redemptions relative to fund size, or upon considerations that optimise returns of the Scheme through investment opportunities or upon various defensive considerations including market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute. These proportions may vary substantially depending upon the perception of the AMC, the intention being at all times to seek to protect the interests of the Unitholders. Such changes in the investment pattern will be for short term and only for defensive consideration.

### D. WHERE WILL THE SCHEME INVEST?

The Investment Manager's primary goal is to seek to generate a reasonable return while assuming low risk and concurrently ensuring a high degree of liquidity in the portfolio of the Scheme.

The instruments available in Indian Debt Market are classified into two categories, namely Government and Non-Government debt. The following instruments are available in these categories:

#### A] Government Debt

- Central Government Debt
- Treasury Bills
- Dated Government Securities
- Coupon Bearing Bonds
  - Floating Rate Bonds
  - Zero Coupon Bonds

- State Government Debt
  - State Government Loans
  - Coupon Bearing Bonds

#### B] Non-Government Debt

- Instruments issued by Government Agencies and other Statutory Bodies
  - Government Guaranteed Bonds
  - PSU Bonds
- Instruments issued by Public Sector Undertakings
- Commercial Paper
- PSU Bonds
  - Fixed Coupon Bonds
  - Floating Rate Bonds
  - Zero Coupon Bonds
- Instruments issued by Banks and Development Financial Institutions
  - Certificates of Deposit
  - Promissory Notes
  - Bonds
    - Fixed Coupon Bonds
    - Floating Rate Bonds
    - Zero Coupon Bonds
- Instruments issued by Corporate Bodies
  - Commercial Paper
  - Non-Convertible Debentures
    - Fixed Coupon Debentures
    - Floating Rate Debentures
    - Zero Coupon Debentures

Activity in the Primary and Secondary Market is dominated by Central Government Securities including Treasury Bills. These instruments comprise close to 50% of all outstanding debt and close to 75% of the daily trading volume on the Wholesale Debt Market Segment of the National Stock Exchange of India Limited.

In the money market, activity levels of the Government and Non-Government Debt vary from time to time. Instruments that comprise a major portion of money market activity include,

- CBLO (Collateralised Borrowing & Lending Obligations)
- Treasury Bills
- Government Securities with a residual maturity of < 1 year
- Commercial Paper
- Certificates of Deposit

Apart from these, there are some other options available for short tenure investments that include MIBOR linked debentures with periodic exit options and other such instruments. Though not strictly classified as Money Market Instruments, PSU / DFI /Corporate paper with a residual maturity of < 1 year, are actively traded and offer a viable investment option.

#### Overview of Markets

Indian fixed income market, one of the largest and most developed in South Asia, is well integrated with the global financial markets. Screen based order matching system developed by the Reserve Bank of India (RBI) for trading in government securities, straight through settlement system for the same, settlements guaranteed by the Clearing Corporation of India and innovative instruments like CBLO have contributed in reducing the settlement risk and increasing the confidence level of the market participants.

The RBI reviews the monetary policy four times a year giving the guidance to the market on direction of interest rate movement, liquidity and credit expansion. The central bank has been operating as an independent authority, formulating the policies to maintain price stability and adequate liquidity. Bonds are traded in dematerialized form. Credit rating agencies have been playing an important role in the market and are an important source of information to manage the credit risk.

Government (Central and State) is the largest issuer of debt in the market. Public sector enterprises, quasi government bodies and private sector companies are other issuers. Insurance companies, provident funds, banks, mutual funds, financial institutions, corporates and FII's are major investors in the market. Government loans are available up to 30 years maturity. Variety of instruments available for investments including plain vanilla bonds, floating rate bonds, money market instruments, structured obligations and interest rate derivatives make it possible to manage the interest rate risk effectively. Daily average turnover in the market ranges from Rs. 500 crores to Rs. 10,000 crores. 80 to 90% of it is in gilts. The securities available are listed or unlisted, secured or unsecured, public issue or private placements.

Indicative levels of interest rate of the instruments currently traded are as follows:

Instrument	Maturity	Tenure	Yield	Liquidity
CBLO / Repo	Short	Over night	8.00% - 8.50 %	Very High
CP/CD/T Bills	Short	3 months CP	10.25%-10.75%	High
		3 months CD	9.50%-10.50%	
		91D TB	8.50%-9.00%	
		364D TB	9.00%-9.25%	
Securitized Debt	Short/Medium	6 m–15m	10.50%-11.50%	Low
PSU/ Corporate Bonds	Medium	3-5 years	10.50%-11.50%	Medium
Central/ State Government Securities	Low to High	10 years	9.25%-9.50%	High

#### **SECURITIES LENDING BY THE MUTUAL FUND**

If permitted by SEBI under Regulations/guidelines, the Scheme may also engage in securities lending. The AMC shall comply with all reporting requirements and the Trustee shall carry out periodic review as required by SEBI guidelines. Securities lending means the lending of stock to another person or entity for a fixed period of time, at a negotiated compensation. The securities lent will be returned by the Borrower on expiry of the stipulated period.

The Investment Manager will apply the following limits, should it desire to engage in Securities lending:

- Not more than 20% of the net assets of the Scheme can generally be deployed in securities lending; and
- Not more than 5% of the net assets of the Scheme can generally be deployed in securities lending to any single counter party.

Various risk associated with securities lending, such as counter – party risks, liquidity and other market risks are described under risk factors of this document.

#### **Investment in Derivative Instruments**

**Exposure to Derivatives-** Exposure to Derivative instruments will be restricted to 50% of the assets of the Scheme.

**E. WHAT ARE THE INVESTMENT STRATEGIES?**

This scheme is meant for investors to deploy their funds for a short period of time. The fund will be managed according to the investment objective, thereby seek to generate reasonable returns commensurate with low risk. The scheme will invest in money market and other debt securities and shall maintain high liquidity for the purpose of meeting the liquidity requirements of the investors.

The credit quality of the portfolio will be maintained and monitored using in-house research capabilities as well as inputs from external sources such as independent credit rating agencies. The investment team will primarily use a top down approach for taking interest rate view, sector allocation along with a bottom up approach for security/ instrument selection. The bottom up approach will assess the quality of security/instrument (including the financial health of the issuer) as well as the liquidity of the security. Investments in debt instruments carry various risks such as interest rate risk, reinvestment risk, credit risk and liquidity risk etc. Whilst such risks cannot be eliminated, they may be minimized through diversification and effective use of hedging techniques.

The Scheme may invest in fixed income derivatives instruments like forward rate agreements, interest rate swaps etc. to the extent permitted under and in accordance with the applicable Regulations, including for the purposes of portfolio hedging and portfolio balancing to optimize the returns. Hedging does not mean maximization of returns but only attempts to reduce risk that may be inherent in the investment.

**Investment In Derivatives**

The scheme may also use various derivatives and hedging products from time to time, as would be available and permitted by SEBI, in an attempt to protect the value of the portfolio and enhance Unitholders' interest.

SEBI has permitted all mutual funds to participate in derivatives trading subject to observance of guidelines issued by SEBI in this behalf. Pursuant to this, mutual funds may use various derivative and hedging products from time to time, as would be available and permitted by SEBI, in an attempt to protect the value of the portfolio and enhance Unitholders' interest.

Accordingly, the Scheme may use derivative instruments like interest rate swaps, forward rate agreements or such other derivative instruments as may be introduced from time to time as permitted under the SEBI Regulations and guidelines.

The following information provides a basic idea as to the nature of the derivative instruments proposed to be used by the Fund and the benefits and risks attached therewith.

**Interest Rate Swap (IRS and Forward Rate Agreements (FRA) Benefits**

Bond markets in India are not very liquid. Investors run the risk of illiquidity in such markets. Investing for short-term periods for liquidity purposes has its own risks. Investors can benefit if the Fund remains in call market for liquidity and at the same time take advantage of fixed rate by entering into a swap. It adds certainty to the returns without sacrificing liquidity.

**IRS**

All swaps are financial contracts, which involves exchange (swap) of a set of payments owned by one party for another set of payments owned by another party, usually through and intermediary (market maker). An IRS can be defined as a contract between two parties (Counter Parties) to exchange, particular dates in the future, one series of cash flow, (fixed interest) for another series of cash flows (variable or floating interest) in the same currency and on the same principal for an agreed period of time. The exchange of cashflows need not occur on the same date.

**FRA**

A FRA is an agreement between two counter parties to pay or to receive the difference between an agreed fixed rate (the FRA rate) and the interest rate prevailing on a stipulated future date, based on a notional amount, for an agreed period. In short, in a FRA, interest rate is fixed now for a future period. The special feature of FRAs is that the only payment is the difference between the FRA rate and the Reference rate and hence are single settlement contracts. As in the case of IRS, notional amounts are not exchange.

The Scheme will use derivative instruments for the purpose of hedging and portfolio balancing. Hedging does not mean maximisation of returns but only reduction of systematic or market risk inherent in the investment.

### **Illustrations**

#### Basic Structure of a Swap

Assume that the Scheme has Rs.20 crore floating rate investment linked to MIBOR (Mumbai Inter Bank Offered Rate). Hence, the Scheme is currently running an interest rate risk and stands to lose if the interest rate moves down. To hedge this interest rate risk, the Scheme can enter into a 6 month MIBOR swap. Through this swap, the Scheme will receive a fixed predetermined rate (assume 12%) and pays the "benchmark rate" (MIBOR), which is fixed by the National Stock Exchange of India Limited (NSE) or any other agency such as Reuters. This swap would effectively lock-in the rate of 12% for the next 6 months, eliminating the daily interest rate risk. This usually is routed through an intermediary who runs a book and matches deals between various counterparties.

The steps will be as follows:-

- Assuming the swap is for Rs.20 crore June 01, 2007 to December 01, 2007. The Scheme is a fixed rate receiver at 12% and the counterparty is a floating rate receiver at the overnight rate on a compounded basis (say NSE MIBOR)
- On June 01, 2007 the Scheme and the counterparty will exchange only a contract of having entered this swap. This documentation would be as per International Swap Dealers Association (ISDA).
- On daily basis, the benchmark rate fixed by NSE will be tracked by them.
- On December 01, 2007 they will calculate the following:-
  - The Scheme is entitled to receive interest on Rs.20 crore at 12% for 184 days i.e. Rs.1.21 crore, (this amount is known at the time the swap was concluded) and will pay the compounded benchmark rate.
  - The counterparty is entitled to receive daily compounded overnight rate for 184 days and pay 12% fixed.
  - On December 01, 2007, if the total interest on the daily overnight compounded benchmark rate is higher than Rs.1.21 crore, the Scheme will pay the difference to the counterparty. If the daily compounded benchmark rate is lower, then the counterparty pays interest @ 12% p.a. for 6 months on Rs.20 crore.
  - The above example illustrates the benefits and risks of using derivatives for hedging and optimising the investment portfolio. Swaps have their own drawbacks like credit risk. However, these risks are substantially reduced as the amount involved is interest streams and not principal.

### **Risk factors**

As and when the Scheme trades in the derivatives market there are risk factors and issues concerning the use of derivatives that investors should understand. Derivative products are specialised instruments that require investment techniques and risk analyses different from those associated with stocks and

bonds. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price or interest rate movements correctly. There is the possibility that a loss may be sustained by the portfolio as a result of the failure of another party (usually referred to as the counter party) to comply with the terms of the derivatives contract. Other risks in using derivative include the risk of mispricing or improper valuation of derivatives and the inability of derivatives as highly leveraged instruments. Even a small price movement in the underlying security could have a large impact on their value. Also, the market for derivative instruments is nascent in India.

#### **Valuation of Derivative Products**

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

#### **Portfolio Turnover**

The Scheme is an open-ended scheme. It is expected that there will be a number of subscription and redemptions on a daily basis consequently it is difficult to estimate with any reasonable measure of accuracy, the likely portfolio turnover. However it is likely to be high on account a large number of transactions on daily basis.

### **F. FUNDAMENTAL ATTRIBUTES**

- Type of Scheme
- Investment objective
- Investment pattern, minimum & maximum asset allocation.
- (Trustees, however, reserve the right to alter the asset allocation for a short-term period in the interest of the unitholders on defensive consideration)
- Liquidity such as repurchase or redemption of units.
- Aggregate fees and expenses charged to the Scheme.

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 unitholders shall be carried out unless:

- i. A written communication about the proposed change is sent to each unitholder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated; and
- ii. The unitholders are given an option to exit at the prevailing Net Asset Value without any exit load.

### **G. HOW WILL THE SCHEME BENCHMARK ITS PERFORMANCE?**

The Benchmark Index for the Scheme will be CRISIL Liquid Fund Index.

Performance comparisons of the Scheme will be made vis-à-vis the respective Benchmark. However, the Scheme's performance may not be strictly comparable with the performance of the respective Benchmark due to the inherent differences in the constructions of the portfolios. The Trustee/AMC reserves the right to change the Benchmarks for evaluation of performance of the Scheme from time to time in conformity with the investment objectives and appropriateness of the Benchmark subject to the SEBI Regulations, and other prevailing guidelines, if any.

**H. WHO MANAGES THE SCHEME?**

S.No.	Name of Fund Manager	Age/Qualification	Brief Experience
1.	Mr. Kumar Nathani, Fund Manager	44/M.Com, Chartered Financial Analyst from ICFAI, Hyderabad	Mr. Nathani has worked in UTI/UTI Mutual Fund from August 1992 to January 2007 in various capacities/departments as Asstt. Manager (Audit), Manager/Dealer (Money Market), Asstt. Fund Manager (Income Schemes). He has worked for 1 year earlier as Fund Manager (Income) in Taurus Mutual Fund followed by Fund Manager–PMS in SBI Mutual Fund for 6 months from January to June 2008.

**I. WHAT ARE THE INVESTMENT RESTRICTIONS?**

Pursuant to SEBI Regulations, the following investment restrictions are applicable to the Scheme:

- The Scheme shall not invest more than 15% of its NAV in debt instruments issued by a single issuer, which are rated not below investment grade by a credit rating agency authorized to carry out such activities under the SEBI Act. Such investment limit may be extended to 20% of the NAV of the Scheme with the prior approval of the Board of Trustees and the Board of Asset Management Company.

Provided that such limit shall not be applicable for investment in Government Securities and money market instruments.

Provided further that investment within such limit can be made in the mortgaged backed securitised debt, which are rated not below investment grade by a credit rating agency, registered with SEBI.

- The Scheme shall not invest more than 10% of its NAV in un-rated debt instruments issued by a single issuer and the total investment in such instruments shall not exceed 25% of the NAV of the Scheme. All such investments shall be made with the prior approval of the Trustees and Board of Asset Management Company.
- Transfers 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 is made.
- If any company invests more than 5 percent of the NAV of the scheme then investment made by any other scheme of the Mutual Fund in that company or its subsidiaries will be disclosed in accordance with SEBI Regulations.
- Pending deployment of funds of the Scheme in securities in terms of investment objective of the Scheme, the Fund can invest the funds of the Scheme in short term deposits of scheduled Commercial banks. The investment in these deposits shall be in accordance with SEBI Circular dated April 16, 2007 and October 26, 2007 or such other guidelines that SEBI may issue from time to time.

- Every Mutual Fund will buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relevant securities and in all cases of sale, deliver the securities, provided that a Mutual Fund may engage in short selling of securities in accordance with the framework relating to short selling and securities lending and borrowing specified by Board:-

“Provided further that sale of government security already contracted for purchase shall be permitted in accordance with the guidelines issued by Reserve Bank of India in this regard.”

Further, Mutual Fund may enter into derivative transactions in a recognized stock exchange, subject to the framework specified by the Board.

- The Fund shall get the securities purchased transferred in the name of the Fund on account of the concerned scheme, wherever investments are intended to be of long term nature.
- No scheme of the Fund shall make any investment in: -
  - a. Any unlisted securities of an associate or group companies of the sponsor; or
  - b. Any securities issued by way of private placement by an associate or group company of the sponsor; or
  - c. The listed securities of group companies of the sponsor, which is in excess of 25% of net assets.
- The scheme shall not make any investment in any funds of funds scheme.

The Fund shall not borrow except to meet temporary liquidity needs of the Fund for the purpose of repurchase/redemption of units or payment of interest and dividend to the unitholders.

Provided that the Fund shall not borrow more than 20% of the net assets of any individual scheme and the duration of the borrowing shall not exceed a period of 6 months.

Debentures, irrespective of any residual maturity period (above or below one year) shall attract the investment restrictions as applicable for debt instruments as specified under Clause 1 and 1A of Seventh Schedule to SEBI (Mutual Funds) Regulations 1996.

The Mutual Fund having an aggregate of securities which are worth Rs.10crores or more, as on the latest balance sheet date, shall subject to such instructions as may be issued by SEBI from time to time, settle the transactions entered on or after January 15, 1998 only through dematerialized securities. Further, all transactions in Government securities shall be dematerialized form.

The AMC may alter these above stated restrictions from time to time to the extent the SEBI Regulations change, so as to permit the Scheme to make its investments in the full spectrum of permitted investments for mutual funds to achieve its respective investment objective. The Trustee may from time to time alter these restrictions in conformity with the SEBI Regulations.

All investment restrictions shall be applicable at the time of making investment.

#### **Investment by TAMCO in the scheme**

The Asset Management Company (TAMCO) can also invest in the scheme, subject to a maximum exposure of 100% of the net worth of TAMCO or as decided by the Board of TAMCO & TITCO from time to time and the AMC shall not be entitled to charge any fees on such investments.

Similarly, this scheme may invest in other schemes under the management of TAMCO/or any other schemes of Mutual Fund.

The aggregate inter-scheme investment made by all schemes under the same management or in schemes under the management of any other AMC shall not exceed 5% of the net asset value of the Fund. No fees shall be charged for investing in other schemes of the Fund or any other Mutual Fund.

**Internal Norms for Investment Restrictions**

Fund has policy of Internal Norms for Investment Restrictions within the overall limit prescribed by SEBI. According to this policy, limits on exposure to sectors, industries, companies etc. will be fixed to avoid concentration of portfolio in particular sectors so as to ensure appropriate diversification/security for the Fund. The purpose of this policy will be to make investments in the full spectrum of permitted investments in order to achieve the investment objective of the scheme.

**J. HOW HAS THE SCHEME PERFORMED?**

This is a new scheme and does not have any performance track record.

### III UNITS AND OFFER

This section provides details you need to know for investing in the scheme.

#### A. New Fund Offer (NFO)

<p>New Fund Offer Period</p> <p>This is the period during which a new scheme sells its units to the investors.</p>	<p>NFO opens on: 24<sup>th</sup> November 2008 NFO closes on: 26<sup>th</sup> November 2008</p> <p><b>Extension of New Fund Offer Period</b> The Trustee reserves the right to extend the closing date of the New Fund Offer Period, subject to the condition that the New Fund Offer shall not be kept open for more than 30 days. Any such extension shall be announced by way of a newspaper advertisement in one national newspaper.</p>
<p>New Fund Offer Price:</p> <p>This the price per unit that the investor have to pay to invest during the NFO</p>	<p>Rs.10/- per unit</p>
<p>Minimum Amount for Application in the NFO</p>	<p><b>Retail Plan</b> Rs.5000/- and in multiple of Rs,1000/- thereof</p> <p><b>Institutional Plan</b> Rs.10 lacs and in multiples of Re.1/- thereof</p> <p><b>Super Institutional Plan</b> Rs.50 lacs and in multiples of Re.1 /- thereof</p>
<p>Minimum Target amount</p> <p>This is the minimum amount required to operate the scheme and if this is not collected during the NFO period, then all the investors would be refunded the amount invested without any return. However, if AMC fails to refund the amount within 6 weeks, interest as specified by SEBI (currently 15% p.a.) will be paid to the investors from the expiry of six weeks from the date of closure of the subscription period.</p>	<p>Rs. 1crore</p>
<p>Maximum Amount to be raised (if any)</p>	<p>There is no upper limit on the total amount to be raised in the scheme during the NFO period.</p>
<p>Plans /Options offered</p>	<p>The scheme offer three plans namely Retail Plan, Institutional Plan and Super Institutional Plan and two options as under in all the three plans:-</p> <p><b>Growth Option</b> No dividend will be declared under this option. Income/ profits received/earned on the corpus will be accumulated by the Fund as capital accretion and will remain invested in the scheme and will get reflected in the Net Asset Value). Unitholder who opts for this option will not receive any dividend in normal circumstances.</p>

	<p><b>Dividend Option</b></p> <p>Under dividend option, only dividend reinvestment facility is available. Under this facility, the dividend due and payable to the unitholders will be compulsorily and without any further act by unitholders, reinvested in the dividend option at a price based on the prevailing net asset value per unit on the record date. Units for the purpose of reinvestment will be created and credited to the unitholder's account at the applicable NAV declared immediately following the record date. There shall, however, be no load on the dividend so reinvested. This facility will be available on daily as well as weekly basis. Under daily dividend facility, the Fund will endeavour to declare dividend on daily basis. In the weekly dividend facility, the Fund will endeavour to declare dividend on a weekly basis. Friday will be the record date for weekly dividend (if Friday is a holiday, first working day of the next week).</p> <p>All the plans will have common portfolio.</p> <p><b>Default Option:</b> The investors must clearly indicate their choices of Plan i.e. Retail, Institutional, Super Institutional and option i.e. growth/dividend in the relevant space provided for in the Application Form. In the absence of clear instructions of the investor, it will be presumed that the investor has opted for Retail Plan with growth option.</p>
<p>Dividend Policy</p>	<p>Dividend may be declared by the Trustees, at its discretion, from time to time in the Dividend Plan of the Scheme (subject to availability of distributable surplus).</p>
<p>Allotment</p>	<p>Full allotment will be made to all valid applications (i.e. all applicants whose cheques/drafts have been realized and the applications are complete in all respects) received during the New Fund Offer Period. Allotment will be completed not later than thirty days after the closure of the New Fund Offer Period.</p> <p><b>Account Statement:</b> An Account Statement will be sent by ordinary post/courier to each unitholder, stating the number of units purchased, not later than 30 days from the date of closure of the New Fund Offer Period. When the scheme opens for continuous subscription after the closure of New Fund Offer Period, Account Statement will be sent to the unitholder within 10 working days from the date of clearance of cheque/draft.</p>
<p>Refund</p>	<p>Refund of subscription money to applicants in the case of applications rejected for any other reason whatsoever, will be made within 6 weeks from the end of the New Fund Offer Period. No interest will be payable on any subscription money so refunded within 6 weeks. If the Mutual Fund refunds the amount after 6 weeks, interest at the rate of 15% p.a. will be paid to the applicants and borne by the AMC for the period</p>

	<p>from the day following the date of expiry of 6 weeks until the actual date of the refund. Refund orders will be marked "A/c. Payee only" and drawn in the name of the applicant in the case of a sole applicant and in the name of the first applicant in all other cases. In both cases, the bank name and bank account number, as specified in the application, will be mentioned in the refund order. All refund cheques will be mailed by Registered Post or as per the Regulations.</p>
<p>Who can invest</p> <p>This is an indicative list and the investors are requested to consult their financial advisor to ascertain whether the scheme is suitable to their risk profile.</p>	<p>Prospective investors are advised to satisfy themselves that they are not prohibited by any law governing them and any Indian law from investing in the Scheme and are authorized to purchase units of mutual funds as per their respective constitutions, charter documents, corporate / other authorizations and relevant statutory provisions.</p> <p>The following is an indicative list of persons who are generally eligible and may apply for subscription to the Units of the Scheme and the indicative list could also include persons not mentioned below.</p> <p><b>Retail Plan :</b></p> <ul style="list-style-type: none"> <li>• Indian resident adult individuals, either singly or jointly (not exceeding three);</li> <li>• Minor through parent / lawful guardian; (please see the note below)</li> <li>• Companies, bodies corporate, public sector undertakings, association of persons or bodies of individuals and societies registered under the Societies Registration Act, 1860;</li> <li>• Religious and Charitable Trusts, Wakfs or endowments of private trusts (subject to receipt of necessary approvals as required) and Private Trusts authorized to invest in mutual fund schemes under their trust deeds;</li> <li>• Partnership Firms constituted under the Partnership Act, 1932;</li> <li>• A Hindu Undivided Family (HUF) through its Karta;</li> <li>• Banking Company as defined under the Banking Regulation Act, 1949;</li> <li>• Banks (including Co-operative Banks and Regional Rural Banks) and Financial Institutions;</li> <li>• Public Financial Institution as defined under the Companies Act, 1956;</li> <li>• Insurance Company registered with the Insurance Regulatory and Development Authority;</li> <li>• Non-Resident Indians (NRIs) / Persons of Indian Origin (PIO) on full repatriation basis or on non-repatriation basis;</li> <li>• Foreign Institutional Investors (FIIs) and Sub accounts registered with SEBI on full repatriation basis;</li> <li>• Army, Air Force, Navy and other para-military funds and eligible institutions;</li> <li>• Scientific and Industrial Research Organizations;</li> <li>• Provident / Pension / Gratuity and such other</li> </ul>

	<p>Funds as and when permitted to invest;</p> <ul style="list-style-type: none"> <li>• International Multilateral Agencies approved by the Government of India / RBI; and</li> <li>• The Trustee, AMC or Sponsor or their associates (if eligible and permitted under prevailing laws).</li> <li>• A Mutual Fund through its schemes, including Fund of Funds schemes.</li> <li>• Special Purpose Vehicles (SPVs) approved by appropriate authority (subject to RBI approval)</li> </ul> <p><b>Note:</b> Minor Unit Holder on becoming major may inform the Registrar about attaining majority and provide his specimen signature duly authenticated by his banker as well as his details of bank account and a certified true copy of the PAN card as mentioned under the paragraph "Anti Money Laundering and Know Your Customer" to enable the Registrar to update their records and allow him to operate the Account in his own right.</p> <p><b>Institutional Plans :</b></p> <ul style="list-style-type: none"> <li>• Banking Company as defined under the Banking Regulation Act, 1949;</li> <li>• Banks (including Co-operative Banks and Regional Rural Banks) and Financial Institutions</li> <li>• Public Financial Institution as defined under the Companies Act, 1956;</li> <li>• Insurance Company registered with the Insurance Regulatory and Development Authority;</li> <li>• Army, Air Force, Navy and other para-military funds and eligible institutions;</li> <li>• Special Purpose Vehicles (SPVs) approved by appropriate authority (subject to RBI approval)</li> <li>• Religious and Charitable Trusts, Wakfs or endowments of private trusts (subject to receipt of necessary approvals as required) and Private Trusts authorized to invest in mutual fund schemes under their trust deeds;</li> <li>• Foreign Institutional Investors (FIIs) and Sub accounts registered with SEBI on full repatriation basis;</li> <li>• International Multilateral Agencies approved by the Government of India / RBI</li> <li>• Provident / Pension / Gratuity and such other Funds as and when permitted to invest;</li> <li>• Such other individuals/institutions/body corporate etc., as may be decided by the AMC from time to time, so long as wherever applicable they are in conformity with SEBI Regulations.</li> </ul> <p><b>It should be noted that the following entities cannot invest in the scheme :</b></p> <ul style="list-style-type: none"> <li>• Any individual who is a foreign national or any other entity that is not an Indian resident under the Foreign Exchange Management Act, 1999, except where registered with SEBI as a FII or FII sub account. However there is no restriction on a foreign national from acquiring Indian Securities</li> </ul>
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	<p>provided such foreign national meets the residency tests laid down by Foreign Exchange Management Act, 1999.</p> <ul style="list-style-type: none"> <li>• Overseas Corporate Bodies (OCBs) shall not be allowed to invest in the Scheme. These would be firms and societies which are held directly or indirectly but ultimately to the extent of at least 60% by NRIs and trusts in which at least 60% of the beneficial interest is similarly held irrevocably by such persons (OCBs.)</li> <li>• Non-Resident Indians residing in the Financial Action Task Force (FATF) Non Compliant Countries and Territories (NCCTs)</li> </ul> <p>The Fund reserves the right to include / exclude new/existing categories of investors to invest in the Scheme from time to time, subject to SEBI Regulations and other prevailing statutory regulations, if any.</p> <p>Subject to the Regulations, any application for Units may be accepted or rejected in the sole and absolute discretion of the Trustee. For example, the Trustee may reject any application for the Purchase of Units if the application is invalid or incomplete or if, in its opinion, increasing the size of any or all of the Scheme's Unit capital is not in the general interest of the Unit Holders, or if the Trustee for any other reason does not believe that it would be in the best interest of the Scheme or its Unit Holders to accept such an application.</p> <p><b>The AMC / Trustee may need to obtain from the investor verification of identity or such other details relating to a subscription for Units as may be required under any applicable law, which may result in delay in processing the application.</b></p> <p>It is mandatory for every applicant to provide the name of the bank, branch, address, account type and number as per SEBI requirements and any Application Form without these details will be treated as incomplete. Such incomplete applications will be rejected. The Registrar / AMC may ask the investor to provide a blank cancelled cheque or its photocopy for the purpose of verifying the bank account number.</p>
Where can you submit the filled up applications	<i>Please refer to backcover page of this document.</i>
How to Apply	Please refer to the SAI and Application form for the instructions.
Listing	The Scheme being open ended, sale and redemption of units will be done on a continuous basis by the Fund. As such, transfer of units is found redundant.

Special Products/facilities available during the NFO	<p><b>1. SYSTEMATIC INVESTMENT PLAN (SIP)</b></p> <p>This facility enables investors to save and invest periodically over a longer period of time. It is a convenient way to "invest as you earn" and affords the investor an opportunity to enter the market regularly, thus averaging the acquisition cost of Units. Please note that in case of auto debit facility, SIP will be started subject to the realization of the first registration cheque. SIP can be availed monthly/quarterly on the following dates: 1<sup>st</sup>, 10<sup>th</sup>, 15<sup>th</sup>, 21<sup>st</sup> and 28<sup>th</sup>. SIP Facility is available only under the Retail Plan of the Scheme.</p> <p>The conditions for investing in SIP during the NFO period are as under :</p> <ul style="list-style-type: none"> <li>• The SIP Form and ECS Mandate form has to be duly filled clearly indicating the SIP start date, SIP end date, the SIP amount.</li> <li>• The above form must contain investor bank information and must be duly signed.</li> <li>• AMC shall not assume responsibility for SIP Application accompanied with Post dated cheques during NFO period and are liable for rejection.</li> <li>• SIP application not accompanied with ECS mandate form or Post date cheques are liable for rejection.</li> <li>• AMC reserves the right to share the investor's relevant required information with the service provider(s) for facilitating transaction processing for the auto debit process or for compliance with any legal or regulatory requirements.</li> <li>• The AMC shall not be responsible if the transaction is delayed or not effected at all the reasons of incomplete information.</li> <li>• Applicants should indicate the Option (Dividend/ Growth) for which the application is made, by indicating the choice in the appropriate box provided for this purpose in the SIP Application Form.</li> <li>• In case Applicants wish to opt for both the Options, separate SIP Application Forms will have to be filled.</li> <li>• An investor needs to opt a minimum of 6 installments inclusive of the first installment through Cheque (for Monthly Option) for Rs.1,000 each or 4 installments inclusive of the first installment through Cheque (for Quarterly Option) for Rs. 1,500 each. During the NFO period, SIP would be available only through the ECS / Auto Debit mode. Investors are requested to submit a</li> </ul>
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copy of cancelled cheque leaf or a cancelled blank cheque along with the application.

- The first SIP installment can carry any date before the NFO closure date and must be a cheque/DD payment. Applications with Post dated cheques shall be rejected. The first installment of the SIP will be processed subject to applicable NAV & load, if any, on the date of NFO allotment. The second installment in case of monthly SIP will be processed on the available SIP dates (currently 1<sup>st</sup> 10<sup>th</sup> 15<sup>th</sup> 21<sup>st</sup> and 28<sup>th</sup> of every month) indicated by the investor, but immediately following the expiry of 30 Business Days from the date of processing the first SIP (NFO allotment date). If the choice of date for the second installment is not indicated by the investor, the second installment of SIP will be processed on the 10th of the month immediately following the expiry of 30 Business Days from the date of processing the first SIP installment. In case of quarterly SIP, the date for next installment will be 10th of the relevant month. If any of above dates fall on a holiday, the transaction will be taken as of the next Business Day. Non MICR / Outstation cheques will not be accepted. In case the end date is not mentioned by the investor, the SIP will be registered for a default period of 12 months.
- Cheque should be drawn in the name of the Scheme and crossed "A/c. Payee only".
- MICR code starting and / or ending with "000" are not valid for ECS.
- Taurus Mutual Fund / AMC, reserves the right to reject any application inter alia in the absence of fulfillment of regulatory requirements, fulfillment of requirements of the Scheme Information Document and furnishing necessary information to the satisfaction of the Mutual Fund / AMC.

## 2. SWITCHING

### Interscheme Switching

The Transaction Slip can be used by investors to make interscheme switches (during the NFO Period and the ongoing offer period) within the Fund. All valid applications for switch-out shall be treated as Redemption and for switch-in as Purchases with the respective Applicable NAVs of the Scheme / option.

Such switches received during the NFO period shall be processed on the last date of NFO offer period.

### Mode of Holding

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

	<p>If an application is made by one Unit Holder only, then the mode of holding will be considered as 'Single'. If an application is made by more than one investors, they have an option to specify the mode of holding as either 'Single' or 'Jointly' or 'Anyone or Survivor'.</p> <p>If the mode of holding is specified as 'Jointly', all instructions to the Fund would have to be signed by all the Unit Holders, jointly. The Fund will not be empowered to act on the instruction of any one of the Unit Holders in such cases.</p> <p>If the mode of holding is specified as 'Anyone or Survivor', an instruction signed by any one of the Unit Holders will be acted upon by the Fund. It will not be necessary for all the Unit Holders to sign.</p> <p>If an application is made by more than one investor and the mode of holding is not specified, the mode of holding would be treated as 'Anyone or Survivor'. In all cases, all communications to Unit Holders (including account statements, statutory notices and communications, etc.) will be addressed to the first named Unit Holder. All payments, whether for redemptions, dividends, etc. will be made favouring the first-named Unit Holder. The first named unitholder shall have the right to exercise the voting rights associated with such units as per the applicable guidelines.</p>
<p>The policy regarding reissue of repurchased units, including the maximum extent, the manner of reissue, the entity (the scheme or the AMC) involved in the same.</p>	<p>This is an open end scheme. Units can be purchased any time during the NFO Period as well as Ongoing Period. However, redemption will be available only when the scheme re-opens for sale and redemption.</p>
<p>Restrictions, if any, on the right to freely retain or dispose of units being offered.</p>	<p>Units can be redeemed on any working day when the scheme re-opens on continuous basis after the closure of NFO.</p>

**B. ONGOING OFFER DETAILS**

<p><b>Ongoing Offer Period</b> This is the date from which the scheme will reopen for subscriptions/redemptions after the closure of the NFO period.</p>	<p>W.e.f 08/12/2008</p>
<p>Ongoing price for subscription (purchase)/switch-in (from other schemes/plans of the mutual fund) by investors.</p> <p>This is the price you need to pay for purchase/switch-in. <i>Example: If the applicable NAV is Rs. 10, entry load is 2% then sales price will be:</i> <math>Rs. 10 * (1+0.02) = Rs. 10.20</math></p>	<p>At the applicable NAV subject to prevailing entry load</p>
<p>Ongoing price for redemption (sale) /switch outs (to other schemes/plans of the Mutual Fund) by investors.</p>	<p>At the applicable NAV subject to prevailing exit load</p>

<p>This is the price you will receive for redemptions/ switch outs.  <i>Example: If the applicable NAV is Rs. 10, exit load is 2% then redemption price will be:  Rs. 10* (1-0.02) = Rs. 9.80</i></p>	
<p>Cut off timing for subscriptions/ redemptions/ switches This is the time before which your application (complete in all respects) should reach the official points of acceptance.</p>	<p><b>I PURCHASES</b></p> <p>Only forward (i.e. prospective) NAV shall be applied as per following details:</p> <ol style="list-style-type: none"> <li>1. In respect of valid applications received upto 3:00 PM alongwith a local cheque or a demand draft payable at par at the place where the application is received, the closing NAV of the day on which application is received shall be applicable.</li> <li>2. In respect of valid applications received after 3:00 PM alongwith a local cheque or demand draft payable at par at the place where the application is received, the closing NAV of the next business day shall be applicable.</li> <li>3. However, in respect of valid applications with demand drafts not payable at par at the place where the application is received, closing NAV of the day on which demand draft is credited shall be applicable.</li> <li>4. In respect of purchase of units in Income/Debt oriented schemes (other than liquid fund schemes and plans) with amount equal to or more than Rs.1 crore, irrespective of the time receipt of application, the closing NAV of the day on which the funds are available for utilisation shall be applicable.</li> </ol> <p><b>II REDEMPTIONS</b></p> <ol style="list-style-type: none"> <li>a) In respect of valid applications received upto 3:00PM, same day's closing NAV shall be applicable.</li> <li>b) In respect of valid applications received after 3:00 PM, the closing NAV of the next business day shall be applicable.</li> </ol> <p><b>III SWITCH TRANSACTIONS</b></p> <p>Valid applications for "switch out" shall be treated as redemptions and for "switch in" shall be treated as purchases and the above guidelines for purchases and redemptions shall be applicable.</p>
<p>Where can the applications for purchase/ redemption switches be submitted?</p>	<p>The details of official points of acceptance, collecting banker details etc. are given on the last page of this document.</p>
<p>Minimum amount for purchase/ redemption/</p>	<p><b>Minimum Amount for Purchase</b></p>

switches	<table border="1"> <thead> <tr> <th data-bbox="753 184 922 365">Plan</th> <th data-bbox="922 184 1091 365">NFO Period</th> <th data-bbox="1091 184 1276 365">Continuous Offer Period</th> <th data-bbox="1276 184 1471 365">Addl. Investments in an A/c during continuous offer</th> </tr> </thead> <tbody> <tr> <td data-bbox="753 365 922 491">Retail Plan</td> <td data-bbox="922 365 1091 491">Rs.5000/- &amp; in multiple of Rs.1000/-</td> <td data-bbox="1091 365 1276 491">Rs.5000/- &amp; in multiple of Rs.1000/-</td> <td data-bbox="1276 365 1471 491">Rs.1000/- &amp; in multiple of Rs.1000/-</td> </tr> <tr> <td data-bbox="753 491 922 617">Institutional Plan</td> <td data-bbox="922 491 1091 617">Rs.10 lacs &amp; in multiple of Re.1/-</td> <td data-bbox="1091 491 1276 617">Rs.10lacs &amp; in multiple of Re.1/-</td> <td data-bbox="1276 491 1471 617">Rs.1lacs &amp; in multiple of Re.1/-</td> </tr> <tr> <td data-bbox="753 617 922 743">Super Institutional Plan</td> <td data-bbox="922 617 1091 743">Rs.50lacs &amp; in multiple of Re.1/-</td> <td data-bbox="1091 617 1276 743">Rs.50lacs &amp; in multiple of Re.1/-</td> <td data-bbox="1276 617 1471 743">Rs.1lacs &amp; in multiple of Re.1/-</td> </tr> </tbody> </table> <p data-bbox="753 743 1471 800"><b>Minimum Amount of Redemption</b> Rs.5000/- and in multiple of Re.1/-</p>	Plan	NFO Period	Continuous Offer Period	Addl. Investments in an A/c during continuous offer	Retail Plan	Rs.5000/- & in multiple of Rs.1000/-	Rs.5000/- & in multiple of Rs.1000/-	Rs.1000/- & in multiple of Rs.1000/-	Institutional Plan	Rs.10 lacs & in multiple of Re.1/-	Rs.10lacs & in multiple of Re.1/-	Rs.1lacs & in multiple of Re.1/-	Super Institutional Plan	Rs.50lacs & in multiple of Re.1/-	Rs.50lacs & in multiple of Re.1/-	Rs.1lacs & in multiple of Re.1/-
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Super Institutional Plan	Rs.50lacs & in multiple of Re.1/-	Rs.50lacs & in multiple of Re.1/-	Rs.1lacs & in multiple of Re.1/-														
Minimum balance to be maintained and consequences of non maintenance.	<p data-bbox="753 800 1471 1528">Redemptions can be for any amount or any number of units, subject to the minimum balance in Rupees, which is required to be maintained in the account, at the time of the redemption. TAMCO reserves the right to close an investor's account if the value of the unit balance in the account falls below Rs. 1000/- in Regular, Rs.1lac under Institutional Plan and Super Institutional Plan in the scheme. In such an event, TAMCO reserves the right to compulsorily redeem the balance units in the account completely at the applicable redemption price with or without giving him the option to invest sufficient funds to bring the value of the unit balance in the account to the required limits, within 30 days after the date of such shortfall. The Fund may revise the minimum/maximum amounts and methodology for redemptions as and when necessary. Such change may be brought about after taking into account the cost structure for a transaction account and / or Market practices and / or the interest of the unitholders. Further such changes shall be carried out on a prospective basis from the date of notification of such change and would not, in any manner, be prejudicial to the interests of the investors who have joined the scheme before such notification. Any changes would be informed to unitholders by way of an advertisement.</p> <p data-bbox="753 1528 1471 1654">It is mandatory for the investors of Mutual Fund schemes to mention their bank account numbers in their applications/request for redemption.</p>																
Special Products available	<p data-bbox="753 1654 1471 1686"><b>SYSTEMATIC INVESTMENT PLAN (SIP)</b></p> <p data-bbox="753 1686 1471 1957">This facility enables investors to save and invest periodically over a longer period of time. It is a convenient way to "invest as you earn" and affords the investor an opportunity to enter the market regularly, thus averaging the acquisition cost of Units. Please note that in case of auto debit facility, SIP will be started subject to the realization of the first registration cheque. SIP can be availed monthly/quarterly on the following dates: 1st, 10th, 15th, 21st and 28th. SIP Facility is</p>																

available only under the Retail Plan of the Scheme.

The conditions for investing in SIP during the Ongoing Offer period are as under :

- Purchases can be made on monthly/quarterly basis. SIP can be availed monthly/quarterly on the following dates: 1<sup>st</sup>, 10<sup>th</sup>, 15<sup>th</sup>, 21<sup>st</sup> and 28<sup>th</sup>. The minimum amount of each cheque / payment instruction shall be Rs. 1000/- in case of Monthly and Rs 1500/- in case of Quarterly.
- In case of SIP submitted during the Ongoing Offer period, Investors can enroll themselves for SIP by submitting the enrolment form along with the relevant documents including post dated cheques / auto debit instructions along with the first cheque to start SIP and a cancelled cheque or a copy of cheque in case of Electronic Clearing System (ECS) or Standing Instructions as the case may be at any of our ISCs. In case of Post Dated Cheques the date of the first cheque shall be dated on or before the date of submission of the application form while the remaining cheques (minimum 5 ) shall be post dated cheques (dated uniformly either the 1<sup>st</sup>, 10<sup>th</sup>, 15<sup>th</sup>, 21<sup>st</sup> and 28<sup>th</sup> of a month or quarter).
- The first installment of the SIP will be processed subject to applicable NAV & load, if any, on the date of on the date of submission on any business day. The second installment in case of monthly SIP will be processed on the available SIP dates (currently 1st, 10th, 15th, 21st or 28th of every month) indicated by the investor, but immediately following the expiry of 30 Business Days from the date of processing the first SIP. If the choice of date for the second installment is not indicated by the investor, the second installment of SIP will be by default processed on the 10th of the month immediately following the expiry of 30 Business Days from the date of processing the first SIP installment. In case of quarterly SIP, the default date for next installment will be 10th of the relevant month. If any of above dates fall on a holiday, the transaction will be taken as of the next Business Day. Non MICR / Outstation cheques will not be accepted. In case the end date is not mentioned by the investor, where the SIP is through ECS / Auto Debit mandate, it will be registered for a default period of 12 months.
- All the cheques / payment instructions (including the first cheque / payment instruction) shall be of equal amounts.
- The aggregate of such cheques / payment instructions shall not be less than Rs. 6,000 inclusive of the first installment. There is no upper limit for the Purchase for a single cheque / payment instruction or in aggregate.
- An extension of an existing SIP will be treated as a new SIP on the date of such application, and all the above conditions need to be met with.

- Termination of SIP: For discontinuation of SIP the unit holder / investor should intimate the AMC/ISC at least 15 working days prior to the due date of next cheque / installment 1<sup>st</sup> 10<sup>th</sup> 15<sup>th</sup>, 21<sup>st</sup> and 28<sup>th</sup> of every month/quarter). On such request, SIP will be terminated and the balance post-dated cheques will be returned to the investor or the debit instruction given by the investor under ECS will be cancelled.
- The load structure prevailing at the time of submission of the SIP application (whether fresh or extension) will apply for all the installments indicated in such application.
- In case of cancellation of a SIP or cheques returned uncleared for SIP installments or payment instructions not honoured, if no Entry Load had been charged, the AMC may reduce the number of Units allotted against the previous installments to the extent of applicable Entry Load on such installments.

The Units will be allotted to the investor at the Applicable NAV of the respective dates on which the investments are sought to be made. However, if any of the dates on which an investment is sought to be made is a non-Business Day, the Units will be allotted at the Applicable NAV of the next Business Day.

Any Unit Holder can avail of this facility subject to certain terms and conditions detailed in the Application Form.

For applicable load on Purchases through SIP please refer to Chapter - LOAD, FEES AND EXPENSES APPLICABLE TO SCHEME.

#### **SYSTEMATIC TRANSFER PLAN (STP)**

This facility enables Unit Holders to transfer fixed sums from their Unit accounts in the Scheme to the other schemes launched by the Fund from time to time.. The transfer will commence from the date mentioned by the Unit Holder in the Application Form for the facility. A minimum period of 15 days shall be required for registration under STP. The Units will be allotted/redeemed at the Applicable NAV of the respective dates of the Scheme on which such transfers are sought from the Scheme. In case the day on which the transfer is sought is a non-Business Day for the Scheme, then the application for the facility will be deemed to have been received on the immediately following Business Day:-

Options Available and Minimum Amount :

- Monthly Plan : Minimum 6 transfers of Rs. 1,000/- each and above.
- Quarterly Plan : Minimum 4 transfers of Rs. 1,500/- each and above.

- Minimum balance in the Scheme at the time of enrollment for STP facility should be Rs. 6,000/-.
- STP is not available for investments under lock-in period and for investments which are pledged.
- In case of insufficient balance, the transfer will not be effected.

#### **SYSTEMATIC WITHDRAWAL PLAN (SWP)**

This facility enables the Unit Holders to withdraw sums from their Unit accounts in the Scheme at periodic intervals through a one-time request. The withdrawals will commence from the Start Date mentioned by the Unit Holder in the Application Form for the facility. A minimum period of 15 days shall be required for registration under SWP. The Units will be redeemed at the Applicable NAV of the respective dates on which such withdrawals are sought. However, if any of the dates on which the redemption is sought is a non-Business Day, the Units will be redeemed at the Applicable NAV of the next Business Day.

- **Options available and Minimum Amount**

Fixed withdrawal: Investors can withdraw fixed amount of Rs. 1,000/- each and above on monthly or quarterly basis.

Appreciation withdrawal: Investors can withdraw appreciation of Rs. 1,000/- and above on monthly or quarterly basis. If the appreciation amount is less than Rs.1,000/- or the specified amount, there will be no SWP in that month/quarter. The cumulative appreciation of this period and the immediately succeeding period shall be paid out subject to it being a minimum of Rs. 1,000/- or the specified amount.

- SWP is not available for investments under lock-in period and for investments which are pledged.
- The SWP payouts will be processed at the requested frequency. The investor can opt for direct credit of the redemption proceeds to their bank accounts with banks with whom the Fund will have arrangements in this regard.
- For investors banking with any other bank apart from above with whom the Fund will have arrangements, the AMC /MF will endeavor to credit the payout directly to that bank account through available electronic mode(s) (ECS/Direct Credit). The AMC/MF shall not be responsible if payout through electronic mode(s) (ECS/Direct Credit) does not get affected due to incomplete or incorrect information or any other technical/operational reasons. The AMC/MF reserves the right to use any other mode of payment as deemed appropriate.
- In case of Fixed Withdrawal, if the amount of installment is more than the amount available in that account for redemption, the entire available amount will be redeemed and the SWP will terminate automatically. In such a scenario, AMC will have no obligation to

	<p>communicate to the investor before automatic termination of SWP.</p> <ul style="list-style-type: none"> <li>• In case of Appreciation Withdrawal, appreciation will be calculated on the units available for redemption at the time of the SWP installment.</li> <li>• Withdrawal can be on monthly or quarterly basis.</li> </ul>
<p>Accounts Statements</p>	<p><b>For normal transactions (other than SIP/STP) during ongoing sales and repurchase:</b></p> <ul style="list-style-type: none"> <li>• The AMC shall issue to the investor whose application (other than SIP/STP) has been accepted, an account statement specifying the number of units allotted from the date of clearance of cheque/draft within 10 working days.</li> <li>• For those unitholders who have provided an e-mail address, the AMC will send the account statement by e-mail.</li> <li>• The unitholder may request for a physical account statement ticking the column in the application form.</li> </ul> <p><b>For SIP / STP transactions;</b></p> <ul style="list-style-type: none"> <li>• Account Statement for SIP and STP will be despatched once every quarter ending March, June, September and December within 10 working days of the end of the respective quarter.</li> <li>• A soft copy of the Account Statement shall be mailed to the investors under SIP/STP to their e-mail address on a monthly basis, if so mandated.</li> <li>• However, the first Account Statement under SIP/STP shall be issued within 10 working days of the initial investment/transfer.</li> <li>• In case of specific request received from investors, Mutual Funds shall provide the account statement (SIP/STP) to the investors within 5 working days from the receipt of such request without any charges.</li> </ul> <p><b>Annual Account Statement:</b></p> <ul style="list-style-type: none"> <li>• The Mutual Funds shall provide the Account Statement to the Unitholders who have not transacted during the last six months prior to the date of generation of account statements. The Account Statement shall reflect the latest closing balance and value of the Units prior to the date of generation of the account statement,</li> <li>• The account statements in such cases may be generated and issued along with the Portfolio Statement or Annual Report of the Scheme.</li> <li>• Alternately, soft copy of the account statements shall be mailed to the investors' e-mail address, instead of physical statement, if so mandated.</li> </ul>
<p>Dividend</p>	<p>The dividend instruments shall be dispatched to the</p>

	unitholders within 30 days of the date of declaration of the dividend.
Redemption	The redemption or repurchase proceeds shall be dispatched to the unitholders within 10 working days from the date of redemption or repurchase.
Delay in payment of redemption / repurchase proceeds	The Asset Management Company shall be liable to pay interest to the unitholders at such rate as may be specified by SEBI for the period of such delay (presently @ 15% per annum).

**C. PERIODIC DISCLOSURES**

<p><b>Net Asset Value</b> This is the value per unit of the scheme on a particular day. You can ascertain the value of your investments by multiplying the NAV with your unit balance.</p>	<p>The Mutual Fund shall declare and upload the Net asset value of the scheme on every business day on AMFI's website <a href="http://www.amfiindia.com">www.amfiindia.com</a> by 09:00p.m and also on <a href="#">their website</a>.</p>		
<p><b>Half yearly Disclosures: Portfolio / Financial Results</b>  This is a list of securities where the corpus of the scheme is currently invested. The market value of these investments is also stated in portfolio disclosures.</p>	<p>The mutual fund shall publish a complete statement of the scheme portfolio and the unaudited financial results, within one month from the close of each half year (i.e. 31st March and 30th September), by way of an advertisement at least, in one National English daily and one regional newspaper in the language of the region where the head office of the mutual fund is located. The mutual fund may opt to send the portfolio to all unit holders in lieu of the advertisement (if applicable).</p>		
<p><b>Half Yearly Results</b></p>	<p>The mutual fund and Asset Management Company shall before the expiry of one month from the close of each half year that is on 31st March and on 30<sup>th</sup> September, publish its unaudited financial results in one national English daily newspaper and in a regional newspaper published in the language of the region where the Head Office of the mutual fund is situated.</p>		
<p><b>Annual Report</b></p>	<p>Scheme wise Annual Report or an abridged summary thereof shall be mailed to all unitholders within six months from the date of closure of the relevant accounts year i.e. 31st March each year.</p>		
<p><b>Associate Transactions</b></p>	<p>Please refer to Statement of Additional Information (SAI).</p>		
<p><b>Taxation</b> The information is provided for general information only. However, in view of the individual nature of the implications, each investor is advised to consult his or her own tax advisors/authorised dealers with respect to the specific amount of tax and other implications arising out of his or her participation in the schemes.</p>		<p><b>Resident Investors</b></p>	<p><b>Mutual Fund</b></p>
	<p><b>Equity Fund</b></p>	<p>Nil</p>	<p>Nil (please refer to the note below)</p>
	<p>Capital Gains: Long Term</p>	<p>10/20% (please refer to the note below)</p>	<p>Nil</p>
	<p>Short Term</p>	<p>30%</p>	

**For further details on taxation please refer to the clause on Taxation in the SAI.**

**Note:**

1. As per section 112 of the Act, long-term capital gains on transfer of units are liable to tax at the rate of 20 per cent. Income tax on long-term capital gains on transfer of units, however, same shall be limited to 10 per cent of the gains computed without the benefit of cost indexation.

Further, in case of individuals/ HUFs, being residents, where the total income excluding long-term capital gains is below the maximum amount not chargeable to tax 1, then the difference between the maximum amount not chargeable to tax and total income excluding long-term capital gains, shall be adjusted from long-term capital gains. Therefore only the balance long term capital gains will be liable to income tax at the rate of 20 / 10 per cent.

2. *Short-term capital gains*

Short-term capital gains arising to partnership firms and domestic companies, are taxable at the rate of 33.99 per cent (30 per cent tax plus 10 per cent surcharge<sup>2</sup> thereon plus additional surcharge of 3 per cent by way of education cess on the tax plus surcharge)

Short-term capital gains arising to FII's, being foreign companies, are taxable at 31.6725 per cent (30 per cent tax plus 2.5 per cent surcharge on tax plus education & higher secondary cess @3 per cent on the tax and surcharge.

Short-term capital gains arising to FII's, other than foreign companies, are taxed at the rate of 33.99 (30 per cent tax plus 10 per cent surcharge on tax plus education & higher secondary cess @3 per cent on the tax and surcharge.

Short-term capital gains arising to individuals and HUFs are taxable on progressive basis, as per the proposed revised slabs of income.

3. Income of the Mutual Fund (including dividend income) is exempt from income tax. However the scheme needs to pay distribution tax on the dividend paid by it to the investors. In case of dividend paid by income funds to Individuals and Hindu Undivided Families ('HUFs') distribution tax @ 14.1625% is payable, while its 22.66% in case of dividend paid to persons other than individuals and HUFs.

*Note: The tax provisions described above are as per the present tax laws. In case of any change/variation in the aforesaid tax laws by the Government, the changed provisions will apply accordingly.*

Investor services	Mr. V Sasidhar (Country Head – Customer Service) 305, Regent Chambers, 208, Jamnalal Bajaj Marg, Nariman Point, Mumbai - 400 021 Phones : 022-22826598, 22826599 Fax : 022-22308519, 22846070 e-mail: <a href="mailto:sasidhar.v@taurusmutualfund.com">sasidhar.v@taurusmutualfund.com</a>
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#### D. COMPUTATION OF NAV

The Net Asset Value per unit shall be calculated by dividing the Net Assets of the Scheme by the total number of units outstanding under the scheme on the valuation date. The Mutual Fund will value its investments according to the valuation norms, as specified in Schedule VII of the SEBI Regulations or such norms as may be specified by SEBI from time to time.

NAV of the units of the scheme shall be calculated as shown below:

$$\text{NAV Rs. Per unit} = \frac{\text{Market or Fair value of Scheme's investments} + \text{Unamortised Issue Expenses} + \text{Current Assets} - \text{Current Liabilities and Provisions}}{\text{No. of units outstanding under the scheme}}$$

No. of units outstanding under the scheme

TAMCO will calculate and disclose the first NAV of the Scheme not later than 30 days from the date of closure of the New Fund Offer Period. Subsequently, the NAV of the scheme will be calculated and disclosed on all business days

Taurus Liquid Plus Fund being an income scheme, its Net Asset Value will be rounded off upto four decimal points.

The NAV will be calculated on all Business Days and will be published daily in atleast two daily newspapers or at such intervals as may be prescribed by SEBI from time to time

#### IV. FEES AND EXPENSES

This section outlines the expenses that will be charged to the schemes.

##### A. NEW FUND OFFER (NFO) EXPENSES

These expenses are incurred for the purpose of various activities related to the NFO like sales and distribution fees paid marketing and advertising, registrar expenses, printing and stationary, bank charges etc. the New Fund offer expenses of the scheme will be borne by the AMC. Thus the entire amount of the unitholder will be available for investment.

##### B. ANNUAL SCHEME RECURRING EXPENSES

These are the fees and expenses for operating the scheme. These expenses include Investment Management and Advisory Fee charged by the AMC, Registrar and Transfer Agents' fee, marketing and selling costs etc. as given in the table below:

The AMC has estimated that upto 2.25% of the weekly average net assets of the scheme will be charged to the scheme as expenses.

Nature	% p.a. of daily average net assets		
	Retail Plan	Institutional Plan	Super Institutional Plan
Investment Management & Advisory Fee	Upto 1.25	Upto 1.25	Upto 1.25
Trustee Fees and Expenses	0.05	0.05	0.05
Marketing and Selling Expenses, Custodian Expenses, Registrar and Transfer Agent Fee, Audit Fee and other expenses* permitted under regulation 52(4)(b)	0.95	0.80	0.70

Total Recurring Expenses including Management Fees	Upto 2.25	Upto 2.10	Upto 2.00
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These estimates have been made in good faith by the AMC and are subject to change inter-se. Types of expenses charged shall be as per the SEBI (MF) Regulations.

The purpose of the above table is to assist the investor in understanding the various cost and expenses that an investor in the Scheme will bear directly or indirectly. The above is the maximum limit under Regulation 52(6) of SEBI (Mutual Funds) Regulations 1996. Total expenses of the Scheme including the investment management and advisory fee (together with additional management fee wherever applicable) shall not exceed the limit stated in Regulation 52(6). In case of debt schemes, the expenses shall be lesser by 0.25% as provided in Regulation 52(6). The Fund will strive to reduce the level of these expenses so as to keep them well within the maximum limits allowed by SEBI. Any expenses incurred in excess of the above overall limits will be borne by the Investment Manager or the Sponsor as the case may be.

*The mutual fund would update the current expense ratios on the website within two working days mentioning the effective date of the change.*

### **C. LOAD STRUCTURE**

Load is an amount which is paid by the investor to subscribe to the units or to redeem the units from the scheme. This amount is used by the AMC to pay commissions to the distributor and to take care of other marketing and selling expenses. Load amounts are variable and are subject to change from time to time.

Entry Load : Nil  
Exit Load

Retail Plan - SIP/SWP/STP : 0.10% if redeemed within 30 days from the date of allotment  
Institutional Plan : 0.10% if redeemed within 7 days from the date of allotment  
Super Institutional Plan : 0.10% if redeemed within 7 days from the date of allotment

Switch-In and Switch-Outs are considered as Purchase and Redemption and as such, entry/exit loads will be charged as above. However, no entry/exit Load is chargeable in case of switches made between different options of scheme.

No Entry/Exit Load is chargeable in case of switches made between different options of scheme. In case any load is levied in future, it will not be applicable in the case of issuance of Bonus units under Bonus option.

As per SEBI Circular No. SEBI/IMD/CIR No.10/ 112153 /07 dated December 31, 2007, no entry load would be charged for all existing / prospective investors of the scheme in case of direct applications received by the AMC i.e. applications received through the internet (as and when this facility is made available) or submitted to the AMC collection centre/Investor Service centre directly by the investor and not routed through any distributor/agent / broker. These provisions shall be applicable for investments in all the existing schemes, if any, with effect from January 4, 2008. These shall also be applicable to additional purchases done directly by the investor under the same folio and switch-in to a scheme from other schemes if such a transaction is done directly by the investor.

However, investors should note the following instructions for ensuring that the application is treated as a direct application:

1. Broker code, if already printed on the forms must be struck off and countersigned by the investors.
2. Ensure that the broker code block in the form is not left blank (i.e. it should be either struck off or indicated 'direct' or NA).

The list of official collection points for depositing forms is available on the website of the AMC.

The Repurchase Price however, will not be lower than 93% of the NAV, and the Sale Price will not be higher than 107% of the NAV, provided that the difference between the Repurchase price and Sale price at any point in time shall not exceed the permitted limit as prescribed by SEBI from time to time which is presently 7% calculated on the Sale Price.

The Trustee reserves the right to modify/alter the load structure and may decide to charge an entry load/exit load or a combination of entry/exit loads or introduce a differential load structure on the Units with prospective effect, subject to the maximum limits as prescribed under the SEBI Regulations. At the time of changing the load structure, the AMC shall take the following steps:

The Trustee reserves the right to modify/alter the load structure and may decide to charge an entry load/exit load or a combination of entry/exit loads or introduce a differential load structure on the Units with prospective effect, subject to the maximum limits as prescribed under the SEBI Regulations. At the time of changing the load structure, the AMC shall take the following steps:

The addendum detailing the changes shall be attached to Scheme Information Documents and Key Information Memoranda.

- The addendum will be circulated to all the distributors so that the same can be attached to all Scheme Information Documents and Key Information Memoranda already in stock. The addendum shall also be sent along with the newsletter sent to the unitholders immediately after the changes.
- Arrangements shall be made to display the changes/modifications in the Scheme Information Document in the form of a notice in all the Taurus Mutual Fund and distributors' offices.
- The introduction of the exit load along with the details shall be stamped in the acknowledgement slip issued to the investors on submission of the application form and may also be disclosed in the statement of accounts issued after the introduction of such load.
- The Fund shall arrange to display a notice in the Taurus Mutual Fund investor Service Centres at least 1 (one) day before the change of the then prevalent load structure.
- Any other measures which the Mutual Fund may feel necessary.

The AMC may change the load from time to time and in case of an exit/repurchase load this may be linked to the period of holding, while in case of entry load this may be linked to the amount of investment. The load charged could also be different as regards the amount/tenor of investment, etc. It may be noted that any such change in the load structure shall be applicable on prospective investment only.

No entry load will be charged on the units created out of reinvestment of dividend. Entry and/or exit load may be waived and/or lowered or increased at the discretion of the AMC for Withdrawal/Switch Plans (subject to limits).

All Loads are intended to enable the AMC to recover expenses incurred for promotion or distribution and sales of the Units of the Scheme. The Fund/AMC shall retain the load, in the Scheme in a separate account and use it to cover the cost of raising/redeeming units on a continuous basis by way of providing redemption/distribution related services to the Fund relating to the sale, promotion, advertising and marketing of the units of the Scheme and costs associated with liquidating the Fund's investment securities, including payments for postage and also payments to brokers for their services in connection with the redemption/distribution of the units. Surplus of load, if any, charged over planned marketing and distribution expenses will be credited to the respective plans whenever felt appropriate by the AMC.

#### **D. WAIVER OF LOAD FOR DIRECT APPLICATIONS**

No entry load shall be charged in case of direct applications received by Taurus Asset Management Company Limited (AMC) during the New Fund Offer as well as Continuous Offer i.e. applications received through internet, submitted to AMC recollection centre/Investor Service Centre that are not routed through any distributor/agent/broker.

#### **V. RIGHTS OF UNITHOLDERS**

Please refer to SAI for details.

## VI. PENALTIES, PENDING LITIGATIONS OR PROCEEDINGS, FINDINGS OF INSPECTIONS OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR IN THE PROCESS OF BEING TAKEN BY ANY REGULATORY AUTHORITY

- 1) *All disclosures regarding penalties and action(s) taken against foreign Sponsor(s) may be limited to the jurisdiction of the country where the principal activities (in terms of income / revenue) of the Sponsor(s) are carried out or where the headquarters of the Sponsor(s) is situated. Further, only top 10 monetary penalties during the last three years shall be disclosed.*

### Not Application

- 2) *In case of Indian Sponsor(s), details of all monetary penalties imposed and/ or action taken during the last three years or pending with any financial regulatory body or governmental authority, against Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company; for irregularities or for violations in the financial services sector, or for defaults with respect to share holders or debenture holders and depositors, or for economic offences, or for violation of securities law. Details of settlement, if any, arrived at with the aforesaid authorities during the last three years shall also be disclosed.*

**HB Portfolio Limited** - In relation to certain tradings in the scrip of DCM Shriram Consolidated Ltd., SEBI has issued Show Cause Notice to the Company under SEBI Act and different SEBI Regulations including SEBI (Prohibition of Fraudulent & Unfair Trade Practices relating to Securities market) Regulations, 1995/ 2003 and SEBI (Stock Brokers and Sub- Brokers) Regulations, 1995, etc. The Company had filed Application for passing of Consent Order as per the provisions of SEBI Circular No. EFD/ED/Cir-1/2007 dated 20<sup>th</sup> April 2007. Subsequently, after attending a hearing in the SEBI offices on March 12, 2008, the Company has made a proposal for the payment of Rs. 5,00,000/- (Rupees Five Lacs Only) towards consent terms. After receiving the approval from SEBI, the said amount will be paid and the matter closed.

- 3) *Details of all enforcement actions taken by SEBI in the last three years and/ or pending with SEBI for the violation of SEBI Act, 1992 and Rules and Regulations framed there under including debarment and/ or suspension and/ or cancellation and/ or imposition of monetary penalty/adjudication/enquiry proceedings, if any, to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel (especially the fund managers) of the AMC and Trustee Company were/ are a party. The details of the violation shall also be disclosed.*

### Except as stated in (2) above, no such case exist.

- 4) *Any pending material civil or criminal litigation incidental to the business of the Mutual Fund to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel are a party should also be disclosed separately.*

a) Taurus Investment Trust Company Limited has filed the following cases:-

- Rinki Petrochemicals Limited, Baroda for recovery of Rs. 4 Crores.
- Criminal Complaints u/s 138 Negotiable Instruments Act, against Rinki Petrochemicals Limited and its directors for dishonour of cheques issued by the company.
- Criminal Complaints u/s 138 of Negotiable Instruments Act against Motorola India Limited and its directors for dishonour of cheques issued by the company.
- Tangerine Informatique Limited for recovery of Rs. 1.3 Crores.

b) Mutual Fund – In relation to certain tradings in the scrip of DCM Shriram Consolidated Ltd. in the year 2001, SEBI has issued a show cause notice to Taurus Mutual Fund for which a legally vetted reply has already been submitted to SEBI. Another show-cause notice in this regard has been issued to TMF/TAMCO/TITCO for which a reply has been sent to SEBI.

Pursuant to SEBI Circular No. EFD/ED/Cir-1/2007 dated 20.04.2007, application under consent process was submitted to SEBI on 07.12.2007 for both the aforesaid cases. However, no decision has been communicated to the Fund as yet.

***Taurus Liquid Plus Fund***

***Taurus Mutual Fund***

- 5) *Any deficiency in the systems and operations of the Sponsor(s) and/ or the AMC and/ or the Board of Trustees/Trustee Company which SEBI has specifically advised to be disclosed in the SID, or which has been notified by any other regulatory agency, shall be disclosed.*

**No such case exists.**

**The scheme under this Scheme Information Document was approved by the Trustees in the Board Meeting held on July 19, 2008.**

**Trustees have ensured that Taurus Liquid Plus Fund approved by them is a new product offered by Taurus Mutual Fund and is not a minor modification of the existing schemes of the Fund.**

**Notwithstanding anything contained in this Scheme Information Document, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the guidelines there under shall be applicable.**

By Order of Board of Directors  
Taurus Investment Trust Co. Ltd.

**Place : New Delhi**  
**Dated : 17<sup>th</sup> November 2008**

**R K GUPTA**  
Managing Director  
Taurus Asset Management Co. Ltd