

HDFC Long Term Equity Fund

A Close Ended Equity Scheme

New Fund Offer Price : Rs. 10/- per unit

Sponsors :

Housing Development Finance Corporation Limited
Registered Office :
Ramon House, H. T. Parekh Marg,
169, Backbay Reclamation,
Churchgate, Mumbai 400 020.

Standard Life Investments Limited
Registered Office :
1 George Street, Edinburgh, EH2 2LL,
United Kingdom.

Asset Management Company :

HDFC Asset Management Company Limited
A Joint Venture with Standard Life Investments Limited
Registered Office :
Ramon House, 3rd Floor, H. T. Parekh Marg,
169, Backbay Reclamation,
Churchgate, Mumbai 400 020.

Trustee :

HDFC Trustee Company Limited
Registered Office :
Ramon House, 3rd Floor, H. T. Parekh Marg,
169, Backbay Reclamation,
Churchgate, Mumbai 400 020.

This Offer Document sets forth concisely the information about the Scheme that a prospective investor ought to know before investing. This Offer Document should be retained for future reference. The particulars of the Scheme have been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended till date and filed with the Securities and Exchange Board of India and the Units being offered for the public subscription have not been approved or disapproved by the Securities and Exchange Board of India nor has the Securities and Exchange Board of India certified the accuracy or adequacy of this Offer Document. This Offer Document will remain effective till a revised version is printed and circulated. In accordance with SEBI directives, this Offer Document will be fully revised and updated at least once in two years from the date of issue. Till the time the Offer Document is reprinted, an addendum giving details of each of the changes will be attached to the Offer Document. The yearly condensed financial information of the Scheme will also be included in the form of addendum to the Offer Document till the time the revised Offer Document is printed. Investors may also like to ascertain about any further changes after the date of this Offer Document from the Mutual Fund/it's Investor Service Centres/ distributors or brokers. This Offer Document is dated October _____, 2005.

New Fund Offer Opens : November --- 2005

New Fund Offer Closes : November --- 2005

SPONSORS

HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

Registered Office :

Ramon House,
H. T. Parekh Marg,
169, Backbay Reclamation,
Churchgate, Mumbai 400 020.

STANDARD LIFE INVESTMENTS LIMITED

Registered Office :

1 George Street, Edinburgh, EH2 2LL,
United Kingdom.

TRUSTEE

HDFC TRUSTEE COMPANY LIMITED

Registered Office :

Ramon House, 3rd Floor,
H. T. Parekh Marg,
169, Backbay Reclamation,
Churchgate, Mumbai 400 020.

ASSET MANAGEMENT COMPANY

HDFC ASSET MANAGEMENT COMPANY LIMITED

A Joint Venture with Standard Life Investments Limited

Registered Office :

Ramon House, 3rd Floor,
H. T. Parekh Marg,
169, Backbay Reclamation,
Churchgate, Mumbai 400 020.

REGISTRAR AND TRANSFER AGENT

COMPUTER AGE MANAGEMENT SERVICES PVT. LIMITED

A & B, Lakshmi Bhawan,
609, Anna Salai,
Chennai 600 006.

CUSTODIAN

CITIBANK N.A.
Ramnord House,
77, Dr. Annie Besant Road,
Worli,
Mumbai 400 018.

STATUTORY AUDITORS TO THE SCHEME

S. B. BILLIMORIA & CO.
Chartered Accountants
12, Dr. Annie Besant Road,
Opp. Shiv Sagar Estate,
Worli,
Mumbai 400 018.

LEGAL ADVISORS

DAVE & GIRISH & CO.
Sethna Building, 1st Floor, 55, Maharshi Karve Road,
Marine Lines, Mumbai 400 002.

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RISK FACTORS

- Mutual funds and securities investments are subject to market risks and there can be no assurance or guarantee that the Scheme objectives will be achieved.
- As with any investment in securities, the Net Asset Value of Units issued under the Scheme may go up or down depending on the various factors and forces affecting the capital markets.
- Past performance of the Sponsors and their affiliates / AMC / Mutual Fund and its scheme(s) do not indicate the future performance of the schemes of the Mutual Fund.
- The Sponsors are not responsible or liable for any loss or shortfall resulting from the operations of the Scheme beyond the contribution of Rs.1 lakh each made by them towards the corpus of the Mutual Fund.
- **HDFC Long Term Equity Fund** is the name of the Scheme and does not in any manner indicate either the quality of the Scheme or its future prospects and returns.
- Investors should study this Offer Document carefully in its entirety before investing.
- Investors in the Scheme are not being offered any guaranteed / assured returns.
- As per SEBI circular ref. SEBI/IMD/CIR No. 10/22701/03 dated December 12, 2003 read with circular ref. SEBI/IMD/CIR No. 1/42529/05 dated June 14, 2005, it is specified *inter alia* that each portfolio under a scheme should have a minimum of 20 investors and no single investor should account for more than 25% of the corpus of such portfolio.

Determining the breach of the 25% limit by an Investor - The average net assets of the scheme would be calculated daily and any breach of the 25% holding limit by an investor would be determined. At the end of the quarter, the average of daily holding by each such investor is computed to determine whether that investor has breached the 25% limit over the quarter. If there is a breach of 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.

In case of close-ended schemes, the Scheme must have a minimum of 20 investors and no single investor should hold more than 25% of the corpus of the Scheme (at portfolio level) at the time of allotment. If the Scheme fails to get minimum of 20 investors in the New Fund Offer, the investors' application money would be refunded. Also the Mutual Fund will be constrained to reject the application by a single investor to the extent of having exposure of more than 25% of the Scheme corpus at the time of allotment. Hence such investor could be allotted limited units to such extent.

On conversion of the Scheme into an open-ended scheme, the Scheme will meet with the condition of having minimum 20 investors on an average basis, in each calendar quarter, failing which the provisions of Regulation 39(2)(c) of SEBI (Mutual Funds) Regulations, 1996 would become applicable without any reference from SEBI and accordingly the said portfolio under the Scheme shall be wound up by following the procedure/guidelines laid down by SEBI. The guidelines with respect to maximum holding by a single individual would be reckoned and monitored as mentioned in SEBI

Circular No. SEBI/IMD/Cir. No. 1/42529/05 dated June 14, 2005.

SCHEME SPECIFIC RISK FACTORS AND SPECIAL CONSIDERATIONS

The Trustee, AMC, Mutual Fund, their directors or their employees shall not be liable for any of the tax consequences that may arise, in the event that the Scheme is wound up for the reasons and in the manner provided for in **Page No. -----**.

Redemption by the Unit holder due to change in the fundamental attributes of the Scheme or due to any other reasons may entail tax consequences. The Trustee, AMC, Mutual Fund, their directors or their employees shall not be liable for any such tax consequences that may arise.

The tax benefits described in this Offer Document, are as available under the present taxation laws and are available subject to relevant conditions. The information given is included only for general purpose and is based on advice received by the AMC regarding the law and practice currently in force in India and the Unit holders should be aware that the relevant fiscal rules or their interpretation may change. As is the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of an investment in the Scheme will endure indefinitely. In view of the individual nature of tax consequences, each Unit holder is advised to consult his / her own professional tax advisor.

The Mutual Fund is not guaranteeing or assuring any returns.

Trading volumes, settlement periods and transfer procedures may restrict the liquidity of the investments made by the Scheme. Different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances leading to delays in receipt of proceeds from sale of securities. The NAV of the Units of the Scheme can go up or down because of various factors that affect the capital markets in general.

As the liquidity of the investments made by the Scheme could, at times, be restricted by trading volumes and settlement periods, the time taken by the Mutual Fund for Redemption of Units may be significant in the event of an inordinately large number of Redemption requests or a restructuring of the Scheme. In view of the above, the Trustee has the right, in its sole discretion, to limit Redemptions (including suspending Redemptions) under certain circumstances, as described on **Page ----** under the section titled "Right to Limit Redemption".

Unit holders are requested to note that, the Scheme offers redemption facility on a quarterly basis, subject to exit load. To that extent, Scheme has limited liquidity. Subsequent to conversion of Scheme into an open ended scheme, the Scheme will offer redemption facility on every Business Day.

The NAV of the Scheme to the extent invested in Debt and Money Market instruments, will be affected by changes in the general level of interest rates. The NAV of the Scheme is expected to increase from a fall in interest rates while it would be adversely affected by an increase in the level of interest rates.

Money market securities, while fairly liquid, lack a well-developed secondary market, which may restrict the selling ability of the Scheme and may lead to the Scheme incurring losses till the security is finally sold.

Investment in Debt Securities are subject to the risk of an issuer's inability to meet interest and principal payments on its obligations and market perception of the creditworthiness of the issuer.

Government securities where a fixed return is offered run price-risk like any other fixed income security. 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, days to maturity and the increase or decrease in the level of interest rates. The new level of interest rate is determined by the rates at which government raises new money and/or the price levels at which

the market is already dealing in existing securities. The price-risk is not unique to Government Securities. It exists for all fixed income securities. However, Government Securities are unique in the sense that their credit risk generally remains zero. Therefore, their prices are influenced only by movement in interest rates in the financial system.

Different types of fixed income securities in which the Scheme would invest as given in the Offer Document carry different levels and types of risk. Accordingly, the Scheme risk may increase or decrease depending upon its investment pattern. e.g. corporate bonds carry a higher level of risk than Government securities. Further even among corporate bonds, bonds which are AAA rated are comparatively less risky than bonds which are AA rated.

The AMC may, considering the overall level of risk of the portfolio, invest in lower rated / unrated securities offering higher yields. This may increase the absolute level of risk of the portfolio.

As zero coupon securities do not provide periodic interest payments to the holder of the security, these securities are more sensitive to changes in interest rates. Therefore, the interest rate risk of zero coupon securities is higher. The AMC may choose to invest in zero coupon securities that offer attractive yields. This may increase the risk of the portfolio.

Securities which are not quoted on the stock exchanges are inherently illiquid in nature and carry a larger amount of liquidity risk, in comparison to securities that are listed on the exchanges or offer other exit options to the investor, including a put option. The AMC may choose to invest in unlisted securities that offer attractive yields. This may increase the risk of the portfolio.

While securities that are listed on the stock exchange carry lower liquidity risk, the ability to sell these investments is limited by the overall trading volume on the stock exchanges.

Investors should study this Offer Document carefully in its entirety and should not construe the contents hereof as advice relating to legal, taxation, investment or any other matters. Investors are advised to consult their legal, tax, investment and other professional advisors to determine possible legal, tax, financial or other considerations of subscribing to or redeeming units, before making a decision to invest / redeem Units.

The AMC, on behalf of the Scheme, may also invest in overseas financial assets. To the extent that the assets of the Scheme will be invested in securities denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by changes in the relative value of certain foreign currencies. The repatriation of capital may also be hampered by changes in applicable laws.

As with other modes of extensions of credit, there are risks inherent to securities lending, including the risk of failure of the

other party, in this case the approved intermediary, to comply with the terms of the agreement entered into between the lender of securities i.e. the Scheme and the approved intermediary. Such failure can result in the possible loss of rights to 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 AMC, on behalf of the Scheme, may use various derivative products, from time to time, in an attempt to protect the value of the portfolio and enhance Unit holders' interest. Derivative products are specialised 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, without the benefit of observing the performance of the derivative under all possible market conditions. Other risks include, the risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

Neither this Offer Document nor the Units have been registered in any jurisdiction. The distribution of this Offer Document in certain jurisdictions may be restricted or totally prohibited to registration requirements and accordingly, persons who come into possession of this Offer Document are required to inform themselves about and to observe any such restrictions and or legal compliance requirements.

No person has been authorised to issue any advertisement or to give any information or to make any representations other than that contained in this Offer Document. Circulars in connection with this offering not authorised by the Mutual Fund and any information or representations not contained herein must not be relied upon as having been authorised by the Mutual Fund.

HDFC Long Term Equity Fund is benchmarked to S&P CNX Nifty Index. The Index is not sponsored, endorsed, sold or promoted by India Index Services & Products Limited (IISL). IISL is not responsible for any errors or omissions or the results obtained from the use of such index and in no event shall IISL have any liability to any party for any damages of whatsoever nature (including lost profits) resulted to such party due to purchase or sale or otherwise of such product benchmarked to such index.

The Mutual Fund may disclose details of the investor's account and transactions thereunder to those intermediaries whose stamp appears on the application form. In addition, the Mutual Fund may disclose such details to the bankers, as may be necessary for the purpose of effecting payments to the investor.

HIGHLIGHTS

- **Sponsors** – The Sponsors of the Mutual Fund are Housing Development Finance Corporation Limited (HDFC) and Standard Life Investments Limited.

HDFC is a premier Housing Finance Company in India. The company has a total asset size of Rs. 40,530.50 crore as at March 31, 2005 and cumulative approvals and disbursements of housing loans of Rs. 86,798 crore and Rs. 72,424 crore respectively as at March 31, 2005.

Standard Life Investments Limited is the dedicated investment management company of the Standard Life Group and is owned 100% by The Standard Life Assurance Company. With global assets under management of approximately US\$ 186.45 billion as at March 31, 2005, Standard Life Investments Limited is one of the world's major investment companies and is responsible for investing money on behalf of five million retail and institutional clients worldwide.

- **Type of Scheme** – A close-ended equity scheme with a maturity period of 5 years with automatic conversion into an open-ended scheme upon maturity of the Scheme.

- **The Scheme offers investors two Options :**

- **Dividend Option** (with payout and re-investment facility)

(Dividend re-investment facility will be available only after the Scheme is converted into an open-ended scheme)

- **Growth Option**

- **Liquidity** – The Scheme will offer for Redemption / Switch-out of Units on an ongoing basis at quarterly intervals at NAV based prices, commencing not later than 30 days from the closure of New Fund Offer Period. The Redemption / Switch-out of Units will be available only during the Specified Redemption Period i.e. the first five Business Days immediately after the end of each calendar quarter.

After conversion of Scheme into an open-ended scheme upon maturity, the Scheme will offer for Sale/Switch-in and Redemption / Switch-out of Units at NAV based prices on every Business Day on an ongoing basis.

As per SEBI Regulations, the Mutual Fund shall despatch Redemption proceeds within 10 Business Days of the date of Redemption. A penal interest of 15% or such other rate as may be prescribed by SEBI from time to time, will be paid in case the Redemption proceeds are not made within 10 Business Days of the date of Redemption.

However, under normal circumstances, the Mutual Fund would endeavor to despatch the Redemption cheque within 3-4 Business Days (as applicable) from the Specified Redemption Day. Please refer to paragraph on 'Payment of Redemption Proceeds' on **Page -----** for details.

After the conversion of the Scheme into an open-ended scheme, under normal circumstances, the Mutual Fund would endeavor to despatch the Redemption cheque within

3-4 Business Days (as applicable) from the date of Redemption. Please refer to paragraph on 'Payment of Redemption Proceeds' on **Page _____** for details.

- **Transparency** – The AMC will calculate and disclose the first Net Asset Value not later than 30 days from the closure of New Fund Offer Period. Subsequently, the NAV will be calculated and disclosed at the close of every Business Day. In addition the AMC will disclose details of the portfolio of the Scheme on a quarterly basis on its website.
- **Maturity** – The Scheme is a close-ended equity scheme. The duration of the Scheme is 5 years from the date of allotment.
- **Conversion** – Upon the maturity, the Scheme will automatically be converted into an open-ended scheme without any further reference from the Mutual Fund/Trustee/AMC/Unit holders, subject to SEBI Regulations.

However, the Trustee reserve the right not to convert the Scheme into an open ended scheme upon maturity, if deemed appropriate in the interest of Scheme/Unit holders.

Further, the Trustee reserve the right to roll over the Scheme for a further period as may be decided, in accordance with the SEBI Regulations.

- **Flexibility** – Unit holders will have the flexibility to alter the allocation of their investments among the scheme(s) offered by the Mutual Fund, in order to suit their changing investment needs, by easily switching between the scheme(s) / plans of the Mutual Fund.

- **Tax benefits / Consequences**

- Income distributed by the Scheme will be exempt from Income-Tax in the hands of investors.
- On income distribution, if any, made by the Mutual Fund, additional income tax is payable under Section 115R of the Act (other than open-ended equity-oriented funds i.e. such fund where the investible funds are invested by way of equity shares in domestic companies to the extent of more than 50% of the total proceeds of such fund). The additional income-tax on distribution of income shall be payable by the mutual fund at the rate of 14.025% (including surcharge and education cess) on income distributed to an individual/HUF and at the rate of 22.44% (including surcharge and education cess) on income distributed to any other investor.
- Gifts of Units, purchased under the Scheme is exempt from Gift-Tax.
- Units of the Scheme are not subject to Wealth-tax.
- There will also be no tax deduction at source on redemption, irrespective of the redemption amount for resident investors.
- Unit holders are required to pay Securities Transaction Tax at the rate of 0.20% at the time of redemption / switch-out of units of an equity-oriented fund.

- **Repatriation** – Repatriation benefits would be available to NRIs / FIIs / PIOs subject to applicable conditions.

DEFINITIONS

In this Offer Document, the following words and expressions shall have the meaning specified herein, unless the context otherwise requires:

| | |
|--|--|
| "AMC" or "Asset Management Company" or "Investment Manager" | HDFC Asset Management Company Limited, incorporated under the provisions of the Companies Act, 1956 and approved by Securities and Exchange Board of India to act as the Asset Management Company for the scheme(s) of HDFC Mutual Fund. |
| "Applicable NAV" | The NAV applicable for purchase or redemption or switching based on the time of the Business Day on which the application is accepted. |
| "Business Day" | <p>A day other than:</p> <ul style="list-style-type: none"> (i) Saturday and Sunday (ii) A day on which the banks in Mumbai and / RBI are closed for business / clearing (iii) A day on which the National Stock Exchange of India Limited is closed (iv) A day which is a public and /or bank holiday at a Investor Service Centre where the application is received, (v) A day on which Redemption / Switching of Units is suspended by the AMC (vi) A day on which normal business cannot be transacted due to storms, floods, bandhs, strikes or such other events as the AMC may specify from time to time. <p>The AMC reserves the right to declare any day as a Business Day or otherwise at any or all Investor Service Centres.</p> |
| "Business Hours" | Presently 9.30 a.m. to 3.00 p.m. on any Business Day or such other time as may be applicable from time to time. |
| "Continuous Offer / Ongoing Basis" | Offer of the Units when the Scheme is converted into an open ended scheme upon maturity of Scheme. |
| "Custodian" | A person who has been granted a certificate of registration to carry on the business of custodian of securities under the Securities and Exchange Board of India (Custodian of Securities) Regulations 1996, which for the time being is Citibank N.A., Mumbai. |
| "Depository" | Depository as defined in the Depositories Act, 1996 (22 of 1996). |
| "Dividend" | Income distributed by the Mutual Fund on the Units. |
| "Entry Load" or "Sales Load" | Load on Sale / Switch in of Units. |
| "Exit Load" or "Redemption Load" | Load on Redemption / Switch out of Units. |
| "Equity Related Instruments" | "Equity Related Instruments" includes convertible bonds and debentures, convertible preference shares, warrants carrying the right to obtain equity shares, equity derivatives and any other like instrument. |
| "FII" | Foreign Institutional Investor, registered with SEBI under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended from time to time. |
| "Floating Rate Debt Instruments" | <p>Floating rate debt instruments are debt securities issued by Central and / or State Government, corporates or PSUs with interest rates that are reset periodically. The periodicity of the interest reset could be daily, monthly, quarterly, half-yearly, annually or any other periodicity that may be mutually agreed with the issuer and the Fund.</p> <p>The interest on the instruments could also be in the nature of fixed basis points over the benchmark gilt yields.</p> |
| "Gilts" or "Government Securities" | Securities created and issued by the Central Government and/or a State Government (including Treasury Bills) or Government Securities as defined in the Public Debt Act, 1944, as amended or re-enacted from time to time. |
| "New Fund Offer" | Offer for purchase of Units of the Scheme during the New Fund Offer Period as described hereinafter. |
| "New Fund Offer Period" | The date on or the period during which the initial subscription of Units of the Scheme can be made i.e. November ----, 2005 to November ---, 2005 subject to extension, if any, such that the New Fund Offer Period does not exceed 30 days. |

| | |
|--|--|
| "Investment Management Agreement" | The agreement dated June 8, 2000 entered into between HDFC Trustee Company Limited and HDFC Asset Management Company Limited, as amended from time to time. |
| "Investor Service Centres" or "ISCs" | Designated HDFC Branches or Offices of HDFC Asset Management Company Limited or such other centres / offices as may be designated by the AMC from time to time. |
| "Load" | In the case of Redemption / Switch out of a Unit, the sum of money deducted from the Applicable NAV on the Redemption / Switch out and in the case of Sale / Switch in of a Unit, a sum of money to be paid by the prospective investor on the Sale / Switch in of a Unit in addition to the Applicable NAV. |
| "Mutual Fund" | HDFC Mutual Fund, a trust set up under the provisions of the Indian Trusts Act, 1882. |
| "NAV" | Net Asset Value per Unit of the Scheme, calculated in the manner described in this Offer Document or as may be prescribed by the SEBI Regulations from time to time. |
| "NRI" | A Non-Resident Indian or a person of Indian origin residing outside India. |
| "Offer Document" | This document issued by HDFC Mutual Fund, offering Units of the Scheme for subscription. |
| "Options" | <ul style="list-style-type: none"> ● Dividend Option (with payout and re-investment facility) ● Growth Option Dividend re-investment facility will be available only after the Scheme is converted into an open-ended scheme. |
| "Plans" | Shall include and mean any prospective Plan(s) issued by the Scheme in accordance with SEBI Regulations and other Plan(s) issued under the Schemes of HDFC Mutual Fund. |
| "RBI" | Reserve Bank of India, established under the Reserve Bank of India Act, 1934. |
| "Registrar and Transfer Agent" | Computer Age Management Services Pvt. Limited (CAMS) Chennai, currently acting as registrar to the Scheme, or any other registrar appointed by the AMC from time to time. |
| "Redemption" | Redemption of Units of the Scheme as permitted. |
| "Sale / Subscription" | Sale or allotment of Units to the Unit holder upon subscription by the investor / applicant under the Scheme. |
| "Scheme" or "HDFC Long Term Equity Fund" or "HLTEF" or "Fund" | HDFC Long Term Equity Fund (including, as the context permits, the Options / Plans thereunder). |
| "SEBI" | Securities and Exchange Board of India, established under the Securities and Exchange Board of India Act, 1992. |
| "SEBI Regulations" or "Regulations" | Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended from time to time. |
| "Specified Redemption Period" (Till the conversion of Scheme into an open-ended scheme) | The period during which the Units of the Scheme can be redeemed or switched out i.e. the first five Business Days immediately after the end of each calendar quarter. |
| "Specified Redemption Day" (Till the conversion of Scheme into an open-ended scheme) | Business Day during the Specified Redemption Period on which the Units of the Scheme can be redeemed or switched out i.e. the first five Business Days immediately after the end of each calendar quarter. |
| "Sponsors" or "Settlers" | Housing Development Finance Corporation Limited and Standard Life Investments Limited. |
| "Switch" | Redemption of a unit in any scheme (including the plans / options therein) of the Mutual Fund against purchase of a unit in another scheme (including the plans / options therein) of the Mutual Fund, subject to completion of Lock-in Period, if any. |
| "Trust Deed" | The Trust Deed dated June 8, 2000 made by and between HDFC and HDFC Trustee Company Limited ("Trustee"), thereby establishing an irrevocable trust, called HDFC Mutual Fund and deed of variations dated June 11, 2003 and June 19, 2003. |

| | |
|------------------------------------|---|
| "Unit" | The interest of the Unit holder which consists of each Unit representing one undivided share in the assets of the Scheme. |
| "Unit holder" or "Investor" | A person holding Unit in the Scheme of the HDFC Mutual Fund offered under this Offer Document. |

INTERPRETATION

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

- all references to the masculine shall include the feminine and all references, to the singular shall include the plural and vice-versa.
- all references to "dollars" or "\$" refer to United States Dollars and "Rs" refer to Indian Rupees. A "crore" means "ten million" and a "lakh" means a "hundred thousand".

Investors under the Dividend Option of the Scheme may note that, after the conversion of the Scheme into an open-ended scheme, the AMC / Trustee may introduce a Shut-out Period. Please refer to para "Shut-out Period" on **Page ____** for the details and the Applicable NAV for investors subscribing to the Units of the Scheme during the Shut-out Period.

DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY

A Due Diligence Certificate dated October -----, 2005 duly signed by the Chief Compliance Officer of HDFC Asset Management Company Limited has been submitted to SEBI, which reads as follows:

DUE DILIGENCE CERTIFICATE

It is confirmed that:

- i) The draft Offer Document forwarded to SEBI is in accordance with the Securities and Exchange Board of India (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 and also the guidelines, instructions, etc. issued by the Government of India and any other competent authority in this behalf, have been duly complied with.
- iii) The disclosures made in the Offer Document are true, fair and adequate to enable the investors to make a well-informed decision regarding investments in the proposed Scheme.
- iv) According to the information given to us, Citibank N.A., the Custodian to the Scheme, is registered with SEBI and till date, such registration is valid.
- v) According to the information given to us, HDFC Bank Limited and Citibank N.A., the Collecting Bankers for the New Fund Offer, is registered with SEBI and till date, such registration is valid.
- vi) According to the information given to us, Computer Age Management Services Pvt. Limited, the Registrar and Transfer Agent to the Scheme, is registered with SEBI and till date, such registration is valid.

Place : Mumbai
Date : October ----, 2005

Signed : Sd/-
Name : **Yezdi Khariwala**
Designation : *Chief Compliance Officer*

SECTION I

SUMMARY - HDFC LONG TERM EQUITY FUND

| | |
|---|---|
| Name of the Scheme | HDFC Long Term Equity Fund |
| Structure | A Close Ended Equity Scheme with a maturity period of 5 years with automatic conversion into an open-ended scheme upon maturity of the Scheme. |
| Maturity of Scheme | <p>The duration of the Scheme is 5 years from the date of allotment and upon maturity, the Scheme shall be automatically converted into an open-ended scheme.</p> <p>However, the Trustee reserve the right not to convert the Scheme into an open-ended Scheme upon maturity, if deemed appropriate in the interest of Scheme/Unit holders.</p> <p>Further, the Trustee reserve the right to roll over the Scheme for a further period as may be decided, in accordance with the SEBI Regulations.</p> |
| Conversion of Scheme into an open-ended Scheme | <p>Upon the maturity, the Scheme will automatically be converted into an open-ended scheme without any further reference from the Mutual Fund/Trustee/AMC/Unit holders, subject to SEBI Regulations.</p> <p>However the Trustee reserve the right not to convert the Scheme into an open ended scheme upon maturity, if deemed appropriate in the interest of Scheme/Unit holders.</p> |
| Roll over of Scheme on Maturity | The Scheme may be rolled over for a further period as may be decided by the Trustees in accordance with the SEBI Regulations. |
| Options | <p>The Scheme offers investors two Options :</p> <ul style="list-style-type: none"> ● Dividend Option (with payout and re-investment facility) ● Growth Option <p>Dividend re-investment facility will be available only after the Scheme is converted into an open-ended Scheme.</p> |
| Features | The primary objective of the Scheme is to achieve long term capital appreciation. However, there can be no assurance that the investment objective of the Scheme will be achieved. |
| Application Amount | Minimum of Rs. 5000 per application and in multiples of Rs. 1000 thereafter. |
| Duration of New Fund Offer | HDFC Long Term Equity Fund will be open for initial subscription from November ----, 2005 to November -----, 2005. The Trustee reserve the right to extend the closing date, subject to the condition that the subscription list shall not be kept open for more than 30 days. |
| New Fund Offer Price | Rs. 10 per Unit. |
| Target Amount | The Mutual Fund seeks to raise a minimum subscription amount of Rs. 1 crore during the New Fund Offer Period of the Scheme and would retain any excess subscription collected. |
| Initial Issue Expenses and Levy of Entry / Exit Load till Maturity of the Scheme | <p>Load Structure :</p> <p>Entry Load : Nil</p> <p>Exit Load : ● 5% of Applicable NAV if Units are redeemed before the maturity of the Scheme.</p> <p>● No exit load is payable on redemption of Units on date of maturity of the Scheme.</p> <p>Initial Issue Expenses :</p> <p>Initial Issue Expenses not exceeding 6.00% incurred by the Mutual Fund will be charged to the Scheme and will be amortised over a period not exceeding five years.</p> <p>Actual expenses incurred in respect of Initial Issue Expenses in excess of 6% as indicated above shall be borne by the AMC.</p> <p>Please refer to the section 'Load Structure & Recurring Expenses' on Page ----- for details.</p> |

| | |
|---|---|
| Entry / Exit Load on an ongoing basis after the Conversion of Scheme into an open-ended scheme | <p>Entry Load</p> <ul style="list-style-type: none"> ● In respect of each purchase/switch-in of Units less than Rs.5 Crore in value, an entry load of 2.25% is payable. ● In respect of each purchase/switch-in of Units equal to or greater than Rs.5 Crore in value, no entry load is payable. <p>Exit Load : Nil</p> <p>The Trustee reserve the right to modify / change the Load Structure on a prospective basis.</p> |
| Flexible Investment Option | <p>The Mutual Fund will allow investors the flexibility to alter the allocation of their investments amongst the scheme(s) / plans offered by the Mutual Fund in order to meet their changing investment needs or risk profiles, by Switching between the scheme(s) / plan of the Mutual Fund.</p> |
| Liquidity | <p>The Scheme will offer for Redemption / Switch-out of Units on an ongoing basis at quarterly intervals at NAV based prices. The Redemption / Switch-out will be available only during the Specified Redemption Period i.e. first five Business Days immediately after the end of each calendar quarter. Please refer to the paragraph on 'Payment of Redemptions' on Page --- for details.</p> <p>After conversion of Scheme into an open-ended scheme upon maturity, the Scheme will offer for Sale/Switch-in and Redemption/Switch-out of Units at NAV based prices on every Business Day on an ongoing basis.</p> <p>As per the SEBI Regulations, the Mutual Fund shall despatch Redemption proceeds within 10 Business Days of the date of Redemption. A penal interest of 15% or such other rate as may be prescribed by SEBI from time to time, will be paid in case the Redemption proceeds are not made within 10 Business Days of the date of Redemption.</p> <p>However, under normal circumstances, the Mutual Fund would endeavor to despatch the Redemption cheque within 3-4 Business Days (as applicable) from the Specified Redemption Day. Please refer to paragraph on 'Payment of Redemption Proceeds' on Page ---- for details.</p> <p>After the conversion of Scheme into an open-ended scheme upon maturity, under normal circumstances, the Mutual Fund would endeavor to despatch the Redemption cheque within 3-4 Business Days (as applicable) from the date of Redemption. Please refer to paragraph on 'Payment of Redemption Proceeds' on Page _____ for details.</p> |
| Transparency | <p>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 calculated and disclosed at the close of every Business Day and released to the Press, News Agencies and the Association of Mutual Funds of India (AMFI) except in special circumstances described on Page -----. NAVs will also be displayed on the Website of the Mutual Fund. In addition, the ISCs would also display the NAVs.</p> <p>The AMC will disclose details of the portfolio of the Scheme on a quarterly basis on its website. As presently required by the SEBI Regulations, a complete statement of the Scheme portfolio would be published by the Mutual Fund as an advertisement in one English daily Newspaper circulating in the whole of India and in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated within one month from the close of each half year (i.e. March 31 & September 30) or mailed to the Unit holders.</p> <p>The AMC shall update the NAVs on the website of Association of Mutual Funds in India - AMFI (www.amfiindia.com) by 8.00 p.m. everyday. In case of any delay, the reasons for such delay would be explained to AMFI and SEBI by the next day. If the NAVs are not available before commencement of business hours on the following day due to any reason, the Mutual Fund shall issue a press release providing reasons and explaining when the Mutual Fund would be able to publish the NAVs.</p> |
| Benchmark Index | <p>The Benchmark Index for the Scheme would be S&P CNX Nifty Index. The Trustee reserve the right to change the benchmark for evaluation of performance of the Scheme from time to time in conformity with the investment objectives and appropriateness of the benchmark subject to SEBI Regulations, and other prevailing guidelines, if any.</p> |

CONSTITUTION OF THE MUTUAL FUND

I. THE MUTUAL FUND

HDFC Mutual Fund has been constituted as a trust in accordance with the provisions of the Indian Trusts Act, 1882, by the Sponsors, as per the terms of the Trust Deed. The Trust Deed has been registered under the Indian Registration Act, 1908. The Mutual Fund has been registered with SEBI, vide registration number MF / 044 / 00 / 6 dated June 30, 2000.

II. SPONSORS - HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED (HDFC)

HDFC was incorporated in 1977 as the first specialised housing finance institution in India. HDFC provides financial assistance to individuals, corporates and developers for the purchase or construction of residential housing. It also provides property related services (e.g. property identification, sales services and valuation), training and consultancy. Of these activities, housing finance remains the dominant activity. HDFC has a client base of over 8,00,000 borrowers, 10,00,000 depositors, 90,000 shareholders and 50,000 deposit agents, as at March 31, 2005.

HDFC raises funds from international agencies such as the World Bank, IFC (Washington), USAID, DEG, ADB and KfW, international syndicated loans, domestic term loans from banks and insurance companies, bonds and deposits. HDFC has received the highest rating for its bonds and deposits program for the ninth year in succession.

HDFC Standard Life Insurance Company Limited, promoted by HDFC was the first life insurance company in the private sector to be granted a Certificate of Registration (on October 23, 2000) by the Insurance Regulatory and Development Authority to transact life insurance business in India.

Organisation & Management

HDFC is a professionally managed organisation with board of directors consisting of eminent persons representing various fields including finance, taxation, construction, urban policy and development.

The policy directions of the board of directors are implemented by a senior management team comprising the Chairman, Managing Director, Executive Directors and General Managers.

Branch Network

As at March 31, 2005, HDFC has 203 outlets which includes 22 offices of the wholly owned distribution company. The branches also organise outreach programmes which are spread over 90 locations throughout the country which have enabled HDFC to approve loans for properties in over 2400 cities and towns. HDFC also has an international office in Dubai. To cater to Non-Resident Indians (NRIs), HDFC has an office in Dubai and service associates in Bahrain, Kuwait, Oman, Qatar, Sharjah, Abu Dhabi, Al Khobar, Jeddah and Riyadh in Saudi Arabia.

OPERATIONAL HIGHLIGHTS

| Particulars | Year ended March 31, 2005 | Year ended March 31, 2004 | Year ended March 31, 2003 |
|--------------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Loan Approvals (Rs. in crore) | 19,715.33 | 15,215.56 | 11,731.57 |
| Loan Disbursements (Rs. in crore) | 16,206.75 | 12,696.82 | 9,950.87 |
| Average Loan (Rs.) (Individuals) | 6.10 | 4,50,000 | 3,66,000 |

As at March 31, 2005, HDFC's cumulative loan disbursements were Rs.72,424 crore financing over 2.6 million units all over India.

FINANCIAL PERFORMANCE

| Particulars | Year ended March 31, 2005 | Year ended March 31, 2004 | Year ended March 31, 2003 |
|---|---------------------------------|---------------------------------|---------------------------------|
| Total Income (Rs. in crore) | 3,410.44 | 3,077.85 | 2,975.62 |
| Profit After Tax (Rs. in crore) | 1,036.59 | 851.78 | 690.29 |
| Equity Capital (Rs. in crore) | 249.12 | 246.61 | 244.41 |
| Free Reserves (Rs. in crore) | 3,633.98 | 3,147.18 | 2,799.45 |
| Net Worth (Rs. in crore) | 3,883.10 | 3,393.79 | 3,043.86 |
| Earnings Per Share* (Rs.) | 41.74 | 35 | 28 |
| Book Value Per Share* (Rs.) | 156 | 138 | 125 |
| Dividend Paid (%) | 170 | 135 | 110 |

* On Equity share of Rs. 10 each

STANDARD LIFE INVESTMENTS LIMITED

The Standard Life Assurance Company was established in 1825 and has considerable experience in global financial markets. In 1998, Standard Life Investments Limited became the dedicated investment management company of the Standard Life Group and is owned 100% by The Standard Life Assurance Company. With global assets under management of approximately US\$186.45 billion as at March 31, 2005, Standard Life Investments Limited is one of the world's major investment companies and is responsible for investing money on behalf of five million retail and institutional clients worldwide. With its headquarters in Edinburgh, Standard Life Investments Limited has an extensive and developing global presence with operations in the United Kingdom, Ireland, Canada, USA, China, Korea and Hong Kong. In order to meet the different needs and risk profiles of its clients, Standard Life Investments Limited manages a diverse portfolio covering all of the major markets worldwide, which includes a range of private and public equities, government and company bonds, property investments and various derivative instruments. The company's current holdings in UK equities account for approximately 2% of the market capitalisation of the London Stock Exchange.

The Standard Life Assurance Company was present in the Indian life insurance market from 1847 to 1938 when agencies were set up in Kolkata and Mumbai. The Standard Life Assurance Company was therefore keen to re-enter the Indian market and in 1995, signed an agreement with HDFC to launch an insurance joint venture.

FINANCIAL PERFORMANCE OF STANDARD LIFE INVESTMENTS LIMITED

| Particulars | 2004 (Consolidated Audited) | 2003 (Consolidated Audited) | 2002 (Consolidated Audited) | 2002 (Company Audited) |
|---|-----------------------------------|-----------------------------------|-----------------------------------|------------------------------|
| (GBP '000s unless otherwise noted) | | | | |
| Total Income | 1,61,748 | 1,24,238 | 1,20,956 | 86,976 |
| Profit After Tax | 12,836 | 1,368 | 1,606 | 3,894 |
| Equity Capital | 32,440 | 32,440 | 16,000 | 16,000 |
| Free Reserves | 40,998 | 27,960 | 26,222 | 30,982 |
| Net worth | 72,938 | 60,400 | 42,222 | 46,982 |
| Earnings Per Share (GBP) | 0.40 | 0.04 | 0.10 | 0.24 |
| Book Value Per Share (GBP) | 2.25 | 1.86 | 2.64 | 2.94 |
| Dividend Paid (%) | Nil | Nil | Nil | Nil |

GBP refers to Great Britain Pound Sterling

Note : From 2003 Standard Life Investments were required to produce audited consolidated accounts. The table above shows the audited figures for 2002 which were required on an individual company basis, the audited consolidated figures for 2003 and a comparative column to show the difference between Company and consolidated figures for 2002. 2002 - 2003 are year ending November 15. In 2004 Standard Life changed its year end to December 31, therefore 2004 figures are for the 13.5 months ended December 31, 2004.

HDFC and Standard Life Investments Limited are neither responsible nor liable for any loss resulting from the operation of the Scheme(s) beyond their contribution of an amount of Rs. 1 lakh each made by them towards the corpus of the Mutual Fund.

THE TRUSTEE

HDFC Trustee Company Limited, a company incorporated under the Companies Act, 1956 is the Trustee to the Mutual Fund vide the Trust Deed. HDFC Trustee Company Limited is a wholly owned subsidiary of HDFC.

The Board of Directors of HDFC Trustee Company Limited consists of the following eminent persons:

Mr. Anil Kumar Hirjee

Battery House, Flat No. 9, 74-A,
Bhulabhai Desai Road, Mumbai 400 026.

Mr. Anil Kumar Hirjee, the Chairman of the Board, is an independent Director.

Mr. Hirjee has 42 years of experience in different areas of Business management and his expertise extends to finance, banking, legal, commercial, industrial and general administration. He is also actively associated with leading Charitable Institutions.

Mr. Hirjee has been associated with The Bombay Burmah Trading Corporation Limited since 1976 and is presently its Vice Chairman. Prior to this, he was the Chief Executive for Whitco Limited between 1974 to 1976. Mr. Hirjee was the Company Secretary, Works Manager of FGP Limited from 1963 to 1974.

Mr. Anil Kumar Hirjee is also a Director on the Board of the following companies:

| | |
|--|----------|
| ABI Holdings Limited, U.K. | Director |
| Associated Biscuits International Limited, U.K. | Director |

| | |
|---|----------|
| Atlas Copco (India) Limited | Chairman |
| Bombay Tanzania Tea Company Limited, Tanzania | Director |
| Britannia Industries Limited | Director |
| Chika Pvt. Ltd. | Director |
| Citurgia Biochemicals Limited | Director |
| Gherzi Eastern Limited | Director |
| ILN Investments Pte. Limited, Singapore | Director |
| Island Horti Tech Holdings Pte. Limited, Singapore | Chairman |
| Leila Lands Sendirian Berhad, Malaysia | Director |
| Naira Holdings Limited, BVI | Director |
| National Peroxide Limited | Director |
| Nowrosjee Wadia & Sons Limited | Director |
| P. T. Indo-Java Rubber Planting Co., Indonesia | Director |
| The Bombay Dyeing & Manufacturing Company Limited | Director |
| Wadia BSN India Limited | Director |
| Mr. Hirjee is a B.A. (Hons.), LL.B. (Hons.), Barrister-at-Law, and SLOAN Fellow of the London Business School. | |

Mr. Shishir K. Diwanji

Wyoming, Little Gibbs Road, Malabar Hill,
Mumbai 400 006.

Mr. Shishir K. Diwanji, is an independent Director on the Board. He is a Partner with Messrs. Desai & Diwanji, Advocates, Solicitors & Notaries and currently holds the following Directorships in other companies :

| | |
|--|----------|
| The ABC Bearings Limited | Director |
| Amzel Automotive Limited | Director |
| Borax Morarji Limited | Director |
| Hawkins Cookers Limited | Director |
| ICB Contractors Pvt. Limited | Director |
| Protos Engineering Company Pvt. Limited | Director |
| Rohit Pulp & Paper Mills Limited | Director |
| Standard Industries Limited | Director |
| Wearology Limited | Director |
| Windmere Hospitality (India) Private Limited | Director |
| Mr. Diwanji holds a Bachelors degree in Law. | |

Mr. James Aird

8 Rattray Way,
Edinburgh, EH10 5TU

Mr. James Aird is presently the Acting Chief Executive of Standard Life Investments (Asia) Limited and is also associated as Head of Business Development and Marketing of Standard Life Investments Limited.

Mr. Aird has been with Standard Life for 7 years and previously held the position of Investment Director, Segregated Funds, until taking up his current role of Head of Business Development and Marketing. Mr. Aird is an Associate of the Society of Investment Professionals.

Mr. Aird also holds the following Directorships :

| | |
|---|----------|
| SLTM Limited | Director |
| Standard Life Investments (Mutual Funds) Limited | Director |
| Standard Life Investments Global SICAV | Director |
| Standard Life Investments (Global Liquidity Funds) plc. | Director |
| Standard Life Assurance Company (Mauritius Holdings) Limited | Director |
| Standard Life Assurance Company (Mauritius Investments) Limited | Director |
| Standard Life Investments (Asia) Limited | Director |
| Standard Life Investments (Hong Kong) Limited | Director |

Mr. Keki M. Mistry

*Hasmukh Mansion, Flat no. 702 / 703, 7th Floor,
39 Chitrakar Dhurandar Marg, 14th Road Junction,
Khar (West), Mumbai - 400 052.*

Mr. Keki M. Mistry has been employed with HDFC since 1981 and was the Executive Director of HDFC from 1993. He was the Deputy Managing Director of HDFC from 1999 and was appointed as the Managing Director of HDFC in 2000.

Mr. Keki M. Mistry is also a Director on the Board of the following companies:

| | |
|---|----------|
| Credit Information Bureau (India) Limited | Director |
| GRUH Finance Limited | Chairman |
| GW Capital Private Limited | Director |
| HDFC Bank Limited | Director |
| HDFC Chubb General Insurance Company Limited | Director |
| HDFC Developers Limited | Director |
| HDFC Standard Life Insurance Company Limited | Director |
| Infrastructure Leasing & Financial Services Limited | Director |
| Intelenet Global Services Limited | Chairman |
| Mahindra Holidays and Resorts India Limited | Director |
| Next Gen Publishing Ltd. | Director |
| Sun Pharmaceutical Industries Limited | Director |
| The Great Eastern Shipping Company Limited | Director |

Mr. Mistry is a member of the Managing Committee of the Bombay Chamber of Commerce and Industry.

He is also a fellow of the Institute of Chartered Accountants of India and is a member of the Michigan Association of Certified Public Accountants.

Mr. Ranjan Sanghi

*Flat No. 801, Suraj Prakash, 82, Shankar Ghanekar Marg,
Prabhadevi, Mumbai 400 025.*

Mr. Ranjan Sanghi, is an independent Director on the Board. He is Director / Partner with Sah & Sanghi Group of Companies and currently holds the following Directorships in other companies :

| | |
|---|----------|
| Akhil Sanghi Finance Pvt. Limited | Director |
| Amzel Automotive Limited | Director |
| Auto Ancillary Manufactures SDN BHD Kuala Lumpur | Director |
| Bajaj Auto Finance Limited | Director |
| Bombay Auto Ancillary & Investment Pvt. Limited | Director |
| G.P. Electronics Limited | Director |
| J.D. Jones & Co. (Bombay) Pvt. Limited | Director |
| Kapil Auto Pvt. Limited | Director |
| Kemp & Company Limited | Director |
| Krishna Sanghi Investments Pvt. Limited | Director |
| Mohan Three Wheelers Pvt. Limited | Director |
| Morarjee Textiles Ltd. | Director |
| Navtech E-Solutions Pvt. Limited | Director |
| Project Automobiles (Bombay) Pvt. Limited | Director |
| Rajesh Sanghi Auto Traders Pvt. Limited | Director |
| Rama Sanghi Auto Pvt. Limited | Director |
| Sah & Sanghi Auto Agencies Pvt. Limited | Director |
| Spirax Marshall Limited | Director |
| Suraj Sanghi Finance Limited | Director |
| Tyresoles (Silvassa) Pvt. Limited | Director |
| Tyresoles Concessionaires Pvt. Limited | Director |
| Urvi Chemicals & Allied Industries Limited | Director |

Mr. Sanghi is a Graduate in Commerce and Law from Bombay University.

SUMMARY OF THE SUBSTANTIVE PROVISIONS OF THE TRUST DEED

The Trust Deed dated June 08, 2000, contains, among others, the following clauses that may be of material interest to the investor:

- Each Director shall file with the Mutual Fund details of his transactions or dealings in securities of such value on a periodical basis as may be specified under the SEBI Regulations from time to time.
- It shall be the responsibility of the Trustee in carrying out its responsibilities as Trustee of the Mutual Fund to maintain arms length relationship with other companies or institutions or financial intermediaries or any body corporate with which any Director may be associated.
- A Director shall not participate in the meetings of the Trustee or in any decision making process for any investments in which he may be interested.
- The minimum number of Directors in the Trustee Company shall be four or such number of Directors as may be prescribed under the SEBI Regulations from time to time.
- It shall be the duty of each Director to furnish to the Trustee, the particulars of any interest which he may have in any other company or institution or financial intermediaries or

any corporate body by virtue of his position as director, partner or with which he may be associated in any other capacity.

- It shall be the responsibility of the Directors if they have reason to believe that the conduct of the business of the Mutual Fund is not in conformity with SEBI Regulations, to forthwith take such remedial steps as may be necessary to rectify the situation and keep SEBI informed of the same with full particulars.
- The Trustee shall be accountable for, and be the custodian of the funds and property of the Scheme and shall hold the same in trust for the benefit of the Unit holders in accordance with SEBI Regulations and the provisions of the Trust Deed.
- The Trustee shall supervise the collection by the AMC of income due to the various Scheme and claim for repayment of tax, and the holding of all income received in trust for the Unit holders in accordance with SEBI Regulations and the Trust Deed.
- The Trustee shall ensure that no offer document of a Scheme, key information memorandum, abridged half yearly results or annual results are issued or published without its prior approval in writing and that it does not contain any statements or matters extraneous to the Trust Deed or Offer Document Scheme particulars approved by the Trustee and SEBI.
- It shall be the duty of the Trustee to take into its custody and control the capital property of the Scheme of the Mutual Fund and hold it in trust for the Unit holders.
- It shall be the duty of the Trustee to act in the interest of the Unit holders.
- It shall be the duty of the Trustee to provide or cause to provide information to the Unit holders and SEBI as may be required by SEBI from time to time.
- It shall be the duty of the Trustee to take reasonable care to ensure that the funds under the various scheme(s) floated, are managed by the AMC in accordance with SEBI Regulations and the Trust Deed.
- The Trustee shall not acquire any asset out of the Trust Fund which involves the assumption of any liability which is unlimited or which results in encumbrance of the Trust Fund in any manner whatsoever.

No amendments to the Trust Deed shall be carried out without the prior approval of SEBI and Unit holders' approval would be obtained where it affects the interest of the Unit holder. The consent of the Unit holders shall be obtained by the holding of a postal ballot, administered by the AMC, or in such other manner as may be prescribed by SEBI from time to time.

On a regular basis, activity report forwarded by the AMC will be discussed at the Board meeting of the Trustee. The Board meeting of the Trustee shall be held at least once in every two calendar months and at least six such meetings shall be held in every year or at such frequency as may be prescribed under the SEBI Regulations. The quorum for a Board meeting of the Trustee shall not be constituted unless such number of independent directors as may be prescribed by SEBI from time to time are present at the meeting. The supervisory role of the Trustee will also be discharged by the Board of Directors of the Trustee by reviewing the internal auditors / compliance reports on a regular basis.

During the financial year 2004-2005 the Board of Directors of the Trustee Company held 6 Board meetings. Further, during the period April 1, 2005 to September 30, 2005 the Board of Directors of the Trustee Company held 3 Board Meetings.

The Audit Committee, comprising three independent Directors and two Associate Directors of the Board of Directors of the Trustee, has been constituted pursuant to SEBI circular MFD/CIR/010/024/2000 dated January 17, 2000. The Audit Committee held 6 meetings during the financial year 2004-2005. Further, during the period April 1, 2005 to September 30, 2005 the Audit Committee held 2 meetings.

Trustee – Fees and Expenses

In accordance with the Trust Deed constituting the Mutual Fund, the Trustee is entitled to receive, in addition to the reimbursement of all costs, charges and expenses, a quarterly fee computed at a rate not exceeding 0.10% per annum of the daily average net assets of the Scheme(s) or a sum of Rs.15,00,000 per annum whichever is higher. Such fee shall be paid to the Trustee within seven working days from the end of each quarter every year, namely, within 7 working days from June 30, September 30, December 31 and March 31 of each year. The Trustee may charge further fees as permitted from time to time under the Trust Deed and SEBI Regulations.

Rights, Obligations, Responsibilities and Duties of the Trustee under the Trust Deed and the SEBI Regulations

Pursuant to the Trust Deed dated June 08, 2000, constituting the Mutual Fund, and in terms of the SEBI Regulations, the rights, obligations, responsibilities and duties of the Trustee are as under:

- The Trustee and the AMC have with the prior approval of SEBI entered into an Investment Management Agreement.
- The Investment Management Agreement contains clauses as are mentioned in the Fourth Schedule of the SEBI Regulations and such other clauses as are necessary for the purpose of entrusting investment management of the Mutual Fund.
- The Trustee shall have a right to obtain from the AMC such information as is considered necessary by it.
- The Trustee shall ensure before the launch of any Scheme that the AMC has:-
 - systems in place for its back office, dealing room and accounting;
 - appointed all key personnel including fund manager(s) for the Scheme and submitted their bio-data which shall contain educational qualifications, past experience in the securities market, with the Trustee, within 15 days of their appointment;
 - appointed auditors to audit its accounts;
 - appointed a compliance officer to comply with regulatory requirements and to redress investors' grievances;
 - appointed registrars and laid down parameters for their supervisions;
 - prepared a compliance manual and designed internal control mechanisms including internal audit systems; and
 - specified norms for empanelment of brokers and marketing agents.
- The Trustee shall ensure that -
 - the AMC has been diligent in empanelling the brokers

- in monitoring securities transactions with brokers and avoiding undue concentration of business with any broker;
 - the AMC has not given any undue or unfair advantage to any associates or dealt with any of the associates of the AMC in any manner detrimental to interest of the Unit holders;
 - transactions entered into by the AMC are in accordance with SEBI Regulations and the Scheme;
 - the AMC has been managing the Scheme independently of other activities and taken adequate steps to ensure that the interest of the Unit holders of a Scheme is not being compromised with those of any other Scheme or of other activities of the AMC; and
 - all the activities of the AMC are in accordance with the provisions of SEBI Regulations.
- Where the Directors of the Trustee have reason to believe that the conduct of business of the Mutual Fund is not in accordance with the SEBI Regulations and / or the Scheme, they shall forthwith take such remedial steps as are necessary and shall immediately inform SEBI of the violation and the action taken by them.
- Each Director of the Trustee shall file with the Mutual Fund details of his transactions or dealings in securities of such value on a periodical basis as may be specified under the SEBI Regulations from time to time.
- The Trustee shall be accountable for, and be the custodian of the funds and property of the Scheme and shall hold the same in trust for the benefit of the Unit holders in accordance with SEBI Regulations and the provisions of the Trust Deed.
- The Trustee shall take steps to ensure that the transactions of the Mutual Fund are in accordance with the provisions of the Trust Deed.
- The Trustee shall be responsible for the calculation of any income due to be paid to the Mutual Fund and also of any income received in the Mutual Fund for the holders of the Units of the Scheme in accordance with the SEBI Regulations and the Trust Deed.
- The Trustee shall obtain the consent of the Unit holders:
 - whenever required to do so by SEBI in the interest of the Unit holders; or
 - whenever required to do so on the requisition made by three-fourths of the Unit holders of any Scheme or such number of Unit holders as may be prescribed by SEBI from time to time; or
 - when the majority of the Directors of the Trustee Company decide to wind up or prematurely redeem Units of any 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 or affect the interest of the Unit holders shall be carried out unless:
 - a written communication about the proposed change is sent to each Unit holder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated; and
 - the Unit holders are given an option to exit at the prevailing Net Asset Value without any Exit Load.
- The Trustee shall call for the details of transactions in securities by the key personnel of the AMC in their own personal names or on behalf of the AMC and shall report to SEBI, as and when required.
- The Trustee shall quarterly or at such frequency as may be prescribed by SEBI from time to time review all transactions carried out between the Mutual Fund, AMC and its associates.
- The Trustee shall quarterly, or at such frequency as may be prescribed by SEBI from time to time, review the networth of the AMC and in case of any shortfall, ensure that the AMC make up for the shortfall as per the SEBI Regulations.
- The Trustee shall periodically review all service contracts such as custody arrangement, transfer agency of the securities and satisfy itself that such contracts are executed in the interest of the Unit holders.
- The Trustee shall ensure that there is no conflict of interest between the manner of deployment of its networth by the AMC and the interest of the Unit holders.
- The Trustee shall periodically review the investor complaints received and the redressal of the same by the AMC.
- The Trustee shall abide by the Code of Conduct as specified in the Fifth Schedule to the SEBI Regulations.
- The Trustee shall furnish to SEBI on a half yearly basis or at such frequency as may be prescribed by SEBI from time to time;
 - a report on the activities of the Mutual Fund.
 - a certificate stating that the Directors have satisfied themselves that there have been no instances of self dealing or front running by any of the directors and key personnel of the AMC.
 - a certificate to the effect that the AMC has been managing the Scheme independently of the other activities and in case any activities of the nature referred to in sub-regulation (2) of Regulation 24 of SEBI Regulations have been undertaken by the AMC and has taken adequate steps to ensure that the interest of the Unit holders are protected.
- The independent Directors of the Trustee shall give their comments on the report received from the AMC regarding the investments by the Mutual Fund in the securities of group companies of the Settlor.
- The Trustee shall exercise due diligence as under:
 - a report on the activities of the Mutual Fund.
 - a certificate stating that the Directors have satisfied themselves that there have been no instances of self dealing or front running by any of the directors and key personnel of the AMC.
 - a certificate to the effect that the AMC has been managing the Scheme independently of the other activities and in case any activities of the nature referred to in sub-regulation (2) of Regulation 24 of SEBI Regulations have been undertaken by the AMC and has taken adequate steps to ensure that the interest of the Unit holders are protected.

A. General Due Diligence:

- (i) the Directors of the Trustee shall be discerning in the appointment of the directors on the Board of the AMC.
- (ii) the Board of Directors shall review the desirability of continuance of the AMC if substantial irregularities are observed in any of the schemes and shall not allow the AMC to float new schemes.
- (iii) the Trustee shall ensure that the trust property is properly protected, held and administered by proper persons and by a proper number of such persons.
- (iv) the Trustee shall ensure that all service providers

are holding appropriate registrations from SEBI or concerned regulatory authority.

- (v) the Trustee shall arrange for test checks of service contracts.
- (vi) the Trustee shall immediately report to SEBI of any special developments in the Mutual Fund.

B. Specific Due Diligence:

The Trustee shall:

- (i) obtain internal audit reports at regular intervals from independent auditors appointed by the Trustee.
- (ii) obtain compliance certificates at regular intervals from the AMC.
- (iii) hold meetings of the Trustee more frequently.
- (iv) consider the reports of the independent auditor and compliance reports of the AMC at the meetings of Trustee for appropriate action.
- (v) maintain records of the decisions of the Trustee at their meetings and of the minutes of the meetings.
- (vi) prescribe and adhere to a code of ethics by the Trustee, AMC and its personnel.
- (vii) communicate in writing to the AMC of the deficiencies and checking on the rectification of deficiencies.

- Notwithstanding anything contained in any applicable SEBI Regulations, the Directors of the Trustee shall not be held liable for acts done in good faith, if they have exercised adequate due diligence honestly.
- The independent Directors shall pay specific attention to the following:
 - the Investment Management Agreement and the compensation paid under the agreement.
 - service contracts with affiliates – whether the AMC has charged higher fees than outside contractors for the same services.
 - selection of the AMC's independent directors.
 - securities transactions involving affiliates to the extent such transactions are permitted.
 - selection and nomination of individuals to fill independent Directors vacancies.
 - designing of code of ethics to prevent fraudulent, deceptive or manipulative practices by insiders in connection with personal securities transactions.
 - the reasonableness of fees paid to Settlor, AMC and any others for services provided.
 - principal underwriting contracts and their renewals.
 - any service contract with the associates of the AMC.

THE ASSET MANAGEMENT COMPANY

HDFC Asset Management Company Limited (AMC) was incorporated under the Companies Act, 1956, on December 10, 1999, and was approved to act as an Asset Management Company for the Mutual Fund by SEBI on July 3, 2000.

The registered office of the AMC is situated at Ramon House, 3rd Floor, H.T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai - 400 020.

In terms of the Investment Management Agreement, the Trustee has appointed HDFC Asset Management Company Limited to manage the Mutual Fund. The paid up capital of the AMC is Rs. 50.161 crore.

The present shareholding pattern of the AMC is as follows :

| Particulars | % of the paid up capital |
|-----------------------------------|--------------------------|
| HDFC | 50.10 |
| Standard Life Investments Limited | 49.90 |

Zurich Insurance Company (ZIC), the Sponsor of Zurich India Mutual Fund, following a review of its overall strategy, had decided to divest its Asset Management business in India. The AMC had entered into an agreement with ZIC to acquire the said business, subject to necessary regulatory approvals.

On obtaining the regulatory approvals, the following Schemes of Zurich India Mutual Fund have migrated to HDFC Mutual Fund on June 19, 2003. These Schemes have been renamed as follows :

| Former Name | New Name |
|-----------------------------------|---------------------------|
| Zurich India Equity Fund | HDFC Equity Fund |
| Zurich India Prudence Fund | HDFC Prudence Fund |
| Zurich India Capital Builder Fund | HDFC Capital Builder Fund |
| Zurich India TaxSaver Fund | HDFC TaxSaver |
| Zurich India Top 200 Fund | HDFC Top 200 Fund |
| Zurich India High Interest Fund | HDFC High Interest Fund |
| Zurich India Liquidity Fund | HDFC Cash Management Fund |
| Zurich India Sovereign Gilt Fund | HDFC Sovereign Gilt Fund |

The AMC is managing 23 open-ended schemes of the Mutual Fund viz. HDFC Growth Fund (HGF), HDFC Balanced Fund (HBF), HDFC Income Fund (HIF), HDFC Liquid Fund (HLF), HDFC Long Term Advantage Fund (HLTAF), HDFC Children's Gift Fund (HDFC CGF), HDFC Gilt Fund (HGILT), HDFC Short Term Plan (HSTP), HDFC Index Fund, HDFC Floating Rate Income Fund (HFRIF), HDFC Equity Fund (HEF), HDFC Top 200 Fund (HT200), HDFC Capital Builder Fund (HCBF), HDFC TaxSaver (HTS), HDFC Prudence Fund (HPF), HDFC High Interest Fund (HHIF), HDFC Sovereign Gilt Fund (HSGF), HDFC Cash Management Fund (HCMF), HDFC MF Monthly Income Plan (HMIP), HDFC Core & Satellite Fund (HCSF), HDFC Multiple Yield Fund (HMYF), HDFC Premier Multi-Cap Fund (HPMCF) and HDFC Multiple Yield Fund - Plan 2005 (HMYF-Plan 2005).

The AMC is also managing the respective Plans of HDFC Fixed Investment Plan, a closed ended Income Scheme.

The AMC has renewed its registration from SEBI vide Registration No. - PM / INP000000506 dated December 4, 2003 to act as a Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 1993. The Certificate of Registration is valid from January 1, 2004 to December 31, 2006. The AMC is also providing portfolio management / advisory services and such activities are not in conflict with the activities of the Mutual Fund.

ASSET MANAGEMENT FEES

As per the Investment Management Agreement and the SEBI Regulations, the AMC is entitled to an investment management

and advisory fee at the rate of 1.25% per annum of the weekly average net assets outstanding in each accounting year for the Scheme, as long as the net assets do not exceed Rs. 100 crore and 1.00% of the excess amount over Rs. 100 crore, where net assets so calculated exceed Rs. 100 crore.

DIRECTORS OF THE AMC

The Board of Directors of the HDFC Asset Management Company Limited consists of the following eminent persons:

Mr. Deepak S. Parekh

9, Darbhanga Mansion, 12, Carmichael Road, Mumbai 400 026.

Mr. Deepak Parekh, the Chairman of the Board, is associated with HDFC in his capacity as its Executive Chairman.

Mr. Parekh joined HDFC in a senior management position in 1978. He was inducted as Wholetime Director of HDFC in 1985 and was appointed as the Chairman in 1993. He is the Chief Executive Officer of HDFC.

His other Directorships are as follows:

| | |
|--|------------------------|
| Bharat Bijlee Limited | Alternate Director |
| Borax Morarji Limited | Alternate Director |
| Castrol India Limited | Director |
| Exide Industries Limited | Alternate Director |
| GlaxoSmithKline Pharmaceuticals Limited | Chairman |
| HDFC Chubb General Insurance Company Limited | Chairman |
| HDFC Standard Life Insurance Company Limited | Chairman |
| Hindustan Lever Limited | Director |
| Hindustan Oil Exploration Corporation Limited | Director |
| Infrastructure Development Finance Company Limited | Chairman |
| Lafarge India Pvt. Limited | Director |
| Mahindra & Mahindra Limited | Director |
| Motor Industries Company Limited | Director |
| Siemens Limited | Non-Executive Chairman |
| The Indian Hotels Company Limited | Director |
| Zodiac Clothing Company Limited | Alternate Director |

Mr. Parekh is a Fellow of the Institute of Chartered Accountants (England & Wales).

Mr. Alexander Maxwell Crombie

Greenore, Ancrum Road, Dalkeith, Midlothian, EH22 3AJ, United Kingdom.

Mr. A.M. Crombie is associated with The Standard Life Assurance Company as its Group Chief Executive, a position he has held since January 13, 2004. He has also been a Non-Executive Director of Standard Life Investments Limited since January 28, 2004 prior to which he was the Chief Executive of the Company from November 16, 1998.

He has long been associated with The Standard Life Assurance Company in various capacities viz - General Manager (Operations) for the period April 16, 1988 to February 15, 1994, General Manager (Investments) for the period February 16, 1994 to December 15, 1996, Group Chief Investment Manager for the period December 16, 1996 to November 16, 1998 and Deputy Chief Executive from March 16, 2002 to January 12, 2004.

His other Directorships are as follows:

| | |
|--|----------|
| 6 Rue du General Foy (Nederland) BV | Director |
| 8 Rue Victor Noir (Nederland) BV | Director |
| 21 Rue da la Ville l'Eveque (Nederland) BV | Director |
| 28 Ribera del Loira (Nederland) BV | Director |
| 34 Avenue Matignon (Nederland) BV | Director |
| 53 Avenue des Champs Elysees (Nederland) BV | Director |
| 55 Castellana (Nederland) BV | Director |
| 73 Serrano (Nederland) BV | Director |
| 120 Rue du Faubourg St. Honore (Nederland) BV | Director |
| 161 Torre Tarragona (Nederland) BV | Director |
| 583 Gran Via (Nederland) BV | Director |
| 635 Gran Via (Nederland) BV | Director |
| Agrupacion Prosperity SA | Director |
| Comete Developpement (Nederland) BV | Director |
| HDFC Standard Life Insurance Company Limited | Director |
| Les Horbouts I (Nederland) BV | Director |
| Les Horbouts II (Nederland) BV | Director |
| Lothian Developments I (Nederland) BV | Director |
| Lothian Developments II (Nederland) BV | Director |
| Lothian Developments III (Nederland) BV | Director |
| Lothian Developments IV (Nederland) BV | Director |
| Lothian Developments V (Nederland) BV | Director |
| Midlothian Development (Nederland) I BV | Director |
| Paris Sud Rousseau (Nederland) BV | Director |
| Prosperity S.A. de Seguros Generales | Director |
| Prosperity S.A. de Vida y Pensiones | Director |
| Prosperity Financial Services SA | Director |
| Prosperity S.A. de Seguros Y Reaseguros | Director |
| SLAC (Mauritius Holdings) Limited | Director |
| SLAC (Mauritius Investments) Limited | Director |
| SLAC Funding Inc. | Director |
| Standard Life Bank Limited | Director |
| Standard Life Employees Services Limited | Director |
| Standard Life Healthcare Limited | Director |
| Standard Life (Directors) Limited | Director |
| Standard Life Investments Limited | Director |
| Standard Life Pension Funds Limited | Director |
| Standard Life SSC Limited | Director |
| Standard Life Savings Limited | Director |
| Standard Life Savings Nominees Limited | Director |
| The Standard Life Assurance Company | Director |
| The Standard Life Assurance Company of Europe (Nederland) BV | Director |

Mr. Crombie is a Fellow of the Faculty of Actuaries.

Mr. P. M. Thampi

2B, Martha's Place, 5th Cross, 58 Lavelle Road, Bangalore 560 001.

Mr. Thampi is an independent Director on the Board.

Mr. Thampi was the Chairman and Managing Director of BASF India Limited from January 1986 to March 2000. Prior to this, he was with ICI India Limited from 1957 to 1985. His last position held at ICI India Limited was as Chief Executive, Fertilizer Division.

His other Directorships are as follows:

| | |
|---------------------------------------|----------|
| Brigade Enterprises Private Limited | Director |
| Nitrex Chemicals India Limited | Director |
| Pioneer Balloon India Private Limited | Director |

Mr. Thampi is a Graduate in Science, Post Graduate Diploma in Chem. Engineering, F.I. Chem. E. (UK) and C. Eng. (UK).

Mr. Humayun Dhanrajgir

F 41, Dhanraj Mahal, C. S. M. Road,
Apollo Bunder, Mumbai 400 039.

Mr. Humayun Dhanrajgir, is an independent Director on the Board.

Mr. Dhanrajgir was associated with Kodak India Limited as its Managing Director from October 1995 to October 2000. Prior to this he was the Managing Director of Lupin Laboratories Limited from December 1994. Mr. Dhanrajgir has held various senior management positions in Glaxo India from 1969 to 1994 from where he retired as Executive Vice-Chairman. From 1964 to 1969 Mr. Dhanrajgir was associated with Burmah Shell India in Senior positions. Earlier, Mr. Dhanrajgir was a Process Design Engineer with British Oxygen Company, London from 1960-1963.

His other Directorships are as follows :

| | |
|--|-----------------------|
| Ciba Specialty Chemicals (India) Limited | Chairman |
| Cadila Healthcare Limited | Director |
| Emcure Pharmaceuticals Limited | Chairman |
| H. Dhanrajgir Estates Private Limited | Chairman |
| Kemwell Private Limited | Director |
| Lintas India Private Limited | Alternate Director |
| Neuland Laboratories Limited | Director |
| Sami Labs Limited | Director |
| Themis Medicare Limited | Director |

Mr. Dhanrajgir was the President of the Organisation of Pharmaceutical Producers of India (OPPI) for 2 years till September 1994. Prior to that, he was the Vice President of OPPI for 2 years. He was also a Member of the General Committee of the Bombay Chamber of Commerce & Industry (BCCI) and was Vice-Chairman of Indo-British Business Committee, BCCI.

Mr. Dhanrajgir is a B.Tech in Chemical Engineering, Loughborough University, U.K. and M.I.Chem.E (London), C.Eng.(London), A.M.P. (Harvard).

Dr. Deepak B. Phatak

A-15, Hill Side, IIT Bombay, Powai, Mumbai 400 076.

Dr. Deepak B. Phatak is an independent Director on the Board.

Dr. Phatak is associated with Indian Institute of Technology (IIT) Bombay from December 1971 till date. He is presently the Chair Professor and Head, School of IT of the Institute.

Dr. Phatak is a B.E, M.Tech and has done his Ph.D.

Mr. Hoshang S. Billimoria

4A, Jeevan Jyot, Setalvad Lane,
Off. Nepeansea Road, Mumbai 400 006.

Mr. Hoshang S. Billimoria is an independent Director on the Board. Mr. Billimoria is presently the Chief Executive Officer of Next Gen Publishing Limited.

Prior to this, Mr. Billimoria was associated with Infomedia India Limited since 1990 to 2004. At the time of his resignation, he was its Vice Chairman and Managing Director.

He was the Deputy CEO with Tata Sons Limited from 1988 – 1990. He was a Partner with S.B. Billimoria and Co. from 1979 –1988.

His other Directorships are as follows :

| | |
|---|------------------|
| Fenner Conveyor Belting Private Limited | Vice Chairman |
| Thomas Cook (India) Limited | Director |

Mr. Billimoria is a Graduate in Commerce, Fellow of the Institute of Chartered Accountants (England & Wales) and Fellow of the Institute of Chartered Accountants of India.

Ms. Renu S. Karnad

BB-14 Greater Kailash Enclave II,
New Delhi 110 048.

Ms. Renu S. Karnad, is associated with HDFC in her capacity as its Executive Director. She has been employed with HDFC since 1978. Ms. Karnad has been appointed as the Executive Director of the HDFC in 2000. She is responsible for overseeing all aspects of lending operations of HDFC on an all India basis.

Ms. Karnad is presently the Non-Executive Chairperson of Home Loan Services India Private Limited and the Chairperson of HDFC Venture Capital Limited.

Her other Directorships are as follows :

| | |
|---|----------|
| Ascendas Pte. Limited, Singapore | Director |
| Credit Information Bureau (India) Limited | Director |
| Egyptian Housing Finance Company, S.A.E. | Director |
| Feedback Ventures Limited | Director |
| GRUH Finance Limited | Director |
| HDFC Bank Limited | Director |
| HDFC Chubb General Insurance Company Limited | Director |
| HDFC Realty Limited | Director |
| ICI India Limited | Director |
| Intelenet Global Services Limited | Director |
| Mother Dairy Fruits & Vegetables Limited | Director |

Ms. Karnad is a Graduate in Law and holds a Masters degree in Economics from the Delhi University.

Mr. Milind Barve

8th Floor, Godrej Bayview Apartments, 1, A. G. Khan Road,
World Sea Face, Mumbai 400 025.

Mr. Milind Barve, Managing Director of the AMC, has been associated with HDFC in his capacity as General Manager – Treasury. Mr. Barve headed the treasury operations at HDFC for 14 years.

Mr. Barve was responsible for the management of HDFC's Treasury portfolio (amounting to approx. Rs. 4600 crore) as at March 31, 2000. He was responsible for raising funds from sources such as Banks, Financial Institutions and Capital Markets. He was also head of marketing for retail deposit products and responsible for investment advisory relationships for Commonwealth Equity Fund Mutual Fund, Invesco India Growth Fund and Standard Life Investments Limited - U.K.

He is also a Director on the Board of Association of Mutual Funds in India (AMFI).

Mr. Barve is a Graduate in Commerce and an Associate Member of the Institute of Chartered Accountants of India.

DUTIES AND RESPONSIBILITIES OF THE ASSET MANAGEMENT COMPANY

Under the SEBI Regulations and the Investment Management Agreement, the AMC has, inter-alia, the following duties and responsibilities:

- The AMC shall take all reasonable steps and exercise due diligence to ensure that the investment of funds pertaining to any Scheme is not contrary to the provisions of the SEBI Regulations and the Trust Deed.
 - The AMC shall exercise due diligence and care in all its investment decisions as would be exercised by other persons engaged in the same business.
 - The AMC shall be responsible for the acts of commissions or omissions by its employees or the persons whose services have been procured by the AMC.
 - The AMC shall submit quarterly reports on the functioning of the Scheme and the compliance with SEBI Regulations to the Trustee or at such intervals as may be required by the Trustee or SEBI.
 - The Trustee at the request of the AMC may terminate the assignment of the AMC at any time. Provided that such termination shall become effective only after the Trustee has accepted the termination of assignment and communicated its decision in writing to the AMC.
 - Notwithstanding anything contained in any contract or agreement or termination, the AMC or its directors or other officers shall not be absolved of any liability to the Mutual Fund for its / their acts of commission or omissions, while holding such position or office.
 - The AMC shall not through any broker associated with the Sponsor, purchase or sell securities, which is average of 5% or more of the aggregate purchases and sale of securities made by the Mutual Fund in all its Scheme or as may be prescribed under SEBI Regulations. Provided that for the purpose of this clause, aggregate purchase and sale of securities shall exclude sale and distribution of Units issued by the Mutual Fund. Provided further that the aforesaid limit of 5% shall apply for a block of any three months or as may be prescribed under SEBI Regulations.
 - The AMC shall not purchase or sell securities through any broker (other than a broker referred to in clause above) which is average of 5% or more of the aggregate purchases and sale of securities made by the Mutual Fund in all its Scheme or as may be prescribed under SEBI Regulations unless the AMC has recorded in writing the justification for exceeding the limit of 5% or as may be prescribed under SEBI Regulations and reports of all such investments are sent to the Trustee on a quarterly basis. Provided that the aforesaid limit shall apply for a block of any three months or as may be prescribed under SEBI Regulations.
 - The AMC shall not utilise the services of the Sponsor or any of its associates, employees or their relatives, for the purpose of any securities transaction and distribution and sale of securities. Provided that the AMC may utilise such services if disclosure to that effect is made to the Unit holders and the brokerage or commission paid is also disclosed in the half yearly and annual accounts of the Mutual Fund.
- Provided further that the Mutual Fund shall disclose at the time of declaring half yearly and yearly results:
- any underwriting obligations undertaken by the Scheme for the Mutual Fund with respect to issue of securities of associate companies;
 - devolvement, if any;
 - subscription by the Scheme in the issues lead managed by associate companies;
 - subscription to any issue of equity or debt on private placement basis where the Sponsor or its associate companies have acted as arranger or manager.
- The AMC shall file with the Trustee the details of transactions in securities by the key personnel of the AMC in their own names or on behalf of the AMC, and shall report to SEBI, as and when required by SEBI.
 - In case the AMC enters into any securities transactions with any of its associates a report to that effect shall be sent to the Trustee at its next meeting.
 - In case any company has invested more than 5 per cent of the Net Asset Value of a Scheme or as may be prescribed under SEBI Regulations, the investment made by that Scheme or by any other Scheme in that company or its subsidiaries shall be brought to the notice of the Trustee by the AMC and be disclosed in the half yearly and annual accounts of the respective Scheme with justification for such investment. The said disclosure will be made provided the latter investment has been made within one year of the date of the former investment, calculated on either side.
 - The AMC shall file with the Trustee and SEBI:-
 - detailed bio-data of all its directors alongwith their interest in other companies within fifteen days of their appointment;
 - any change in the interest of directors every six months; and
 - a quarterly report to the Trustee giving details and adequate justification about the purchase and sale of the securities of the group companies of the Sponsor or the AMC as the case may be by the Mutual Fund during the said quarter.
 - Each director of the AMC shall file with the Trustee details of his transactions or dealings in securities of such value on a periodical basis as may be specified under the SEBI Regulations from time to time.
 - The AMC shall not appoint any person as key personnel who has been found guilty of moral turpitude or convicted of any economic offence or involved in violation of securities laws.
 - The AMC shall appoint registrars and share transfer agents who are registered with SEBI. Provided if the work relating to the transfer of Units is processed in-house, the charge at competitive market rates may be debited to the Scheme and for rates higher than the competitive market rates, prior approval of the Trustee shall be obtained and reasons for charging higher rates shall be disclosed in the annual accounts.
 - The AMC shall abide by the Code of Conduct as specified in the SEBI Regulations.
 - The AMC shall –
 - not act as a Trustee of any mutual fund;
 - not undertake any other business activities except activities in the nature of portfolio management services, investment management and advisory services to domestic and offshore funds, pension funds, provident funds, venture capital funds, management of insurance funds, financial consultancy and exchange

of research on commercial basis if any of such activities are not in conflict with the activities of the Mutual Fund without the prior approval of the Trustee and SEBI. Provided that the AMC may itself or through its subsidiaries undertake such activities if it satisfies SEBI that the key personnel of the AMC, the systems, back office, bank and securities accounts are segregated activity wise and there exist systems to prohibit access to inside information of various activities. Provided further that AMC shall meet capital adequacy requirements, if any, separately for each such activity

and obtain separate approval, if necessary under the relevant regulations;

- not invest in any of its Scheme unless full disclosure of its intention to invest has been made in the offer documents;

Provided that the AMC shall not be entitled to charge any fees on its investment in that Scheme;

- not acquire any assets out of the Trust Fund which involves the assumption of any liability which is unlimited or which may result in encumbrance of the Scheme property in any way.

KEY EMPLOYEES OF THE AMC AND RELEVANT EXPERIENCE

| Name | Age (yrs.) | Designation | Educational Qualifications | Type and Nature of past experience including assignments held during the last 10 years |
|-------------------|------------|--------------------------|--|--|
| Mr. Milind Barve | 46 | Managing Director | B.Com., ACA | Collectively 21 years experience with 14 years as Head of Treasury with Housing Development Finance Corporation Limited. Apr 1984 to June 2000 - Housing Development Finance Corporation Limited Last Position Held - General Manager - Treasury Responsible for the management of its Treasury Portfolio (amounting to Rs.4600 crore) as of March 31, 2000, raising of funds from sources such as banks, financial institutions and capital markets. Head of marketing for the retail deposit products, was responsible for investment advisory relationships for Commonwealth Equity Fund Mutual Fund, Boston - U.S.A, Invesco India Growth Fund - Mauritius and Standard Life Investments Limited - U.K. July 2000 to date - HDFC Asset Management Company Limited Position Held - Managing Director |
| Mr. Prashant Jain | 37 | Chief Investment Officer | CFA - AIMR, USA PGDM-IIM Bangalore, B.Tech.-IIT Kanpur | Around 14 years experience in fund management and research in Mutual Fund Industry. 1991 to 1993 - SBI Mutual Fund Position held - Fund Incharge 1993 to 2001 - Zurich Asset Management Company (India) Private Limited Position held - Fund Manager 2000 to 2001 - Zurich Asset Management Company (India) Private Limited Position held - Head Funds Management 2001 till June 19, 2003 - Zurich Asset Management Company (India) Private Limited Position held - Chief Investment Officer June 20, 2003 to June 30, 2004 - HDFC Asset Management Company Limited Position Held - Head Equities. HDFC Equity Fund, HDFC Prudence Fund, HDFC Top 200 Fund and HDFC MF Monthly Income Plan (Equities). July 1, 2004 to date – HDFC Asset Management Company Limited Position held - Chief Investment Officer Fund Manager for HDFC Equity Fund, HDFC Prudence Fund, HDFC Top 200 Fund and HDFC MF Monthly Income Plan - Long Term Plan (Equities). |

| Name | Age (yrs.) | Designation | Educational Qualifications | Type and Nature of past experience including assignments held during the last 10 years |
|------------------------------|------------|---|--|--|
| Mr. V. Suresh Babu | 38 | Head - Operations | B. Com., Grad. CWA | <p>Collectively 17 years of experience in banking, fund administration & operations of mutual fund.</p> <p>Sept 1991 to Aug 1996 - Canbank Investment Management Services Limited</p> <p>Last Position Held - Manager</p> <p>Responsible for post trade settlements of the fund, investment administration and audit functions.</p> <p>Sept 1996 to Apr 2000 - Sundaram Newton Asset Management Company Limited</p> <p>Position Held - Senior Manager - Finance & Operations</p> <p>Set up back office systems, main responsibilities included post trade settlement, fund accounting and audit function, managing intermediaries like - banks, brokers, custodians, registrars, etc, managing systems and controls.</p> <p>May 2000 to date - HDFC Asset Management Company Limited</p> <p>Position Held - Head Operations</p> <p>Set up back office systems, main responsibilities include post trade settlements, fund accounting, cash management, risk management, managing intermediaries like - banks, brokers, custodians, registrars, etc., managing systems, audit functions and controls.</p> |
| Mr. Vijai Mantri | 37 | Vice President - Sales & Distribution (West & East) | B. Com., ACA | <p>Collectively 11 years of experience in Marketing & Distribution.</p> <p>Feb 1993 to June 2000 - Birla Global Finance Limited</p> <p>Position Held - Assistant Vice President - Capital Market Group</p> <p>Business Organizational and Profit Centre Head.</p> <p>In charge of Capital Market Group's day to day activities.</p> <p>June 2000 - HDFC Asset Management Company Limited</p> <p>Position Held - Vice President - Sales & Distribution (West & East)</p> <p>Managing relationship with Distributors.</p> |
| Mr. Hitungshu Debnath | 37 | Vice President - Marketing & Sales (North & South) | B.Opt., PGDM CFP™, Chevening Gurukul Scholar from London School of Economics & Political Science | <p>Collectively 14 years of experience in Marketing and Sale of Financial Services.</p> <p>Dec 1989 to Sept 1991 - First Leasing Company of India Limited</p> <p>Position Held - Senior Marketing Executive</p> <p>Primarily responsible for Consumer Credit -</p> <p>Oct 1992 to June 1994 - Times Guaranty Financial Limited</p> <p>Position Held - Deputy Manager - Marketing - Portfolio Management Services</p> <p>July 1994 to Mar 1998 - Fortress Financial Services Limited</p> <p>Position Held - Manager - Marketing</p> <p>Primarily responsible for Capital Market Group -</p> <p>Apr 1998 to June 2000 - Alliance Capital Asset Management (India) Private Limited</p> <p>Position Held - Regional Sales Head - South</p> |

| Name | Age (yrs.) | Designation | Educational Qualifications | Type and Nature of past experience including assignments held during the last 10 years |
|---------------------------|------------|-------------------------|----------------------------|--|
| Mr. Rahul Bhandari | 33 | Chief Financial Officer | B.Com., ACA, ACS | <p>Primarily responsible for Marketing & Sales in South India.</p> <p>June 2000 to date - HDFC Asset Management Company Limited</p> <p>Position Held - Vice President - Marketing & Sales (North & South)</p> <p>Primarily responsible for Marketing & Sales in North & South India.</p> <p>Collectively 9 years experience in Financial Control, Accounting, Regulatory and Tax Compliance.</p> <p>June 1996 to Oct 1996 - Citicorp Securities & Investments Limited</p> <p>Position Held - Manager - Accounts & Taxation</p> <p>Responsible for financial control, accounting, regulatory, secretarial and tax compliance alongwith handling of various statutory, internal and tax audits for the Company.</p> <p>Nov 1996 to June 2000 - Citicorp Brokerage (India) Limited</p> <p>Position Held - Finance Manager & Company Secretary</p> <p>Responsible for overall financial control, accounting, regulatory, secretarial and tax compliance alongwith handling of various statutory, internal and tax audits for the Company.</p> <p>Dec 1997 to June 2000 - Citicorp Finance (India) Limited</p> <p>Position Held - Finance Manager</p> <p>Responsible for financial control, accounting, regulatory and tax compliance alongwith financial reporting for its subsidiaries. Also responsible for various statutory, internal and tax audits for the Company.</p> <p>July 2000 to date - HDFC Asset Management Company Limited</p> <p>Position Held - Chief Financial Officer</p> <p>Responsible for overall financial control, accounting and tax compliance alongwith human resource and administration functions of the HDFC Asset Management Company Limited and HDFC Trustee Company Limited.</p> |
| Mr. John Mathews | 40 | Head - Client Services | B.Com., PGDSM | <p>Collectively over 17 years experience, primarily in retail customer servicing.</p> <p>Jan 1986 to Nov 1996 - Housing Development Finance Corporation Limited</p> <p>Last Position Held - Senior Officer - Deposits</p> <p>Responsible for various functions in retail deposit operations</p> <p>Nov 1996 to June 1997 - Wall Street Finance Limited</p> <p>Position Held - Marketing Manager - Deposits</p> <p>Responsible for strengthening the existing deposit mobilization network.</p> <p>July 1997 to Dec 1997 - Weizmann Limited</p> <p>Position Held - Senior Assistant Vice President</p> <p>Set up a new Deposits division and co-ordinated the launch of its maiden fixed deposit schemes.</p> <p>Dec 1997 to June 2000 - Housing Development Finance Corporation Limited</p> <p>Position Held - Assistant Manager, Management Services.</p> <p>As a Resident Manager, set up a new HDFC Service Centre. Later, handled various responsibilities at the Corporate Office in the Management Services Dept.</p> <p>July 2000 to date - HDFC Asset Management Company Limited</p> <p>Position Held - Head - Client Services</p> <p>Principal responsibility as Investor Relations Officer of HDFC Mutual Fund and Client Servicing.</p> |

| Name | Age (yrs.) | Designation | Educational Qualifications | Type and Nature of past experience including assignments held during the last 10 years |
|---------------------|------------|--------------------------|---|---|
| Mr. Yezdi Khariwala | 44 | Chief Compliance Officer | B.Com., PGDSL - Government Law College, Mumbai. | <p>Collectively 23 years of experience in Operations, Client Services and Compliance.</p> <p>March 1982 - Mid-Jan 1995 Tata Share Registry Limited Last Position held - General Manager - Operations</p> <p>Mid-Jan. 1995 - Mid-May 2004 SUN F&C Asset Management (I) Pvt. Limited Last Position held - Chief Compliance Officer</p> <p>Mid-May 2004 to date HDFC Asset Management Company Limited Position held - Senior Manager - Compliance (May 17, 2004 to July 13, 2005)</p> <p>Position held - Chief Compliance Officer (July 14, 2005 to date)</p> <p>Principal responsibility for compliance under SEBI (Mutual Funds) Regulations, 1996, SEBI (Portfolio Managers) Regulations, 1993 and other Statutory Compliances.</p> |

FUND MANAGEMENT TEAM

In addition to Mr. Prashant Jain - Chief Investment Officer, the Fund Management team comprises :

| Name | Age (yrs.) | Designation | Educational Qualifications | Type and Nature of past experience including assignments held during the last 10 years |
|-----------------------|------------|-------------------------------|----------------------------|--|
| Mr. Shabbir S. Kapasi | 34 | Vice President - Fixed Income | B.Com., MMS (Finance) | <p>Collective experience of over 10 years in Fixed Income Investments.</p> <p>May 1995 to June 2000 Housing Development Finance Corporation Limited. Last Position Held - Assistant Manager - Treasury July 2000 to June 19, 2003 HDFC Asset Management Company Limited Position Held - Fund Manager - HDFC Liquid Fund, HDFC Floating Rate Income Fund, HDFC Short Term Plan and the respective plans of HDFC Fixed Investment Plan. June 20, 2002 - July 24, 2003 HDFC Asset Management Company Limited Position Held - Fund Manager - HDFC Liquid Fund, HDFC Floating Rate Income Fund, HDFC Short Term Plan, HDFC High Interest Fund, HDFC Cash Management Fund and respective Plans of HDFC Fixed Investment Plan. July 25, 2003 - January 12, 2004 HDFC Asset Management Company Limited Position Held - Fund Manager - HDFC Floating Rate Income Fund, HDFC High Interest Fund, HDFC Cash Management Fund and the respective plans of HDFC Fixed Investment Plan. Jan 13, 2004 to Feb 15, 2004 - HDFC Asset Management Company Limited Position held - Senior Fund Manager HDFC Income Fund, HDFC High Interest Fund, HDFC MF Monthly Income Plan (Short Term Plan and Long Term Plan) and HDFC Fixed Investment Plan. Feb 16, 2004 to date - HDFC Asset Management Company Limited Position held - Vice President - Fixed Income</p> |

| Name | Age (yrs.) | Designation | Educational Qualifications | Type and Nature of past experience including assignments held during the last 10 years |
|-----------------------------|------------|--|--|---|
| Mr. Shobhit Mehrotra | 39 | Senior Fund Manager and Head of Credit | B. Text., M.S. MBA (Clemson University, SC, USA) | <p>Fund Manager for HDFC Income Fund, HDFC MF Monthly Income Plan (Long Term Plan), HDFC Cash Management Fund (Savings Plus Plan), HDFC Gilt Fund, HDFC Sovereign Gilt Fund and HDFC High Interest Fund – Short Term Plan</p> <p>Advisory responsibilities for Fixed Investments related to HDFC Standard Life Insurance and HDFC Chubb General Insurance portfolios.</p> <p>Collectively 13 years experience in Fixed Income markets. July 1992 to Jan 1997 - ICRA Position held - Business / Investment Analyst, Member Executive Rating Committee. Primarily responsible for credit rating.</p> <p>Feb 1997 to Feb 2004 - Templeton Asset Management (India) Pvt. Ltd. Position held - AVP & Portfolio Manager (Fixed Income) Primarily responsible for credit across all fixed income funds, managing about Rs. 4200 crores in assets across six open-ended Fixed Income Funds in Liquid, Floating Rate & Short Term Bond Fund categories. Also responsible for all credit exposures taken across all Fixed Income Funds (size approx. Rs. 11000 Crores) of Franklin Templeton in India.</p> <p>Feb 16, 2004 to date - HDFC Asset Management Company Limited Position held - Senior Fund Manager & Head of Credit Fund Manager for HDFC MF Monthly Income Plan (Short Term Plan), HDFC Floating Rate Income Fund, HDFC Liquid Fund.</p> <p>Credit responsibilities across all Fixed Income Funds.</p> |
| Mr. Tushar Pradhan | 37 | Senior Fund Manager | B.Com., MBA - USA | <p>Collective experience of 12 years in investments and research.</p> <p>Aug 1992 to Dec 1993 - Metropolitan Life (New York) Position Held - Management Trainee</p> <p>Jan 1994 to Jan 1995 - First Investors Corporation (New York) Position Held - Associate</p> <p>Apr 1995 to June 2000 - Housing Development Finance Corporation Limited Position Held - Manager Treasury</p> <p>July 2000 to June 19, 2003 - HDFC Asset Management Company Limited Position Held - Fund Manager</p> <p>Primarily responsible for the investment advisory and investment management services of the PMS division.</p> <p>June 20, 2003 to date - HDFC Asset Management Company Limited Position held - Senior Fund Manager</p> <p>Fund Manager for HDFC Growth Fund, HDFC Balanced Fund, HDFC Index Fund, HDFC Children's Gift Fund - Savings Plan, HDFC Capital Builder Fund, HDFC Long Term Advantage Fund and HDFC Multiple Yield Fund - Plan 2005 (Equities).</p> |
| Mr. Dhawal Mehta | 35 | Senior Fund Manager | CFA – AIMR PGDM (Finance) - IIM (Kolkata); Grad – CWA; B.Sc – Mathematics; | <p>Collectively over 13 years experience in the Indian Financial Markets mainly in the areas of Equities research and fund management.</p> <p>May 1992 – January 1994 IndBank Merchant Banking Services Ltd.</p> |

| Name | Age (yrs.) | Designation | Educational Qualifications | Type and Nature of past experience including assignments held during the last 10 years |
|-------------------------|------------|---------------------|--|--|
| Mr. Anil Bamboli | 33 | Senior Fund Manager | B.Com., Grad CWA, MMS (Finance), CFA - USA | <p>Last Position Held – Senior Project Executive Fund Analyst for the Indian Opportunities Fund.</p> <p>January 1994 – July 1996 S.S. Kantilal Ishwarlal Securities Pvt. Ltd Last Position Held – Senior Research Analyst Was primarily responsible for equity research on various sectors viz. – Paper, Chemicals, Media, Conglomerates, etc.</p> <p>July 1996 – March 1998 UBS Securities (India) Pvt. Ltd Last Position Held – Senior Research Analyst Was primarily responsible for equity research on various sectors viz. – Cement, Paper, Conglomerates, Chemicals, etc.</p> <p>May 1998 – May 1999 UTI Securities Exchange Ltd Last Position Held - Senior Research Analyst Was primarily responsible for equity research on various sectors viz. – Cement, Conglomerates, Capital Goods, etc.</p> <p>June 1999 – September 1999 ASK-Raymond James and Associates Ltd. Last Position Held – Senior Research Analyst Was primarily responsible for equity research on various sectors viz. – Cement, Conglomerates, Capital Goods, etc.</p> <p>October 1999 – December 2004 Alliance Capital Asset Management (India) Pvt. Ltd. Last Position Held – Vice President & Portfolio Manager Was primarily responsible for managing the equity portfolio for the said company in India. 8 equity schemes with AUM totaling to more than US\$ 175 million. Also covered Cement, Steel, Capital Goods & Auto sectors as regional analyst for Asian Emerging Markets (Asia excluding Japan, Hong Kong & Singapore). January 10, 2005 to date HDFC Asset Management Company Limited. Position Held – Senior Fund Manager Fund Manager for</p> <ul style="list-style-type: none"> ● HDFC Core & Satellite Fund, ● HDFC Multiple Yield Fund (Equities), ● HDFC MF Monthly Income Plan – Short Term Plan (Equities), ● HDFC Children's Gift Fund (Investment Plan) ● HDFC TaxSaver and ● HDFC Premier Multi-Cap Fund <p>Collective experience of over 10 years in Management and Research.</p> <p>May 1994 - October 1998 SBI Funds Management Pvt. Ltd. Position held - Dy. Manager Nov 1998 - Dec 2001 SBI Funds Management Pvt. Ltd. Position held - Manager Jan 2002 - July 2003 SBI Funds Management Pvt. Ltd.</p> |

| Name | Age (yrs.) | Designation | Educational Qualifications | Type and Nature of past experience including assignments held during the last 10 years |
|---------------------------|------------|---------------------------|---|--|
| Mr. Ajay Mehta | 32 | Risk Manager | B.Com., MBA (Finance), P.G. Diploma in Equity Research | <p>Position held - Asst. Vice President - Fund Manager for most of the debt schemes including the Income Fund, Liquid Fund and Short Term Fund. July 25 2003 - Jan 12, 2004 HDFC Asset Management Company Limited</p> <p>Position held - Fund Manager - HDFC Liquid Fund and HDFC Short Term Plan Jan 13, 2004 -Feb. 15, 2004 - HDFC Asset Management Company Limited</p> <p>Position held - Senior Fund Manager- HDFC Liquid Fund, HDFC Short Term Plan, HDFC High Interest Fund - Short Term Plan and HDFC Floating Rate Income Fund Feb. 16, 2004 to date - HDFC Asset Management Company Limited</p> <p>Position held - Senior Fund Manager Fund Manager for HDFC Short Term Plan, HDFC High Interest Fund, HDFC Multiple Yield Fund (Debt), HDFC Multiple Yield Fund - Plan 2005 (Debt), HDFC Cash Management Fund (Savings Plan & Call Plan) and all Fixed Maturity Funds.</p> <p>Collectively 8 years of experience in investment research. Oct 1996 to Sept 2000 – TATA Asset Management Limited. Last Position Held – Dy. Manager (Investment)</p> <p>Involved with investment research on the equity side and subsequently on the fixed income side.</p> <p>Sept 2000 to Aug 2001 – Times Online Money Limited Position Held – Portfolio Manager</p> <p>Primarily responsible for the investment advisory function of the company. Additionally, responsible for editing data and contents.</p> <p>Aug 2001 to June 2003 – HDFC Asset Management Company Limited. Position Held – Fixed Income Analyst; Also authorised to execute fixed income transactions on behalf of HDFC Mutual Fund.</p> <p>June 20, 2003 to date – HDFC Asset Management Company Limited Position Held – Risk Manager</p> <p>Primarily responsible for developing and implementing the risk management function for all Schemes of HDFC Mutual Fund.</p> |
| Mr. Nilesh Kapadia | 39 | Senior Manager - Equities | B.Com. | <p>Collectively 15 years experience in sales and dealings. Oct 1989 to June 2000 - VAR Shares and Stocks Private Limited</p> <p>Area of operations being dealing, sales and liasoning with Institutional Clients</p> <p>June 2000 to date - HDFC Asset Management Company Limited Position Held - Dealer - Equities</p> |
| Mr. Bharat Pareek | 26 | Dealer - Debt Markets | B.Com.; A.C.A., Completed CFA-USA Course quality membership | <p>Collectively 3 years experience in treasury operations. February 2001 to September 2003 – HDFC Asset Management Company Limited Position Held – Executive Operations – Cash Management and Valuations</p> |

RESEARCH TEAM

The Research Team comprises of the following key personnel :

| Name | Age (yrs.) | Designation | Educational Qualifications | Type and Nature of past experience including assignments held during the last 10 years |
|--------------------------------|------------|---------------------------|--|--|
| Mr. Srinivas Rao Ravuri | 32 | AVP - Equity Research | MBA Finance, B.Com. | <p>Collectively 10 years in equity research.</p> <p>November 1994 to November 1996 - Securities Capital Investments (I) Ltd. Position Held - Investment Analyst Was primarily responsible for equity research.</p> <p>December 1996 to July 2003 Rooshnil Securities Ltd. (A Edelweiss Capital Company). Position Held - AVP – Equity Research Was primarily responsible for equity research. Was tracking Engineering, Telecom and Mid-Cap sectors.</p> <p>July 2003 to September 2004 Motilal Oswal Securities Ltd Position Held - Senior Analyst Was primarily responsible for equity research. Was tracking Engineering and Power Sectors.</p> <p>October 2004 to date HDFC Asset Management Company Limited. Position Held - AVP- Equity Research. Primarily responsible for equity research.</p> |
| Mr. Rajesh Pherwani | 33 | Manager - Equity Research | B.E. (Electronics), M.M.S. (Finance), CFA - CFA Institute USA. | <p>Collectively 8 years of experience in equity research and investments.</p> <p>July 1996 to November 2004 – Housing Development Finance Corporation Limited Last Position Held – Manager – Treasury Part of equity research team servicing the advisory role to equity off shore funds, Commonwealth Equity Fund Mutual Fund (CEFMF) and Invesco India Growth Fund (IIGF). Was responsible for Managing Proprietary, Equity and Related Investments (including listed and unlisted investments). Also responsible for credit analysis for debt investments.</p> <p>December 1, 2004 to date HDFC Asset Management Company Limited. Position Held – Manager- Equity Research Primarily Responsible for Equity Research.</p> |
| Mr. Ruchir Parekh | 33 | Fixed-Income Analyst | B.Com., MBA - Finance, University of Hartford | <p>Collective experience of 7 years in investment - equity and fixed-income - research.</p> <p>May 1993 - July 1994 – J.H. Patel. Position Held – Research Analyst Advised high net-worth clients on equity investments based on their financial objective, risk tolerance and time horizon. Managed a \$3.0 million portfolio.</p> <p>June 1995-96 - August 1995-96 – Hinduja Finance Ltd. Position Held – Equity Research Analyst Evaluated fundamentals of companies from various industries. Assessed impact of economic policies implemented by the new government on corporate earnings and formulated expectations.</p> <p>June 1997 - October 2000 – Moody's Investor Service, New York, NY</p> |

| Name | Age (yrs.) | Designation | Educational Qualifications | Type and Nature of past experience including assignments held during the last 10 years |
|----------------|------------|------------------------------------|----------------------------|--|
| Mr. Shiv Diwan | 26 | Senior Executive - Equity Research | B.Com.; A.C.A. | <p>Position Held – Sr. Associate</p> <p>Covered U.S. investment grade and high yield consumer finance and commercial finance and leasing credits.</p> <p>November 2000 - March 2002 – Bear Stearns & Co., Inc., New York, NY</p> <p>Position Held – Fixed-Income Analyst</p> <p>Covered U.S. high yield radio and television broadcasting, outdoor advertising and publishing and information credits.</p> <p>March 2003 - to date – HDFC Asset Management Company Limited</p> <p>Position Held – Fixed-Income Analyst.</p> <p>Primary responsibilities include analysing and covering credits from various industries as well as asset backed and mortgage securities. Also executes certain debt transactions on behalf of HDFC Mutual Fund.</p> <p>November 13, 2003 to date - HDFC Asset Management Company Limited.</p> <p>Current work profile includes detailed research and analysis of companies in the cement and textile sectors.</p> |

CLIENT FUNDS TEAM

The Portfolio Management Services Team comprises of the following key personnel :

| Name | Age (yrs.) | Designation | Educational Qualifications | Type and Nature of past experience including assignments held during the last 10 years |
|-------------------|------------|---------------------|--|---|
| Mr. Pankaj Chopra | 39 | Head – Client Funds | B.Sc. (Hons) - Agri., MBA - Finance, CFA - India, CFA - USA | <p>Collectively 16 years experience in investment management.</p> <p>May 1989 to Jan 1991 - Centre for International Financial Analysis & Research (Cifar – Ahmedabad)</p> <p>Position held - Senior Research Analyst.</p> <p>Involved in in-depth financial statement analysis for companies in several countries around the world. Responsible for ensuring quality of output by Research Analysts.</p> <p>Jan 1991 to Sept 1993 - Batterymarch Financial Management Inc.- Boston</p> <p>Position held - Associate</p> <p>Assisted in managing the investments of Commonwealth Equity Fund in the Indian Equity Markets.</p> <p>Oct 1993 - June 2000 : Housing Development Finance Corporation Limited</p> <p>Position held - Senior Manager - Treasury</p> <p>Responsibilities included Investment Advisory to Commonwealth Equity Fund and INVESCO India Growth Fund</p> <p>July 2000 to June 19, 2003 - HDFC Asset Management Company Limited</p> <p>Position Held - Senior Fund Manager</p> <p>Responsible for managing HDFC Balanced Fund, HDFC Children's Gift Fund and HDFC Index Fund</p> <p>June 20, 2003 to date -</p> <p>Position Held - Head - Client Funds</p> <p>Responsible for the investment advisory and investment management services to third party clients including Portfolio Management Services.</p> |

| Name | Age (yrs.) | Designation | Educational Qualifications | Type and Nature of past experience including assignments held during the last 10 years |
|---------------------------|------------|------------------------------------|------------------------------|--|
| Mr. E. A. Sundaram | 41 | Senior Fund Manager - Client Funds | B.Com., PGDM - IIM Ahmedabad | Collectively 15 years of experience in Fund Management and Research. June 1989 to April 1993 – SBI Fund Management Company Position Held – Manager Research 1993 to June 2003 - Zurich Asset Management Company (India) Private Limited Position Held – Fund Manager (April 1993-June 2001); Senior Manager (Research) (June 2001-2003) Was involved in Fund Management, Research, besides being involved in sales/marketing efforts and strategic planning for Zurich Asset Management Company (India) Private Limited. June 20, 2003 to date - HDFC Asset Management Company Limited Position held – Senior Fund Manager – Client Funds Primarily responsible for portfolio management activities. Also involved in sales, marketing and Equity Research. |
| Mr. Simal Kanuga | 31 | Head Sales – Client Funds | A.C.A, Grad. CWA | Collectively 7 years of experience in Corporate Sales and Investment Counseling. November 1997 – May 2003 Zurich Asset Management (India) Private Limited Position Held - Regional Manager – Corporate Sales Was involved in Sales of mutual funds to corporates / institutions. Was responsible for developing business in Chennai, new product developments and relationship management with select top end distributors. June 2003 – September 2004 Citibank N.A. Position Held - Head Wealth Management - Suvidha - Citibank N.A. Was involved in Investment Counseling and offering the Citigold Wealth Management account to top end customers in Suvidha base. October 2004 to date HDFC Asset Management Company Limited Position Held - Head Sales – Client Funds Primarily responsible for Business Development – Client Funds. Involved in managing relationships, smoothening of operations and process. |
| Mr. Pankaj Patel | 51 | Senior Manager - Clients Fund | B.Com., ACA | Collective experience of 22 years in equities and debt, in research and investment. Emphasis was on investment in midcap companies. 1988 to Feb 2001 - Advising and managing private clients investments in various risk / non-risk bearing and tax efficient instruments optimising post-tax returns for clients. March 2001 to date - HDFC Asset Management Company Limited Position held - Senior Manager - Clients Fund |

FUND MANAGER

Mr. Tushar Pradhan – Senior Fund Manager
B.Com., MBA - USA
Collectively 12 years experience.

STATUTORY AUDITORS

S.B. Billimoria & Co., Chartered Accountants, 12, Dr. Annie Besant Road, Opp. Shiv Sagar Estate, Worli, Mumbai 400 018 have been appointed as Statutory Auditors to the Scheme by the Trustee.

CUSTODIAN

Citibank N.A. located at Ramnord House, 77, Dr. Annie Besant Road, Worli, Mumbai 400 018 have been appointed as Custodian of the Scheme mentioned in this Offer Document. The Custodian has been registered with SEBI under registration no. IN / CUS / 004 dated April 7, 1998. The Trustee and the AMC have entered into a Custodian Agreement with the Custodian and the salient features of the said Agreement are:

- Provide post-trading and custodial services to the Mutual Fund.
- Collect and receive any income and other payments and distribution made by the issuer of securities.
- Provide detailed management information and other reports as required by the AMC.
- Maintain confidentiality of the transactions.
- Be responsible for the loss or damage to the assets belonging to the Scheme due to negligence on its part or on the part of its approved agents.
- Segregate assets of each Scheme.
- The Custodian shall not assign, transfer or lend the property

held by it on behalf of the Mutual Fund except with the prior written permission of the AMC.

The Custodian will be entitled to remuneration for its services in accordance with the terms of the Custodian Agreement. The Trustee has the right to change the Custodian.

REGISTRAR AND TRANSFER AGENT

Computer Age Management Services Private Limited, A&B, Lakshmi Bhawan, 609, Anna Salai, Chennai – 600 006 (CAMS) has been appointed as Registrar and Transfer Agent for the Scheme(s). The Registrar and Transfer Agent is registered with SEBI under registration number INR000002813. As Registrar and Transfer Agent to the Scheme(s), CAMS will handle all backoffice transaction processing activities. The AMC and the Trustee have satisfied themselves that the Registrar and Transfer Agent can provide the services required and has adequate facilities and system capabilities.

HDFC, HDFC Bank Limited and HDFC Bank Employees Welfare Trust together hold 49% of the paid-up capital of CAMS as at March 31, 2005.

PREVIOUS SCHEMES LAUNCHED BY HDFC MUTUAL FUND

| Brief Particulars of Schemes | HDFC Growth Fund | HDFC Balanced Fund | HDFC Income Fund | HDFC Liquid Fund | HDFC Long Term Advantage Fund | HDFC Children's Gift Fund | | HDFC Premier Multi-Cap Fund |
|---|---------------------|---------------------|---------------------|---------------------|-------------------------------|----------------------------|--------------------------|-----------------------------|
| | | | | | | Investment Plan | Savings Plan | |
| a) Date of Launch | July 20, 2000 | July 20, 2000 | July 20, 2000 | October 17, 2000 | December 26, 2000 | January 25, 2001 | January 25, 2001 | February 28, 2005 |
| b) Date of Commencement of Scheme (date of allotment) | September 11, 2000 | September 11, 2000 | September 11, 2000 | October 17, 2000 | January 2, 2001 | March 2, 2001 | March 2, 2001 | April 6, 2005 |
| c) Open / Close Ended | Open-ended | Open-ended | Open-ended | Open-ended | Open-ended | Open-ended | Open-ended | Open-ended |
| d) Type of Scheme | Growth | Balanced | Income | Liquid Income | Equity Linked Savings Scheme | Balanced (Equity oriented) | Balanced (Debt oriented) | Growth |
| e) Face Value of units (Rs.) | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| f) Total Resources mobilised (Rs. in crore) – IPO | 135.07 | 122.07 | 397.24 | 49.72 | 0.17 | 8.84 | 8.48 | 1281.37 |
| g) Redemption (Subject to completion of Lock-in Period, if any) | At NAV based prices | At NAV based prices | At NAV based prices | At NAV based prices | At NAV based prices | At NAV based prices | At NAV based prices | At NAV based prices |
| h) Net Assets as at June 15, 2005 (Rs. in crore) | 272.42 | 114.60 | 440.92 | 2084.10 | 136.09 | 67.55 | 57.09 | 1199.37 |
| i) Investment Pattern [as a % of (h) above] | | | | | | | | |
| i) Equity | 91.77 | 65.57 | – | – | 90.39 | 52.87 | 19.63 | 74.73 |
| ii) Fixed Income Securities | – | 27.51 | 94.80 | 45.40 | – | 22.78 | 43.93 | 1.67 |
| iii) Money Market Instruments (includes Bank Fixed Deposits) | 3.72 | 6.00 | 5.98 | 49.94 | 8.41 | 20.62 | 33.89 | 20.71 |
| iv) Net Cash Equivalents | 4.49 | 0.92 | (0.78) | 4.66 | 1.20 | 3.73 | 2.55 | 2.89 |
| v) Preference Shares | 0.02 | – | – | – | – | – | – | – |

Note : The figures mentioned in items (h) and (i) above are unaudited and are as at June 15, 2005.

| Brief Particulars of Schemes | HDFC Gilt Fund | | HDFC Fixed Investment Plan (HDFC FIP) | | HDFC Short Term Plan | HDFC Index Fund | | | HDFC Floating Rate Income Fund | | HDFC MF Monthly Income Plan | | HDFC Core & Satellite Fund | HDFC Multiple Yield Fund |
|--|---------------------|---------------------|---------------------------------------|---------------------|----------------------|---------------------|---------------------|---------------------|--------------------------------|---------------------|-----------------------------|---------------------|----------------------------|--------------------------|
| | Short Term Plan | Long Term Plan | June 2004 (2) | July 2004 (2) | | SENSEX Plan | Nifty Plan | SENSEX Plus Plan | Short Term Plan | Long Term Plan | Short Term Plan | Long Term Plan | | |
| a) Date of Launch | July 16, 2001 | July 16, 2001 | June 28, 2004 | July 26, 2004 | Feb. 18, 2002 | July 3, 2002 | July 3, 2002 | July 3, 2002 | Dec. 27, 2002 | Dec. 27, 2002 | Nov. 17, 2003 | Nov. 17, 2003 | Aug. 20, 2004 | Aug. 20, 2004 |
| b) Date of Commencement of Scheme (date of allotment) | July 25, 2001 | July 25, 2001 | July 1, 2004 | July 29, 2004 | Feb. 28, 2002 | July 17, 2002 | July 17, 2002 | July 17, 2002 | Jan. 16, 2003 | Jan. 16, 2003 | Dec. 26, 2003 | Dec. 26, 2003 | Sep. 17, 2004 | Sep. 17, 2004 |
| c) Open / Close Ended | Open-ended | Open-ended | Close-ended | Close-ended | Open-ended | Open-ended | Open-ended | Open-ended | Open-ended | Open-ended | Open-ended | Open-ended | Open-ended | Open-ended |
| d) Type of Scheme | Income | Income | Income | Income | Income | Index | Index | Index | Income | Income | Balanced | Balanced | Growth | Income |
| e) Face Value of units (Rs.) | 10 | 10 | 10 | 10 | 10.326 | 32.161 | 32.161 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| f) Total Resources Mobilised (Rs. in crore) – IPO | 8.42 | 30.84 | 230.66 | 266.77 | 312.38 | 2.75 | 6.67 | 15.19 | 15.95 | 2.99 | 363.75 | 562.16 | 391.24 | 605.37 |
| g) Redemption | At NAV based prices | At NAV based prices | At NAV based prices | At NAV based prices | At NAV based prices | At NAV based prices | At NAV based prices | At NAV based prices | At NAV based prices | At NAV based prices | At NAV based prices | At NAV based prices | At NAV based prices | At NAV based prices |
| h) Net Assets as at June 15, 2005 (Rs. in crore) | 11.47 | 87.18 | 242.18 | 279.60 | 65.84 | 3.60 | 4.49 | 4.86 | 1941.72 | 385.20 | 401.95 | 687.52 | 370.40 | 479.22 |
| i) Investment Pattern [as a % of (h) above] | | | | | | | | | | | | | | |
| i) Equity | – | – | – | – | – | 98.39 | 99.34 | 99.15 | – | – | 13.79 | 25.33 | 90.94 | 5.26 |
| ii) Fixed Income Securities | 34.06 | 66.45 | 60.14 | 63.51 | 96.08 | – | – | – | 52.87 | 96.68 | 68.34 | 66.55 | – | 56.33 |
| iii) Money Market Instruments (includes Bank Fixed Deposits) | 64.21 | 50.18 | 35.66 | 31.77 | 1.50 | – | – | – | 44.23 | 1.47 | 7.20 | 5.33 | 5.94 | 35.37 |
| iv) Net Cash Equivalents | 1.73 | (16.63) | 4.20 | 4.72 | 2.42 | 1.61 | 0.66 | 0.85 | 2.90 | 1.85 | 10.67 | 2.79 | 3.12 | 3.04 |

Note : The figures mentioned in items (h) and (i) above are unaudited and are as at June 15, 2005.

| Brief Particulars of Schemes | HDFC Fixed Investment Plan (HDFC FIP) | | | | | | | | | |
|--|---------------------------------------|-----------------------------|----------------------------|----------------------------|-----------------------------|---------------------------|---------------------------|----------------------------|---------------------|---------------------|
| | February 2002 (1) ^s | March 2002 (1) ^s | June 2002 (1) ^s | July 2002 (1) ^s | March 2003 (1) ^s | May 2003 (2) ^s | May 2003 (1) ^s | June 2003 (1) ^s | October 2003 (1) | March 2004 (1) |
| a) Date of Launch | Feb. 25, 2002 | March 18, 2002 | June 10, 2002 | July 1, 2002 | March 24, 2003 | May 19, 2003 | May 12, 2003 | June 16, 2003 | October 13, 2003 | March 27, 2004 |
| b) Date of Commencement of Scheme (date of allotment) | Feb. 26, 2002 | March 27, 2002 | June 14, 2002 | July 5, 2002 | March 28, 2003 | May 23, 2003 | May 16, 2003 | June 28, 2003 | October 22, 2003 | March 31, 2004 |
| c) Date of Maturity / Final Redemption | April 7, 2003 [#] | April 10, 2003 | June 30, 2003 | July 21, 2003 | April 12, 2004 | Aug. 19, 2003 | Sept. 11, 2003 | Sept. 16, 2003 | November 5, 2004 | April 6, 2005 |
| d) Open / Close Ended | Close-ended | Close-ended | Close-ended | Close-ended | Close-ended | Close-ended | Close-ended | Close-ended | Close-ended | Close-ended |
| e) Type of Scheme | Income | Income | Income | Income | Income | Income | Income | Income | Income | Income |
| f) Face Value of units (Rs.) | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| g) Total Resources mobilised (Rs. in crore) – IPO | 35.00 | 15.96 | 64.10 | 11.34 | 50.27 | 70.00 | 30.03 | 50.00 | 16.62 | 102.62 |
| h) Redemption | At NAV based prices | At NAV based prices | At NAV based prices | At NAV based prices | At NAV based prices | At NAV based prices | At NAV based prices | At NAV based prices | At NAV based prices | At NAV based prices |
| i) Net Assets as at date of Maturity / Final Redemption (Rs. in crore) | 38.41 | 17.29 | 69.16 | 12.22 | 16.23(G)* 37.33(D)^ | 70.01 | 0.03 | 50.01 | 44.19 | 97.54 |

[#] Initially February 26, 2003, but rolled over / extended to April 7, 2003. However, the entire Units were redeemed by the investors on March 26, 2003.

* Growth Plan ^ Dividend Plan

Note : The above figures are audited^s / unaudited and are as at the respective dates of Maturity / Final Redemption.

SECTION II

INVESTMENT OBJECTIVE & POLICY FUNDAMENTAL ATTRIBUTES OF THE SCHEME

Type of the Scheme

The Scheme is a Close-Ended Equity Scheme with a maturity period of 5 years with automatic conversion into an open-ended scheme upon maturity. Investors / Unit holders in the Scheme are not being offered any guaranteed / assured returns.

The Scheme offers investors two Options :

- **Dividend Option** (with payout and re-investment facility)
Dividend re-investment facility will be available only after the Scheme is converted into an open-ended scheme.
- **Growth Option**

INVESTMENT OBJECTIVE

The objective of the Scheme is to achieve long term capital appreciation.

INVESTMENT PATTERN

The following table provides the asset allocation of the Scheme's portfolio.

| Type of Instruments | Minimum Allocation (% of Net Assets) | Maximum Allocation (% of Net Assets) | Risk Profile of the Instrument |
|--|--------------------------------------|--------------------------------------|--------------------------------|
| Equity and Equity Related Instruments | 70 | 100 | High |
| Fixed Income Securities (including money market instruments) | 0 | 30 | Low |

The Scheme will not invest in securitised debt.

Pending deployment of funds of the Scheme in securities in terms of the investment objective of the Scheme, the AMC may invest the funds of the Scheme in short term deposits of scheduled commercial banks. The Scheme may seek investment opportunity in the ADR / GDR / Foreign Equity and Debt Securities, in accordance with guidelines stipulated in this regard by SEBI and RBI from time to time. No investments shall be made in Foreign Securitised Debt. Under normal circumstances, the Scheme shall not have an exposure of more than 25% of its net assets in foreign securities subject to regulatory limits.

The Scheme may take derivatives position based on the opportunities available subject to the guidelines issued by SEBI from time to time and in line with the overall investment objective of the Scheme. These may be taken to hedge the portfolio, rebalance the same or to undertake any other strategy as permitted under the SEBI Regulations.

The AMC shall adhere to the following limits should it engage in Stock Lending.

1. Not more than 25% of the net assets of the Scheme can generally be deployed in Stock Lending.
2. Not more than 5% of the net assets of the Scheme can generally be deployed in Stock Lending to any single counter party.

CHANGE IN INVESTMENT PATTERN

Subject to SEBI Regulations, the asset allocation pattern indicated above may change from time to time, keeping in view 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 Unit holders. Such changes in the investment pattern will be for short term and only for defensive considerations.

TERMS OF THE SCHEME

a) Liquidity

The Scheme will offer for Redemption / Switch-out of Units on an ongoing basis at quarterly intervals at NAV based prices. The Redemption / Switch-out will be available only during the Specified Redemption Period i.e. first five Business Days immediately after the end of each calendar quarter.

After the conversion of Scheme into an open-ended scheme upon maturity, the Scheme will offer for Sale/Switch-in and Redemption/Switch-out of Units at NAV based prices on every Business Day on an ongoing basis.

i. Redemption of Units

Till the maturity of the Scheme, the Units can be redeemed (i.e. sold back to the Mutual Fund) or switched out (i.e. to another scheme of the Mutual Fund) during Specified Redemption Period at Redemption Price (hereinafter defined).

After the conversion of the Scheme into an open-ended scheme upon maturity, the Units can be Redeemed (i.e. sold back to the Mutual Fund) or Switched out (i.e. to another scheme of the Mutual Fund) on every Business Day at the Redemption Price (hereinafter defined).

The redemption / Switch out request can be made for a minimum of Rs. 1,000 or a minimum of 100 units.

ii. Redemption Price

Till the maturity of the Scheme, as the Scheme will offer Redemption / Switch-out facility only during the Specified Redemption Period i.e. first five Business Days immediately after the end of each calendar quarter, Redemption Price will be based on the NAV at the close of Specified Redemption Day based on the time an application is accepted.

After the conversion of the Scheme into an open-ended scheme, the redemption/switch-out will be at NAV based prices. Please refer to Redemption Price on Page ____.

iii. Payment of Redemption Proceeds

As per SEBI Regulations, the Mutual Fund shall despatch redemption proceeds within 10 Business Days from the date of Redemption. A penal interest of 15% or such other rate as may be prescribed by SEBI from time to time, will be paid in case the payment of redemption proceed is not made within 10 Business Days from the date of redemption.

However under normal circumstances, the Mutual Fund would endeavour to despatch the redemption cheque within 3-4 Business Days (as applicable) from the Specified Redemption Day. Please refer to paragraph on 'Payment of Redemption Proceeds' on Page ---- for details.

After the conversion of the Scheme into an open-ended scheme, under normal circumstances, the Mutual Fund would endeavour to despatch the redemption cheque within 3-4 Business Days (as applicable) from the date of redemption. Please refer

to paragraph on 'Payment of Redemption Proceeds' on Page ---- for details.

b) Conversion on Maturity

The Scheme is a close-ended scheme and duration of the Scheme is 5 years from the date of allotment.

If the date stipulated for maturity of the Scheme is a non-Business Day, the Scheme will mature on the immediate next Business Day.

Upon the maturity, the Scheme will automatically be converted into an open-ended scheme without any further reference from the Mutual Fund/Trustee/AMC/Unit holders, subject to the SEBI Regulations.

However, the Trustee reserve the right not to convert the Scheme into an open ended scheme upon maturity, if deemed appropriate in the interest of Scheme/Unit holders.

Further, the Trustee reserve the right to roll over the Scheme for a further period as may be decided in accordance with the SEBI Regulations.

c) Listing

The Units of the Scheme are not proposed to be listed on any stock exchange. However, the Mutual Fund may at its sole discretion list the Units under the Scheme on one or more stock exchanges at a later date.

d) Fees and Expenses

i. Initial Issue Expenses

Under the SEBI Regulations, the Mutual Fund is entitled to charge initial issue expenses upto a maximum of 6% of the initial resources raised under the Scheme. Initial issue expenses incurred towards Agents/ Brokers commission, Advertising, Printing and Marketing, Registrar expenses, Bank Charges etc. not exceeding 6% of the initial amount mobilized in the New Fund Offer will be charged to the Scheme and will be amortised over a period not exceeding five years.

Actual expenses incurred in respect of Initial Issue Expenses in excess of 6% as indicated above shall be borne by the AMC.

Please refer to the section 'Load Structure & Recurring Expenses' on Page ----- for details.

ii. Recurring Expenses

The details of recurring expenses of the Scheme, on an annual basis, have been stated on Page ----- . The estimated recurring expenses as a percentage of the average daily net assets for the Scheme is 2.50% p.a. for the first Rs.100 crore, 2.25% p.a. for the next Rs. 300 crore, 2.00% p.a. for the next Rs. 300 crore and 1.75% p.a. of the balance. Subject to SEBI Regulations and this Offer Document, expenses over and above the prescribed ceiling shall be borne by the AMC or by the Trustee or by the Sponsor.

iii. Load

Please refer to the section titled "Load Structure and Recurring Expenses" on Page ----- for details.

After the conversion of Scheme into an open-ended scheme upon maturity, the AMC/Trustee has a right to modify the Load structure with prospective effect, subject to the maximum limits as prescribed under the SEBI Regulations.

CHANGES IN FUNDAMENTAL ATTRIBUTES

Subject to Regulation 18 (15A), the Trustee shall ensure that no change in the fundamental attributes of the Scheme or the trust or fees and expenses payable or any other change which would modify the Scheme and affects the interest of Unit holders, shall be carried out unless :

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

BENCHMARK INDEX

The Benchmark for the Scheme would be S&P CNX Nifty Index. Performance comparisons will be made vis-à-vis the benchmark. The Trustee reserves the right to change the benchmark for evaluation of performance of the Scheme from time to time in conformity with the investment objectives and appropriateness of the benchmark subject to SEBI Regulations, and other prevailing guidelines, if any.

INVESTMENT STRATEGY

The investment strategy of the Scheme is to build and maintain a diversified portfolio of equity stocks that have the potential to appreciate in the long run. Companies identified for selection in the portfolio will have demonstrated a potential ability to grow at a reasonable rate for the long term.

The aim will be to build a portfolio that adequately reflects a cross-section of the growth areas of the economy from time to time. While the portfolio focuses primarily on a buy and hold strategy at most times, it will balance the same with a rational approach to selling when the valuations become too demanding even in the face of reasonable growth prospects in the long run.

Though every endeavour will be made to achieve the objectives of the Scheme, the AMC/Sponsors/Trustees do not guarantee that the investment objectives of the Scheme will be achieved. No guaranteed returns are being offered under the Scheme.

Pursuant to the SEBI Regulations, the Scheme shall not make any investment in:

- Any unlisted security of an associate or group company of the Sponsors; or
- Any security issued by way of private placement by an associate or group company of the Sponsors; or
- The listed securities of group companies of the Sponsors which is in excess of 25% of the net assets.

The Scheme may invest in other schemes managed by the AMC or in the schemes of any other mutual funds, provided it is in conformity with the investment objectives of the Scheme and in terms of the prevailing SEBI Regulations. As per the SEBI Regulations, no investment management fees will be charged for such investments and the aggregate inter scheme investment made by all the schemes of HDFC Mutual Fund or in the schemes of other mutual funds shall not exceed 5% of the net asset value of the HDFC Mutual Fund.

The Scheme may also invest in suitable investment avenues in overseas financial markets for the purpose of diversification, commensurate with the Scheme objectives and subject to necessary stipulations by SEBI / RBI. Towards this end, the Mutual Fund may also appoint overseas investment advisors

and other service providers, as and when permissible under the regulations.

➤ **Debt Investments :**

Debt securities (in the form of non-convertible debentures, bonds, secured premium notes, zero interest bonds, deep discount bonds, floating rate bond / notes, securitised debt, pass through certificates, asset backed securities, mortgage backed securities and any other domestic fixed income securities including structured obligations etc.) include, but are not limited to:

1. Debt obligations of the Government of India, State and local Governments, Government Agencies and statutory bodies (which may or may not carry a state / central government guarantee),
2. Securities that have been guaranteed by Government of India and State Governments,
3. Securities issued by Corporate Entities (Public / Private sector undertakings),
4. Securities issued by Public / Private sector banks and development financial institutions.

MONEY MARKET INSTRUMENTS INCLUDE

1. Commercial papers
2. Commercial bills
3. Treasury bills
4. Government securities having an unexpired maturity upto one year
5. Call or notice money
6. Certificate of deposit
7. Usance bills
8. Permitted securities under a repo / reverse repo agreement
9. Any other like instruments as may be permitted by RBI / SEBI from time to time

Investments will be made through secondary market purchases, initial public offers, other public offers, placements and right offers (including renunciation). The securities could be listed, unlisted, privately placed, secured / unsecured, rated / unrated of any maturity.

The AMC retains the flexibility to invest across all the securities / instruments in equity, debt and money market.

Investment in debt securities will usually be in instruments which have been assessed as "high investment grade" by at least one credit rating agency authorised to carry out such activity under the applicable regulations. Pursuant to SEBI Circular No. MFD/CIR/9/120/2000 dated November 24, 2000, the AMC may constitute committee(s) to approve proposals for investments in unrated debt instruments. The AMC Board and the Trustee shall approve the detailed parameters for such investments. The details of such investments would be communicated by the AMC to the Trustee in their periodical reports. It would also be clearly mentioned in the reports, how the parameters have been complied with. However, in case any unrated debt security does not fall under the parameters, the prior approval of Board of AMC and Trustee shall be sought. Investment in debt instruments shall generally have a low risk profile and those in money market instruments shall have an even lower risk profile. The maturity profile of debt instruments will be selected in accordance with the AMC's view regarding current market conditions, interest rate outlook and the stability of ratings.

RISK CONTROL

Investments made from the net assets of the Scheme would be in accordance with the investment objective of the Scheme and the provisions of the SEBI Regulations. The AMC will strive to achieve the investment objective by way of a judicious portfolio

mix comprising of equity / equity related instruments and fixed income securities. Every investment opportunity in fixed income securities would be assessed with regard to credit risk, interest rate risk and liquidity risk.

Credit Risk

A detailed credit evaluation of each investment opportunity will be undertaken. The AMC will utilise ratings of recognised rating agencies as an input in the decision making process. Investments in bonds and debentures will usually be in instruments that have been assigned high investment grade ratings by a recognised rating agency. In line with SEBI Circular No. MFD/CIR/9/120/2000 dated November 24, 2000, the AMC may constitute committee(s) to approve proposals for investments in unrated instruments. The AMC Board and the Trustee shall approve the detailed parameters for such investments. The details of such investments would be communicated by the AMC to the Trustee in their periodical reports. It would also be clearly mentioned in the reports, how the parameters have been complied with. However, in case any security does not fall under the parameters, the prior approval of Board of AMC and Trustee shall be sought.

Interest Rate Risk

An interest rate scenario analysis would be performed on an on-going basis, considering the impact of the developments on the macro-economic front and the demand and supply of funds. Based on the above analysis, the AMC would manage the investments of the Scheme on a dynamic basis to exploit emerging opportunities in the investment universe and manage risks at all points in time.

Liquidity Risk

The AMC will attempt to reduce liquidity risk by investing in securities that would result in a staggered maturity profile of the portfolio, investment in structured securities that provide easy liquidity and securities that have reasonable secondary market activity. In the event of a requirement to liquidate all or a substantial part of these investments in a very short duration of time, the AMC may not be able to realize the full value of these securities to an adverse impact on the Net Asset Value of the Scheme. Please refer to clauses on "Right to Limit Redemption" and "Suspension of Sale / Redemption / Switching Options of the Units", on **Page -----**.

DEBT MARKET IN INDIA

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,

- Overnight Call
- 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.

The following table gives approximate yields prevailing during the month of May, 2005 on some of the instruments. These yields are indicative and do not indicate yields that may be obtained in future as interest rates keep changing consequent to changes in macro economic conditions and RBI policy.

| Instrument | Yield Range | (% per annum) |
|--------------------------------------|-------------|---------------|
| Inter bank Call Money | | 5.03 to 5.09 |
| 91 Day Treasury Bill | | 5.11 to 5.22 |
| 364 Day Treasury Bill | | 5.53 to 5.68 |
| P1 + Commercial Paper 90 Days | | 5.50 to 5.60 |
| 5 Year Government of India Security | | 6.71 to 6.97 |
| 10 Year Government of India Security | | 6.91 to 7.32 |
| 15 Year Government of India Security | | 7.29 to 7.68 |
| 1 Year Corporate Bond - AAA Rated | | 5.85 to 6.05 |
| 3 Year Corporate Bond - AAA Rated | | 6.40 to 6.48 |
| 5 Year Corporate Bond - AAA Rated | | 7.25 to 7.35 |

Generally, for instruments issued by a non-Government entity (corporate / PSU bonds), the yield is higher than the yield on a Government Security with corresponding maturity. The difference, known as credit spread, depends on the credit rating of the entity.

TRADING IN DERIVATIVES

The Scheme may take derivatives position based on the opportunities available subject to the guidelines provided by SEBI from time to time and in line with the overall investment objective of the Scheme. These may be taken to hedge the portfolio, rebalance the same or to undertake any other strategy as permitted under the SEBI Regulations from time to time. The Mutual Fund would comply with the provisions of SEBI Circular Ref. No. DNPd/Cir-29/2005 dated September 14, 2005 while trading in derivatives.

Presently, the position limits for trading in derivatives by Mutual Fund specified by SEBI vide its circular Ref. No. DNPd/Cir-29/2005 dated September 14, 2005 are as follows :

Position Limits

The position limits for Mutual Funds and its schemes shall be as under :

i. Position limit for Mutual Funds in index options contracts

- a. The Mutual Fund position limit in all index options contracts on a particular underlying index shall be Rs. 250 crore or 15% of the total open interest of the market in index options, whichever is higher, per Stock Exchange.
- b. This limit would be applicable on open positions in all options contracts on a particular underlying index.

ii. Position limit for Mutual Funds in index futures contracts

- a. The Mutual Fund position limit in all index futures contracts on a particular underlying index shall be Rs. 250 crore or 15% of the total open interest of the market in index futures, whichever is higher, per Stock Exchange.
- b. This limit would be applicable on open positions in all futures contracts on a particular underlying index.

iii. Additional position limit for hedging

In addition to the position limits at point (i) and (ii) above, Mutual Funds may take exposure in equity index derivatives subject to the following limits :

1. Short positions in index derivatives (short futures, short calls and long puts) shall not exceed (in notional value) the Mutual Fund's holding of stocks.
2. Long positions in index derivatives (long futures, long calls and short puts) shall not exceed (in notional value) the Mutual Fund's holding of cash, government securities, T-Bills and similar instruments.

iv. Position limit for Mutual Funds for stock based derivative contracts

The Mutual Fund position limit in a derivative contract on a particular underlying stock, i.e. stock option contracts and stock futures contracts will be as follows :-

1. For stocks in which the market wide position limit is less than or equal to Rs. 250 crore, the Mutual Fund position limit in such stock shall be 20% of the market wide position limit.

- For stocks in which the market wide position limit is greater than Rs. 250 crore, the Mutual Fund position limit in such stock shall be Rs. 50 crore.

v. Position limit for each scheme of a Mutual Fund

The scheme-wise position limit requirements shall be :

- For stock option and stock futures contracts, the gross open position across all derivative contracts on a particular underlying stock of a scheme of a mutual fund shall not exceed the higher of:
 - 1% of the free float market capitalization (in terms of number of shares). **Or**
 - 5% of the open interest in the derivative contracts on a particular underlying stock (in terms of number of contracts).
- This position limits shall be applicable on the combined position in all derivative contracts on an underlying stock at a Stock Exchange.
- For index based contracts, Mutual Funds shall disclose the total open interest held by its scheme or all schemes put together in a particular underlying index, if such open interest equals to or exceeds 15% of the open interest of all derivative contracts on that underlying index.

Derivatives can be traded over the exchange or can be structured between two counter-parties. Those transacted over the exchange

are called Exchange Traded derivatives whereas the other category is referred to as OTC (Over the Counter) derivatives.

Some of the differences of these two derivative categories are as under :

Exchange traded derivatives : These are quoted on the exchanges like any other traded asset class. The most common amongst these are the Index Futures, Index Options, Stock Futures and Options on individual equities / securities. The basic form of the futures contract is similar to that of the forward contract, a futures contract obligates its owner to purchase a specified asset at a specified exercise price on the contract maturity date. Futures are cash-settled and are traded only in organised exchanges. Exchange traded derivatives are standardised in terms of amount and delivery date. Standardisation and transparency generally ensures a liquid market together with narrower spreads. On the other hand, for delivery dates far in the future, there may be insufficient liquidity in the futures market whereas an OTC price may be available.

OTC derivatives : OTC derivatives require the two parties engaging in a derivatives transaction to come together through a process of negotiation. It is a derivative that is customised in terms of structure, amount, tenor, underlying assets, collateral etc. Some of the common examples are interest rate and currency swaps, Forward Rate Agreements (FRAs) etc.

Some of the strategies involving derivatives that may be used by the Investment Manager, with a aim to protect capital and enhance returns include :

Strategy Number 1

■ Using Index Futures to increase percentage investment in equities

This strategy will be used for the purpose of generating returns on idle cash, pending its investment in equities. The Scheme is open-ended in nature and subject to daily inflows. There may be a time lag between the inflow of funds and their deployment in equities. If so desired, the AMC would be able to take immediate exposure to equities via index futures. The position in index futures may be reversed in a phased manner, as the funds are deployed in the equity markets.

Example:

The scheme has a corpus of Rs. 50 crore and there is an inflow of Rs. 5 crore in a day. The AMC may buy index futures contracts of a value of Rs. 5 crore. Later as the money is deployed in the underlying equities, the value of the index futures contracts can be suitably reduced.

| Portfolio | Event | Equity Portfolio Gain / (Loss) (Rs. in crore) | Derivative Gain / (Loss) (Rs. in crore) | Total Portfolio Gain / (Loss) (Rs. in crore) |
|--|---------------------------|---|---|--|
| Rs. 50 Crore Equity exposure | 10% rise in equity prices | 5 | Nil | 5 |
| Rs. 50 Crore Equity exposure + Rs. 5 Crore long position index futures | 10% rise in equity prices | 5 | 0.5 | 5.5 |
| Rs. 50 Crore Equity exposure | 10% fall in equity prices | (5) | Nil | (5) |
| Rs. 50 Crore Equity exposure + Rs. 5 Crore long position index futures | 10% fall in equity prices | (5) | (0.5) | (5.5) |

RISKS

- The strategy of taking a long position in index futures increases the exposure to the market. The long position is positively correlated with the market. However, there is no assurance that the stocks in the portfolio and the index behave in the same manner and thus this strategy may not be provide gains perfectly aligned to the movement in the index.
- The long position will have as much loss as a gain in the underlying index. e.g. if the index appreciates by 10%, the future value rises by 10%. However, this is true only for

futures contracts held till maturity. In the event that a futures contract is closed out before its expiry, the quoted price of the futures contract may be different from the gain / loss due to the movement of the underlying index. This is called the basis risk.

- While futures markets are typically more liquid than the underlying cash market, there can be no assurance that ready liquidity would exist at all points in time, for the Scheme to purchase or close out a specific futures contract.

Strategy Number 2

- Using Index Futures to decrease percentage investment in equities

Similarly, in the case of a pending outflow of funds the AMC, in order to reduce exposure in equities may enter into futures contracts to sell the Index at a future date. This position can be unwound over a period in time by simultaneously selling the equity shares from the investment portfolio of the Scheme. Since the price of the futures contracts is expected to be positively correlated with the index, the value of a short position will move in the direction opposite to the movement in the index. The strategy of taking a short position in the index future would reduce the market exposure, in line with the reduced net assets, in case of a significant redemption.

Example:

Assume a scheme has an equity exposure of Rs. 50 crore. If the Fund Manager wishes to reduce the equity exposure to Rs. 40 crore in a short time, he would sell index futures contracts of a value of Rs. 10 crore.

| Portfolio | Event | Equity Portfolio Gain / (Loss) (Rs. in crore) | Derivative Gain / (Loss) (Rs. in crore) | Total Portfolio Gain / (Loss) (Rs. in crore) |
|--|---------------------------|---|---|--|
| Rs. 50 Crore Equity exposure | 10% fall in equity prices | (5) | Nil | (5) |
| Rs. 50 Crore Equity exposure + Rs. 10 Crore short position index futures | 10% fall in equity prices | (5) | 1 | (4) |
| Rs. 50 Crore Equity exposure | 10% rise in equity prices | 5 | Nil | 5 |
| Rs. 50 Crore Equity exposure + Rs. 10 Crore short position index futures | 10% rise in equity prices | 5 | (1) | 4 |

RISKS

- The strategy of taking a short position in index futures reduces the market exposure. The short position is negatively correlated with the market. However, there is no assurance that the stocks in the portfolio and the index behave in the same manner and thus this strategy may not be a perfect hedge.
- The short position will have as much loss as a gain in the underlying index. e.g. if the index appreciates by 10%, the future value falls by 10%. However, this is true only for futures contracts held till maturity. In the event that a futures contract is closed out before its expiry, the quoted price of the futures contract may be different from the gain / loss due to the movement of the underlying index. This is called the basis risk.
- While futures markets are typically more liquid than the underlying cash market, there can be no assurance that ready liquidity would exist at all points in time, for the Scheme to purchase or close out a specific futures contract.

Strategy Number 3

- Portfolio Protection Using Index Put

The purchase of an index put option gives the scheme the option of selling the index to the writer of the put at a predetermined level of the index, called the strike price. If the index falls below this level, the scheme benefits from the rise in the value of the put option.

Similarly, as a stock hedging strategy, the purchase of a put option on the underlying stock would give the scheme the option to sell the stock to the writer of the option at the predetermined strike price. This would lead to a capping of the loss in value of a stock.

Example:

Let us assume a scheme with a corpus of Rs. 50 crore. Let us also assume an index level of 1000. The scheme is fully invested (Rs. 50 crore in equities). The scheme purchases a put option on the index with a strike price of Rs. 950 for an assumed cost of Rs. 50 lakhs.

The following table illustrates the portfolio returns:

| % change in index | Index Value | Equity Portfolio Value Rs. in crore A | Option Value Rs. in crore B | Cost of the Put Option Rs. in crore C | Portfolio Value Rs. in crore (A+B+C) | % Returns from portfolio |
|-------------------|-------------|--|--------------------------------|--|---|--------------------------|
| 10 | 1100 | 55.00 | 0 | (0.5) | 54.50 | 9 |
| 5 | 1050 | 52.50 | 0 | (0.5) | 52.00 | 4 |
| (5) | 950 | 47.50 | 0 | (0.5) | 47.00 | (6) |
| (10) | 900 | 45.00 | 2.5 | (0.5) | 47.00 | (6) |
| (15) | 850 | 42.50 | 5 | (0.5) | 47.00 | (6) |

A similar put option can be purchased on any individual stock and the downside may be capped.

RISKS

- The table shows that the portfolio value will not fall below Rs. 47 crore, while the scheme benefits from any increase in stock prices. The table assumes perfect correlation between the equity portfolio and the index. However, this may not be the case. Therefore, the minimum portfolio value cannot be assured, but the loss is expected to be lower in a portfolio with a put option on the index, as compared to a normal portfolio.
- The put option would lead to a gain based on the difference between the strike price and the index level at expiration date, if positive. However, in case the option is reversed before the expiration date, the market price received on the sale of the option may be different from the price calculated.
- While options markets can be more liquid than the underlying cash market, there can be no assurance that ready liquidity would exist at all points in time, for the scheme to purchase or close out a specific options contract.
- In the case of purchase of a stock put, the strategy is a perfect hedge on the expiration date of the put option. On other days, there may be (temporary) imperfect correlation between the share price and the put option, which can potentially take the stock value below the minimum under the hedge.

RBI has issued guidelines on Interest Rate Swaps (IRS) and Forward Rate Agreements (FRA) on July 7, 1999. These products were introduced for deepening the country's money market.

SEBI has also permitted trading of interest rate derivatives through Stock Exchanges. The Scheme may trade in these instruments.

IRS

All swaps are financial contracts, which involve exchange (swap) of a set of payments owned by one party for another set of payments owned by another party, usually through an intermediary (market maker). An IRS can be defined as a contract between two parties (Counter Parties) to exchange, on particular dates in the future, one series of cash flows, (fixed interest) for another series of cashflows (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.

Basic Structure of a Swap

Assume that the Scheme has a 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 at 12% for the next 6 months, eliminating the daily interest rate risk. This usually 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 1, 2004 to December 1, 2004. 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 1, 2004 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 a daily basis, the benchmark rate fixed by NSE will be tracked by them.
- On December 1, 2004 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 call rate for 184 days & pay 12% fixed.
 - On December 1, 2004, 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 will pay the Scheme the difference.
 - Effectively the Scheme earns interest at the rate of 12% p.a. for six months without lending money for 6 months fixed, while the counterparty pays interest @ 12% p.a. for 6 months on Rs. 20 crore, without borrowing for 6 months fixed.

The above example illustrates the benefits and risks of using derivatives for hedging and optimizing the investment portfolio. Swaps have their own drawbacks like credit risk, settlement risk. However, these risks are substantially reduced as the amount involved is interest streams and not principal.

Risk Factors

- **Credit Risk:** This is the risk of defaults by the counterparty. This is usually negligible, as there is no exchange of principal amounts in a derivative transaction.
- **Market Risk:** Market movements may adversely affect the pricing and settlement derivatives.
- **Illiquidity Risk:** The risk that a derivative cannot be sold or purchased quickly enough at a fair price, due to lack of liquidity in the market.

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 exchanged.

INVESTMENT DECISIONS

The Investment Committee, comprising of the Managing Director, the Chief Investment Officer, Vice President - Fixed Income (for authorising fixed income transactions only) and the Company Secretary / Chief Compliance Officer, will decide on the investment proposals. Detailed investment proposals precede each investment decision and are reviewed by the Investment Committee. The investment proposals for Equity Funds will contain details such as the nature of the fund (focused on large cap versus mid cap, level of diversification focused on growth/value etc.); the short, medium and long term track record versus the benchmark and the peer group; size of the fund; track record of the portfolio manager; track record and reputation of AMC and present sectoral allocation of the Fund. The investment proposals for Debt Funds will contain details such

as the nature of the fund (income, short term or liquid fund); the short, medium and long term track record versus the benchmark and the peer group; size of the fund; track record of the portfolio manager; track record and reputation of AMC; average maturity. Subsequent proposals will contain reasons for recommendation. Periodic presentations will be made to the Board of Directors of the AMC and Trustee Company to review the performance of the Scheme.

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

PORTFOLIO TURNOVER

As there could be redemptions in the Scheme during the Specified Redemption Period till maturity of the Scheme and number of subscriptions/ redemptions after the conversion of the Scheme into an open ended scheme, it is difficult to estimate with any reasonable measure of accuracy, the likely turnover in the portfolio.

INVESTMENT RESTRICTIONS

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

- The Mutual Fund will buy and sell securities on the basis of deliveries and will in all cases of purchase, take delivery of relative securities and in all cases of sale, deliver the securities and will in no case put itself in a position whereby it has to make short sales or carry forward transactions or engage in badla finance (carry forward).
Provided that the Mutual Fund shall enter into derivatives transactions in a recognised stock exchange for the purpose of hedging and portfolio balancing or for any other purpose as may be permitted by SEBI from time to time, in accordance with the guidelines issued by SEBI.
- The Mutual Fund shall enter into transactions relating to Government Securities only in dematerialised form.
- The Mutual Fund will, for securities purchased in the non-depository mode get the securities transferred in the name of the Mutual Fund on account of the Scheme, wherever the investments are intended to be of a long term nature.
- The Scheme shall not invest more than 15% of its NAV in debt instruments [irrespective of residual maturity period (above or below one year)], issued by a single issuer which are rated not below investment grade by a credit rating agency authorised to carry out such activity under the SEBI Act. Such investment limit may be extended to 20% of the NAV of the Scheme with the prior approval of the Trustee and the Board of the AMC.

Provided that such limit shall not be applicable for investments in government securities and money market instruments.

Provided further that investment within such limit can be made in 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 unrated debt instruments [irrespective of residual maturity period (above or below one year)], 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 Trustee and the Board of the AMC.
- The Mutual Fund under all its Scheme(s) will not own more than ten percent of any Company's paid up capital carrying voting rights.

- Transfer of investments from one Scheme to another Scheme in the same Mutual Fund, shall be allowed only if:-
 - (a) such transfers are made at the prevailing market price for quoted Securities on spot basis
Explanation : spot basis shall have the same meaning as specified by Stock Exchange for spot transactions
 - (b) the Securities so transferred shall be in conformity with the investment objective of the Scheme to which such transfer has been made.
- The Scheme may invest in another scheme under the same AMC or any other mutual fund without charging any fees, provided that aggregate inter-scheme investment made by all schemes under the same AMC or in schemes under the management of any other asset management shall not exceed 5% of the net asset value of the Mutual Fund.
- Pending deployment as per investment objective, the moneys under the Scheme may be invested in short-term deposits of Scheduled Commercial Banks.
- The Scheme shall not make any investments in:
 - (a) any unlisted security of an associate or group company of the Sponsors; or
 - (b) any security issued by way of private placement by an associate or group company of the Sponsors; or
 - (c) the listed securities of group companies of the Sponsors which is in excess of 25% of the net assets.
 - (d) any fund of funds scheme
- The Scheme shall not invest more than 10 per cent of its NAV in case of the equity shares or equity related instruments of any company and in listed securities / units of Venture Capital Funds.
- The Scheme shall not invest more than 10% of its NAV in the unlisted equity shares or equity related instruments and in unlisted securities / units of Venture Capital Funds.

After conversion of the Scheme into an open-ended scheme, investment in unlisted equity shares or equity related instruments and in unlisted securities/units of Venture Capital Funds shall not exceed 5% of its NAV.

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(s) 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.

COMPUTATION OF NET ASSET VALUE

The Net Asset Value (NAV) per Unit of the Scheme will be computed by dividing the net assets of the Scheme by the 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 VIII of the SEBI Regulations, or such norms as may be specified by SEBI from time to time.

NAV of Units of the Scheme shall be calculated as shown below:

$$\text{NAV (Rs) per Unit} = \frac{\text{Market or Fair Value of the Scheme's Investments} + \text{Unamortised Issue Expenses} + \text{Current Assets} - \text{Current Liabilities and Provisions}}{\text{No. of Units outstanding under the Scheme}}$$

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 of the Scheme will be calculated and disclosed at the close of every Business Day.

The NAV of the Scheme will be calculated upto 3 decimals. Units will be allotted upto 3 decimals.

VALUATION OF THE SCHEME'S ASSETS AND DETERMINATION OF NET ASSET VALUE (NAV)

1. Traded Securities

- Traded securities are valued at the last quoted closing price on the National Stock Exchange of India Limited (NSEIL).
- When the Securities are traded on more than one recognised stock exchange, the Securities shall be valued at the last quoted closing price on the stock exchange where the security is principally traded. The AMC will select the appropriate stock exchange, but the reasons for the selection would be recorded in writing. All scrips may be valued at the prices quoted on the stock exchange where a majority in value of the investments are principally traded.
- Once a Stock Exchange has been selected for valuation of a particular security, reasons for change of the exchange shall be recorded in writing by the AMC.
- When a security (other than debt securities) is not traded on any stock exchange on a particular valuation day, the value at which it was traded on the selected stock exchange, as the case may be, on the earliest previous day is used provided such date is not more than 30 days prior to valuation date.

2. Thinly Traded Securities

- Thinly Traded Equity / Equity related securities are those securities whose trade in a month, are both less than Rs 5 lakhs and the total volume is less than 50,000 shares. Non-Traded / Thinly Traded Equity Securities will be fair valued as per procedures determined by the AMC and approved by Trustee of HDFC Mutual Fund, in accordance with the SEBI Regulations and related circulars.
- A debt security (other than Government Securities) is considered as a thinly traded security if on the valuation date, there are no individual trades in that security in marketable lots (presently Rs 5 crore) on the principal stock exchange or any other stock exchange.

3. Non-Traded Securities

- Non-traded Equity / Equity related securities are those securities when it is not traded on any stock exchange for a period of thirty days prior to the valuation date. Non-traded Equity Securities will be fair valued as per procedures determined by the AMC and approved by Trustee of HDFC Mutual Fund in accordance with the SEBI Regulations and related circulars.
- When a debt security (other than Government Securities) is not traded on any stock exchange on a particular valuation day, the security is considered as 'Non Traded Security'. The value at which it was traded on the principal stock exchange or any other stock exchange, as the case may be, on the earliest previous day is used provided such date is not more than 15

days prior to valuation date. When a debt security (other than Government Securities) is purchased by way of private placement, the value at which it was bought is used for a period of 15 days from the date of purchase.

- Non-Traded / Thinly Traded Debt securities/ asset backed securities purchased with residual maturity of upto 182 days are valued at cost (including accrued interest till the beginning of the day) plus the difference between the redemption value (inclusive of interest) and cost spread uniformly over the remaining maturity period of the instrument. Non Traded / Thinly Traded Debt securities/ asset backed securities purchased with maturity greater than 182 days at the time of purchase, the last valuation price plus accrued interest is used instead of purchase cost.
- Non-Traded/Thinly Traded Securities/Asset Backed Securities of over 182 days to maturity are valued in good faith by the Investment Manager on the basis of valuation principles laid down by SEBI. The approach in valuation of Non-Traded Debt Securities is based on the concept of using spreads over the Government Securities to arrive at the yields for the pricing of the Non-Traded Debt Security.
- Investments in Money market instruments are valued on the basis of amortization (cost plus accrued interest till the beginning of the day plus the difference between the redemption value and the cost spread uniformly over the remaining maturity period of the instruments).

4. Derivative Products

- The traded derivative shall be valued at market price in conformity with the stipulations of sub clauses (i) to (v) of clause 1 of the Eighth Schedule to the SEBI Regulations.
- The valuation of untraded derivatives shall be done in accordance with the valuation method for untraded investments prescribed in sub clauses (i) and (ii) of clause 2 of the Eighth Schedule to the SEBI Regulations.

Government Securities are valued at the prices released by CRISIL, which is currently the only approved agency suggested by Association of Mutual Funds in India (AMFI).

Unlisted equity shares of a company shall be valued "in good faith" on the basis of the valuation principles laid down in the SEBI circular no. MFD/CIR/03/526/2002 dated May 9, 2002 as amended from time to time.

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

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

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

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

- (i) If the investors are allotted Units at a price higher than Net Asset Value or are given a price lower than Net Asset Value at the time of sale of their Units, they shall be paid the difference in amount by the Scheme.
- (ii) If the investors are charged lower Net Asset Value at the time of purchase of their Units or are given higher Net Asset Value at the time of sale of their Units, the AMC shall pay the difference in amount to the Scheme(s). The AMC may recover the difference from the investors.

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

SEBI has issued vide circular no. MFD / CIR / 8 / 92 / 2000 dated September 18, 2000 as amended by SEBI circular no. MFD / CIR / 14 / 088 / 2001 dated March 28, 2001 (i) Guidelines for Valuation of Securities; and (ii) Guidelines for Identification and Provisioning for Non-Performing Assets (NPAs). These Guidelines are supplementary to the provisions specified in SEBI Regulations.

These Guidelines have become effective as follows (SEBI circular no. MFD / CIR / 8(a) / 104 / 2000 dated October 03, 2000) :

- (i) Guidelines for identification and provisioning of NPAs and Valuation of non-traded and thinly traded equity shares from October 16, 2000.
- (ii) Guidelines for Valuation of non-traded and thinly traded debt securities from December 1, 2000.

ACCOUNTING POLICIES & STANDARDS

In accordance with Regulation 50 read with the Ninth Schedule to the SEBI Regulations, the Scheme shall follow the accounting policies and standards stated below:

- All investments will be marked to market and will be carried in the balance sheet at market value. However, since the unrealised gain arising out of appreciation on investments cannot be distributed, provision will be made for exclusion of this item when arriving at distributable income.
- Dividend income earned by the Scheme shall be recognised, not on the date the dividend is declared, but on the date the share is quoted on an ex-dividend basis. For investments which are not quoted on the stock exchange, dividend income shall be recognised on the date of declaration.
- In respect of all interest-bearing investments, income will be accrued on a day to day basis as it is earned. Therefore when such investments are purchased, interest paid for the period from the last interest due date upto the date of purchase shall not be treated as a cost of purchase but shall be debited to Interest Recoverable Account. Similarly,

interest received at the time of sale for the period from the last interest due date upto the date of sale shall not be treated as an addition to sale value but shall be credited to Interest Recoverable Account.

- In determining the holding cost of investments and the gains or loss on sale of investments, the "average cost" method shall be followed.
- Transactions for purchase or sale of investments would be recognised as of the trade date and not as of the settlement date, so that the effect of all Investments traded during a financial year are recorded and reflected in the financial statements for that year. When investment transactions take place outside the stock market, for example, acquisitions through private placement or purchases or sales through private treaty, the transaction would be recorded, in the event of a purchase, as of the date on which the Scheme obtains an enforceable obligation to pay the price or, in the event of a sale, when the Scheme obtains an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold.
- Bonus shares to which the Scheme becomes entitled shall be recognised only when the original shares on which the bonus entitlement accrues are traded on the stock exchange on an ex-bonus basis. Similarly, rights entitlements shall be recognised only when the original shares on which the right entitlement accrues are traded on the stock exchange on an ex-rights basis.
- An 'asset' shall be classified as non performing, if the interest and / or principal amount have not been received or remained outstanding for one quarter from the day such income / installment has fallen due. After the expiry of the 1st quarter from the date the income has fallen due, there will be no further interest accrual on the asset. In short, from the beginning of the 2nd calendar quarter there will be no further accrual on income.
- Where income receivable on investments has accrued but has not been received for the period specified in the guidelines issued by SEBI, provision shall be made by debiting to the revenue account, the income so accrued in the manner specified by the guidelines issued by SEBI.
- In a close-ended scheme, which provides to the unit holders the option for an early redemption or repurchase their own units, the par value of the units has to be debited to Capital account and the difference between the purchase price and the par value, if positive should be credited to reserves and, if negative, should be debited to reserves. A proportionate part of unamortised initial issue expenses will be transferred to the reserves so that the balance carried on that account is proportionate to the number of units remaining outstanding.
- When in case of open-ended scheme units are sold, the difference between the Sale price and the face value of the Unit, if positive shall be credited to reserves and if negative will be debited to reserves, the face value being credited to the Capital Account. Similarly, when Units are Redeemed, the difference between the purchase price and face value of the unit, if positive, shall be debited to reserves, and, if negative, shall be credited to reserves, the face value being debited to the Capital account.
- In case of open-ended scheme when Units are sold, an appropriate part of the Sale proceeds shall be credited to an Equalisation Account and when Units are redeemed, an appropriate amount would be debited to Equalisation Account. The net balance on this account shall be credited

or debited to the Revenue Account. The balance on the Equalisation Account debited or credited to the Revenue Account shall not decrease or increase the net income of the Mutual Fund but is only an adjustment to the distributable surplus. It shall therefore, be reflected in the Revenue Account only after the net income of the Mutual Fund is determined.

- The cost of investments acquired or purchased would include, brokerage, stamp charges and any charge customarily included in the broker's bought note. In respect of privately placed debt instruments any front-end discount offered shall be reduced from the cost of the investment.
- Underwriting commission shall be recognised as revenue only when there is no devolvement on the Scheme. Where there is devolvement on the Scheme, the full underwriting commission received and not merely the portion applicable to the devolvement shall be reduced from the cost of the investment.

The accounting policies and standards as mentioned above are in accordance with the Ninth Schedule of the SEBI Regulations and are subject to change as per any changes in the SEBI Regulations. All other policies and standards as specified therein, as well as any additions / modifications thereto as may be specified by SEBI from time to time shall be adhered to while preparing the books of accounts and financial statements of the Mutual Fund.

Following the issue of the Guidance Note on Accounting for Investments in the Financial Statements of Mutual Funds by the Institute of Chartered Accountants of India (pursuant to the Eleventh Schedule of the SEBI Regulations), net unrealised gain or loss in the value of investments is determined separately for each category of investments. Further, the change in net

unrealised gain / (loss), if any, between two balance sheet dates is recognised in the revenue account. However, unrealised appreciation is reduced from the distributable income at the time of income distribution.

UNCLAIMED REDEMPTION / DIVIDEND AMOUNT

The unclaimed Redemption amount and dividend amounts may be deployed by the Mutual Fund in call money market or money market instruments only and the investors who claim these amounts during a period of three years from the due date shall be paid at the prevailing Net Asset Value. After a period of three years, this amount will be transferred to a pool account and the investors can claim the amount at NAV prevailing at the end of the third year. The income earned on such funds will be used for the purpose of investor education. The AMC will make a continuous effort to remind the investors through letters to take their unclaimed amounts. Further, the investment management fee charged by the AMC for managing unclaimed amounts shall not exceed 50 basis points.

INVESTMENT BY THE AMC IN THE SCHEME

The AMC may invest in the Scheme in the New Fund Offer Period or thereafter at anytime during the continuous offer (after conversion of the scheme into an open-ended scheme) subject to the SEBI Regulations. The AMC may also invest in existing Schemes of the Mutual Fund. As per the existing SEBI Regulations, the AMC will not charge Investment Management and Advisory fee on the investment made by it in the Scheme or other existing schemes of the Mutual Fund.

SECTION III

UNITS & THE NEW FUND OFFER

GENERAL INFORMATION

NEW FUND OFFER

The offer is being made for the subscription of Units of HDFC Long Term Equity Fund, which is a Close-Ended Equity Scheme with a maturity of 5 years.

Investors / Unit holders in the Scheme are not being offered any guaranteed / assured returns.

NEW FUND OFFER PERIOD

The New Fund Offer Period for the Scheme will commence from November -----, 2005 and close on November -----, 2005.

NEW FUND OFFER PRICE

The corpus of the Scheme will be divided into Units having an face value of Rs. 10/- each. The New Fund Offer Price of Units of the Scheme will be Rs. 10 per unit.

EXTENSION OF THE NEW FUND OFFER PERIOD

The Trustee reserves the right to extend the closing date of the New Fund Offer Period, subject to the condition that the subscription list of the New Fund Offer Period shall not be kept open for more than 30 days.

MATURITY OF THE SCHEME

The Scheme is a close-ended equity scheme. The duration of the Scheme is 5 years from the date of allotment.

Upon maturity, the Scheme will automatically be converted into an open-ended scheme without any further reference from the Mutual Fund/Trustee/AMC/Unit holders, subject to the SEBI Regulations.

However, the Trustee reserve the right not to convert the Scheme into an open ended scheme upon maturity, if deemed appropriate in the interest of the Scheme/Unit holders.

Further, the Trustee reserve the right to roll over the Scheme for a further period as may decided in accordance with the SEBI Regulations.

MINIMUM AMOUNT FOR APPLICATION

The minimum amount is Rs. 5000 per application and in multiples of Rs. 1000 thereafter. In case of investors opting to switch into the Scheme from the existing Schemes of HDFC Mutual Fund (subject to completion of Lock-in Period, if any) during the New Fund Offer Period, the minimum amount is Rs. 5,000 per application and in multiples of Re. 0.01 thereof.

MINIMUM SUBSCRIPTION AMOUNT

The minimum subscription (target) amount for the Scheme is **Rs. 1 Crore**. There is no maximum target for the size of the Scheme and therefore, subject to the applications being in accordance with the terms of this offer, full and firm allotment will be made to the Unit holders.

In accordance with the SEBI Regulations, if the Mutual Fund fails to collect the minimum subscription amount of **Rs. 1 Crore** under the Scheme, the Mutual Fund and the AMC shall be liable to refund the subscription amount to the Applicants of the Scheme. In addition to the above, refund of subscription amount to Applicants whose applications are invalid for any reason whatsoever, will commence after the allotment process is completed.

MINIMUM NUMBER OF INVESTORS AND MAXIMUM HOLDING BY A SINGLE INVESTOR

As per SEBI circular ref. SEBI/IMD/CIR No. 10/22701/03 dated December 12, 2003 read with circular ref. SEBI/IMD/CIR No. 1/42529/05 dated June 14, 2005, it is specified *inter alia* that

each portfolio under a scheme should have a minimum of 20 investors and no single investor should account for more than 25% of the corpus of such portfolio.

Determining the breach of the 25% limit by an Investor - The average net assets of the scheme would be calculated daily and any breach of the 25% holding limit by an investor would be determined. At the end of the quarter, the average of daily holding by each such investor is computed to determine whether that investor has breached the 25% limit over the quarter. If there is a breach of 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.

In case of close-ended schemes, the Scheme must have a minimum of 20 investors and no single investor should hold more than 25% of the corpus of the Scheme (at portfolio level) at the time of allotment. If the Scheme fails to get minimum of 20 investors in the New Fund Offer, the investors' application money would be refunded. Also the Mutual Fund will be constrained to reject the application by a single investor to the extent of having exposure of more than 25% of the Scheme corpus at the time of allotment. Hence such investor could be allotted limited units to such extent.

On conversion of the Scheme into an open-ended scheme, the Scheme will meet with the condition of having minimum 20 investors on an average basis, in each calendar quarter, failing which the provisions of Regulation 39(2)(c) of SEBI (Mutual Funds) Regulations, 1996 would become applicable without any reference from SEBI and accordingly the said portfolio under the Scheme shall be wound up by following the procedure/guidelines laid down by SEBI. The guidelines with respect to maximum holding by a single individual would be reckoned and monitored as mentioned in SEBI Circular No. SEBI/IMD/Cir. No. 1/42529/05 dated June 14, 2005.

ALLOTMENT AND REFUND

All Applicants whose cheques towards purchase of Units have realised will receive a full and firm allotment of Units (subject to single investor not holding more than 25% of the corpus), provided also the applications are complete in all respects and are found to be in order. The Trustee retains the sole and absolute discretion to reject any application. The process of allotment of Units and mailing of account statements reflecting the allotments will be completed within 30 days from the date of closure of the New Fund Offer Period.

No Interest will be payable on any subscription money refunded within 30 days from the closure of the New Fund Offer Period. Interest on subscription amount will be payable for amounts refunded later than 30 days from the closure of the New Fund Offer Period at the rate of 15% per annum for the period in excess of 30 days and will be charged to the AMC. Refund orders will be marked "A/c. Payee only" and will be in favour of and be despatched to the sole / first Applicant, by registered post.

INVESTMENT OPTIONS OFFERED UNDER THE SCHEME

The Scheme offers investors two Options, (i) Dividend Option and (ii) Growth Option. Dividend Option will offer Dividend Payout and Re-investment facility.

Dividend re-investment facility will be available only after the Scheme is converted into an open-ended scheme.

Investors should indicate the Option for which the subscription is made by indicating the choice in the appropriate box provided for this purpose in the application form. In case of valid applications received, without indicating any choice of Option, it will be considered as option for Growth and processed accordingly.

■ Dividend Option

Under this Option, it is proposed to declare dividends subject to availability of distributable profits, as computed in accordance with SEBI Regulations. Further the Trustee at its sole discretion may also declare interim dividend. Dividends, if declared, will be paid (subject to deduction of tax at source, if any) to those Unit holders whose names appear in the Register of Unit holders on the notified record date. The AMC reserves the right to change the record date from time to time. However, it must be distinctly understood that the actual declaration of dividend and the frequency thereof will inter-alia, depend on the availability of distributable profits as computed in accordance with SEBI Regulations. The decision of the Trustee in this regard shall be final. There is no assurance or guarantee to Unit holders as to the rate of dividend distribution nor that dividends will be paid regularly. In order to be a Unit holder, an investor has to be allotted Unit against receipt of clear funds by the Scheme. On payment of dividends, the NAV will stand reduced by the amount of dividend and dividend tax (if applicable) paid.

Till the maturity of the Scheme, the Dividend Option will offer payout facility only. Dividend re-investment facility will be available to the investors only after the Scheme is converted into an open-ended Scheme upon maturity.

■ Growth Option

Dividends will not be declared under this Option. The income attributable to Units under this Option will continue to remain invested and will be reflected in the Net Asset Value of Units under this Option.

The AMC reserves the right to introduce to a new option/investment Plan at a later date, subject to the SEBI Regulations.

Dividend Re-investment Facility

Dividend re-investment facility will be available only after the Scheme is converted into an open-ended scheme.

Unit holders opting for Dividend Option may choose to reinvest the dividend to be received by them in additional Units of the Scheme. Under this facility, the dividend due and payable to the Unit holders will be compulsorily and without any further act by the Unit holders, reinvested in the Dividend Option (on the next Business Day after the record date), at a price based on the prevailing ex-dividend Net Asset Value per Unit on the record date. The amount of dividend re-invested will be net of tax deducted at source, wherever applicable. The dividends so reinvested shall constitute a constructive payment of dividends to the Unit holders and a constructive receipt of the same amount from each Unit holder for reinvestment in Units.

On reinvestment of dividends, the number of Units to the credit of Unit holder will increase to the extent of the dividend reinvested divided by the Applicable NAV as explained above. There shall however, be no Entry/Sales Load on the dividend so reinvested.

Shut-out Period (Applicable for Investors under Dividend Option only)

After the conversion of the Scheme into an open-ended Scheme upon maturity, on an ongoing basis, investors should note that the AMC reserves a right to declare Shut-out period not exceeding 5 days for the investors opting for payment of dividend under

the Dividend Option. The declaration of the Shut-out period is envisaged to facilitate the AMC to determine the Units of the Unit holders eligible for receipt of dividend under the Dividend Option. Further, the Shut-out period will also help in expeditious processing and despatch of dividend warrants. The AMC shall arrange to display at all Investor Service Centres at least 10 days before the introduction. The Shut-out period will be applicable for making investments in the Scheme. During the Shut-out period investors may make purchases into the Scheme but the Sale Price for subscription of Units will be calculated at the Applicable NAV as at the close of the first Business Day following the shutout period. Therefore, if investments are made during the Shut-out period, Units to the credit of the Unit holders' account will be allotted only on the first Business Day following the shut-out period. The Shut-out period applies to new investors in the Scheme as well as to Unit holders making additional purchases of Units into an existing folio. The Shut-out period does not apply to purchases of Units under the Growth Option. The AMC reserves the right to change the duration of the Shut-out period and prescribe new Shut-out period, from time to time.

OPTIONS

Systematic Investment Plan (SIP)

This facility will be available to the investors of the Scheme subsequent to its conversion into an open-ended scheme upon maturity.

The Unit holders under the Scheme can benefit by investing specified Rupee amounts at regular intervals for a continuous period. Under the SIP, Investors can invest a fixed amount of Rupees at regular intervals for purchasing additional Units of the Scheme at NAV based prices. This concept is called Rupee Cost Averaging.

SIP facility is available to Investors on the commencement of ongoing Sale and Redemption under the Scheme subsequent to its conversion into an open-ended scheme upon maturity. Unit holder can enroll for the SIP facility by submitting the duly completed Enrolment Form at the ISC. Investors can invest a minimum of Rs.1000 and in multiples of Rs. 100 thereafter under this facility at periodic intervals by providing the ISC post-dated cheques. The cheques should be drawn in favour of "HDFC Long Term Equity Fund" and crossed "A/c Payee only". On receipt of the post dated cheques, the ISC will send a letter to the Unit holder confirming that the Unit holder's name has been noted for the SIP facility. The cheques will be presented on the dates mentioned on the cheque and subject to realisation of the cheques, Units will be allotted. In case the date falls on a holiday or falls during a Book Closure period, the immediate next Business Day will be considered for this purpose. An Account Statement will be despatched by mail to the Unit holder within three Business Days from the date of transaction indicating the new balance to the credit of the Unit holder's account. Investors should note that such a plan does not assure nor guarantee any returns. Investors will have the right to discontinue the SIP facility at any time by sending a written request to any of the ISCs. Notice of such discontinuance should be received at least 7 days prior to the due date of the next cheque. On receipt of such request, the SIP facility will be terminated and the balance post-dated cheque/s will be returned to the Investor.

SIP facility is available subject to terms & conditions. Please refer to the SIP Enrolment Form for terms & conditions before enrolment.

Systematic Withdrawal Advantage Plan (SWAP)

This facility will be available to the investors of the Scheme subsequent to its conversion into an open-ended scheme upon maturity.

This facility, available to the Unit holders of the Scheme, enables them to withdraw (subject to deduction of tax at source, if any) fixed sum or a variable amount from their Unit accounts at periodic intervals. Any Unit holder can avail of this facility subject to the terms and conditions contained in the SWAP Enrolment Form. The amount withdrawn (subject to deduction of tax at source, if any) under SWAP by Redemption shall be converted into the specific Scheme/Plan Units at the Applicable NAV as on the 1st or 25th of a month/quarter/half-year and such Units will be subtracted from the Unit Balance of the Unit holders. In case these dates fall on a Holiday or fall during a Book Closure period the next Business Day will be considered for this purpose. If the net asset value of the Units outstanding on the withdrawal date is insufficient to process the withdrawal request, then the Mutual Fund will redeem the Units outstanding in its entirety. Investors may note that if you decide to take up this facility, you should be aware of the possibility that you could erode your capital.

SWAP Option is available to Unit holders on the commencement of on-going Sale and Redemption of Units under the Scheme subsequent to the conversion of the Scheme into an open-ended scheme upon maturity. Investors can enroll themselves for the facility by submitting the duly completed SWAP Enrolment Form at any of the ISCs.

SWAP facility is available subject to terms & conditions. Please refer to the SWAP Enrolment Form for terms & conditions before enrolment.

SWITCHING OPTIONS

Unit holders under the Scheme have the option to Switch part or all of their Unit holdings in the respective Options to another scheme(s) established by the Mutual Fund, or within the Scheme from one option to another option (subsequent to conversion of the Scheme into an open-ended scheme upon maturity) which is available for investment at that time. This Option will be useful to Unit holders who wish to alter the allocation of their investment among the scheme(s) / plan(s) of the Mutual Fund in order to meet their changed investment needs.

The Switch will be effected by way of a Redemption of Units from the Scheme / Plan and a reinvestment of the Redemption proceeds in the other scheme / plan and accordingly, to be effective, the Switch must comply with the Redemption rules of the Scheme and the issue rules of the other scheme (e.g. as to the minimum number of Units that may be redeemed or issued, Exit / Entry Load etc). The price at which the Units will be Switched out of the respective Options will be based on the Redemption Price, and the proceeds will be invested in the other scheme / plan at the prevailing sale price for units in that scheme / plan. **No load shall be imposed for switching between the Options within the Scheme.**

Investors under the Dividend Option of the Scheme may note that the AMC / Trustee may introduce a Shut-out Period, after the conversion of the Scheme into an open-ended Scheme upon maturity. Please refer to para "Shut-out Period" on **Page _____** for the details and the Applicable NAV for investors subscribing to the Units of the Scheme during the Shut-out Period.

The Switch request can be made on a pre-printed form or by using the relevant tear off section of the Transaction Slip enclosed with the Account Statement, which should be submitted at / may be sent by mail to any of the ISCs. An Account Statement reflecting the new holding will be despatched to the Unit holders within three Business Days of completion of Switch transaction.

The AMC retains the right to charge different Loads on Switching of Units as compared to Sale / Redemption of Units as the case may be.

WHO CAN INVEST ?

The following persons are eligible and may apply for subscription to the Units of the Scheme(s) (subject to wherever relevant statutory regulations and their respective constitutions) :

1. Resident adult individuals either singly or jointly (not exceeding three) or on an Anyone or Survivor basis;
2. Minors through parent / legal guardian;
3. Karta of Hindu Undivided Family (HUF);
4. Partnership Firms;
5. Companies, Bodies Corporate, Public Sector Undertakings, Association of Persons or bodies of individuals and societies registered under the Societies Registration Act, 1860;
6. Banks & Financial Institutions;
7. Mutual Funds registered with SEBI;
8. Religious and Charitable Trusts, Wakfs or endowments of private trusts (subject to receipt of necessary approvals as required) and Private trusts authorised to invest in mutual fund schemes under their trust deeds;
9. Non-resident Indians (NRIs)/Persons of Indian Origin residing abroad (PIO) on repatriation basis or on non-repatriation basis;
10. Foreign Institutional Investors (FIIs) registered with SEBI on repatriation basis;
11. Army, Air Force, Navy and other paramilitary units and bodies created by such institutions;
12. Scientific and Industrial Research Organisations;
13. Multilateral Funding Agencies/Bodies Corporate incorporated outside India with the permission of Government of India/Reserve Bank of India;
14. Other schemes of HDFC Mutual Fund subject to the conditions and limits prescribed by SEBI Regulations;
15. Trustee, AMC, Sponsor and their associates may subscribe to Units under the Scheme(s);
16. 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.

Note :

1. Non Resident Indians (NRIs) and Persons of Indian Origin (PIOs) residing abroad / Foreign Institutional Investors (FIIs) have been granted a general permission by Reserve Bank of India Schedule 5 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 for investing in / redeeming units of the mutual funds subject to conditions set out in the aforesaid regulations.
2. In case of application under a Power of Attorney or by a limited company or a corporate body or an eligible institution or a registered society or a trust fund, the original Power of Attorney or a certified true copy duly notarised or the relevant resolution or authority to make the application as the case may be, or duly notarised copy thereof, alongwith a certified copy of the Memorandum and Articles of Association and/or bye-laws and / or trust deed and / or partnership deed and Certificate of Registration should be submitted. The officials should sign the application under their official designation. A list of specimen signatures of the authorised officials, duly certified / attested should also be attached to the Application Form. In case of a Trust / Fund it shall submit a resolution from the Trustee(s) authorising such purchases and redemptions.

Applications not complying with the above are liable to be rejected.

3. Returned cheques are liable not to be presented again for collection, and the accompanying application forms are liable to be rejected. In case the returned cheques are presented again, the necessary charges are liable to be debited to the investor.
4. Any request for withdrawal of application made during the New Fund Offer Period will be treated as Redemption request and shall be processed at the Redemption Price on the first day after the Scheme opens for Sale and Redemption on an on-going basis.

HOW TO APPLY ?

1. The application form for the Sale of Units of the Scheme will be available and accepted at the office of the Collection Centres / ISCs.
2. Applications must be completed in Block Letters in English.
3. Signatures should be in English or in any Indian Language.
4. All cheques and bank drafts must be drawn in favour of **"HDFC Long Term Equity Fund"** and crossed **"A/c Payee only"**. A separate cheque or bank draft must accompany each application.
5. All cheques and bank drafts accompanying the application form should contain the application form number on its reverse.
6. In order to protect the interest of Investors from fraudulent encashment of cheques, the current SEBI Regulations, has made it mandatory for Investors to mention in their Application / Redemption request, the bank name and account number.
7. Applications not complete in any respect are liable to be rejected.
8. The AMC / Trustee retains the sole and absolute discretion to reject any application.

MODE OF PAYMENT

■ Resident Investors

- (a) Payment may be made by cheque or bank draft drawn on any bank, which is situated at and is a member of the Bankers' Clearing House, located at the place where the application is submitted. **No cash, money orders, outstation cheques and post-dated cheques (except through Systematic Investment Plan) will be accepted.** Bank charges for outstation demand drafts will be borne by the AMC and will be limited to the bank charges stipulated by the State Bank of India, if a demand draft issued by a bank in a place where there is no ISC / Collection Centre provided for the investors. In all other cases, the AMC will not accept any request for refund of demand draft charges.
- (b) Investors opting to switch into the Scheme from the existing Schemes of HDFC Mutual Fund (subject to completion of Lock-in Period, if any) during the New Fund Offer Period should submit the Application Form alongwith switch request only at the ISCs. Switch request will be accepted till the closure of the New Fund Offer Period.
- (c) For Investors having a bank account with such banks with whom the AMC would have an arrangement from time to time (for on-going transactions):

Payment may be made for subscription to the Units of the Scheme either by issuing a cheque drawn on such banks or by giving a debit mandate to their account with any branch of such banks with whom the AMC would have an arrangement from time to time.

■ NRIs, FIIs

Repatriation Basis

- In the case of NRIs, payment may be made either by inward remittance through normal banking channels or out of funds held in his Non - Resident (External) Rupee Account (NRE) / Foreign Currency (Non-Resident) Account (FCNR).
- FIIs shall pay their subscription either by inward remittance through normal banking channels or out of funds held in Foreign Currency Account or Non-Resident Rupee Account maintained by the FII with a designated branch of an authorised dealer.

Provided that -

- (i) The FII shall restrict allocation of its total investment between equity and debt instruments (including dated Government Securities and Treasury Bills in the Indian capital market) in the ratio of 70:30 and
- (ii) If the FII desires to invest upto 100% in dated Government Securities including Treasury Bills, non-convertible debentures / bonds issued by an Indian company, it shall form a 100% debt fund and get such fund registered with SEBI.

Non-repatriation Basis

- In the case of NRIs, payment may be made either by inward remittance through normal banking channels or out of funds held in his NRE / FCNR / Non-Resident Ordinary Rupee Account (NRO).

MASTER ACCOUNT / FOLIO

As an investor friendly measure, unless otherwise requested by the Unit holder, one Master Account / Folio Number will be assigned for one Unit holder having holdings in different schemes of the Mutual Fund. In such a case, one consolidated Account Statement will be provided. The number of Units allotted to a Unit holder or Redeemed will be reflected in his or her account and a statement to this effect will be issued to the Unit holder. The AMC reserves the right to assign the existing Master Account / Folio Number against multiple applications and / or subsequent purchases under a new application form by an existing Unit holder, with identical mode of holding and address.

ACCOUNT STATEMENT

As per the SEBI Regulations, an Account Statement reflecting the number of Units allotted shall be despatched by mail not later than 30 days from the date of closure of the New Fund Offer Period. Post the New Fund Offer Period, the Account Statement reflecting the new or additional subscription as well as Redemption / Switch of Units shall be despatched to the Unit holder within 30 days from the date of receipt of request from the Unit holder. However, under normal circumstances, the Mutual Fund shall endeavour to despatch the Account Statement within 3 Business Days from the date of the receipt of request from the unit holder.

UNIT CERTIFICATES

Normally no Unit certificates will be issued. However, if the

applicant so desires, the AMC shall issue a non-transferable Unit certificate to the applicant within 30 days of the receipt of request for the certificate. Unit certificate if issued must be duly discharged by the Unit holder(s) and surrendered along with the request for Redemption / Switch or any other transaction of Units covered therein.

HOUSEHOLDINGS

In case newsletters are sent to each Unit holder by post / courier which may result in certain households with one or more members as the Unit holders of the Scheme getting multiple copies. In such cases the AMC will cull the database and send each such "household" a single newsletter. The AMC feels that this will not inconvenience the Unit holders. In case it does, please write to the AMC, for additional copies.

JOINT HOLDERS

In the event the account has more than one registered holder the first-named Unit holder shall receive the account statements, all notices and correspondence with respect to the account, as well as the proceeds of any Redemption requests or dividends or other distributions. In addition, such holder shall have the voting rights, as permitted, associated with such Units as per the applicable guidelines.

The Unit holder can specify the 'mode of holding' in the prescribed form (mentioned above) as 'Jointly' or 'Anyone or Survivor'. In the case of holding specified as 'Jointly', Redemptions would have to be signed by all joint holders. However, in cases of holding specified as 'Anyone or Survivor', any one of the Unit holders will have the power / authority to make Redemption requests, without it being necessary for all the Unit holders to sign. However, in all cases, the proceeds of the Redemption will be paid to the first-named Unit holder.

In case of death / insolvency of any one or more of the persons named in the Register of Unit holders as the joint holders of any Units, the AMC shall not be bound to recognise any person(s) other than the remaining holders. In all such cases, the proceeds of the Redemption will be paid to the first-named of such remaining Unit holders.

PERMANENT ACCOUNT NUMBER

SEBI has made it mandatory for applicants (in the case of application in joint names, each of the applicants) to mention his/her permanent account number (PAN) if the application is for Rs. 50,000 or more.

Further, as per Rule 114B of the Income-tax Rules, 1962 recently notified, every person, including a Non-resident, shall quote his PAN in all documents where payment is of an amount of Rs. 50,000 or more to a Mutual Fund for purchase of its units provided that where the applicant is a minor, who is not liable to income-tax, he shall quote the PAN of his father or mother or guardian, as the case may be. Any person who does not have a PAN and who enters into any transaction specified in this rule, shall make a declaration in Form No. 60 / Form No. 61 (in the case of persons who have agricultural income and are not in receipt of any other income chargeable to tax) giving the particulars of such transaction. Such declaration in Form No. 60 / Form No. 61 (in duplicate) should be attached along with the Application Form.

Dividend Reinvestment of Rs. 50,000 or more qualifies as a specified transaction and therefore, PAN or Form No. 60 / 61 is required along with supporting in respect of each such reinvestment, failing which dividend reinvestment shall be automatically converted into payout option.

In order to verify that the PAN of the applicants (in the case of application in joint names, each of the applicants) has been duly and correctly quoted therein, the applicants shall attach along with the purchase application form, a photocopy of the PAN card or a PAN letter or any intimation from the Income-Tax Department quoting PAN.

Applications not complying with the above shall be rejected.

UNIQUE IDENTIFICATION NUMBER (UIN)

As per the directives issued by SEBI, obtaining / quoting UIN under the SEBI (Central Database of Market Participants) Regulations, 2003 has been temporarily suspended. In case it is made applicable in future, applicants who are termed as 'specified investors', will be required to quote Unique Identification Number (UIN) allotted under SEBI (Central Database of Market Participants) Regulations, 2003 in the application form. Any application form without these details will not be accepted by the Mutual Fund.

NOMINATION FACILITY

Pursuant to Regulation 29A of the SEBI Regulations, the AMC is providing an option to the Unit holder to nominate (in the manner prescribed under the SEBI Regulations), a person in whom the Units held by him shall vest in the event of his death. Where the Units are held by more than one person jointly, the joint Unit holders may together nominate a person in whom all the rights in the Units shall vest in the event of death of all the joint Unit holders. By provision of this facility the AMC is not in any way attempting to grant any rights other than those granted by law to the nominee. A nomination in respect of the Units does not create an interest in the property after the death of the Unit holder. The nominee shall receive the Units only as an agent and trustee for the legal heirs or legatees as the case may be. It is hereby clarified that the nominees under the nomination facility provided herein shall not necessarily acquire any title or beneficial interest in the property by virtue of this nomination.

Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot nominate. The Nominee shall not be a trust other than a religious or charitable trust, society, body corporate, partnership firm, Karta of Hindu Undivided Family or a Power of Attorney holder. A non-resident Indian can be a Nominee subject to the exchange controls in force from time to time.

A minor can be nominated and in that event, the name and address of the guardian of the minor nominee shall be provided by the Unit holder. Nomination can also be in favour of the Central Government, State Government, a local authority, any person designated by virtue of his office or a religious or charitable trust.

Nomination in respect of the Units stands rescinded upon the Redemption of Units. Cancellation of nomination can be made only by those individuals who hold Units on their own behalf singly or jointly and who made the original nomination. On cancellation of the nomination the nomination shall stand rescinded and the Mutual Fund / AMC shall not be under any obligation to transfer the Units in favour of the nominee.

The nomination facility extended under the Scheme is subject to existing laws. The AMC shall, subject to production of such evidence which in their opinion is sufficient, proceed to effect the payment to the Nominee. Transfer of Units / payment to the nominee of the sums shall discharge the Mutual Fund / AMC of all liability towards the estate of the deceased Unit holder and his/her/their successors/legal heirs.

TRANSFER FACILITY

The Mutual Fund will offer redemption facility (**subject to completion of Lock-in Period, if any**) on quarterly basis till the maturity of the Scheme and will be repurchasing / issuing units on an ongoing basis subsequent to conversion of the Scheme into an open-ended Scheme on Maturity and hence the transfer facility is found redundant. However, if a transferee becomes a holder of the Units by operation of law or upon enforcement of a pledge, then the AMC shall, subject to production of such evidence and submission of such documents, which in their opinion is sufficient, proceed to effect the transfer, if the intended transferee is otherwise eligible to hold the Units.

Any addition / deletion of name from the folio of the Unit holder is deemed as transfer of Units. In view of the same, additions / deletions of names will not be allowed under any folio of the Scheme. The said provisions in respect of deletion of names will not be applicable in case of death of a Unit holder (in respect of joint holdings) as this is treated as transmission of Units and not transfer.

PLEDGE OF UNITS

The Units under the Scheme (**subject to completion of Lock-in Period, if any**) may be offered as security by way of a pledge / charge in favour of scheduled banks, financial institutions, non-banking finance companies (NBFCs), or any other body. The AMC and / or the ISC will note and record such Pledged Units. A standard form for this purpose is available on request from any of the ISCs. The AMC shall mark a lien only upon receiving the duly completed form and documents as it may require. Disbursement of such loans will be at the entire discretion of the bank / financial institution / NBFC or any other body concerned and the Mutual Fund assumes no responsibility thereof.

The Pledgor will not be able to redeem Units that are pledged until the entity to which the Units are pledged provides written authorisation to the Mutual Fund that the pledge / lien charge may be removed. As long as Units are pledged, the Pledgee will have complete authority to redeem such Units.

SYSTEMATIC TRANSFER PLAN (STP)

This facility will be available only after the conversion of the Scheme into an open-ended Scheme upon Maturity.

A Unit holder may enroll for the Systematic Transfer Plan and choose to Switch on a monthly or quarterly basis from one HDFC Mutual Fund scheme to another scheme at periodic intervals. The amount thus switched shall be converted into Units at the Redemption Price on the scheduled date and such number of units will be subtracted from the Unit balance of that Unit holder. In case these dates fall on a holiday or fall during a Book Closure period the next Business Day will be considered for this purpose. The amount so switched shall be reinvested in the other scheme / plan and accordingly, to be effective, the Systematic Transfer must comply with the Redemption rules of the Scheme and the issue rules of the other scheme (e.g. as to the minimum number of Units that may be redeemed or issued, Exit / Entry Load etc). The price at which the Units will be Switched out of the Scheme will be based on the Redemption Price, and the proceeds (subject to deduction of tax at source, if any) will be invested in the other scheme / plan at the prevailing sale price for units in that scheme / plan.

Unit holders may change the amount (but not below the specified minimum) by giving written notice to any of the ISC. A systematic transfer plan may be terminated on appropriate written notice by the Unit holder of the Scheme, and it will terminate automatically if all the Units are liquidated or withdrawn from

the account or pledged or upon the Fund's receipt of notification of death or incapacity of the Unit holder. Rules relating to the systematic transfer plan may be changed from time to time by the AMC.

STP facility is available subject to terms & conditions. Please refer to the STP Enrolment Form for terms & conditions before enrolment.

AUTOMATIC TRIGGER FACILITY

This facility will be available only after the conversion of the Scheme into an open-ended scheme upon Maturity.

Under this facility, a Unit holder may opt for withdrawal and / or switch based on the Unit balance attaining a minimum capital appreciation / gains, events, dates etc (subject to deduction of tax at source, if any). The Units will be redeemed as and when the balance reaches a desired value or after certain period of time etc. In case of triggers linked with events / dates, on realisation of gains, a specified amount / full amount / gains / appreciation etc. would be redeemed and paid either on the investment attaining a particular value or after a particular period of time. Unit holders can enroll themselves for the facility by filling in the appropriate box in the Application Form or by subsequently making a written request to the ISC. Please read the instructions on the Application Form for further details.

WEB TRANSACTIONS

The Mutual Fund may allow Subscriptions / Redemption of Units by electronic mode through the various web -sites with whom the AMC would have an arrangement from time to time. Normally, the subscription proceeds, when invested through this mode, are by way of direct credit to the designated bank collection account of the Scheme. The Redemption proceeds, (subject to deduction of tax at source, if any) through this mode, are directly credited to the bank account of the Investors who have an account at the designated banks with whom the AMC has made arrangements from time to time. The intermediary will aggregate the data and forward the same to the AMC / ISC for processing. Unit holders may request for change of address/ bank account etc. through this mode provided, such website(s) provide for this facility. The Mutual Fund, the AMC, the Trustee, alongwith its directors, employees and representatives shall not be liable for any damages or injuries arising out of or in connection with the use of the web-site or its non-use including non-availability or failure of performance, loss or corruption of data, loss of or damage to property (including profit and goodwill), work stoppage, computer failure or malfunctioning or interruption of business; error, omission, interruption, deletion, defect, delay in operation or transmission, computer virus, communication line failure, unauthorised access or use of information.

The Mutual Fund may introduce a facility for distributors to transact on the web on behalf of their clients, provided the client has authorised the distributors to do so by executing a Power of Attorney in favour of the distributor for this purpose. In such event, the Power of Attorney should be submitted to the Mutual Fund. It shall be the responsibility of the distributor, to ensure that the Power of Attorney is valid and subsisting to carry out the transaction.

UNITS WITH DEPOSITORY

Units of the Scheme may, if decided by the AMC, be held with a Depository. Under such circumstances, Units will be transferable in accordance with the provisions of Depositories Act, 1996 and the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 as may be amended from time to time.

REDEMPTION / SWITCH-OUT OF UNITS BEFORE MATURITY OF THE SCHEME

A Unit holder can submit redemption request only during the Specified Redemption Period. Presently, the Specified Redemption Period is the first five Business Days immediately after the end of each calendar quarter. No redemption request will be accepted after 3.00 p.m. on the last Specified Redemption Day.

The Applicable NAV for redemption will be end of day NAV of Specified Redemption Day if the redemption request is submitted before 3.00 p.m. If the redemption request is received after 3.00 on the Specified Redemption Day, the NAV applicable would be next Business Day's NAV.

This is explained as follows:

For the quarter ended March 31, 2006, the Specified Redemption Period would be from 3rd April, 2006 to 7th April, 2006 (both days inclusive), since 1st and 2nd April, 2006 are non-Business Days (all the other days are assumed to be Business Days). The redemption request can be submitted only upto 3.00 p.m. on 7th April, 2006.

If the unit holder submits redemption request before 3.00 p.m. on 3rd April, 2006, the Applicable NAV would be NAV at the close of 3rd April, 2006. If the redemption request is received after 3.00 p.m. on 3rd April, 2006, the applicable NAV would be end of day NAV of 4th April, 2006. No redemption request will be accepted after 3.00 p.m. on 7th April, 2006.

Under the SEBI Regulations, the Mutual Fund is required to despatch redemption proceeds within 10 Business Days from the Redemption Date. However, under normal circumstances, the Mutual Fund would endeavour to despatch the redemption proceeds within 3-4 Business Days (as applicable) from the Specified Redemption Day.

The Redemption / Switch request can be made on a pre-printed form or by using the relevant tear off section of the Transaction Slip enclosed with the Account Statement, which should be submitted at / may be sent by mail to any of the ISCs. Redemption requests by Unit holders must be for a minimum amount of Rs. 1,000 or a minimum of 100 Units under each Option.

In case the Units are held in the names of more than one Unit holder, where mode of holding is specified as "Joint", Redemption / Switch requests will have to be signed by all the joint holders. However, in cases of holding specified as 'Anyone or Survivor', any of the Unit holders will have the power / authority to make Redemption / Switch request, without it being necessary for all the Unit holders to sign. However, in all cases, the Redemption proceeds will be paid only to the first named Unit holder.

SALE OF UNITS ON AN ONGOING BASIS UPON CONVERSION INTO AN OPEN-ENDED SCHEME

Subsequent to the Scheme's conversion into an open-ended scheme upon maturity, the Scheme will offer for Sale and Redemption of Units on every Business Day on an ongoing basis. Units of the Scheme would be available at NAV based prices on any Business Day from any of the ISCs.

Applications by existing Unit holder must be for a minimum amount of Rs.1000 and in multiples of Rs. 100 thereafter under each Plan / Option. Applications by new Unit holder must be for a minimum amount of Rs.5000 and in multiples of Rs. 100 thereafter under each Plan / Option. The AMC reserves the right to change the minimum application amount from time to time.

Subscriptions on an ongoing basis will be made only by specifying the amount to be invested and not the number of Units to be subscribed. The total number of Units allotted will be determined with reference to the applicable Sale Price and fractional Units may be created. Fractional Units will be computed and accounted for upto three decimal places and they will in no way affect an investor's ability to redeem Units.

Subscriptions made through Stock Exchanges / demat mode will be made by specifying the number of Units to be subscribed and not the amount to be invested. The AMC reserves the right to change the basis for subscription through demat mode from unit basis to any other basis.

ONGOING SALE PRICE

A Sales Load upto a maximum of 7%, which is presently stipulated by SEBI, may be charged to all new investments in the Scheme.

The Sale Price will be calculated on the basis of the Applicable NAV and Sales Load, if any. The Sale Price per Unit will be calculated using the following formula:

$\text{Sale Price} = \text{Applicable NAV} * (1 + \text{Sales Load, if any})$

Example for calculation of Sale Price:

If the Applicable NAV is Rs. 10.00; Sales / Entry Load is 2 percent, then the Sale Price will be calculated as follows :

= Rs. 10.00 * (1+0.02)
= Rs. 10.00 * (1.02)
= Rs. 10.20

APPLICABLE NAV ON AN ONGOING BASIS UPON CONVERSION INTO AN OPEN-ENDED SCHEME

For Purchases including switch-ins

In respect of valid applications received upto 3 p.m. on a Business Day by the Fund along with a local cheque or a demand draft payable at par at the official Point/s of acceptance where the application is received, the closing NAV of the day on which application is received shall be applicable.

In respect of valid applications received after 3 p.m. on a Business Day by the Fund alongwith a local cheque or a demand draft payable at par at the official Point/s of acceptance where the application is received, the closing NAV of the next Business Day shall be applicable.

However, in respect of valid applications with outstation cheques/ demand drafts not payable at par at the official Point/s of acceptance where the application is received, closing NAV of the day on which cheque/demand draft is credited shall be applicable.

Redemptions including switch-outs

In respect of valid applications received upto 3 p.m. on a Business Day by the Fund, same day's closing NAV shall be applicable.

In respect of valid applications received after 3 p.m. on a Business Day by the Fund, the closing NAV of the next Business Day shall be applicable.

In view of the above, the Mutual Fund shall ensure that there is an uniformity in time taken for issuing redemption proceeds to all investors.

The aforesaid provisions shall also be applicable in case of Systematic Transfer Plan.

Investors under the Dividend Option of the Scheme may note that the AMC / Trustee may introduce a Shut-out Period,

subsequent to conversion of the Scheme into an open-ended scheme upon maturity. Please refer to para "Shut-out Period" on **Page ----** of this Document for the details and the Applicable NAV for investors subscribing to the Units of the Scheme during the Shut-out Period.

SUBSCRIPTION OF UNITS THROUGH ELECTRONIC MODE

The Mutual Fund may allow subscriptions of Units by electronic mode through the various web sites with whom the AMC would have an arrangement from time to time. Normally, the subscription proceeds, when invested through this mode, are by way of direct credits to the designated bank collection account of the Scheme. The intermediary will aggregate the data and forward the same to the AMC for processing. The Sale Price, in respect of any application / data received before close of Business Hours, subject to it being complete in all respects and subject to receipt of clear funds in the bank account of the Scheme, the Sale Price of the respective Plans / Options as at the close of that Business Day. In respect of any application received after Business Hours, the application / data will be deemed to be accepted subject to it being complete in all respects and subject to receipt of clear funds in the bank account of the Scheme as at the close of the next Business Day and the Sale Price of the respective Plans at the close of that immediately following Business Day shall be applicable. The investor is required to send the signature card with the specimen signatures of all the applicants, to the AMC. In the case of signatures not being made available, any request received, whether financial / non-financial, including request for Redemption of Units, shall not be processed till such time that the specimen signature cards duly signed by the applicants are received by the AMC. As and when regulatory authorities permit the use of digital signatures, the Mutual Fund may implement the same in lieu of the physical signature cards. Unit holders may request for change of address/bank account etc. through this mode provided such web-site(s) provide for such facility.

REDEMPTION OF UNITS AFTER CONVERSION TO AN OPEN-ENDED SCHEME

Subsequent to conversion of Scheme into an open-ended Scheme upon maturity, the Units can be Redeemed (i.e. sold back to the Mutual Fund) or Switched out (i.e. to another scheme of the Mutual Fund) on every Business Day at the Redemption Price of the respective Plans / Options. The Redemption / Switch request can be made on a pre-printed form or by using the relevant tear off section of the Transaction Slip enclosed with the Account Statement, which should be submitted at / may be sent by mail to any of the ISCs. In case the Units are held in the names of more than one Unit holder, where mode of holding is specified as "Joint", Redemption / Switch requests will have to be signed by all the joint holders. However, in cases of holding specified as 'Anyone or Survivor', any of the Unit holders will have the power / authority to make Redemption / Switch request, without it being necessary for all the Unit holders to sign. However, in all cases, the Redemption proceeds will be paid only to the first named Unit holder.

MINIMUM AMOUNT / UNITS FOR REDEMPTION

The Redemption / Switch would be permitted to the extent of credit balance in the Unit holder's account. The Redemption / Switch request can be made by specifying the rupee amount or by specifying the number of Units of the respective Plans / Options to be Redeemed. If a Redemption / Switch request is for both, a specified rupee amount and a specified number of Units of the respective Plans / Options, the specified number of Units will be considered the definitive request. If only the Redemption / Switch amount is specified by the Unit holder, the

AMC will divide the Redemption / Switch amount so specified by the Redemption Price to arrive at the number of Units. The request for Redemption / Switch of Units could also be in fractions, upto three decimal places. Redemption / Switch request can be made for a minimum amount of Rs.1000 or a minimum of 100 Units. The minimum amount of Redemption / Switch may be changed in future by the AMC. If the balance in the account of the Unit holder does not cover the amount of Redemption request, then the Mutual Fund is authorised to close the account of the Unit holder and send the entire such (lesser) balance to the Unit holder.

In case Units are held in Dematerialised (demat) mode, the Redemption request can be made by specifying the number of Units to be Redeemed. The AMC reserves the right to change the basis for Redemption through demat mode from Unit basis to any other basis.

REDEMPTION PRICE

Redemption Price will be calculated on the basis of the loads for different Plan(s) / Option(s). The Redemption Price per Unit will be calculated using the following formula:

Redemption Price = Applicable NAV * (1 - Exit Load, if any)

Example : If the Applicable NAV is Rs.10 and a 5% Exit Load is charged, the Redemption Price per Unit will be calculated as follows:

$$\begin{aligned} &= \text{Rs. } 10 * (1-0.05) \\ &= \text{Rs. } 10 * (0.95) \\ &= \text{Rs. } 9.50 \end{aligned}$$

PAYMENT OF REDEMPTION PROCEEDS

- (a) For Unit holders having a bank account with HDFC Bank Limited or such other banks with whom the AMC would have an arrangement from time to time:

In case of Unit holders having a bank account with certain banks with whom the Mutual Fund would have an arrangement from time to time, the redemption / dividend proceeds shall be directly credited to their account. As per SEBI Regulations, the Mutual Fund shall despatch Redemption proceeds within 10 Business Days of the date of Redemption. A penal interest of 15% or such other rate as may be prescribed by SEBI from time to time, will be paid in case the redemption proceeds are not made within 10 Business Days of the date of Redemption.

However, under normal circumstances, the Mutual Fund would endeavor to credit the first / sole Unit holder's account with the Redemption proceeds within 3-4 Business Days (as applicable) from the Specified Redemption Day.

After the conversion of the Scheme into an open-ended scheme, under normal circumstances, the Mutual Fund would endeavor to credit the first / sole Unit holder's account with the Redemption proceeds within 3-4 Business Days (as applicable) from the date of Redemption.

- (b) For other Unit holders not covered by (a) above and Unit holders covered by (a) but have given specific request for Cheque/Demand Draft :

Redemption proceeds will be paid by cheque and payments will be made in favour of the Unit holder (registered holder of the Units or, if there is more than one registered holder, only to the first registered holder) with bank account number

furnished to the Mutual Fund (**please note that it is mandatory for the Unit holders to provide the Bank account details as per the directives of SEBI**). Redemption cheques will be sent to the Unit holders address (or, if there is more than one holder on record, the address of the first-named Unit holder). All Redemption payments will be made in favour of the registered holder of the Units or, if there is more than one registered holder, only to the first registered holder.

As per SEBI Regulations, the Mutual Fund shall despatch Redemption proceeds within 10 Business Days of the Redemption date. A penal interest of 15% or such other rate as may be prescribed by SEBI from time to time, will be paid in case the Redemption proceeds are not made within 10 Business Days of the Redemption Date.

However, under normal circumstances, the Mutual Fund would endeavor to despatch the Redemption cheque within 3-4 Business Days (as applicable) from the Specified Redemption Day.

After the conversion of the Scheme into an open-ended scheme, under normal circumstances, the Mutual Fund would endeavor to despatch the Redemption cheque within 3-4 Business Days (as applicable) from the date of Redemption.

BANK DETAILS

In order to protect the interest of Unit holders from fraudulent encashment of cheques, the current SEBI Regulations, has made it mandatory for investors to mention in their Application / Redemption request, their bank name and account number. The normal processing time may not be applicable in situations where such details are not provided by Investors / Unit holders. The AMC will not be responsible for any loss arising out of fraudulent encashment of cheques and / or any delay / loss in transit.

REDEMPTION BY NRIs / FIIs

Credit balances in the account of an NRI / FII Unit holder, may be redeemed by such Unit holder in accordance with the procedure described above and subject to any procedures laid down by the RBI, if any.

Payment to NRI / FII Unit holders will be subject to the relevant laws / guidelines of the RBI as are applicable from time to time (also subject to deduction of tax at source as applicable).

In the case of NRIs

- (i) Credited to the NRI investor's NRO account, where the payment for the purchase of the Units redeemed was made out of funds held in NRO account or
- (ii) Remitted abroad or at the NRI investor's option, credited to his NRE / FCNR / NRO account, where the Units were purchased on repatriation basis and the payment for the purchase of Units redeemed was made by inward remittance through normal banking channels or out of funds held in NRE / FCNR account.

In the case of FIIs

Credit the net amount of redemption proceeds of such Units to

the foreign currency account or Non-Resident Rupee Account of the FII investor.

Pursuant to Government of India Notification No. GSR (381) E dated May 3, 2000, transactions which are not specifically prohibited under the Foreign Exchange Management (Current Account Transactions) Rules, 2000 or which are not included in Schedule II (transactions specified in this Schedule require prior approval of the Government of India) or Schedule III (transactions specified in this Schedule require prior approval of Reserve Bank of India) may be permitted by authorised dealers without any monetary / percentage ceilings subject to compliance with the provisions of Section 10(5) of the Foreign Exchange Management Act, 1999.

RIGHT TO LIMIT REDEMPTION

The AMC, may in the general interest of the Unit holders of the Scheme, keeping in view the unforeseen circumstances / unsure conditions, limit the total number of Units which may be redeemed on any Specified Redemption Day to 5% of the total number of Units then in issue under each option of the Scheme (or such higher percentage as the AMC may decide in any particular case). In addition, the Trustee reserves the right, in its sole discretion, to limit the redemption with respect to any single account to an amount of Rs. 2 crores on any Specified Redemption Day. Any units which by virtue of these limitations are not redeemed on a Specified Redemption Day will be carried for Redemption to the next Specified Redemption Day in the order of receipt. Redemption so carried forward will be priced on the basis of Redemption Price of the Specified Redemption Day on which Redemption is made. Under such circumstances, to the extent multiple Redemption requests are received at the same time on a single Specified Redemption Day, Redemption will be made on a pro-rata basis, based on the size of each Redemption request, the balance amount carried forward for the Redemption to the next any Specified Redemption Day.

After the conversion of the Scheme into an open-ended scheme upon maturity, the Right to Limit Redemption will be with respect to Business Day and the provisions will apply accordingly.

CLOSURE OF UNIT HOLDERS' ACCOUNT

Investors may note that the AMC at its sole discretion may close a Unit holder's account under a Plan / Option after giving notice of 30 days, if at the time of any part Redemption, the value of balance Units (represented by the Units in the Unit holder's account if such Redemption / Switch were to take place, valued at the applicable Redemption Price), falls below Rs. 5000 (or such other amount as the AMC may decide from time to time) or where the Units are held by a Unit holder in breach of any Regulation.

SUSPENSION OF REDEMPTION / SWITCHING OPTIONS OF THE UNITS

The Mutual Fund at its sole discretion reserves the right to withdraw Redemption or Switching of the Units in the Scheme (including any one of the Plan / Option of the Scheme) temporarily or indefinitely, if in the opinion of the AMC the general market conditions are not favourable and / or suitable investment opportunities are not available for deployment of funds. However, the suspension of Redemption / Switching either temporarily or indefinitely will be with the approval of the Trustee.

The Redemption and Switching of the Units may be temporarily suspended under the following conditions:

1. When one or more stock exchanges or markets, which provide basis for valuation for a substantial portion of the assets of the Scheme are closed otherwise than for ordinary holidays.
2. When, as a result of political, economic or monetary events or any circumstances outside the control of the Trustee and the AMC, the disposal of the assets of the Scheme are not reasonable, or would not reasonably be practicable without being detrimental to the interests of the Unit holders.
3. In the event of breakdown in the means of communication used for the valuation of investments of the Scheme, without which the value of the securities of the Scheme cannot be accurately calculated.
4. During periods of extreme volatility of markets, which in the opinion of the AMC are prejudicial to the interests of the Unit holders of the Scheme.
5. In case of natural calamities, war, strikes, riots and bandhs.
6. In the event of any force majeure or disaster that affects the normal functioning of the AMC or the ISC.

7. During the period of Book Closure.

8. If so directed by SEBI.

The AMC reserves the right in its sole discretion to withdraw the facility of Redemption and Switching Option of Units out of the Scheme, temporarily or indefinitely, if AMC views that changing the size of the corpus may prove detrimental to the existing Unit holders of the Scheme.

After the conversion of the Scheme into an open-ended scheme, the AMC reserves the right to withdraw the Sale and Switching Option of units in the Scheme (including any Plan / Option of the Scheme) temporarily or indefinitely, if the AMC views that changing the size of the corpus may prove detrimental to the existing Unit holders of the Scheme.

Suspension or restriction of Redemption facility shall be made applicable only after the approval of the Board of Directors of the AMC and the Trustee. The approval from the AMC Board and the Trustee giving details of circumstances and justification for the proposed action shall also be informed to SEBI in advance.

SECTION IV

LOAD STRUCTURE & RECURRING EXPENSES

EXPENSES OF THE SCHEME

The information provided under this Section seeks to assist the investor in understanding the expense structure of the Scheme and types of different fees / expenses and their percentage the investor is likely to incur on purchasing and selling the Units of the Scheme.

a) Unit holder Transaction Expenses and Load (New Fund Offer Period)

| Particulars (as a % of Applicable NAV) | HDFC Long Term Equity Fund (Dividend Option & Growth Option) |
|--|---|
| Maximum Sales / Entry Load imposed on Purchases | 0 |
| Contingent Deferred Sales Load ('CDSC') (based on the period of holding) | 0 |
| Exit / Redemption Load | |
| - In case of redemptions before the maturity of the Scheme | 5% |
| - On Maturity | 0 |
| Switch over / Exchange Fee | 0 |

No Entry / Exit Load will be levied for investments by Fund of Funds scheme(s) launched under SEBI (Mutual Funds) Regulations, 1996 in the Scheme. However, the waiver of Entry / Exit Load will be at the sole discretion of the Trustee and the Trustee reserves the right to impose Entry / Exit Load (as applicable) on investments made by any Fund of Fund scheme.

b) Unit holder Transaction Expenses and Load (Ongoing Basis, subsequent to conversion of Scheme into an open-ended scheme upon Maturity)

| Particulars (as a % of Applicable NAV) | HDFC Long Term Equity Fund (Dividend Option & Growth Option) |
|--|--|
| Sales / Entry Load imposed on Purchases | <ul style="list-style-type: none"> In respect of each purchase/ switch-in of Units less than Rs.5 Crore in value, an entry load of 2.25% is payable. In respect of each purchase/ switch-in of Units equal to or greater than Rs.5 Crore in value, no entry load is payable. |
| Entry / Sales Load on issue of Units in lieu of dividends | 0 |
| Contingent Deferred Sales Load ('CDSC') (based on the period of holding) | 0 |
| Exit / Redemption Load | Nil |
| Switch over / Exchange Fee | 0 |

- (i) No Load shall be imposed for switching between Options within the Scheme.
- (ii) No Entry / Sales Load will be levied on the dividend reinvested.
- (iii) No Entry / Exit Load will be levied for investments by Fund of Funds scheme(s) launched under SEBI (Mutual Funds) Regulations, 1996 in the Scheme. However, the waiver of Entry / Exit Load will be at the sole discretion of the Trustee and the Trustee reserves the right to impose Entry / Exit Load (as applicable) on investments made by any Fund of

Funds scheme.

(iv) SIP:

Entry Load : An Entry Load of 1% is payable in respect of each SIP instalment.

Exit Load : An Exit Load of 1.25% is payable if units are redeemed / switched-out on or before 2 years from the date of allotment of units.

(v) STP:

The amount transferred under the STP from the Transferor Scheme to the Transferee Scheme shall be effected by redeeming units of Transferor Scheme at applicable NAV, without payment of any Exit Load, If any, and subscribing to the units of the Transferee Scheme at applicable NAV, subject to payment of an Entry Load of 1% in respect of each STP investment. In case the date falls on a Non-Business Day or falls during a book closure period the immediate next Business Day will be considered for the purpose of determining the applicable of NAV.

An Exit Load of 1.25% is payable if units in the Transferee Scheme are redeemed / switched - out on or before 2 years from the date of allotment of units.

Under the Scheme, the AMC reserves the right to modify / change the Load structure if it so deems fit in the interest of smooth and efficient functioning of the Mutual Fund. A Load structure may comprise of an Entry Load and / or Exit Load as may be permissible under the SEBI Regulations. The AMC reserves the right to introduce / modify the Entry Load and / or Exit Load depending upon the circumstances prevailing at that time subject to maximum limits as prescribed under the SEBI Regulations. The Load may also be changed from time to time and in the case of an Exit / Redemption Load this may be linked to the period of holding. The Load charged could also be different for different Plans / Options of the Scheme at the same time. All Loads collected during the Continuous Offer (ongoing basis) for the Scheme shall be maintained in a separate account and may be utilised towards meeting the selling and distribution expenses. Any surplus in this account may be credited to the Scheme, whenever felt appropriate by the AMC.

The Redemption 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 Redemption 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.

Any imposition or enhancement of Load in future shall be applicable on prospective investments only. At the time of changing the Load Structure:

- (i) The addendum detailing the changes will be attached to Offer Document and Abridged Offer Document. The addendum will be circulated to all the distributors / brokers so that the same can be attached to all Offer Documents and Abridged Offer Documents already in stock. The addendum will be sent along with the newsletter sent to the Unit holders immediately after the changes.
- (ii) Arrangements will be made to display the changes / modifications in the Offer Document in the form of a notice in all the Investor Service Centres and distributors / brokers office.
- (iii) The introduction of the Load along with the details will be stamped in the acknowledgement slip issued to the investors on submission of the application form and will also be disclosed in the Account Statement or in the covering letter

issued to the Unit holders after the introduction of such Load.

Note: The provisions with respect to change of Load Structure will be applicable only after the conversion of the Scheme into an open-ended scheme

c) Initial Issue Expenses

As per the SEBI Regulations, the Initial Issue expenses comprising Broker/Agent's commission, advertising, publicity, marketing, registrar expenses, etc., charged to the Scheme, shall not exceed 6% of the amount collected under the Scheme. The Initial Issue Expenses will be amortised over a period not exceeding five years.

Initial Issue Expenses of the Scheme are estimated as under:

| Initial Issue Expense Head | Estimated Initial Issue Expenses for HDFC Long Term Equity Fund (as a % of Target Mobilisation) (Dividend Option & Growth Option) |
|---|---|
| Broker/Agent's Commission | 2.25 |
| Advertising Expenses | 1.50 |
| Additional Commission to Agents / Brokers | 1.75 |
| Registrars Expenses | 0.05 |
| Printing and Marketing Expenses | 0.20 |
| Postage and Miscellaneous Expenses | 0.15 |
| Bankers Fees | 0.05 |
| Legal Fees | 0.05 |
| Total | 6.00 |

These estimates are made in good faith by the AMC and the actual expenses may be different from these estimates, inter se.

Actual expenses incurred in respect of Initial Issue Expenses in excess of 6.00% as indicated above shall be borne by the AMC.

Illustration of Amount available to Scheme for Investment

Assumptions made for the purpose of the illustration:

- The calculations are made for every Rs. 100 invested by the investor.

| | |
|---|------------------------------|
| Unitholders Investment (Rs.) | 100.00 |
| Purchase Price at which Units are allotted (Rs.) | 10.000 |
| No. of Units allotted (Nos.) | 10.000 |
| Balance Amount (Rs.) | 100.00 |
| Initial Issue Expenses (comprising of Commission to Agents / Brokers, Advertising, Printing and Marketing, Registrar Expenses, Bank charges etc.) | $100.00 \times 6.0\% = 6.00$ |
| Amount available to Scheme for investment (Rs.) | 94.00 |

The impact of Initial Issue Expenses, which are to be amortised over a period of time, on the NAV is explained below.

Illustration of Impact of Initial Issue Expenses on NAV:

Continuing the illustration further, if the total amount collected by the Scheme is Rs. 100 as stated above, further assumptions made for the purpose of the illustration:

- For illustrating the impact on NAV, no accruals, appreciation or depreciation on Investments have been assumed from the time of New Fund Offer till the date of computation of NAV.
- Initial Issue Expenses are amortised over a period of exactly five years.
- Amortisation of Initial Issue Expenses starts from the date of computation of NAV, which could be earlier than the first day of declaration of NAV.

| | |
|---|--------------------------------|
| Total Amount available for Investment to the Scheme (Rs.) | 94.00 |
| Total No. of Units allotted | 10.00 |
| Total Initial Issue Expenses amortised over 5 years (1826 days) (Rs.) | 6.00 |
| Maximum period for amortization | 5 years i.e. 1826 days |
| Per day amortisation of Initial Issue Expenses (Rs.) | 0.003286 |
| Balance Initial Issue Expenses which will be included in Net Assets (Rs.) | 5.996714 |
| NAV on first date of computation (Rs.) | $94 + 5.9967 \div 10 = 9.9997$ |

As the Scheme provides for redemptions during the life of the Scheme, as required under Clause (b) of Tenth Schedule of SEBI Regulations, the amortization of initial issue expenses shall take into account the number of outstanding units and the aggregate amount during the relevant period.

d) Annual Scheme Recurring Expenses

The fees and expenses of operating the Scheme on an annual basis, expressed as a percentage of the Scheme average daily net assets, are estimated as follows:

(% per annum of average daily net assets)

| Expense Head | HDFC Long Term Equity Fund (Dividend Option & Growth Option) |
|--|--|
| Investment Management and Advisory Fee | 1.25 |
| Fees and expenses of Trustee | 0.03 |
| Custodian Fee | 0.03 |
| Marketing & Selling expenses including agents commission | 0.60 |
| Registrar & Transfer Agent Fees | 0.07 |
| Audit Fees | 0.01 |
| Costs of investor communication, Funds transfer, Account Statement, Dividend, etc. and Statutory advertisement | 0.30 |
| Such other expenses, which are directly attributable to the Scheme (including service tax), subject to the approval of the Trustee | 0.21 |
| Total estimated recurring expenses | 2.50 |

The purpose of the table is to assist the Investor in understanding the various costs and expenses that an Investor in the Scheme will bear directly or indirectly.

These estimates have been made in good faith by the AMC and are subject to change inter se. The expenses under any head may be more or less than as specified in the table above, but the total recurring expenses that can be charged to the Scheme will be subject to limits prescribed from time to time under the SEBI Regulations.

The AMC may charge the Mutual Fund with investment and advisory fee as prescribed in the SEBI Regulations from time to time. Presently, the SEBI Regulations permit fees as follows:

- i) 1.25% of the daily average net assets outstanding in each accounting year for the Scheme concerned as long as the net assets do not exceed Rs.100 crore, and
- ii) 1% of the excess amount over Rs.100 crore, where net assets so calculated exceed Rs.100 crore.

The above are estimates and are subject to change as per actual expenses incurred. However, the total expenses, which will be charged to the Scheme, as prescribed by SEBI, will not exceed over 2.50% per annum of average weekly net assets.

Any expenditure in excess of the said limit, shall be borne by the AMC or by the Trustee or the Sponsor.

Further, as and when permitted by SEBI, the AMC may charge a higher fee for that part of the unit capital that is invested overseas. However, revision in fee charged shall be within the SEBI Regulations at all times.

The recurring expenses of the Scheme shall be as per the limits prescribed under the SEBI Regulations. These are as follows :

| | |
|--|---------|
| On the first Rs. 100 crores of the average weekly net assets | – 2.50% |
| On the next Rs. 300 crores of the average weekly net assets | – 2.25% |
| On the next Rs. 300 crores of the average weekly net assets | – 2.00% |
| On the balance of the assets | – 1.75% |

The total expenses of the Scheme including the investment management and advisory fee shall not exceed the limit stated in Regulation 52(6).

However, the following expenses cannot be charged to the Scheme :

- Penalties and fines for infraction of laws.
- Interest on delayed payment to the Unit holders.
- Legal, marketing, publication and other general expenses not attributable to the Scheme.
- Expenses on investment / general management.
- Expenses on general administration, corporate advertising and infrastructure costs.
- Depreciation on fixed assets and software development expenses.
- Such other costs as may be prohibited by SEBI.

Each item of expenditure accounting for more than 10% of total expenditure shall be disclosed in the accounts or the notes thereto of the Scheme.

e) Fees and Expenses and Condensed Financial Information

i) The initial issue expenses of the schemes launched during the last fiscal year and during the period April 1, 2005 to June 15, 2005 are as follows :

| Initial Issue Expense Head | HDFC Core & Satellite Fund | | HDFC Multiple Yield Fund | | HDFC Premier Multi-Cap Fund | |
|------------------------------------|---------------------------------|----------------------------|---------------------------------|----------------------------|---------------------------------|----------------------------|
| | Estimated as per Offer Document | Actuals (audited) | Estimated as per Offer Document | Actuals (audited) | Estimated as per Offer Document | Actuals (unaudited) |
| | as a % of Target Mobilisation | as a % of Amount Mobilised | as a % of Target Mobilisation | as a % of Amount Mobilised | as a % of Target Mobilisation | as a % of Amount Mobilised |
| Advertising Expenses | 0.50 | 0.17 | 0.90 | 0.17 | 0.85 | 0.30 |
| Commission to Agents / Brokers | 1.50 | – | 0.25 | 0.26 | 0.75 | 0.46 |
| Registrars' Expenses | 0.05 | 0.02 | 0.05 | – | 0.05 | 0.03 |
| Printing and Marketing Expenses | 0.05 | 0.03 | 0.60 | 0.01 | 0.20 | 0.23 |
| Postage and Miscellaneous Expenses | 0.05 | 0.02 | 0.60 | 0.01 | 0.05 | 0.02 |
| Banker's Fees | 0.05 | – | 0.10 | – | 0.05 | 0.01 |
| Legal Fees | 0.05 | – | 0.25 | – | 0.05 | – |
| Total | 2.25 | 0.24 | 2.75 | 0.45 | 2.00 | 1.04 |
| Expenses charged to the Scheme | Nil | Nil | Nil | Nil | 1.04 | 1.04 |
| Expenses borne by the AMC | 2.25 | 0.24 | 2.75 | 0.45 | Nil | Nil |

Note :

1. Upfront Brokerage of Rs. 6.55 crores for HDFC Core & Satellite Fund is met out of the entry load, hence not considered above.
2. Upfront Brokerage of Rs. 21.47 crores for HDFC Premier Multi-Cap Fund is met out of the entry load, hence not considered above.

| Initial Issue Expense Head | HDFC Fixed Investment Plan | | | |
|------------------------------------|---------------------------------|----------------------------|---------------------------------|----------------------------|
| | June 2004 (2) | | July 2004 (2) | |
| | Estimated as per Offer Document | Actuals (unaudited) | Estimated as per Offer Document | Actuals (unaudited) |
| | as a % of Target Mobilisation | as a % of Amount Mobilised | as a % of Target Mobilisation | as a % of Amount Mobilised |
| Advertising Expenses | 0.65 | Nil | 0.65 | Nil |
| Commission to Agents / Brokers | 0.25 | Nil* | 0.25 | Nil* |
| Registrars' Expenses | 0.25 | Nil | 0.25 | Nil |
| Printing and Marketing Expenses | 0.50 | Nil | 0.50 | Nil |
| Postage and Miscellaneous Expenses | 0.50 | 0.0011 | 0.50 | 0.009 |
| Banker's Fees | 0.10 | Nil | 0.10 | Nil |
| Legal Fees | 0.25 | Nil | 0.25 | Nil |
| Total | 2.50 | 0.0011 | 2.50 | 0.009 |
| Expenses charged to the Scheme | Nil | Nil | Nil | Nil |
| Expenses borne by the AMC | 2.50 | 0.0011 | 2.50 | 0.009 |

* Annualised Payable Quarterly.

- ii) **Historical Per Unit Statistics** The data is presented schemewise for all the schemes launched by HDFC Mutual Fund during the last three fiscal years (excluding redeemed schemes) for each of the last three fiscal years and for the period April 1, 2005 to June 15, 2005. (The figures for the period April 1, 2004 to March 31, 2005 and April 1, 2005 to June 15, 2005 are unaudited)

| Particulars | HDFC Index Fund | | | | | | | | | | | |
|---|---------------------------------|-----------------------------|-----------------------------|-----------------------------|--|-----------------------------|-----------------------------|-----------------------------|---------------------------------|-----------------------------|-----------------------------|-----------------------------|
| | SENSEX Plan | | | | Nifty Plan | | | | SENSEX Plus Plan | | | |
| | 3-7-2002 to 31-03-2003 | 1-4-2003 to 31-3-2004 | 1-4-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 | 3-7-2002 to 31-03-2003 | 1-4-2003 to 31-3-2004 | 1-4-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 | 3-7-2002 to 31-03-2003 | 1-4-2003 to 31-3-2004 | 1-4-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 |
| | | | | | | | | | | | | |
| Date of Allotment | July 17, 2002 | | | | July 17, 2002 | | | | July 17, 2002 | | | |
| NAV at beginning of the period (Rs.) | 32.30 | 30.8777 | 54.4515 | 62.5382 | 10.36 | 9.8824 | 18.3357 | 20.4325 | 32.28 | 31.7370 | 59.9525 | 71.9866 |
| Net Income per Unit (Rs.) | 0.4019 | 55.3542 | 10.80 | 5.3377 | 0.1711 | 7.3114 | 5.94 | 1.3226 | 0.1144 | 30.5394 | 20.27 | 2.9977 |
| Dividends (Rs.) | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfer to Reserves | - | - | - | - | - | - | - | - | - | - | - | - |
| NAV at the end of the period (Rs.)** | 30.5579 | 53.0841 | 61.5029 | 65.1953 | 9.8226 | 17.8639 | 20.1236 | 21.0315 | 31.4510 | 58.5038 | 70.8501 | 76.2320 |
| Returns from date of allotment till the end of the period (%) | (4.98) | 34.12 | 27.06 | 27.43 | (4.88) | 37.87 | 27.95 | 27.64 | (2.21) | 41.98 | 33.88 | 34.45 |
| Benchmark Returns from date of allotment till the end of the period (%) | (4.17) | 41.55 | 32.94 | 33.31 | (4.22) | 40.38 | 30.94 | 30.56 | (4.17) | 41.55 | 32.94 | 33.31 |
| | SENSEX (Total Returns Index) | | | | S&P CNX Nifty (Total Returns Index) | | | | SENSEX (Total Returns Index) | | | |
| Ratio of recurring expenses to net assets (%) | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 |
| Net Assets as at the end of the period (Rs. in Crore) | 23.00 | 7.49 | 4.34 | 3.60 | 9.15 | 8.66 | 5.11 | 4.49 | 6.43 | 6.79 | 5.08 | 4.86 |

| Particulars | HDFC Floating Rate Income Fund | | | | | | | |
|---|--------------------------------|-----------------------------|------------------------------|-------------------------------|--------------------------------|-----------------------------|------------------------------|-------------------------------|
| | Short Term Plan | | | | Long Term Plan | | | |
| | 27-12-2002 to 31-03-2003 | 1-4-2003 to 31-3-2004 | 1-4-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 | 27-12-2002 to 31-03-2003 | 1-4-2003 to 31-3-2004 | 1-4-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 |
| | | | | | | | | |
| Date of Allotment | Jan. 16, 2003 | | | | | | | |
| NAV at beginning of the period (Rs.) | 10.104 | 10.1211(G)* 10.1211(D)^ | 10.6152(G)* 10.0236(D)^ | 11.1313(G)* 10.0410(D)\$ | 10.0101 | 10.1164(G)* 10.1164(D)\$ | 10.5551(G)* 10.0284(D)^ | 11.0410(G)* 10.0572(D)\$ |
| Net Income per Unit (Rs.) | 0.0753 | 0.0818 | 0.42 | 0.1235 | 0.0901 | 0.1657 | 0.43 | 0.1367 |
| Dividend (Rs.) | - | 0.5092^ | 0.4052†\$ 0.3862‡\$ | 0.0880†\$ 0.0814‡\$ | - | 0.4553^ | 0.3747†\$ 0.3567‡\$ | 0.0832‡\$ 0.0775‡\$ |
| Transfer to Reserves | - | - | - | - | - | - | - | - |
| NAV at the end of the period (Rs.)** | 10.1196(G)* 10.1196(D)^ | 10.6138(G)* 10.0223(D)\$ | 11.1297 (G)* 10.0396 (D)^ | 11.2543 (G)* 10.0516 (D)\$ | 10.1151(G)* 10.1151(D)^ | 10.5542(G)* 10.0275(D)\$ | 11.0394 (G)* 10.0557 (D)^ | 11.1638 (G)* 10.0733 (D)\$ |
| Returns from date of allotment till the end of the period (%) | 1.20 | 4.98 | 4.92 | 4.97 | 1.15 | 4.49 | 4.54 | 4.62 |
| Benchmark Returns from date of allotment till the end of the period (%) | 0.97 | 4.42 | 4.14 | 4.34 | 0.97 | 4.42 | 4.14 | 4.34 |
| | | Crisil Liquid Fund Index | | | | Crisil Liquid Fund Index | | |
| Ratio of recurring expenses to net assets (%) | 0.60 | 0.56 | 0.48 | 0.63 | 0.70 | 0.68 | 1.00 | 1.04 |
| Net Assets as at the end of the period (Rs. in Crore) | 100.67 | 449.24 | 1697.46 | 1941.72 | 4.42 | 23.95 | 330.15 | 385.20 |

* Growth Plan / Option

\$ Dividend Reinvestment Option

^ Dividend Plan / Option

† For individuals and HUF

** As on last Business Day

‡ For Others

| Particulars | HDFC MF Monthly Income Plan | | | | | |
|--------------------------------------|---|--|---|---|--|---|
| | Short Term Plan | | | Long Term Plan | | |
| | 26-12-2003 to 31-3-2004 | 1-4-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 | 26-12-2003 to 31-3-2004 | 1-4-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 |
| | | | | | | |
| Date of Allotment | Dec. 26, 2003 | | | | | |
| NAV at beginning of the period (Rs.) | 10.1345(G)* 10.1345(MD) 10.1345(QD) | 10.3754(G)* 10.1582(MD) 10.1611(QD) | 11.1368(G)* 10.2698(MD) 10.3092(QD) | 10.1577(G)* 10.1577(MD) 10.1577(QD) | 10.4778(G)* 10.2245(MD) 10.2296(QD) | 11.3567(G)* 10.4299(MD) 10.4263(QD) |
| Net Income per Unit (Rs.) | 0.1578 | 1.32 | 0.2949 | 0.1677 | 1.37 | 0.2054 |
| Dividend (Rs.) | 0.1900 (MD) 0.1900 (QD) | 0.5400†(MD) 0.5088‡(MD) 0.5100†(QD) 0.4769‡(QD) | 0.1200†(MD) 0.1118‡(MD) | 0.2200 (MD) 0.2200 (QD) - | 0.5500†(MD) 0.5188‡(MD) 0.5600†(QD) 0.5236‡(QD) | 0.1200†(MD) 0.1118‡(MD) |

| Particulars | HDFC MF Monthly Income Plan | | | | | |
|--|--|--|--|--|--|--|
| | Short Term Plan | | | Long Term Plan | | |
| | 26-12-2003 to 31-3-2004 | 1-4-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 | 26-12-2003 to 31-3-2004 | 1-4-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 |
| Transfer to Reserves NAV at the end of the period (Rs.)** | – | – | – | – | – | – |
| | 10.3339 (G)* 10.1849(MD) 10.3339(QD) | 11.1121 (G)* 10.2471 (MD) 10.2863 (QD) | 11.3732 (G)* 10.3490 (MD) 10.5278 (QD) | 10.4143 (G)* 10.2411 (MD) 10.4143 (QD) | 11.2775 (G)* 10.3572 (MD) 10.3536 (QD) | 11.6155 (G)* 10.5303 (MD) 10.6658 (QD) |
| Returns from date of allotment till the end of the period (%) | 3.34 | 8.71 | 9.14 | 4.14 | 9.99 | 10.71 |
| Benchmark Returns from date of allotment till the end of the period (%) | 1.06 | 2.72 Crisil MIP Blended Index | 3.49 | 1.06 | 2.72 Crisil MIP Blended Index | 3.49 |
| Ratio of recurring expenses to net assets (%) | 1.95 | 1.93 | 2.06 | 1.81 | 1.74 | 1.93 |
| Net Assets as at the end of the period (Rs. in Crore) | 787.74 | 380.19 | 401.95 | 1348.77 | 697.50 | 687.52 |

| Particulars | HDFC Fixed Investment Plan | | | |
|--|------------------------------|-----------------------------|------------------------------|-----------------------------|
| | June 2004 (2) | | July 2004 (2) | |
| | 28-6-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 | 26-7-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 |
| Date of Allotment | July 1, 2004 | | July 29, 2004 | |
| NAV at beginning of the period (Rs.) | 10.000 | 10.3905 (G)* | 10.000 | 10.3272 (G)* |
| Net Income per Unit (Rs.) | 0.50 | 0.1269 | 0.53 | 0.1692 |
| Dividend (Re.) | – | – | – | – |
| Transfer to Reserves | – | – | – | – |
| NAV at the end of the period (Rs.)** | 10.3890 (G)* | 10.5060 (G)* | 10.3286 (G)* | 10.4468 (G)* |
| Returns from date of allotment till the end of the period (%) | 3.05 | 1.11 | 2.50 | 1.16 |
| Benchmark Returns from date of allotment till the end of the period (%) | 2.40 | 0.96 | 2.11 | 0.96 |
| | Crisil LiquidFund Index | | Crisil Liquid Fund Index | |
| Ratio of recurring expenses to net assets (%) | 0.20 | 0.20 | 0.20 | 0.20 |
| Net Assets as at the end of the period (Rs. in Crore) | 239.49 | 242.18 | 276.55 | 279.60 |

* Growth Plan / Option
^ Dividend Plan / Option

MD - Monthly Dividend Plan
† For individuals and HUF

QD - Quarterly Dividend Plan
‡ For Others

| Particulars | HDFC Liquid Fund | | | | | | | |
|---|--------------------------------|----------------------------------|-------------------------------|-------------------------------|-------------------------------|----------------------------------|-------------------------------|-------------------------------|
| | Premium Plan | | | | Premium Plus Plan | | | |
| | 24-2-2003 to 31-3-2003 | 1-4-2003 to 31-3-2004 | 1-4-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 | 24-2-2003 to 31-3-2003 | 1-4-2003 to 31-3-2004 | 1-4-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 |
| Date of Allotment | February 24, 2003 | | | | | | | |
| NAV at the beginning of the period (Rs.) | 11.9684 (G) * 11.9684 (D) ^ | 12.0326 (G)* 12.0326 (D)\$ | 12.6203 (G)* 12.0077 (D)\$ | 13.2178 (G)* 12.1404 (D)\$ | 11.9684 (G)* 11.9684 (D) ^ | 12.0338 (G)* 12.0338 (D)\$ | 12.6338 (G)* 11.9932 (D)\$ | 13.2405 (G)* 12.1097 (D) ^ |
| Net Income per Unit | NA | 0.3882@ | 0.87 | 0.15 | NA | 0.3882@ | 0.75 | 0.14 |
| Dividend (Re.) | – | 0.5268 ^ | 0.3745†\$ 0.3558‡\$ | 0.0781†\$ 0.0737‡\$ | – | 0.5517 ^ | 0.3968†\$ 0.3779‡\$ | 0.0836†\$ 0.0770‡\$ |
| NAV at the end of the period (Rs.)** | 12.0310 (G)* 12.0310 (D) ^ | 12.6188 (G)* 12.0063 (D)\$ | 13.2160 (G)* 12.1387 (D) | 13.3618 (G)* 12.1820 (D)\$ | 12.0322 (G)* 12.0322 (D) ^ | 12.6323 (G)* 11.9918 (D)\$ | 13.2387 (G)* 12.1080 (D)\$ | 13.3859 (G)* 12.1477 (D)\$ |
| Returns from the date of allotment till the end of the period (%) | 0.52 | 4.93 | 4.63 | 4.89 | 0.53 | 5.04 | 4.71 | 4.97 |
| Benchmark Returns from the date of allotment till the end of the period (%) | 0.49 | 4.41 CRISIL Liquid Fund Index | 4.12 | 4.33 | 0.49 | 4.41 CRISIL Liquid Fund Index | 4.12 | 4.33 |
| Ratio of recurring expenses to net assets (%) | 0.75 | 0.67 | 0.51 | 0.50 | 0.65 | 0.57 | 0.44 | 0.45 |
| Net Assets as at the end of the period (Rs. in Crore) | NA | 2611.73@ | 122.70 | 121.18 | NA | 2611.73@ | 1211.23 | 1204.80 |

| Particulars | HDFC Multiple Yield Fund | | HDFC Core & Satellite Fund | |
|---|-------------------------------|------------------------------|-------------------------------|------------------------------|
| | 17-09-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 | 17-09-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 |
| Date of allotment | Sept. 17, 2004 | | Sept. 17, 2004 | |
| NAV at beginning of the period (Rs.) | 10.0000 (G)* 10.0000 (D)^ | 10.5865 (G)* 10.5865 (D)^ | 10.0000 (G)* 10.0000 (D)^ | 12.5080 (G)* 12.5080 (D)^ |
| Net Income per Unit (Rs.) | 0.66 | 0.3879 | 1.18 | 0.6587 |
| Dividends (Rs.) | — | — | — | — |
| Transfer to Reserves | — | — | — | — |
| NAV at the end of the period (Rs.)** | 10.5609 (G)* 10.5609 (D)^ | 10.7845 (G)* 10.7845 (D)^ | 12.246 (G)* 12.246 (D)^ | 13.4790 (G)* 13.4790 (D)^ |
| Returns from date of allotment till the end of the period (%) | 5.61 | 7.84 | 22.46 | 34.79 |
| Benchmark Returns from date of allotment till the end of the period (%) | 4.10 | 5.85 | 19.70 | 24.99 |
| | Crisil MIP Blended Index | | BSE 200 | |
| Ratio of recurring expenses to net assets (%) | 1.75 | 1.75 | 2.32 | 2.32 |
| Net Assets as at the end of the period (Rs. in Crore) | 478.46 | 479.22 | 348.07 | 370.40 |

| Particulars | HDFC Premier Multi-Cap Fund | |
|---|------------------------------|--|
| | 6-4-2005 to 15-6-2005 | |
| Date of allotment | April 6, 2005 | |
| NAV at beginning of the period (Rs.)@@ | 10.1240 | |
| Net Income per Unit (Rs.) | 0.2764 | |
| Dividends (Rs.) | — | |
| Transfer to Reserves | — | |
| NAV at the end of the period (Rs.)** | 10.6960 (G)* 10.6960 (D)^ | |
| Returns from date of allotment till the end of the period (%) | 6.96 | |
| Benchmark Returns from date of allotment till the end of the period (%) | 3.75 | |
| | S&P CNX 500 | |
| Ratio of recurring expenses to net assets (%) | 2.19 | |
| Net Assets as at the end of the period (Rs. in Crore) | 1199.37 | |

* Growth Plan / Option

^ Dividend Plan / Option

\$ Dividend Reinvestment Option

NA - Not Available

** As on last Business Day

† For Others

‡ For individuals and HUF

@@ NAV - April 21, 2005

@ Computed at Scheme Level

Notes :

- Returns for less than 1 year are computed as absolute returns from the date of allotment of the respective Schemes and returns for more than 1 year are computed as compounded annualised returns from the date of allotment of the respective Schemes.
- The per Unit NAV on the date of allotment is taken as Rs. 10 for computation of returns. In case of the respective

Plans of HDFC Index Fund, their per Unit Face Value is taken for computation of returns. In case of Premium & Premium Plus Plans, the per Unit NAV of the respective Plans as at the date of allotment is taken for computation of returns.

- The first NAVs of the respective Plans of HDFC Index Fund were calculated and disclosed on July 19, 2002. The Face Value per Unit of Nifty Plan is Rs. 10.326, SENSEX Plan is Rs. 32.161 and SENSEX Plus Plan is Rs. 32.161.

SECTION V

UNIT HOLDERS' RIGHTS & SERVICES

INVESTOR SERVICES

HDFC Mutual Fund will endeavour to provide Unit holder with the highest standards of service. The Mutual Fund hopes to capitalise on the investor servicing capabilities of the HDFC Group that have been built while servicing a large number of depositors, borrowers and shareholders over the last twenty years. The Mutual Fund is committed to put in place and upgrade on a continuous basis, systems and procedures that will enable effective investor servicing through the use of technology.

EXISTING BRANCH NETWORK

HDFC Mutual Fund will provide service to the Unit holder through ISCs and ISCs / Transaction Points of CAMS as mentioned in this Offer Document. A complete listing of these ISCs and ISCs / Transaction Points of CAMS is available in this Offer Document. This existing network of designated HDFC Offices / HDFC AMC Offices / Transaction Points and ISCs of CAMS and additional HDFC Offices / HDFC AMC Offices / Transaction Points and ISCs of CAMS made functional in the future, will cater to the investor requirements, including collection of applications, issuing account statements, and request for Redemption / Switching of Units. All standard and non-standard enquiries will be attended to promptly at these offices.

CONVENIENCE IN TRANSACTION

Each ISC will provide investors with the requisite information and help in processing transactions in the Scheme of HDFC Mutual Fund. Adequate training will be imparted to personnel managing the investor service section, with a view to early resolution of queries.

E-MAIL COMMUNICATION

Account Statements / Annual Reports can be sent to each Unit holder by courier / post / e-mail.

Unit holders who have opted to receive these documents by e-mail will be required to download and print the documents after receiving e-mail from the Mutual Fund. Should the Unit holder experience any difficulty in accessing the electronically delivered documents, the Unit holder shall promptly advise the Mutual Fund to enable the Mutual Fund to make the delivery through alternate means. It is deemed that the Unit holder is aware of all security risks including possible third party interception of the documents and contents of the documents becoming known to third parties.

The Quarterly Newsletter, shall be displayed at the website of the Mutual Fund. The Unit holders can request for a copy of the Newsletter by post / e-mail. The AMC would arrange to dispatch these documents to the concerned Unit holder.

INFORMATION DISSEMINATION

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 calculated and disclosed at the close of every Business Day. Information regarding NAV can be obtained by the Unit holders / Investors by calling or visiting the nearest ISC.

The NAVs of the Scheme shall be published atleast in two daily newspapers on a daily basis in accordance with SEBI Regulations, NAVs will also be displayed on the Website of the Mutual Fund.

AMC shall update the NAVs on the website of Association of Mutual Funds in India - AMFI (www.amfiindia.com) by 8.00 p.m. everyday. In case of any delay, the reasons for such delay would be explained to AMFI and SEBI by the next day. If the NAVs are not available before commencement of business hours on the following day due to any reason, Mutual Fund shall issue a press release providing reasons and explaining when the Mutual Fund would be able to publish the NAVs.

The Sale and Redemption price of Units shall be published in two daily newspapers on a daily basis in accordance with SEBI Regulations.

The AMC shall display the Newsletters on the website of the Mutual Fund. Investors / Unit holders, on written request can obtain (post/e-mail) a copy of the Newsletter or contact any of the Investor Service Centres.

The Schemewise annual report or an abridged summary thereof shall be mailed (e-mailed if opted / requested) to all Unit holders not later than six months from the date of closure of the relevant accounting year and full annual report shall be available for inspection at the Head Office of the Mutual Fund and a copy shall be made available to the Unit holders on request on payment of nominal fees, if any. These results shall also be displayed on the website of the Mutual Fund and AMFI.

Before expiry of one month from the close of each half year that is on March 31 and September 30, the Mutual Fund will publish its half-yearly unaudited financial results in one national English daily newspaper circulating in the whole of India and in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated as per the new format prescribed by SEBI vide their Circular No. MFD/CIR/1/200/2001 dated April 20, 2001. These results shall also be displayed on the website of the Mutual Fund and AMFI.

The Mutual Fund shall make arrangement to display the half-yearly unaudited results in the old format on its Website before the expiry of two months from the close of each half-year. These results are not required to be published in the newspapers.

The Mutual Fund shall before the expiry of one month from the close of each half year i.e. March 31 and September 30, send to all Unit holders a complete statement of its Scheme portfolio. Provided that the statement of Scheme portfolio may not be sent to the Unit holders if the statement is published, by way of an advertisement, in one English daily Newspaper circulating in the whole of India and in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated. The disclosure of Portfolio shall be made in the format prescribed by SEBI in their Circular No. MFD/CIR/9/120/2000 dated November 24, 2000. The statement of portfolio shall also be displayed on the website of the Mutual Fund.

The Mutual Fund shall disclose large unitholdings in the Scheme which are over 25% of the NAV. The information on the number of such investors and total holdings by them in percentage terms shall be disclosed in the annual and the half-yearly results.

The annual report containing accounts of the AMC shall be displayed on the Website of the Mutual Fund. Unit holders, if they so desire, may request for the annual report of the AMC.

PERSONAL IDENTIFICATION NUMBER (PIN)

The PIN facility may be made available to the Unit holders in future. Unit holders will be required to indicate their desire to avail of this facility and also indicate their Bank Account No., Name of the Bank and Branch in the application for purchasing units at a future date. The ISC on introduction of this facility will mail to such Unit holders, the 'Disclaimer Form' together with detailed terms and conditions subject to which its usage will be permitted. On receipt of the 'Disclaimer Form' duly signed by the Unit holder, the PIN will be mailed to each Unit holder. Unit holders may use the PIN to request purchase, Redemption or Switch by calling the ISCs only. The Unit holder will be asked for the PIN before the request is accepted. In the interest of the Unit holder, the ISC reserves the right to ask for a fax confirmation of the request and any other additional information about the account of the Unit holder.

The PIN should never be disclosed to any person or written down where any other person may discover it. All transactions conducted with use of this PIN will be the responsibility of the Unit holder and the Unit holder will abide by the record of the transactions generated. The Mutual Fund and the ISC / Registrar shall not accept any responsibility for the unauthorised use of the PIN.

GIFT FACILITY

The Unit holder can, at any time after the allotment of Units, write to the ISC, requesting for a Gift Form to gift his/her Units by way of a transfer of Units to the donee to the extent provided under the SEBI Regulations / applicable law(s). The Mutual Fund may stipulate, arrange to transfer the Units on account of the gift made by the Unit holder out of his / her Unit balance as per the provisions of applicable law(s) and subject to compliance with such requirement as it deems necessary. Gift in favour of NRI will also be subject to permission, general or specific under the Foreign Exchange Management Act, 1999. All payments and settlement made to such donee and a receipt thereof shall be valid discharge by the Mutual Fund. Unit holder would be liable for the loss resulting from a fraudulent transfer by way of a gift to a donee, based on the Unit holder's instructions that the Mutual Fund reasonably believed as genuine. However, it should be noted that such a transfer by way of gift may attract stamp duty.

PAYMENT TO ALTERNATE PAYEE

The Mutual Fund may subject to compliance with such requirement as it deems fit and necessary may stipulate, arrange to issue redemption and / or any distribution cheques in favour of an alternate payee on Unit holder(s) specific request either at the time of investment and /or at the time of redemption or any distribution. Reasonable procedures will need to be followed to assure that instructions from Unit holders regarding payment to Alternate Payee are genuine. The Unit holder(s) would be liable for the loss resulting from a fraudulent encashment / payment to Alternate Payee, based on the Unit holders instructions, that the Mutual Fund reasonably believed as genuine. The Mutual Fund, reserves the right to require an indemnity or verification countersigned by a Bank Manager, Notary Public, Magistrate or any other party acceptable to it before accepting such instructions. All payments and settlements made to such Alternate Payee(s) and a receipt thereof shall be a valid discharge by the Mutual Fund and the Mutual Fund shall not in any manner liable to the Unit holder. It may be noted that there is no commitment from the Mutual Fund that this facility will be available to the Unit holders.

RIGHTS OF UNIT HOLDERS OF THE SCHEME

- Unit holders of the Scheme have a proportionate right in the beneficial ownership of the assets of the Scheme.
- The Trustee is bound to make such disclosures to the Unit holders as are essential in order to keep them informed about any information known to the Trustee which may have a material adverse bearing on their investments.
- When the Mutual Fund declares a dividend under the Dividend Option, the dividend warrants shall be despatched within 30 days of the declaration of the dividend.
- As per SEBI Regulations, an Account Statement reflecting the number of Units allotted shall be despatched by mail not later than 30 days from the date of closure of the New Fund Offer Period. Post the New Fund Offer Period, the Account Statement reflecting the new or additional subscription as well as Redemption / Switch of Units shall be despatched to the Unit holder within 30 days from the date of receipt of the request from the unit holder. Provided if a Unit holder so desires the Mutual Fund shall issue a Unit certificate (non-transferable) within 30 days of the receipt of request for the certificate. However, under normal circumstances, the Mutual Fund shall endeavour to despatch the Account Statement within 3 Business Days from the date receipt of request.

The first-named Unit holder shall receive the account statements, all notices and correspondence with respect to the account, as well as the proceeds of any Redemption requests or dividends or other distributions.

- As per SEBI Regulations, the Mutual Fund shall despatch Redemption proceeds within 10 Business Days of the date of Redemption. A penal interest of 15% or such other rate as may be prescribed by SEBI from time to time, will be paid in case the Redemption proceeds are not made within 10 Business Days of the date of Redemption.

However, under normal circumstances, the Mutual Fund would endeavour to despatch the Redemption cheque within 3-4 Business Days (as applicable) from the Specified Redemption Day. Please refer to paragraph on 'Payment of Redemption Proceeds' on **Page -----** for details.

After the conversion of the Scheme into an open-ended scheme upon maturity, under normal circumstances, the Mutual Fund would endeavor to despatch the Redemption cheque within 3-4 Business Days (as applicable) from the date of the Redemption. Please refer to paragraph on 'Payment of Redemption Proceeds' on **Page _____** for details.

- The appointment of the AMC for the Mutual Fund can be terminated by majority of the directors of the Trustee or by 75% of the Unit holders of the Scheme.
- The Trustee is obliged to convene a meeting on a requisition of 75% of the Unit holders of the Scheme.
- 75% of the Unit holders of the Scheme can pass a resolution to wind-up the Scheme.
- The Trustee shall obtain the consent of the Unit holders:
 - whenever required to do so by SEBI, in the interest of the Unit holders.
 - whenever required to do so on the requisition made by three-fourths of the Unit holders of the Scheme.
 - when the Trustee decides to wind up the Scheme or prematurely redeem the Units.
- The Trustee shall ensure that no change in the fundamental

attributes of any Scheme or the trust or fees and expenses payable or any other change which would modify the Scheme and affects the interest of Unit holders, shall be carried out unless :

- (i) a written communication about the proposed change is sent to each Unit holder and an advertisement is given in one English newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the head office of the Mutual Fund is situated; and
- (ii) the Unit holders are given an option to exit at the prevailing Net Asset Value without any Exit Load.

PROCEDURE FOR CONVERSION OF CLOSE ENDED SCHEME INTO OPEN-ENDED SCHEME

HDFC Long Term Equity Scheme is a close-ended scheme and the duration of the Scheme is five years from the date of allotment subsequent to which the Scheme will **automatically** be converted into an open ended scheme without any further reference from the Mutual Fund/Trustee/AMC/Unit holder.

However, the Trustee reserve the right not to convert the Scheme into an open ended scheme upon maturity, if deemed appropriate in the interest of Scheme/Unit holders.

Upon maturity of the Scheme, the following steps would be taken for converting the Scheme into open ended scheme:

1. A communication will be sent to all Unit holders whose names appear in the list of Unit holders 30 days prior to the maturity date informing the conversion.
2. Those Unit holders who do not wish to continue either in full or part with the open ended scheme may submit a redemption / switch request in any of the ISCs or the Transaction Point.
3. For the convenience of Unit holders, the Mutual Fund will start accepting such redemption/ switch requests for a period of 30 days prior to the Maturity Date (i.e. w.e.f. _____).
4. All such redemption/ switch requests shall be deemed to have been received on the Maturity Date of the Scheme, and processed accordingly.
5. After maturity, the Scheme may have book closure for a minimum period of 7 days or till first Monday immediately on or after the 7th day. The Scheme will reopen for ongoing purchase and redemption after the book closure.
6. All Unit holders (who do not exercise this option of redemption) of the close ended scheme, at the end of _____ will automatically become the Unit holders of the open end scheme.

DURATION OF THE SCHEME / WINDING UP

HDFC Long Term Equity Scheme is a close-ended scheme and the duration of the Scheme is five years from the date of allotment subsequent to which the scheme will **automatically** be converted into an open ended scheme without any further reference from the Mutual Fund/Trustee/AMC/Unit holders. Thereafter, the duration of the Scheme is perpetual.

A close-ended scheme may be allowed to be rolled over if the purpose, period and other terms of the roll over and other material details of the scheme including the likely composition of assets immediately before the roll over, the net assets and the net assets value of the scheme, are disclosed to the unit holders and a copy of the same has been filed with SEBI.

Such roll over is permitted only in case of those unit holders who express their consent in writing and the unit holders who do not opt for roll over or who have not given written consent shall be allowed to redeem their holding in full at the net asset value based price.

The AMC, the Fund and the Trustee reserve the right to make such changes / alterations in the Scheme (including the charging of fees and expenses) offered under this Offer Document to the extent permitted by the applicable Regulations. However, in terms of the Regulations, a Scheme may be wound up after repaying the amount due to the Unit holders :

1. On the happening of any event, which in the opinion of the Trustee(s), requires the Scheme to be wound up; or
2. Seventy five percent (75%) of the Unit holders of the Scheme pass a resolution that the Scheme be wound up, or
3. If SEBI so directs in the interest of the Unit holders.

Where the Scheme is so wound up, the Trustee shall give notice of the circumstances leading to the winding up of the Scheme to SEBI and in two daily newspapers with circulation all over India and in a vernacular newspaper circulating at the place where the Mutual Fund is formed.

EFFECT OF WINDING UP

On and from the date of the publication of the notice as stated above, the Trustee or the AMC as the case maybe, shall

- (a) cease to carry on any business activities in respect of the Scheme so wound up;
- (b) cease to create or cancel Units in the Scheme;
- (c) cease to issue or redeem Units in the Scheme.

PROCEDURE AND MANNER OF WINDING UP

In the event of the Scheme being wound up, the AMC shall proceed as follows:

1. The Trustee shall call a meeting of the Unit holders of the Scheme to consider and pass necessary resolutions by simple majority of Unit holders present and voting at the meeting for authorising the AMC or any other person / agency to take the steps for winding up of the Scheme.
 - (a) The Trustee or the person authorised as above, shall dispose the assets of the Scheme concerned in the best interests of the Unit holders of the Scheme.
 - (b) The proceeds of the sale made in pursuance of the above, shall in the first instance be utilised towards discharge of such liabilities as are properly due under the Scheme and after making appropriate provision for meeting the expenses connected with such winding up, the balance shall be paid to the Unit holders in proportion to their respective interests in the assets of the Scheme as on the date when the decision for the winding up was taken.
2. On the completion of the winding up, the Trustee shall forward to SEBI and the Unit holders, a report on the winding up containing particulars such as circumstances leading to the winding up, the steps taken for disposal of assets of the Scheme before winding up, expenses of the Scheme for winding up, net assets available for distribution to the Unit holders and a certificate from the Auditors of the Mutual Fund.
3. Notwithstanding anything contained herein, the application of the provisions of SEBI Regulations in respect of disclosures of half-yearly reports and annual reports shall continue to be applicable until the winding up is completed or the Scheme ceases to exist.

4. After the receipt of report referred to the above under **"Procedure and Manner of Winding up"** if SEBI is satisfied that all measures for winding up of the Scheme have been complied with, the Scheme shall cease to exist.

STATEMENT OF POSSIBLE DIRECT TAX BENEFITS / CONSEQUENCES AVAILABLE / APPLICABLE TO HDFC MUTUAL FUND IN RESPECT OF HDFC LONG TERM EQUITY FUND AND ITS UNIT HOLDERS

As per the taxation laws in force and Chapter VII of the Finance (No. 2) Act, 2004 pertaining to Securities Transaction Tax (STT), the tax benefits / consequences as applicable, to the HDFC Mutual Fund in respect of its HDFC Long Term Equity Fund and investors investing in the Units of the Scheme are stated as follows:

The information given is included only for general purpose and is based on advice received by the AMC regarding the law and practise currently in force in India and the Investors/Unit holders should be aware that the relevant fiscal rules or their interpretation may change. As is the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of an investment in the Scheme will endure indefinitely. In view of the individual nature of tax consequences, each Investor / Unit holder is advised to consult his / her own professional tax advisor.

1. Tax Benefits / Consequences to the Mutual Fund

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

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

On income distribution, if any, made by the Mutual Fund, additional income-tax is payable under Section 115R of the Act. The additional income-tax on distribution of income shall be payable by the mutual fund at the rate of 14.025% (including surcharge and education cess) on income distributed to an individual / Hindu Undivided Family (HUF) and at the rate of 22.44% (including surcharge and education cess) on income distributed to any other investor.

However, as per the current provision of the Act, the additional income tax under Section 115R of the Act will not be payable after the conversion of the Scheme into an open-ended scheme upon maturity.

Securities Transaction Tax (STT)

As per Chapter VII of the Finance (No. 2) Act, 2004 pertaining to STT, the STT shall be payable, wherever applicable, as follows:

| Sr. No. | Taxable Securities Transaction | Rate | Payable by |
|---------|---|-----------------|------------|
| 1. | Purchase of an equity share in a company or a unit of an equity oriented fund, where - (a) the transaction of such purchase is entered into in a recognized stock exchange; and (b) the contract for purchase of such share or unit is settled by the actual delivery or transfer of such share or unit. | 0.1 per cent | Purchaser |
| 2. | Sale of an equity share in a company or a unit of an equity oriented fund, where - (a) the transaction of such sale is entered into in a recognized stock exchange; and (b) the contract for sale of such share or unit is settled by the actual delivery or transfer of such share or unit. | 0.1 per cent | Seller |
| 3. | Sale of an equity share in a company or a unit of an equity oriented fund, where - (a) the transaction of such sale is entered into in a recognized stock exchange; and (b) the contract for sale of such share or unit is settled otherwise than by the actual delivery or transfer of such share or unit. | 0.02 per cent | Seller |
| 4. | Sale of a derivative, where the transaction of such sale is entered into in a recognized stock exchange. | 0.0133 per cent | Seller |
| 5. | Sale of a unit of an equity oriented fund to the Mutual Fund. | 0.2 per cent | Seller |

2. Tax Benefits / Consequences to Unit holders

i. Income-tax

All Unit holders

Income received, otherwise than on transfer (subject to the exemption of long-term capital gains provided for in section 10(38) of the Act, discussed elsewhere in this statement), in respect of units of a mutual fund would be exempt from tax under Section 10(35) of the Act.

- **Tax Deduction at Source**

All Unit holders

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

- **Capital Gains Tax**

As per Section 111A of the Act, short-term capital gains on sale of units of an equity-oriented fund entered into on or after October 1, 2004, where such transaction of sale is chargeable to STT under Chapter VII of the Finance (No. 2) Act, 2004, shall be subject to tax at a rate of 10 per cent (plus applicable surcharge and education cess). Further, in case of resident individuals and Hindu Undivided Families, where taxable income as reduced by short-term capital gains, is below the basic exemption limit, the short-term capital gains will be reduced to the extent of the shortfall and only the balance short-term capital gains will be subjected to the flat rate of income-tax (plus applicable surcharge and education cess)

Exemption of capital gain from income tax

As per Section 10(38) of the Act, any long-term capital gains arising from the sale of units of an equity-oriented fund entered into on or after October 1, 2004, where such transaction of sale is chargeable to STT under Chapter VII of the Finance (No.2) Act, 2004, shall be exempt from tax.

All Unit holders

Under the provisions of Section 94(7) of the Act, loss arising on sale of Units, which are bought within 3 months prior to the record date (i.e. the date fixed by the Mutual Fund for the purposes of entitlement of the Unit holders to receive income or additional units without any consideration, as the case may be) and sold within 9 months after the record date, shall be ignored for the purpose of computing income chargeable to tax to the extent of exempt income received or receivable on such Units.

Where any person purchases units ('original units') within a period of 3 months prior to the record date, who is allotted additional units without any payment and sells all or any of the original units within a period of 9 months after the record date, while continuing to hold all or any of the additional units, then any loss arising on sale of the original units shall be ignored for the purpose of computing income

chargeable to tax. The amount of loss so ignored shall be deemed to be the cost of purchase of the additional units as are held on the date of such sale.

- **Tax Deduction at Source**

All Unit holders

No income-tax is deductible at source from income by way of capital gains under the present provisions of the Act. However, the matter is not free from doubt in case of non-residents (other than in case of Foreign Institutional Investors and long-term capital gains exempt under Section 10(38) of the Act). Hence the provisions of section 195 of the Act may apply to non-residents (other than Foreign Institutional Investors and long-term capital gains exempt under Section 10(38) of the Act.)

- **Securities Transaction Tax**

As per Chapter VII of the Finance (No.2) Act, 2004 pertaining to STT, the STT shall be payable by the seller at the rate of 0.20 per cent on the sale of a unit of an equity-oriented fund to the mutual fund.

OTHER BENEFITS

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

ii Wealth-tax

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

iii Gift-tax

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

The above Statement of Possible Direct Tax Benefits / Consequences sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of mutual fund units. The statements made above are based on the tax laws in force, Chapter VII of the Finance (No. 2) Act, 2004 pertaining to Securities Transaction Tax and as interpreted by the relevant taxation authorities as of date. Investors are advised to consult their tax advisors with respect to the tax consequences of the purchase, ownership and disposal of mutual fund units.

SECTION VI – OTHER MATTERS

UNIT HOLDER GRIEVANCES REDRESSAL MECHANISM

Investors may contact the ISCs or the office of the AMC for any queries / clarifications. The Head Office of the AMC will follow up with the respective ISC to ensure timely redressal and prompt investor services. **Mr. John Mathews**, Head – Client Services can be contacted at Mistry Bhavan, 1st Floor, 122, Dinsha Vachha Road, Churchgate, Mumbai 400 020 at **Telephone nos.** (022) 56316300. **Fax no.** (022) 22821144. **e-mail:** cliser@hdfcfund.com.

INVESTOR COMPLAINTS

Given below is the status of complaints received during the period April 1, 2002 to June 15, 2005.

| Scheme | Complaints received | | | | Complaints redressed | | | | Complaints pending | | | |
|--------------------------------|---------------------------------|---------------------------------|---------------------------------|--------------------------------|---------------------------------|---------------------------------|---------------------------------|--------------------------------|----------------------|----------------------|----------------------|---------------------|
| | April 1, 2002 to March 31, 2003 | April 1, 2003 to March 31, 2004 | April 1, 2004 to March 31, 2005 | April 1, 2005 to June 15, 2005 | April 1, 2002 to March 31, 2003 | April 1, 2003 to March 31, 2004 | April 1, 2004 to March 31, 2005 | April 1, 2005 to June 15, 2005 | As at March 31, 2003 | As at March 31, 2004 | As at March 31, 2005 | As at June 15, 2005 |
| HDFC Growth Fund | 60 | 350 | 337 | 21 | 60 | 279 | 399 | 21 | 1 | 62 | 1 | 0 |
| HDFC Balanced Fund | 32 | 82 | 79 | 30 | 36 | 65 | 96 | 30 | 0 | 15 | 0 | 0 |
| HDFC Income Fund | 619 | 1378 | 1132 | 33 | 616 | 1162 | 1300 | 32 | 9 | 180 | 6 | 1 |
| HDFC Liquid Fund | 33 | 46 | 31 | 5 | 30 | 46 | 34 | 3 | 3 | 4 | 0 | 2 |
| HDFC Long Term Advantage Fund | 36 | 113 | 172 | 57 | 36 | 75 | 192 | 55 | 0 | 22 | 3 | 2 |
| HDFC Children's Gift Fund | 72 | 63 | 85 | 20 | 75 | 61 | 88 | 18 | 0 | 3 | 0 | 2 |
| HDFC Gilt Fund | 18 | 77 | 43 | 1 | 19 | 68 | 51 | 1 | 0 | 7 | 1 | 0 |
| HDFC Sovereign Gilt Fund | 0 | 2 | 4 | 0 | 0 | 2 | 5 | 0 | 0 | 0 | 0 | 0 |
| HDFC Short Term Plan | 25 | 35 | 19 | 2 | 25 | 32 | 20 | 2 | 0 | 2 | 0 | 0 |
| HDFC Index Fund | 11 | 25 | 19 | 2 | 11 | 22 | 22 | 2 | 0 | 4 | 0 | 0 |
| HDFC Floating Rate Income Fund | 0 | 5 | 27 | 11 | 0 | 5 | 27 | 10 | 0 | 0 | 0 | 1 |
| HDFC Equity Fund | 0 | 327 | 543 | 49 | 0 | 268 | 569 | 47 | 0 | 44 | 16 | 2 |
| HDFC Prudence Fund | 0 | 279 | 276 | 68 | 0 | 223 | 322 | 65 | 0 | 56 | 8 | 3 |
| HDFC High Interest Fund | 0 | 179 | 165 | 9 | 0 | 155 | 193 | 9 | 0 | 21 | 0 | 0 |
| HDFC Top 200 Fund | 0 | 303 | 346 | 39 | 0 | 240 | 392 | 39 | 0 | 45 | 4 | 0 |
| HDFC Capital Builder Fund | 0 | 254 | 301 | 76 | 0 | 195 | 356 | 75 | 0 | 69 | 8 | 1 |
| HDFC TaxSaver | 0 | 92 | 147 | 31 | 0 | 71 | 163 | 31 | 0 | 18 | 2 | 0 |
| HDFC MF Monthly Income Plan | 0 | 766 | 926 | 62 | 0 | 706 | 977 | 56 | 0 | 60 | 5 | 6 |
| HDFC Cash Management Fund | 0 | 12 | 21 | 5 | 0 | 12 | 22 | 5 | 0 | 0 | 0 | 0 |
| HDFC Multiple Yield Fund | 0 | 0 | 24 | 2 | 0 | 0 | 23 | 2 | 0 | 0 | 1 | 0 |
| HDFC Core & Satellite Fund | 0 | 0 | 87 | 12 | 0 | 0 | 89 | 11 | 0 | 0 | 1 | 1 |
| HDFC Premier Multi-Cap Fund | 0 | 0 | 0 | 88 | 0 | 0 | 0 | 85 | 0 | 0 | 0 | 3 |
| Total | 906 | 4388 | 4784 | 623 | 908 | 3687 | 5340 | 599 | 13 | 612 | 56 | 24 |

ASSOCIATE TRANSACTIONS

INVESTMENT IN GROUP COMPANIES

During the period April 1, 2002 to March 31, 2003, the following investments were made in securities of HDFC and its Group Companies. The investments under the respective Plans of HDFC Index Fund were made pursuant to their Investment Objectives. The investments under the HDFC Growth Fund were made because of attractive valuation.

| Name of the Company | Particulars | Quantity | HDFC Growth Fund (Rs. in crore) | HDFC Index Fund - Nifty Plan (Rs. in crore) | HDFC Index Fund - SENSEX Plan (Rs. in crore) | HDFC Index Fund - SENSEX Plus Plan (Rs. in crore) |
|---|------------------------|----------|------------------------------------|--|---|--|
| Housing Development Finance Corporation Limited | Equity Shares Purchase | 36000 | 1.03 | — | — | — |
| | | 9489 | — | 0.31 | — | — |
| | | 6232 | — | — | — | 0.22 |
| | | 28019 | — | — | 0.97 | — |
| | Sale | 2490 | — | 0.10 | — | — |
| | | 820 | — | — | — | 0.04 |
| HDFC Bank Limited | Equity Shares | 5635 | — | — | 0.25 | — |
| | Purchase | 11381 | — | 0.25 | — | — |
| | Sale | 3279 | — | 0.07 | — | — |

During the period April 1, 2003 to March 31, 2004, the following investments were made in securities of the Sponsors and its Group Companies. The investments under the respective Plans of HDFC Index Fund were made pursuant to their Investment Objectives. The investments under the HDFC Growth Fund were made because of attractive valuation.

| Name of the Company | Particulars | Quantity | HDFC Growth Fund (Rs. in crore) | HDFC Index Fund - SENSEX Plan (Rs. in crore) | HDFC Index Fund - Nifty Plan (Rs. in crore) | HDFC Index Fund - SENSEX Plus Plan (Rs. in crore) | HDFC High Interest Fund (Rs. in crore) | HDFC High Interest Fund - Short Term Plan (Rs. in crore) | HDFC Cash Management Fund - Savings Plan (Rs. in crore) |
|--|------------------------------|-----------|------------------------------------|---|--|--|---|---|--|
| Housing Development Finance Corporation Limited \$ | Equity Shares Purchase | 34,320 | — | 1.62 | — | — | — | — | — |
| | | 6,790 | — | — | 0.32 | — | — | — | — |
| | Sale | 13,434 | — | — | — | 0.66 | — | — | — |
| | | 52,212 | — | 2.44 | — | — | — | — | — |
| | | 10,522 | — | — | 0.50 | — | — | — | — |
| | | 15,550 | — | — | — | 0.79 | — | — | — |
| | | 36,000 | 1.48 | — | — | — | — | — | — |
| | Debentures Sale / Redemption | 4,500,000 | — | — | — | — | 54.51 | — | — |
| | | 2,000,040 | — | — | — | — | — | 62.18 | — |
| | | 26 | — | — | — | — | — | — | 25.50 |
| HDFC Bank Limited ^ | Equity Shares Purchase | 14,761 | — | 0.48 | — | — | — | — | — |
| | | 7,853 | — | — | 0.23 | — | — | — | — |
| | | 8,181 | — | — | — | 0.26 | — | — | — |
| | Sale | 9,271 | — | 0.29 | — | — | — | — | — |
| | | 12,168 | — | — | 0.35 | — | — | — | — |
| | | 4,061 | — | — | — | 0.14 | — | — | — |

\$ Sponsor ^ Group Company of Sponsor

During the period April 1, 2004 to March 31, 2005, the following investments were made in securities of the Sponsors and its Group Companies. The investments under the respective Plans of HDFC Index Fund were made pursuant to their Investment Objectives.

| Name of the Company | Particulars | Quantity | HDFC Index Fund - SENSEX Plan (Rs. in crore) | HDFC Index Fund - Nifty Plan (Rs. in crore) | HDFC Index Fund - SENSEX Plus Plan (Rs. in crore) | HDFC Income Fund (Rs. in crore) | HDFC High Interest Fund - Short Term Plan (Rs. in crore) | HDFC Liquid Fund (Rs. in crore) | HDFC Floating Rate Income Fund - Short Term Plan (Rs. in crore) | HDFC Floating Rate Income Fund - Long Term Plan (Rs. in crore) | HDFC Monthly Income Plan - Short Term Plan (Rs. in crore) | HDFC Cash Management Fund - Savings Plan (Rs. in crore) | HDFC Cash Management Fund - Savings Plus Plan (Rs. in crore) |
|--|-------------------------------------|-----------|---|--|--|------------------------------------|---|------------------------------------|--|---|--|--|---|
| Housing Development Finance Corporation Limited \$ | Equity Shares Purchase | 11,548 | 0.69 | — | — | — | — | — | — | — | — | — | — |
| | | 5,562 | — | 0.33 | — | — | — | — | — | — | — | — | — |
| | Sale | 4,584 | — | — | 0.28 | — | — | — | — | — | — | — | — |
| | | 13,579 | 0.83 | — | — | — | — | — | — | — | — | — | — |
| | | 7,492 | — | 0.46 | — | — | — | — | — | — | — | — | — |
| | | 5,584 | — | — | 0.35 | — | — | — | — | — | — | — | — |
| | NCDs / Floating Rate Bonds Purchase | 2,100 | — | — | — | — | — | — | — | — | 29.96 | — | — |
| | | 200 | — | — | — | — | — | — | — | — | — | 20.02 | — |
| | | 900 | — | — | — | — | — | 64.38 | — | — | — | — | — |
| | | 1,000 | — | — | — | — | — | — | 100.05 | — | — | — | — |
| | | 400 | — | — | — | — | — | — | — | 40.10 | — | — | — |
| | | 2,100 | — | — | — | — | — | — | — | — | — | — | 29.97 |
| | | 3,00,000 | — | — | — | 32.03 | — | — | — | — | — | — | — |
| | | 150 | — | — | — | — | — | — | — | 10.01 | — | — | — |
| | | 2,100 | — | — | — | — | — | — | — | — | 29.99 | — | — |
| | | 250 | — | — | — | — | — | 25.00 | — | — | — | — | — |
| | | 300 | — | — | — | — | — | — | 30.00 | — | — | — | — |
| | | 1,500,000 | — | — | — | — | 15.00 | — | — | — | — | — | — |
| HDFC Bank Limited ^ | Equity Shares Purchase | 12,962 | 0.48 | — | — | — | — | — | — | — | — | — | — |
| | | 6,460 | — | 0.24 | — | — | — | — | — | — | — | — | — |
| | | 4,902 | — | — | 0.19 | — | — | — | — | — | — | — | — |
| | Sale | 15,961 | 0.63 | — | — | — | — | — | — | — | — | — | — |
| | | 8,735 | — | 0.34 | — | — | — | — | — | — | — | — | — |
| | | 6,682 | — | — | 0.27 | — | — | — | — | — | — | — | — |
| | | — | — | — | — | — | — | — | — | — | — | — | — |

\$ Sponsor ^ Group Company of Sponsor

During the period April 1, 2005 to June 15, 2005, the following investments were made in securities of the Sponsors and its Group Companies. The investments under the respective Plans of HDFC Index Fund were made pursuant to their Investment Objectives.

| Name of the Company | Particulars | Quantity | HDFC Index Fund - SENSEX Plan (Rs. in crore) | HDFC Index Fund - Nifty Plan (Rs. in crore) | HDFC Index Fund - SENSEX Plus Plan (Rs. in crore) | HDFC High Interest Fund (Rs. in crore) | HDFC Liquid Fund (Rs. in crore) | HDFC Floating Rate Income Fund Short Term Plan (Rs. in crore) | HDFC Floating Rate Income Fund Long Term Plan (Rs. in crore) | HDFC MF Monthly Income Plan Short Term Plan (Rs. in crore) | HDFC MF Monthly Income Plan Long Term Plan (Rs. in crore) | HDFC Cash Management Fund Savings Plan (Rs. in crore) | HDFC Cash Management Fund Savings Plus Plan (Rs. in crore) | HDFC Prudence Fund (Rs. in crore) | HDFC Income Fund (Rs. in crore) |
|--|-------------------------------------|----------|---|--|--|---|------------------------------------|--|---|---|--|--|---|--------------------------------------|------------------------------------|
| Housing Development Finance Corporation Limited \$ | Equity Shares Purchase | 212 | 0.02 | - | - | - | - | - | - | - | - | - | - | - | - |
| | | 265 | - | 0.02 | - | - | - | - | - | - | - | - | - | - | - |
| | | 154 | - | - | 0.01 | - | - | - | - | - | - | - | - | - | - |
| | | 902 | 0.07 | - | - | - | - | - | - | - | - | - | - | - | - |
| | | 466 | - | 0.04 | - | - | - | - | - | - | - | - | - | - | - |
| | Sale | 577 | - | - | 0.04 | - | - | - | - | - | - | - | - | - | - |
| | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| | NCDs / Floating Rate Bonds Purchase | 450 | - | - | - | - | - | - | - | - | 45.00 | - | - | - | - |
| | | 200 | - | - | - | - | - | - | - | - | - | - | - | 20.00 | - |
| | | 30 | - | - | - | 2.99 | - | - | - | - | - | - | - | - | - |
| | | 2,500 | - | - | - | - | - | - | - | - | - | 114.99 | - | - | - |
| | | 800 | - | - | - | - | 80.12 | - | - | - | - | - | - | - | - |
| | Sale | 1,350 | - | - | - | - | - | 134.58 | - | - | - | - | - | - | - |
| | | 500 | - | - | - | - | - | - | - | - | - | - | 50.00 | - | - |
| | | 220 | - | - | - | - | - | - | - | - | - | - | - | - | 21.95 |
| | | 100 | - | - | - | - | - | - | - | 10.07 | - | - | - | - | - |
| | | 500 | - | - | - | - | - | - | 50.12 | - | - | - | - | - | - |
| HDFC Bank Limited ^ | Equity Shares Purchase | 900 | - | - | - | - | - | 89.27 | - | - | - | - | - | - | - |
| | | 300 | - | - | - | - | - | - | 30.11 | - | - | - | - | - | - |
| | | 500 | - | - | - | - | - | - | - | - | - | - | 50.01 | - | - |
| | | 200 | - | - | - | - | - | - | - | - | - | 20.00 | - | - | - |
| | | 50 | - | - | - | - | - | - | - | 5.03 | - | - | - | - | - |
| | Sale | 150 | - | - | - | - | 14.43 | - | - | - | - | - | - | - | - |
| | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| | NCDs / Floating Rate Bonds Purchase | 2 | - | - | - | - | 49.32 | - | - | - | - | - | - | - | - |
| | | 2 | - | - | - | - | - | 49.32 | - | - | - | - | - | - | - |
| | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | |

\$ Sponsor

^ Group Company of Sponsor

INVESTMENT IN ASSOCIATE COMPANIES

During the period April 1, 2002 to March 31, 2003, the Scheme(s) of HDFC Mutual Fund had invested in the following Associate Companies of the Sponsors.

| Name of the Associate | Particulars | Quantity | HDFC Growth Fund (Rs. in crore) | HDFC Balanced Fund (Rs. in crore) | HDFC Tax Plan 2000 (Rs. in crore) | HDFC Children's Gift Fund | | HDFC Index Fund | | |
|---|------------------------|----------|------------------------------------|--------------------------------------|--------------------------------------|-----------------------------------|--------------------------------|-------------------------------|------------------------------|------------------------------------|
| | | | | | | Investment Plan (Rs. in crore) | Savings Plan (Rs. in crore) | SENSEX Plan (Rs. in crore) | Nifty Plan (Rs. in crore) | SENSEX Plus Plan (Rs. in crore) |
| GlaxoSmithKline Pharmaceuticals Limited | Equity Shares Purchase | 20,000 | - | 0.77 | - | - | - | - | - | - |
| | | 3,006 | - | - | - | - | - | - | 0.11 | - |
| | | 2,093 | - | - | - | - | - | - | - | 0.07 |
| | | 9,193 | - | - | - | - | - | 0.32 | - | - |
| | Sale | 2,394 | - | - | - | - | - | 0.08 | - | - |
| | | 869 | - | - | - | - | - | - | 0.03 | - |
| | | 437 | - | - | - | - | - | - | - | 0.01 |
| | | | | | | | | | | |
| Siemens Limited | Equity Shares Purchase | 7,000 | - | - | 0.19 | - | - | - | - | - |
| | | 1,15,000 | 3.23 | - | - | - | - | - | - | - |
| | Sale | 15,000 | 0.43 | - | - | - | - | - | - | - |
| Hindustan Lever Limited | Equity Shares Purchase | 55,000 | 1.03 | - | - | - | - | - | - | - |
| | | 1,00,000 | - | 1.61 | - | - | - | - | - | - |
| | | 15,000 | - | - | 0.25 | - | - | - | - | - |
| | | 15,000 | - | - | - | 0.24 | - | - | - | - |
| | | 20,000 | - | - | - | - | 0.32 | - | - | - |
| | | 2,73,123 | - | - | - | - | - | 4.84 | - | - |
| | | 88,836 | - | - | - | - | - | - | 1.59 | - |
| | | 61,753 | - | - | - | - | - | - | - | 1.10 |

| Name of the Associate | Particulars | Quantity | HDFC Growth Fund | HDFC Balanced Fund | HDFC Tax Plan 2000 | HDFC Children's Gift Fund | | HDFC Index Fund | | |
|-----------------------------------|------------------------|----------|------------------|--------------------|--------------------|---------------------------|----------------|-----------------|----------------|------------------|
| | | | (Rs. in crore) | (Rs. in crore) | (Rs. in crore) | Investment Plan | Savings Plan | SENSEX Plan | Nifty Plan | SENSEX Plus Plan |
| | | | | | | (Rs. in crore) | (Rs. in crore) | (Rs. in crore) | (Rs. in crore) | (Rs. in crore) |
| Castrol India Limited | Sale | 55,000 | 0.91 | - | - | - | - | - | - | - |
| | | 40,000 | - | 0.73 | - | - | - | - | - | - |
| | | 5,000 | - | - | 0.09 | - | - | - | - | - |
| | | 70,818 | - | - | - | - | - | 1.24 | - | - |
| | | 25,602 | - | - | - | - | - | - | 0.45 | - |
| | | 12,883 | - | - | - | - | - | - | - | 0.22 |
| | Equity Shares Purchase | 3,467 | - | - | - | - | - | - | - | 0.07 |
| | | 15,284 | - | - | - | - | - | 0.29 | - | - |
| | | 4,984 | - | - | - | - | - | - | 0.10 | - |
| | Sale | 3,976 | - | - | - | - | - | 0.08 | - | - |
| | | 1,439 | - | - | - | - | - | - | 0.03 | - |
| | | 724 | - | - | - | - | - | - | - | 0.01 |
| Mahindra & Mahindra Limited | Equity Shares Purchase | 4,459 | - | - | - | - | - | - | 0.04 | - |
| | Sale | 1,286 | - | - | - | - | - | - | 0.01 | - |
| The Indian Hotels Company Limited | Equity Shares Purchase | 1,822 | - | - | - | - | - | - | 0.03 | - |
| | Sale | 528 | - | - | - | - | - | - | 0.01 | - |

During the period April 1, 2003 to March 31 2004, the Scheme(s) of HDFC Mutual Fund had invested in the following Associate Companies of the Sponsors.
(Rs. in crore)

| Name of the Associate | Particulars | Quantity | HDFC Growth Fund | HDFC Balanced Fund | HDFC Tax Plan 2000 | HDFC Children's Gift Fund | | HDFC Index Fund | | | HDFC MF Monthly Income Plan | | HDFC Equity Fund | HDFC Prudence Fund | HDFC Top 200 Fund | HDFC Capital Builder Fund | HDFC TaxSaver | HDFC High Interest Fund | HDFC High Interest Fund | HDFC Cash Management Fund |
|---|------------------------------|-----------|------------------|--------------------|--------------------|---------------------------|--------------|-----------------|------------|------------------|-----------------------------|----------------|------------------|--------------------|-------------------|---------------------------|---------------|-------------------------|-------------------------|---------------------------|
| | | | | | | Investment Plan | Savings Plan | SENSEX Plan | Nifty Plan | SENSEX Plus Plan | Short Term Plan | Long Term Plan | | | | | | | | |
| Glaxosmith -kline Pharma Limited | Equity Shares Purchase | 6,210 | - | - | - | - | - | 0.24 | - | - | - | - | - | - | - | - | - | - | - | - |
| | | 2,064 | - | - | - | - | - | - | 0.09 | - | - | - | - | - | - | - | - | - | - | - |
| | | 1,925 | - | - | - | - | - | - | - | 0.08 | - | - | - | - | - | - | - | - | - | - |
| | Sale | 13,009 | - | - | - | - | - | 0.54 | - | - | - | - | - | - | - | - | - | - | - | - |
| | | 20,000 | - | 0.69 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | | 3,207 | - | - | - | - | - | - | 0.14 | - | - | - | - | - | - | - | - | - | - | - |
| 3,581 | - | - | - | - | - | - | - | - | 0.16 | - | - | - | - | - | - | - | - | - | - | |
| Housing Development Finance Corporation Limited | Equity Shares Purchase | 34,320 | - | - | - | - | - | 1.62 | - | - | - | - | - | - | - | - | - | - | - | - |
| | | 6,790 | - | - | - | - | - | - | 0.32 | - | - | - | - | - | - | - | - | - | - | - |
| | | 13,434 | - | - | - | - | - | - | - | 0.66 | - | - | - | - | - | - | - | - | - | - |
| | Sale | 52,212 | - | - | - | - | - | 2.44 | - | - | - | - | - | - | - | - | - | - | - | - |
| | | 10,522 | - | - | - | - | - | - | 0.50 | - | - | - | - | - | - | - | - | - | - | - |
| | | 15,550 | 1.48 | - | - | - | - | - | - | 0.79 | - | - | - | - | - | - | - | - | - | - |
| | 36,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | Debentures Sale / Redemption | 4,500,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 54.51 | - | - |
| | | 2,000,040 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 62.18 | - |
| | 26 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 25.50 |
| HDFC Bank Limited | Equity Shares Purchase | 14,761 | - | - | - | - | - | 0.48 | - | - | - | - | - | - | - | - | - | - | - | - |
| | | 7,853 | - | - | - | - | - | - | 0.23 | - | - | - | - | - | - | - | - | - | - | - |
| | | 8,181 | - | - | - | - | - | - | - | 0.26 | - | - | - | - | - | - | - | - | - | - |
| | Sale | 9,271 | 1.48 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | | 12,168 | - | - | - | - | - | - | 0.29 | - | - | - | - | - | - | - | - | - | - | - |
| | | 4,061 | - | - | - | - | - | - | - | 0.35 | 0.14 | - | - | - | - | - | - | - | - | - |
| Hindustan Lever Limited | Equity Shares Purchase | 191,419 | - | - | - | - | - | 3.19 | - | - | - | - | - | - | - | - | - | - | - | - |
| | | 61,101 | - | - | - | - | - | - | 1.05 | - | - | - | - | - | - | - | - | - | - | - |
| | | 64,252 | - | - | - | - | - | - | - | 1.10 | - | - | - | - | - | - | - | - | - | - |
| | | 10,000 | - | - | 0.15 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | | 300,000 | - | - | - | - | - | - | - | - | - | 6.22 | - | - | - | - | - | - | - | - |
| | | 1,550,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 32.70 | - |

| Name of the Associate | Particulars | Quantity | HDFC Growth Fund | HDFC Balanced Fund | HDFC Tax Plan 2000 | HDFC Children's Gift Fund | | HDFC Index Fund | | | HDFC MF Monthly Income Plan | | HDFC Equity Fund | HDFC Prudence Fund | HDFC Top 200 Fund | HDFC Capital Builder Fund | HDFC TaxSaver | HDFC High Interest Fund | HDFC High Interest Fund | HDFC Cash Management Fund | |
|-----------------------|-----------------------------------|-------------------------------|------------------------|--------------------|--------------------|---------------------------|--------------|-----------------|------------|------------------|-----------------------------|----------------|------------------|--------------------|-------------------|---------------------------|---------------|-------------------------|-------------------------|---------------------------|---|
| | | | | | | Investment Plan | Savings Plan | SENSEX Plan | Nifty Plan | SENSEX Plus Plan | Short Term Plan | Long Term Plan | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | |
| | Sale | 275,000 | 5.29 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | | 20,000 | - | - | 0.38 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | | 367,088 | - | - | - | - | - | 6.33 | - | - | - | - | - | - | - | - | - | - | - | - | |
| | | 94,999 | - | - | - | - | - | - | 1.64 | - | - | - | - | - | - | - | - | - | - | - | |
| | | 93,102 | - | - | - | - | - | - | - | 1.68 | - | - | - | - | - | - | - | - | - | - | |
| | | 300,000 | - | - | - | - | - | - | - | - | - | 6.16 | - | - | - | - | - | - | - | - | |
| | | 1,350,000 | - | - | - | - | - | - | - | - | - | - | - | - | 24.33 | - | - | - | - | - | |
| | | 80,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1.45 | - | - | - | - | |
| | | 100,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1.62 | - | - | - | |
| | | 230,000 | - | 4.22 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | | 20,000 | - | - | - | - | - | 0.33 | - | - | - | - | - | - | - | - | - | - | - | - | |
| | Deben-tures * Sale Purchase | 80,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.05 | - | - | - | |
| | | 2,75,000 | * | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | | 2,30,000 | - | * | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | | 15,000 | - | - | * | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | | 35,000 | - | - | - | * | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | | 20,000 | - | - | - | - | * | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | | 2,12,276 | - | - | - | - | - | * | - | - | - | - | - | - | - | - | - | - | - | - | |
| | | 56,618 | - | - | - | - | - | - | * | - | - | - | - | - | - | - | - | - | - | - | |
| | | 49,134 | - | - | - | - | - | - | - | * | - | - | - | - | - | - | - | - | - | - | |
| | | 1,00,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | * | - | - | |
| | | 100000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | * | - | |
| | | 80000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | * | |
| | Castrol India Limited | Equity Shares Purchase | 7,854 | - | - | - | - | - | 0.16 | - | - | - | - | - | - | - | - | - | - | - | |
| | | | 827 | - | - | - | - | - | - | 0.02 | - | - | - | - | - | - | - | - | - | - | |
| | | | 2,319 | - | - | - | - | - | - | - | 0.05 | - | - | - | - | - | - | - | - | - | |
| | | Sale | 19,162 | - | - | - | - | - | 0.38 | - | - | - | - | - | - | - | - | - | - | - | |
| | | | 4,372 | - | - | - | - | - | - | 0.08 | - | - | - | - | - | - | - | - | - | - | |
| | | | 5,062 | - | - | - | - | - | - | - | 0.10 | - | - | - | - | - | - | - | - | - | |
| | Mahindra & Mahindra Limited | Equity Shares Purchase | 3,357 | - | - | - | - | - | - | 0.08 | - | - | - | - | - | - | - | - | - | - | |
| | | | 115,000 | - | - | - | - | - | - | - | - | 5.01 | - | - | - | - | - | - | - | - | |
| | | | 275,000 | - | - | - | - | - | - | - | - | - | 11.48 | - | - | - | - | - | - | - | |
| | | | 1,250,000 | - | - | - | - | - | - | - | - | - | - | 53.67 | - | - | - | - | - | - | |
| | | | 450,000 | - | - | - | - | - | - | - | - | - | - | - | - | 20.06 | - | - | - | - | |
| | | | 300,000 | - | - | - | - | - | - | - | - | - | - | - | 13.86 | - | - | - | - | - | |
| | | Sale | 4,983 | - | - | - | - | - | - | 0.12 | - | - | - | - | - | - | - | - | - | - | |
| | | | 15,000 | - | - | - | - | - | - | - | - | 0.73 | - | - | - | - | - | - | - | - | |
| | | | 25,000 | - | - | - | - | - | - | - | - | - | 1.21 | - | - | - | - | - | - | - | |
| | | Indian Hotels Company Limited | Equity Shares Purchase | 1,247 | - | - | - | - | - | - | 0.04 | - | - | - | - | - | - | - | - | - | - |
| | Sale | | 1,944 | - | - | - | - | - | - | 0.06 | - | - | - | - | - | - | - | - | - | - | |
| | | | | | | | | | | | | | | | | | | | | | |
| | Siemens Limited | Equity Shares Purchase | 33,877 | 2.95 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | | | 1,000 | - | - | 0.09 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | | | 65,483 | - | - | - | - | - | - | - | - | - | - | - | - | 6.32 | - | - | - | - | |
| | | | 40,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 4.04 | - | - | - | |
| | | Sale | 33,877 | 3.40 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | | | 44,270 | - | - | - | - | - | - | - | - | - | - | - | - | - | 4.39 | - | - | - | |
| | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | |
| | Motor Industries Company Limited | Equity Shares Purchase | 2,787 | - | - | - | - | - | - | - | - | - | 3.94 | - | - | - | - | - | - | - | |
| | | Sale | 929 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1.21 | - | - | |

* Bonus Debentures

During the period April 1, 2004 to March 31, 2005, the Scheme(s) of HDFC Mutual Fund had invested in the following securities of the Associate Companies of the Sponsor.

(Rs. in Crores)

| Name of the Associate | Particulars | Quantity | HDFC Balanced Fund | HDFC Long Term Advantage Fund | HDFC Children's Gift Fund | | HDFC Index Fund | | | HDFC MF Monthly Income Plan | | HDFC Equity Fund | HDFC Prudence Fund | HDFC Top 200 Fund | HDFC Capital Builder Fund | HDFC TaxSaver | HDFC High Interest Fund | HDFC High Interest Fund | HDFC Liquid Fund | HDFC Floating Rate Income Fund | | HDFC Core & Satellite Fund | HDFC Cash Management Fund | | |
|-------------------------------------|---|---------------------------|--------------------------|--|---------------------------------|-----------------|-----------------------|---------------|---------------------|-----------------------------------|-------------------|------------------------|--------------------------|-------------------------|------------------------------------|------------------|----------------------------------|----------------------------------|------------------------|---|-------------------|-------------------------------------|------------------------------------|-----------------|---|
| | | | | | Investment Plan | Savings Plan | SENSEX Plan | Nifty Plan | SENSEX Plus Plan | Short Term Plan | Long Term Plan | | | | | | | | | Short Term Plan | Long Term Plan | | Savings Plus Plan | Savings Plan | |
| | | | | | | | | | | | | | | | | | | | | | | | | | |
| Glastronhline Pharma Limited | Equity Shares Purchase | 1,792 | - | - | - | - | 0.11 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | Sale | 2,320 | - | - | - | - | 0.15 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | Equity Shares Purchase | 11,548 | - | - | - | 0.69 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | Finance Corporation Limited | 5,562 | - | - | - | - | 0.33 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | Sale | 4,584 | - | - | - | - | - | 0.28 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | | 13,579 | - | - | - | 0.83 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | | 7,492 | - | - | - | - | 0.46 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | | 5,584 | - | - | - | - | - | - | 0.35 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | NCDs/Floating Rate Bonds Purchase | 2,100 | - | - | - | - | - | - | - | 29.97 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Sale | 200 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| HDFC Bank Limited | Equity Shares Purchase | 900 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 64.38 | - | - | - | - | |
| | Sale | 1,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 100.05 | - | - | - | - | |
| | | 400 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 40.10 | - | - | - | |
| | | 2,100 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 29.97 | - | - | |
| | | 3,00,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 32.03 | - | - | - | - | - | - | - | |
| | | 150 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 10.01 | - | - | - | |
| | | 2,100 | - | - | - | - | - | - | - | 29.99 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | | 250 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 25.01 | - | - | - | - | |
| | | 300 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 30.01 | - | - | - | |
| | Redemption | 1,500,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 15.00 | - | - | - | - | - | - | |
| Hindustan Lever Limited | Equity Shares Purchase | 12,962 | - | - | - | 0.49 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | Sale | 6,460 | - | - | - | - | 0.24 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | Equity Shares Purchase | 4,902 | - | - | - | - | - | 0.20 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | Sale | 15,961 | - | - | - | 0.63 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | | 8,735 | - | - | - | - | 0.35 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | | 6,682 | - | - | - | - | - | - | 27.67 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | Equity Shares Purchase | 62,742 | - | - | - | 0.81 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | Sale | 49,710 | - | - | - | - | 0.62 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | | 24,242 | - | - | - | - | - | 0.34 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | | 76,635 | - | - | - | 1.00 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Mahindra & Mahindra Limited | Equity Shares Purchase | 67,045 | - | - | - | - | 0.87 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | Sale | 32,287 | - | - | - | - | - | 0.42 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | | 300,000 | - | - | - | - | - | - | - | - | - | - | - | 4.32 | - | - | - | - | - | - | - | - | - | - | |
| | | 35,000 | - | - | 0.53 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | Bonus Debentures Purchase | 583,028 | - | - | - | 0.35 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | Sale | 212,276 | - | - | - | 0.13 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | | 56,618 | - | - | - | - | 0.03 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | | 49,134 | - | - | - | - | - | - | 0.03 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | | 230,000 | 0.14 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | Redemption | 35,000 | - | - | 0.02 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Indian Hotels Company Limited | Equity Shares Purchase | 100,000 | - | - | - | - | - | - | - | - | - | - | - | 0.06 | - | - | - | - | - | - | - | - | - | - | |
| | Sale | 100,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | Equity Shares Purchase | 100,000 | - | - | - | 0.36 | - | - | - | - | - | - | - | - | - | 0.06 | - | - | - | - | - | - | - | - | |
| | Sale | 603,028 | - | - | - | - | - | - | - | - | - | - | - | - | - | 0.06 | - | - | - | - | - | - | - | - | |
| | Equity Shares Purchase | 2,613 | - | - | - | - | 0.12 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | Sale | 45,000 | - | - | - | - | - | - | 1.91 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | | 100,000 | - | - | - | - | - | - | - | 4.43 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | | 300,000 | - | - | - | - | - | - | - | - | 13.74 | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | | 200,000 | - | - | - | - | - | - | - | - | - | 8.76 | - | - | - | - | - | - | - | - | - | - | - | - | |
| | | 3,530 | - | - | - | - | 0.16 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Siemens Limited | Equity Shares Purchase | 145,000 | - | - | - | - | - | - | 7.01 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | Sale | 215,000 | - | - | - | - | - | - | - | 10.26 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | | 650,000 | - | - | - | - | - | - | - | - | 28.42 | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | | 220,000 | - | - | - | - | - | - | - | - | - | 9.67 | - | - | - | - | - | - | - | - | - | - | - | - | |
| | | 500,000 | - | - | - | - | - | - | - | - | - | 23.04 | - | - | - | - | - | - | - | - | - | - | - | - | |
| | Equity Shares Purchase | 1,014 | - | - | - | - | 0.03 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | Sale | 1,611 | - | - | - | - | 0.06 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | Equity Shares Purchase | 5,000 | - | 0.66 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | Sale | 14,677 | - | - | - | - | - | - | - | - | - | - | 1.49 | - | - | - | - | - | - | - | - | - | - | - | |
| | | 49,165 | - | - | - | - | - | - | - | - | - | - | 5.77 | - | - | - | - | - | - | - | - | - | - | - | |
| Motor Industries Company Limited | Equity Shares Purchase | 40,000 | - | - | - | - | - | - | - | - | - | - | - | - | - | 4.02 | - | - | - | - | - | - | - | - | |
| | Sale | | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | Equity Shares Purchase | 1,519 | - | - | - | - | - | - | - | 1.97 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | Sale | 2,066 | - | - | - | - | - | - | - | - | - | - | - | 2.75 | - | - | - | - | - | - | - | - | - | - | |
| | | 75,000 | - | - | - | - | - | - | - | - | - | - | - | - | 14.00 | - | - | - | - | - | - | - | - | - | |
| | | 43,060 | - | - | - | - | - | - | 7.97 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | | 27,870 | - | - | - | - | - | - | - | - | - | - | - | 5.15 | - | - | - | - | - | - | - | - | - | - | |
| | Equity Shares Purchase | 138,492 | - | 2.08 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | Sale | 175,847 | - | - | - | - | - | - | 2.37 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | Castle Healthcare Ltd. | Equity Shares Purchase | 391,080 | - | - | - | - | - | - | - | - | 5.40 | - | - | - | - | - | - | - | - | - | - | 6.39 | - | - |
| Sale | | 419,716 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Equity Shares Purchase | | 27,608 | - | - | - | - | - | - | - | - | - | - | - | 1.49 | - | - | - | - | - | - | - | - | - | - | |
| Sale | | 25,012 | - | - | - | - | - | - | - | - | - | - | - | - | - | 1.25 | - | - | - | - | - | - | - | - | |
| | | 20,000 | - | - | 1.07 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | | 10,000 | - | - | - | - | - | - | - | - | - | - | - | 0.58 | - | - | - | - | - | - | - | - | - | - | |

During the period April 1, 2005 to June 15, 2005, the Scheme(s) of HDFC Mutual Fund had invested in the following securities of the Associate Companies of the Sponsor.

(Rs. in Crores)

| Name of the Company | Particulars | Quantity | HDFC Core & Satellite Fund | HDFC Long Term Advantage Fund | HDFC Index Fund - SENSEX Plan | HDFC Index Fund - Nifty Plan | HDFC Index Fund - SENSEX Plus Plan | HDFC MF Monthly Income Plan Short Term Plan | HDFC MF Monthly Income Plan Long Term Plan | HDFC Equity Fund | HDFC Prudence Fund | HDFC Top 200 Fund | HDFC Capital Builder Fund | HDFC Growth Fund | HDFC Liquid Fund | HDFC High Interest Fund | HDFC Income Fund | HDFC Floating Rate Income Fund - Short Term Plan | HDFC Floating Rate Income Fund - Long Term Plan | HDFC Cash Management Fund - Savings Plan | HDFC Cash Management Fund - Savings Plus Plan |
|--------------------------------|---|-----------|----------------------------|-------------------------------|-------------------------------|------------------------------|------------------------------------|---|--|------------------|--------------------|-------------------|---------------------------|------------------|------------------|-------------------------|------------------|--|---|--|---|
| Glaxosmithkline Pharma Limited | Equity Shares Purchase | 94 | - | - | - | 0.01 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Sale | 162 | - | - | - | 0.01 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Equity Shares Purchase | 212 | - | - | 0.02 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | | 265 | - | - | - | 0.02 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | | 154 | - | - | - | - | 0.01 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Sale | 902 | - | - | 0.07 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | | 466 | - | - | - | 0.04 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | | 577 | - | - | - | - | 0.04 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | NCDs /Floating Rate Bonds Purchase | 450 | - | - | - | - | - | - | 45.00 | - | - | - | - | - | - | - | - | - | - | - | - |
| | | 200 | - | - | - | - | - | - | - | - | 20.00 | - | - | - | - | - | - | - | - | - | - |
| | | 30 | - | - | - | - | - | - | - | - | - | - | - | - | - | 2.99 | - | - | - | - | - |
| | | 2,500 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 114.99 | - |
| | | 800 | - | - | - | - | - | - | - | - | - | - | - | - | 80.12 | - | - | - | - | - | - |
| | | 1,350 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 134.58 | - | - | - |
| | | 500 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 50.00 |
| | | 220 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 21.95 | - | - | - | - |
| | | 100 | - | - | - | - | - | 10.07 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Sale | 500 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 50.12 | - | - |
| | | 900 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 89.27 | - | - | - |
| | | 300 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 30.11 | - | - |
| | | 500 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 50.01 |
| | | 200 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 20.00 | - |
| | | 50 | - | - | - | - | - | 5.03 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | | 150 | - | - | - | - | - | - | - | - | - | - | - | - | 1.44 | - | - | - | - | - | - |
| HDFC Bank Limited | Equity Shares Purchase | 371 | - | - | 0.02 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | | 329 | - | - | - | 0.02 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | | 321 | - | - | - | - | 0.02 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Sale | 779 | - | - | 0.04 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | | 582 | - | - | - | 0.03 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | | 459 | - | - | - | - | 0.02 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | NCDs /Floating Rate Bonds Purchase | 2 | - | - | - | - | - | - | - | - | - | - | - | - | 49.32 | - | - | - | - | - | - |
| | | 2 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 49.32 | - | - | - |
| | Equity Shares Purchase | 700,000 | - | - | - | - | - | - | - | - | - | - | - | 9.59 | - | - | - | - | - | - | - |
| | | 300,000 | - | 4.10 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Hindustan Lever Limited | | 1,170 | - | - | 0.02 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | | 2,336 | - | - | - | 0.03 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | | 809 | - | - | - | - | 0.01 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | | 553,883 | - | - | - | - | - | - | - | - | - | 7.73 | - | - | - | - | - | - | - | - | - |
| | | 1,000,000 | - | - | - | - | - | - | - | - | - | - | 13.80 | - | - | - | - | - | - | - | - |
| | Sale | 4,707 | - | - | 0.07 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | | 4,115 | - | - | - | 0.06 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | | 3,049 | - | - | - | - | 0.04 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Equity Shares Purchase | 123 | - | - | - | 0.01 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | | 15,000 | - | - | - | - | - | - | 0.82 | - | - | - | - | - | - | - | - | - | - | - | - |
| Mahindra & Mahindra Limited | | 435,000 | - | - | - | - | - | - | - | 25.53 | - | - | - | - | - | - | - | - | - | - | - |
| | | 50,000 | - | - | - | - | - | - | - | - | 2.75 | - | - | - | - | - | - | - | - | - | - |
| | | 250,000 | - | - | - | - | - | - | - | - | 13.10 | - | - | - | - | - | - | - | - | - | - |
| | Sale | 215 | - | - | - | 0.01 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | | 235,000 | - | - | - | - | - | - | - | 11.15 | - | - | - | - | - | - | - | - | - | - | - |
| | Equity Shares Purchase | 10,948 | - | - | - | - | - | - | - | - | - | 1.89 | - | - | - | - | - | - | - | - | - |
| | Equity Shares Purchase | 90,205 | - | - | - | - | - | - | 1.31 | - | - | - | - | - | - | - | - | - | - | - | - |
| | | 310,000 | - | - | - | - | - | - | - | - | - | 4.51 | - | - | - | - | - | - | - | - | - |
| | | 332,259 | - | - | - | - | - | - | - | - | - | - | 4.85 | - | - | - | - | - | - | - | - |
| | Sale | 882,681 | - | - | - | - | - | - | - | - | 13.71 | - | - | - | - | - | - | - | - | - | - |
| Siemens Limited | | 175,847 | - | - | - | - | - | 2.57 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | | 310,000 | - | - | - | - | - | - | - | - | - | 4.53 | - | - | - | - | - | - | - | - | - |
| | | 419,716 | 6.54 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | NCDs/Floating Rate Bonds Purchase | 250 | - | - | - | - | - | - | - | - | - | - | - | - | 25.00 | - | - | - | - | - | - |
| | Infrastructure Development Finance Co. Ltd. | 30 | - | - | - | - | - | 28.96 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | | 5 | - | - | - | - | - | - | - | - | - | - | - | - | - | 4.84 | - | - | - | - | - |
| | | 5 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 4.84 | - | - | - | - |
| | | 500 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 47.39 | - | - | - |
| | | 300 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 30.13 | - | - |
| | | 200 | - | - | - | - | - | - | - | - | 17.24 | - | - | - | - | - | - | - | - | - | - |
| GRUH Finance Ltd. | | 350 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 30.21 | - |
| | | 150 | - | - | - | - | - | - | - | - | - | - | - | - | 12.93 | - | - | - | - | - | - |
| | | 250 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 21.62 |
| | Sale | 5 | - | - | - | - | - | 4.85 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | | 100 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | | 150 | - | - | - | - | - | - | - | - | - | - | - | - | 12.94 | - | - | - | 10.04 | - | - |
| | | 200 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | | 250 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 17.25 | - | - | - |
| | | 350 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 30.22 | - |
| | | 350 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

This disclosure has been made as Director(s) of the AMC is / are also a Director on the Board of the above Companies.

The above investments were considered sound. Before making an investment, the AMC evaluated the same on merits and on arm's length basis and in accordance with the objective of the scheme.

UNDERWRITING OBLIGATIONS WITH RESPECT TO ISSUES OF ASSOCIATE COMPANIES –

The AMC has, till date not entered into any Underwriting contracts in respect of any public issue made by any of its associate companies.

SUBSCRIPTION IN ISSUES LEAD MANAGED BY THE SPONSORS OR ANY OF THEIR ASSOCIATES –

Details relating to subscription in issues where HDFC Bank was the Arranger.

| Name of the Scheme | Security | Amount (Rs. in Crore) |
|--------------------|-----------------------------------|-------------------------------|
| HDFC Income Fund | 5.95% Union Bank of India – Bonds | Applied – 25 Allotted – 15 |

DEALING WITH ASSOCIATE COMPANIES –

The AMC has utilised the services of one of the associates namely, HDFC Bank Limited as one of the Collecting Banker and for procuring Unit subscriptions for HDFC Mutual Fund Schemes. The Collecting Banker's fees and commissions payable are at the competitive rates offered to other Collecting Bankers and distributors by the scheme(s).

HDFC Bank Limited is on the panel of Bankers with whom the Mutual Fund places money on call/ fixed deposits and enters into reverse repo transactions from time to time at competitive rates.

HDFC Bank Limited is also the Custodian for various schemes of HDFC Mutual Fund. The Custodian fees payable are at competitive rates.

CAMS is the Registrar and Transfer Agent to the Mutual Fund. The fees payable to CAMS are at competitive rates.

The AMC has dealt with the following associates for the purpose of securities transaction (aggregate purchase and sale) :

| Name of the Associate | Particulars (April 1, 2002 to March 31, 2003) | HDFC Income Fund (Rs. in crore) | HDFC Gilt Fund – Long Term Plan (Rs. in crore) | HDFC Short Term Plan (Rs. in crore) |
|-----------------------|--|---------------------------------|--|-------------------------------------|
| IDBI Bank Limited | Government Securities Non-Convertible Debentures /Bonds | 22.55 22.56 | 13.07 – | – 33.38 |
| HDFC Bank Limited | Government Securities Non-Convertible Debentures /Bonds | 81.26 9.86 | 11.88 – | 33.33 14.05 |

| Name of the Associate | Particulars (April 1, 2003 to March 31, 2004) | HDFC High Interest Fund (Rs. in crore) | HDFC High Interest Fund - Short Term Plan (Rs. in crore) | HDFC Income Fund (Rs. in crore) | HDFC Gilt Fund – Long Term Plan (Rs. in crore) | HDFC Short Term Plan (Rs. in crore) | HDFC MF Monthly Income Plan - Short Term Plan (Rs. in crore) | HDFC MF Monthly Income Plan - Long Term Plan (Rs. in crore) |
|-----------------------|---|--|--|---------------------------------|--|-------------------------------------|--|---|
| HDFC Limited | Non-Convertible Debentures | 42.24 | 10.66 | – | – | – | – | – |
| HDFC Bank Limited | Government Securities | 31.93 | 5.43 | 71.75 | 22.10 | 10.46 | – | – |
| IDBI Bank Limited | Government Securities | 31.76 | – | 11.33 | 18.08 | 22.73 | – | – |
| | Non-Convertible Debentures | 5.90 | – | – | – | – | – | 5.81 |
| | PSU / PFI Bonds | – | – | – | – | – | 6.23 | – |

| Name of the Associate | Particulars (April 1, 2004 to March 31, 2005) | HDFC Gilt Fund – Long Term Plan (Rs. in crore) | HDFC Floating Rate Income Fund - Short Term Plan (Rs. in crore) | HDFC High Interest Fund (Rs. in crore) | HDFC Income Fund (Rs. in crore) | HDFC Fixed Investment Plan June 2004 (2) (Rs. in crore) | HDFC Fixed Investment Plan March 2004 (1) (Rs. in crore) |
|---|---|--|---|--|---------------------------------|---|--|
| HDFC Bank Limited | Government Securities | 140.14 | – | – | 55.60 | – | – |
| HDFC Limited | Non-Convertible Debentures | – | – | 11.13 | – | – | – |
| Infrastructure Development & Finance Company Ltd. | Non-Convertible Debentures | – | – | – | 11.75 | – | – |
| Hindustan Lever Limited | Government Securities | – | – | – | 5.32 | – | – |
| Mahindra & Mahindra Limited | Treasury Bill | – | 10.22 | – | – | 3.17 | 1.70 |
| Infrastructure Leasing & Financial Services Ltd. | Government Securities | – | – | 5.81 | 27.24 | – | – |

| Name of the Associate | Particulars (April 1, 2005 to June 15, 2005) | HDFC MF Monthly Income Plan - Short Term Plan (Rs. in crore) |
|-----------------------|--|--|
| HDFC Bank Ltd. | Government Securities | 10.73 |
| IDFC Ltd. | Certificate of Deposit | 14.20 |

The AMC has availed the services of HDFC for Investor Servicing and use of designated branches as Collecting Centres / Investor Service Centres and Collecting / Distribution Agents.

AMOUNT PAID TO ASSOCIATE COMPANIES

(Rs. in lakhs)

| | HDFC Growth Fund | | | | HDFC Balanced Fund | | | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 1-4-2002 to 31-3-2003 | 1-4-2003 to 31-3-2004 | 1-4-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 | 1-4-2002 to 31-3-2003 | 1-4-2003 to 31-3-2004 | 1-4-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 |
| HDFC Bank Limited - | | | | | | | | |
| Bank Charges | 0.93 | 9.00 | 1.63 | 0.17 | 0.42 | 0.45 | 0.39 | 0.14 |
| Custody Charges | 13.03 | 13.91 | 8.95 | 0.93 | 6.40 | 3.78 | 4.16 | 0.41 |
| Commission on Distribution of Units | 11.41 | 43.13 | 14.67 | 9.24 | 5.10 | 8.94 | 25.06 | 0.58 |
| HDFC Securities Limited - | | | | | | | | |
| Commission on Distribution of Units | 0.00# | 0.00# | - | - | - | - | - | - |
| Brokerage | 0.85 | 5.65 | 4.62 | 1.69 | 0.76 | 0.71 | - | - |
| AMC- | | | | | | | | |
| Investment Management & Advisory Fees | 170.31 | 289.31 | 303.15 | 60.58 | 120.20 | 128.09 | 175.44 | 29.17 |
| Service Tax on Investment Management Fees | - | - | 27.82 | 4.93 | - | - | 16.58 | 2.39 |
| Trustee- | | | | | | | | |
| Trusteeship Fees | 1.40 | 2.46 | 2.78 | 0.55 | 0.93 | 0.95 | 1.51 | 0.24 |
| Service Tax on Trustee | - | - | 0.07 | 0.05 | - | - | 0.06 | 0.02 |
| CAMS- | | | | | | | | |
| Registrar & Transfer Agent Fees | 26.24 | 49.32 | 47.61 | 8.76 | 17.52 | 18.51 | 26.75 | 3.43 |
| HDFC - @ | | | | | | | | |
| Commission on Distribution of units | 0.02 | - | 0.00# | - | 0.00# | - | 0.00# | - |
| Client Servicing Fees | 14.55 | 9.15 | 1.16 | - | 9.18 | 2.89 | 0.38 | - |
| Total | 238.74 | 421.93 | 412.46 | 86.90 | 160.51 | 164.32 | 250.33 | 36.38 |

Less than Rs. 0.01 lakhs

@ Sponsor

(Rs. in lakhs)

| | HDFC Income Fund | | | | HDFC Liquid Fund | | | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 1-4-2002 to 31-3-2003 | 1-4-2003 to 31-3-2004 | 1-4-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 | 1-4-2002 to 31-3-2003 | 1-4-2003 to 31-3-2004 | 1-4-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 |
| HDFC Bank Limited - | | | | | | | | |
| Bank Charges | 39.42 | 15.58 | 12.14 | 1.54 | 8.32 | 4.19 | 3.80 | 0.99 |
| Custody Charges | 44.19 | 35.53 | 19.35 | 1.64 | 17.73 | 16.69 | 14.43 | 2.73 |
| Commission on Distribution of Units | 157.82 | 140.26 | 33.16 | 0.01 | 49.39 | 35.43 | 33.97 | - |
| HDFC Securities Limited - | | | | | | | | |
| Commission on Distribution of Units | 0.34 | 0.34 | 0.03 | - | 0.00# | - | 0.00# | - |
| Brokerage | - | - | - | - | - | - | - | - |
| AMC- | | | | | | | | |
| Investment Management & Advisory Fees | 2401.43 | 3815.34 | 1177.70 | 103.93 | 734.80 | 879.07 | 664.99 | 82.15 |
| Service Tax on Investment Management Fees | - | - | 103.02 | 8.63 | - | - | 57.64 | 6.47 |
| Trustee- | | | | | | | | |
| Trusteeship Fees | 30.28 | 45.85 | 13.98 | 1.00 | 12.00 | 17.77 | 23.09 | 4.04 |
| Service Tax on Trustee | - | - | 0.15 | 0.08 | - | - | 0.48 | 0.32 |
| CAMS- | | | | | | | | |
| Registrar & Transfer Agent Fees | 177.93 | 357.25 | 132.71 | 11.13 | 59.36 | 126.82 | 172.91 | 15.76 |
| HDFC - @ | | | | | | | | |
| Commission on Distribution of units | 14.29 | 11.75 | 0.47 | - | 0.31 | 0.04 | 0.03 | - |
| Client Servicing Fees | 144.78 | 85.41 | 4.63 | - | 25.97 | 5.06 | 0.54 | - |
| Total | 3010.48 | 4507.31 | 1497.34 | 127.95 | 907.88 | 1085.07 | 971.88 | 112.47 |

Less than Rs. 0.01 lakhs

@ Sponsor

(Rs. in lakhs)

| | HDFC Long Term Advantage Fund | | | |
|---|-------------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 1-4-2002 to 31-3-2003 | 1-4-2003 to 31-3-2004 | 1-4-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 |
| HDFC Bank Limited | | | | |
| Bank Charges | 0.35 | 0.26 | 1.18 | 0.03 |
| Custody Charges | 1.43 | 1.32 | 1.44 | 0.36 |
| Commission on Distribution of units | 0.66 | 2.22 | 13.74 | 5.76 |
| HDFC Securities Limited | | | | |
| Commission on Distribution of units | – | – | – | – |
| Brokerage | – | – | 0.23 | – |
| AMC | | | | |
| Investment Management & Advisory Fees | 6.88 | 27.11 | 53.17 | 18.49 |
| Service Tax on Investment Management Fees | – | – | 5.03 | 1.46 |
| Trustee | | | | |
| Trusteeship Fees | 0.05 | 0.20 | 0.50 | 0.24 |
| Service Tax on Trustee | – | – | 0.02 | 0.02 |
| CAMS | | | | |
| Registrar & Transfer Agent Fees | 1.25 | 4.53 | 10.12 | 11.00 |
| HDFC @ | | | | |
| Commission on Distribution of units | 0.00# | 0.01 | 0.00# | – |
| Client Servicing Fees | 0.66 | 1.45 | 0.56 | – |
| Total | 11.28 | 37.10 | 85.99 | 37.34 |

Less than Rs. 0.01 lakhs @ Sponsor

(Rs. in lakhs)

| | HDFC Children's Gift Fund | | | | | | | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | Investment Plan | | | | Savings Plan | | | |
| | 1-4-2002 to 31-3-2003 | 1-4-2003 to 31-3-2004 | 1-4-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 | 1-4-2002 to 31-3-2003 | 1-4-2003 to 31-3-2004 | 1-4-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 |
| HDFC Bank Limited | | | | | | | | |
| Bank Charges | 0.07 | 0.32 | 0.57 | 0.06 | 0.61 | 0.34 | 0.37 | 0.03 |
| Custody Charges | 1.10 | 0.71 | 1.13 | 0.20 | 0.96 | 0.77 | 0.83 | 0.13 |
| Commission on Distribution of units | 0.87 | 1.92 | 3.95 | 0.52 | 0.79 | 1.18 | 1.17 | 0.05 |
| HDFC Securities Limited | | | | | | | | |
| Commission on Distribution of units | 0.00# | 0.01 | 0.00# | – | 0.00# | 0.01 | 0.00# | – |
| Brokerage | 0.04 | – | – | 0.71 | – | 0.02 | – | – |
| AMC | | | | | | | | |
| Investment Management & Advisory Fees | 21.04 | 35.99 | 51.78 | 9.68 | 33.71 | 53.06 | 60.31 | 10.03 |
| Service Tax on Investment Management Fees | – | – | 4.82 | 0.78 | – | – | 5.54 | 0.82 |
| Trustee | | | | | | | | |
| Trusteeship Fees | 0.16 | 0.27 | 0.47 | 0.13 | – | 0.26 | 0.53 | 0.12 |
| Service Tax on Trustee | – | – | 0.01 | 0.01 | – | – | 0.01 | 0.01 |
| CAMS | | | | | | | | |
| Registrar & Transfer Agent Fees | 3.57 | 5.42 | 8.42 | 2.82 | 5.03 | 7.96 | 9.44 | 1.60 |
| HDFC @ | | | | | | | | |
| Commission on Distribution of units | 0.01 | – | – | – | 0.00# | – | 0.00# | – |
| Client Servicing Fees | 2.04 | 1.61 | 0.40 | – | 3.06 | 2.81 | 0.72 | – |
| Total | 29.10 | 46.25 | 71.55 | 14.92 | 44.42 | 66.54 | 78.92 | 12.80 |

Less than Rs. 0.01 lakhs @ Sponsor

(Rs. in lakhs)

| | HDFC Gilt Fund | | | | | | | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | Short Term Plan | | | | Long Term Plan | | | |
| | 1-4-2002 to 31-3-2003 | 1-4-2003 to 31-3-2004 | 1-4-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 | 1-4-2002 to 31-3-2003 | 1-4-2003 to 31-3-2004 | 1-4-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 |
| HDFC Bank Limited | | | | | | | | |
| Bank Charges | 0.08 | 0.25 | 0.08 | 0.00# | 1.24 | 4.17 | 0.42 | 0.08 |
| Custody Charges | – | – | – | – | – | – | – | – |
| Commission on Distribution of units | 0.19 | 0.14 | 0.05 | – | 6.59 | 8.87 | 5.80 | – |
| HDFC Securities Limited | | | | | | | | |
| Commission on Distribution of units | – | – | – | – | – | – | – | – |
| Brokerage | – | – | – | – | – | – | – | – |
| AMC | | | | | | | | |
| Investment Management & Advisory Fees | 6.06 | 6.25 | 5.73 | 1.67 | 122.80 | 216.35 | 169.73 | 19.34 |
| Service Tax on Investment Management Fees | – | – | 0.53 | 0.14 | – | – | 15.34 | 1.61 |
| Trustee | | | | | | | | |
| Trusteeship Fees | 0.08 | 0.08 | 0.08 | 0.02 | 1.19 | 2.01 | 1.65 | 0.19 |
| Service Tax on Trustee | – | – | – | 0.00# | – | – | 0.03 | 0.02 |
| CAMS | | | | | | | | |
| Registrar & Transfer Agent Fees | 0.63 | 0.69 | 0.82 | 0.20 | 8.83 | 19.21 | 17.03 | 1.30 |
| HDFC @ | | | | | | | | |
| Commission on Distribution of units | – | – | – | – | 0.00# | – | – | – |
| Client Servicing Fees | 0.30 | 0.10 | 0.02 | – | 3.68 | 4.22 | 0.59 | – |
| Total | 7.34 | 7.51 | 7.31 | 2.02 | 144.33 | 254.83 | 210.59 | 22.54 |

Less than Rs. 0.01 lakhs

@ Sponsor

(Rs. in lakhs)

| | HDFC Short Term Plan | | | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 1-4-2002 to 31-3-2003 | 1-4-2003 to 31-3-2004 | 1-4-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 |
| HDFC Bank Limited | | | | |
| Bank Charges | 5.75 | 1.74 | 0.99 | 0.13 |
| Custody Charges | 17.51 | 15.64 | 5.37 | 0.19 |
| Commission on Distribution of units | 66.06 | 29.40 | 4.30 | – |
| HDFC Securities Limited | | | | |
| Commission on Distribution of units | – | – | – | – |
| Brokerage | – | – | – | – |
| AMC | | | | |
| Investment Management & Advisory Fees | 781.22 | 873.63 | 296.68 | 13.24 |
| Service Tax on Investment Management Fees | – | – | 25.88 | 1.12 |
| Trustee | | | | |
| Trusteeship Fees | 12.56 | 14.28 | 4.27 | 0.17 |
| Service Tax on Trustee | – | – | 0.03 | 0.01 |
| CAMS | | | | |
| Registrar & Transfer Agent Fees | 54.34 | 96.03 | 30.32 | 1.37 |
| HDFC @ | | | | |
| Commission on Distribution of units | 0.54 | 0.01 | 0.00# | – |
| Client Servicing Fees | 19.45 | 6.17 | 0.18 | – |
| Total | 957.43 | 1036.90 | 368.02 | 16.24 |

Less than Rs. 0.01 lakhs

@ Sponsor

(Rs. in lakhs)

| | HDFC Index Fund | | | | | | | | | | | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | SENSEX Plan | | | | Nifty Plan | | | | SENSEX Plus Plan | | | |
| | 3-7-2002 to 31-3-2003 | 1-4-2003 to 31-3-2004 | 1-4-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 | 3-7-2002 to 31-3-2003 | 1-4-2003 to 31-3-2004 | 1-4-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 | 3-7-2002 to 31-3-2003 | 1-4-2003 to 31-3-2004 | 1-4-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 |
| HDFC Bank Limited | | | | | | | | | | | | |
| Bank Charges | 0.16 | 0.04 | 0.01 | 0.01 | 0.08 | 0.03 | 0.03 | 0.01 | 0.07 | 0.02 | 0.01 | 0.00# |
| Custody Charges | 1.25 | 1.56 | 0.40 | 0.03 | 0.76 | 1.46 | 0.52 | 0.04 | 0.58 | 1.14 | 0.36 | 0.02 |
| Commission on Distribution of units | 0.95 | 0.30 | 0.23 | 0.04 | 1.23 | 1.56 | 0.62 | 0.00# | 1.21 | 0.39 | 0.19 | 0.02 |
| AMC | | | | | | | | | | | | |
| Investment Management & Advisory Fees | 6.60 | 7.98 | 3.45 | 0.44 | 3.09 | 4.96 | 3.65 | 0.56 | 1.98 | 4.08 | 3.27 | 0.51 |
| Service Tax on Investment Management Fees | - | - | 0.31 | 0.04 | - | - | 0.33 | 0.05 | - | - | 0.30 | 0.04 |
| Trustee | | | | | | | | | | | | |
| Trusteeship Fees | 0.13 | 0.15 | 0.07 | 0.01 | 0.06 | 0.09 | 0.07 | 0.01 | 0.04 | 0.08 | 0.07 | 0.01 |
| Service Tax on Trustee | - | - | - | 0.00# | - | - | - | 0.00# | - | - | - | 0.00# |
| CAMS | | | | | | | | | | | | |
| Registrar & Transfer Agent Fees | 1.35 | 1.72 | 0.92 | 0.19 | 0.62 | 1.11 | 0.95 | 0.24 | 0.41 | 0.92 | 0.88 | 0.23 |
| HDFC @ | | | | | | | | | | | | |
| Commission on Distribution of units | 0.00# | - | 0.00# | - | 0.00# | - | - | - | 0.00# | - | 0.00# | - |
| Client Servicing Fees | 0.19 | 0.15 | 0.01 | - | 0.11 | 0.17 | 0.02 | - | 0.15 | 0.27 | 0.01 | - |
| Total | 10.63 | 11.90 | 5.40 | 0.74 | 5.95 | 9.38 | 6.19 | 0.90 | 4.44 | 6.90 | 5.09 | 0.84 |

Less than Rs. 0.01 lakhs

@ Sponsor

(Rs. in lakhs)

| Particulars | HDFC Floating Rate Income Fund | | | | | | | | HDFC MF Monthly Income Plan | | | | | |
|--|--------------------------------|-----------------------------|-----------------------------|-----------------------------|-------------------------------|-----------------------------|-----------------------------|-----------------------------|-------------------------------|-----------------------------|-----------------------------|-------------------------------|-----------------------------|-----------------------------|
| | Short Term Plan | | | | Long Term Plan | | | | Short Term Plan | | | Long Term Plan | | |
| | 27-12-2002 to 31-3-2003 | 1-4-2003 to 31-3-2004 | 1-4-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 | 27-12-2002 to 31-3-2003 | 1-4-2003 to 31-3-2004 | 1-4-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 | 26-12-2003 to 31-3-2004 | 1-4-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 | 26-12-2003 to 31-3-2004 | 1-4-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 |
| HDFC Bank Limited | | | | | | | | | | | | | | |
| Bank Charges | 0.17 | 0.17 | 1.00 | 0.66 | 0.03 | 0.03 | 1.09 | 0.21 | - | 1.72 | 0.35 | - | 3.66 | 0.56 |
| Custody Charges | 0.11 | 0.55 | 10.11 | 3.03 | 0.01 | 0.03 | 2.28 | 0.58 | 3.65 | 12.52 | 1.26 | 6.25 | 21.41 | 2.31 |
| Commission on Distribution of units | - | 2.65 | 22.12 | 0.00# | - | 0.20 | 3.29 | 0.23 | 30.96 | 30.59 | 0.18 | 44.52 | 38.01 | 0.38 |
| HDFC Securities Limited | | | | | | | | | | | | | | |
| Commission on Distribution of units | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Brokerage | - | - | - | - | - | - | - | - | 0.66 | 2.06 | - | 2.55 | 2.52 | - |
| AMC | | | | | | | | | | | | | | |
| Investment Management & Advisory Fees | 4.36 | 24.31 | 265.10 | 133.42 | 0.23 | 2.99 | 97.92 | 29.59 | 186.50 | 573.21 | 88.07 | 282.20 | 1048.63 | 146.45 |
| Service Tax on Investment Management Fees | - | - | 24.38 | 11.23 | - | - | 9.65 | 2.37 | - | 51.90 | 7.17 | - | 95.79 | 11.99 |
| Trustee | | | | | | | | | | | | | | |
| Trusteeship Fees | 0.14 | 0.76 | 13.04 | 3.96 | 0.01 | 0.09 | 2.39 | 0.74 | 1.61 | 6.33 | 0.84 | 2.54 | 12.00 | 1.45 |
| Service Tax on Trustee | - | - | 0.50 | 0.32 | - | - | 0.09 | 0.06 | - | 0.11 | 0.07 | - | 0.22 | 0.12 |
| CAMS | | | | | | | | | | | | | | |
| Registrar & Transfer Agent Fees | 0.93 | 6.98 | 125.83 | 14.29 | 0.05 | 0.90 | 24.31 | 4.95 | 11.48 | 71.23 | 8.31 | 18.05 | 137.69 | 16.91 |
| HDFC @ | | | | | | | | | | | | | | |
| Commission on Distribution of units | - | - | 0.00# | - | - | - | 0.08 | - | - | - | - | 0.01 | - | - |
| Client Servicing Fees | 0.09 | 0.43 | 0.30 | - | 0.00# | 0.02 | 0.08 | - | 2.25 | 1.71 | - | 3.78 | 3.13 | - |
| Total | 5.80 | 35.85 | 462.38 | 166.91 | 0.33 | 4.26 | 141.18 | 38.72 | 237.11 | 751.38 | 106.25 | 359.90 | 1363.06 | 180.17 |

Less than Rs. 0.01 lakhs

@ Sponsor

(Rs. in lakhs)

| Particulars | HDFC Fixed Investment Plan | | | |
|---------------------------------------|------------------------------|------------------------------|------------------------------|-----------------------------|
| | February 2002 (1) | March 2002 (1) | June 2002 (1) | July 2002 (1) |
| | 25-2-2002 to 26-3-2003 | 18-3-2002 to 10-4-2003 | 10-6-2002 to 30-6-2003 | 1-7-2002 to 21-7-2003 |
| HDFC Bank Limited | | | | |
| Bank Charges | 0.01 | — | — | — |
| Custody Charges | 0.30 | — | 0.22 | 0.05 |
| Commission on Distribution of units | — | — | — | — |
| AMC | | | | |
| Investment Management & Advisory Fees | 8.92 | 0.20 | 10.29 | 2.21 |
| Trustee | | | | |
| Trusteeship Fees | 0.40 | 0.01 | 0.17 | 0.03 |
| CAMS | | | | |
| Registrar & Transfer Agent Fees | 0.71 | 0.01 | 0.23 | 0.06 |
| Total | 10.34 | 0.22 | 10.91 | 2.35 |

(Rs. in lakhs)

| Particulars | HDFC Fixed Investment Plan | | | | | | | |
|---|------------------------------|-----------------------------|-----------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|-----------------------------|
| | March 2003 (1) | | | May 2003 (1) | May 2003 (2) | June 2003 (1) | October 2003 (1) | |
| | 24-3-2003 to 31-3-2003 | 1-4-2003 to 31-3-2004 | 1-4-2004 to 31-3-2005 | 12-5-2003 to 11-9-2003 | 19-5-2003 to 19-8-2003 | 16-6-2003 to 16-9-2003 | 13-10-2003 to 31-3-2004 | 1-4-2004 to 31-3-2005 |
| HDFC Bank Limited | | | | | | | | |
| Bank Charges | — | — | — | — | — | — | — | — |
| Custody Charges | — | 0.73 | — | 0.08 | 0.20 | 0.12 | 0.10 | 0.08 |
| Commission on Distribution of units | — | — | — | 0.50 | 1.25 | 0.85 | 1.23 | 1.59 |
| AMC | | | | | | | | |
| Investment Management & Advisory Fees | 0.10 | 9.57 | 0.30 | 1.04 | 2.44 | 1.49 | 1.14 | 1.46 |
| Service Tax on Investment Management Fees | — | — | 0.03 | — | — | — | — | 0.12 |
| Trustee | | | | | | | | |
| Trusteeship Fees | 0.01 | 0.52 | 0.03 | 0.07 | 0.16 | 0.11 | 0.07 | 0.09 |
| Service Tax on Trustee | — | — | — | — | — | — | — | — |
| CAMS | | | | | | | | |
| Registrar & Transfer Agent Fees | 0.01 | 1.60 | 0.06 | 0.12 | 0.31 | 0.28 | 0.11 | 0.41 |
| HDFC @ | | | | | | | | |
| Commission on Distribution of units | — | — | — | — | — | — | — | — |
| Client Servicing Fees | — | — | — | — | — | — | — | — |
| Total | 0.12 | 12.42 | 0.42 | 1.81 | 4.36 | 2.85 | 2.65 | 3.75 |

Less than Rs. 0.01 lakhs

@ Sponsor

(Rs. in lakhs)

| Particulars | HDFC Fixed Investment Plan | | | | | | |
|---|--------------------------------|-----------------------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | March 2004 (1) | | | June 2004 (2) | | July 2004 (2) | |
| | 27-03-2004 to 31-03-2004 | 1-4-2004 to 31-3-2005 | 1-4-2005 to 6-4-2005 | 1-4-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 | 1-4-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 |
| HDFC Bank Limited | | | | | | | |
| Bank Charges | — | — | — | 0.13 | — | — | — |
| Custody Charges | 0.00# | 0.68 | 0.01 | 1.31 | 0.31 | 1.27 | 0.33 |
| Commission on Distribution of units | 0.00# | 1.70 | — | 0.09 | — | 0.06 | — |
| AMC | | | | | | | |
| Investment Management & Advisory Fees | 0.06 | 19.22 | 0.32 | 23.44 | 3.01 | 23.94 | 3.47 |
| Service Tax on Investment Management Fees | — | 1.76 | 0.03 | 2.24 | 0.25 | 2.34 | 0.28 |
| Trustee | | | | | | | |
| Trusteeship Fees | 0.00# | 1.03 | 0.02 | 1.77 | 0.50 | 1.83 | 0.58 |
| Service Tax on Trustee | — | 0.03 | 0.00# | 0.06 | 0.04 | 0.07 | 0.05 |
| CAMS | | | | | | | |
| Registrar & Transfer Agent Fees | 0.01 | 5.35 | 0.06 | 9.50 | 0.44 | 11.12 | 0.51 |
| HDFC @ | | | | | | | |
| Commission on Distribution of units | — | — | — | — | — | — | — |
| Client Servicing Fees | — | — | — | — | — | — | — |
| Total | 0.07 | 29.77 | 0.44 | 38.54 | 4.55 | 40.63 | 5.23 |

Less than Rs. 0.01 lakhs

@ Sponsor

(Rs. in lakhs)

| | HDFC Equity Fund | | | HDFC Top 200 Fund | | | HDFC Capital Builder Fund | | |
|--|------------------------------|-----------------------------|-----------------------------|------------------------------|-----------------------------|-----------------------------|------------------------------|-----------------------------|-----------------------------|
| | 20-6-2003 to 31-3-2004 | 1-4-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 | 20-6-2003 to 31-3-2004 | 1-4-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 | 20-6-2003 to 31-3-2004 | 1-4-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 |
| HDFC Bank Limited | | | | | | | | | |
| Bank Charges | 3.06 | 2.55 | 0.72 | 1.10 | 2.04 | 0.59 | 0.17 | 2.36 | 0.48 |
| Custody Charges | – | 35.38 | – | – | 20.19 | – | – | 10.09 | – |
| Commission on Distribution of Units | 97.48 | 67.86 | 4.47 | 63.21 | 63.61 | 12.49 | 12.67 | 150.39 | 32.56 |
| HDFC Securities Limited | | | | | | | | | |
| Commission on Distribution of Units | – | – | – | – | – | – | – | – | – |
| Brokerage | 11.85 | 14.74 | 1.67 | 6.43 | 9.86 | – | 0.71 | 1.84 | – |
| AMC | | | | | | | | | |
| Investment Management & Advisory Fees | 706.73 | 1119.43 | 223.80 | 414.76 | 650.98 | 128.82 | 57.07 | 285.43 | 108.34 |
| Service Tax on Investment Management Fees | – | 103.59 | 18.15 | – | 59.80 | 10.48 | – | 27.65 | 8.73 |
| Trustee – | | | | | | | | | |
| Trusteeship Fees | 6.36 | 10.94 | 2.33 | 3.65 | 6.26 | 1.24 | 0.43 | 3.26 | 1.81 |
| Service Tax on Trustee | – | 0.28 | 0.19 | – | 0.15 | 0.10 | – | 0.18 | 0.15 |
| CAMS | | | | | | | | | |
| Registrar & Transfer Agent Fees | 120.64 | 191.36 | 33.36 | 70.64 | 108.09 | 18.78 | 10.16 | 59.89 | 36.82 |
| HDFC @ | | | | | | | | | |
| Commission on Distribution of Units | 0.00# | 0.00# | – | – | – | – | 0.00# | 0.00# | – |
| Client Servicing Fees | 8.06 | 2.21 | – | 6.20 | 1.42 | – | 0.53 | 0.62 | – |
| Total | 954.18 | 1548.34 | 284.69 | 565.99 | 922.40 | 172.48 | 81.74 | 541.71 | 188.89 |

Less than Rs. 0.01 lakhs

@ Sponsor

(Rs. in lakhs)

| | HDFC TaxSaver | | | HDFC Prudence Fund | | | HDFC High Interest Fund | | |
|--|------------------------------|-----------------------------|-----------------------------|------------------------------|-----------------------------|-----------------------------|------------------------------|-----------------------------|-----------------------------|
| | 20-6-2003 to 31-3-2004 | 1-4-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 | 20-6-2003 to 31-3-2004 | 1-4-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 | 20-6-2003 to 31-3-2004 | 1-4-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 |
| HDFC Bank Limited | | | | | | | | | |
| Bank Charges | 0.40 | 0.38 | 0.08 | 0.80 | 1.90 | 0.51 | 2.26 | 1.68 | 0.27 |
| Custody Charges | – | 0.93 | – | – | 19.34 | – | 6.45 | 4.89 | 0.36 |
| Commission on Distribution of Units | 0.90 | 2.25 | 1.35 | 92.71 | 81.86 | 14.83 | 19.86 | 1.84 | 0.00# |
| HDFC Securities Limited | | | | | | | | | |
| Commission on Distribution of Units | – | – | – | 0.00# | 0.00# | – | 0.00# | – | – |
| Brokerage | – | – | – | – | 9.80 | 1.21 | – | – | – |
| AMC | | | | | | | | | |
| Investment Management & Advisory Fees | 39.18 | 32.71 | 11.38 | 397.37 | 710.11 | 167.42 | 882.34 | 314.09 | 27.96 |
| Service Tax on Investment Management Fees | – | 3.04 | 0.89 | – | 65.81 | 13.41 | – | 27.98 | 2.28 |
| Trustee | | | | | | | | | |
| Trusteeship Fees | 0.30 | 0.30 | 0.11 | 3.49 | 6.85 | 1.62 | 8.99 | 3.27 | 0.24 |
| Service Tax on Trustee | – | 0.01 | 0.01 | – | 0.19 | 0.13 | – | 0.04 | 0.02 |
| CAMS | | | | | | | | | |
| Registrar & Transfer Agent Fees | 6.00 | 5.92 | 8.45 | 69.13 | 123.79 | 24.38 | 77.77 | 30.24 | 2.19 |
| HDFC @ | | | | | | | | | |
| Commission on Distribution of Units | – | – | – | 0.00# | 0.00# | – | – | – | – |
| Client Servicing Fees | 0.05 | 0.05 | – | 5.23 | 1.70 | – | 1.99 | 0.19 | – |
| Total | 46.83 | 45.59 | 22.28 | 568.73 | 1021.35 | 223.51 | 999.66 | 384.22 | 33.32 |

Less than Rs. 0.01 lakhs

@ Sponsor

(Rs. in lakhs)

| | HDFC High Interest Fund - Short Term Plan | | |
|---|---|-----------------------------|-----------------------------|
| | 20-6-2003 to 31-3-2004 | 1-4-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 |
| HDFC Bank Limited | | | |
| Bank Charges | 0.65 | 0.35 | 0.05 |
| Custody Charges | 3.57 | 2.04 | 0.10 |
| Commission on Distribution of Units | 13.14 | 1.24 | – |
| AMC | | | |
| Investment Management & Advisory Fees | 237.02 | 124.96 | 7.41 |
| Service Tax on Investment Management Fees | – | 11.08 | 0.63 |
| Trustee | | | |
| Trusteeship Fees | 4.24 | 1.70 | 0.10 |
| Service Tax on Trustee | – | 0.02 | 0.01 |
| CAMS | | | |
| Registrar & Transfer Agent Fees | 29.62 | 12.18 | 0.49 |
| HDFC @ | | | |
| Commission on Distribution of Units | – | – | – |
| Client Servicing Fees | 0.81 | 0.03 | – |
| Total | 289.05 | 153.60 | 8.79 |

(Rs. in lakhs)

| | HDFC Cash Management Fund | | | | | | | | | | |
|---|------------------------------|-----------------------------|-----------------------------|------------------------------|-----------------------------|-----------------------------|------------------------------|------------------------------|------------------------------|-----------------------------|-----------------------------|
| | Savings Plan | | | Savings Plus Plan* | | | Investment Plan | | Call Plan | | |
| | 20-6-2003 to 31-3-2004 | 1-4-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 | 20-6-2003 to 31-3-2004 | 1-4-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 | Dividend Option** | | 20-6-2003 to 31-3-2004 | 1-4-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 |
| | | | | | | | 20-6-2003 to 31-3-2004 | 1-4-2004 to 31-12-2004 | | | |
| HDFC Bank Limited | | | | | | | | | | | |
| Bank Charges | 0.83 | 2.89 | 1.04 | 0.01 | 0.41 | 0.20 | 0.05 | – | 0.97 | 0.05 | 0.01 |
| Custody Charges | 4.68 | 11.30 | 2.80 | – | 1.99 | 0.82 | 0.01 | – | – | – | 0.01 |
| Commission on Distribution of Units | 13.51 | 28.84 | – | – | 2.60 | – | – | – | – | 0.23 | – |
| HDFC Securities Limited | | | | | | | | | | | |
| Commission on Distribution of Units | – | – | – | – | – | – | – | – | – | – | – |
| Brokerage | 1.67 | – | – | – | – | – | – | – | – | – | – |
| AMC | | | | | | | | | | | |
| Investment Management & Advisory Fees | 247.76 | 390.15 | 64.18 | 1.28 | 70.15 | 29.59 | 3.60 | 0.22 | 2.21 | 4.13 | 1.76 |
| Service Tax on Investment Management Fees | – | 33.82 | 4.90 | – | 6.03 | 2.20 | – | 0.02 | – | 0.39 | 0.16 |
| Trustee | | | | | | | | | | | |
| Trusteeship Fees | 6.23 | 20.53 | 4.05 | 0.03 | 3.26 | 1.11 | 0.08 | 0.01 | 0.04 | 0.08 | 0.05 |
| Service Tax on Trustee | – | 0.49 | 0.33 | – | 0.05 | 0.09 | – | – | – | – | 0.00# |
| CAMS | | | | | | | | | | | |
| Registrar & Transfer Agent Fees | 48.20 | 156.98 | 15.21 | 0.61 | 29.15 | 5.56 | 0.24 | 0.05 | 0.34 | 0.64 | 0.32 |
| HDFC @ | | | | | | | | | | | |
| Commission on Distribution of Units | – | (0.00)# | – | – | – | – | – | – | – | – | – |
| Client Servicing Fees | 1.45 | 1.10 | – | 0.01 | 0.15 | – | – | – | – | – | – |
| Total | 324.33 | 646.10 | 92.52 | 1.94 | 113.79 | 39.57 | 3.98 | 0.30 | 3.56 | 5.52 | 2.31 |

Less than Rs. 0.01 lakhs @ Sponsor

* HDFC Cash Management Fund - Investment Plan - Growth Option renamed and re-structured as HDFC Cash Management Fund - Savings Plus Plan effective June 23, 2004.

** HDFC Cash Management Fund - Investment Plan - Dividend Option - has been wound up effective December 31, 2004.

(Rs. in lakhs)

| | HDFC Sovereign Gilt Fund | | | | | | | | | HDFC Fixed Maturity Plan | | |
|---|--------------------------|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|--------------------------|------------------------|------------------------|
| | Savings Plan | | | Investment Plan | | | Provident Plan | | | Yearly Option IV | Yearly Option V | Yearly Option VI |
| | 20-6-2003 to 31-3-2004 | 1-4-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 | 20-6-2003 to 31-3-2004 | 1-4-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 | 20-6-2003 to 31-3-2004 | 1-4-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 | 20-6-2003 to 31-3-2004 | 20-6-2003 to 31-3-2004 | 20-6-2003 to 15-6-2004 |
| HDFC Bank Limited | | | | | | | | | | | | |
| Bank Charges | 0.03 | – | 0.00# | 0.01 | – | 0.00# | 0.01 | 0.01 | 0.00# | – | – | – |
| Custody Charges | – | – | – | – | – | – | – | – | – | – | – | – |
| Commission on Distribution of Units | – | 0.01 | – | – | 0.00# | – | 0.05 | 0.12 | – | – | – | – |
| AMC | | | | | | | | | | | | |
| Investment Management & Advisory Fees | 0.39 | 0.33 | 0.05 | 3.53 | 1.44 | 0.16 | 1.85 | 2.65 | 0.47 | – | 0.14 | 0.49 |
| Service Tax on Investment Management Fees | – | 0.03 | 0.00# | – | 0.13 | 0.01 | – | 0.24 | 0.04 | – | – | – |
| Trustee | | | | | | | | | | | | |
| Trusteeship Fees | 0.01 | – | 0.00# | 0.04 | 0.02 | 0.00# | 0.03 | 0.05 | 0.01 | – | – | 0.01 |
| Service Tax on Trustee | – | – | 0.00# | – | – | 0.00# | – | – | 0.00# | – | – | – |
| CAMS | | | | | | | | | | | | |
| Registrar & Transfer Agent Fees | 0.05 | 0.05 | 0.01 | 0.40 | 0.19 | 0.02 | 0.31 | 0.51 | 0.06 | – | – | 0.01 |
| HDFC @ | | | | | | | | | | | | |
| Commission on Distribution of Units | – | – | – | – | – | – | – | – | – | – | – | – |
| Client Servicing Fees | – | – | – | – | – | – | 0.01 | 0.01 | – | – | – | – |
| Total | 0.48 | 0.42 | 0.06 | 3.98 | 1.78 | 0.20 | 2.26 | 3.59 | 0.58 | – | 0.14 | 0.51 |

Less than Rs. 0.01 lakhs

@ Sponsor

(Rs. in lakhs)

| | HDFC Core & Satellite Fund | | HDFC Multiple Yield Fund | | HDFC Premier Multi-Cap Fund |
|---|----------------------------|-----------------------|--------------------------|-----------------------|-----------------------------|
| | 17-9-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 | 17-9-2004 to 31-3-2005 | 1-4-2005 to 15-6-2005 | 6-4-2005 to 15-6-2005 |
| | | | | | |
| HDFC Bank Limited | | | | | |
| Bank Charges | 0.59 | 0.26 | 0.18 | 0.29 | 0.02 |
| Custody Charges | 6.27 | 1.23 | 4.33 | 1.11 | 4.17 |
| Commission on Distribution of units | 208.44 | 4.91 | 46.76 | – | 328.75 |
| HDFC Securities Limited | | | | | |
| Commission on Distribution of units | – | – | – | – | – |
| Brokerage | 4.28 | 0.83 | 0.47 | – | 2.39 |
| AMC | | | | | |
| Investment Management & Advisory Fees | 214.53 | 78.72 | 267.49 | 104.41 | 245.78 |
| Service Tax on Investment Management Fees | 21.88 | 6.39 | 27.28 | 8.54 | 19.96 |
| Trustee | | | | | |
| Trusteeship Fees | 2.01 | 0.74 | 2.97 | 0.99 | 2.21 |
| Service Tax on Trustee | 0.09 | 0.06 | 0.13 | 0.08 | 0.18 |
| CAMS | | | | | |
| Registrar & Transfer Agent Fees | 36.15 | 12.07 | 31.72 | 2.36 | 28.46 |
| HDFC @ | | | | | |
| Commission on Distribution of units | – | – | – | – | – |
| Client Servicing Fees | 0.32 | – | 0.13 | – | – |
| Total | 494.56 | 105.22 | 381.46 | 117.78 | 631.92 |

Less than Rs. 0.01 lakhs

@ Sponsor

The brokerage paid to associate brokers was in line with the norms relating to brokerage payment for secondary market transactions of the Mutual Fund.

The AMC may, from time to time, for the purpose of conducting its normal business, use the services (including Brokerage services and securities transactions) of the Sponsor, subsidiaries, group companies, associates of its Sponsor and their employees or relatives. The subsidiaries of the HDFC as on the date of this Document are –

1. HDFC Asset Management Company Limited
2. HDFC Chubb General Insurance Company Limited
3. HDFC Developers Limited
4. HDFC Holdings Limited
5. HDFC Investments Limited
6. HDFC Realty Limited
7. HDFC Standard Life Insurance Company Limited
8. HDFC Trustee Company Limited
9. GRUH Finance Limited
10. HDFC Venture Capital Limited
11. HDFC Ventures Trustee Company Limited

The AMC may utilise the services of Sponsor, group companies and

any other subsidiary or associate company of the Sponsor established or to be established at a later date, in case such a company (including their employees or relatives) is in a position to provide the requisite services to the AMC. The AMC will conduct its business with the aforesaid companies (including their employees or relatives) on commercial terms and on arms-length basis and at mutually agreed terms and conditions to the extent permitted under the SEBI Regulations, after evaluation of the competitiveness of the pricing offered by the Sponsor, associate companies (including their employees or relatives) and the services to be provided by them.

Associate transactions, if carried out, will be as per the SEBI Regulations and the limits prescribed thereunder. The Scheme shall not make any investments in –

- any unlisted security of an associate or group company of the Sponsors; or
- any security issued by way of private placement by an associate or group company of the Sponsors; or
- the listed securities of group companies of the Sponsors which is in excess of 25% of the net assets.

DISCLOSURE UNDER REGULATION 25(11) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (MUTUAL FUNDS) REGULATIONS, 1996 AS AMENDED

Investments made by the Scheme of HDFC Mutual Fund in Companies or their subsidiaries that have invested more than 5% of the net assets of any Scheme.

| Company which has invested | Schemes in which companies have invested more than 5% of the net assets | Schemes which have invested | Aggregate Cost of acquisition during the period ended June 15, 2005 (Rs. in Lakhs) | Outstanding as at June 15, 2005 at Fair / Market Value (Rs. in Lakhs) |
|---|---|---|---|--|
| Bharti Tele-Ventures Limited | HDFC Cash Management Fund - Savings Plus Plan | HDFC Equity Fund HDFC Liquid Fund HDFC Index Fund - Nifty Plan HDFC Index Fund - SENSEX Plus Plan HDFC Index Fund - SENSEX Plan HDFC Top 200 Fund HDFC MF Monthly Income Plan - Long Term Plan HDFC MF Monthly Income Plan - Short Term Plan HDFC Premier Multi-Cap Fund | 1,445.39 3,410.55 72.09 18.77 39.91 642.96 420.58 297.87 7,346.78 | Nil Nil 20.11 13.90 13.15 1,810.11 Nil Nil 8,391.25 |
| Grasim Industries Limited | HDFC Cash Management Fund - Savings Plus Plan | HDFC Balanced Fund HDFC Capital Builder Fund HDFC Growth Fund HDFC Cash Management Fund - Savings Plan HDFC Index Fund- Nifty Plan HDFC Prudence Fund HDFC Index Fund- SENSEX Plus Plan HDFC Index Fund - SENSEX Plan HDFC MF Monthly Income Plan - Long Term Plan HDFC MF Monthly Income Plan - Short Term Plan HDFC Premier Multi-Cap Fund HDFC Children's Gift Fund - Investment Plan HDFC Children's Gift Fund - Savings Plan HDFC Income Fund HDFC High Interest Fund HDFC Top 200 Fund HDFC TaxSaver HDFC High Interest Fund - Short Term Plan | 676.80 655.97 514.93 1,051.15 19.36 308.70 6.89 31.67 631.70 2,735.64 1,002.19 281.52 587.10 Nil Nil Nil Nil Nil | 961.02 Nil 559.13 Nil 4.62 Nil 7.26 6.86 Nil Nil Nil 298.80 597.59 7,521.67 821.69 335.48 Nil Nil |
| Hero Honda Motors Limited | HDFC MF Monthly Income Plan - Short Term Plan | HDFC Balanced Fund HDFC Capital Builder Fund HDFC Index Fund - Nifty Plan HDFC Index Fund - SENSEX Plus Plan HDFC Index Fund - SENSEX Plan HDFC Top 200 Fund HDFC Long Term Advantage Fund HDFC TaxSaver HDFC Children's Gift Fund - Investment Plan | 212.52 1,023.37 21.07 9.98 22.22 510.59 201.09 60.31 126.36 | Nil 1,521.84 5.05 4.83 4.57 412.05 274.70 Nil Nil |
| Hindustan Lever Limited | HDFC Cash Management Fund - Savings Plus Plan | HDFC Capital Builder Fund HDFC Growth Fund HDFC Index Fund - Nifty Plan HDFC Index Fund - SENSEX Plus Plan HDFC Index Fund - SENSEX Plan HDFC Long Term Advantage Fund HDFC Children's Gift Fund - Savings Plan HDFC Top 200 Fund | 1,380.27 959.31 64.41 34.71 80.59 410.23 35.44 773.42 | 1,491.00 1,043.70 15.24 14.52 13.74 447.30 Nil 825.84 |
| Housing Development Finance Corporation Limited | HDFC Cash Management Fund - Savings Plan HDFC Liquid Fund | HDFC Liquid Fund HDFC Cash Management Fund - Savings Plan HDFC Index Fund - Nifty Plan HDFC Index Fund - SENSEX Plus Plan HDFC Index Fund - SENSEX Plan HDFC Floating Rate Income Fund - Short Term Plan HDFC Floating Rate Income Fund - Long Term Plan HDFC High Interest Fund - Short Term Plan HDFC MF Monthly Income Plan - Short Term Plan | 14,449.62 13,501.50 35.45 29.98 71.52 23,462.88 9,021.94 302.64 4,004.24 | 10,510.83 11,501.52 9.29 15.29 14.46 11,534.85 4,513.00 396.52 503.45 |

| Company which has invested | Schemes in which companies have invested more than 5% of the net assets | Schemes which have invested | Aggregate Cost of acquisition during the period ended June 15, 2005 (Rs. in Lakhs) | Outstanding as at June 15, 2005 at Fair / Market Value (Rs. in Lakhs) |
|--|---|--|---|--|
| | | HDFC Cash Management Fund - Savings Plus Plan HDFC High Interest Fund HDFC Prudence Fund HDFC MF Monthly Income Plan -Long Term Plan HDFC Income Fund | 7,996.64 Nil 2,000.20 4,499.81 2,195.03 | 2,992.96 519.87 2,000.14 4,500.14 2,195.55 |
| Industrial Development Bank of India Limited | HDFC Cash Management Fund - Savings Plus Plan | HDFC Capital Builder Fund HDFC High Interest Fund HDFC Income Fund HDFC Liquid Fund HDFC Cash Management Fund - Savings Plan HDFC Multiple Yield Fund HDFC Short Term Plan HDFC Top 200 Fund HDFC Floating Rate Income Fund - Short Term Plan HDFC Floating Rate Income Fund - Long Term Plan HDFC MF Monthly Income Plan -Long Term Plan HDFC MF Monthly Income Plan -Short Term Plan HDFC Cash Management Fund - Savings Plus Plan HDFC Fixed Investment Plan - July 2004 | 2,896.89 495.57 2,481.72 13,526.14 5,001.29 3,689.68 500.25 640.54 20,686.22 8,720.22 4,643.73 17,830.34 5,527.30 2,186.91 | Nil 1,046.26 1,491.39 4,979.65 2,973.35 3,500.79 502.18 Nil 9,746.77 5,156.09 Nil 2,484.96 Nil 2,039.69 |
| IDBI Capital Market Services Limited ## | | HDFC Income Fund HDFC Cash Management Fund - Savings Plan HDFC MF Monthly Income Plan - Long Term Plan | 5,000.00 2,500.00 2,500.00 | Nil Nil Nil |
| IDBI Bank Ltd. ## | | HDFC Liquid Fund HDFC Cash Management Fund - Savings Plan HDFC Floating Rate Income Fund - Short Term Plan HDFC MF Monthly Income Plan -Short Term Plan HDFC Cash Management Fund - Savings Plus Plan | 8,873.00 10,845.29 2,464.64 1,492.92 986.03 | 8,873.00 10,845.29 2,464.64 Nil 986.03 |
| IDBI Home Finance Limited ## | | HDFC Liquid Fund HDFC Cash Management Fund - Savings Plan HDFC Floating Rate Income Fund - Short Term Plan | 1,916.50 1,997.61 2,946.61 | 1,916.50 Nil 972.63 |
| ITC Limited | HDFC Floating Rate Income Fund - Short Term Plan HDFC Liquid Fund HDFC Cash Management Fund - Savings Plus Plan | HDFC Balanced Fund HDFC Equity Fund HDFC Multiple Yield Fund HDFC Index Fund - Nifty Plan HDFC Index Fund - SENSEX Plus Plan HDFC Index Fund - SENSEX Plan HDFC Top 200 Fund HDFC MF Monthly Income Plan -Long Term Plan HDFC MF Monthly Income Plan -Short Term Plan HDFC Premier Multi-Cap Fund HDFC Core & Satellite Fund | 771.54 13,488.79 775.32 60.31 41.39 103.74 2,372.82 1,836.25 1,047.13 7,822.70 4,562.68 | 469.31 Nil Nil 18.46 24.04 22.73 1,877.22 Nil 344.16 3,128.70 1,955.44 |
| Maruti Udyog Limited | HDFC Floating Rate Income Fund - Short Term Plan | HDFC Equity Fund HDFC Index Fund - Nifty Plan HDFC Prudence Fund HDFC Index Fund - SENSEX Plus Plan HDFC Index Fund - SENSEX Plan HDFC Top 200 Fund HDFC MF Monthly Income Plan -Long Term Plan HDFC Core & Satellite Fund | 9,344.17 24.09 2,661.81 2.83 15.90 1,673.69 901.88 880.76 | 6,556.30 5.62 2,624.10 3.35 3.17 1,815.00 874.70 Nil |
| Reliance Industries Ltd. | HDFC Liquid Fund | HDFC Balanced Fund HDFC Equity Fund HDFC Liquid Fund HDFC Cash Management Fund - Savings Plan | 1,455.70 11,978.67 2,594.85 569.34 | 1,778.62 8,049.30 2,041.17 517.61 |

| Company which has invested | Schemes in which companies have invested more than 5% of the net assets | Schemes which have invested | Aggregate Cost of acquisition during the period ended June 15, 2005 (Rs. in Lakhs) | Outstanding as at June 15, 2005 at Fair / Market Value (Rs. in Lakhs) |
|-----------------------------------|---|--|--|--|
| | | HDFC Mutiple Yield Fund HDFC Index Fund - Nifty Plan HDFC Prudence Fund HDFC Index Fund - SENSEX Plus Plan HDFC Short Term Plan HDFC Index Fund - SENSEX Plan HDFC Top 200 Fund HDFC Floating Rate Income Fund - Short Term Plan HDFC Floating Rate Income Fund - Long Term Plan HDFC High Interest Fund -Short Term Plan HDFC MF Monthly Income Plan -Long Term Plan HDFC MF Monthly Income Plan -Short Term Plan HDFC Cash Management Fund - Savings Plus Plan HDFC Fixed Investment Plan - July 2004 HDFC Core & Satellite Fund HDFC Fixed Investment Plan - June 2004 HDFC Growth Fund HDFC Children's Gift Fund - Investment Plan HDFC Children's Gift Fund - Savings Plan HDFC High Interest Fund | 3,470.56 154.42 6,923.64 79.28 1,006.24 174.35 2,528.76 1,043.57 3,673.51 1,007.97 21,444.82 16,601.62 4,084.46 1,081.18 3,569.28 2,151.10 Nil Nil Nil 494.42 | 2,579.55 35.84 2,036.01 38.98 Nil 36.86 4,398.37 506.85 2,052.41 Nil 7,492.90 994.65 Nil 1,031.82 Nil 2,027.41 574.95 101.37 101.37 Nil |
| Tata Consultancy Limited | HDFC Cash Management Fund - Savings Plus Plan | HDFC Balanced Fund HDFC Equity Fund HDFC Growth Fund HDFC Index Fund- Nifty Plan HDFC Prudence Fund HDFC Top 200 Fund HDFC MF Monthly Income Plan -Long Term Plan HDFC MF Monthly Income Plan -Short Term Plan HDFC Premier Multi-Cap Fund HDFC Children's Gift Fund - Investment Plan HDFC Index Fund - SENSEX Plus Plan HDFC Index Fund - SENSEX Plan | 1,055.96 2,220.32 475.28 42.19 1,401.67 4,629.57 2,639.96 1,483.23 8,305.52 426.50 10.99 10.40 | 381.65 Nil 711.32 27.27 Nil 3,021.36 Nil Nil 7,632.90 318.04 10.76 10.18 |
| Tata Iron & Steel Company Limited | HDFC Liquid Fund | HDFC Capital Builder Fund HDFC Cash Management Fund - Savings Plan HDFC Index Fund- Nifty Plan HDFC Prudence Fund HDFC Index Fund - SENSEX Plus Plan HDFC Index Fund - SENSEX Plan HDFC Top 200 Fund HDFC MF Monthly Income Plan - Long Term Plan HDFC Children's Gift Fund - Investment Plan HDFC Children's Gift Fund - Savings Plan | 5,212.22 1,013.91 32.52 1,511.15 21.39 47.94 3,029.66 1,037.75 Nil Nil Nil | 4,073.40 Nil 8.52 Nil 12.48 11.80 882.57 Nil Nil 101.84 |
| Tata Power Company Limited | HDFC Cash Management Fund - Savings Plan HDFC Liquid Fund | HDFC Index Fund - Nifty Plan HDFC Index Fund - SENSEX Plus Plan HDFC Index Fund - SENSEX Plan HDFC Income Fund HDFC Children's Gift Fund - Savings Plan | 13.56 10.69 24.15 Nil Nil | 3.39 4.77 4.51 308.73 110.72 |
| Union Bank of India | HDFC Cash Management Fund - Savings Plus Plan | HDFC Mutiple Yield Fund HDFC Top 200 Fund | 251.63 2,214.87 | Nil Nil |
| Wipro Ltd. | HDFC Liquid Fund | HDFC Index Fund - Nifty Plan HDFC Index Fund - SENSEX Plus Plan HDFC Index Fund - SENSEX Plan HDFC Top 200 Fund HDFC Core & Satellite Fund | 91.18 17.20 29.77 2,586.51 2,071.64 | 22.53 9.15 8.64 2,200.65 Nil |

Subsidiaries of Industrial Development Bank of India

These investments comprise Equity Shares, Debentures / Bonds, Commercial Paper and Certificate of Deposit. These investments have been made on account of their high credit quality and competitive yield for the investment in fixed income / money market instruments and in case of equity shares because of attractive valuations of these companies. The investments under Sensex, Nifty and Sensex Plus (limited to sensex scrips) Plans of HDFC Index Fund were made pursuant to their respective investment objectives.

Union Bank of India, HDFC Bank Limited, a group company of Sponsor, IDBI Capital Market Services Limited, a wholly owned subsidiary of IDBI, IDBI Bank Limited, a subsidiary of IDBI are on the panel of Primary Dealers / Bankers with whom the Mutual Fund places money on call / fixed deposits and enters into reverse repo transactions from time to time at competitive rates.

HDFC OFFICES / SERVICE CENTRES / REPRESENTATIVE OFFICES TO ACT AS INVESTOR SERVICES/ DISTRIBUTION CENTRES

The AMC will avail the services of the Sponsors / and their associates for client servicing and for usage of designated branches as Investor Service Centres and also to act as collection and distribution agents. The Sponsors and their associates shall be paid a fee, which may be higher than the market rates due to the superior quality of services rendered and prime locations of the ISCs. These fees shall be debited to the Scheme, subject to SEBI Regulations.

REGISTRAR AND TRANSFER AGENT

CAMS has been appointed as the Registrar and Transfer Agent to the Mutual Fund. HDFC, HDFC Bank Limited and HDFC Bank Employees Welfare Trust together hold 49% of the paid up capital of CAMS, as on the date of this Offer Document.

CUSTODIAN

The Trustee has appointed Citibank N.A. as the Custodian / Depository Participant for the Scheme.

BORROWING BY THE MUTUAL FUND

Under the SEBI Regulations, the Mutual Fund is allowed to borrow to meet the temporary liquidity requirements of its Scheme for the purpose of Redemption or Redemption of Units or the payment of interest or dividend to the Unit holders. Further, as per the SEBI Regulations, the Mutual Fund shall not borrow more than 20% of the Net Assets of the Scheme and the duration of such borrowing shall not exceed a period of six months.

The Mutual Fund may raise such borrowings after approval by the Trustee from Sponsor or any of its Associate / Group Companies or Banks in India or any other entity at market related rates prevailing at the time and applicable to similar borrowings. The security for such borrowings, if required, will be as determined by the Trustee. Such borrowings, if raised, may result in a cost, which would be dealt with in consultation with the Trustee.

DISCLOSURE TO INTERMEDIARIES

The Mutual Fund may disclose details of the investor's account and transactions thereunder to those intermediaries whose stamp appears on the application form / transaction slips. The Mutual Fund may disclose such details to the bankers, as may be necessary for the purpose of effecting payments to the investor.

STOCK LENDING BY THE MUTUAL FUND

Subject to the SEBI Regulations as applicable from time to time, the Mutual Fund may, if the Trustee permits, engage in Stock

Lending. Stock Lending means the lending of stock to another person or entity for a fixed period of time, at a negotiated compensation in order to enhance returns of the portfolio. The securities lent will be returned by the borrower on the expiry of the stipulated period. The AMC will adhere to strict limits should it engage in Stock Lending.

1. Not more than 25% of the net assets of the Scheme can generally be deployed in Stock Lending.
2. Not more than 5% of the net assets of the Scheme can generally be deployed in Stock Lending to any single counter party.

The Mutual Fund may not be able to sell such lent out securities and this can lead to temporary illiquidity.

UNDERWRITING BY THE MUTUAL FUND

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

INTER SCHEME TRANSFERS

Transfer of investments from one scheme to another scheme under the Mutual Fund, shall be allowed only if:

- (a) such transfers are made at the prevailing market price for quoted Securities on spot basis.

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

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

ISSUE OF BONUS UNITS

In the interest of the Unit holders and smooth functioning of the Fund, at an appropriate time, the Asset Management Company may decide to issue Bonus Units to all existing Unit holders. The Bonus Units may be declared in all the Plans / Options or in any one Plan / Option of the Scheme. For such declaration the Fund will announce a Record Date / Book Closure and all Unit holders whose names appear in the Register of Unit holders as on the Record Date / Book Closure shall be eligible to be issued such Bonus Units. These Units will be pari-passu with the original Units. Bonus Units so issued will be credited to the Unit holders' account in the respective Plans / Options. Pursuant to allotment of Bonus Units, the per Unit NAV of the respective Plans / Options would fall in proportion to the Bonus Units allotted and as a result the total value of Units held by the Unit holder would remain the same. The issue of such Units will increase the number of Units held by the Unit holder in the Plans / Options of the Scheme and so also the total number of Units outstanding in the Plans / Options of the Scheme. This will result in proportionate fall in the NAV per Unit of Plans / Options of the Scheme. Fresh account statements will be sent to all Unit holders after the allotment of bonus units.

DIVIDENDS & DISTRIBUTIONS

Dividends, if declared, (subject to deduction of tax at source, if any) will be paid to those Unit holders whose names appear in the Register of Unit holders on the record date.

It must be distinctly understood that the actual declaration of dividend and the frequency thereof will inter-alia, depend on the availability of distributable profits as computed in accordance with SEBI Regulations. The decision of the Trustee in this regard shall be final. There is no assurance or guarantee to Unit holders as to the rate of dividend distribution nor that dividends will be paid regularly. In order to be a Unit holder, an investor

has to be allotted Unit against receipt of clear funds by the Scheme. The dividend warrants shall be despatched within 30 days of the declaration of the dividend.

The AMC may announce a book closure period for the purpose of making the dividend payment. On payment of dividends, the NAV will stand reduced by the amount of dividend and dividend tax (if applicable) paid.

ELECTRONIC CLEARING SERVICE (ECS)

ECS is a facility offered by RBI, for facilitating better customer service by direct credit of dividend to an investor's bank account through electronic credit. This helps in avoiding loss of dividend warrant in transit or fraudulent encashment. The Mutual Fund will endeavour to arrange such facility for payment of dividend proceeds to the Unit holders. However, this facility is optional for the investors.

In order to avail the above facility, the investor will have to give a written request to the ISC. If the Unit holder has opted for the ECS facility his / her bank branch will directly credit the amount due to them in their account whenever the payment is through ECS. The ISC will send a separate advice to the Unit holder informing them of the direct credit.

It may be noted that there is no commitment from the Mutual Fund that this facility will be made available to the Unit holders for payment of dividend proceeds. While the Mutual Fund will endeavour in arranging the facility it will be dependent on various factors including sufficient demand for the facility from Unit holders at any centre, as required by the authorities. In places where such a facility is not available or if the facility is discontinued by the Scheme for any reason, the AMC shall despatch to the Unit holders the dividend warrants within 30 days of the declaration of the dividend.

POWERS TO REMOVE DIFFICULTIES

If any difficulty arises in giving effect to the provisions of the Scheme, the Trustee may take such steps that are not inconsistent with these provisions which appear to them to be necessary and expedient, for the purpose of removing difficulties.

POWERS TO MAKE RULES

The AMC may from time to time prescribe such forms and make such rules for the purpose of giving effect to the provisions of the Scheme, and add to, alter or amend all or any of the forms and rules that may be framed from time to time.

POLICY ON OFFSHORE INVESTMENTS BY THE SCHEME

The Scheme may, with the approval of SEBI / RBI invest in :

- a) Foreign debt securities in the countries with fully convertible currencies, short-term as well as long-term debt instruments with highest rating (foreign currency credit rating) by accredited / registered credit rating agencies, say A-1/AAA by Standard & Poor, P-1/AAA by Moody's, F1/AAA by Fitch IBCA, etc.
- b) Government securities where the countries are AAA rated as provided in the SEBI circular MFD/CIR/17/419/02 dated March 30, 2002 and as per any subsequent instructions of guidelines that may be issued by SEBI in this regard.
- c) ADRs / GDRs
- d) Equities of listed overseas companies which have a shareholding of atleast 10% in an Indian Company listed on a recognised Stock Exchange in India (as on January 31, of the year of investment).

As per SEBI circular SEBI/MFD/CIR/No. 7/5573/04 dated March 19, 2004, mutual funds are permitted to invest in Foreign Securities upto 10% of their net assets as on January 31 of each relevant year, subject to a maximum of US \$ 50 million.

Subject to the approval of the RBI / SEBI and conditions as may be prescribed by them, the Mutual Fund may open one or more foreign currency accounts abroad either directly, or through the custodian/sub-custodian, to facilitate investments and to enter into/deal in forward currency contracts, currency futures, index options, index futures, interest rate futures/swaps, currency options for the purpose of hedging the risks of assets of a portfolio or for its efficient management.

Like Domestic Securities, investment in Overseas financial assets is subject to Market Risks, Credit Risk, Interest Rate Risk and Liquidity Risk which exist in the domestic securities :

1. Due Diligence

Boards of AMC and Trustees shall exercise due diligence in making investment decisions as required under Regulation 25(2) of the SEBI (Mutual Funds) Regulations, 1996. They shall make a detailed analysis of risks and returns of investment in foreign securities, comparing them with likely yields of the securities available in domestic markets and how these investments would be in the interest of investors. Investments must be made in liquid actively traded securities.

Boards of AMC and Trustees shall prescribe detailed parameters for making such investments which may include identification of countries, country rating, country limits, etc. They shall satisfy themselves that the AMC has experienced key personnel, research facilities and infrastructure for making such investments. Other specialised agencies and service providers associated with such investments e.g. custodian, bank, advisors, etc. should also have adequate expertise and infrastructure facilities. Their past track record of performance and regulatory compliance record, if they are registered with foreign regulators, may also be considered. Necessary agreements may be entered into with them as considered necessary.

All investment decisions shall be recorded in accordance with SEBI circular dated July 27, 2000.

2. Disclosure Requirements

The following disclosure requirements shall be mandatory for mutual fund schemes proposing to invest in foreign securities.

- (i) Intention to invest in foreign securities shall be disclosed in the offer documents of the schemes. The attendant risk factors and returns ensuing from such investments shall be explained clearly in offer documents. The mutual funds shall also disclose as to how such investments will help in the furtherance of the investment objectives of the schemes. Such disclosures shall be in a language comprehensible to an average investor in mutual funds.
- (ii) The mutual funds shall disclose exposure limits i.e. the percentage of assets of the schemes they would invest in foreign securities.
- (iii) Such investments shall be disclosed while disclosing half-yearly portfolios in the prescribed format by making a separate heading "Foreign Securities." Scheme-wise percentage of investments made in such securities shall be disclosed while publishing half-yearly results in the prescribed format, as a footnote.

3. Reporting to Trustees :

The AMC shall send detailed periodical reports to the Trustees which shall include the following aspects :

- (i) Performance of investments made in foreign securities in various countries.
- (ii) Amount invested and any breach of the exposure limit laid down in the Scheme Offer Document.

4. Review of Performance

Boards of AMC and Trustees shall review the performance of investments made in foreign securities in their meetings by comparing the yield with that of investment opportunities available in domestic markets and shall decide further course of action.

5. Reporting to SEBI

The AMC and Trustees shall offer their comments on the compliance of these guidelines in the quarterly and half-yearly reports filed with SEBI.

Overseas Debt Market

The nature and number of debt instruments available in international debt markets is very wide. In terms of diverse instruments as well as liquidity, overseas debt markets offer great depth and are extremely well-developed.

Investment in international debt greatly expands the universe of top quality debt, which is no longer restricted to the limited papers available in the domestic debt market. The higher rated overseas sovereign, quasi-government and corporate debt offer lower default risk in addition to offering a high degree of liquidity since these are traded across major international markets. Investments in rated international debt offer multiple benefits of risk reduction, a much wider universe of top quality debt and also potential gains from currency movements.

Investments in international markets are most often in U.S. dollars, though the Euro, Pound Sterling and the Yen are also major currencies. Though this market is geographically well-spread across global financial centres, the markets in the U.S., European Union and London offer the most liquidity and depth of instruments.

Besides factors specific to the country / issuer, international bond prices are influenced to a large extent by a number of other factors; chief among these are the international economic outlook, changes in interest rates in major economies, trading volumes in overseas markets, cross currency movements among major currencies, rating changes of countries / corporations and major political changes globally.

The approximate yields to maturity in the US Bond Market as at June 15, 2005 are as follows:

| Maturity | US Treasury yields (%) |
|----------|------------------------|
| 3 months | 2.91 |
| 6 months | 3.12 |
| 2 years | 3.72 |
| 3 years | 3.79 |
| 5 years | 3.90 |
| 10 years | 4.12 |

| Maturity | US AAA Corporate Bond yields (%) |
|----------|----------------------------------|
| 1 year | 3.84 |
| 2 years | 4.06 |
| 5 years | 4.31 |
| 10 years | 4.72 |

The overseas securities markets offer new investment and portfolio diversification opportunities by enabling investments in the overseas markets. However, such investments also entail additional risks. Such investment opportunities may be pursued by the Mutual Fund provided they are considered appropriate in terms of the overall investment objectives of the Scheme.

Risk factors associated with investing Foreign Debt Securities

Currency Risk :

Moving from Indian Rupee (INR) to any other currency entails currency risk. To the extent that the assets of the Scheme will be invested in securities denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by changes in the value of certain foreign currencies relative to the Indian Rupee.

Interest Rate Risk :

The pace and movement of interest rate cycles of various countries, though loosely co-related, can differ significantly. Hence by investing in securities of countries other than India, we stand exposed to their interest rate cycles.

Credit Risks :

This is substantially reduced since the regulations stipulate investments only in papers rated AAA by S&P, Moody's or Fitch IBCA.

To manage risks associated with foreign currency and interest rate exposure, the Mutual Fund may use derivatives for efficient portfolio management including hedging and in accordance with conditions as may be stipulated by SEBI / RBI from time to time.

Benefits of International Investing :

■ Diversification of risk

Investing in Foreign Debt Securities allows the investor to move away from a single country, single currency and single market format.

■ Better credit quality

Since the investment in Foreign Debt Securities will only be in papers rated AAA by S&P or Moody's or Fitch IBCA etc. the credit quality of such papers will be much superior to the papers available domestically.

■ Wider choice of investment opportunities

The overseas debt markets allows investors access to a choice of investment avenues / instruments. These markets are also typically more liquid than domestic markets.

The Mutual Fund may, where necessary appoint intermediaries as sub-managers, sub-custodians, etc. for managing and administering such investments. The appointment of such intermediaries shall be in accordance with the applicable requirements of SEBI and within the permissible ceilings of expenses.

PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTIONS OR INVESTIGATION FOR WHICH ACTION MAY HAVE BEEN TAKEN OR IS IN THE PROCESS OF BEING TAKEN BY ANY REGULATORY AUTHORITY

Cases of penalties awarded by SEBI under the SEBI Act or any of its regulations against the Sponsor of the Mutual Fund or any company associated with the Sponsor in any capacity including the Asset Management Company, Trustee Company / Board of Trustees, or any of the directors or key personnel (specially the fund managers) of the Asset Management Company and Trustee Company. Cases of penalties awarded by any financial regulatory body, including stock exchanges, for defaults in respect of shareholders, debentureholders and depositors and penalties awarded for any economic offence and violation of any securities laws, against the Sponsor and its associates.

Any pending material litigation proceedings incidental to the business of the Mutual Fund to which the Sponsor of the Mutual Fund or any company associated with the Sponsor of the Mutual Fund in any capacity including the AMC, Board of Trustees / Trustee Company or any of the Directors or key personnel is a party.

Any pending criminal cases against the Sponsor or any company associated with the Sponsor in any capacity including the AMC, Board of Trustees / Trustee Company or any of the Directors or key personnel.

The penalty levied by SEBI on HDFC for delay in intimating the acquisition of shares of Hindustan Oil Exploration Company Limited, in compliance with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 had been set aside by the Securities Appellate Tribunal (SAT).

Aggrieved by the order passed by SAT, SEBI filed an appeal before the Hon'ble High Court at Mumbai, pursuant to which the Hon'ble High Court set aside the said order and remanded the matter to SAT for fresh hearing and review.

Aggrieved by the impugned order passed by the Hon'ble High Court, HDFC filed a Special Leave Petition (SLP) before the Hon'ble Supreme Court of India, pursuant to which the Hon'ble Supreme Court of India was pleased to issue notice to SEBI in the matter. The matter is now pending before the Hon'ble Supreme Court of India. At a hearing held on April 21, 2005 the Hon'ble Supreme Court of India was pleased to admit the said SLP.

NIL

1. The Udhna Citizen Co-operative Bank Limited (Udhna) has filed a case against HDFC Bank Ltd. which is pending in front of the First Class Judicial Magistrate Court at Surat. There was a deal of about Rs. 3 crore for purchase of Government security between Udhna and its broker. The Bank had received remittance and forwarded the same to the broker. The broker has alleged to have defaulted in delivering the securities to Udhna. The litigation is for the recovery of the amount remitted from the Bank. This case is also filed against Mr. Aditya Puri, Managing Director and some of the officials of the Bank.
2. Ms. Suchitra Iyer has filed a case against the HDFC Bank Ltd. which is pending in the court of Judicial Magistrate III, Coimbatore. This case is for transfer of funds amongst the customer's own accounts inter se which are alleged by the customer as unauthorised and illegal. The amount involved in this case is Rs. 2 crore.
3. Centurion Bank Ltd. has filed a case amounting to Rs. 3.36 crore against HDFC Bank Ltd. which is pending before the 8th Court Esplanade, Mumbai. The matter pertains to a Letter of Credit (LC) of Rs.3.50 crore which was discounted with the erstwhile Times Bank Ltd. in March 1997. The LC opening Bank subsequently informed Times Bank Ltd. that the LC for Rs.3.50 crore was a forged document. Upon assuming a possibility that the LC issuing Bank may not honour its commitment under the LC, Times Bank took recourse to the beneficiary and recovered the amount as per the normal banking practice. Alleging that Times Bank Ltd. had been paid by the beneficiary out of the funds collected through fraudulent means, the Police Authorities directed Times Bank to deposit the funds with the Superintendent of Police, State CID (Crime) under protest.
4. Mr. Suraj Bhatia has filed a case with the Special Court, Judicial Magistrate, Economic Offences, Jaipur, against Mr. Aditya Puri, Managing Director, HDFC Bank and some former directors of the Bank for alleged delay in forwarding the share certificate no. 723980 representing 100 shares sent by him for effecting transfer. The Civil

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| <p>Any deficiency in the systems and operations of the Sponsor of the Mutual Fund or any company associated with the sponsor in any capacity such as the AMC or the Trustee Company which SEBI has specifically advised to be disclosed in the Offer Document, or which has been notified by any other regulatory agency.</p> <p>An enquiry / adjudication proceedings under the SEBI Act, and the Regulations made thereunder, that are in progress against the Sponsor of the Mutual Fund or any company associated with the Sponsor in any capacity including the AMC, Board of Trustees / Trustee Company or any of the Directors or key personnel of the Asset Management Company.</p> | <p>Judge, Junior Division, Jaipur had issued an injunction and ordered maintenance of status quo against effecting transfer since one Mr. Govind Sharan Agrawal had filed a case in Special Court of Economic Offences, Jaipur claiming / alleging that he had lost / misplaced shares of which share certificate no. 723980 is a part. This case is also filed against HDFC Bank. The matter is pending with Special Court, Economic Offences.</p> <p>5. A case has been filed in the court of Judicial Magistrate at Chennai against Mr. Aditya Puri, Managing Director, HDFC Bank for alleged non compliance of Contract Labour Regulations. The Bank has filed a petition in the High Court at Chennai for quashing these proceedings. The High Court has granted an injunction (interim stay) and ordered maintaining of status quo. Has issued notice to the respondents returnable in two weeks. The Petition is pending before the High Court at Chennai.</p> <p>6. Mr. Sunil Kedia has filed a criminal complaint in the Court of the Sub-Divisional Judicial Magistrate, Alipore against Mr. Aditya Puri, Managing Director, HDFC Bank and a few other Directors of the Bank for alleged encashment of his post dated cheque for Rs.27,800/- inspite of his specific instructions to treat his post dated cheques as stopped. Mr. Kedia has applied for an auto loan for Rs. 6.50 lacs for purchasing a Honda city car. This loan was to be disbursed to him on his making down payment / own contribution of Rs. 76,673/-. The Bank had disbursed the loan to the sourcing agreement on execution of the loan agreement by Mr. Sunil Kedia as per the terms of the agreement and accordingly, one of the Post Dated cheques for Rs.27,800/- got encashed. Subsequently, after Mr. Kedia had made the down payment, the car has been delivered to him. The Bank has filed an application in the Calcutta High court for quashing the proceedings of the lower court.</p> <p>NIL</p> <p>NIL</p> |
|---|--|

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected during Business Hours on any Business Day at the registered office of the AMC.

1. Trust Deed and Deed of Variation;
2. Investment Management Agreement;
3. Custodian Agreement;
4. Registrars Agreement;
5. Memorandum and Articles of Association of the Trustee and AMC;
6. Securities and Exchange Board of India (Mutual Funds) Regulations, 1996;
7. Indian Trusts Act, 1882;
8. Consent of the Auditors and Legal Advisors to act in the said capacity; and
9. Registration Certificate for the Mutual Fund granted by SEBI.
10. Annual Report of the Asset Management Company.

Notes:

1. Further, any amendments / replacement / re-enactment of SEBI Regulations subsequent to the date of the Offer Document shall prevail over those specified in this Offer Document.
2. The Scheme under this Offer Document was approved by the Trustee through Circular Resolution on September 29, 2005.
3. Notwithstanding anything contained in the Offer Document, the provisions of Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and the guidelines thereunder shall be applicable.

For and on behalf of the Board of Directors of
HDFC Asset Management Company Limited

Place : Mumbai
Date : October -----, 2005

MILIND BARVE
Managing Director

OFFICIAL POINTS OF ACCEPTANCE OF TRANSACTIONS (For ongoing Transactions)

A. List of Investor Service Centres (ISCs) of Computer Age Management Services (Pvt.) Ltd. (CAMS), Registrar & Transfer Agents of HDFC Mutual Fund. These ISCs will be in addition to the existing points of acceptance at the offices of HDFC Limited / HDFC Asset Management Company Ltd. (Investor Service Centres for HDFC Mutual Fund)

| | |
|-----------------------|--|
| Andhra Pradesh | 102, First Floor, Jade Arcade, Paradise Circle, Secunderabad – 500 003. |
| Karnataka | Trade Centre, 1st Floor, 45, Dikensen Road (Next to Manipal Centre), Bangalore – 560 042. |
| Kerala | 40 / 9633 D, Veekshanam Road, Near International Hotel, Kochi – 682 035. |
| Maharashtra | Ground Floor, Rajabhadur Compound, Opp. Allahabad Bank, Behind ICICI Bank, 30, Mumbai Samachar Marg, Fort, Mumbai – 400 023. Nirmithi Eminence, Off No. 6, 1st Floor, Opp. Abhishek Hotel, Mehendale Garage Road, Erandawane, Pune – 411 004. |
| New Delhi | 304-305, III Floor, Kanchenjunga Building, 18, Barakhamba Road, New Delhi – 110 001. |
| Tamil Nadu | 66, Lokmanya Street (West), Ground Floor, R. S. Puram, Coimbatore – 641 002. Ground Floor, A&B, Lakshmi Bhawan, 609, Anna Salai, Chennai – 600 006. |
| West Bengal | Lords Building, 7/1, Lord Sinha Road, Ground Floor, Kolkata – 700 071. |

B. List of Transaction Points of Computer Age Management Services (Pvt.) Ltd. (CAMS), Registrar & Transfer Agents of HDFC Mutual Fund. These Transaction Points will be in addition to the existing points of acceptance at the offices of HDFC Limited / HDFC Asset Management Company Ltd. (Investor Service Centres for HDFC Mutual Fund)

| | |
|-----------------------|---|
| Andhra Pradesh | D. No. 7-27-4, Krishna Complex, Baruvuri Street, T. Nagar, Rajahmundry – 533 101. 40-1-48/2, Bandar Road, Adj. to HDFC Bank, Vijayawada – 520 010. |
| Assam | A. K. Azad Road, Rehabari, Guwahati -781 008. |
| Chhattisgarh | C-23, Sector 1, Devendra Nagar, Raipur – 492 004. |
| Gujarat | 207/209, K. P. Shah House I, K.V. Road, Jamnagar – 361 001. 111, Pooja Complex, Harihar Chowk, Near GPO, Rajkot – 360 001. C/o. CAD House, Siddhivinayak Complex, F-1, First Floor, Avenue Building, Near R. J. J. School, Tithal Road, Valsad – 396 001. |
| Jharkhand | 223, 1st Floor, Tirath Mansion, (Near Over Bridge), Main Road, Ranchi – 834 001. |
| Karnataka | No. 21, Ground Floor, Arvind Complex, 1552, Maruti Galli, Belgaum – 590 002. No. 208, 'A' Block, 1st Floor, Kundagol Complex, Opp. Court, Club Road, Hubli – 580 029. 6, First Floor, West Gate Terminus, Falnir Road, Opp. Unity Health Complex, Highlands, Mangalore – 575 002. No.3, 1st Floor, CH.26, 7th Main, 5th Cross (Above Trishakthi Medicals) Saraswati Puram, Mysore – 570 009. |
| Kerala | 17/28, H, 1st Floor, Manama Towers, Marvoor Road, Kozhikode – 673 001. VIII/350/15, O. K. John Memorial Building, Ekkanda Warriar Road, Trichur – 686 001. Tc, 15/2012, Sheelatha Building, Womens' College Lane, Vazuthacadu, Trivandrum – 695 014. |
| Pondicherry | 25, First Floor, Jawaharlal Nehru Street, Pondicherry – 605 001. |
| Punjab | 378-Majithia Complex, 1st Floor, M. M. Malviya Road, Amritsar – 143 001. 367/8, Central Town, Opp. Gurudwara Diwan Asthan, Jalandhar – 144 001. 35, New Lal Bagh Colony, Patiala – 147 001. |
| Rajasthan | 1/5, Nirmal Tower, 1st Chopasani Road, Jodhpur – 342 003. 32, Ahinsapuri, Fatehpura Circle, Udaipur – 313 004. |
| Tamilnadu | 86/71-A, Tamil Sangam Road, Opp. Bell Hotel, Madurai – 625 001. 28, 1st Floor, Advytha Ashram Road, Salem – 636 004. No 8, 1st Floor, 8th Cross West Extn., Thillainagar, Trichy – 620 018. |
| Uttar Pradesh | F-39/203, Sky Tower, Sanjay Place, Agra – 282 002. 1st Floor, Chandra Shekhar Azad Complex, (Near Indira Bhawan), 5, S. P. Marg, Civil Lines, Allahabad – 211 001. C 27/249 - 22A, Vivekanand Nagar Colony, Maldhaiya, Varanasi – 221 002. B-612 'Sudhakar', Lajpat Nagar, Moradabad – 244 001. |
| Uttaranchal | 81, Chakrata Road, Dehradun – 248 001. |
| West Bengal | SN-10, Ambedkar Sarani, City Centre, Durgapur – 713 216. No. 8, Swamiji Sarani, Ground Floor, Hakimpura, Siliguri – 734 401. |

CAMS AS THE OFFICIAL POINT OF ACCEPTANCE FOR ELECTRONIC TRANSACTIONS

Computer Age Management Services (Pvt.) Limited (CAMS), Registrars & Transfer Agents to HDFC Mutual Fund having its office at Rayala Towers, 158, Anna Salai, Chennai - 600 002, will be the official point of acceptance for electronic transactions received from specified banks, financial institutions, etc. (mobilised on behalf of their clients) with whom HDFC Asset Management Company Limited (AMC) has entered or may enter into specific arrangements for purchase / sale / switch of units.

LIST OF COLLECTION CENTRES

(During New Fund Offer Period)

HDFC MUTUAL FUND

Ahmedabad – Mithakhali Six Roads, **Bangalore** – Residency Road, **Bhopal** – M. P. Nagar, **Bhubaneswar** – Master Canteen Square, **Chandigarh** – Sector 35-B, **Chennai** – 760, Anna Salai, **Coimbatore** – Kamaraj Road, **Panaji** – G. P. Road, **Hyderabad** – Venkat Plaza, Punjigutta, **Indore** – M. G. Road, **Jaipur** – 3-Ajmer Road, **Jamshedpur** – Bistupur, **Kanpur** – Civil Lines, **Kolkata** – 3 Red Cross Place, **Kochi** – M G Road, **Lucknow** – 4, Shahnajaf Road, **Ludhiana** – Feroze Gandhi Market, **Mumbai** – Backbay Reclamation, Churchgate, **Nagpur** – Civil Lines, **Nashik** – Sharanpur Link Road, **New Delhi** – Connaught Place, **Patna** – Exhibition Road, **Pune** – University Road, **Surat** – Athwa Gate, **Vadodara** – R.C. Dutt Road, **Visakhapatnam** – Waltair Main Road.

HDFC BANK LIMITED

Agra – Friends Plaza, Sanjay Place, **Ahmedabad** – Near Mithakali Circle, Navrangpura, **Ahmednagar** – Opp. ADCC Bank Sahakar Gruh, **Ajmer** – Near Suchma Kendra, Adjacent to Swami Complex, **Akola** – Z. P. Road, **Allahabad** – Civil Lines, **Ambala** – Nicholson Road, **Amravati** – Morshi Road, **Amritsar** – 39, The Mall, **Anand** – Sanket Tower, **Ankleshwar** – SA Motors Building, Old National Highway No. - 8, **Asansol** – G. T. Road, **Aurangabad** – Manjeet Nagar, Jalna Road, **Balasore** – F. M. Circle, **Bangalore** – M. G Road, **Bardoli** – Shree Ambika Niketan Temple, **Bareilly** – Civil Lines, **Baroda** – Near Kala Ghoda, Raopura, **Belgaum** – Dr. Ambedkar Road, **Bharuch** – Near Octroi Naka, Link Road, **Bhatinda** – Guru Kanshi Marg, **Bhavnagar** – Opp. Takhteshwar Post Office, **Bhiwadi** – Riico Industrial Area, **Bhopal** – Arera Colony, **Bhubaneswar** – Master Canteen Square, **Bhuji** – Vijaynagar Society, Hospital Road, **Bilwara** – S. K. Plaza Complex, **Bokaro** – B-9 City Centre, Sector IV, **Burdwan** – G. T. Road, **Calicut** – G. H. Road, **Chalakudy** – Police Station Road, **Chandigarh** – Sector 35-B, **Changanacherry** – Golden Tower, M. C. Road, **Chengannur** – Govt. Hospital Junction, **Chennai** – Mariam Centre, **Cochin** – M. G. Road, Raviapuram, **Coimbatore** – Trichy Road, **Curchorem** – Mopkar Chamunda, Nr. Post office, **Cuttack** – Bajrakbati Road, **Dahanu** – Matruashish Building, **Daman** – Near Teen batti, **Dehradun** – 56, Rajpur Road, **Dhanbad** – Bank More, **Durgapur** – Bengal Shristi Complex, City Centre, **Erode** – 456 Brough Road, **Ferozepur** – Bldg # 307/7, The Mall, **Gandhidham** – Tagore Road, **Gaya** – K. P. Road, **Gorakhpur** – Prahlad Rai Trade Centre, Ayodhya Crossing, **Guntur** – Main Road, Lakshmiapuram, **Gurdaspur** – SCF-1 & 2 Shopping Complex, Improvement Trust Market, **Guwahati** – House No. 126, Opp. Times of India, **Gwalior** – City Center, **Hajipur** – Vimal Complex, Dak Banglow Complex, **Himmatnagar** – Durga Oil Mill Compound, **Hisar** – Red Square Market, **Hoshiarpur** – SCO 1-2-3, Improvement Trust, **Hosur** – No. 24 & 25, Maruthi Nagar, **Hubli** – Vivekanand Hospital Road, **Hyderabad** – Saeed Plaza, Lakdikapul, **Indore** – U. V. House, South Tukoganj, **Irinjalakuda** – Ushus Complex, Main Road, **Jabalpur** – 1702, Napier Town Model Road, **Jagraon** – 368 B, Kapoor Building, **Jaipur** – Ashok Marg, Ahimsa Circle, **Jalandhar** – Near Narinder Cinema, **Jalgaon** – DSP Chowk, **Jammu** – Gandhi Nagar, **Jamnagar** – Park Colony, Opp. St Ann's School, **Jamshedpur** – Bistupur, **Jodhpur** – Chopasani Road, **Junagadh** – Moti Baug Road, **Kadi** – Radhaswami Complex, Char Rasta, **Kalyani** – Central Avenue West, Central Park, **Kannur** – K. V. R. Towers, South Bazar Road, **Kanpur** – Civil Lines, **Kapurthala** – Mall Road, **Karad** – Pune-Bangalore Highway, **Karnal** – Opp. Mahabir Dal Hospital, **Khanua** – G. T. Road, **Kolkata** – Abhilasha II, 6, **Kolhapur** – Tarabai Park, **Kota** – Main Jhalawar Road, **Kottayam** – K. K. Road, **Kurukshetra** – Kalawati Market, **Latur** – M. G. Road, **Lucknow** – Hazratganj, **Ludhiana** – 5th Floor, The Mall, Mall Road, **Madurai** – Opp. to Railway Station, **Mandi Gobindgarh** – Hukum Chand Bansal Building, **Mangalore** – Kadri, **Manjeri** – Kurikal Plaza, Kacheripady, **Mapusa** – Near Govt. Bldg. Complex, **Margao** – Plot No -27, Aquem, **Mathura** – Opp. BSA College, **Meerut** – 381, Western Kachery Road, **Mehsana** – Nr. Raj Kamal Petrol Pump, Abu Highway, **Moga** – Opp. D.C. Office, **Moradabad** – GMD Road, **Morvi (Rajkot)** – Om Shopping Centre, **Mumbai** – Nanik Motwani Marg, **Muzaffarpur** – Tilak Maidan Road, Choti Saria Ganj, **Mysore** – Saraswathi Puram, **Nabha** – Patiala Gate, **Nadiad** – Nadiad Ice Factory Compound, College Road, **Nagpur** – 12, Milestone, Near Lokmat Square, **Nasik** – Chandak Circle Link Road, **Navsari** – Station Road, **Nawanshahar** – Banga Road, **Nellore** – G. T. Road, **New Delhi** – Kailash Bldg., 26 K. G. Marg, **Palakkad** – Chandra Nagar, **Palanpur** – Opp. Joravar Palace, **Panipat** – G. T. Road, **Panjim** – 18th June Road, **Pathanamthitta** – Aban Arcade, **Patiala** – Leela Bhavan Market, **Patna** – Exhibition Road, **Perinthalmanna** – Calicut Road, **Phagwara** – G. T. Road, **Ponda** – Royal Chambers, **Pondicherry** – 100 Feet Road, **Porbandar** – R. D. Chambers, **Pune** – Shivajinagar, **Quilon** – VGP Building, **Raipur** – Near Vaniya Bhawan, Sai Nagar, **Rajamundry** – Danavaipet, **Rajkot** – Jawahar Road, **Raipur** – Chandigarh Patiala Road, **Ranchi** – Ranchi Club, Shopping Complex, **Rewari** – Old Court Road, **Rohatak** – Delhi Road, **Ropar** – College Road, **Rourkela** – Bisra Road, **Rudrapur** – Nanital Road, **Saharanpur** – Court Road, **Salem** – Omalur Main Road, **Sangli** – Sangli - Miraj Road, **Sangrur** – Kaula Park Market, **Shimla** – Manta Building, Opp. Bus Stand, **Siliguri** – Sevoke Road, Pani Tanki More, **Silvassa** – Vapi-Silvassa Road, **Solan** – Near DC Office, Rajgarh Road, **Surat** – Near Parle Point Circle, **Thalassery** – AVK Nair Road, **Thiruvalla** – M. C. Road, **Tirupathi** – Mosque Hostel (V. V. Mahal Road), **Trichur** – Palace Road, **Trichy** – 11Th Cross Main Road, Thillainagar, **Trivandrum** – Vazhuthacaud, **Udaipur** – Chetak Circle, **Unjha** – Station Road, **Valsad** – Thithal Road, **Vapi** – Chala Road, **Varanasi** – Kuber Complex, Rathyatra Crossing, **Vasco** – Swatantra Path, **Veraval** – Opp. Public Garden, **Vijayawada** – M. G. Road, Labbipet, **Vishakapatnam** – Dwaraka Nagar, **Warangal** – Nakkalgutta, Hanamkonda, **Yamunanagar** – Nehru Park Road.

CITIBANK N.A.

Ahmedabad – C.G Road, Near Panchvati Circle, **Aurangabad** – Opp. S. B. College Bus Stop, **Bangalore** – Prestige Meridian 2, 30 Mahatma Gandhi Road, **Bhubaneswar** – Janpath Station Square, **Chandigarh** – Sector 9C, Madhya Marg, **Chennai** – No.2 Club House Road, **Coimbatore** – Tristar Towers, 657 Avinashi Road, **Hyderabad** – Greenlands Road, Begumpet, **Indore** – 7/2 Race Course Road, **Jaipur** – Govt Hostel Crossing, M.I. Road, **Kochi** – M. G. Road, Padma Junction, **Kolkata** – Chowringhee Road, **Lucknow** – 17/1 Ashok Marg, **Ludhiana** – Feroze Gandhi Market, **Mumbai** – 293 D N Road, Fort, **Nashik** – Plot No. 52&53, College Road, **New Delhi** – 124, Connaught Circus, **Pondicherry** – Lal Bahadur Shastri Street, **Pune** – 2413 Parmar House, East Street, **Surat** – Ghoddod Rd., Opp. Kakadia Complex, **Vadodara** – Pelican, Gotri Rd, **Vapi** – Vapi-Daman Road.

INVESTOR SERVICE CENTRES / OFFICIAL POINTS OF ACCEPTANCE FOR HDFC MUTUAL FUND

| | |
|-----------------------|---|
| Andhra Pradesh | HDFC Limited, 6-3-885/7, 11nd Floor, Sapphire Square, Somajiguda, Hyderabad - 500 082. Tel. : 040 - 23417401 / 02 / 03 / 04 / 05, Fax : 040 -23417407. HDFC Limited, Ground Floor, Saigopal Arcade, Opp. Waltair Club, Waltair Main Road, Siripuram, Visakhapatnam - 530 003. Tel. : 0891 - 2769636, Fax : 0891 - 2550411. |
| Bihar | HDFC Limited, Rani Plaza Apartment, (Patna X-ray Clinic), Exhibition Road, Patna - 800 001. Tel. : 0612 - 2322047, Fax : 0612 - 2320684. |
| Goa | HDFC AMC Limited, A-3, First Floor, Krishna Building, Opp. Education Department, Behind Susheela Building, G. P. Road, Panaji - 403 001. Tel. : 0832 - 2425609, 2425610, Fax : 0832 - 2425614. |
| Gujarat | HDFC AMC Limited, C/o. GRUH Finance Limited, GRUH House, Near Pantaloon Showroom, Netaji Marg, Mithakhali Six Roads, Ahmedabad - 380 009. Tel. : 079 - 26403582 / 83 / 84, Fax : 079 - 26403584. HDFC AMC Limited, 2nd Floor, Shiv Darshan, Dr. Radha Krishnan Road, 5, Jagnath, Plot Corner, Rajkot - 360 001. Tel. : 0281-5524881 / 2, Fax : 0281 - 5524883. HDFC AMC Limited, U1 - U3, Jolly Plaza, Opp. Athwa Gate Police Station, Athwa Gate, Surat - 395 001. Tel. : 0261 - 2460082 / 83, Fax : 0261 - 2460091. HDFC AMC Limited, Upper Ground Floor, Gokulesh, R. C. Dutt Road, Vadodara - 390 007. Tel. : 0265 - 5521110 / 20 / 30 / 40, Fax : 0265 - 5521150. |
| Jharkhand | HDFC Limited, Ground Floor, Boulevard Hotel, D' Costa Mansion, Main Road, Bistupur, Jamshedpur - 831 001. Tel. : 0657 - 3091826, Fax : 0657 - 2426730. |
| Karnataka | HDFC AMC Limited, No. 114, 1st Floor, Prestige Towers, 99 & 100, Residency Road, Bangalore - 560 025. Tel. : 080 - 51125000, Fax : 080 - 51125255. |
| Kerala | HDFC AMC Limited, HDFC House, Ground Floor, Cinema cum Commercial Complex, Behind Ravipuram Bus Stop, M. G. Road, Kochi - 682 016. Tel. : 0484 - 2357707 / 08, 3943058 / 59, Fax : 0484 - 2358462. |
| Madhya Pradesh | HDFC Limited, Ranjit Towers, Zone-II, 8, M. P. Nagar, Bhopal - 462 011. Tel. : 0755 - 5285385, 5277772, 5273330, Fax : 0755 - 5273331. HDFC Limited, HDFC House, 10 A / 1, M. G. Road, Indore - 452 001. Tel. : 0731 - 5022241 / 42, Fax : 0731 - 2513784. |
| Maharashtra | HDFC AMC Limited,* Ramon House, 3rd Floor, H. T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai - 400 020. Tel. : 022 - 56316300, Fax : 022 - 56580200. HDFC AMC Limited, Mistry Bhavan, 1st Floor, 122, Backbay Reclamation, Dinsha Vachha Road, Churchgate, Mumbai - 400 020. Tel. : 022 - 56316300, Fax : 022 - 22821144. HDFC Limited, HDFC House, Ravi Shankar Shukla Marg, VIP Road, Civil Lines, Nagpur - 440 010. Tel. : 0712 - 2554395, 2522691, 2522123, Fax : 0712 - 2522690. HDFC AMC Limited, HDFC House, Sharanpur Link Road, Nashik - 422 005. Tel. : 0253 - 5619356, 5606000, 2570256, Fax : 0253 - 2570256. HDFC AMC Limited, HDFC House, 2nd Floor, Shivaji Nagar, University Road, Pune - 411 005. Tel. : 020 - 25521680 / 81 / 25536180, Fax : 020 - 25521683. |
| New Delhi | HDFC AMC Limited, 4th Floor, Mohan Dev Building, 13, Tolstoy Marg, Connaught Place, New Delhi - 110 001. Tel. : 011 - 51522189, Fax : 011 - 23351318. |
| Orissa | HDFC Limited, 108 D, Master Canteen Square, Bhubaneswar - 751 001. Tel. : 0674 - 2536566, 2531482, Fax : 0674 - 2531483. |
| Punjab | HDFC Limited, SCO 375-376, Ground Floor, Sector 35-B, Chandigarh - 160 022. Tel. : 0172 - 2623397, 2624497 Telfax: 0172 - 3013839. HDFC AMC Limited, SCO 122, Feroze Gandhi Market, Ludhiana - 141 001. Tel.: 0161 - 2774321 / 5014321. Fax : 0161 - 3013838. |
| Rajasthan | HDFC AMC Limited, "Moondhra Bhavan", 3-Ajmer Road, Jaipur - 302 001. Tel. : 0141 - 5111125, 2374968, Fax : 0141 - 5111126. |
| Tamil Nadu | HDFC AMC Limited, ITC Centre, First Floor, 760, Anna Salai, Chennai - 600 002. Tel. : 044 - 28415851, 28415852, Fax : 044 - 28415855. HDFC Limited, HDFC House, No. 29, Kamaraj Road (Near Circuit House), Coimbatore - 641 018. Tel. : 0422 - 2222189, 2222193, Fax : 0422 - 2222530. |
| Uttar Pradesh | HDFC AMC Limited, 1st Floor, 16/80 D, Behind SBI Main, Civil Lines, Kanpur - 208 001. Tel. : 0512 - 2331484-87, Fax : 0512 - 2331487. HDFC AMC Limited, 4 Shahnajaf Road, Lucknow - 226 001. Tel. : 0522 -2207591, 2200163, 2201103, Fax : 0522 - 2230408. |
| West Bengal | HDFC AMC Limited, Menaka Estate, 1st Floor, 3 Red Cross Place, Kolkata - 700 001. Tel. : 033 - 22427849 / 53 / 56 / 59, Fax : 033 - 22439582. |

HDFC Asset Management Company Limited ("HDFC AMC Limited")

* This is not an Investor Service Centre for HDFC Mutual Fund. However, this is an Official Point of acceptance for acceptance of all on-going transactions from Institutional Investors only i.e. broadly covering all entities other than resident/non-resident individuals. Institutional Investors are free to lodge their applications at any other official point of acceptance also.



HDFC ASSET MANAGEMENT COMPANY LIMITED
A Joint Venture with Standard Life Investments Limited

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