

Instructions to Investors

Rs. 5000/- and in multiples of Re. 1 thereafter (under both options) growth and dividend

I. GENERAL INSTRUCTIONS

- a) The application form should be completed in English in BLOCK Letters.
- b) The signature(s) should be in English or in any of the Indian languages specified in the eighth schedule of the Constitution of India. Thumb impressions must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under his/her official seal. Applications by minors should be signed by their guardians. In case of HUF, the Karta should sign on behalf of the HUF. In case of HUF investments done through power of Attorney, all the members of the HUF will have to sign the power of Attorney.
- c) The PAN number of the 1st Applicant, the scheme name and the name of the applicant should be mentioned on the reverse of the instrument that accompanies the application.
- d) The Application completed in all respects along with the cheque/demand draft must be submitted to the Collection Centre. Applications incomplete in any respect or not accompanied by a cheque or demand draft payable are liable to be rejected and the money paid, if any, will be refunded without interest.

II. UNITHOLDERS INFORMATION

1. Name and address must be given in full (P.O. Box Address is not sufficient). In case of NRI/PIO/FII investors an overseas address must be provided. Please mention Pin Code.
2. Name of the Guardian must be mentioned if the Investments are being made on behalf of a Minor. Date of Birth is mandatory in case of minor.

Investments of the existing minor investor on minor attaining majority: Upon attaining majority, a minor has to write to the fund, giving his specimen signature duly authenticated by his banker as well his new bank mandate, PAN details, in order to facilities the Fund to update its records and permit the erstwhile minor to operate the account in his own right.

3. In case of an application under power of Attorney or by a limited company, body corporate, registered society, trust or partnership, etc. the relevant Power of Attorney or the relevant resolution or authority to make the application as the case may be, or duly certified copy thereof, along with the Memorandum and Articles of Association/ bye-laws must be lodged along with the application form.

Power of Attorney (POA): In case an investor has issued Power of Attorney (POA) both the signatures of the investor and the POA holder have to be clearly captured in the POA document to be accepted as a valid document. At the time of making redemption / switches the fund would not be in a position to process the transaction unless, POA holder's signature is available in the POA or proof of identity alongwith signature is produced along with the POA.

4. Applicants should indicate their status by ticking the appropriate box, Applications without a tick in the 'Status' box will be considered as investment by "others" and will be treated similar to non-individual applicant. Those who select the status as "others", they should specify their status in the space provided.
5. Applicants should specify the mode of holding. In case it is not mentioned, the default will be "anyone or survivor". In the case of joint holders, the first named holder shall receive all the Account Statements, dividend/redemption/refund warrants and any other correspondence send from time to time.
6. Name of a contact person should be mentioned in case of the investment by a Company/Body Corporate/Partnership Firm/Trust/Foreign Institutional Investors (FIIs)/Society/AOP/BOI.
7. Permanent Account number (PAN)
As per SEBI circular number MRD/DoP/Cir-05/2007 dated April 27, 2007, PAN shall be the sole identification number for all participants transacting in the securities market, irrespective of the amount of transaction.
8. KYC Compliance

- It is mandatory for all applications for subscription of value of Rs. 50,000/- and above to be KYC compliant for all applicants (Guardian in case of minor) in the application for subscription. Applicant intending to apply for units/currently holding units and operating their Mutual Fund through Power of Attorney (PoA) must ensure that both the issuer of the PoA & the holder of PoA must mention their respective KYC compliance at the time of investment above the threshold. The KYC Compliance will be validated with the records of the Central Agency before allotting units. Applications for subscriptions of value of Rs. 50,000/- and above without a valid KYC the application will be rejected.

- In the event of KYC application being subsequently being rejected for lack of information/deficiency/insufficiency of mandatory documentation, the investment transaction will be cancelled and the amount may be redeemed at applicable NAV as on the date on which the Registrars receive the intimation of rejection from CVL, subject to the payment of exit load, wherever applicable. If such date happens to be a non-transaction day, then the NAV of the next succeeding transaction day shall be considered for the purpose of redemption. Such redemption proceeds will be despatched within a maximum period of 21 days from the date of acceptance of application. In case of an ELSS scheme, allotment will be done only on confirmation from the Central Agency that the KYC is final and if the Central Agency informs that the KYC is cancelled, the original amount will be refunded.

III. BANK DETAILS: The First Unitholder should provide the name of the bank, branch, complete address of the branch, account type and account number, which is mandatory as per Securities Exchange Board of India circular IIAMRP/MF/CIR/07/826/98 dated April 15, 1998. Applications without this information will be deemed to be incomplete. Please mention Pin Code for Bank Address.

Code No. of your Bank and Branch corresponding to bank Account details, please attach a blank "cancelled" Cheque or a clear photocopy of a cheque issued by your bank verifying of the code No. in case of 'At par' cheques, the correct MICR code should be mentioned and not the MICR code available on the cheque.

IV. INVESTMENT DETAILS

Minimum Application Amount

Repurchase/Redemption

The redemption request can be made for any amount subject to minimum of Rs. 1000/- and multiples thereof provided minimum balance should not fall below Rs. 1,000/-

Investors will have the choice of a Growth or Dividend Option under the option. Growth option will be the default option. Under Dividend option, dividend payout & Dividend Reinvestment facility is available. There will be two separate NAVs, one for the Growth option and another for the Dividend Option, after declaration of the first dividend under the scheme. Both the options viz., Growth and dividend shall have the same portfolio. If an investor fails to specify the option applied for, the units will be allotted under the **Growth option. Dividend Reinvestment is default sub-option under dividend option.**

Investor should select only one option i.e. Growth or Dividend under the scheme by ticking the appropriate boxes.

V. MODE OF PAYMENT

- a) Investors may make payments for subscription to the Units of the Scheme by local designated location payable bank draft, drawn on any bank branch. Cheques/demand drafts should be drawn in favour of "Escorts Leading Sectors Fund" and must be crossed "Account payee Only". **No Cash will be accepted. Payment by Demand Draft not payable locally, stock Invest and out-station and/or post-dated cheques will not be accepted.** and should be payable at the designated locations.
- b) Separate Application Form accompanied with Cheque/Draft is required for each Option.
- c) The Fund will bear the demand draft charges subject to maximum of Rs. 50,000/- per transaction for purchase of units by investors residing at location where the Asset Management Company (AMC's) Customer Service Centers/ Collection Centers are not located as mentioned in the table below:

Amount of Investment	Rate of Charges for Demand Draft(s)
Upto Rs. 10,000/-	At actual, subject to a maximum of Rs. 50/-
Above Rs. 10,000/-	Rs. 3/- per Rs. 1000/-
Maximum Charges	Rs. 50,000/-

AMC reserves the right to refuse bearing of demand draft charges, in case of investments made by the same applicant(s) through multiple applications at its own discretion which will be final and binding on the investor.

Investors residing at places other than where the AMC Collection Centres located, are requested to make the payment by way of demand draft(s) after deducting charges as per the rates indicated in the above table. It may be noted that additional charges, if any, incurred by the investor over and above the levels indicated above will not be borne by the Fund.

No demand draft charges will be borne by the Fund for purchase of Units by investors residing at such locations where the Collection Centers of the AMC are located. Demand draft charges will not borne by the Fund in case the charges are not mentioned in the application form.

d) NRI/FII/PIO Investors

1. All NRIs/FIIs/PIOs applications to be submitted **ONLY** at Escorts Mutual Fund branches.
2. **Repatriation basis:**
Payments by NRIs/FIIs/Persons of Indian Origin residing abroad, may be made either by way of Indian Rupee drafts or cheques by means of (i) inward remittance through, normal banking channels; or (ii) out of funds held in NRE/FCNR account payable at par and payable at the cities where the Customer Service Centers are located.
In case of Indian Rupee drafts purchased through NRE/FCNR Account, an account debit certificate from the bank issuing the draft confirming the debit should also be enclosed.
In case the debit certificate is not provided the AMC reserves the right to reject the application of the NRI investors.
3. **Non Repatriation basis**
NRIs or persons of Indian origin residing abroad investing on a non-repatriable basis may do so by issuing cheques/demand drafts drawn on non resident ordinary account payable at the cities where the customer service centers are located.

VI. NOMINATION

1. The nomination can be made only by individuals applying for holding units on their own behalf singly or jointly. Non individuals applying trust, body corporate,partnership firm, karta of Hindu Undivided Family,holder of power of attorney cannot nominate. The units are held jointly all joint holders will sign the nomination form.
2. A minor can be nominated and in that event , the name and address of the guardian of the minor nominee shall be provided by the unit holder.
3. The Nominee shall not be a trust, society, body corporate, partnership firm, Karta of HinduUndivided Family or a power of attorney holder.A non resident indian can be a nominate subject to the exchange controls in force,from time to time .
4. Nomination in respect of the units stands rescinded upon the transfer of units .
5. Transfer of units in favour of a nominee shall be valid discharge by the Escorts Mutual Fund against the legal heir.
6. The cancellation of nomination can be made only by those in dividends who hold units on their own behalf singly or jointly and who made the original nomination .
7. On cancellation of the nomination , the nomination shall stand rescinded and the Asset Management Company shall not be under any obligation to transfer the units in favour of the nominee.

VII. DIRECT CREDIT OF DIVIDEND / REDEMPTION: Escorts Mutual Fund had entered into an arrangement with certain banks such as HDFC Bank for direct credit of redemption and dividend proceeds. However, the Fund reserves a right to issue a payment instrument in place of this direct credit facility, and will not be responsible for any delay on the part of the bank for executing the direct credit. The AMC may alter the list of the banks participating in direct credit arrangement time to time/ withdraw direct credit facility from the banks, based on its experience of dealing with any of such banks or add / withdraw the name of the bank with whom direct credit facility arrangements can be introduced / discontinued as the case may be.

VIII. E-MAIL COMMUNICATION: Delivering service through web/e-mail helps the fund to reduce expenses in the Fund and is a more efficient delivery channel. When an investor has communicated his/her e-mail address and has provided consent for sending communication only through e-mail, the Mutual Fund/ Registrars are not responsible for email not reaching the investor and for all consequences thereof. The investor shall from time to time intimate the Mutual Fund / its transfer agents about any changes in the email address. In case of a large document, a suitable link would be provided and investor can download, save and print these documents. However, investor always has a right to demand a physical copy of any or all the service deliverable and Fund would arrange to send the same to the investor.

ESCORTS MUTUAL FUND CUSTOMER SERVICE CENTRE (Official points of Acceptance)

Ahmedabad: 606 6th Floor Sakar 5 Behind Natraj Cinema Ashram Road Ahmedabad-380014 Tel- 9327050566,9879134342,079-26582036 ,**Allahabad:** Vasistha Vinayak Tower Shop No- UG-13 Tashkent Marg Civil Lines Tel-9838037901,9335136689,0532-2260382, **Bangalore:**Southern Regional Office Cum Bangalore Branch Unit No-401 4th Floor No 12 Richmond TowerRichmond Road Bangalore-560025 Tel-080-22075106, **Bhuvaneshwar:** Metro House Shop No-2 A-410 Vani Vihar Square Janpath Bhuvaneshwar(Orissa)-751017 Tel- 9861090234,0674-2540106, **Bokaro:**Sector 1C Qr No 178 Bokaro Steel City Jharkhand-827001 Tel-9334171028,9835772583, **Chandigarh:**Deepak Tower Sco-154/155 Sector-17 C Ist Floor Chandigarh-160017 Tel-9878667845,0172-5078628, **Delhi:**11 Scindia House Cannought Place K G Marg New Delhi-110001 Tel-9350004359,41514100,23321654, **Dehradun:**Office No-21 Ist Floor Shiva Palace 57/19 Rajpur Road Opp Secretariat Dehradun (Uttarakhand) Tel-9927700144, **Faridabad:**SCF 70 Second Floor Sector 16-A Shopping Complex Opp Nehru College Near Magpie Hotel Faridabad-121007 Tel-9899431879,9312667457,0129-4142810, **Gurgaon:**Tel-9899431879,9999316692,9213748430, **Ghaziabad:**Tel-9718316562, **Gorakhpur:**Tel-9335779449, **Jaipur:** 2nd Floor Landmark S 16-A Mahaveer Marg C Sheme Jaipur-302001 Tel-9314519533,0141-2372476, **Jamshedpur:**Kamani Centre Shop No-119 Third Floor Bistupur Jamshedpur-831001 Tel-9304602370,0657-2321909, **Jodhpur:**Exchange Building Shop No 17-B 18 Mezzanine First Floor First Chopasani Road Jodhpur Tel-9829212716,0291-2652716, **Kanpur:**Office No-311 Third Floor Kan Chambers 14/113 Civil Lines Kanpur-208001 Tel-9838427271,0512-2367927,9335637919, **Kolkata:**Crescent Tower First Floor 229 AJC Bose Road Kolkata-700020 Tel-9903494381,033-40036013, **Lucknow:**Chitrahah Second Floor 3 Nawal Kishore Road Lucknow-226001 Tel-9839107801,9918101099,0522-3261208, **Mumbai:**Room No 1B -1 Mezzanine Level 20 Raja Bahadur Mansion Ambalal Doshi Marg Hamam Street Behind BSE Fort Mumbai-400023 Tel-022-22626595, **Nagpur:**Shop No-1 Laxmi Vaibhav Complex W.H.C Road Bajaj Nagar Nagpur-440010 Tel-9881122258,9975769116,0712-3298041, **Noida:**C-33 Sector-2 Noida-201301 Tel-9899431879,9990989522,0120-3066511, **Patna:**114-B Ashoka Place Exhibition Road Patna-800001 Tel-9835066510,9334179682,9308398877,0612-2500340, **Pune:**Shrinath Plaza 4th Floor A Wing Office No-97 Dhyneshwar Paduka Chowk F C Road Shivajinagar Pune-411005 Tel-9890809099,020-25510799,9890571038, **Siliguri:**Tel-9933049191,9832007082, **Varanasi:**Shiva Complex Shop No F-8 First Floor D-58/53-54 Rathyatra Varanasi (U.P) Tel-9839125720,0542-2361834,9305384640, **Vadodra:**Office No-118 First Floor Siddhartha Complex R C Dutta Road Alkapuri Vadodra-390007 (Gujrat) Tel-9327050566,9974144904

TAX TREATMENT OF INVESTMENTS IN MUTUAL FUNDS

It may however be noted that the information given hereinafter is only for general information purposes and is based on the advice received by the AMC regarding the law and practice currently in force in India and the Investors/Unit holders should be aware that the relevant fiscal rules or their interpretation may change or it may not be acceptable to the tax authorities. As is the case with any interpretation of any law, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of an investment in the Scheme will be accepted by the tax authorities or will continue to be accepted by them indefinitely. Further statements with regard to tax benefits mentioned herein below are mere expressions of opinion and are not representations of the Mutual Fund to induce any investor to acquire units whether directly from the Mutual Fund or indirectly from any other persons by the secondary market operations. In view of the above, and since the individual nature of tax consequences may differ in each case on its merits and facts, each Investor / Unit holder is advised to consult his / her or its own professional tax advisor with respect to the specific tax implications arising advised that the unit holder appropriately consult their investment / tax advisors in this regard.

To the Mutual Fund : The entire Income of the Fund registered under Securities and Exchange Board of India Act, 1992 or any regulations made there under is exempt from Income-tax in accordance with the provisions of section 10(23D) of the income-tax Act, 1961 ("the Act"). The income received by such fund is not liable for deduction of income tax at source under the provisions of Section 196(iv) of the Act. As per Chapter VII of the Finance (2) Act of 2004 ("Finance Act") a Securities Transaction Tax ("STT") shall be levied in respect of "taxable securities transaction". Taxable securities transactions include purchase or sale of units of an equity oriented fund entered into on the stock exchange or sale of units of an equity oriented fund to the mutual fund. An "equity oriented fund" has been defined in Chapter VII of the Finance Act, to mean a fund where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty five per cent of the total proceeds of such fund and which has been set up under a scheme of a Mutual Fund. The provisions of Chapter VII of the Finance Act shall, therefore, also apply to the fund wherein the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty five per cent of total proceeds of such fund. The percentage of equity shareholding of the Fund shall be computed with reference to the annual average of the monthly averages of the opening and the closing figures. For this purpose, the fund will reckon the month as the "calendar month" and the monthly averages would be computed up to the last calendar month preceding the relevant date of distribution/repurchase. Also, where a period of twelve months has not elapsed before the relevant date, the fund will compute the annual average for the limited number of calendar months that have elapsed. The purchaser or seller of units of an equity oriented fund is liable to pay STT at the rate of 0.125 per cent where the purchase or sale is entered into on a recognized stock exchange and the contract for the purchase or sale of such units is settled by actual delivery or transfer or such units. Further, the seller of units is also liable to pay STT at the rate of 0.025 per cent in case of sale of units of an equity oriented fund where the transaction of such sale is entered into in a recognized stock exchange and the contract for the sale of such units is settled otherwise than by the actual delivery or transfer of such units. At the time of sale of units of equity oriented fund to the mutual fund the seller is required to pay an STT of 0.25% Under section 115R, the income distribution, if any, made by the Mutual Fund will attract distribution tax @ 12.5% plus surcharge at the rate of 10 per cent or as may be applicable from time to time and an additional surcharge by way of education cess at the rate of 2% and higher education cess at the rate of 1% on the amount of tax and surcharge, in case income is distributed to individuals and HUFs and at 20% plus surcharge on such income-tax at the rate of 10 per cent or as may be applicable from time to time and an additional surcharge by way of education cess at the rate of 2 per cent on the amount of tax and surcharge in case of income distributed to persons other than individuals and HUFs on the income distributed by the Fund.

Further, as per the provisions of the Act, exemption has been granted to equity oriented mutual funds from paying distribution tax on income distributed by such funds. Whether the fund qualifies as an equity oriented Fund or not, would depend upon the investment pattern of the fund and would be determined at the time of distribution of income/repurchase of Units by the fund. Based on the same, if the Fund does not qualify as an equity oriented fund, dividend distribution tax will be applicable at the rates set forth above. Further, in such a situation, STT would not be applicable.

To the Unit Holders :

1. Incomes from Units

Under the provisions of section 10(35) of the Act, any Income (other than income arising from transfer of units) received by any person in respect of the units of the mutual fund is exempt from income tax.

Under the Chapter VII of the Finance Act, STT at the rate of 0.25 per cent is to be paid by the Unit holder for sale of a unit of equity oriented fund to the Mutual fund. However, if the fund does not qualify to be equity oriented Fund as mentioned in the section above, no STT would be payable on purchase and sale of the units of the fund by the unit holders.

2. Capital Gains

a) Resident Individual, Hindu Undivided Family, Partnership firm, Indian Company, Non Resident (Other than Overseas Financial Organisation)

i. Capital gain arising on transfer or redemption of units held for a period of more than 12 months is regarded as "Long-term Capital Gain" which otherwise would be "Short-term Capital Gain".

ii. As per the newly inserted section 10(38) of the Act, where STT is attracted, long-term capital gains tax will be nil. In cases where STT is not attracted or exempted, as in units of mutual funds other than equity-oriented funds, the normal capital gains tax will apply.

iii. Income tax on Long-term Capital Gain in case where STT is not attracted shall be lower of the following amount -

- 10% plus applicable surcharge* and an additional surcharge by way of education cess at the rate of 2% and higher education cess and at the rate of 1% on the amount of tax and surcharge on the amount of tax and surcharge, on the Long-term Capital Gains computed without substituting indexed cost of acquisition in place of the cost of acquisition, or;

*=Surcharge shall be applicable at the following rates :

- In case of individuals and Hindu undivided family at the rate of 10% in case income exceeds Rs. 10,00,000
- In case of Firms and Domestic Companies at the rate of 10%
- 20% plus applicable surcharge* and an additional surcharge by way of education cess at the rate of 2% and higher education cess at the rate of 1% on the amount of tax and surcharge on the Long-term Capital Gain computed after substituting indexed cost of acquisition in place of the cost of acquisition.

iv. In case where the taxable income as reduced by Long-term Capital Gains of a resident individual and Hindu Undivided family is below the taxable limit, the Long-term Capital gain will be reduced to the extent of such shortfall and only the balance

Long-term Capital Gain is chargeable to Income-tax.

- v. The following deductions are available from long term capital gains arising on sale of units, if the sale proceeds are invested in eligible avenues :

	Section 54 EC	Section 54F
Eligible Persons	All unit holders	Individual & HUFs
Asset to be purchased to claim exemption	Specified Bonds of National Highways Authority of India and Rural Electrification Corporation Limited	Residential house property
Time-limit for purchase from date of sale of MF units	6 months	Purchase : 1 year backward / 2 years forward & Construction : 3 years forward
Amount Exempt	Investment in the new asset or capital gain whichever is lower	Capital Gains proportionate to the investment made from the sale proceeds
Lock-in period	3 years	3 years

The exemption above as discussed in the table above would be available subject to fulfillment of such other conditions as laid down in the respective sections.

vi. According to Section 111A of the Act inserted by the Act, any transactions where STT is attracted, the short-term capital gains tax will be 10 percent of the short-term capital gains. The said tax rate would be increased by applicable surcharge*. Further, an additional surcharge of 2% and higher education cess at the rate of 1% would be charged on amount of tax and surcharge.

vii. The Short-term Capital Gains where STT is not attracted is liable to tax in the same manner as income from any other sources. The rate of tax varies on the basis of the nature of entity.

viii. Switching between Schemes will also be liable to capital gains tax.

b) Overseas Financial Organisation fulfilling conditions laid down under section 115AB (Offshore fund)

i. Under section 115AB of the Act, long-term capital gains arising to an Overseas Financial Organisation from transfer of units purchased in foreign currency will be chargeable to tax at the rate of 10%, plus surcharge at the rate of 2.5% and an additional surcharge by way of education cess at the rate of 2% and higher education cess at the rate of 1% on the amount of tax and surcharge. Such gain would be calculated without indexation of cost of acquisition. An additional surcharge of 2% by way of education cess and higher education cess at the rate of 1% would be charged on amount of tax inclusive of surcharge.

ii. Overseas Financial Organisation means any fund, institution, association or body, whether incorporated or not, established under the laws of a country outside India, which has entered into an arrangement for investment in India with the mutual fund and such arrangement is approved by SEBI for this purpose.

iii. The Short-term Capital Gains is liable to tax in the same manner as income from any other sources. The rate of tax varies on the basis of the nature of entity.

c) Deduction of Income tax At source From Capital Gains :

i. Resident Individual, Hindu Undivided Family, Partnership firm and Indian Company :

No income tax is required to be deducted at source from capital gains.

ii. Non-Resident (Other than Overseas Financial Organisation)
Income-tax is required to be deducted at source from the capital gains under section 195 of the Act. In the case of any assessee of a country with which a Double Taxation Avoidance Agreement (DTAA) is in force, the tax should be withheld as per provisions in the Act or as per the provisions in the DTAA which ever is more beneficial to the non-resident holder. However, such a non-resident unit holder will be required to provide appropriate documents to the Fund, to be entitled to a beneficial rate under such DTAA.

iii. Overseas Financial Organisation

Under Section 196B of the Act, tax shall be deducted at source from the long-term capital gains : for non-corporate members :- where payment is less than Rs. 10,00,000/- @ 10.30%; where payment is more than Rs. 10,00,000/- @ 11.33% For corporate members :- @ 10.5575%.

Income-tax is required to be deducted at source from the short-term capital gains under section 195 of the Act plus applicable surcharge. An additional surcharge of 2% by way of education cess and higher education cess at the rate of 1% on the amount of tax and surcharge would be charged. In the case of an assessee of a country with which a Double Taxation Avoidance Agreement (DTAA) is in force, the tax should be withheld as per the provisions of the Act or the provisions in the DTAA which ever is more beneficial to the assessee. However, the Unit holder will be required to provide appropriate documents to the Fund, to be entitled to a beneficial rate under such DTAA.

d) Dividend Stripping All Unit Holders

As per Section 94 (7) of the ACT, loss arising on sale of Units which are bought within 3 months of the record date and sold within 9 months after the record date, shall be ignored for the purpose of computing income chargeable to tax to the extent of exempt income received or receivable on such Units.

e) Bonus Stripping All Unit holders

As per Section 94(8) of the Act, units purchased within a period of 3 months prior to record date of entitlement of bonus and sold within a period of 9 months after such date the loss arising on transfer of original units shall be ignored for the purpose of computing the income chargeable to tax.

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

Wealth-Tax: Units held under the Scheme of the Fund are not treated as assets within the meaning of section 2(ea) of the wealth-tax Act, 1957 and are, therefore, not liable to Wealth-tax.

Gift-tax: The Gift-tax Act, 1958 has ceased to apply to gifts made on or after 1st October, 1998. Gifts of Units, purchased under the respective Plans, would therefore, be exempt from gift tax. Where however the gifts, exceeding Rs. 25,000, made on after 1-9-04, the same is to be included as income in the hands of donee under new sub-clause (xiii) inserted in section 2(24) read with new section 56(v) by the Finance (No. 2) Act, 2004. The tax benefits to the Mutual Fund and Unit Holders is in accordance with the prevailing tax laws.

Each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of his or her participation in the scheme.

ESCORTS LEADING SECTORS FUND

An Open Ended Growth Scheme

Offer of Units of Face Value of Rs. 10/- Each during the initial offer period and at NAV based prices upon re-opening

ESCORTS MUTUAL FUND

KEY INFORMATION MEMORANDUM AND APPLICATION FORM

NEW FUND OFFER OPENS ON	: 03 rd JULY, 2008
NEW FUND OFFER CLOSSES ON	: 01 st AUGUST, 2008
SCHEME RE-OPENS FOR CONTINUOUS SALE AND REPURCHASE ON	: 29 th AUGUST, 2008



11, Scindia House, Connaught Place, New Delhi - 110001
Tel. (Direct) 91-11-23321654

Board No. 91-11-23310145, 23315111 Extn. : 402 Fax : 91-11-23761495

Visit us at : www.escortsmutual.com Mail us at : help@escortsmutual.com

This Key Information Memorandum (KIM) sets forth the information, which a prospective investor ought to know before investing. For further details of the Scheme/Mutual Fund, due diligence certificate by AMC, Key personnel, Investor's rights & services, risk factors, penalties & litigations, associate transactions etc. investor should, before investment, refer to the Offer Document available free of cost at any of the Investor service Centre or distributors or from the website www.escortsmutual.com

The particulars of Escorts Leading Sectors Fund, the mutual fund scheme offered under this Document, has been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended till date and filed with the Securities and Exchange Board of India (SEBI). The Units being offered for public subscription have not been approved or disapproved by SEBI nor has SEBI certified the accuracy or adequacy of this KIM.

Name of Scheme : ESCORTS LEADING SECTORS FUND

Investment Objective

The investment objective of the scheme is to provide capital appreciation or income distribution by investing in companies from Leading Sectors, depending upon their growth prospects and sustainability of future earnings growth.

A "Leading Sector" shall be the one that is growing at a rate higher than the nominal GDP of the economy. The leading sectors could include businesses that are the current priority of the federal government. Example- In the 11th five-year plan the emphasis is on Power, Road and Transportation Infrastructure. Likewise, a large capital investment is on anvil given strong economic growth led by domestic consumption. Hence, Capital Goods and Engineering Sectors would have a higher than average growth rate. Also, the sectors that are helped by strong middle class and demographics of the country are growing at a very fast rate. These would, for instance, include Real Estate & Housing, Construction and Communications.

Asset Allocation Pattern

The following asset allocation is proposed to be adhered to, under normal conditions:

Instrument	Likely Proportion* (%)	Risk
Equity & Equity Related Instruments	70 - 100	Medium to High
Debt Instruments, Govt. Bonds, Money Market Instruments etc.	0 - 30	Low to Medium

Notes: * = as a proportion of the net assets of the scheme, Under normal Conditions Under normal circumstances, atleast 70% of the value of Escorts Leading Sectors Fund's assets will be invested in equity.

Risk Profile of the Scheme: Mutual Fund Investments are subject to market risks. Please read the offer document carefully for details on risk factors before investment.

Investment Plan & Option: The scheme offers Growth & Dividend Option. Dividend Plan Option will offer Payout & Reinvestment Facility. Default Option/ Facility-Growth Option/Reinvestment Option. The trustees reserve right to introduce any other option(s) under the scheme at a later date, by providing a notice to the investor on the AMC's website and by issuing a press release, prior to introduction of such option(s).

Applicable NAV (after the scheme opens for repurchases & Sale)

For Purchases / Redemptions

- In respect of valid application for Purchase / Redemption applications accepted at the Official Points of Acceptance of the Fund up to 3.00 p.m. on a Business Day, closing NAV of day of receipt of application shall be applicable.
- In respect of valid application for Purchase / Redemption application accepted at the Official Points of Acceptance of the Fund after 3.00 p.m. on a Business Day, closing NAV of the next business day of receipt of application shall be applicable.
- Valid applications for 'switch-out' shall be treated as applications for Redemption and valid application for 'switch-in' shall be treated as applications for Purchase, and the provisions for the Cut-off time and the Applicable NAV as applicable to Purchase and Redemption shall be applied respectively to the 'switch-in' and 'switch-out' applications.

Minimum Application Amount (New Purchase)

Rs. 5000 and in multiples of Re 1 thereafter (under all options)

Additional Investment Rs. 1000/- per plan per option & in multiples of Rs. 1/- thereafter.

Despatch of Redemption Proceeds

As per the Regulations, the Fund shall despatch the redemption proceeds within 10 (ten) Business Day from the date of

acceptance of redemption request at the Authorised centre of Escorts Mutual Fund.

The Fund will, under normal circumstances, endeavour to dispatch redemption cheques within 5 working Days from the date of acceptance of the redemption request at any of the official point(s) of transaction(s).

Benchmark Index : S&P CNX Nifty

Dividend Policy : The Trustee may approve the distribution of dividends by the AMC out of the net surplus of the Scheme. To the extent the net surplus is not distributed, the same will remain invested in the Scheme and be reflected in the NAV. The dividend declared, if any, will be paid out to the investors.

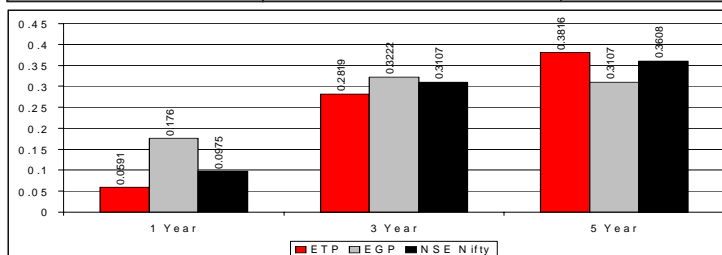
Name of the Chief Investment Officer : Mr. Rajesh Sharma

Name of the Trustee Company : Escorts Investment Trust Ltd.

Performance of the Scheme : Escorts Leading Sectors Fund is a New Scheme being launched. As per the requirement of SEBI circular on Key Information Memorandum, returns of Escorts Growth Plan, an open ended equity scheme, has been provided as under. It may be noted that strictly speaking these two Schemes are not comparable as Escorts Leading Sectors Fund is new scheme being launched by Escorts Mutual Fund

Performance (Annualised Returns as on 03/06/2008)

Compounded Annualised Returns	Scheme Returns %	Benchmark Returns %
Returns for the 1 year	Escorts Tax Plan - 5.91 Escorts Growth Plan - 17.60	9.75
Returns for the 3 year	Escorts Tax Plan - 28.19 Escorts Growth Plan - 32.22	31.07
Returns for the 5 year	Escorts Tax Plan - 38.16 Escorts Growth Plan - 41.34	36.08
Returns since inception	Escorts Tax Plan - 22.04 Escorts Growth Plan - 31.13	4.77 21.95



Expenses of the Scheme

Initial Issue Expenses

As per SEBI Circular No. SEBI/IMD/CIR No. 1/64057/06 Dt. April 04' 2006, Sales, Marketing & other such expenses connected with sales & distribution of the scheme shall be met from the entry load and not through initial issue expenses. Any excess shall be born by the AMC. Thus, Investors will be charged only to the extent of entry load as specified below.

Maximum Recurring Expenses

Average Daily Net Assets	Maximum as a % of Average daily Net Asset
First Rs. 100 Crores	2.50%
Next Rs. 300 Crores	2.25%
Next Rs. 300 Crores	2.0%
Balance	1.75%

Load Structure (For Application received during NFO & on an ongoing basis)

Entry Load	Exit Load
For purchase / Switch - in less than Rs. 5 Crores 2.25%	For Purchase/switch in of less than Rs. 5 crores, an Exit load of 1% is payable if units are redeemed/ switched out within 1 year from the date of allotment.
For purchase / Switch - in Rs. 5 crores and above : Nil	For Purchase/switch in of greater than or equal to Rs.5 Crore, an exit load of 2% Payable if units are redeemed / switched out within 6 months from the date of allotment 1% if exit before 1 year.
For SIP 2.25% per transaction	

For Direct Applications:-

In terms of SEBI Circular no. SEBI/IMD/CIR No. 10/112153/07 dated 31.12.2007, no entry load shall be charged for direct applications received by Escorts Asset Management Ltd., i.e. applications received through internet, submitted to Escorts Asset management Ltd. or collection centre/Investor Service Centre that are not routed through any distributor/agent/broker. This shall also be applicable to additional purchases done directly by the investor under the same folio and switch-into a scheme from other schemes if such a transaction is done directly by the investor.

In case any investor has struck off the Broker Code written on the Application Form and signed against it it shall be treated as direct investment. In case an investor submits an Application Form with the Broker Code column left blank- the word 'DIRECT' should be written in the column.

Net Asset Value (NAV) Publication :

NAV of the Units of the Scheme and Options therein, will be normally calculated daily and the AMC shall also endeavor to have the NAV published and updated on AMC's website (www.escortsmutual.com) on daily basis. NAV will also be calculated and published on the day on which repurchase facility is available.

For Investor Grievances please contact :

Name and Address of Registrar:	Name, address, telephone number, fax number, e-mail address of Escorts Mutual Fund
Escorts Asset Management Ltd. 11, Scindia House, Connaught Circus, New Delhi-110 001.	Escorts Mutual Fund 11, Scindia House, Connaught Circus, New Delhi-110001 Tel. : 23351343, 23321654, 2331991 Fax : 23761495 www.escortsmutual.com help@escortsmutual.com

Unitholders' Information : Account Statements, Annual Reports and Half Yearly Portfolio Disclosures shall be provided to investors in accordance with the provisions of the Regulations. The AMC can send the annual report, portfolio statement, account statements and other correspondence using e-mail as an alternate mode of communication, with the consent of the unit holders.

Application Form

for Resident Indians and NRIs/PIOs/FIIs

Broker Code	Sub-Broker Code	Bank Serial No.	Date & Time of Receipt
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(Please read the instructions before completing the application form)

New Fund Offer Opens on
03rd July 2008

New Fund Offer Closes on
01st August 2008

Date : _____

1 FOR EXISTING UNITHOLDERS

If you are making a purchase in an existing folio, please mention the folio number in the space provided and proceed to **Step 5**. Please note that the applicable details like mode of holding, bank details, nomination details, etc. will be as per the existing folio.

Folio No. _____ / _____

2 ABOUT YOU

Name of First Applicant

Mr. Ms. M/s _____ Date of Birth (Mandatory)

Name of Guardian (in case of minor) / Contact Person (In case of non-individual investors)

Mr. Ms. _____ Status [Please tick (✓)]

Designation of the Contact Person (In case of non-individual investors)

Resident Individual Bank/FI
 HUF AOP/Bol
 Company Club/Society
 Trust NRI/PIO*
 Partnership FII*
 Sole Proprietorship Minor
 Others (Please specify) _____

Mailing Address (Please provide full address)

City _____ PIN (Mandatory) _____

State _____ Country _____

*RIs/FIIs/PIOs applications to be submitted **ONLY** at any of the designated AMC branches.

Communication

Tel. (Res.) _____ Tel. (Off.) _____ Mob _____

E-Mail _____

Overseas Address (in case of NRIs/FIIs)

City _____ PIN _____

State _____ Country _____

Name of Second Applicant

Mr. Ms. _____ Mode of holding [Please tick (✓)]

Name of Third Applicant

Mr. Ms. _____

Single Joint
 Anyone or Survivor (Default option : Anyone or Survivor)

Permanent Account Number (PAN) PAN for all holders is mandatory (Refer General Instructions "7")

KYC Compliance Status (Mandatory for Rs.50,000 & above)**(if yes, attache proof)

MANDATORY	1st Applicant (Guardian for Minor)	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	2nd Applicant	<input type="checkbox"/> Yes	<input type="checkbox"/> No
	3rd Applicant	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Occupation [Please tick (✓)]

Professional Housewife
 Business Service
 Retired Student
 Others (Please specify) _____

3 E-MAIL COMMUNICATION-I/We wish to receive the following via e-mail instead of physical document.

Account Statement Quarterly Review & Annual Report Other statutory information

ACKNOWLEDGEMENT SLIP (To be filled in by the investor)

Received from : Mr./Ms./M/s.

Address

Signature, Stamp & Date