



Expertise that's trusted

TATA SIP FUND SCHEME I & II

(36 months close ended hybrid schemes)

Units of Tata SIP Fund Scheme I & II issued at face value of Rs. 10/- each.

SCHEME INFORMATION DOCUMENT (SID)

Mutual Fund



Tata Mutual Fund

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

AMC



Tata Asset Management Ltd.

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

Trustee



Tata Trustee Company Pvt. Ltd.

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

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

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

The investors are advised to refer to the Statement of Additional Information (SAI) for details of Tata Mutual Fund, Tax and Legal issues and general information on www.tatamutualfund.com

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

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

This Scheme Information Document is dated 20th May, 2009.

New Fund Offer of Scheme - I Opened On	: 15th January, 2007
New Fund Offer of Scheme - I Closed On	: 15th February, 2007
Allotment Date	: 5th March, 2007

New Fund Offer of Scheme - II Opened On	: 10th May, 2007
New Fund Offer of Scheme - II Closed On	: 22nd June, 2007
Allotment Date	: 1st July, 2007

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HIGHLIGHTS / SUMMARY OF THE SCHEME

Name of the Schemes	Tata SIP Fund Scheme I (TSIP1) and Tata SIP Fund Scheme II (TSIP2)
Type of Scheme	36 months close ended hybrid scheme.
Investment Objective	The Primary Investment Objective of the Scheme is to achieve a long term growth. The scheme seeks to achieve investment objective by investing systematically in the Equity /Equity related instruments. However there can be no assurance that the investment objective of the scheme will be realized, as actual market movements may be at variance with anticipated trends.
Liquidity	Repurchase facility is provided on a monthly basis i.e. first Wednesday of every month (or immediately next business day if such Wednesday is a Holiday).
Benchmark	BSE SENSEX
Transparency of operation / NAV Disclosure	NAV will be normally determined and released once a week i.e on every Wednesday of the week or immediate next business day if such Wednesday is a holiday.
Load	Entry Load: NA Exit Load: Nil* * Redemption before expiry of 36 months from the date of allotment will entail recovery of proportionate unamortized initial issue expenses, as explained under the Para of Load Structure.
Minimum subscription under each Plan	Dividend Option: Rs. 5,000/- and in multiples of Re. 1/- thereafter. Growth Option: Rs. 5,000/- and in multiples of Re. 1/- thereafter. For additional investment Rs. 1,000/- and multiples of Re. 1/- thereafter
Duration of the Schemes	Duration of the scheme is 36 months from the date of allotment.
Investment Options	Dividend Option and Growth Options

- A Mutual Fund - sponsored by Tata Sons Limited (TSL) and Tata Investment Corporation Limited (TICL).
- The Scheme is managed by Tata Asset Management Limited (TAML).
- Eligible for investment by banks, financial institutions, bodies corporates, individual investors, etc.

- **Interpretation**

For all purposes of this Scheme Information Document (SID), except as otherwise expressly provided or unless the context otherwise requires:

- The terms defined in this SID includes the plural as well as the singular.
- Pronouns having a masculine or feminine gender shall be deemed to include the other.
- The term "Scheme" refers to both the schemes i.e. Scheme I and Scheme II.

I. INTRODUCTION

A. RISK FACTORS

Standard Risk Factors:

- Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal.
- As the price / value / interest rates of the securities in which the scheme invests fluctuates, the value of your investment in the scheme may go up or down
- Mutual Funds and securities investments are subject to market risks and there can be no assurance and no guarantee that the Scheme will achieve its objective.
- As with any investment in stocks, shares and securities, the NAV of the Units under this Scheme can go up or down, depending on the factors and forces affecting the capital markets.
- Past performance of the previous Schemes, the Sponsors or its Group / Affiliates / AMC / Mutual Fund is not indicative of and does not guarantee the future performance of the Scheme.
- The sponsors are not responsible or liable for any loss resulting from the operations of the scheme beyond the initial contribution of Rs. 1 lakh made by them towards setting up of the mutual fund.
- Tata SIP Fund Scheme I and Tata SIP Fund Scheme II are only the name of the Schemes and does not in any manner indicate either the quality of the Scheme, its future prospects or the returns. Investors therefore are urged to study the terms of the Offer carefully and consult their tax and Investment Advisor before they invest in the Scheme.
- The present scheme is not a guaranteed or assured return scheme.

Scheme Specific Risk Factors:

Liquidity and Settlement Risks

The liquidity of the Scheme's investments may be inherently restricted by trading volumes, transfer procedures and settlement periods. From time to time, the Scheme will invest in certain securities of certain companies, industries, sectors, etc. based on certain investment parameters as adopted internally by TAML. While at all times the Asset Management Company will endeavour that excessive holding/investment in certain securities of

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industries, sectors, etc. by the Scheme is avoided, the funds invested by the Scheme in certain securities of industries, sectors, etc. may acquire a substantial portion of the Scheme's investment portfolio and collectively may constitute a risk associated with non-diversification and thus could affect the value of investments. Reduced liquidity in the secondary market may have an adverse impact on market price and the Scheme's ability to dispose of particular securities, when necessary, to meet the Scheme's liquidity needs or in response to a specific economic event or during restructuring of the Scheme's investment portfolio. Furthermore, from time to time, the Asset Management Company, the Custodian, the Registrar, any Associate, any Distributor, Dealer, any Company, Corporate Bodies, Trusts, any Retirement and Employee Benefit Funds or any Associate or otherwise, any scheme / mutual fund managed by the Asset Management Company or by any other Asset Management Company may invest in the Scheme. While at all times the Trustee Company and the Asset Management Company will endeavour that excessive holding of Units in the Scheme among a few Unitholders is avoided, however, the funds invested by these aforesaid persons may acquire a substantial portion of the Scheme's outstanding Units and collectively may constitute a majority unitholder in the Scheme. Redemption of Units held by such persons may have an adverse impact on the value of the Units of the Scheme because of the timing of any such redemptions and this may impact the ability of other Unitholders to redeem their respective Units.

Investment Risks

The value of, and income from, an investment in the Scheme can decrease as well as increase, depending on a variety of factors which may affect the values and income generated by the Scheme's portfolio of securities. The returns of the Scheme's investments are based on the current yields of the securities, which may be affected generally by factors affecting capital markets such as price and volume, volatility in the stock markets, interest rates, currency exchange rates, foreign investment, changes in Government and Reserve Bank of India policy, taxation, political, economic or other developments, closure of the Stock Exchanges etc. Investors should understand that the investment pattern indicated, in line with prevailing market conditions, is only a hypothetical example as all investments involve risk and there is no assurance that the Scheme's investment objective will be attained or that the Scheme be in a position to maintain the model percentage of investment pattern particularly under exceptional circumstances.

Different types of securities in which the scheme would invest in, as mention in this SID, carry different levels and types of risk. Accordingly the scheme's risk may increase or decrease depending upon its investment pattern. e.g corporate bonds carry a higher amount 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 scheme will endeavour to invest in highly researched growth / value stocks in line with investment objective of the scheme. However, the growth associated with equities is generally high as also the erosion in the value of the investments / portfolio in the case of the capital markets passing through a bearish phase is a distinct possibility. The NAV of the scheme is largely dependent on the performance of the companies and the sectors wherein the investment has been made.

The scheme may use techniques and instruments for efficient portfolio management and to attempt to hedge or reduce the risk of such fluctuations. However these techniques and instruments if imperfectly used have the risk of the scheme incurring losses due to mismatches particularly in a volatile market. The Fund's ability to use these techniques may be limited by market conditions, regulatory limits and tax considerations (if any). The use of these techniques is dependent on the ability to predict movements in the prices of securities being hedged and movements in interest rates. There exists an imperfect correlation between the hedging instruments and the securities or market sectors being hedged. Besides, the fact that skills needed to use these instruments are different from those needed to select the Fund's / Scheme's securities. There is a possible absence of a liquid market for any particular instrument at any particular time even though the futures and options may be bought and sold on an organised exchange. The use of these techniques involves possible impediments to effective portfolio management or the ability to meet repurchase / redemption requests or other short-term obligations because of the percentage of the Scheme's assets segregated to cover its obligations.

Risk Associated with Securitised Debt

Scheme may invest in domestic securitized debt such as asset backed securities (ABS) or mortgage backed securities (MBS). Asset Backed Securities (ABS) are securitized debts where the underlying assets are receivables arising from automobile loans, personal loans, loans against consumer durables, etc. Mortgage backed securities (MBS) are securitized debts where the underlying assets are receivables arising from loans backed by mortgage of residential / commercial properties. ABS/MBS instruments reflect the undivided interest in the underlying pool of assets and do not represent the obligation of the issuer of ABS/MBS or the originator of the underlying receivables. The ABS/MBS holders have a limited recourse to the extent of credit enhancement provided. If the delinquencies and credit losses in the underlying pool exceed the credit enhancement provided, ABS/MBS holders will suffer credit losses. ABS/MBS are also normally exposed to a higher level of reinvestment risk as compared to the normal corporate or sovereign debt. At present in Indian market, following types of loans are amortised:

- Auto Loans (cars / commercial vehicles /two wheelers)
- Residential Mortgages or Housing Loans
- Consumer Durable Loans
- Personal Loans

The main risks pertaining to each of the asset classes above are described below:

Auto Loans (cars / commercial vehicles /two wheelers)

- The underlying assets (cars etc) are susceptible to depreciation in value whereas the loans are given at high loan to value ratios. Thus, after a few months, the value of asset becomes lower than the loan outstanding. The borrowers, therefore, may sometimes tend to default on loans and allow the vehicle to be repossessed.
- These loans are also subject to model risk. ie if a particular automobile model does not become popular, loans given for financing that model have a much higher likelihood of turning bad. In such cases, loss on sale of repossession vehicles is higher than usual.
- Commercial vehicle loans are susceptible to the cyclicity in the economy. In a downturn in economy, freight rates drop leading to higher defaults in commercial vehicle loans. Further, the second hand prices of these vehicles also decline in such economic environment.

Housing Loans

- Housing loans in India have shown very low default rates historically. However, in recent years, loans have been given at high loan to value ratios and to a much younger borrower classes. The loans have not yet gone through the full economic cycle and have not yet seen a period of declining property prices. Thus the performance of these housing loans is yet to be tested and it need not conform to the historical experience of low default rates.

Consumer Durable Loans

- The underlying security for such loans is easily transferable without the bank's knowledge and hence repossession is difficult.
- The underlying security for such loans is also susceptible to quick depreciation in value. This gives the borrowers a high incentive to default.

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Personal Loans

- These are unsecured loans. In case of a default, the bank has no security to fall back on.
- The lender has no control over how the borrower has used the borrowed money.

Further, all the above categories of loans have the following common risks:

- All the above loans are retail, relatively small value loans. There is a possibility that the borrower takes different loans using the same income proof and thus the income is not sufficient to meet the debt service obligations of all these loans.
- In India, there is no ready database available regarding past credit record of borrowers. Thus, loans may be given to borrowers with poor credit record.
- In retail loans, the risks due to frauds are high.

Securities Lending Risks

It may be noted that this activity would have the inherent probability of collateral value drastically falling in times of strong downward market trends, rendering the value of collateral inadequate until such time as that diminution in value is replenished by additional security. It is also possible that the borrowing party and/or the approved intermediary may suddenly suffer severe business setback and become unable to honour its commitments. This, along with a simultaneous fall in value of collateral would render potential loss to the Scheme. Besides, there is also temporary illiquidity of the securities that are lent out and the scheme will not be able to sell such lent out securities until they are returned.

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.

Interest Rate Risk

As with debt instruments, changes in interest rate may affect the Scheme's net asset value. Generally the prices of instruments increase as interest rates decline and decrease as interest rates rise. Prices of long-term securities fluctuate more in response to such interest rate changes than short-term securities. Indian debt and government securities markets can be volatile leading to the possibility of price movements up or down in fixed income securities and thereby to possible movements in the NAV.

Credit Risk

Credit risk or Default risk refers to the risk that an issuer of a fixed income security may default (i.e. the issuer will be unable to make timely principal and interest payments on the security). Because of this risk corporate debentures are sold at a higher yield above those offered on Government Securities which are sovereign obligations and free of credit risk. Normally, the value of fixed income securities will fluctuate depending upon the changes in the perceived level of credit risk as well as any actual event of default. The greater the credit risk, the greater the yield required for someone to be compensated for the increased risk.

Reinvestment Risk

This risk refers to the difference in the interest rate levels at which cash flows received from the securities in the schemes are reinvested. The additional income from reinvestment is the "interest on interest" component. The risk is that the rate at which interim cash flows are reinvested may be lower than that originally assumed.

Risks associated with Derivatives

- Derivative products are leverage instruments and can provide disproportionate gains as well as disproportionate losses to the investors. Execution of such strategies depends upon the ability of the Fund Manager to identify such opportunities. Identification and execution of the strategies to be pursued by the Fund Manager involved uncertainty and decision of Fund Manager may not always be profitable. No assurance can be given that the Fund Manager will be able to identify or execute such strategies.
- Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative add to the portfolio and the ability to forecast price of securities being hedged and interest rate movements correctly. There is a possibility that a loss may be sustained by the portfolio as a result of the failure of another party (usually referred to as the "counterparty") to comply with the terms of the derivatives contract. Other risks in using derivatives include the risk of mis-pricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.
- The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments".

B. REQUIREMENT OF MINIMUM INVESTORS IN THE SCHEME

The Scheme / Plan shall have a minimum of 20 investors and no single investor shall account for more than 25% of the corpus of the scheme. In case of close ended schemes these requirements are required to be complied with immediately after the closure of the NFO itself i.e. at the time of initial allotment only.

Since, the schemes is close ended scheme, above requirement had been complied with at the time of allotment and is not applicable on an ongoing basis.

C. SPECIAL CONSIDERATIONS

Investors are urged to study the terms of the SID carefully before investing in this Scheme, and to retain this SID for future reference.

Tax Consequences

Redemption by the unitholders due to change in the fundamental attribute (if any, in future) of the scheme or due to any other reason may entail tax consequences for which the Trustees, AMC, Fund their Directors / employees shall not be liable.

Disclosure / Disclaimer

To the best of the knowledge and belief of the Directors of the Trustee Company, information contained in this SID is in accordance with the SEBI Regulations and facts and does not omit anything likely to have a material impact on the importance of such information.

Neither this SID nor the Units have been registered in any jurisdiction. The distribution of this SID in certain jurisdictions may be restricted or subject to registration requirements and, accordingly, persons who come into possession of this SID are required to inform themselves about, and to

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observe, any such restrictions. No persons receiving a copy of this SID or any accompanying application form in any such jurisdiction may treat this SID or such application form as constituting an invitation to them to subscribe for Units, nor should they in any event use any such application form, unless in the relevant jurisdiction such an invitation could lawfully be made to them and such application form could lawfully be used without compliance with any registration or other legal requirements. Accordingly, this SID does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation. It is the responsibility of any persons in possession of this SID and any persons wishing to apply for Units pursuant to this SID to inform themselves of, and to observe, all applicable laws and Regulations of such relevant jurisdiction.

Prospective investors should review / study this SID carefully and in its entirety and should not construe the contents hereof or regard the summaries contained herein as advice relating to legal, taxation, or financial / investment matters and are advised to consult their own professional advisor(s) as to the legal or any other requirements or restrictions relating to the subscription, gifting, acquisition, holding, disposal (sale, transfer, switch or redemption or conversion into money) of Units and to the treatment of income (if any), capitalisation, capital gains, any distribution, and other tax consequences relevant to their subscription, acquisition, holding, capitalisation, disposal (sale, transfer, switch, redemption or conversion into money) of Units within their jurisdiction of nationality, residence, domicile etc. or under the laws of any jurisdiction to which they or any managed funds to be used to purchase/gift Units are subject, and (also) to determine possible legal, tax, financial or other consequences of subscribing / gifting to, purchasing or holding Units before making an application for Units.

No person has been authorised to give any information or to make any representations not confirmed in this SID in connection with the new fund offer / Subsequent Offer of Units, and any information or representations not contained herein must not be relied upon as having been authorised by the Mutual Fund or the Asset Management Company or the Trustee Company. Statements made in this SID are based on the law and practice currently in force in India and are subject to change therein. Neither the delivery of this SID nor any sale made hereunder shall, under any circumstances, create any impression that the information herein continues to remain true and is correct as of any time subsequent to the date hereof.

Notwithstanding anything contained in the SID the provisions of SEBI (Mutual Funds) Regulations 1996 and guidelines thereunder shall be applicable. The Trustee Company would be required to adopt / follow any regulatory changes by SEBI / RBI etc and /or all circulars / guidelines received from AMFI from time to time if and from the date as applicable. The Trustee Company in such a case would be obliged to modify / alter any provisions / terms of the SID during / after the launch of the scheme by following the prescribed procedures in this regard.

D. DEFINITIONS & ABBREVIATION

1	“Business Day”	Any day on which the Mumbai Head Office of Tata Asset Management Limited is open for business purposes and the Banks in Mumbai / RBI clearing is functional.
2	“Business Hours”	Business hours are from 10.00 A.M. to 3.00 P.M. on any Business Day.
3	“Calendar Year”	A Calendar Year shall be 12 full English Calendar months commencing from 1st January and ending on 31st December.
4	“Custodian” or “HDFC Bank Limited”	HDFC Bank Limited, a bank incorporated in Mumbai with limited liability and includes its successors.
5	“CDSC”	Contingent Deferred Sales Charges permitted under the Regulations for a ‘No Load Scheme’ to be borne by the Unitholder upon exiting (whether by way of redemption of inter-scheme switching) from the scheme based on the period of holding of units.
6	“Day”	Any day as per English Calendar viz. 365 days in a year.
7	“Entry Load”	Amount that is paid by the investors at the time of entry / subscription into the scheme.
8	“Exit Load”	Amount that is paid by the investors at the time of exit / redemption from the scheme.
9	“Financial Year”	A Financial Year shall be 12 full English Calendar months commencing from 1st April and ending on 31st March.
10	“Group”	As defined in sub-clause (ef) of clause 2 of MRTP Act, 1961.
11	“IMA”	Investment Management Agreement dated 9th May, 1995, as amended from time to time, between the TTCPL & TAML.
12	“Investor”	An investor means any resident or non-resident person whether individual or not (legal entity), who is eligible to subscribe units under the laws of his/her/their country of incorporation, establishment, citizenship, residence or domicile and under the Income Tax Act, 1961 including amendments thereto from time to time and who has made an application for subscribing units under the Scheme. Under normal circumstances, an Unitholder shall be deemed to be the investor.
13	“Net Asset Value” or “NAV”	(a) In case of winding up of the Fund: In respect of an Unit, the amount that would be payable to the holder of that Unit on any date if the fund were to be wound up and its assets distributed on that date (valuing assets and liabilities in accordance with the normal accounting policies of the Fund, but ignoring net distributable income of the current financial year and winding up expenses). (b) Daily for Ongoing Sale/Redemption/ Switch: In respect of a Unit, the amount that would be payable by/to the investor / holder of that Unit on any Valuation date by dividing the net assets of the Scheme by the number of outstanding Units on the Valuation date.
14	“Net Assets”	Net Assets of the Scheme / Plan at any time shall be the value of the Fund’s total assets less its liabilities taking into consideration the accruals and the provisions at that time.
15	“Non- Resident Indian” / NRI	A person resident outside India who is a citizen of India or is a person of Indian origin as per the meaning assigned to the term under Foreign Exchange Management (Investment in firm or proprietary concern in India) Regulations, 2000.
16	“NFO”	New Fund Offer
17	“Permissible Investments”	Investments made on account of the Unitholders of the Scheme in securities and assets in accordance with the SEBI Regulations.

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18	"Portfolio"	Portfolio at any time shall include all Permissible Investments and Cash.
19	"Regulations"	Regulations imply SEBI Regulations and the relevant rules and provisions of the Securities and Exchange Board of India (Depositories and participants) Regulations 1996, Public Debt Act 1944, the relevant notifications of the Government of India Ministry of Finance Department of Revenue, (Central Board of Direct Taxes), the Income Tax Act, 1961; Wealth Tax Act, 1957, Gift Tax Act, 1958, Foreign Exchange Management Act, 1999 as amended from time to time and shall also include any Circulars, Press Releases or Notifications that may be issued by SEBI or the Government of India or the Reserve Bank of India from time to time.
20	"Resident"	A resident means any person resident in India under the Foreign Exchange Management Act, 1999 and under the Income Tax Act, 1961, including amendments thereto from time to time.
21	"Repurchase Day"	First Wednesday of each month or immediate next business day if such Wednesday is a holiday.
22	"Scheme"	The offer made by Tata Mutual Fund through this SID, viz., Tata SIP Fund Scheme I and Tata SIP Fund Scheme II.
23	"SEBI"	Securities & Exchange Board of India established under the Securities & Exchange Board of India Act, 1992.
24	"SEBI Regulations"	The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended from time to time and shall also include any Mutual Fund Regulations, Circulars, Press Releases, or Notifications that may be issued by SEBI or the Government of India to regulate the activities and growth of Mutual funds.
25	"SID"	Scheme Information Document
26	"SAI"	Statement of Additional Information
27	"SIP"	Systematic Investment Plan, a facility to invest systematically (monthly / quarterly / half-yearly / yearly) in the scheme.
28	"SWP"	Systematic Withdrawal Plan, a facility to redeem systematically (monthly / quarterly / half-yearly / yearly) from the scheme.
29	"STP"	Systematic Transfer Plan, a facility to switch money / investment from this scheme to other scheme(s) of Tata Mutual Fund, systematically (monthly / quarterly / half-yearly / yearly).
30	"TAML"	Tata Asset Management Limited, the Asset Management Company (AMC), a company within the meaning of the Companies Act, 1956 (1 of 1956) and includes its successors and permitted assigns.
31	"TICL"	Tata Investment Corporation Limited, a sponsor of the TMF and a shareholder of TAML, a company within the meaning of the Companies Act, 1913 and includes its successors and permitted assigns.
32	"TMF" or "Fund"	Tata Mutual Fund, a trust established under a Trust Deed dated 9th May, 1995, under the provisions of The Indian Trusts Act, 1882, bearing SEBI registration No. MF/023/95/9.
33	"Total Assets"	Total Assets of the Scheme at any time shall be the total value of the Schemes assets taking into consideration the accruals.
34	"Trust Deed"	The Trust Deed of the Mutual Fund dated 9th May, 1995, as amended from time to time, made between TSL and TICL as the settlors, and TTCPL as the Trustee.
35	"TSL"	Tata Sons Limited, a sponsor of TMF and a shareholder of TAML, a company within the meaning of the Companies Act, 1913 and includes its successors and permitted assigns.
36	"TTCPL or Trustee Company"	Tata Trustee Company Private Limited, a company within the meaning of the Companies Act, 1956 and includes its successors and permitted assigns.
37	"Unitholder"	An Unitholder means any resident or non-resident person whether individual or not (legal entity), who is eligible to subscribe to the Scheme and who has been allotted Units under the Scheme based on a valid application.
38	"Units"	The security representing the interests of the Unitholders in the Scheme. Each Unit represents one undivided share in the assets of the Scheme as evidenced by any letter/ advice or any other statement / certificate / instrument issued by TMF.
39	"Year"	A Year shall be 12 full English Calendar months.

E. DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY

The following Due Diligence Certificate has been submitted to SEBI:

It is confirmed that:

- (i) the Scheme Information Document forwarded to SEBI is in accordance with the SEBI (Mutual Funds) Regulations, 1996 and the guidelines and directives issued by SEBI from time to time.
- (ii) all legal requirements connected with the running of the scheme as also the guidelines, instructions, etc., issued by the Government and any other competent authority in this behalf, have been duly complied with.
- (iii) the disclosures made in the Scheme Information Document are true, fair and adequate to enable the investors to make a well informed decision regarding investment in the scheme.
- (iv) the intermediaries named in the Scheme Information Document and Statement of Additional Information are registered with SEBI and their registration is valid, as on date.

For Tata Asset Management Limited

Place: Mumbai
Date: 19th May, 2009

Hormuz A. Bulsara
Chief Operating Officer

II. INFORMATION ABOUT THE SCHEME

A. TYPE OF THE SCHEME

36 months close ended hybrid scheme.

B. INVESTMENT OBJECTIVE OF THE SCHEME

The Primary Investment Objective of the Scheme is to achieve a long term growth. The scheme seeks to achieve investment objective by investing systematically in the Equity /Equity related instruments.

However there can be no assurance that the investment objective of the scheme will be realized, as actual market movements may be at variance with anticipated trends.

C. ASSET ALLOCATION AND RISK PROFILE

Under normal circumstances, funds of the Scheme, shall (after providing for all ongoing expenses) generally be invested / the indicative asset allocation shall be as follows considering the objective of the Scheme:

For Scheme I and Scheme II

Year 1 from the date of allotment

Instruments	Indicative allocations (% of total assets)**		Risk Profile
	Minimum	Maximum	High/Medium/Low
Equity and Equity related instruments	0	35	High
Debt, Money Market and Securitised Debt Instruments*	65	100	Low to Medium

Year 2 from the date of allotment

Instruments	Indicative allocations (% of total assets)**		Risk Profile
	Minimum	Maximum	High/Medium/Low
Equity and Equity related instruments	30	70	High
Debt, Money Market and Securitised Debt Instruments*	30	70	Low to Medium

Year 3 from the date of allotment

Instruments	Indicative allocations (% of total assets)**		Risk Profile
	Minimum	Maximum	High/Medium/Low
Equity and Equity related instruments	65	100	High
Debt, Money Market and Securitised Debt Instruments*	0	35	Low to Medium

** At the time of investment

* Investment by the scheme in securitised debt will not normally exceed 20% of the net assets of the scheme.

The scheme may use derivative instruments like stock/Index Futures, Interest Rate Swaps, Forward Rate Agreements or such other derivative instruments as may be introduced from time to time.

The notional amount of net outstanding exposure to derivative will not exceed 100 % of the net assets of each scheme.

This allocation is not absolute and may vary depending upon prevailing market conditions and the AMC may alter the asset allocation for short periods on defensive considerations.

No investments will be made in foreign securitised debt.

Not more than 25% of the net assets of the scheme shall be deployed in securities lending. The Scheme would limit its exposure, with regards to securities lending, for a single intermediary, to the extent of 5% of the total net assets of the scheme at the time of lending.

The AMC may from time to time for a short term period on defensive consideration invest upto 100% of the funds available in Money Market Instruments, the primary motive being to protect the Net Asset Value of the Scheme and protect unitholders interests so also to earn reasonable returns on liquid funds maintained for redemption/repurchase of units.

The Trustee Company may from time to time, for a short term period on defensive consideration, modify / alter the investment pattern / asset allocation, the intent being to protect the Net Asset Value of the Scheme and Unitholders interests, without seeking consent of the unitholders.

Change in Investment Pattern

The Investment Pattern as outlined above is indicative. Investment strategy and pattern may be deviated from time to time, provided such modification is in accordance with the Scheme objective and Regulations as amended from time to time including by way of Circulars, Press Releases, or Notifications issued by SEBI or the Government of India to regulate the activities and growth of Mutual Funds, the intent being to protect the Net Asset Value of the Scheme and Unitholders' interests. The asset allocation pattern may be modified in the interest of investors; and

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to protect the NAV of the Schemes, however, the same will be reviewed by the trustee on a quarterly basis and will be rebalanced to its normal position within a period of three months or in a time frame as permitted by the trustee.

Overview of Debt Market:

The major players in the Indian Debt Markets are today are banks, financial institutions, insurance companies and mutual funds. The instruments in the market can be broadly categorized as those issued by corporate, banks, financial institutions and those issued by state/central governments. The risk associated with any investments are – credit risk, interest rate risk and liquidity risk. While corporate papers carry credit risk due to changing business conditions, government securities are perceived to have zero credit risk. Interest rate risk is present in all debt securities and depends on a variety of macroeconomic factors. The liquidity risk in corporate securities market is higher compared to those of government securities. Liquidity in the corporate debt market has been improving due to the entry of more players and due to various measures taken by the regulators in this direction over a period of time. SEBI's directive of a compulsory rating by a rating agency for any public issuance over 18 months is a case in point. In times to come, dematerialization, entry of private insurance companies and growth of fixed income mutual funds are expected to enhance liquidity in corporate debt market.

Expected Yields on Debt Securities (as on 30/04/09)

Issuer	Instruments	Maturity	Yields (%)
GOI	T-Bill	91 days	3.25
GOI	T-Bill	364 days	3.50 – 3.65
GOI	Short dated	1 – 3 yrs	3.75 – 5.35
GOI	Medium dated	3 – 5 yrs	5.75 – 6.00
GOI	Long dated	5 – 10 yrs	6.00 – 6.20
Corporate	AAA	1 – 3 yrs	6.75 – 7.00
Corporate	AAA	3 – 5 yrs	7.25 – 7.50
Corporate	CPs	3 months	5.00
Corporate	CPs	1 year	6.00

D. WHERE WILL THE SCHEME INVEST

Investment in Debt / Money Market Instruments

The scheme invests into debt and money market instruments as well as equity and equity related instruments including derivatives.

In line with the investment objective of the scheme the funds mobilized under the scheme were initially invested into debt and money market instruments and since then being switched from debt to equity in a systematic manner.

Debt and Money Market instruments will include the following:

- Money Market Instruments like Commercial Paper, Certificate of Deposit, short term Deposit, Treasury Bills and short term debt instruments etc. issued by various Corporates, Government - State or Central, Public Sector Undertakings,
- Non convertible portion of Convertible Debentures (Khokas), Non Convertible Debentures,
- Securitised Debt (asset backed securities excluding mortgage backed securities), Secured Premium Notes,
- Zero Interest Bonds, Deep Discount Bonds, Floating Rate Bonds/Notes,
- Government Securities.

The above list is illustrative and not the exhaustive and may include other securities as may be available / introduced in the market.

Investment in Securities of Group Companies

As per SEBI (Mutual Funds) Regulations 1996, the Fund shall not make any investments in any un-listed securities of associate/ group companies of the Sponsors. The Fund will also not make investment in privately placed securities issued by associate / group companies of the Sponsors. The Fund may invest not more than 25% of the net assets in listed securities of Group companies.

Securities Lending:

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

Not more than 25% of the net assets of the scheme can generally be deployed in stock lending and not more than 5% of the scheme can be can be deployed in Stock lending to any single counterparty. Collateral would always be obtained by the approved intermediary. Collateral value would always be more than the value of the security lent. Collateral can be in form of cash, bank guarantee, government securities, as may be agreed upon with the approved intermediary, and would also be subject to a mark to market valuation on a daily basis.

Example:

A fund has an equity share of a company which it would wish to hold for a long period of time as a core holding in the portfolio as per the fund manager's plan. In that case the investors would be benefited only to the extent of the rise in the value of the share, from time to time if any, on the exchange. If the fund is enabled to lend the said security to a borrower who would be wanting to take advantage of the market fluctuations in its price, the borrower would return the security to the lender (scheme) at a stipulated time or on demand for a negotiated compensation. The fund's unitholders can enhance their returns to the extent of the compensation it will earn for lending the same. An adequate security or collateral will have to be maintained by the intermediary. This should always be higher than the cost of the security. Thus it is in the interest of the investors that returns can be enhanced by way of stock lending rather than hold the security only for capital appreciation potential.

Thus the scenario under which the fund would participate in stock lending would be:

1. There is a holding of security e.g. 1 lakh shares of XYZ Ltd in the fund which the fund manager wants to be the core holding of the scheme for approximately 6 to 12 months.
2. There is a borrower (not mutual fund) for the security, (who has taken a short position in the market and needs XYZ Ltd shares to settle it) who is willing to put up a proper collateral for the same. (In all cases higher than the price of the script).

TATA SIP FUND SCHEME I & II

3. The borrower is represented by a proper recognized intermediary.
4. The agreement is to return the security or the amount so negotiated at a particular period of time or on demand.

Then the security will be lent by the fund and the unitholders would benefit from the additional compensation earned for lending, apart from the capital appreciation which also happens in that stock. Thus, to summarize, stock lending would be done by the scheme only in the following circumstances:

- a) If permitted by trustees and the extent SEBI regulations in that regard, from time to time.
- b) If such activity generates additional returns for the scheme and helps to enhance the scheme returns.
- c) If considering the above, and other factors all considered in totality, such activity is in the interest of unitholders in the scheme.

Securities Lending Risks

It may be noted that this activity would have the inherent probability of collateral value drastically falling in times of strong downward market trends, rendering the value of collateral inadequate until such time as that diminution in value is replenished by additional security. It is also possible that the borrowing party and/or the approved intermediary may suddenly suffer severe business setback and become unable to honor its commitments. This, along with a simultaneous fall in value of collateral would render potential loss to the Scheme. Besides, there is also temporary illiquidity of the securities that are lent out and the scheme will not be able to sell such lent out securities until they are returned.

Investment in Securitised Debt

Securitised debt would be maximum upto 20% of total net assets of the scheme. Inherently, securitized debt is a riskier instrument as compared to similar debt instruments, as shown by the risk factors for securitized debt. The fund manager would therefore use great caution / discretion whilst dealing in such paper he would use it only in situation where the securitized debt is giving a marginally better return for a similarly profiled debt instrument or conversely, if a securitized debt instrument and a debt instrument are giving the same yield but the debt instrument is rated one notch lower in rating profile. It would be endeavored to ensure that the over all risk profile of the portfolio does not get materially concentrated in securitized debt and usage is only to get a better yield if the risk profile of the portfolio is not affected too adversely.

The AMC may from time to time for a short term period on defensive consideration invest upto 100% of the funds available in Money Market Instruments, the primary motive being to protect the Net Asset Value of the Scheme and protect unitholders interests so also to earn reasonable returns on liquid funds maintained for redemption/repurchase of units. The Trustee Company may from time to time for a short term period under exceptional circumstances on defensive consideration modify/ alter the investment pattern / asset allocation the intent being to protect the Net Asset Value of the Scheme & Unitholders interests without seeking consent of the unitholders.

Trading in Derivatives

As per SEBI circulars DNP/Cir-29/2005 dated September 14, 2005, circular No. DNP/CIR-30/2006 dated January 20, 2006 and SEBI/ DNP/Cir-31/2006 dated September 22, 2006 Mutual Funds are allowed to trade in derivatives. Mutual Funds can trade in index futures, index options, stock options and stock futures contracts. Earlier Mutual Funds were only allowed to use derivatives for hedging and portfolio balancing.

Derivative Position Limits for Mutual Funds

Position limit for Index Options and Index Futures contracts	
Index Options Contract	On a particular underlying index Rs.500 Crore or 15% of the total open interest of the market in equity Index options contracts, whichever is higher.
Index Futures Contract	On a particular underlying index Rs.500 Crore or 15% of the total open interest of the market in equity Index futures contracts, whichever is higher.

The above limits are applicable on open positions in all options / futures contracts on a particular underlying index.

Position limit for Stock Options and Stock Futures contracts	
For stocks having applicable market-wise position limit (MWPL) of Rs. 500 crore or more	The combined futures and options position limit shall be 20% of applicable MWPL or Rs. 300 crores, whichever is lower and within which stock futures position cannot exceed 10% of applicable MWPL or Rs. 150 crore, whichever is lower.
For stocks having applicable market-wise position limit (MWPL) less than Rs. 500 crore	The combined futures and options position limit would be 20% of applicable MWPL and futures position cannot exceed 20% of applicable MWPL or Rs. 50 crore which ever is lower.

Additional position limit for hedging	
In addition to the position limits as mentioned above, Mutual Funds may take exposure in equity index derivatives subject to the following limits:	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.]
	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.

Position limit for each scheme of a Mutual Fund

The scheme-wise position limit requirements shall be:

1. 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)
2. This position limits shall be applicable on the combined position in all derivative contracts on an underlying stock at a Stock Exchange.
3. 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.

TATA SIP FUND SCHEME I & II

Strategy Number - 1

Using Index Future to increase percentage investment in equities.

The strategy will be used for the purpose of generating returns on idle cash, pending its investment in equities. There may be a time lag between receipt 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. 100 crores and there is an inflow of Rs. 10 crore in a day. The AMC may buy index futures contracts of a value of Rs. 10 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)	Derivative Gain (Loss)	Rs. In Crores
				Total Portfolio Gain / (Loss)
Rs.100 crore Equity exposure	10% rise in equity	10	Nil	10
Rs.100 crore exposure + Rs.10 crore long position	10% rise in equity price index futures	10	1	11
Rs.100 crore equity exposure	10% fall in equity price	(10)	Nil	(10)
Rs.100 crore equity exposure + Rs.10 crore long position index futures	10% fall in equity price	(10)	(1)	(11)

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 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.

Similarly, the fund can use stock futures to reduce the cost of holding in the following manner:

When stock futures are trading at a discount then the fund can buy stock in futures market instead of buying in the cash market. On expiry of the contract, both prices (spot and future) have to align. On expiry or as and when stocks start trading at a premium in the futures market the transaction can be reversed by selling the stock in futures and buying in the cash market.

Fund can take advantage of arbitrage opportunities in the futures markets to reduce cost of holding. If stock futures are trading at a discount then the fund can sell its existing holding in cash market and buy in the futures market. The cash realised will earn interest while the overall cost of the holding stock will also come down. On expiry of contract both prices (spot and futures) have to align. On expiry or as and when the stock starts trading at a premium in the futures market, the transaction can be reversed by selling the stock in the futures and buying in the cash markets.

Strategy Number 2

Using Index Futures to decrease percentage investment in equities

Similarly, in the case of a pending outflow of funds where a negative view is taken on the market, the Fund, in order to reduce exposure in equities may 'sell the index forward' by taking a short position in Index Futures. This position can be unwound over a period of time simultaneously selling the equity shares from the investment portfolio of the Scheme. The strategy of taking a short position in the index future is a hedging strategy and reduces the market risk and volatility of the portfolio. However, if the value of the index future rises, then, the fund would be adversely affected due to its short position in index futures.

Example: Assume that a scheme has an equity exposure of Rs. 200 crore. If the Fund Manager wishes to reduce the equity exposure to Rs. 100 crore for a short time, he should sell index futures contracts of Rs. 100 crore.

Portfolio	Event	Equity Portfolio Gain (Loss)	Derivative Gain (Loss)	Rs. In Crores
				Total Portfolio Gain / (Loss)
Without Hedge Rs. 200 crore equity exposure	10% fall in equity price	(20)	Nil	(20)
With Hedge Rs. 200 crore equity exposure	10% fall in equity price	(20)	10	(10)
Without Hedge Rs. 200 crore equity exposure	10% rise in equity price	20	Nil	20
With Hedge Rs. 200 crore equity exposure	10% rise in equity price	20	(10)	10

50% Hedge – contract value of Rs. 100 crore

The above example demonstrates that the Fund would benefit from the hedged position if the index future moves in the direction as expected by the Fund Manager. Similarly, the Fund would be adversely affected from the hedged position if the index does not move in the direction expected by the Fund Manager.

RISKS

- The strategy of taking a short position in index futures is a hedging strategy and reduces the market risk. The short position is negatively correlated with the market. However, there is no assurance that the stocks in the portfolio and index behave in the same manner and thus this strategy may not be a perfect hedge.

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- 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 contract 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 more liquid, 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 future 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. 100 crore. Let us also assume an index of 100. The scheme is fully invested (Rs. 100 crore in equities). The scheme purchases a put option on the index with a strike price of 95 for an assumed cost of Rs. 1 crore. The following table illustrates the portfolio returns:

Rs. In Crores						
% change in Index	Index Value	Equity Portfolio Value	Option Value	Cost of the Put Option	Portfolio Value	% returns from portfolio
		A	B	C	(A+B+C)	
10	110	110	0	(1)	109	9
5	105	105	0	(1)	104	4
(5)	95	95	0	(1)	94	(6)
(10)	90	90	5	(1)	94	(6)
(15)	85	85	10	(1)	94	(6)

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

RISKS

- The table shows that the portfolio value will not fall below Rs. 94 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 liquidity exists in options markets, there can be no assurance that the ready liquidity would exist at all points in time, for the scheme to purchase or close out a specific options contracts.
- 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.

Similarly, the Fund can use stock futures to reduce the cost of holding in the following manner:

- When stock futures are trading at a discount then the fund can buy in futures market instead of buying in the cash market. On expiry of the contract, both prices (spot and futures) have to align. On expiry or as and when stocks starts trading at a premium in the futures market, the transaction can be reversed by selling the stock in futures and buying in the cash market.
- Fund can take advantage of arbitrage opportunities in the futures markets to reduce cost of holding. If stock futures are trading at a discount then the fund can sell its existing holding in cash market and buy in futures market. The cash realised will earn interest while the overall cost of holding stock will also come down. On expiry of contract both prices (spot and futures) have to align. On expiry or as and when the stock starts trading at a premium in the futures market, the transaction can be reversed by selling the stock in the futures and buying in the cash markets.

Swaps:

The exchange of a sequence of cash flows that derive from two different financial instruments. For example, the party receiving fixed in an ordinary Interest Rate Swap receives the excess of the fixed coupon payment over the floating rate payment. Of course, each payment depends on the rate, the relevant day count convention, the length of the accrual period, and the notional amount.

Numerical example to illustrate the risk and return ensuing from trading in debt derivatives:

The portfolio has debt securities of Rs. 10,00,000/- with duration of 2 years.

If the Fund Manager has a view that the interest rates are expected to move up, he may swap the fixed interest receivable into a floating one or vice versa. If the interest rate rises by 1% over a month, the floating exposure would have realised an additional value of Rs. 20,000/- and hedged the fall in the value of the portfolio (due to an increase in the interest rate) to that extent. If on the contrary, the interest rate falls by 1% over one month, the floating rate exposure would realize Rs. 20,000/- less than the unhedged exposure. Debt derivatives are as of now customised over the counter products and there is no guarantee that these products will be available on tap.

The Fund may use derivative instruments like Stock/ Index Futures, Interest Rate Swaps and Forward Rate Agreements or such other derivative instruments as may be introduced from time to time for the purpose of hedging and portfolio balancing, within a permissible limit of 50% of portfolio, which may be increased as permitted under the Regulations and guidelines from time to time.

Example – Interest Rate Swaps

Assuming the swap is for Rs. 100 crore November 1, 2006 to February 1, 2007. The Scheme is a fixed rate receiver at 10% and the counterparty is a floating rate receiver at the overnight rate on a compounded basis (say NSE MIBOR).

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- 1) On November 1, 2006 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).
- 2) On a daily basis, the benchmark rate fixed by NSE will be tracked by them.
- 3) On February 1, 2007 they will calculate the following –
 - a) The Scheme is entitled to receive interest on Rs. 100 crore at 10% for 92 days i.e. Rs.2.52 crore, (this amount is known at the time the swap was concluded) and will pay the compounded benchmark rate.
 - b) The counterparty is entitled to receive daily compounded call rate for 92 days & pay 10% fixed.
 - c) On February 1, 2007, if the total interest on the daily overnight compounded benchmark rate is higher than Rs.2.52 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 fixed interest at the rate of 10% p.a. for 92 days without lending money for 92 days, while the counterparty pays interest @ 10% p.a. for 92 days on Rs. 100 crore, without borrowing for 92 days. 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.

Forward Rate Agreements (FRA):

This is an agreement between two counterparties 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 the notional amount, for an agreed period.

The interest rate benchmarks that are commonly used for floating rate in interest rate swaps are those on various Money Market Instruments. In Indian markets, the benchmark most commonly used is MIBOR.

The Plans of the fund are reasonably invested, and the view of the fund manager is interest rates are expected to move up due to certain negative events which are expected to occur at a specified future date. In such cases the plans can enter into a paid position (FRA) at a specified date in the future where the plans will pay a fixed rate for a specified maturity and receive the floating rate of interest at a specified future date. This is illustrated below.

Example 1: Use of FRA

The fund Manager believes in 3 months time the interest rates will be higher and decides to enter into an FRA agreement 3x9 to protect the portfolio return. Say the manager wants to hedge 10% of the portfolio which is for the notional amount of Rs 2 crores where the bank agrees to pay 6% fixed, in case the 6 month OIS rate is greater than 6% the bank will pay the difference to the portfolio manager 3 months hence for 6 months. say 3 months hence the OIS rate for six months is 6.50%

This like IRS is cash settled and the bank at the end of three months will pay the portfolio manager the following $(6.50-6.00) \times 181 \times 200,000,00 / (365 \times 100 + 6.50 \times 181) = \text{Rs } 48040.55$ for six months

The Plans of the fund are in cash, and the view of the fund manager is interest rates are expected to move down due to certain positive events which are expected to occur at a specified future date. In such cases the plans can enter into a received position (FRA) at a specified date in the future where the plans will receive a fixed rate for a specified maturity and pay the floating rate of interest at a specified future date. This is illustrated below.

Example 2: Use of FRA

The fund Manager believes in 3 months time the interest rates will be lower and decides to enter into an FRA agreement 3x9 to protect the portfolio return. Say the manager wants to hedge 10% of the portfolio which is for the notional amount of Rs 2 crores where the bank agrees to pay 6% fixed, in case the 6 month OIS rate is less than 6% the bank will pay the difference to the portfolio manager 3 months hence for 6 months. say 3 months hence the OIS rate for six months is 5.50%

This like IRS is cash settled and the bank at the end of three months will pay the portfolio manager the following $(6.00-5.50) \times 181 \times 200,000,00 / (365 \times 100 + 5.50 \times 181) = \text{Rs } 48272.76$ for six months

Risks associated with Derivatives

- Derivative products are leverage instruments and can provide disproportionate gains as well as disproportionate losses to the investors. Execution of such strategies depends upon the ability of the Fund Manager to identify such opportunities. Identification and execution of the strategies to be pursued by the Fund Manager involved uncertainty and decision of Fund Manager may not always be profitable. No assurance can be given that the Fund Manager will be able to identify or execute such strategies.
- Derivative products are specialised instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative add to the portfolio and the ability to forecast price of securities being hedged and interest rate movements correctly. There is a possibility that a loss may be sustained by the portfolio as a result of the failure of another party (usually referred to as the "counterparty") to comply with the terms of the derivatives contract. Other risks in using derivatives include the risk of mis-pricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.
- The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments".

The investment policies mentioned in this SID are in conformity with the provisions of various constitutional documents viz. MOA/ AOA of the TAML/Trustee Company, IMA and the Trust Deed.

E. THE INVESTMENT STRATEGIES

Investment in Equities

The scheme may purchase equities in public offerings, rights issues as well as those traded in the secondary markets. On occasions, if deemed appropriate, the fund will invest in securities directly sold by issuer or acquired in a negotiated transaction or issued by way of private placement after an enhance due diligence process of evaluation.

Mix of top down and bottom up approach will be used to invest in equity and equity related instruments. The Sector identification will be based on the Fund Management Team's analysis of business cycles, regulatory reforms, competitive advantage, future outlook etc. Selective stock picking

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will be done from these sectors. The Stock selection will be based on the fundamentals of the business, the industry structure, the quality of management, corporate governance trends, sensitivity to economic factors, the financial strength of the company and the key earnings drivers.

Since investing requires disciplined risk management, the AMC would incorporate adequate safeguards for controlling risks in the portfolio construction process. Risk will also be reduced through adequate diversification of the portfolio. Diversification will be achieved by spreading the investments over a range of industries sectors.

Investment in Debt & Money Market Instruments

Interest rates are volatile with no clear direction of upward or downward movement in yield. Investment pattern will be flexible for the fund manager to shuffle between short term floating rate papers, money market instruments and long term floating rate papers, depending on the liquidity of the paper, spreads between different maturity segments and taking into consideration all other factors effecting bond market. The Scheme would invest in companies based on various criteria including sound professional management, track record, industry scenario, growth prospectus, liquidity of the securities, etc. The Scheme will emphasise on well managed, good quality companies with above average growth prospectus whose securities can be purchased at a good yield and whose debt securities are concerned investments (wherever possible) will be mainly in securities listed as investments grade by a recognised authority like The Credit Rating and Information Services of India Limited (CRISIL), ICRA Limited (formerly, Investment Information and Credit Rating Agency of India Limited), Credit Analysis and Research Limited (CARE) etc. In case of investments in debt instruments that are not rated, specific approval of the Board will be taken except in case of Government Securities being sovereign bonds. However, in case of investment in unrated securities prior board approval is not necessary if investment is within the parameters as stipulated by the board.

The fund will, in general invest a significant part of its corpus in equities however pending investments in equities; the surplus amount of the fund should be invested in money market instruments. Also whenever good investment opportunity are not available, or the equity market is not likely to perform in the view of the Fund manager the Fund will reduce its exposure to equity and during that period the surplus asset of the Fund shall be invested in debt and money market instruments. However there is no assurance that all such buying and selling activities would necessarily result in benefit for the Fund. The allocation between debt and equity will be decided based upon the prevailing market conditions, macro economic environment, and the performance of the corporate sector, the equity market and other considerations. At time such churning could lead to higher brokerage and transaction costs.

In order to achieve the investment objective, the scheme will invest subscription money initially in debt & money market instruments and in a systematic manner will be allocated to equities over a close ended period. (Like 36 months SIP in equities). The indicative allocation to equity is given below:

Month end from the Date of Allotment	Debt & Money Market (%)	Equity / Equity Related Instruments (%)
1st Month	97.25	2.75
2nd Month	94.50	5.50
3rd Month	91.75	8.25
4th Month	89.00	11.00
5th Month	86.25	13.75
6th Month	83.50	16.50
7th Month	80.75	19.25
8th Month	78.00	22.00
9th Month	75.25	24.75
10th Month	72.50	27.50
11th Month	69.75	30.25
12th Month	67.00	33.00
13th Month	64.25	35.75
14th Month	61.50	38.50
15th Month	58.75	41.25
16th Month	56.00	44.00
17th Month	53.25	46.75
18th Month	50.50	49.50
19th Month	47.75	52.25
20th Month	45.00	55.00
21st Month	42.25	57.75
22nd Month	39.50	60.50
23rd Month	36.75	63.25
24th Month	34.00	66.00
25th Month	31.25	68.75
26th Month	28.50	71.50
27th Month	25.75	74.25
28th Month	23.00	77.00
29th Month	20.25	79.75
30th Month	17.50	82.50
31st Month	14.75	85.25
32nd Month	12.00	88.00
33rd Month	9.25	90.75
34th Month	6.50	93.50
35th Month	3.75	96.25
36th Month	1.00	99.00

TATA SIP FUND SCHEME I & II

In order to achieve the investment objective, the scheme will invest subscription money initially in debt and money market instruments and in a systematic manner will be allocated to equities over a close ended period. (like 36 months SIP in Equities). Systematic Investment into equity will help the scheme to reduce the risk of volatility of equity market. By deploying this strategy, scheme aims to achieve following advantages

Rupee Cost Averaging

By investing systematically in to equities, scheme can buy more number of shares when the prices are low and fewer number of shares when the prices are high. This results in averaging of cost per share.

This is illustrated below :

Suppose the scheme would invest Rs.100,000 systematically in Scrip 'A' every month for 3 years

Month	Investment (Rs.)	Price per share of Scrip 'A'	No. of Shares
1	100000	75.99	1316
2	100000	82.99	1205
3	100000	67.98	1471
4	100000	84.03	1190
5	100000	81.97	1220
6	100000	82.99	1205
7	100000	62.00	1613
8	100000	65.02	1538
9	100000	88.03	1136
10	100000	72.99	1370
11	100000	87.03	1149
12	100000	78.99	1266
13	100000	66.98	1493
14	100000	66.98	1493
15	100000	52.00	1923
16	100000	85.03	1176
17	100000	102.99	971
18	100000	124.07	806
19	100000	100.00	1000
20	100000	114.94	870
21	100000	130.04	769
22	100000	101.01	990
23	100000	145.99	685
24	100000	149.03	671
25	100000	121.07	826
26	100000	123.00	813
27	100000	107.99	926
28	100000	134.95	741
29	100000	141.04	709
30	100000	116.01	862
31	100000	124.07	806
32	100000	119.05	840
33	100000	131.06	763
34	100000	110.01	909
35	100000	102.99	971
36	100000	134.05	746
Total	3600000		38438

Average cost Rs. $3600000/38438 = \text{Rs. } 93.66$ while average price of the scrip at end of 36 months is 100.94 (i.e sum of all monthly prices / 36). This is beneficial to the scheme.

However in one way movement of market, the SIP strategy may not benefit the investors.

Disciplined investment

Instead of exposing entire investment amount to the risk of volatility, scheme seeks to achieve better results by investing smaller amount regularly.

Avoids Prediction of Uncertain Price Movement

By investing small amount regularly into equities, the scheme seeks to avoid the common error of investing larger sums in Bull markets (when the markets are at a high) and smaller sums in Bear markets (when the markets are at a low).

Tax Efficiency

On maturity, the long term capital gain that may arise, will be tax free in the hands of the investors due to it becoming equity oriented fund in last year. Further scheme is also exempt from paying income tax on its income. However redemption on maturity will be subject to securities transaction tax.

TATA SIP FUND SCHEME I & II

Administrative Efficiency

Generally Systematic Investment Plan / Systematic Transfer Plan involves writing of cheques / payment instructions, storage of multiple account statement, accounting / recording of multiple transactions, computation of tax liability in respect of each installment etc. All these may cause administrative inconvenience to the investors. Since the Scheme will be doing SIP into equity, it will help investors to reduce the administrative inconvenience.

Portfolio Turnover

The portfolio turnover is expected to be between 50% and 100%. The AMC will endeavour to optimise portfolio turnover to optimise risk adjusted return keeping in mind the cost associated with it. A high portfolio turnover rate is not necessarily a drag on portfolio performance and may be representative of arbitrage opportunities that exist for scrips/securities held in the portfolio rather than an indication of change in AMC's view on a scrip etc. However, the AMC will take advantage of the opportunities that present themselves from time to time because of the inefficiencies in the securities markets.

F. FUNDAMENTAL ATTRIBUTES

Following are the Fundamental Attributes of the scheme, in terms of Regulation 18 (15A) of the SEBI (MF) Regulations:

(i) Type of a scheme

36 months close ended hybrid scheme.

(ii) Investment Objective

The Primary Investment Objective of the Scheme is to achieve a long term growth. The scheme seeks to achieve investment objective by investing systematically in the Equity /Equity related instruments.

However there can be no assurance that the investment objective of the scheme will be realized, as actual market movements may be at variance with anticipated trends.

Investment Pattern and Risk Profile

Under normal circumstances, funds of the Scheme, shall (after providing for all ongoing expenses) generally be invested / the indicative asset allocation shall be as follows considering the objective of the Scheme:

For Scheme I and Scheme II

Year 1 from the date of allotment

Instruments	Indicative allocations (% of total assets)**		Risk Profile
	Minimum	Maximum	High/Medium/Low
Equity and Equity related instruments	0	35	High
Debt, Money Market and Securitised Debt Instruments*	65	100	Low to Medium

Year 2 from the date of allotment

Instruments	Indicative allocations (% of total assets)**		Risk Profile
	Minimum	Maximum	High/Medium/Low
Equity and Equity related instruments	30	70	High
Debt, Money Market and Securitised Debt Instruments*	30	70	Low to Medium

Year 3 from the date of allotment

Instruments	Indicative allocations (% of total assets)**		Risk Profile
	Minimum	Maximum	High/Medium/Low
Equity and Equity related instruments	65	100	High
Debt, Money Market and Securitised Debt Instruments*	0	35	Low to Medium

** At the time of investment

* Investment by the scheme in securitised debt, will not normally exceed 20% of the net assets of the scheme.

No investments will be made in foreign securitised debt.

The Trustee Company may from time to time, for a short term period on defensive consideration, modify / alter the investment pattern / asset allocation, the intent being to protect the Net Asset Value of the Scheme and Unitholders interests, without seeking consent of the unitholders.

(iii) Terms of Issue

Repurchase facility : Once a month i.e first Wednesday of each month or immediate next business day if such Wednesday is a holiday. The scheme is providing repurchase facility every month during the close end period, hence no transfer and listing facility is required.

Aggregate fees and expenses charged to the scheme – Please refer section "IV FEES AND EXPENSES" for details.

TATA SIP FUND SCHEME I & II

In accordance with Regulation 18(15A) of the SEBI (MF) Regulations, the Trustees shall ensure that no change in the fundamental attributes of the Scheme(s) and the Plan(s) / Option(s) thereunder or the trust or fee and expenses payable or any other change which would modify the Scheme(s) and the Plan(s) / Option(s) thereunder and affect the interests of Unitholders is carried out unless:

- (i) A written communication about the proposed change is sent to each Unitholder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated; and
- (ii) The Unitholders are given an option for a period of 30 days to exit at the prevailing Net Asset Value without any exit load.

G. SCHEME BENCHMARK

BSE SENSEX

The composition of the aforesaid benchmarks is such that, they are most suited for comparing performance of the respective plans. The Trustees may change the benchmark in future if a benchmark better suited to the investment objective of the scheme is available.

H. Fund Manager

Name	Age (Years)	Qualification	Total Experience (Years)	Other Schemes Under His Management	Experience (Assignments held during last 10 years)
Venugopal M. (For Equity)	38	MBA (Finance), BSC(Mathematics)	18	TBF, TYCF, TPEF, TIFN, TIFS, TEOF, TISF, TSIF, TEMF, TCBF, TMIF, TMPF, TSIPF, TIGIF, TGEIF & TSMRT1	August 1995 to September 1997 - Gained good understanding of the stock market having worked as dealer at Tata Asset Management Ltd for about two years after which he assumed equity fund management responsibility. Has cleared the certification exam of the BSE Training Institute, for participating in the derivatives market. Has good exposure to large number of industries and companies having done fundamental research over the years. Currently is the Fund Manager of certain equity schemes of Tata Mutual Fund - Reporting to the Managing Director.
Mahendra Kumar Jajoo (For Debt)	41	CA, CS, CFA, B.Com	13	Debt Portfolio of TPEF, TLSTF, TIFN, TIFS, TEOF, TGF, TEQPEF, TDYF, TISF, TSIF, TMCF, TCF, TEMF, TCBF, TIGIF, TGEIF, TSIPF, TBF, TYCF, TTSF, TTAF1	From December 1995 - Feb 1997 with Lodha Capital Market - worked as a Senior Manager handling project finance & Merchant Banking. From March 1997 – November 1997 with Peregrine Fixed Income India as a Senior Manager – Institutional Sales . From December 1997 to February 1999 with ICICI – as Assistant Vice President – Investment reporting to Vice President & handling Money market. From March 1999 to December 2004 with ABN Amro Securities India Pvt Ltd – as a Head – Primary Dealership reporting to Managing Director handling Government securities and corporate bonds. From January 2005 to June 2008 with ABN AMRO AMC as CIO – Fixed Income & Structured Products reporting to Managing Director. From June 2008 to date Head – Fixed Income & Structured Products at TATA Asset Management reporting to Managing Director.

I. Restrictions on Investments (as per seventh schedule of SEBI {Mutual Funds} Regulations 1996)

1. A mutual fund scheme shall not invest more than 15% of its NAV in debt instruments issued by a single issuer which are rated not below investment grade by a credit rating agency authorised to carry out such activity under the Act. Such investment limit may be extended to 20% of the NAV of the scheme with the prior approval of the Board of Trustees and the Board of Asset Management Company.

Provided that such limit shall not be applicable for 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."

- 1A. A mutual fund scheme shall not invest more than 10% of its NAV in unrated debt instruments issued by a single issuer and the total investment in such instruments shall not exceed 25% of the NAV of the scheme. All such investments shall be made with the prior approval of the Board of Trustees and the board of asset management company.

Debentures irrespective of any residual maturity period (above or below 1 year) shall attract the investment restrictions as applicable for debt instruments as specified under clause 1 and 1A above.

2. No Mutual Fund under all its Schemes should own more than 10% of the Companies paid-up capital carrying voting rights.
3. Transfers of investments from one scheme to another scheme in the same mutual fund shall be allowed only if:-
 - (a) such transfers are done at the prevailing market price for quoted instruments on spot basis.

Explanation- "spot basis" shall have same meaning as specified by stock exchange for spot transactions.

TATA SIP FUND SCHEME I & II

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

4. A scheme may invest in another scheme under the same asset management company or any other mutual fund without charging any fees, provided that aggregate interscheme investment made by all schemes under the same management or in schemes under the management of any other asset management company shall not exceed 5% of the net asset value of the mutual fund.

Provided that this clause shall not apply to any fund of funds scheme.

5. The new fund offer expenses in respect of any scheme may not exceed six per cent of the funds raised under that scheme.
6. Every mutual fund shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relevant securities and in all cases of sale, deliver the securities:

Provided that a mutual fund may engage in short selling of securities in accordance with the framework relating to short selling and securities lending and borrowing specified by SEBI:

Provided further that a mutual fund may enter into derivatives transactions in a recognized stock exchange, subject to the framework specified by SEBI."

7. Every mutual fund shall, get the securities purchased or transferred in the name of the mutual fund on account of the concerned scheme, wherever investments are intended to be of long term nature.
8. Pending deployment of funds of a scheme in terms of investment objectives of the scheme, a mutual fund may invest them in short term deposits of schedule commercial banks, subject to such Guidelines as may be specified by SEBI."
9. No mutual fund scheme shall make any investment in;
- a) any unlisted security of an associate or group company of the sponsor; or
 - b) any security issued by way of private placement by an associate or group company of the sponsor; or
 - c) the listed securities of group companies of the sponsor which is in excess of 25% of the net assets of the schemes.

- 9A) No scheme of a mutual fund shall make any investment in any fund of fund scheme.

10. No Mutual Fund Schemes shall invest more than 10% of its NAV in the equity shares or equity related instruments of any Company including units/securities of Venture Capital Funds.

Provided that, the limit of 10 per cent shall not be applicable for investments in case of index fund or sector or industry specific scheme.

11. A Mutual Fund shall not invest more than 5% of its NAV in unlisted equity shares or equity related instruments including units/securities of Venture Capital Funds in case of open ended schemes and 10% of its NAV in case of close ended scheme.
12. A fund of funds scheme shall be subject to the following investment restrictions:
- a) A fund of funds scheme shall not invest in any other fund or funds scheme;
 - b) A fund of funds scheme shall not invest its assets other than in schemes of mutual funds, except to the extent of funds required for meeting the liquidity requirements for the purpose of repurchases or redemptions, as disclosed in the scheme information document of fund of funds scheme

These investment limitations / parameters (as expressed / linked to the net asset / net asset value / capital) shall in the ordinary course apply as at the date of the most recent transaction or commitment to invest, and changes do not have to be effected merely because, owing to appreciations or depreciations in value, or by reason of the receipt of any rights, bonuses or benefits in the nature of capital or of any scheme of arrangement or for amalgamation, reconstruction or exchange, or at any repayment or redemption or other reason outside the control of the Fund, any such limits would thereby be breached. If these limits are exceeded for reasons beyond its control, TAML shall adopt as a priority objective the remedying of that situation, taking due account of the interests of the Unitholders.

In addition, certain investment parameters (like limits on exposure to Sectors, Industries, Companies, etc.) may be adopted internally by TAML, and amended from time to time, to ensure appropriate diversification / security for the Fund. The Trustee Company / TAML may alter these above stated limitations from time to time, and also to the extent the SEBI (Mutual Funds) Regulations, 1996 change, so as to permit the Scheme to make its investments in the full spectrum of permitted investments for mutual funds to achieve its investment objective. As such all investments of the Scheme will be made in accordance with SEBI (Mutual Funds) Regulations, 1996, including Schedule VII thereof.

Investment by the Fund and the Asset Management Company

According to the Clause 4 of Schedule 7 read with Regulation 44(1), of the SEBI (MF) Regulations, 1996, the scheme may invest in another scheme/plan/fund under the management of TAML or any other mutual fund without charging any fees. The aggregate inter-scheme investments made by all schemes/plans/funds under the same management or in schemes under the management of any other asset management company shall not exceed 5% of the net asset value of the mutual fund. The objective of the Scheme in investing in Schemes of TMF or any other Mutual Fund will be primarily to gain better yields in the short term as compared to other short term instruments in the money market.

TAML (the AMC) may invest in the scheme(s)/plan(s)/fund(s), either in the initial issue or on an ongoing basis, such amount, as they deem appropriate. The AMC shall not be entitled to charge any management fees on this investment in the scheme(s)/plan(s)/fund(S). Investments by the AMC will be in accordance with Regulation 24(3) of the SEBI (MF) Regulations, 1996.

TATA SIP FUND SCHEME I & II

J. PERFORMANCE OF THE SCHEME (As on 30th April, 2009)

Compounded Annualised Returns	Scheme Returns %		Benchmark Returns % BSE SENSEX	
	TSIP1	TSIP2	TSIP1	TSIP2
Returns for the last 1 year	-22.40	-17.43	-10.49	-5.68
Returns for the last 3 years	NA	NA	NA	NA
Returns for the last 5 years	NA	NA	NA	NA
Returns since inception	-12.07	-11.03	-1.68	-0.03

Past performance of the scheme may or may not be sustained in future. Returns are given for growth option.
Inception Date – March 05, 2007 (TSIP1) and July 01, 2007 (TSIP2)

Benchmark returns has been generated based on the methodology of deploying the initial AUM of the scheme in Bank Fixed Deposit (rate of return assumed 7%) and then systematically allocating that AUM and interest income to equities over the closed ended tenor of the scheme.

Absolute Returns for Each Financial Year For The Last 5 Years

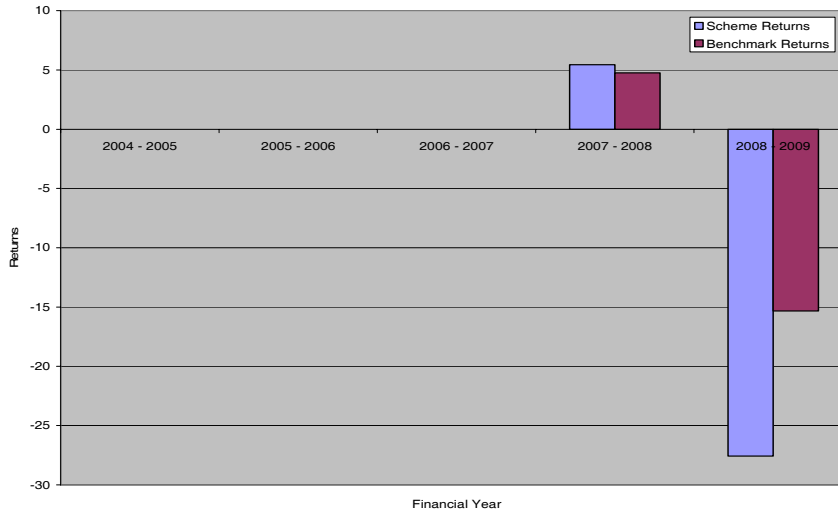
Financial Year	Scheme Returns		Benchmark Returns BSE SENSEX	
	TSIP1	TSIP2	TSIP1	TSIP2
2004 - 2005	NA	NA	NA	NA
2005 - 2006	NA	NA	NA	NA
2006 - 2007	NA	NA	NA	NA
2007 - 2008	5.43	NA	4.75	NA
2008 - 2009	-27.57	-28.57	-15.33	-10.51

Past performance of the scheme may or may not be sustained in future. Returns are given for growth option

Benchmark returns has been generated based on the methodology of deploying the initial AUM of the scheme in Bank Fixed Deposit (rate of return assumed 7%) and then systematically allocating that AUM and interest income to equities over the closed ended tenor of the scheme.

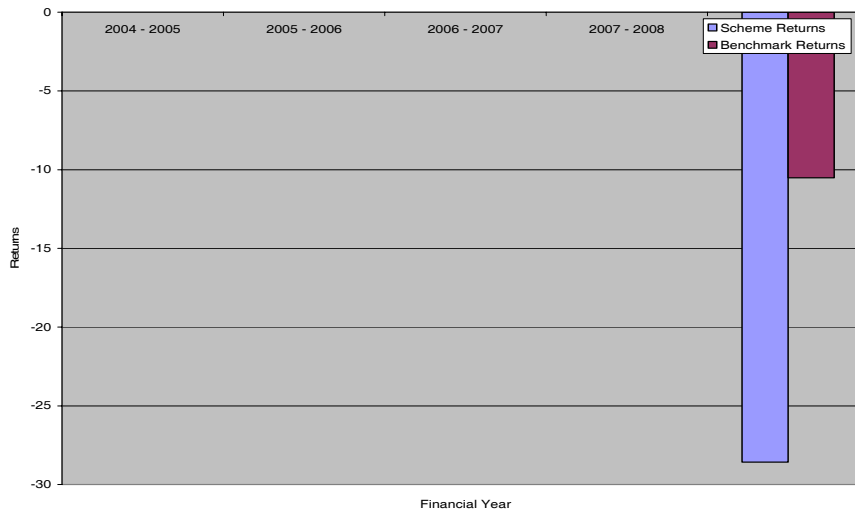
TSIPF1

Absolute Returns For Each Financial Year For The Last 5 Years



TSIPF2

Absolute Returns For Each Financial Year For The Last 5 Years



III. UNITS AND OFFER

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

A. ONGOING OFFER DETAILS

<p>Ongoing Offer Period This is the date from which the scheme will reopen for subscriptions/redemptions after the closure of the NFO period.</p>	<p>Tata SIP Fund Scheme I was launched on 15th January, 2007 and Tata SIP Fund Scheme II was launched on 10th May, 2007. Units were allotted on March 05, 2007 and July 01, 2007 under TSIP1 and TSIP2 respectively.</p> <p>Since the schemes are close ended in nature, further subscription (after closure of the NFO) are not allowed in the scheme.</p> <p>Redemption / repurchase facility is being provided on a monthly basis i.e. first Wednesday of each month or immediate next business day if such Wednesday is a holiday. The investors may redeem the units on these days for redemption at NAV based prices, subject to the prevalent exit load provisions.</p> <p>Investors are requested to note that the Trustee reserves the right to modify the frequency of liquidity/repurchase facility for the benefit of the investors under each plan of the Scheme.</p>
<p>Ongoing price for subscription (purchase) / switch-in (from other schemes / plans of the mutual fund) by investors. This is the price you need to pay for purchase/switch-in. <i>Example: If the applicable NAV is Rs. 10, entry load is 2% then sales price will be: Rs. 10 * (1+0.02) = Rs. 10.20</i></p>	<p>Not Applicable</p>
<p>Ongoing price for redemption (sale) / repurchase /switch outs (to other schemes/plans of the Mutual Fund) by investors. This is the price you will receive for redemptions/switch outs. <i>Example: If the applicable NAV is Rs. 10, exit load is 2% then redemption price will be: Rs. 10 * (1-0.02) = Rs. 9.80</i></p>	<p>At the applicable NAV of specified repurchase day subject to prevailing exit load, if any.</p> <p>Please Note: Redemption before expiry of the close ended tenure will entail recovery of proportionate unamortized expenses as explained under the Para of Load Structure.</p> <p>The Fund shall ensure that the Redemption Price is not lower than 95% of the NAV as provided for under the Regulations.</p>
<p>Cut off timing for subscriptions / redemptions and switches This is the time before which your application (complete in all respects) should reach the official points of acceptance.</p>	<p>Subscription – Cut off timing for subscription is not applicable since the fund is not providing subscription facility after the closure of the NFO.</p> <p>Redemption The repurchase including switch-out facility is provided on a monthly basis i.e. first Wednesday of each month (or immediately next business day if such Wednesday is a Holiday). Applications for redemption / switch-out can be submitted upto 3.00 p.m. on first Wednesday of every month (or immediate next</p>

TATA SIP FUND SCHEME I & II

	<p>business day if such Wednesday is a holiday) The relevant NAV for repurchase shall be the NAV calculated on close of such Wednesday.</p> <p>For the convenience of investors, the Fund will accept repurchase request on any business day of the month. Application received during the day other than the specified repurchase day will be processed at the NAV calculated at the close of immediate next repurchase day (or immediate next business day if such Wednesday is a holiday). This is illustrated below:</p> <p>Applications received after business hours on 3rd June, 2009 will be processed at the NAV of 1st July, 2009.</p>																																								
Where can the applications for redemption and switches be submitted?	The details of official points of acceptance etc. are provided on the back cover page.																																								
Minimum amount for purchase / redemption and switches	<p>Minimum Amount for Purchase – not applicable</p> <p>Minimum Amount for Redemption / Switch-out – 100 Units and in multiple of 1 unit thereafter.</p>																																								
Maximum amount for redemption and switch-outs	<p>(a) The repurchase would be permitted to the extent of credit balance in the Unit holder's account.</p> <p>(b) In case of receipt of the repurchase requests (including repurchase requests carried forward in accordance with this clause) in excess of 15% of the outstanding units at the beginning of any repurchase day, the AMC reserves the right to carry forward excess units, on a prorate basis, to the next repurchase day and such excess units shall be processed at the applicable NAV of next repurchase day. However AMC reserves the right to accept Repurchase Request in Rupees also.</p>																																								
Minimum balance to be maintained and consequences of non maintenance.	<p>The Fund may mandatorily redeem all the Units of any Unitholder:</p> <p>(a) if the value of the account falls below the minimum Account balance of Rs.5,000/- (based on prevailing NAV) and / or 500 Units due to normal repurchase / switch and the unitholders fails to invest sufficient funds or to purchase sufficient units to bring the value of the account upto the minimum level within 30 days after a written intimation in this regard is sent by the fund to that unitholder; or</p> <p>(b) where the Units are held by a Unitholder in breach of any regulations.</p>																																								
Special Products available	<p>Below mention facilities are not available.</p> <p>Systematic Investment Plan</p> <p>Systematic Transfer Plan</p> <p>Systematic Withdrawal Plan</p>																																								
Option to Switch Redemption Proceeds on maturity into Tata Pure Equity Fund	<p>Upon maturity of the scheme, unitholders will have an option to switch redemption proceeds of of the scheme into Tata Pure Equity Fund (TPEF) without any entry load. Key features of Tata Pure Equity Fund are given below :</p> <p>Scheme Type: An open ended equity fund</p> <p>Investment objective: The investment objective of the Scheme is to provide income distribution and / or medium to long term capital gains while at all times emphasising the importance of capital appreciation. The scheme will invest predominantly in equity and equity related instruments of large market cap companies under normal circumstances.</p> <p>Investment Pattern</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="5">Proportion** % of funds available</th> </tr> <tr> <th>Instrument</th> <th>Minimum Upto</th> <th>Likely Around</th> <th>Maximum Upto</th> <th>Risk Profile</th> </tr> </thead> <tbody> <tr> <td>Equity and Equity related instruments (Listed)</td> <td>-</td> <td>95</td> <td>100</td> <td>High</td> </tr> <tr> <td>Equity and Equity related instruments (Unlisted)</td> <td>-</td> <td>-</td> <td>5</td> <td>High</td> </tr> <tr> <td>Money Market Instruments</td> <td></td> <td>5</td> <td>30</td> <td>Low to Medium</td> </tr> </tbody> </table> <p>** At the time of investment</p> <p>NAV Calculation and Disclosure: All business days</p> <p>Repurchase Frequency: All business days</p> <p>Scheme Performance at a glance (%) CAGR as on 30th April, 2009.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>Since Inception</th> <th>Last 5 Years</th> <th>Last 3 Years</th> <th>Last 1 Year</th> </tr> </thead> <tbody> <tr> <td>TPEF</td> <td>25.25</td> <td>17.53</td> <td>-2.60</td> <td>-31.63</td> </tr> <tr> <td>Benchmark BSE SENSEX</td> <td>-34.04</td> <td>15.05</td> <td>-1.80</td> <td>9.83</td> </tr> </tbody> </table> <p>Past performance of the scheme may or may not be sustained in future. Inception date - 07/05/1998</p> <p>Switch of units from Tata SIP Fund Scheme I and Tata SIP Fund Scheme II into Tata Pure Equity Fund before maturity will be subject to prevailing entry load of Tata Pure Equity Fund and Exit load of this scheme.</p> <p>On Expiry of Close ended period Duration of the scheme is 36 months form the date of allotment of units. The Scheme will wound up on completion of 36 months from the date of allotment. The trustee (or the person authorized) shall dispose</p>	Proportion** % of funds available					Instrument	Minimum Upto	Likely Around	Maximum Upto	Risk Profile	Equity and Equity related instruments (Listed)	-	95	100	High	Equity and Equity related instruments (Unlisted)	-	-	5	High	Money Market Instruments		5	30	Low to Medium		Since Inception	Last 5 Years	Last 3 Years	Last 1 Year	TPEF	25.25	17.53	-2.60	-31.63	Benchmark BSE SENSEX	-34.04	15.05	-1.80	9.83
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TATA SIP FUND SCHEME I & II

	<p>of the assets of the scheme concerned in the best interest of the unit holders of that scheme. The proceeds of sale of the assets realised shall be first utilised towards discharge of such liabilities as are due and payable 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 (if not opted for option to switch into Tata Pure Equity Fund without any entry load) in proportion to their respective interest in the assets of the scheme as on the last day of close ended period.</p>
Accounts Statements	<p>Annual Account Statement:</p> <ul style="list-style-type: none"> The Mutual Funds shall provide the Account Statement to the Unitholders who have not transacted during the last six months prior to the date of generation of account statements. The Account Statement shall reflect the latest closing balance and value of the Units prior to the date of generation of the account statement, The account statements in such cases may be generated and issued along with the Portfolio Statement or Annual Report of the Scheme. <p>Alternately, soft copy of the account statements shall be mailed (within 7 working days) to the investors' e-mail address, instead of physical statement, if so mandated.</p>
Dividend	The dividend warrants shall be dispatched to the unitholders within 30 days of the date of declaration of the dividend.
Redemption	The redemption or repurchase proceeds shall be dispatched to the unitholders within 10 working days from the date of the applicable repurchase day.
Delay in payment of redemption / repurchase proceeds	The Asset Management Company shall be liable to pay interest to the unitholders at such rate as may be specified by SEBI for the period of such delay (presently @ 15% per annum).
Bank Account Details	It shall be mandatory for the Unitholders to mention their bank account numbers in their applications/requests for redemptions. Unitholders are requested to give the full particulars of their Bank Account i.e. nature and number of account, name, Account Number, Nine digit MICR code No. (For Electronic Credit Facility), IFSC code for NEFT a 11 digit number, branch address of the bank at the appropriate space in the application form.
Who can invest	<p>Eligibility for Application</p> <p>The following persons (subject, wherever relevant to, purchase of Units being permitted under their respective constitutions and relevant State Regulations) are eligible to apply for the purchase of the Units:</p> <ul style="list-style-type: none"> Adult individuals, either singly or more than one (not exceeding three) on first holder basis or jointly on an either or survivor/any one basis. Parents, or other lawful Guardians on behalf of Minors. Companies, corporate bodies, public sector undertakings, trusts, wakf boards or endowments, funds, institutions, associations of persons or bodies of individuals and societies (including Co-operative Societies) registered under the Societies Registration Act, 1860 (so long as the purchase of Units is permitted under their respective constitutions). Mutual Funds (including any Scheme managed by AMC or any Scheme of any other Mutual Fund); (in accordance with Regulation 44(1) read with Clause 4 of Schedule VII, of the Securities & Exchange Board of India (Mutual Funds) Regulations, 1996). Asset Management Company (AMC); (in accordance with Regulation 24(3) of the Securities & Exchange Board of India (Mutual Funds) Regulations, 1996). Partnership firms, in the name of the partners. Hindu Undivided families (HUF) in the sole name of the Karta. Financial and Investment Institutions/ Banks. Army/ Navy / Air Force, para military Units and other eligible institutions. Religious and Charitable Trusts provided these are allowed to invest as per statute and their by-laws. Non-resident Indians/ persons of Indian origin residing abroad (NRIs) on a full repatriation basis. Foreign Institutional Investors registered with SEBI (FIIs). International Multilateral Agencies approved by the Government of India. <p>Applicants who cannot Invest.</p> <ul style="list-style-type: none"> Any individual who is a foreign national or any other entity that is not an Indian resident under the Foreign Exchange Management Act, 1999, except where registered with SEBI as a FII or FII sub account. Overseas Corporate Bodies (OCBs) shall not be allowed to invest in the scheme. These would be firms & societies which are held directly or indirectly but ultimately to the extent of atleast 60% by NRIs & trusts in which atleast 60% of the beneficial interest is similarly held irrevocably by such persons (OCBs). Non-Resident Indians residing in the United States of America and Canada. <p>The Fund reserves the right to include / exclude new / existing categories of investors to invest in the scheme from time to time, subject to SEBI Regulations and other than prevailing statutory regulations, if any.</p> <p>If a person resident of India at the time of subscription becomes a person resident outside India subsequently, shall have the option to either be paid Redemption value of Units, or continue into the Scheme if he/ she so desires and is otherwise eligible. However, the person who desires to continue in the Scheme shall not be entitled to any interest or any compensation during the period it takes for the Fund to record the change in Address and the Residential Status. Notwithstanding the aforesaid, the Trustee Company reserves the right to close the Unitholder account and to pay the Redemption value of Units, subsequent to his becoming a person resident outside India, should the reasons of expediency, cost, interest of Unitholders and other circumstances make it necessary for the Fund to do so. In such an event, no resident Unitholders who have subsequently become resident outside India shall have a right to claim the growth in capital and/ or income distribution.</p> <p>This scheme has not been registered in any country outside India. To ensure compliance with any Laws,</p>

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	<p>Acts, Enactments, etc. including by way of Circulars, Press Releases, or Notifications of Government of India, the Fund may require/give verification of identity/any special/additional subscription-related information from /of the Unitholders(which may result in delay in dealing with the applications, Units, benefits, distribution, etc./giving subscription details, etc). Each Unitholder must represent and warrant to the Trustee Company/AMC that, among other things, he is able to acquire Units without violating applicable laws. The Trustee Company will not knowingly offer or sell Units to any person to whom such offer or sale would be unlawful, or might result in the Fund incurring any liability or suffering any other pecuniary disadvantages which the Fund might not otherwise incur or suffer. Units may not be held by any person in breach of the law or requirements of any governmental, statutory authority including, without limitation, Exchange Control Regulations. The Trustee company may, compulsorily redeem any Units held directly or beneficially in contravention of these prohibitions. In view of the individual nature of investment portfolio and its consequences, each Unitholder is advised to consult his/her own professional advisor concerning possible consequences of purchasing, holding, selling, converting or otherwise disposing of the Units under the laws of his/her State/country of incorporation, establishment, citizenship, residence or domicile.</p>
Refund	<p>Refund of subscription money to applicants whose applications are invalid for any reason whatsoever, will be without incurring any liability whatsoever for interest or other sum.</p> <p>The entire amount shall be refunded within a period of 6 weeks. If, the Fund refunds the amount after 6 weeks, interest @15% per annum for delayed period shall be paid by the AMC. Refund orders will be marked "A/c. Payee Only" and drawn in the name of the first applicant.</p>
Dividend Policy	<p>In case of Growth Option the income / profits received / earned would be accumulated by the Fund as capital accretion, aimed at achieving medium to long term and also short term capital growth as reflected in the NAV. In case of Dividend Option the profits received / earned and so retained and reinvested may be distributed as Income at appropriate rates (after providing for all relevant ongoing expenses, etc.) and at appropriate intervals as may be decided by the AMC and/or Trustee Company will be distributed to the unitholders who hold the units on the record date of declaration of the Income. The Income distribution warrants shall be despatched within 30 days of the declaration of the Income. Guided by the philosophy of value-oriented returns, the Trustee Company may periodically capitalise net earnings of the Scheme (including interest income and realised gains on the Securities) by way of allotment/credit of bonus Units to the Unitholders Accounts in either option.</p> <p>The Fund reserves a right modify the periodicity and manner of payout of such dividend as they deem fit without giving any further notice to unitholders.</p> <p>The Fund does not assure any targeted annual return / income nor any capitalisation ratio. Accumulation of earnings and / or capitalisation of bonus units and the consequent determination of NAV, may be suspended temporarily or indefinitely under any of the circumstances as stated in the clause "Suspension of Ongoing Sale, Repurchase or Switch out of Units."</p>

B. PERIODIC DISCLOSURES

<p>Net Asset Value</p> <p>This is the value per unit of the scheme on a particular day. You can ascertain the value of your investments by multiplying the NAV with your unit balance.</p>	<p>The Mutual Fund shall endeavor to declare the Net asset value of the scheme at least once a week on first Wednesday of each month (or immediate next business day if such Wednesday is a non-business day) day on AMFI's website www.amfiindia.com by 9.00 pm and also on the AMC's website i.e. www.tatamutualfund.com.</p> <p>NAV Information</p> <p>The Scheme's NAV will be available at above frequency at the Authorised Investor Service Centres. The Fund will endeavour to publish the Scheme's NAV on relevant business days (as mentioned above) in atleast 2 daily newspapers (along with repurchase price). In the event NAV cannot be calculated and / or published, such as because of the suspension of RBI Clearing, Bank strikes, during the existence of a state of emergency and / or a breakdown in communications, the Board of Trustees may temporarily suspend determination and / or publication of the NAV of the Units.</p> <p>The repurchase price will be in accordance with Regulation 49(3) of the Securities Exchange Board of India (Mutual Funds) Regulations, 1996, which shall not be lower than 95% of the NAV.</p>
<p>Half yearly Disclosures: Portfolio / Financial Results</p> <p>This is a list of securities where the corpus of the scheme is currently invested. The market value of these investments is also stated in portfolio disclosures.</p>	<p>The Fund shall before the expiry of one month from the close of each half year, that is as on March 31 and September 30, publish its unaudited financial results in one English daily newspaper having all India circulation and in a newspaper published in the language of the region where the Head Office of the Fund is situated and update the same on AMC's website at www.tatamutualfund.com within 30 days in format prescribed in terms of SEBI's circular dated April 20, 2001 and on AMFI's website at www.amfiindia.com within 30 days from the close of each half year, in the prescribed formats.</p> <p>Further the Fund shall also disclose the half-yearly scheme portfolios on its web site at www.tatamutualfund.com and on AMFI web site (www.amfiindia.com) in the prescribed format before the expiry of one month from the close of each half year.</p> <p>The mutual fund may opt to send the portfolio to all unit holders in lieu of the advertisement.</p>
<p>Half Yearly Results</p>	<p>The mutual fund and Asset Management Company shall before the expiry of one month from the close of each half year that is on 31st March and on 30th September, publish its unaudited financial results in one national English daily newspaper and in a regional newspaper published in the language of the region where the Head Office of the mutual fund is situated.</p>
<p>Annual Report</p>	<p>The Fund will, not later than four months after the close of each financial year (March 31), mail to the Unitholders an abridged scheme wise annual report. Further, the full text of the Annual Report will be available for inspection at the office of the Fund. A copy of the Annual Report will be sent to Unit holders, free of cost, on specific request. The fund shall disclose the Annual Report on its website www.tatamutualfund.com.</p>

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<p>Taxation</p> <p>The information is provided for general information only. However, in view of the individual nature of the implications, each investor is advised to consult his or her own tax advisors with respect to the specific amount of tax and other implications arising out of his or her participation in the schemes.</p>	<p>As per Section 115T of Income Tax Act 1961, an equity oriented fund is a fund where investible funds are invested in equity shares of domestic companies to the extent of more than 65% of the total proceeds of such fund. The percentage of equity share holding of the fund shall be computed with reference to the annual average of the monthly average of the opening and closing figures.</p> <p>Following is a tax treatment for investment in the scheme:</p> <p>As per the opinion given by Fund's tax consultant, TSIP1 & TSIP2 are likely to be treated as an equity fund after expiry of 30 months from their respective date of allotment. However the Fund will follow instructions / guidelines etc as may be issued by the competent tax authorities in India, regarding tax treatment on income distributed or accrued or redemption under the scheme.</p> <p>Please note, if investments in these schemes are redeemed before expiry of 30 months from the date of allotment then tax treatment as applicable to the debt schemes shall be applicable.</p> <p>Treatment</p> <p>If investor sale/transfer units before expiry of twelve months from the date of allotment then, being a non equity oriented scheme, capital gain (if any) shall be short term in nature and taxable at the normal rate of tax as applicable to the assessee.</p> <p>If Investor sale/transfer units after expiry of twelve months but before expiry of 30 months from the date of allotment then, being a non equity oriented scheme, the capital gain (if any) shall be long term in nature and taxable @ 10% without indexation or @ 20% with indexation, whichever is lower (plus surcharge and education cess as applicable).</p> <p>If Investor sale/transfer units after expiry of 30 months from the date of allotment then, being an equity oriented scheme, capital gain if any, shall be long term in nature and exempt from income tax subject to the provision of STT as mentioned below:</p> <p>Under Section 10(38) of the Act, capital gains arising on transfer of a long-term capital asset held for a period of more than twelve months, inter alia, being a unit of an equity-oriented fund (as defined therein) is exempt, provided such transaction has been chargeable to Securities Transaction Tax under Chapter VII of the Finance (No. 2) Act, 2004 pertaining to Securities Transaction Tax (STT). The Finance Act, 2006 has with effect from 1st June, 2006 increased the STT rates from 0.20% to 0.25% on sale of units to the mutual fund.</p> <p>If any tax liability arising post redemption on account of change in tax treatment with respect to Dividend Distribution Tax/Capital Gain Tax, by the tax authorities, shall be solely borne by the investors and not by the AMC or Trustee Company</p> <p>Kindly refer SAI for further details on Taxation</p>
<p>Associate Transactions</p>	<p>Please refer to Statement of Additional Information (SAI).</p>
<p>Investor services</p>	<p>The AMC has designated an Investor Relations Officer to look into investor grievances regarding deficiencies, if any, in the services provided by the Registrars or the Investor Service Centres.</p> <p>Name of the Investor Relations Officer:</p> <p>Ms. Latha Rajaraman Address: 221, Dr. D. N. Road Fort House, Fort, Mumbai 400 001. Tel: (022) 66578282 Email address: kiran@tataamc.com</p> <p>The AMC will have the discretion to change the Investor Relations' Officer depending on operational necessities and in the overall interest of the fund.</p>

C. COMPUTATION OF NAV

Net Asset Value ("NAV") of the Units shall be determined daily as of the close of each Business Day on which the Bombay Stock Exchange (BSE) is open.

NAV shall be calculated in accordance with the following formula:

$$\text{NAV} = \frac{\text{Market Value of Scheme's Investments} + \text{Accrued Income} + \text{Receivables} + \text{Other Assets} - \text{Accrued Expenses} - \text{Payables} - \text{Other Liabilities}}{\text{Number of Units Outstanding}}$$

Number of Units Outstanding

The computation of Net Asset Value, valuation of Assets*, computation of applicable Net Asset Value (related price) for ongoing Sale, Redemption, Switch and their frequency of disclosure shall be based upon a formula in accordance with the Regulations and as amended from time to time including by way of Circulars, Press Releases, or Notifications issued by SEBI or the Government of India to regulate the activities and growth of Mutual Funds. The NAVs of the fund shall be rounded off upto four decimals.

* Please refer Para V. of SAI on 'Investment valuation norms for securities & other assets' for details.

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IV. FEES AND EXPENSES

A. NEW FUND OFFER (NFO) EXPENSES

Tata SIP Fund Scheme I was launched on 15th January, 2007 and Tata SIP Fund Scheme II was launched on 10th May, 2007 and the new fund offer expenses upto 6% of the funds mobilized were charged to the respective scheme and being amortised over the close ended period of three years from the date of allotment. The unamortized expenses, as on April 30, 2009 is Rs.3.94 crore (TSIP1) and Rs. 1.53 crore (TSIP2).

B. ANNUAL SCHEME RECURRING EXPENSES

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

The AMC has estimated following percentage of the weekly average net assets of the scheme will be charged to the scheme as expenses. For the actual current expenses being charged, the investor should refer to the website of the mutual fund.

Particulars	% of Net Assets		
	Year 1*	Year 2*	Year 3*
Investment Management & Advisory Fee	1.25	1.25	1.25
Custodial Fees	0.10	0.10	0.10
Registrar & Transfer Agent Fees including cost related to providing accounts statement, dividend/redemption cheques/warrants etc.	0.15	0.15	0.15
Marketing & Selling Expenses including Agents Commission and statutory advertisement	0.40	0.40	0.65
Brokerage & Transaction Cost pertaining to the distribution of units	0.10	0.10	0.10
Audit Fees / Fees and expenses of trustees	0.17	0.17	0.17
Costs related to investor communications	0.05	0.05	0.05
Costs of fund transfer from location to location	0.03	0.03	0.03
Other Expenses	0.00	0.00	0.00
Total Recurring Expenses	2.25	2.25	2.50

* From the date of allotment of the respective scheme

These estimates have been made in good faith as per the information available to the Investment Manager based on past experience and are subject to change inter-se. Types of expenses charged shall be as per the SEBI (MF) Regulations.

The above list of expenses is illustrative only and may include such other expenses as may be permitted by SEBI from time to time.

Investment Management fees charged by TAML shall be 1.25% of the weekly average net assets for net assets upto Rs. 100 crores and 1.00% of the weekly average net assets on the balance amount above Rs. 100 crores. This fee shall be conformity with SEBI Regulations & shall be payable at a frequency as agreed between the AMC and Trustees from time to time. TAML shall not charge any fees on its investment in Units of the Funds/Schemes/Plans in TMF or any other Mutual Fund.

The recurring expenses of the Schemes and the additional management fee shall be as per the limits prescribed under Sub-Regulations (6) of Regulations 52 of the Regulations and shall not exceed the limits prescribed thereunder.

As per the Regulations, the maximum recurring expenses that can be charged to the Scheme shall be subject to a percentage limit of weekly net assets as in the table below:

Year 1* and 2*			
First Rs. 100 crore	Next Rs. 300 crore	Next Rs. 300 crore	Over Rs. 700 crore
2.25%	2.00%	1.75%	1.50%

Year 3*			
First Rs. 100 crore	Next Rs. 300 crore	Next Rs. 300 crore	Over Rs. 700 crore
2.50%	2.25%	2.00%	1.75%

* From the date of allotment of the respective scheme

The above is the maximum limit under Regulation 52 (6) of the SEBI (Mutual Funds) Regulations, 1996. The Fund will strive to reduce the level of these expenses so as to keep them well within the maximum limits allowed by SEBI and any expenditure in excess of the above limits shall be borne by Tata Asset Management Limited and/or Tata Trustee Company Private Limited.

C. LOAD STRUCTURE

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

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change from time to time. For the current applicable structure, please refer to the website of the AMC (www.tatamutualfund.com) or may call at (1800-209-0101) or your distributor.

Type of Load	Load chargeable (as %age of NAV)
Entry Load	Not Applicable
Exit Load	Nil*

* Recovery of proportionate New Fund Offer Expenses

Redemption (including switch out) before expiry of 36 months from the date of allotment will be subject to an early exit charge. An early exit charge equivalent to the unamortized new fund offer expenses will be recovered from the investor in case of redemption before expiry of 36 months from the date of allotment. As per the SEBI (Mutual Funds) Regulations, 1996 the new fund offer expenses upto 6% of the amount mobilized during new fund offer period (NFO) can be charged to the scheme. Such NFO expenses shall be amortised over life of the closed ended scheme. Hence in accordance with the Regulations, NFO expenses, not exceeding 6% of the amount mobilised, will be charged to the scheme and will be amortised over a period of 36 months as illustrated on page 8. If investor opts for the redemption before the completion of 36 months, proportionate unamortized portion of the NFO expenses outstanding at on the date of the redemption shall be recovered from such investor. This is illustrated below.

Example - 1

The scheme has mobilised Rs. 100 crore during the NFO period and Rs.6 crores been incurred towards NFO expenses. Rs. 6 crores will be amortised equally on a daily basis over a period of 36 months. If investor opts for a redemption of 10000 units after expiry of 6 months, unamortised balance of NFO expenses will be recovered from the investor by way of an early exit charge. This will be calculated as follows ;

NFO Mobilisation	Rs. 100 crores
NFO Units Creation	10 crore (100/10)
NFO Expenses	Rs. 6 crore
Amortisation Period	36 months
Amortisation Per Day	$(6,00,00,000/(36*30)) = \text{Rs.}55,555/-$
Amortisation Per Unit	$(55,555/100000000) = \text{Rs.} 0.0005$
Units redeemed after 6 months	10000
Unamortised NFO Expenses At the end of 6 months	$=6,00,00,000- (55,555*180)$ i.e Rs.5,00,00,100/-

Unamortised NFO Expenses

Per Unit At the end of 6 months	$= (5,00,00,100/100000000)$ i.e. 0.5000
Per Unit Exit Charge Applicable at the end of 6 months	Rs. 0.5000
Assumed NAV at the end of 6 months	Rs.10.5000
Amount payable to the investors	$\text{Rs.}10.5000 - 0.5000 = \text{Rs.}10.0000/-$

Example - 2

The scheme has mobilised Rs. 100 crore during the NFO period and Rs.6 crores been incurred towards NFO expenses. Rs. 6 crores will be amortised equally on a daily basis over a period of 36 months. If investor opts for redemption of 10000 units after expiry of 12 months, unamortised balance of NFO expenses will be recovered from the investor by way of an early exit charge. This will be calculated as follows ;

NFO Mobilisation	Rs. 100 crores
NFO Units Creation	10 crore (100/10)
NFO Expenses	Rs. 6 crore
Amortisation Period	36 months
Amortisation Per Day	$(6,00,00,000/(36*30)) = \text{Rs.}55,555/-$
Amortisation Per Unit	$(55,555/100000000) = \text{Rs.} 0.0005$
Units redeemed after 12 months	10000
Unamortised NFO Expenses At the end of 12 months	$= 6,00,00,000- (55,555*365)$ i.e Rs.3,97,22,425/-

Unamortised NFO Expenses

Per Unit At the end of 12 months	$= (3,97,22,425/100000000)$ i.e. 0.3972
Per Unit Exit Charge Applicable at the end of 12 months	Rs. 0.3972
Assumed NAV at the end of 12 months	Rs.11.0000
Amount payable to the investors	$\text{Rs.}11.0000 - 0.3972 = \text{Rs.}10.6028/-$

Exit charge will get reduced over a period of time.

The trustee may at their discretion change the load structure of the scheme prospectively.

Bonus units and units issued on reinvestment of dividends shall not be subject to entry and exit load.

All loads including Contingent Deferred Sales Charge (CDSC) 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.

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Trail Fees: The scheme is open for investments by other funds. In case of direct investments made by the other funds into the underlying funds, the distributors of the other funds who mobilize the funds are entitled to the brokerage / trail commission. Accordingly, the brokerage trail commission would be paid from the underlying fund within the overall expenses that are permitted by the regulation. The underlying fund may pay the brokerage / trail commission to the distributor.

The AMC reserves the right to change/modify exit / switchover load (including zero load), depending upon the circumstances prevailing at any given time. However any change in the load structure will be applicable on prospective investment only. The AMC may charge an exit load for switch of units from one plan/option to another plan/option within the Scheme and/or any other scheme of TMF depending upon the circumstances prevailing at any given time. The switchover load may be different for different plans/options and the switchover load may be different from the entry and/or exit load charged for sale and/or repurchase units. The load charged could also be different for different options in the plans of the Scheme at the same time and different as regards the amount/tenor of investment, etc.

As per SEBI circular dt. May 23, 2008, the mutual fund at the time of changing the load structure, the mutual funds may consider the following measures to avoid complaints from investors about investment in the schemes without knowing the loads:

- The addendum detailing the changes may be attached to Scheme Information Documents and Key Information Memorandum. The addendum may be circulated to all the distributors/brokers so that same can be attached to all Scheme Information Documents and Key information memoranda already in stock.
- The investor is requested to check the prevailing load structure of the scheme before investing. For any change in load structure arrangement may be made to display the addendum in the Scheme Information Document in the form of a notice in all the investor service centers and distributor/ brokers' office.
- The introduction of the exit load/ CDSC along with the details may be stamped in the acknowledgement slip issued to the investors on submission of the application form and may also be disclosed in the statement of accounts issued after the introduction of such load/CDSC.
- A public notice shall be given in respect of such changed in one English daily newspaper having nationwide circulation as well as in a newspaper publishes in the language of region where the Head office of Mutual Fund is situated.
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D. WAIVER OF LOAD FOR DIRECT APPLICATIONS

No entry load shall be charged for direct applications (for fresh subscription, as additional subscription by the existing investors and switch applications) received by the AMC i.e applications received through internet or applications accepted at the offices of AMC or authorised investor service Centres that are not routed through any distributor or agent/broker. Such applications may be marked DIRECT or NOT APPLICABLE in the broker code column of the application form/transaction slip. In case of any change in the broker code column, the investor has to strike off the earlier entry, enter the new code (DIRECT, NOT APPLICABLE OR BROKER CODE) and the same has to be counter signed. Application / Transaction slip for subscription or switch in without mention of broker code or where the broker code column is blank, shall be treated as direct application.

V. RIGHTS OF UNITHOLDERS

Please refer to SAI for details.

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

This section contains the details of penalties, pending litigation, and action taken by SEBI and other regulatory and Govt. Agencies.

1. All disclosures regarding penalties and action(s) taken against foreign Sponsor(s) may be limited to the jurisdiction of the country where the principal activities (in terms of income / revenue) of the Sponsor(s) are carried out or where the headquarters of the Sponsor(s) is situated. Further, only top 10 monetary penalties during the last three years shall be disclosed. - NIL
2. In case of Indian Sponsor(s), details of all monetary penalties imposed and/ or action taken during the last three years or pending with any financial regulatory body or governmental authority, against Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company; for irregularities or for violations in the financial services sector, or for defaults with respect to share holders or debenture holders and depositors, or for economic offences, or for violation of securities law. Details of settlement, if any, arrived at with the aforesaid authorities during the last three years shall also be disclosed. - NIL
3. Details of all enforcement actions taken by SEBI in the last three years and/ or pending with SEBI for the violation of SEBI Act, 1992 and Rules and Regulations framed there under including debarment and / or suspension and/ or cancellation and/ or imposition of monetary penalty/adjudication/enquiry proceedings, if any, to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel (especially the fund managers) of the AMC and Trustee Company were/ are a party. The details of the violation shall also be disclosed. - NIL
4. Any pending material civil or criminal litigation incidental to the business of the Mutual Fund to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel are a party should also be disclosed separately.

"SEBI has filed a writ petition before the Bombay High Court seeking direction to the Additional Metropolitan Magistrate (the Magistrate) to expedite the case in a criminal complaint (for alleged insider trading) initiated by them earlier against Hindustan Lever Ltd. (HLL) and its five Executive Directors who held such office in March 1996. Thereafter, the Magistrate has taken cognizance of SEBI's complaint and has directed the issue of summons to HLL and the five Executive Directors Mr. S.M. Datta, a director of the Tata Trustee Company Pvt. Ltd., was one of the five Executive Directors of HLL who are being proceed against."

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

The contents of the Scheme Information Document including figures, data, yields, etc. have been checked and are factually correct.

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

Note: The Scheme under this Scheme Information Document was approved by the Trustee Company on 31st May, 2006.

By order
Board of Directors

Tata Asset Management Limited

Place: Mumbai

Date: 20th May, 2009

H. A. Bulsara
Chief Operating Officer

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