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
SCHEME INFORMATION DOCUMENT (SID)

KOTAK HYBRID FIXED TERM PLAN SERIES 2

(3 Years Close Ended Debt Scheme)

Name	This product is suitable for investors who are seeking [#]
Kotak Hybrid Fixed Term Plan Series 2	Income over a medium to long term investment horizon
	Investment in debt & money market instruments and long term capital appreciation by investing a portion of the assets in equity & equity related instruments
	Medium risk  (Yellow)

[#]Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

Note: Risk may be represented as: Investors understand that their principal will be at Low Risk  (Blue), Investors understand that their principal will be at Medium Risk  (Yellow), Investors understands that their principal will be at High Risk  (Brown).

Units at Rs. 10 each during the New Fund Offer

NFO Opens On: January 7, 2014

NFO Closes On: January 20, 2014

Name of Mutual Fund	Kotak Mahindra Mutual Fund
Name of Asset Management Company	Kotak Mahindra Asset Management Company Ltd
Name of Trustee Company	Kotak Mahindra Trustee Company Ltd
Registered Address of the Companies	36-38A Nariman Bhavan, 227, Nariman Point, Mumbai - 400 021
Corporate Office of Asset Management Company	6th Floor, Vinay Bhavya Complex, 159-A, C S T Road, Kalina, Santacruz (E), Mumbai - 400 098
Website	assetmanagement.kotak.com

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

Bombay Stock Exchange Ltd. ("the Exchange") has given vide its letter no. DCS/IPO/NP/MF-IP/442/2013-14 dated November 22, 2013 permission to Kotak Mahindra Mutual Fund to use the Exchange's name in this SID as one of the Stock Exchanges on which this Mutual Fund's Unit are proposed to be listed. The Exchange has scrutinised this SID for its limited internal purpose of deciding on the matter of granting the aforesaid permission to Kotak Mahindra Mutual Fund. The Exchange does not in any manner:

- warrant, certify or endorse the correctness or completeness of any of the contents of this SID; or
- warrant that this scheme's unit will be listed or will continue to be listed on the Exchange; or
- take any responsibility for the financial or other soundness of this Mutual Fund, its promoters, its management or any scheme or project of this Mutual Fund;

and it should not for any reason be deemed or construed that this SID has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any unit of Kotak Hybrid Fixed Term Plan Series 2 of this Mutual Fund may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever"

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

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

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

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

This Scheme Information Document is dated December 27, 2013.

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I. HIGHLIGHTS/SUMMARY OF THE SCHEME

Name of the Scheme	Kotak Hybrid Fixed Term Plan Series 2
Investment Objective	<p>The Objective of the Scheme is to generate income and minimize interest rate volatility by investing in Debt & Money Market securities that mature on or before the maturity of the scheme, and also to generate capital appreciation by investing in equity/ equity related instruments.</p> <p>There is no assurance or guarantee that the investment objective of the scheme will be achieved.</p>
Investment In	The scheme would invest in debt instruments like debentures, bonds, securitized debt and government securities and money market instruments like CPs, CDs, and T-bills. The scheme would also invest in equity & equity related instruments.
Suitable For	Conservative Investors who seek capital appreciation associated with equity investments, while taking lower risk on capital.
Liquidity	<p>Units of this scheme will be listed on Bombay Stock Exchange. Investors may sell their units in the stock exchange(s) on which these units are listed on all the trading days of the stock exchange. The units cannot be redeemed with KMMF until the maturity of the scheme.</p> <p>An investor can buy/sell Units on BSE and/or any other Stock Exchange(s) on which the Units are listed during the trading hours like any other publicly traded stock, until the date of issue of notice by the AMC for fixing the record date for determining the Unit holders whose name(s) appear on the list of beneficial owners as per the Depository's (NSDL/CDSL) records for the purpose of redemption of Units on maturity/final redemption date. The trading of Units on BSE and/or any other Stock Exchange(s) on which the Units are listed will automatically get suspended from the date of issuance of the said notice and also no off-market trades shall be permitted by the Depositories.</p>
Benchmark	Crisil MIP Blended Index.

NAV Information	<p>The Mutual Fund shall update the Net asset value of the scheme on every Business day on AMFI's website www.amfiindia.com by 9.00 p.m.</p> <p>The NAVs shall also be updated on the website of the Mutual Fund assetmanagement.kotak.com and will be published in two newspapers.</p> <p>Delay in uploading of NAV beyond 9.00 p.m. on every business day shall be explained in writing to AMFI. In case the NAVs are not available before the commencement of business hours on the following business day due to any reason, a press release for revised NAV shall be issued.</p> <p>The monthly portfolio of the Schemes shall be available in a user-friendly and downloadable format on the website viz. assetmanagement.kotak.com on or before the tenth day of succeeding month.</p>
Plans available	<p>There will be two plans under the Scheme namely, Regular Plan and Direct Plan</p> <p>Regular Plan: This Plan is for investors who wish to route their investment through any distributor.</p> <p>Direct Plan: This Plan is only for investors who purchase /subscribe Units in a Scheme directly with the Fund and is not available for investors who route their investments through a Distributor.</p> <p>The portfolio of both plans will be unsegregated.</p>
Default Plan	<ul style="list-style-type: none"> • Investors subscribing under Direct Plan of a Scheme will have to indicate "Direct Plan" against the Scheme name in the application form e.g. "Kotak Hybrid Fixed Term Plan Series 2 – Direct Plan". • Investors should also indicate "Direct" in the ARN column of the application form. • However, in case Distributor code is mentioned in the application form, but "Direct Plan" is indicated against the Scheme name, the application will be processed under Direct Plan. • Further, where application is received for Regular Plan without Distributor code or "Direct" mentioned in the ARN Column, the application will be processed under Direct Plan.
Options available	<p>Each Plan under the Scheme will have two options namely Growth and Dividend Payout.</p> <p>The NAVs of the above options under the scheme will be different and separately declared; the portfolio of the investments remaining the same.</p>
Choice of option	<p>If the applicant does not indicate the choice of Option in the Application Form, the application shall be accepted under the Growth Option.</p>
Minimum Application Amount (during NFO)	<p>Rs. 5,000/- and in multiples of Rs 10 for purchase and switch-ins. This clause is applicable only for purchases and switch in during the NFO.</p>
Load Structure	<p>Entry Load: In terms of SEBI Circular No. SEBI/IMD/CIR No. 4/168230/09 dated June 30, 2009, no entry load will be charged on purchase / additional purchase / switch-in. The upfront commission, if any, on investment made by the investor shall be paid by the investor directly to the Distributor, based on his assessment of various factors including the service rendered by the Distributor.</p> <p>Exit Load: Nil.</p>

Duration of the Scheme	<p>The Scheme will be for tenure of 3 years after the date of allotment.</p> <p>The Scheme will be fully redeemed / wound up at the end of the tenure of the scheme.</p> <p>In case the Maturity date or payout date happens to be a non-business day then the applicable NAV for redemptions and switch out shall be calculated immediately on the next business day.</p>
Listing	The units of the scheme will be listed on BSE on allotment. The units of the scheme may also be listed on the other stock exchanges.
Dematerialization	<p>Unit holders are given an option to hold the units in demat form in addition to account statement as per current practice.</p> <p>The Unitholders intending to hold/trade the units the units in Demat form are required to have a beneficiary account with the Depository Participant (DP) (registered with NSDL / CDSL) and will be required to indicate in the application the DP's name, DP ID Number and the beneficiary account number of the applicant with the DP.</p> <p>In case Unit holders do not provide their Demat Account details, an Account Statement shall be sent to them. Such unitholders will not be able to trade on the stock exchange.</p> <p>The Unitholders are requested to fill in their demat account details in the space provided for the same in Key Information Memorandum (KIM) and application forms.</p>
Cost of trading on the stock exchange	Unitholders will have to bear the cost of brokerage and other applicable statutory levies when the units are bought or sold on the stock exchange.
Transfer of Units	<p>Units held by way of an Account Statement cannot be transferred.</p> <p>Units held in Demat form are transferable in accordance with the provisions of The Depositories Act, SEBI (Depositories and Participants) Regulations, and Bye laws and business rules of depositories.</p>
Applications Supported by Blocked Amount (ASBA)	<p>Investors may apply through the ASBA facility during the NFO period of the Scheme by filling in the ASBA form and submitting the same to selected Self Certified Syndicate Banks (SCSBs) which are registered with SEBI for offering the ASBA facility, which in turn will block the amount in the account as per the authority contained in the ASBA form, and undertake other tasks as per the procedure specified therein.</p> <p>Investors are also requested to check with their respective Banks for details regarding application through ASBA mode. The list of SCSBs are available on SEBI website www.sebi.gov.in and also on the website of the stock exchanges.</p>

II. 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. The value of investments may be affected, inter-alia, by changes in the market, interest rates, changes in credit rating, trading volumes, settlement periods and transfer procedures; the NAV is also exposed to Price/Interest-

Rate Risk and Credit Risk and may be affected inter-alia, by government policy, volatility and liquidity in the money markets and pressure on the exchange rate of the rupee

- Past performance of the Sponsor/AMC/Mutual Fund does not guarantee future performance of the scheme.
- Kotak Hybrid Fixed Term Plan Series 2 is only the name of the scheme does not in any manner indicate either the quality of the scheme or its future prospects and returns.
- The sponsor is not responsible or liable for any loss resulting from the operation of the scheme beyond the initial contribution of Rs.2,50,000 made by it towards setting up the Fund.
- The present scheme is not a guaranteed or assured return scheme.

SPECIFIC RISKS IN DEBT MARKETS AND CAPITAL MARKETS

Investments in Financial Instruments are faced with the following kinds of risks.

I. Risks associated with Debt / Money Markets (i.e. Markets in which Interest bearing Securities or Discounted Instruments are traded)

a) Credit Risk:

Securities carry a Credit risk of repayment of principal or interest by the borrower. This risk depends on micro-economic factors such as financial soundness and ability of the borrower as also macro-economic factors such as Industry performance, Competition from Imports, Competitiveness of Exports, Input costs, Trade barriers, Favourability of Foreign Currency conversion rates, etc.

Credit risks of most issuers of Debt securities are rated by Independent and professionally run rating agencies. Ratings of Credit issued by these agencies typically range from "AAA" (read as "Triple A" denoting "Highest Safety") to "D" (denoting "Default"), with about 6 distinct ratings between the two extremes.

The highest credit rating (i.e. lowest credit risk) commands a low yield for the borrower. Conversely, the lowest credit rated borrower can raise funds at a relatively higher cost. On account of a higher credit risk for lower rated borrowers lenders prefer higher rated instruments further justifying the lower yields.

b) Price-Risk or Interest-Rate Risk:

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

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

Floating rate securities issued by a government (coupon linked to treasury bill benchmark or a real return inflation linked bond) have the least sensitivity to interest rate movements, as compared to other securities. The Government of India has already issued a few such securities and the

Investment Manager believes that such securities may become available in future as well. These securities can play an important role in minimizing interest rate risk on a portfolio.

c) Risk of Rating Migration:

The following table illustrates the impact of change of rating (credit worthiness) on the price of a hypothetical AA rated security with a maturity period of 3 years, a coupon of 10.00% p.a. and a market value of Rs. 100. If it is downgraded to A category, which commands a market yield of, say, 11.00% p.a., its market value would drop to Rs. 97.53 (i.e. 2.47%) If the security is up-graded to AAA category which commands a market yield of, say, 9.00% p.a. its market value would increase to Rs102.51 (i.e. by 2.51%). The figures shown in the table are only indicative and are intended to demonstrate how the price of a security can be affected by change in credit rating.

Rating	Yield (% p.a.)	Market Value (Rs.)
AA	10.00	100.00
If upgraded to AAA	9.00	102.51
If downgraded to A	11.00	97.53

d) Basis Risk:

During the life of floating rate security or a swap the underlying benchmark index may become less active and may not capture the actual movement in the interest rates or at times the benchmark may cease to exist. These types of events may result in loss of value in the portfolio. Where swaps are used to hedge an underlying fixed income security, basis risk could arise when the fixed income yield curve moves differently from that of the swap benchmark curve.

e) Spread Risk:

In a floating rate security the coupon is expressed in terms of a spread or mark up over the benchmark rate. However depending upon the market conditions the spreads may move adversely or favourably leading to fluctuation in NAV.

f) Reinvestment Risk:

Investments in fixed income securities may carry reinvestment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the bond. Consequently the proceeds may get invested at a lower rate.

g) Liquidity Risk:

The corporate debt market is relatively illiquid vis-a- vis the government securities market. There could therefore be difficulties in exiting from corporate bonds in times of uncertainties. Liquidity in a scheme therefore may suffer. Even though the Government Securities market is more liquid compared to that of other debt instruments, on occasions, there could be difficulties in transacting in the market due to extreme volatility or unusual constriction in market volumes or on occasions when an unusually large transaction has to be put through. In view of this, redemption may be limited or suspended after approval from the Boards of Directors of the AMC and the Trustee, under certain circumstances as described in the Statement of Additional Information (SAI).

h) Risks associated with Securitised Debt:

The Scheme may from time to time invest in domestic securitised debt, for instance, in asset backed securities (ABS) or mortgage backed securities (MBS). Typically, investments in securitised debt carry credit risk (where credit losses in the underlying pool exceed credit enhancement provided, (if any) and the reinvestment risk (which is higher as compared to the normal corporate or sovereign debt). The underlying assets in securitised debt are receivables arising from automobile loans, personal loans, loans against consumer durables, loans backed by mortgage of residential / commercial properties, underlying single loans etc.

ABS/MBS instruments reflect the proportionate undivided beneficial interest in the pool of loans and do not represent the obligation of the issuer of ABS/MBS or the originator of the underlying receivables. Investments in securitised debt is largely guided by following factors:

- Attractive yields i.e. where securitised papers offer better yields as compared to the other debt papers and also considering the risk profile of the securitised papers.
- Diversification of the portfolio
- Better performance

Broadly following types of loans are securitised:

i) Auto Loans

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 i.e. 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 cyclical 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.

ii) 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.

iii) 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.

iv) 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.

v) Single Loan PTC

A single loan PTC is a securitization transaction in which a loan given by an originator (Bank/ NBFC/ FI etc.) to a single entity (obligor) is converted into pass through certificates and sold to investors. The transaction involves the assignment of the loan and the underlying receivables by the originator to a trust, which funds the purchase by issuing PTCs to investors at the discounted value of the

receivables. The PTCs are rated by a rating agency, which is based on the financial strength of the obligor alone, as the PTCs have no recourse to the originator.

The advantage of a single loan PTC is that the rating represents the credit risk of a single entity (the obligor) and is hence easy to understand and track over the tenure of the PTC. The primary risk is that of all securitized instruments, which are not traded as often in the secondary market and hence carry an illiquidity risk. The structure involves an assignment of the loan by the originator to the trustee who then has no interest in monitoring the credit quality of the originator. The originator that is most often a bank is in the best position to monitor the credit quality of the originator. The investor then has to rely on an external rating agency to monitor the PTC. Since the AMC relies on the documentation provided by the originator, there is a risk to the extent of the underlying documentation between the seller and underlying borrower.

vi) Bankruptcy of the originator or seller:

Investment decisions are primarily based on the underlying borrowers and also of the originator or seller. Once the originator or seller sells the assets to a special purpose vehicle, the subsequent bankruptcy of seller / originator should not effect the receivables of the fund.

vii) Bankruptcy of the Investors Agent:

The underlying special purpose vehicle acts as the Collection and paying agent for the investors. The SPV's are normally trusts and are set up as "bankruptcy remote". i.e. since they merely pass on the monies received in their capacity as trusts, the question of their bankruptcy do not arise. Also the bankruptcy of the sponsor does not effect the specific trusts.

viii) Bankruptcy of the underlying borrower.

The risks would be similar to the credit risks and mitigants thereof covered elsewhere in the SID.

II. Risks associated with Equity Markets

a) Price fluctuations and Volatility:

Mutual Funds, like securities investments, are subject to market and other risks and there can be neither a guarantee against loss resulting from an investment in the Scheme nor any assurance that the objective of the Scheme will be achieved. The NAV of the Units issued under the Scheme can go up or down because of various factors that affect the capital market in general, such as, but not limited to, changes in interest rates, government policy and volatility in the capital markets. Pressure on the exchange rate of the Rupee may also affect security prices.

b) Concentration / Sector Risk:

When a Mutual Fund Scheme, by mandate, restricts its investments only to a particular sector; there arises a risk called concentration risk. If the sector, for any reason, fails to perform, the portfolio value will plummet and the Investment Manager will not be able to diversify the investment in any other sector. Investments under this scheme will be in a portfolio of diversified equity or equity related stocks spanning across a few selected sectors. Hence the concentration risks could be high.

c) Liquidity Risks:

Liquidity in Equity investments may be affected by trading volumes, settlement periods and transfer procedures. These factors may also affect the Scheme's ability to make intended purchases/sales, cause potential losses to the Scheme and result in the Scheme missing certain investment opportunities. These factors can also affect the time taken by KMMF for redemption of Units, which could be significant in the event of receipt of a very large number of redemption requests or very

large value redemption requests. In view of this, redemption may be limited or suspended after approval from the Boards of Directors of the AMC and the Trustee, under certain circumstances as described in the Statement of Additional Information.

III. Risk Associated with Investment in Derivatives Market

Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the fund manager to identify such opportunities. Identification and execution of the strategies to be pursued by the fund manager involve uncertainty and decision of fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies. The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investment.

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. There are certain risks inherent in derivatives. These are:

- a) **Basis Risk** – This risk arises when the derivative instrument used to hedge the underlying asset does not match the movement of the underlying being hedged for e.g. mismatch between the maturity date of the futures and the actual selling date of the asset.
- b) **Limitations on upside:** Derivatives when used as hedging tool can also limit the profits from a genuine investment transaction.
- c) **Liquidity risk** pertains to how saleable a security is in the market. All securities/instruments irrespective of whether they are equity, bonds or derivatives may be exposed to liquidity risk (when the sellers outnumber buyers) which may impact returns while exiting opportunities.
- d) In case of investments in index futures, the risk would be the same as in the case of investments in a portfolio of shares representing an index. The extent of loss is the same as in the underlying stocks. In case futures are used for hedging a portfolio of stocks, which is different from the index stocks, the extent of loss could be more or less depending on the coefficient of variation of such portfolio with respect to the index; such coefficient is known as Beta.
- e) The risk (loss) for an options buyer is limited to the premium paid, while the risk (loss) of an options writer is unlimited, the latter's gains being limited to the premiums earned. However, in the case of KMMF, all option positions will have underlying assets and therefore all losses due to price-movement beyond the strike price will actually be an opportunity loss. The writer of a put option bears a risk of loss if the value of the underlying asset declines below the exercise price. The writer of a call option bears a risk of loss if the value of the underlying asset increases above the exercise price.
- f) The risk related to hedging for use of derivatives, (apart from the derivatives risk mentioned above) is that event of risk, which we were anticipating and hedged our position to mitigate it, does not happen. In such case, the cost incurred in hedging the position would be a avoidable charge to the scheme net assets.
- g) **Credit Risk** – The credit risk in derivative transaction is the risk that the counter party will default on its obligations and is generally low, as there is no exchange of principal amounts in a derivative transaction
- h) **Interest Rate Risk** – interest rate is one of the variables while valuing derivatives such as futures & options. For example, with everything remaining constant, when interest rates increase, the price of Call option would increase. Thus, fluctuations in interest rates would result in volatility in the valuation of derivatives.

- i) Model Risk - A variety of models can be used to value options. Hence, the risk to the fund is that the fund manager buys a particular option using a particular valuation model (on the basis of which the option seems to be fairly priced or cheap) but the market is valuing it using another valuation model and according to which the option may be expensive.

B. Requirement of Minimum Investors in the Scheme

The Scheme and individual Plan(s) under the Scheme shall have a minimum of 20 investors and no single investor shall account for more than 25% of the corpus of the Scheme(s)/Plan(s). These conditions will be complied with immediately after the close of the NFO itself i.e. at the time of allotment. In case of non-fulfillment with the condition of minimum 20 investors, the Scheme(s)/Plan(s) shall be wound up in accordance with Regulation 39 (2) (c) of SEBI (MF) Regulations automatically without any reference from SEBI. In case of non-fulfillment with the condition of 25% holding by a single investor on the date of allotment, the application to the extent of exposure in excess of the stipulated 25% limit would be liable to be rejected and the allotment would be effective only to the extent of 25% of the corpus collected. Consequently, such exposure over 25% limits will lead to refund within 5 business days of the date of closure of the New Fund Offer.

C. Definitions

In this SID, the following words and expressions shall have the meaning specified below, unless the context otherwise requires:

Applicable NAV	Unless stated otherwise in the SID, 'Applicable NAV' is the Net Asset Value at the close of a Business Day as of which the purchase or redemption is sought by an investor and determined by the Fund.
Application Supported by Blocked Amount (ASBA)	An application containing an authorization given by the Investor to block the application money in his specified bank account towards the subscription of Units offered during the NFO of the Scheme. On intimation of allotment by CAMS to the banker the investors account shall be debited to the extent of the amount due thereon.
Asset Management Company or AMC or Investment Manager	Kotak Mahindra Asset Management Company Limited, the Asset Management Company incorporated under the Companies Act, 1956, and authorised by SEBI to act as Investment Manager to the Schemes of Kotak Mahindra Mutual Fund.
Business Day	<p>A day other than:</p> <ul style="list-style-type: none"> (i) Saturday and Sunday (ii) A day on which the banks in Mumbai and RBI are closed for business/clearing (iii) A day on which Purchase and Redemption is suspended by the AMC (iv) A day on which the money markets are closed/not accessible. (v) A day on which the National Stock Exchange or Bombay Stock Exchange is closed. (vi) A day on which NSDL or CDSL is closed for the purpose of transfer of securities between depository (demat) accounts. <p>Additionally, the days when the banks in any location where the AMC's Investor service center are located, are closed due to local holiday, such days will be treated as non Business days at such centers for the purpose of accepting subscriptions. However if the Investor service center in such location is open on such local holidays, only redemption and switch request will be accepted at those centers provided it is a Business day for the scheme.</p> <p>The AMC reserves the right to change the definition of Business Day. The AMC reserves the right to declare any day as a Business or otherwise at any or all ISCs.</p>
Controlling Branches (CBs)	Controlling Branches (CBs) of the SCSBs are the branches of the SCSBs acting as coordinating branch for the Registrar and Transfer Agent of Mutual Fund, AMC and the Stock Exchange(s) for the ASBA facility offered during the NFO period.
Custodian	Deutsche Bank AG, and Standard Chartered Bank acting as Custodian to the Scheme, or any other Custodian appointed by the Trustee.
Depository	A depository as defined in the Depositories Act, 1996 (22 of 1996) and includes National Securities Depository Ltd (NSDL) and Central Depository Services Ltd (CDSL).
Designated Branches (DBs)	Designated Branches (DBs) of the SCSBs are the branches of the SCSBs which shall collect the ASBA Application Forms duly filled by the Investors towards the subscription to the Units of the Scheme offered during the NFO. The list of these Designated Branches shall be available at the websites of SEBI and the stock exchanges.

Entry Load	The charge that is paid by an Investor when he invests an amount in the Scheme.
Exit Load	The charge that is paid by a Unitholder when he redeems Units from the Scheme.
FII	Foreign Institutional Investors, registered with SEBI under Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995.
Gilts / Government Securities / G.Secs	Securities created and issued by the Central Government and / or State Government.
IMA	Investment Management Agreement dated 20th May 1996, entered into between the Fund (acting through the Trustee) and the AMC and as amended up to date, or as may be amended from time to time.
Investor Service Centres or ISCs	Designated branches of the AMC / other offices as may be designated by the AMC from time to time.
Kotak Hybrid Fixed Term Plan Series 2	Close-Ended Debt Scheme
Kotak Bank / Sponsor	Kotak Mahindra Bank Limited.
KMMF / Fund / Mutual Fund	Kotak Mahindra Mutual Fund, a trust set up under the provisions of The Indian Trusts Act, 1882.
KMTCL / Trustee	Kotak Mahindra Trustee Company Limited, a company set up under the Companies Act, 1956, and approved by SEBI to act as the Trustee for the Schemes of Kotak Mahindra Mutual Fund.
Maturity Date	The date on which all the units under the Scheme would be redeemed compulsorily and without any further act by the Unitholders at the Applicable NAV of that day. If this day is not a Business Day then the immediate following Business Day will be considered as the Maturity Date.
Money Market Instruments	Includes commercial papers, commercial bills, treasury bills, Government securities having an unexpired maturity upto one year, call or notice money, certificate of deposit, usance bills, and any other like instruments as specified by the Reserve Bank of India from time to time.
MIBOR	The Mumbai Interbank Offered Rate published once every day by the National Stock Exchange and published twice every day by Reuters, as specifically applied to each contract.
Mutual Fund Regulations / Regulations	Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended up to date, and such other regulations as may be in force from time to time.
NAV	Net Asset Value of the Units of the Scheme (including the options thereunder) as calculated in the manner provided in this SID or as may be prescribed by Regulations from time to time. The NAV will be computed up to four decimal places.
NRI	Non-Resident Indian and Person of Indian Origin as defined in Foreign Exchange Management Act, 1999.
Purchase Price	Purchase Price, to an investor, of Units under the Scheme (including Options thereunder) computed in the manner indicated elsewhere in this SID.
Redemption Price	Redemption Price to an investor of Units under the Scheme (including Options thereunder) computed in the manner indicated elsewhere in this SID.
Registrar	Computer Age Management Services Private Limited ('CAMS'), acting as Registrar to the Scheme, or any other Registrar appointed by the AMC.
Repo	Sale of securities with simultaneous agreement to repurchase them at a later date.
Reserve Bank of India / RBI	Reserve Bank of India, established under the Reserve Bank of India Act, 1934.

Reverse Repo	Purchase of securities with a simultaneous agreement to sell them at a later date.
Scheme	Kotak Hybrid Fixed Term Plan Series 2 All references to the Scheme would deem to include options thereunder unless specifically mentioned.
Self Certified Syndicate Bank (SCSB)	Self Certified Syndicate Bank (SCSB) means a bank registered with SEBI to offer the facility of applying through the ASBA facility. ASBAs can be accepted only by SCSBs, whose names appear in the list of SCSBs as displayed by SEBI on its website at www.sebi.gov.in .
Standard Information Document (SID)	This document issued by Kotak Mahindra Mutual Fund, offering for subscription of Units of the Scheme.
Statement of Additional Information (SAI)	It contains details of Kotak Mahindra Mutual Fund, its constitution, and certain tax, legal and general information. It is incorporated by reference (is legally a part of the Scheme Information Document)
SEBI	The Securities and Exchange Board of India.
Transaction Points	Centres designated by the Registrar, to accept investor transactions and scan them for handling by the nearest ISC.
Trust Deed	The Trust Deed entered into on 20th May 1996 between the Sponsor and the Trustee, as amended up to date, or as may be amended from time to time.
Trust Fund	The corpus of the Trust, Unit capital and all property belonging to and/or vested in the Trustee.
Unit	The interest of the investors in the Scheme, which consists of each Unit representing one undivided share in the assets of the Scheme.
Unitholder	A person who holds Unit(s) of the Scheme
Valuation Day	For the Scheme, each Business Day and any other day when the Debt and/or money markets are open in Mumbai.
Words and Expressions used in this SID and not defined	Same meaning as in Trust Deed.

D. Special Consideration

- The Mutual Fund/ AMC and its Empanelled Brokers have not given and shall not give any indicative portfolio and indicative yield in any communication, in any manner whatsoever. Investors are advised not to rely on any communication regarding indicative yield / portfolio with regard to the Scheme.
- Trustees shall ensure that before launch of the scheme, in-principle approval for listing has been obtained from the stock exchange(s) and appropriate disclosures are made in the Scheme Information Document
- Nomination: For Unit holders holding units in demat form: The units will be issued in demat form through depository system. The unitholder will be entitled to the nomination facility offered by the depository with whom the unitholder has an account.
- Transmission: The units will be issued in demat form through depository system. The unitholder will be entitled to and subject to the transmission facility and procedure of the depository with whom the unitholder has an account.
- Inter option transfer: Transfer of units from growth to dividend or vice-versa will not be allowed, in case of units held under demat mode.
- Prospective investors should review/study SAI along with SID carefully and in its entirety and shall 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 subscriptions, gifting, acquisition, holding, disposal (sale, transfer, switch or redemption or conversion into money) of units and to the treatment of income (if any), capitalization, capital gains, any distribution, and other tax consequences relevant to their subscription, acquisition, holding, capitalization, disposal (sale, transfer, switch or redemption or conversion into money) of units

within their jurisdiction/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.

- Neither this SID and SAI, nor the units have been registered in any jurisdiction. The distribution of this SID in certain jurisdictions may be restricted or subject to registration and accordingly, any person who gets possession of this SID is required to inform themselves about, and to observe, any such restrictions. 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. Any changes in SEBI/RBI regulations and other applicable laws/regulations could have an effect on such investments and valuation thereof.
- Kotak Mahindra Mutual Fund/AMC has not authorised any person to give any information or make any representations, either oral or written, not stated in this SID in connection with issue of units under the Schemes. Prospective investors are advised not to rely upon any information or representations not incorporated in the SAI and SID as the same have not been authorised by the Fund or the AMC. Any purchase or redemption made by any person on the basis of statements or representations which are not contained in this SID or which are not consistent with the information contained herein shall be solely at the risk of the investor. The investor is requested to check the credentials of the individual, firm or other entity he/she is entrusting his/her application form and payment to, for any transaction with the Fund. The Fund shall not be responsible for any acts done by the intermediaries representing or purportedly representing such investor.
- If the units are held by any person in breach of the Regulations, law or requirements of any governmental, statutory authority including, without limitation, Exchange Control Regulations, the Fund may mandatorily redeem all the units of any Unit holder where the units are held by a Unit holder in breach of the same. The Trustee may further mandatorily redeem units of any Unit holder in the event it is found that the Unit holder has submitted information either in the application or otherwise that is false, misleading or incomplete.

E. Due Diligence by the Asset Management Company

DUE DILIGENCE CERTIFICATE

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 launching of the scheme as also the guidelines, instructions, etc., issued by the Government and any other competent authority in this behalf, have been duly complied with.
- (iii) the disclosures made in the Scheme Information Document are true, fair and adequate to enable the investors to make a well informed decision regarding investment in the proposed scheme.
- (iv) the intermediaries named in the Scheme Information Document and Statement of Additional Information are registered with SEBI and their registration is valid, as on date.

For Kotak Mahindra Asset Management Company Limited
Asset Management Company for Kotak Mahindra Mutual Fund

Place: Mumbai
Date: December 26, 2013

Sandeep Kamath
Compliance Officer

III. INFORMATION ABOUT THE SCHEME

Kotak Hybrid Fixed Term Plan Series 2

A. Type of the scheme:

Close ended debt scheme with maturity of 3 years.

B. What is the investment objective of the scheme?

The Objective of the Scheme is to generate income and minimize interest rate volatility by investing in Debt & Money Market securities that mature on or before the maturity of the scheme, and also to generate capital appreciation by investing in equity/ equity related instruments.

There is no assurance or guarantee that the investment objective of the scheme will be achieved.

C. How will the scheme allocate its assets?

The asset allocation under the Scheme, under normal circumstances, will be as follows:

	Indicative Allocation	Risk Profile
Debt instruments including Government securities*	55%-95%	Low to Medium
Money Market Securities#	0-10%	Low to Medium
Equity & equity related securities \$	5%-35%	Medium to high

*Debt instruments shall be deemed to include securitized debts, not including foreign securitized debt and investment in securitised debt shall not exceed 20% of the net assets of the Scheme.

#The Scheme may deploy (upto 100 %) the funds in cash/cash equivalents/in units of money market/liquid schemes of Kotak Mahindra Mutual Fund and/any other mutual Fund in terms of applicable regulations, at the discretion of the Fund Manager upto period of 30 days after NFO and towards the maturity

\$ The scheme would endeavor to put equity allocation, at an optimum level, within the above mentioned asset allocation. However, the fund manager can keep the equity allocation at the minimum mentioned 5%, for defensive consideration, and for a period of time, deemed conducive for the scheme, and in the best interest of the investor. In such a situation, the intended allocation for equity would be invested in A1+ or equivalent rated CDs/CBLOs/TBills, till the fund manager decides it to be favorable for increasing allocation to equity.

The Scheme retains the flexibility to invest across all the securities in the debt and money markets as permitted by SEBI / RBI from time to time.

Investment in derivatives can be upto 50% of the net assets of the Scheme.

The scheme may invest in derivatives, i.e. exchange traded options and futures. The equity derivatives strategy shall endeavor to provide the portfolio with participation in the underlying equity index. The participation rate would depend on the prevailing prices of the options. The total exposure related to option premium paid will not exceed 20% of the net assets of the Scheme. If due to market movements, the value of options appreciates/ depreciates resulting in breach of the limit of 20%, the fund manager may or may not rebalance the portfolio. However, if the fund manager sells the option

before expiry of the contract, the reinvestment, if any, would be subject to the maximum 20% limit on options premium.

The scheme may use derivatives for trading, hedging and portfolio balancing. The cumulative gross exposure through equity, debt, money market instruments & derivative positions shall not exceed 100% of the net assets of the scheme as per SEBI circular No. Cir/ IMD/ DF/ 11/ 2010 dated August 18, 2010.

Portfolio Rebalancing:

Subject to SEBI (MF) Regulations, the asset allocation pattern indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute. These proportions may vary depending upon the perception of the AMC, the intention being at all times to seek to protect the interests of the Unit holders. Such changes in the investment pattern will be for short term and only for defensive considerations. In case of any deviation, the AMC will achieve a normal asset allocation pattern in a maximum period of 30 days. Where the portfolio is not rebalanced within 30 Days, justification for the same shall be placed before the Investment Committee and reasons for the same shall be recorded in writing. The Investment committee shall then decide on the course of action. However, at all times the portfolio will adhere to the overall investment objective of the Scheme

Intended Portfolio for Scheme

The Intended Portfolio for the Scheme will be as under. The floors and ceiling shall be within a range of 5% of the intended allocation (in %) against each sub asset class/credit rating.

Instruments	Credit Rating					
	AAA	AA	A	A1+	BBB	Not applicable
CDs	-	-	-	-	-	-
CPs	-	-	-	0%-5%	-	-
NCDs	-	95%-100%	-	-	-	-
CBLO / T-Bills/Repo/G secs	-	-	-	-	-	-

The cumulative gross exposure through equity, debt and derivative positions shall not exceed 100% of the net assets of the Scheme.

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

Notes:-

- a. Securities with Rating AA will include AA+ and AA-. Similarly, securities with Rating A will include A+ and A- .
- b. Positive variation in investment towards higher credit rating in the same instrument is allowed. In case of non availability of assets or taking into account the risk reward analysis of CPs/NCDs the scheme may invest in CDs having highest rating (A1+) & CBLOs/T Bills. Such deviation may exist till suitable NCD/CP of desired credit quality is not available. At the time of building of portfolio post NFO and just towards maturity, there may be higher allocation to cash and cash equivalents under the scheme
- c. The Fund Manager will endeavour to deploy the NFO proceeds in line with the above allocation within 30 days from the closure of the NFO.

- d. All investments shall be made based on the ratings prevalent at the time of investments. However where there are dual ratings for a particular security, most conservative publicly available rating shall be considered.
- e. In the event of any deviations below the minimum limits or beyond the maximum limits, rebalancing of the asset allocation will be called for by the Fund Manager within 30 days from the date of the said deviation. Such changes in the investment pattern will be for a short term and for defensive considerations and the intention being at all times to seek to protect the interests of the Unit Holders.
- f. Investment Committee shall from time to time decide the negative list of sectors where the scheme shall not take exposure. The schemes shall not invest in any debt instruments/papers issued by Micro finance companies, Airlines Companies, Gems and Jewellery and unrated debt instruments
- g. The schemes shall also not undertake securities lending, short selling and shall not invest in foreign securities and in Credit Default Swaps.

There will be no variation between intended portfolio allocation and the final portfolio allocation except to the exception as mentioned in point (b) and (e) above.

Credit Evaluation Policy

The AMC has appointed an Investment Committee which oversees matters relating to credit assessments and approvals. The Investment Committee comprises of Senior Executives of the Company including a Director. It oversees the risk management function and sets the framework for credit risk assessment and monitoring, sectoral exposure caps, sensitive sector limits, fund level limits and norms for investment decision-making. This investment policy which emphasizes on credit quality, liquidity and duration management lays down the process to be followed by the debt fund management team while making investments. The broad process followed can be enlisted as under:

- Detailed credit research is undertaken for each investment in the portfolio which includes qualitative and quantitative assessment of various issuers.
- Qualitative assessment involves analyzing the business profile of the issuer on several parameters including market share, competitive positioning, management quality, business diversification, regulatory environment, rating agency views and event risk if any.
- Quantitative assessment involves analyzing the financial profile of the issuer on parameters like balance sheet size, cash flow adequacy, debt servicing capability, working capital requirements, funding flexibility and capital adequacy.
- Typical ratios used in credit analysis are debt to equity (leverage), short term debt to total debt, interest coverage ratio, total debt to EBITDA, current ratio, EBITDA margin and net profit margin.

Overview of Debt Market and Money Markets

The Indian Debt Market has grown in size substantially over the years. The Reserve Bank of India has been taking steps to make the Indian Debt Market efficient and vibrant. Broadly, the debt market is divided in two parts viz. the Money Market and the Debt market. Money market instruments have a tenor of less than one year while debt market instruments have a tenor of more than one year. Money market instruments are typically commercial paper, certificates of deposit, treasury bills, trade bills, repos, interbank call deposit receipts etc. Debt market comprises typically of securities issued by Governments (Central and State), Banks, Financial Institutions, and Companies in the private and public sector, Corporations, Statutory Bodies etc.

The money markets in India essentially consist of the call money market (i.e. market for overnight and term money between banks and institutions), repo transactions (temporary sale with an agreement to buy back the securities at a future date at a specified price), commercial papers (CPs, short term unsecured promissory notes, generally issued by corporates), certificate of deposits (CDs, issued by banks) and Treasury Bills (issued by RBI). In a predominantly institutional market, the key money market players are banks, financial institutions, insurance companies, mutual funds, primary dealers and corporates. In money market, activity levels of the Government and nongovernment debt vary

from time to time. Instruments that comprise a major portion of money market activity include but not limited to:

- Overnight Call
- Collateralised Borrowing & Lending Obligations (CBLO)
- Repo/Reverse Repo Agreement
- Treasury Bills
- Government securities with a residual maturity of < 1 year.
- Commercial Paper
- Certificate of Deposit

The debt securities are mainly traded over the telephone directly or through brokers. The National Stock Exchange of India has a separate trading platform called the Wholesale Debt Market segment where trades put through member brokers are reported.

RBI has introduced the Negotiated Dealing System (NDS) platform for screen-based trading in Government Securities including Treasury bills. Most of the market participants are now operating through NDS.

Promoted by major banks and financial institutions, The Clearing Corporation of India Ltd. (CCIL) was incorporated on April 30, 2001. The CCIL guarantees the settlement of all trades executed through NDS. The clearing and settlement risks viz., Counter party Credit Risk and Operational Risk are mitigated by CCIL thereby facilitating a smooth settlement process.

The following table gives approximate yields prevailing as on December 3, 2013 on some of the money and debt market instruments. These yields are indicative and do not indicate yields that may be obtained in future as interest rates keep changing.

Instrument	Yield Range (% per annum)
Inter bank Call Money	7.65-7.75
91 Day Treasury Bill	8.50-8.60
364 Day Treasury Bill	8.70-8.75
P1+ Commercial Paper 90 Days	9.25-9.35
3-Year Government of India Security	8.60-8.75
5-Year Government of India Security	8.75-8.85
10-Year Government of India Security	8.70-8.80

Generally, for instruments issued by a non-Government entity, the yield is higher than the yield on a Government Security with corresponding maturity. The difference, known as credit spread, depends on the credit rating of the entity. Investors must note that the yields shown above are the yields prevailing on December 3, 2013 and they are likely to change consequent to changes in economic conditions and RBI policy.

D. Where will the scheme invest?

The amount collected under the scheme will be invested in debt and money market instruments and equity and equity related instruments. Subject to the Regulations, the amount collected under this scheme can be invested in any (but not exclusively) of the following securities/ debt instruments:

- a. Securities created and issued/guaranteed by the Central and State Governments and/or repos/reverse repos in such Government Securities as may be permitted by RBI (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills).
- b. Equity and Equity related instruments including convertible bonds and debentures and warrants carrying the right to obtain equity shares.
- c. Debt obligations of domestic Government agencies and statutory bodies, which may or may not carry a Central/State Government guarantee
- d. Corporate debt (of both public and private sector undertakings) including Non convertible debentures (including bonds) and non-convertible part of convertible securities.

- e. Obligations/ Term Deposits of banks (both public and private sector) and development financial institutions
- f. Money market instruments permitted by SEBI/RBI, having maturities of up to one year or in alternative investment for the call money market as may be provided by the RBI to meet the liquidity requirements.
- g. Debentures
- h. Certificate of Deposits (CDs).
- i. Securitised Debt, not including foreign securitised debt.
- j. Repo of corporate debt securities
- k. CBLO, Bills re-discounting, as may be permitted by SEBI from time to time.
- l. Derivative instruments like Interest Rate Swaps, Interest Rate Forwards, Interest Rate Futures, Forward Rate Agreements, stock options, Index options, Stock & Index futures/stock futures and such other derivative instruments permitted by SEBI/RBI.
- m. Any other domestic fixed income securities as permitted by SEBI / RBI from time to time.
- n. Any other instruments / securities, which in the opinion of the fund manger would suit the investment objective of the scheme subject to compliance with extant Regulations.

The securities/debt instruments mentioned above could be listed or unlisted, secured or unsecured, rated and of varying maturities and other terms of issue. The securities may be acquired through Initial Public Offerings (IPOs), secondary market operations, private placement, rights offer or negotiated deals. The Schemes may also enter into repurchase and reverse repurchase obligations in all securities held by it as per guidelines/regulations applicable to such transactions.

Scheme specific outlook to securitized debt instruments

How the risk profile of securitized debt fits into the risk appetite of the scheme:

The scheme investment pattern permits investments in debt and money market instruments with extended maturities. Under this the investments could be in the following form of issuances, viz. CPs, CDs, Securitised debt, etc. i.e. for the same acceptable levels of risks there could be multiple instruments available to a Fund Manager. Based on the credit assessment of the issuers the Fund Manager may chose to invest in securitized debt.

Our evaluation process for investment in securitized debt is similar to the approach followed for other types of instruments including money market and bonds. We lay emphasis on credit, liquidity and duration risk while evaluating every prospective investment, keeping in mind the investment objectives of the particular scheme.

Policy relating to originators based on nature of originator, track record, NPAs, losses in earlier securitized debt etc:

The Fund Manager shall do a comprehensive credit assessment of the structure before investment. This includes originator's credit origination standards, track record on asset quality, more specifically its track record in respect the asset class that is being securitized and also the performance of the pools securitised by the originator in the past. No investments will be made in instruments rated below certain grades as prescribed by the investment committee or in unrated instruments. Prior approval of Trustee will be taken, in case of any investments in unrated instruments.

The securitised paper may pertain to a single asset class e.g., car loans or commercial vehicle loans or a combination of different asset classes i.e. car loans, two wheeler loans and commercial vehicle loans. Investment focus is towards diversification in the asset pool in terms of geography, underlying collateral. Although there is no specific guidelines with respect minimum period for which the originator had held the loans in its books), appropriateness of the seasoning (the period for which the originator has held loans on its books) and also the loan to value and instilment to income profile of the pool are important parameters for making investment decision.

In case of single loan securitization, the originator merely transfers the loan existing in his book by way of a single loan sell down. The obligation to repay and service the debt remains with the

underlying obligor and hence, it is the obligor whose standalone business and financial risk profile is evaluated. Therefore, the credit rating of a single loan structure mirrors the credit rating of the obligor.

For pool securitization, where the debt repayment is dependent on the underlying pool of borrowers, it is important to evaluate the characteristics of the pool including the type of loan, loan to value ratio, ticket size of loan, geographic distribution etc. and the track record of the originator in terms of volume of securitization activity, historical losses seen in similar pools, stability in cash flow servicing and utilization level of credit enhancement.

Risk Mitigation strategies for investments with each kind of originator:

Apart from the above, risk assessment process includes examination of the credit enhancements offered under the present PTC structure, utilization of credit enhancement in the previous securitization structures of the originator and the trends in credit enhancement utilization of securitization transactions of similar asset classes of other originators. The size & reach of originators, its infrastructure & follow-up mechanism, quality of MIS & the collection process are also considered for each originator.

The nature of the instrument, underlying risks, underlying risk migration perceptions would decide the tenure of the said investments.

There is clear cut segregation of duties and responsibilities with respect to Investment Function and Sales function. Risk assessment and monitoring of investment in Securities Debt is done by a team comprising of credit analyst, fund manager and Head of Fixed Income. The Investment committee also looks into a first time investment in credit, apart from sanctioning overall limits for the same. Investment Decisions are being taken independently based on the above mentioned parameters and investment by the originator in the scheme is based on their own evaluation of the scheme vis a vis their investment objective.

Originator risk can be evaluated and mitigated on the basis of –

- a. Market position and size of the originator and expertise/niche in financing a particular type of asset.
- b. Systems and processes established by the originator to address operational risk relating to disbursement, collection and recovery of loans.
- c. Extent of data disclosed by the originator for the current pool as well as past pools which showcases the data mining capability of the originator.
- d. Credit enhancement provided based on the pool characteristics, historical performance of past pools and the base case losses assumed by the credit agency.

The level of diversification with respect to the underlying assets, and risk mitigation measures for less diversified investments:

Framework that will be applied while evaluating investment decision relating to a pool securitization transaction:

Characteristics/ Type of Pool	Mortgage Loan	CV & CE	Cars	Two Wheelers	Micro Finance	Personal Loans	Single loan sell down
Average maturity (in months)	36m-72m	12m-36m	12m-36m	12m-24m	3m-18m	12m-24m	12m-36m
Collateral margin (including cash, guarantees, excess interest spread, subordination)	5%-25%	10%-25%	10%-25%	Min 15%	Min 20%	Min 20%	NA
Average Loan-to-value	70%-90%	65%-90%	65%-90%	50%-75%	NA	NA	NA
Average Pool Seasoning (in months)	6m-12m	3m-6m	3m-6m	3m-6m	1m-3m	3m-6m	NA

Maximum exposure per ABS transaction	5%-15%	5%-15%	5%-15%	5%-10%	5%-15%	5%-10%	5%-15%
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Note - Kindly note that these are indicative ranges and final figures could vary depending upon the overall characteristics of the transaction and market conditions

In respect of single sell down loans the process would be similar to the one adopted for investing in the issuer directly. Similarly the fund in the normal course of business would not be investing in personal / micro finance pools, unless the levels of comfort arising of the transaction structures, satisfy the investment committee.

The above table is prepared after considering the risk mitigating measures such as Size of the loan, Average original maturity of the pool, Average seasoning of the pool, Loan to Value Ratio, Geographical Distribution and Structure of the pool, default rate distribution & credit enhancement facility. The information contained herein is based on current market conditions and may change from time to time based on changes in such conditions, regulatory changes and other relevant factors. Accordingly, our investment strategy, risk mitigation measures and other information contained herein may change in response to the same. This framework would be used as a reference for evaluation of investment into any securitized debt. However, each investment would also be evaluated on a case to case basis on its own merits apart from these limits.

Other risk mitigation measures:

- a. Loan to Value Ratio – is an important parameter which highlights the underwriting standards of the issuer. Also, lower LTV ratios generally result in higher recoveries in case of default.
- b. Average seasoning of the pool - may vary depending on the asset type. Higher seasoning is preferred as it gives better visibility on delinquency levels in the pool.
- c. Default rate distribution – this is studied using empirical data for the originator. This is also a critical data used by the rating agency in determining the credit enhancement levels to be stipulated.
- d. Geographical Distribution – helps in identifying concentration risk in a particular geography and therefore reduces the default risk.
- e. Credit enhancement facility – is provided in pool securitization transactions and is very important as it is used to absorb credit losses stemming from default in the pool assets. The size of credit enhancement is determined on the basis of the issuer’s credit risk profile, the type of asset being securitized and past pool performances.
- f. Liquidity facility – in some cases, in addition to the credit enhancement facility there is also a liquidity facility provided which is used to meet any shortfalls arising from delayed collections or delinquencies in the pool.

Minimum retention percentage by originator of debts to be securitized:

Although there is no specific guidelines with respect minimum retention percentage for which the originator had held the loans in its books), appropriateness of the seasoning (the period for which the originator has held loans on its books) and also the loan to value and installment to income profile of the pool are important parameters for making investment decision.

Minimum retention period of the debt by originator prior to securitization:

For single loan securitization, there is currently no regulation for minimum retention period of debt by the originator. Our investment decision is driven by the credit quality of the underlying obligor.

For pool securitization, there is currently no regulation for minimum retention period of debt by the originator. Generally the pool assets we acquire in the form of PTCs have a retention period of 3-6

months by the originator. We follow the extant guidelines pertaining to securitization as set out by the regulator.

Mechanism to tackle conflict of interest when the mutual fund invests in securitized debt of an originator and the originator in turn makes investments in that particular scheme of the fund:

An investment by the scheme in any security is done after detailed analysis by the Fixed Income team and in accordance with the investment objectives and the asset allocation pattern of a scheme. The robust credit process ensures that there is no conflict of interests when a scheme invests in securitized debt of an originator and the originator in turn makes investments in that particular scheme. Normally the issuer who is securitizing instrument is in need of money and is unlikely to have long term surplus to invest in mutual fund scheme. Furthermore, there is clear cut segregation of duties and responsibilities with respect to Investment function and Sales function. Investment decisions are being taken independently based on the above mentioned parameters and investment by the originator in the scheme is based on their own evaluation of the scheme vis a vis their investment objectives.

Our investment decisions are independent of other business functions and are solely based on the assessment of credit risk, liquidity risk and duration risk pertaining to a particular security.

The resources and mechanism of individual risk assessment with the AMC for monitoring investment in securitized debt:

Risk assessment and monitoring of investment in Securities Debt is done by a team comprising of credit analyst, fund manager and Head of Fixed Income. The Investment committee also looks into a first time investment in credit, apart from sanctioning overall limits for the same. Investment Decisions are being taken independently based on the above mentioned parameters and investment by the originator in the scheme is based on their own evaluation of the scheme vis a vis their investment objective.

Apart from monitoring the credit quality of the underlying obligator / originator, for pool securitization transactions we closely monitor the monthly pool performance report which is sent out by the trustee. The reports are tracked for changes in specific pool characteristics which can impact the collection performance and loss levels in the pool.

Interest Rate Swap (IRS)

IRS is a widely used derivative product in the financial markets to manage interest rate risk. A typical transaction is a contract to exchange streams of interest rate obligation/income on a notional principle amount with a counter party, usually a bank. The two interest streams are, fixed rate on one side and floating rate on the other.

Example: Suppose the Fund holds a fixed rate bond of maturity 5 years carrying a fixed interest rate (coupon) of 6% p.a. payable half yearly. Such an investment runs the risk of depreciation if interest rates rise. To manage this risk, the Fund can enter into an IRS with another market participant, here the Fund contracts to pay fixed rate, say 5.25% p.a., and receive a floating rate (say overnight MIBOR). This transaction is done for a notional principal amount equal to the value of the investment. By such a contract a fixed rate income is offset by a fixed rate payment obligation leaving only a floating rate income stream. Thus, without actually investing in a floating rate asset, the Fund starts earning a floating rate income, reducing the risk of depreciation associated with the fixed rate investment. Following table summarises the cash flow streams:

Original investment	6% p.a.
Pay (Fixed rate)	5.25% p.a. (IRS)
Receive (Floating rate)	MIBOR
Net Flow	MIBOR + 0.75% p.a. (*)

* (6% p.a. – 5.25 % p.a.)

The floating rate reference is defined in the swap agreement. The above example illustrates a case of fixed to floating rate swap. A swap could be done to move from floating rate to fixed rate in a similar fashion.

Please note that the above example is hypothetical in nature and the interest rates are assumed. The actual return may vary based on actual and depends on the interest rate prevailing at the time the swap agreement is entered into.

Interest Rate Futures (IRFs)

Interest Rate Futures (IRF) contract is an agreement to buy or to sell a debt instrument at a specified future date at a price that is fixed today. Exchange traded IRFs are standardised contracts based on a notional coupon bearing Government of India (GOI) security. National Securities Clearing Corporation Limited (NSCCL) is the clearing and settlement agency for all deals executed in Interest Rate Futures. NSCCL acts as legal counter-party to all deals on Interest Rate Futures contract and guarantees settlement.

Using IRFs

- **Directional trading**

As there is an inverse relationship between interest rate movement and underlying bond prices, the futures price also moves in tandem with the underlying bond prices. If one has a strong view that interest rates will rise in the near future and wants to benefit from rise in interest rates; one can do so by taking short position in IRF contracts.

Example:

A trader expects long-term interest rate to rise. He decides to sell Interest Rate Futures contracts as he shall benefit from falling future prices.

Expectation	Position
Interest Rates going up	Short Futures
Interest Rates going down	Long Futures

- Trade Date- 1st November 2013
- Futures Delivery date – 1st December 2013
- Current Futures Price- Rs. 97.50
- Futures Bond Yield- 8.21%
- Trader sell 250 contracts of the December 2013- 10 Year futures contract on NSE on 1st November 2013 at Rs. 97.50

Assuming the price moves to Rs. 97.15 on November 9, 2013, net MTM gain would be Rs. 1,75,000 $(250 \times 2000 \times 97.50 - 97.15)$ (I)

Closing out the Position

- 10th November 2013 - Futures market Price – Rs. 96.70
- Trader buys 250 contracts of December 2013 at Rs. 96.70 and squares off his position
- Therefore total profit for trader $250 \times 2000 \times (97.15 - 96.70)$ is Rs.2,25,000 (II)
- Total Profit on the trade = INR 4,00,000 (I & II)

Hedging

Holders of the GOI securities are exposed to the risk of rising interest rates, which in turn results in the reduction in the value of their portfolio. So in order to protect against a fall in the value of their portfolio due to falling bond prices, they can take short position in IRF contracts.

Example:

Date: 01-November-2013

Spot price of GOI Security: Rs 105.05

Futures price of IRF Contract: Rs 105.12

On 01-November-2013 XYZ bought 2000 GOI securities from spot market at Rs 105.07. He anticipates that the interest rate will rise in near future. Therefore to hedge the exposure in underlying market he may sell December 2013 Interest Rate Futures contracts at Rs 105.12

On 16-December-2013 due to increase in interest rate:

Spot price of GOI Security: Rs 104.24

Futures Price of IRF Contract: Rs 104.28

Loss in underlying market will be $(104.24 - 105.05) * 2000 = \text{Rs } 1620$

Profit in the Futures market will be $(104.28 - 105.12) * 2000 = \text{Rs } 1680$

Arbitrage

Arbitrage is the price difference between the bonds prices in underlying bond market and IRF contract without any view about the interest rate movement. One can earn the risk-less profit from realizing arbitrage opportunity and entering into the IRF contract.

Example:

On 18th November, 2013 buy 6.35% GOI '20 at the current market price of Rs. 97.2485

Step 1 - Short the futures at the current futures price of Rs. 100.00 (9.00% Yield)

Step 2 - Fund the bond by borrowing up to the delivery period (assuming borrowing rate is 8.00%)

Step 3 - On 10th December 2013, give a notice of delivery to the exchange

Assuming the futures settlement price of Rs. 100.00, the invoice price would be

= $100 * 0.9780$

= Rs. 97.8000

Under the strategy, the trader has earned a return of

= $(97.800 - 97.2485) / 97.2485 * 365 / 23$

= 9.00 % (implied repo rate)

(Note: For simplicity accrued interest is not considered for calculation)

Against its funding cost of 8.00% (borrowing rate), thereby earning risk free arbitrage.

FRA (forward rate agreement): A FRA is a cash settled agreement where the buyer and the seller agree to exchange interest payments for a notional principal amount for a specified period on a settlement date. FRAs are used to hedge interest rate exposure where the buyer hedges against the risk of rising interest rates, while the seller hedges against the risk of falling interest rates. Also used by speculators purely looking to make bets on future directional changes in interest rates. An FRA is quoted by the forward month in which it matures, for e.g. A 3x6 FRA is a contract maturing 6 months from today and starting 3 months from today

E.g. Assume that on April 01, 2013 a mutual fund scheme invests in a 1 year CP @ 10.5% for face value of Rs.50 crores, which is going to mature on March 31, 2014. If 3 months down the line i.e. July 01, 2013, the fund manager is of the opinion that interest rates are likely to decline going forward, he can enter into a 1x9 FRA (FRA rate for 9 months lending starting in 1 month from today) at a rate of 9.5% (reference rate) on a notional amount of 50 crores and on the settlement date i.e. March 31, 2014, if the reference rate drops to 8.5%, then the Scheme receives the difference between 9.5% - 8.5% i.e. gain of 100 basis points on the notional amount Rs. 50 Crores.

INVESTMENT IN DERIVATIVES

Investment in Derivatives:

The Scheme may use derivative instruments such as index futures, stock futures, index options, stock options, warrants, convertible securities, swap agreements or any other derivative instruments that are permissible or may be permissible in future under applicable regulations, as would be

commensurate with the investment objective of the Scheme. The manner of use of derivatives instruments is illustrated below:

Hedging & Portfolio balancing

As part of the fund management exercise under the Scheme, the Trustee may permit the use of any of the instruments mentioned above or any other instrument that may become permissible in the future under applicable regulations. Such investment in Index futures, Interest Rate Swaps, Stock options, Index Options, Stock Futures and other derivative instruments will be used with the objective of a) hedging the portfolio and/or b) rebalancing of the portfolio of the Scheme or c) for any other purpose as may be permitted by the Regulations from time to time.

The note below explains the concept of Index Futures, Options and Interest Rate Swaps, with an example each, for the understanding of the Unitholders.

Index Futures/stock Futures

Due to ease of execution and settlement, index futures/stock futures are an efficient way of buying / selling an Index compared to buying / selling a portfolio of physical shares representing an Index. Index futures/stock futures can be an efficient way of achieving a Scheme's investment objectives. Index futures/stock futures may do away with the need for trading in individual components of the Index, which may not be possible at times, keeping in mind the circuit filter system and the liquidity in some of the scripts. Index futures/stock futures can also be helpful in reducing transaction costs and processing costs on account of ease of execution of one trade compared to several trades of shares comprising the Index and will be easy to settle compared to physical portfolio of shares representing an Index

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The National Stock Exchange and the Bombay Stock Exchange introduced Index futures/stock futures on Nifty (NSE-50) and Sensex (BSE 30) for three serial months. For example, in the month of Sep 2013, three futures were available i.e. Sep 2013, Oct 2013 and Nov 2013, each expiring on the last working Thursday of the respective month

Let us assume the Nifty Index was 5300 as on Sep 3, 2013 and three future indices were available as under:

Month	Bid Price	Offer Price
Sept 2013	5310	5311
Oct 2013	5330	5332
Nov 2013	5345	5347

The Fund could buy an Index of Sept 2013 as on Sept 3, 2013 at an offer price of 5311. The Fund would have to pay the initial margin as regulated by the exchanges and settle its Index position with daily marked to market i.e. receive profits/pay losses on a daily basis.

The following is a hypothetical example of a typical index future trade and the associated costs compared with physical stocks.

(Amount in Rupees)

Particulars	Index Future	Actual Purchase of Stocks
Index as on Sept 3, 2013	5300	5300
Sep 2013 Futures Cost	5310	
A. Execution Cost		
Carry costs (5310-5300)	10.00	Nil
B. Brokerage Cost		
Assumed at 0.03% for Index Future and 0.05% for spot stocks (0.03% of 5310) (0.05% of 5300)	1.5930	2.6500
C. Securities Transaction Tax STT for Index futures/stock futures is Nil STT for Spot Stocks is 0.10% (0.10% of 5300)	Nil	5.3000
D. Gains on Surplus Funds (Assuming 4% return on 91% of the money left after paying (9% margin) (4% x 5300 x 91% x 30 days ÷ 365)	15.8564	Nil
Cash Market/ Sale Price at expiry	5400	5400
E. Brokerage on Sale		
Assumed at 0.03% for Index Future and 0.05% for Spot stocks (0.03% of 5400) (0.05% of 5400)	1.6200	2.7000
F. Securities Transaction Tax STT for Index futures/stock futures is 0.01% STT for Spot Stocks is 0.125% (0.01% of 5400) (0.10% of 5400)	0.5400	5.4000
Total Cost (A+B+C-D+E+F)	(2.1034)	16.0500
Profit	102.1034	83.9500

As the above example demonstrates, the cost differential between purchasing Index Future and 50 stocks comprising Nifty (NSE-50) is a function of the carrying cost, the interest earned available to Fund Managers and the brokerage cost applicable in both cases. However, as mentioned earlier, as the Indian equity markets continues to have limitations in execution of trades due to the lack of adequate liquidity and the concept of circuit breakers, index future can allow a fund to buy all the stocks comprising the index at a nominal additional cost.

Please note that the above example is hypothetical in nature and the figures, brokerage rates etc. are assumed. In case the execution and brokerage costs on purchase of Index futures/stock futures are high and the returns on surplus funds are less, buying of index future may not be beneficial as compared to buying stocks comprising the Index. The actual return may vary based on actuals and depends on final guidelines / procedures and trading mechanism as envisaged by stock exchanges and other regulatory authorities.

Use of futures

Futures can effectively be used as a substitute for underlying stocks e.g. if the Scheme has received fresh subscriptions and if it is not immediately possible to invest the cash so received into intended stocks, the Fund Manager can buy a Future contract and subsequently replace them by actual purchase of stocks. The reverse can be done in case of redemption of Units.

The Scheme typically holds cash in order to meet sudden redemption requests. This cash holding reduces the overall returns of the Scheme. By buying futures relative to this cash holding the Scheme can effectively increase its exposure to the market while keeping the cash required to meet redemption requirement.

Futures will be used to hedge or rebalance the Portfolio or as permitted by the Regulations from time to time.

Option Contracts (Stock and Index)

In the global financial markets, particularly securities markets, options have been, for quite many years, a means of conveying rights from one party to another at a specified price on or before a specific date, at a cost, which is called Premium. The underlying instrument can be an individual stock or a stock index such as the BSE Sensex (such options being referred to as index options). Options are used widely the world over to manage risk and generate income. While managing risks, options may be preferred over futures as they provide asymmetric pay offs.

Option contracts are of two types - Call and Put; the former being the right, but not obligation, to purchase a prescribed number of shares at a specified price before or on a specific expiration date and the latter being the right, but not obligation, to sell a prescribed number of shares at a specified price before or on a specific expiration date. The specified price at which the shares are contracted to be purchased or sold is called the strike price. Options that can be exercised on or before the expiration date are called American Options, while those that can be exercised only on the expiration date are called European Options. In India, all options are European Options. Option contracts are designated by the type of option, name of the underlying, expiry month and the strike price.

Example for Options

Buying a Call Option: Let us assume that the Scheme buys a call option of ABC Ltd. with strike price of Rs. 3500, at a premium of Rs. 100. If the market price of ABC Ltd on the expiration date is more than Rs. 3500, the option will be exercised. The Scheme will earn profits once the share price crosses Rs. 3600 (Strike Price + Premium i.e. 3500+100). Suppose the price of the stock is Rs. 3800, the option will be exercised and the Scheme will buy 1 share of ABC Ltd. from the seller of the option at Rs 3500 and sell it in the market at Rs. 3800, making a profit of Rs. 200. In another scenario, if on the expiration date the stock price falls below Rs. 3500, say it touches Rs. 3000, the Scheme will choose not to exercise the option. In this case the Scheme loses the premium (Rs. 100), which will be the profit earned by the seller of the call option.

Thus for an option buyer, loss is limited to the premium that he has paid and gains are unlimited. The risk of an option writer i.e. the seller of the option, is unlimited while his gains are limited to the premiums earned.

Buying a Put Option: Let us assume that the Scheme owns shares of ABC Ltd., which are trading at Rs. 3500. The fund manager expects the price to rise to Rs. 3800 but at the same time wants to protect the downside. So, he can buy a put option at Rs. 3500 by paying a premium of, say, Rs. 100. If the stock falls to say Rs 3200 by expiry, the option becomes in-the-money by Rs. 300 and the schemes loses only the initial premium paid to buy the hedge. On the contrary, if the fund manager's view turns out to be right and the stock actually rallies to Rs. 3800, the scheme gains Rs. 300 from the stock and the hedging cost paid to buy the protection is the loss. Thus, adjusted for the hedging cost, the scheme gains Rs. 200 from the trade.

The above example is hypothetical in nature and all figures are assumed for the purpose of illustrating the use of call options in individual stocks. Similarly, analogies can be drawn to illustrate the use of put options in individual stocks, and call and put options in index.

Note on Risk: The risk (loss) for an option buyer is limited to the premium paid, while the risk (loss) of an option writer is unlimited, the latter's gain being limited to the premiums earned. However, in the case of the Scheme, as per current SEBI regulations, there is a blanket prohibition on writing of options (call or put).

The Scheme will use options only for the purpose of hedging and portfolio balancing or for any purpose as permitted by Regulations from time to time. Internal controls / limits for managing risks associated with options have been set up / laid down.

Limits for investment in derivatives instruments

In accordance with SEBI circulars nos. DNP/Cir-29/2005 dated September 14, 2005, DNP/Cir-30/2006 dated January 20, 2006 and SEBI/DNP/Cir-31/2006 dated September 22, 2006, the following conditions shall apply to the Scheme's participation in the derivatives market. The investment restrictions applicable to the Scheme's participation in the derivatives market will be as prescribed or varied by SEBI or by the Trustees (subject to SEBI requirements) from time to time.

i. Position limit for the Mutual Fund in equity index options contracts

- a. The Mutual Fund position limit in all equity index options contracts on a particular underlying index shall be Rs. 500 crore or 15% of the total open interest of the market in equity index option contracts, whichever is higher,.
- b. This limit would be applicable on open positions in all options contracts on a particular underlying index.

ii. Position limit for the Mutual Fund in equity index futures/stock futures contracts:

- a. The Mutual Fund position limit in all equity index futures/stock futures contracts on a particular underlying index shall be Rs. 500 crore or 15% of the total open interest in the market in equity index futures/stock futures contracts, whichever is higher,.
- b. This limit would be applicable on open positions in all futures contracts on a particular underlying index.

iii. Additional position limit for hedging

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

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

iv. Position limit for the Mutual Fund for stock based derivative contracts

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

- a. For stocks having applicable market-wise position limit (MWPL) of Rs. 500 crores 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 crores, whichever is lower.
- b. For stocks having applicable market-wise position limit (MWPL) less than Rs. 500 crores, 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.

v. Position limit for the Scheme

The position limits for the Scheme and disclosure requirements are as follows–

- a. For stock option and stock futures contracts, the gross open position across all derivative contracts on a particular underlying stock of a scheme of the Mutual Fund shall not exceed the higher of:

1% of the free float market capitalisation (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).

- b. This position limit shall be applicable on the combined position in all derivative contracts on an underlying stock at a Stock Exchange.
- c. For index based contracts, the Mutual Fund 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.

As and when SEBI notifies amended limits in position limits for exchange traded derivative contracts in future, the aforesaid position limits, to the extent relevant, shall be read as if they were substituted with the SEBI amended limits.

As per SEBI circular no. Cir / IMD / DF / 11 / 2010 dated August 18, 2010 on "Review of norms for investment and disclosure by Mutual Funds in derivatives", the limits for exposure towards derivatives are as under:

1. The cumulative gross exposure through equity, debt and derivative positions should not exceed 100% of the net assets of the scheme.
2. The Scheme shall not write options or purchase instruments with embedded written options.
3. The total exposure related to option premium paid must not exceed 20% of the net assets of the scheme.
4. Cash or cash equivalents with residual maturity of less than 91 days may be treated as not creating any exposure.
5. Exposure due to hedging positions may not be included in the above mentioned limits subject to the following :-
 - a. Hedging positions are the derivative positions that reduce possible losses on an existing position in securities and till the existing position remains.
 - b. Hedging positions cannot be taken for existing derivative positions. Exposure due to such positions shall have to be added and treated under limits mentioned in Point 1.
 - c. Any derivative instrument used to hedge has the same underlying security as the existing position being hedged.
 - d. The quantity of underlying associated with the derivative position taken for hedging purposes does not exceed the quantity of the existing position against which hedge has been taken.
6. Mutual Funds may enter into plain vanilla interest rate swaps for hedging purposes. The counter party in such transactions has to be an entity recognized as a market maker by RBI. Further, the value of the notional principal in such cases must not exceed the value of respective existing assets being hedged by the scheme. Exposure to a single counterparty in such transactions should not exceed 10% of the net assets of the scheme.
7. Exposure due to derivative positions taken for hedging purposes in excess of the underlying position against which the hedging position has been taken, shall be treated under the limits mentioned in point 1.
8. Exposure in derivative positions shall be computed as follows:

Position	Exposure
Long Future	Futures Price * Lot Size * Number of Contracts
Short Future	Futures Price * Lot Size * Number of Contracts
Option bought	Option Premium Paid * Lot Size * Number of Contracts

E. What are the investment strategies?

The investment strategy is aimed at generating income and minimizing interest rate volatility by investing in Debt & Money Market securities that mature on or before the maturity of the scheme, and also to generate capital appreciation by investing in equity/ equity related instruments.

a. Debt Portion

The portfolio would be mostly Hold to Maturity securities maturing on or before the maturity of the scheme. The endeavour would be to generate returns while moderating credit & interest rate risk. The fund would predominantly invest in papers having investment grade credit rating, indicating high level of safety in terms of credit risk.

b. Equity Portion

The equity portion may comprise of equity stocks or equity derivatives such as equity index options & futures or a combination of both. A combination of top-down & bottom up approach would be used to select scrips which have the potential to provide growth at reasonable valuations. While using equity derivatives such as options & futures, the endeavour would be to provide participation in the underlying equity index.

The total exposure related to option premium paid will not exceed 20% of the net assets of the Scheme at the time of investment. If due to market movements, the value of options appreciates/ depreciates resulting in breach of the limit of 20%, the fund manager may or may not rebalance the portfolio. However, if the fund manager sells the option before expiry of the contract instead of rolling it over, the reinvestment, if any, would be subject to the maximum 20% limit on options premium.

Risk Control Measures

(i) Risk Control Measures for investment strategy:

The fund will comply with the prescribed SEBI limits on exposure. In addition the fund will also comply with all internal risk management guidelines specified from time to time by the Investment Committee. Risk will be monitored at periodic intervals and the portfolio would be rebalanced within the specified time period in case of any deviations.

(ii) Risk Mitigation measures for portfolio volatility:

The portfolio volatility would be managed in line with the objective of scheme. The scheme predominantly invests in debt and money market instruments with a marginal exposure to equities thus reducing the overall volatility. The scheme being closed ended in nature, volatility on account of inflows and outflows is mitigated.

(iii) Risk mitigation measures for managing liquidity:

Since it is a close ended scheme, it would not require active liquidity management.

Product Differentiation:

Kotak Hybrid Fixed Term Plan Series 2 is the only series of closed ended debt schemes offered by Kotak Mahindra Mutual Fund which aims to generate growth over a portfolio of debt instruments with a moderate exposure in equity and equity related instruments.

Portfolio Turnover:

The scheme does not have any defined constraints either to maintain or limit portfolio turnover. While the portfolio is intended to be mainly bought & hold, the portfolio turnover will depend upon the conditions prevalent during the term of the portfolio. However, looking at the structure & objective of the portfolio, the portfolio turnover is likely to be low.

F. Fundamental attributes

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

- 1) Type of the scheme : As mentioned under the heading “Type of the Scheme”
- 2) Investment Objective As mentioned under the heading “Investment Objective”
- 3) Investment Pattern: As mentioned under the heading “How will the scheme allocate its assets”
- 4) Terms of Issue:
 - a. Liquidity provisions such as listing, repurchase, redemption. – Please refer Chapter number IV “ Units and Offer ” for disclosures.
 - b. Aggregate fees and expenses charged to the scheme. - Please refer Chapter V “Fees and Expenses” for disclosures.
 - c. Any safety net or guarantee provided. – Not Provided

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 and the Plan / Option thereunder or the trust or fee and expenses payable or any other change which would modify the Scheme and the Plan / Option thereunder and affect the interests of Unitholders is carried out unless:

- 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
- 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. How will the scheme benchmark its performance?

The performance of Kotak Hybrid Fixed Term Plan Series 2 will be measured against Crisil MIP Blended Index. Crisil MIP Blended Index is the appropriate benchmark for the scheme as the scheme will invest in a mix of predominantly debt securities and with some exposure to equity.

The Trustee reserves right to change benchmark in future for measuring performance of the scheme.

H. Who manages the scheme?

Mr. Abhishek Bisen would manage the debt segment, and Mr. Deepak Gupta will manage the equity segment for the scheme.

NAME	AGE	QUALIFICATION	BUSINESS EXPERIENCE	OTHER SCHEMES MANAGED
Mr. Abhishek Bisen	34 Years	B.A. and MBA (Finance)	Mr. Abhishek Bisen has been associated with the company since October 2006 and his key responsibilities include fund management of debt schemes. Prior to joining Kotak AMC, Abhishek was working with Securities Trading Corporation Of India Ltd where he was looking at Sales & Trading of Fixed Income Products apart from doing Portfolio Advisory. His earlier	<ul style="list-style-type: none"> • Kotak Bond • Kotak Bond Short Term • Kotak Gilt – Investment • Kotak Banking and PSU Debt Fund • Kotak Gold ETF • Kotak Multi Asset Allocation Fund • Kotak Flexi Debt • Kotak Floater Long Term • Kotak Liquid • Kotak Floater Short Term

			assignments also include 2 years of merchant banking experience with a leading merchant banking firm.	<ul style="list-style-type: none"> • Kotak Income Opportunities Fund • Kotak Balance • Kotak Monthly Income Plan • Kotak Gold fund • Kotak Global Emerging Market Fund • Kotak Emerging Equity Fund • All Fixed Maturity Plans (FMPs) • All Quarterly Interval Plans (QIPs)
Mr. Deepak Gupta	30Years	Bachelor of Commerce, a qualified chartered accountant and a cost accountant. Also cleared AIMR CFA Level III.	Mr. Deepak Gupta has more 6 years of experience in the mutual fund industry. He worked in the Operations division of Kotak AMC for 2 years. Subsequently, in Apr, 2007, he moved to the Equity Fund Management team as a research analyst.	<ul style="list-style-type: none"> • Kotak Equity Arbitrage Fund • Kotak Equity FOF • Kotak Sensex ETF • Kotak PSU Bank ETF • Kotak Nifty ETF • Kotak Taxsaver • Kotak Multi Asset Allocation Fund • Kotak Global Emerging Equity Scheme (Dedicated fund manager for overseas investment)

I. What are the investment restrictions?

As per the Trust Deed read with the SEBI (MF) Regulations, the following investment restrictions apply in respect of the Scheme at the time of making investments.

1. The Scheme shall not invest more than 10% of its NAV in the equity shares or equity related instruments of any company.
2. The Mutual Fund under all its Scheme(s) shall not own more than 10% of any company's paid up capital carrying voting rights.
3. The Scheme can invest a maximum of 10% of the net assets in unlisted equity and equity related instruments.
4. The Scheme shall not invest more that 15% of its NAV in debt instruments issued by a single issuer, which are rated not below investment grade by a credit rating agency authorized to carry out such activity under the SEBI Act. Such investment limit may be extended to 20% of the NAV of the Scheme with the prior approval of the Trustee and the Board of the AMC. Provided that such limit shall not be applicable for investments in government securities.

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.

5. The Scheme shall not invest more than 30% of its net assets in money market instruments of an issuer. Provided that such limit shall not be applicable for investments in Government securities, treasury bills and collateralized borrowing and lending obligations.

6. 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 1 A of Seventh Schedule to the Regulations.
7. The Scheme may invest in another scheme under the same AMC or any other mutual fund without charging any fees, provided that aggregate inter-scheme investment made by all schemes under the same AMC or in schemes under the management of any other asset management shall not exceed 5% of the net asset value of the Mutual Fund.
8. The Scheme shall not make any investments in:
 - a. any unlisted security of an associate or group company of the Sponsors; or
 - b. any security issued by way of private placement by an associate or group company of the Sponsors; or
 - c. the listed securities of group companies of the Sponsors which is in excess of 25% of the net assets.
9. The Scheme shall not invest in any Fund of Funds Scheme.
10. Transfer of investments from one scheme to another scheme in the same Mutual Fund, shall be allowed only if:-
 - a. such transfers are made at the prevailing market price for quoted Securities on spot basis (spot basis shall have the same meaning as specified by Stock Exchange for spot transactions.)
 - b. the securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.
11. The 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 further that the Mutual Fund may enter into derivatives transactions in a recognized stock exchange, subject to the framework specified by SEBI.
 - Provided further that sale of government security already contracted for purchase shall be permitted in accordance with the guidelines issued by the Reserve Bank of India in this regard.
12. No term loans for any purpose may be advanced by the Mutual Fund and the Mutual Fund shall not borrow except to meet temporary liquidity needs of the Schemes for the purpose of payment of interest or dividends to Unit Holders, provided that the Mutual Fund shall not borrow more than 20% of the net assets of the Schemes and the duration of such borrowing shall not exceed a period of six months.
13. The Mutual Fund shall enter into transactions relating to Government Securities only in dematerialised form.
14. The Mutual Fund will, for securities purchased get the securities transferred in the name of the Mutual Fund on account of the Scheme, wherever the investments are intended to be of a long term nature.
15. Pending deployment of funds of a scheme in terms of investment objectives of the scheme, the scheme may invest them in short term deposits of schedule commercial banks, subject to the guidelines issued by SEBI vide its circular dated April 16, 2007, as may be amended from time to time.
16. The Scheme shall invest only in such securities which mature on or before the date of the maturity of the Scheme in accordance to SEBI Circular No. SEBI/IMD/ CIR No. 12/147132/08 dated December 11, 2008.

17. Investments in Derivatives shall be in accordance with the guidelines as stated under SEBI circular no DNP/Cir-29/2005 dated September 14, 2005, DNP/Cir-30/2006 dated January 20, 2006 and SEBI/DNP/Cir-31/2006 dated September 22, 2006, and Cir/ IMD/ DF/ 11/ 2010 dated August 18, 2010, as may be amended from time to time.

18. In accordance with SEBI circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 and SEBI Circular no. CIR/IMD/DF/24/2012 dated November 19, 2012, in case of debt schemes, the total exposure to single sector shall not exceed 30% of the net assets of the scheme. However this limit is not applicable for investments in Bank CDs, CBLO, G-Secs, T-Bills and AAA rated securities issued by Public Financial Institutions and Public Sector Banks.

Provided that an additional exposure to financial services sector (over and above the limit of 30%) not exceeding 10% of the net assets of the scheme shall be allowed by way of increase in exposure to Housing Finance Companies (HFCs) only;

Provided further that the additional exposure to such securities issued by HFCs are rated AA and above and these HFCs are registered with National Housing Bank (NHB) and the total investment/ exposure in HFCs shall not exceed 30% of the net assets of the scheme

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

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

Apart from the above investment restrictions, the Fund follows certain internal norms vis-à-vis limiting exposure to scrips, sectors etc, within the above mentioned restrictions, and these are subject to review from time to time

Modifications, if any, in the Investment Restrictions on account of amendments to the Regulations shall supercede/override the provisions of the Trust Deed.

Participation of schemes of Kotak Mahindra Mutual Fund in repo of corporate debt securities:

In accordance with SEBI circular no. CIR / IMD / DF / 19 / 2011 dated November 11, 2011 and CIR/IMD/DF/23/2012 dated November 15, 2012; schemes of Kotak Mahindra Mutual Fund (KMMF) shall participate in the corporate bond repo transactions w.e.f. June 21, 2013 as per the guidelines issued by Reserve Bank of India (RBI) from time to time. Currently the applicable guidelines are as under:

- The gross exposure of the scheme to repo transactions in corporate debt securities shall not be more than 10 % of the net assets of the concerned scheme.
- The cumulative gross exposure through repo transactions in corporate debt securities along with equity, debt and derivatives shall not exceed 100% of the net assets of the concerned scheme.
- Mutual Funds shall participate in repo transactions only in AA and above rated corporate debt securities.
- In terms of Regulation 44 (2) mutual funds shall borrow through repo transactions only if the tenor of the transaction does not exceed a period of six months

The investment restrictions applicable to the Scheme's participation in the corporate bond repos will also be as prescribed or varied by SEBI or by the Board of Kotak Mahindra Trustee Company Limited (subject to SEBI requirements) from time to time.

The following guidelines shall be followed by Kotak Mutual Fund for participating in repo in corporate debt securities, which have been approved by the Board of AMC and Trustee Company.

(i) Category of counterparty to be considered for making investment:

All entities eligible for transacting in corporate bond repos as defined by SEBI and RBI shall be considered for repo transactions.

(ii) Credit rating of counterparty to be considered for making investment

The schemes shall participate in corporate bond repo transactions with only those counterparties who have a credit rating of AA- and higher. In case there is no rating available, the Investment Committee will decide the rating of the counterparty and report the same to the Board from time to time.

(iii) Tenor of Repo and collateral

As a repo seller, the schemes will borrow cash for a period not exceeding 6 months or as per extant regulations.

As a repo buyer, the Schemes are allowed to undertake the transactions for maximum maturity upto one year or such other terms as may be approved by the Investment Committee.

There shall be no restriction / limitation on the tenor of collateral.

(iv) Applicable haircuts

As per RBI circular RBI/2012-13/365 IDMD.PCD. 09 /14.03.02/2012-13 dated 07/01/2013, all corporate bond repo transaction will be subject to a minimum haircut given as given below:

(1) AAA	: 07.50%
(2) AA+	: 08.50%
(3) AA	: 10.00%

The haircut will be applicable on the prevailing market value of the said security on the prevailing on the date of trade. However, the fund manager may ask for a higher haircut (while lending) or give a higher haircut (while borrowing) depending on the market prevailing liquidity situation.

Risk envisaged and mitigation measures for repo transactions:

Credit risks could arise if the counterparty does not return the security as contracted or interest received by the counter party on due date. This risk is largely mitigated, as the choice of counterparties is largely restricted and their credit rating is taken into account before entering into such transactions. Also operational risks are lower as such trades are settled on a DVP basis.

In the event of the scheme being unable to pay back the money to the counterparty as contracted, the counter party may dispose of the assets (as they have sufficient margin) and the net proceeds may be refunded to us. Thus the scheme may in remote cases suffer losses. This risk is normally mitigated by better cash flow planning to take care of such repayments.

Investments by the AMC in the Fund

The AMC reserves the right to invest its own funds in the Scheme as may be decided by the AMC from time to time. Under the Regulations, the AMC is not permitted to charge any investment management and advisory services fee on its own investment in the Scheme.

J. How has the scheme performed?

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

IV. UNITS AND OFFER

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

A. New Fund Offer (NFO)

Scheme Name	NFO Opens On:	NFO Closes On:
Kotak Hybrid Fixed Term Plan Series 2	January 6, 2014	January 20, 2014
<p>The subscription list may be closed earlier by giving at least one day's notice in one daily newspaper.</p> <p>The AMC reserves the right to extend the closing date, subject to the condition that the New Fund Offer shall not be kept open for more than 15 days permissible under Regulations. Any such extension shall be announced by way of a notice in one national newspaper.</p>		
New Fund Offer Price: This is the price per unit that the investors have to pay to invest during the NFO.	Rs. 10 per Unit.	
Minimum Amount for Application in the NFO of scheme	Rs.5,000/- and in multiples of Rs 10 for purchase and switch-ins	

<p>Transaction Charges</p>	<p>Pursuant to SEBI Circular No. Cir/ IMD/ DF/13/ 2011 dated August 22, 2011, transaction charge per subscription of Rs. 10,000/- and above be allowed to be paid to the distributors of the Kotak Mahindra Mutual Fund products. The transaction charge shall be subject to the following:</p> <ol style="list-style-type: none"> For existing investors (across mutual funds), the distributor shall be paid Rs. 100/- as transaction charge per subscription of Rs.10,000/- & above. For first time investors, (across Mutual Funds), the distributor may be paid Rs. 150/- as transaction charge for subscription of Rs.10,000/- & above. The transaction charge shall be deducted by Kotak AMC from the subscription amount & paid to the distributor (will be subject to statutory levies, as applicable) & the balance amount shall be invested. <p>Identification of investors as "first time" or "existing" will be based on Permanent Account Number (PAN) at the First/ Sole Applicant/ Guardian level. Hence, Unit holders are urged to ensure that their PAN / KYC is updated with the Fund. Unit holders may approach any of the Official Points of Acceptances of the Fund i.e. Investor Service Centres (ISCs) of the Fund/ offices of our Registrar and Transfer Agent, M/s. Computer Age Management Services Pvt. Ltd in this regard.</p> <p>The statement of accounts shall clearly state that the net investment as gross subscription less transaction charge and give the number of units allotted against the net investment.</p> <p>Transaction charges shall not be deducted/applicable for:</p> <ol style="list-style-type: none"> Transaction other than purchases/subscriptions such as Switch/Systematic Transfer Plan (STP)/ Dividend Transfer Plan (DTP),etc.; Purchases/Subscriptions made directly with the Fund without any ARN code. Transactions carried out through the stock exchange platforms. <p>In accordance with the SEBI circular no. SEBI/IMD/CIR No. 4/ 168230/09, dated June 30, 2009, upfront commission to distributors shall be paid by the investor directly to the distributor by a separate cheque based on his assessment of various factors including the service rendered by the distributor. Further as per circular dated September 13, 2012, distributors shall now have the option to either opt in or opt out of charging transaction charge based on the type of product.</p>
<p>Minimum Target amount</p> <p>This is the minimum amount required to operate the scheme and if this is not collected during the NFO period, then all the investors would be refunded the amount invested without any return. However, if AMC fails to</p>	<p>The Fund seeks to collect a minimum subscription amount of Rs. 20,00,00,000,- (Rupees Twenty Crores only), under the scheme.</p>

refund the amount within 5 business days, interest as specified by SEBI (currently 15% p.a.) will be paid to the investors from the expiry of 5 business days from the date of closure of the subscription period.	
Maximum Amount to be raised (if any) This is the maximum amount which can be collected during the NFO period, as decided by the AMC.	There is no upper limit on the total amount that may be collected. After the minimum subscription amount has been collected, allotment will be made to all valid applications.
Plans available	There will be two plans under the Scheme namely, Regular Plan and Direct Plan Regular Plan: This Plan is for investors who wish to route their investment through any distributor. Direct Plan: This Plan is only for investors who purchase /subscribe Units in a Scheme directly with the Fund and is not available for investors who route their investments through a Distributor. The portfolio of both plans will be unsegregated.
Options available	The Scheme have two options namely Dividend payout Option and Growth Option. The NAVs of the above options under the scheme will be different and separately declared; the portfolio of the investments remaining the same. If the applicant does not indicate the choice of Option in the Application Form, the application shall be accepted under the Growth Option.
Choice of option	If the applicant does not indicate the choice of Option in the Application Form, the application shall be accepted under the Growth Option.
Allotment	Subject to the receipt of the specified Minimum Subscription Amount for the Scheme, full allotment will be made to all valid applications received during the New Fund Offer. The Trustee reserves the right, at their discretion without assigning any reason thereof, to reject any application. Allotment will be completed within 5 business days after the closure of the New Fund Offer. In case of applicant who have quoted their demat account, the units will be credited to the demat account as per the depository account details as stated by the applicant in the application form. Allotment of units and dispatch of allotment advice to FIIIs will be subject to RBI approval if required. Investors who have applied in non depository mode will be entitled to receive the account statement of units within 5 Business Days of the closure of the NFO Period. For applicants applying through the ASBA mode, On intimation of allotment by CAMS to the banker the investors account shall be debited to the extent of the amount due thereon. On allotment, units will be credited to the Investor's demat account as specified in the ASBA application form.
Refund	If application is rejected, full amount will be refunded within 5 business days from the date of allotment. If refunded later than 5

	business days, interest @ 15% p.a. for delay period will be paid and charged to the AMC.
Dividend Policy	<p>Growth Option: Under the Growth option, there will be no distribution of income and the return to investors will be only by way of capital gains, if any, through redemption at applicable NAV of Units held by them.</p> <p>Dividend Option Under the Dividend option, the Trustee may at any time decide to distribute by way of dividend, the surplus by way of realised profit and interest, net of losses, expenses and taxes, if any, to Unitholders if, in the opinion of the Trustee, such surplus is available and adequate for distribution. The Trustee's decision with regard to such availability and adequacy of surplus, rate, timing and frequency of distribution shall be final. The Trustee may or may not distribute surplus, even if available, by way of dividend.</p> <p>Dividend will be paid on the number of units held by the unit holder on the record date as per the records of CAMS (the Registrar) and /or as per the records maintained by depositories. The record date shall be announced 5 calendar days before the record date.</p> <p><i>Dividend Payout Option:</i> Unitholders will have the option to receive payout of their dividend by way of dividend warrant or any other means which can be encashed or by way of direct credit into their account.</p> <p>However, the Trustees reserve the right to introduce new options and / or alter the dividend payout intervals, frequency, including the day of payout.</p>
Who can invest This is an indicative list and you are requested to consult your financial advisor to ascertain whether the scheme is suitable to your risk profile.	<p>The following are eligible to apply for purchase of the Units:</p> <ul style="list-style-type: none"> • Resident Indian Adult Individuals, either singly or jointly (not exceeding three). • Parents/Lawful guardians on behalf of Minors. • Companies, corporate bodies, registered in India. • Registered Societies and Co-operative Societies authorised to invest in such Units. • Religious and Charitable Trusts under the provisions of 11(5) of the Income Tax Act, 1961 read with Rule 17C of the Income Tax Rules, 1962. • Trustees of private trusts authorised to invest in mutual fund schemes under their trust deeds. • Partner(s) of Partnership Firms. • Association of Persons or Body of Individuals, whether incorporated or not. • Hindu Undivided Families (HUFs). • Banks (including Co-operative Banks and Regional Rural Banks) and Financial Institutions and Investment Institutions. • Non-Resident Indians/Persons of Indian origin resident abroad (NRIs) on full repatriation or non-repatriation basis. • Other Mutual Funds registered with SEBI. • Foreign Institutional Investors (FIIs) registered with SEBI. • International Multilateral Agencies approved by the Government of India. • Army/Navy/Air Force, Para-Military Units and other eligible institutions. • Scientific and Industrial Research Organizations. • Provident/Pension/Gratuity and such other Funds as and when

	<p>permitted to invest.</p> <ul style="list-style-type: none"> • Universities and Educational Institutions. • Other schemes of Kotak Mahindra Mutual Fund may, subject to the conditions and limits prescribed in the SEBI Regulations and/or by the Trustee, AMC or Sponsor, subscribe to the Units under the Scheme. • Qualified Foreign Investor (QFI) <p>The following investors cannot invest in the Scheme:-</p> <ul style="list-style-type: none"> • Pursuant to RBI A.P. (DIR Series) Circular No. 14 dated September 16, 2003, Overseas Corporate Bodies (OCBs) can not invest in Mutual Funds <p>Prospective investors are advised to satisfy themselves that they are not prohibited by any law governing such entity and any Indian law from investing in the Scheme(s) and are authorized to purchase units of mutual funds as per their respective constitutions, charter documents, corporate / other authorizations and relevant statutory provisions.</p> <p>The list given above is indicative and the applicable law, if any, shall supersede the list.</p>
<p>Provisions pertaining to Qualified Foreign Investor (QFI)</p>	<p>SEBI vide its circular no.CIR/IMD/DF/14/2011 dated August 9, 2011, CIR/ IMD/ FII&C/ 13/ 2012 dated June 7, 2012 and CIR/ IMD/ FII&C/ 18/ 2012 dated July 20, 2012 have allowed Qualified Foreign Investors (QFIs) to invest in equity and debt schemes of Indian mutual funds subject to meeting the KYC requirements, the eligibility norms of the jurisdictions where the QFIs are originating, and as per the extant regulatory provisions, applicable from time to time.</p> <p>QFI shall mean a person who fulfils the following criteria:</p> <p>(i) Resident in a country that is a member of Financial Action Task Force (FATF) or a member of a group which is a member of FATF; and</p> <p>(ii) Resident in a country that is a signatory to IOSCO's (International Organisation of Securities Commission') MMOU (Multilateral Memorandum of Understanding) (Appendix A Signatories) or a signatory of a bilateral MOU with SEBI:</p> <ul style="list-style-type: none"> • Provided that the person is not resident in a country listed in the public statements issued by FATF from time to time on- (i) jurisdictions having a strategic Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) deficiencies to which counter measures apply, (ii) jurisdictions that have not made sufficient progress in addressing the deficiencies or have not committed to an action plan developed with the FATF to address the deficiencies: • Provided such person is not resident in India: • Provided that such person is not registered with SEBI as Foreign Institutional Investor or Sub-account or Foreign Venture Capital Investor. <p><i>Explanation.</i>-For the purposes of this clause:</p> <p>(1) The term "Person" shall carry the same meaning under section and 2(31) of the Income Tax Act, 1961;</p> <p>(2) The phrase "resident in India" shall carry the same meaning</p>

- as in Income Tax Act, 1961;
- (3) "Resident" in a country, other than India, shall mean resident as per the direct tax laws of that country.
 - (4) "Bilateral MoU with SEBI" shall mean a bilateral MoU between SEBI and the overseas regulator that *inter alia* provides for information sharing arrangements.
 - (5) Member of FATF shall not mean an Associate member of FATF.

Investment by QFI's in mutual fund schemes may be done through the following two routes:

1. **Direct route** - Holding MF units in demat account through a SEBI registered Qualified Depository Participant (QDP).
2. **Indirect route**- Holding MF units via Unit Confirmation Receipt (UCR).

KMMF at present will accept investment in its schemes through 'Direct Route' only.

Important Provisions applicable to QFIs:

1. QFI needs to open a single non-interest bearing Rupee Account with an AD Category- I bank in India, for routing the receipt and payment for transactions relating to purchase and sale of MF units subject to the conditions as may be prescribed under FEMA 1999 and RBI from time to time.
2. All subscription /redemption and dividend proceeds will be transferred from/ to in the same overseas bank account which QFI's has designated to QDP for subscription/redemption.
3. QFIs can open only one demat account with any one of the QDP's and shall subscribe and redeem through that QDP only.
4. The units held by QFIs by way of demat holding are non transferable and non tradable.
5. Units held by QFIs shall be free from all encumbrances i.e. pledge or lien cannot be created for such units.
6. QFIs are allowed only to subscribe or redeem the units of the Schemes. Systematic Investments Plan/ Systematic Transfer Plan/ Systematic Withdrawal Plan and Switches, are not available to the QFIs.
7. QFIs can invest only in the Growth Option or Dividend Payout options under the Schemes.
8. QDP will ensure KYC of the QFIs as per the norms prescribed by SEBI from time to time.
9. QFI has to obtain Permanent Account Number (PAN) before investing in the schemes.
10. The cut of time for applicability of NAV shall be applicable as per the respective schemes where the QFI's are eligible to invest.
11. All payments by KMMF/AMC to the QFIs shall be made net of applicable taxes.
12. The AMC reserves the right to temporarily suspend subscriptions to the Schemes, if the limits prescribed by SEBI / RBI for QFIs investments for the MF are exceeded/expected to be exceeded.
13. QFIs investment in mutual fund schemes are also subject to KYC requirements as per the FATF standards, Prevention of Money Laundering Act, 2002 (PMLA) rules and regulations and SEBI circulars/guidelines issued in this regard on an ongoing

	<p>basis.</p> <p>14. The investment by the QFIs in MF schemes shall also be subject to the relevant and extant FEMA regulations and guidelines issued by the Reserve Bank of India under FEMA, 1999 from time to time.</p> <p>The AMC reserves the right to introduce/modify any terms and conditions for processing the transactions of QFIs in line with applicable regulations and amendments from time to time.</p>
<p>Where can you submit the filled up applications.</p>	<p>Applications can be made either by way of a "Regular Application" along with a cheque/DD or fund transfer instruction. The Fund may introduce other newer methods of application which will be notified as and when introduced. Investors should complete the Application Form and deliver it along with a cheque/draft (i.e. in case of "Regular Application") or fund transfer instructions, at any of the official points of acceptance of transactions as given on the back cover of this document.</p> <p>For investments through switch transactions, transaction slip with application forms can be submitted at the AMC branches, CAMS Investor Service Centres and branches, given in the last page.</p> <p>All trading Member of Bombay Stock Exchange (BSE) and National Stock Exchange (NSE), who are registered with AMFI as Mutual Fund Advisors offering the facility of purchase and redemption of units of Kotak Mahindra Mutual Funds thorough Exchanges (MFSS / BStAR) are the official Acceptance points for fresh applications as the NFO of the scheme is offered through the NSE-MFSS and BSE-BStAR platforms.</p> <p>Further, Investors may also apply through ASBA facility, during the NFO period of the Scheme.</p>
<p>Applications Supported by Blocked Amount (ASBA)</p>	<p>As per SEBI vide its circular no. SEBI/IMD/CIR No 18 / 198647 /2010 dated March 15, 2010 an investor can subscribe to the New Fund Offer (NFO) through ASBA facility. The ASBA facility is offered by selected Self Certified Syndicate Banks (SCSBs) which are registered with SEBI for offering the facility, and whose names appear in the list of SCSBs as displayed by SEBI on its website at www.sebi.gov.in.</p> <p>ASBA is an application containing an authorization given by the Investor to block the application money in his specified bank account towards the subscription of Units offered during the NFO of the Schemes. On intimation of allotment by CAMS to the banker the investors account shall be debited to the extent of the amount due thereon. On allotment, units will be credited to the Investor's demat account as specified in the ASBA application form.</p> <p>Grounds for rejection of ASBA applications</p> <p>ASBA application forms can be rejected by the AMC/Registrar/SCSBs, on the following technical grounds: -</p> <ol style="list-style-type: none"> 1. Applications by persons not competent to contract under the Indian Contract Act, 1872, including but not limited to minors, insane persons etc. 2. Mode of ASBA i.e. either Physical ASBA or Electronic ASBA, not selected or ticked. 3. ASBA Application Form without the stamp of the SCSB. 4. Application by any person outside India if not in compliance with applicable foreign and Indian laws. 5. Bank account details not given/incorrect details given.

	<p>6. Duly certified Power of Attorney, if applicable, not submitted alongwith the ASBA application form.</p> <p>7. No corresponding records available with the Depositories matching the parameters namely (a) Names of the ASBA applicants (including the order of names of joint holders) (b) DP ID (c) Beneficiary account number or any other relevant details pertaining to the Depository Account.</p> <p>8. Insufficient funds in the investor's account.</p> <p>9. Application accepted by SCSB and not uploaded on/with the Exchange / Registrar.</p>
Mechanism for Redressal of Investor Grievances under ASBA Facility	All grievances relating to the ASBA facility may be addressed to the respective SCSBs, giving full details such as name, address of the applicant, number of Units applied for, counterfoil or the application reference given by the SCSBs, DBs or CBs, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Application Form was submitted by the ASBA Investor.
How to Apply	<p>Application form and Key Information Memorandum may be obtained from the offices of AMC or Investor Services Centers of the Registrar or distributors or downloaded from assetmanagement.kotak.com. Investors are also advised to refer to Statement of Additional Information before submitting the application form.</p> <ul style="list-style-type: none"> Investors subscribing under Direct Plan of a Scheme will have to indicate "Direct Plan" against the Scheme name in the application form e.g. "Kotak Hybrid Fixed Term Plan Series 2 – Direct Plan". Investors should also indicate "Direct" in the ARN column of the application form. However, in case Distributor code is mentioned in the application form, but "Direct Plan" is indicated against the Scheme name, the application will be processed under Direct Plan. Further, where application is received for Regular Plan without Distributor code or "Direct" mentioned in the ARN Column, the application will be processed under Direct Plan. <p>Any application may be accepted or rejected at the sole and absolute discretion of the Trustee.</p> <p>Please refer to the SAI and Application form for the instructions.</p>
Non acceptance of Third Party Cheques	<p>Third Party Cheques will not be accepted by the Scheme.</p> <p>Definition of Third Party Cheques</p> <ul style="list-style-type: none"> Where payment is made through instruments issued from an account other than that of the beneficiary investor, the same is referred to as Third-Party payment. In case of a payment from a joint bank account, the first holder of the mutual fund folio has to be one of the joint holders of the bank account from which payment is made. If this criterion is not fulfilled, then this is also construed to be a third party payment. <p>However, afore-mentioned clause of investment with Third-Party Payment shall not be applicable for the below mentioned exceptional cases.</p> <p>1) Payment by Parents/Grand-Parents/related persons on behalf of a minor in consideration of natural love and affection or as</p>

	<p>gift for a value not exceeding Rs.50,000/- (each regular purchase or per SIP installment). However this restriction will not be applicable for payment made by a guardian whose name is registered in the records of Mutual Fund in that folio.</p> <p>2) Payment by Employer on behalf of employee under Systematic Investment Plans or lump sum / one-time subscription, through Payroll deductions. AMC shall exercise extra due diligence in terms of ensuring the authenticity of such arrangements from a fraud prevention and KYC perspectives.</p> <p>3) Custodian on behalf of an FII or a client.</p> <p>For pre funded instruments such as DD/Pay order it is the onus of the investor to provided adequate supporting documents to prove that such instruments are issued by debiting the first holders account.</p> <p>Kotak Mahindra Asset Management Co. Ltd. / Trustee retains the sole and absolute discretion to reject/ not process application and refund subscription money if the subscription does not comply with the specified provisions of Payment Instruments.</p>
Listing	<p>The units of the scheme will be listed on BSE on allotment.</p> <p>The units of the scheme may also be listed on the other stock exchanges.</p> <p>An investor can buy/sell Units on a continuous basis on BSE and/or any other Stock Exchange(s) on which the Units are listed during the trading hours like any other publicly traded stock, until the date of issue of notice by the AMC for fixing the record date for determining the Unit holders whose name(s) appear on the list of beneficial owners as per the Depository's (NSDL/CDSL) records for the purpose of redemption of Units on maturity/final redemption date. The trading of Units on BSE and/or any other Stock Exchange(s) on which the Units are listed will automatically get suspended from the date of issuance of the said notice and also no off-market trades shall be permitted by the Depositories.</p>
Special Products / facilities available during the NFO	Systematic Investment Plan, Systematic Transfer Plan, Systematic Withdrawal Plan are not available under the scheme.
The policy regarding reissue of repurchased units, including the maximum extent, the manner of reissue, the entity (the scheme or the AMC) involved in the same.	Not Applicable
Restrictions, if any, on the right to freely retain or dispose of units being offered.	<p>Units held by way of an Account Statement cannot be transferred.</p> <p>Units held in Demat form are transferable in accordance with the provisions of The Depositories Act and Bye laws and business rules of depositories.</p>
Account Statements	<p>For normal transactions (other than SIP/STP/SWP) during NFO and repurchase:</p> <p>Pursuant to Regulation 36 of SEBI (Mutual Funds) Regulations, 1996 and amendments thereto, read with SEBI Circular No. Cir/IMD/DF/16/ 2011 dated September 8, 2011; the investor whose transaction has been accepted by Kotak Mahindra Asset Management Company Ltd. / Kotak Mahindra Mutual Fund on or after October 1, 2011 shall receive the following:</p>

1. An allotment confirmation specifying the units allotted shall be sent by way of email and/or SMS within 5 Business Days of the closure of the NFO Period to the Unit holder's registered e-mail address and/or mobile number.
2. A consolidated account statement (CAS) for each calendar month on or before 10th of the succeeding month shall be sent by email (wherever investor has provided email id) or physical account statement where investor has not provided email id., across the schemes of the mutual funds, to all the investors in whose folio(s) transaction(s) has/have taken place during the month.
3. For the purpose of sending CAS, common investors across mutual funds shall be identified by their Permanent Account Number (PAN).
4. In case of a specific request is received from the investors, Kotak Mahindra Asset Management Company Ltd./ Kotak Mahindra Mutual Fund will provide the physical account statement to the investors.
5. The CAS will not be received by the investors for the folio(s) not updated with PAN details. The Unit holders are therefore requested to ensure that the folio(s) are updated with their PAN and email id. Such investors will get monthly account statement from Kotak Mutual Fund in respect of transactions carried out in the schemes of Kotak Mutual Fund during the month.
6. In case of units held in demat, on allotment, confirmation specifying the units allotted shall be sent by way of email and/or SMS within 5 Business Days of the closure of the NFO Period to the Unit holder's registered e-mail address and/or mobile number. The statement of holding of the beneficiary account holder for units held in demat will be sent by the respective DPs periodically.
7. An Account Statement may be sent to a Unitholder using e-mail. Account Statements to be issued in lieu of Unit Certificates under the Scheme are non-transferable. These Account Statements shall not be construed as proof of title and are only computer printed statements, indicating the details of transactions under the Scheme concerned.
8. Any discrepancy in the Account Statement / Unit Certificate should be brought to the notice of the Fund/AMC immediately. Contents of the Account Statement / Unit Certificate will be deemed to be correct if no error is reported within 30 days from the date of Account Statement / Unit Certificate.

Annual Account Statement:

- 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.

	<ul style="list-style-type: none">• The account statements in such cases may be generated and issued along with the Portfolio Statement or Annual Report of the Scheme.• Alternately, soft copy of the account statements shall be mailed to the investors' e-mail address, instead of physical statement, if so mandated.
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B. Ongoing Offer Details

<p>Ongoing Offer Period</p> <p>This is the date from which the scheme will reopen for subscriptions/redemptions after the closure of the NFO period.</p>	<p>The scheme is a close ended scheme. Investors can only invest during NFO. After listing of the scheme, units of the scheme can be traded on Stock exchange</p>
<p>Ongoing price for subscription (purchase)/switch-in</p>	<p>Not Applicable</p>
<p>Ongoing price for redemption (sale) /switch outs (to other schemes/plans of the Mutual Fund) by investors.</p> <p>This is the price you will receive for redemptions/switch outs.</p> <p><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>The units of the scheme can be traded on the stock exchange, post listing. On maturity the redemption will be at the applicable NAV.</p>
<p>Cut off timing for subscriptions/ redemptions/ switches</p> <p>This is the time before which your application (complete in all respects) should reach the official points of acceptance.</p>	<p>Not Applicable. All units of the scheme shall be redeemed only on maturity.</p>
<p>Where can the applications for purchase/redemption switches be submitted?</p>	<p>Not Applicable</p>
<p>Minimum amount for purchase/redemption/switches</p>	<p>Not Applicable</p>
<p>Special Products available</p>	<p>Systematic Investment Plan, Systematic Transfer Plan, Systematic Withdrawal Plan are not available under the scheme</p>
<p>Account Statements</p>	<p>For normal transactions (other than SIP/STP/SWP) during NFO and repurchase:</p> <p>Pursuant to Regulation 36 of SEBI (Mutual Funds) Regulations, 1996 and amendments thereto, read with SEBI Circular No. Cir/IMD/DF/16/2011 dated September 8, 2011; the investor whose transaction has been accepted by Kotak Mahindra Asset Management Company Ltd. / Kotak Mahindra Mutual Fund on or after October 1, 2011 shall receive the following:</p> <ol style="list-style-type: none"> 1. An allotment confirmation specifying the units allotted shall be sent by way of email and/or SMS within 5 Business Days of the closure of the NFO Period to the Unit holder's registered e-mail address and/or mobile number. 2. A consolidated account statement (CAS) for each calendar month

	<p>on or before 10th of the succeeding month shall be sent by email (wherever investor has provided email id) or physical account statement where investor has not provided email id., across the schemes of the mutual funds, to all the investors in whose folio(s) transaction(s) has/have taken place during the month.</p> <ol style="list-style-type: none"> 3. For the purpose of sending CAS, common investors across mutual funds shall be identified by their Permanent Account Number (PAN). 4. In case of a specific request is received from the investors, Kotak Mahindra Asset Management Company Ltd./ Kotak Mahindra Mutual Fund will provide the physical account statement to the investors. 5. The CAS will not be received by the investors for the folio(s) not updated with PAN details. The Unit holders are therefore requested to ensure that the folio(s) are updated with their PAN and email id. Such investors will get monthly account statement from Kotak Mutual Fund in respect of transactions carried out in the schemes of Kotak Mutual Fund during the month. 6. In case of units held in demat , on allotment ,confirmation specifying the units allotted shall be sent by way of email and/or SMS within 5 Business Days of the closure of the NFO Period to the Unit holder's registered e-mail address and/or mobile number The statement of holding of the beneficiary account holder for units held in demat will be sent by the respective DPs periodically. 7. An Account Statement may be sent to a Unitholder using e-mail. Account Statements to be issued in lieu of Unit Certificates under the Scheme are non-transferable. These Account Statements shall not be construed as proof of title and are only computer printed statements, indicating the details of transactions under the Scheme concerned. 8. Any discrepancy in the Account Statement / Unit Certificate should be brought to the notice of the Fund/AMC immediately. Contents of the Account Statement / Unit Certificate will be deemed to be correct if no error is reported within 30 days from the date of Account Statement / Unit Certificate. <p>Annual Account Statement:</p> <ul style="list-style-type: none"> • Asset management company will send consolidated account statement every half yearly (September/ March), on or before tenth day of succeeding month, detailing holding at the end of the six month, across all schemes of all mutual funds, to all such investors in whose folios no transaction has taken place during that period. 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. • Alternately, soft copy of the account statements shall be mailed to the investors' e-mail address, instead of physical statement, if so mandated. • 'Transaction' shall include purchase, redemption, switch,
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	dividend payout, dividend reinvestment, systematic investment plan, systematic withdrawal plan, systematic transfer plan and bonus transactions.
Dividend	<p>The dividend warrants shall be dispatched to the unitholders within 30 days of the date of declaration of the dividend.</p> <p>Dividend may also be paid to the Unitholder in any other manner viz., through ECS, Direct Credit or NEFT in to Bank account, RTGS facility offered RBI or through Banker's cheque, etc as the AMC may decide, from time to time for the smooth and efficient functioning of the Scheme.</p>
Redemption	<p>Investors will not be able to redeem their units during the tenor of the Scheme directly from the fund and there will be redemption by the fund only on the maturity of the Scheme. The redemption proceeds shall be dispatched to the unit holders within 10 Business days from the date of maturity of the Scheme.</p> <p>Redemption proceeds will be paid by cheques, marked "Account Payee only" and drawn in the name of the sole holder/first-named holder (as determine by the records of the Registrar/Depositories). The Bank Name and No., as specified in the Registrar's/Depositories records, will be mentioned in the cheque, which will be payable at par at all the cities designated by the Fund from time to time. If the Unitholder resides in any other city, he will be paid by a Demand Draft payable at the city of his residence.</p> <p>Redemption cheques will generally be sent to the Unitholder's address, (or, if there is more than one joint holder, the address of the first-named holder) as per the Registrar's/Depositories records, by courier. The payments to unitholders as per the Depository Records will be sufficient discharge of its obligations by the AMC. Any further claims shall not be entertained by the AMC.</p> <p>Redemption proceeds may also be paid to the Unitholder in any other manner viz., through ECS, Direct Credit or NEFT in to Bank account, RTGS facility offered RBI or through Banker's cheque, etc as the AMC may decide, from time to time for the smooth and efficient functioning of the Scheme.</p>
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 A/c Details	As per the directives issued by SEBI it is mandatory for an investor to declare his/her bank account number. The Bank account details as mentioned with the Depository should be mentioned in case investors who hold units in demat form. For investors investing through the account statement mode, the bank details as mentioned on the application form shall be treated as final for all actions, relating to his account. To safeguard the interest of Unitholders from loss or theft of their refund orders/redemption cheques, investors are requested to provide their bank details in the Application Form.

C. Periodic Disclosures

Net Asset Value	The Mutual Fund shall update the Net asset value of the scheme on every Business day on AMFI's website www.amfiindia.com by 9.00 p.m. The NAVs shall also be updated on the website of the Mutual Fund assetmanagement.kotak.com and will be published in two newspapers.
This is the value per unit of the scheme on a particular day. You can ascertain the value of your investments by	

<p>multiplying the NAV with your unit balance.</p>	<p>Delay in uploading of NAV beyond 9.00 p.m. on every business day shall be explained in writing to AMFI. In case the NAVs are not available before the commencement of business hours on the following business day due to any reason, a press release for revised NAV shall be issued.</p> <p>The monthly portfolio of the Schemes shall be available in a user-friendly and downloadable format on the website viz. assetmanagement.kotak.com on or before the tenth day of succeeding month.</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>A complete statement of the portfolio of the Scheme will either be sent to all Unitholders, or published by way of an advertisement, before the expiry of one month from the close of each half year, that is the 31st of March and the 30th of September, in one English daily newspaper circulating in the whole of India and in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated. The same will also be posted on the website assetmanagement.kotak.com.</p>
<p>Half Yearly Results</p>	<p>The soft copy of unaudited financial results shall within one month from the close of each half year i.e. 31st of March and the 30th of September, be hosted on the website assetmanagement.kotak.com and will be sent to AMFI for posting on its website www.amfiindia.com.</p> <p>Also an advertisement of hosting of the unaudited results shall be published in one English daily newspaper circulating in the whole of India and in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated.</p>
<p>Annual Report</p>	<p>Pursuant to SEBI Circular No. Cir/IMD/DF/16/2011 dated September 8, 2011, Annual report or Abridged Summary will be available on assetmanagement.kotak.com and shall be sent by way of email to the investor's registered email address or Physical copies (If investor's email address is not registered), not later than four months after the close of each financial year (March 31). The unit holders may request for a physical copy of scheme annual reports or abridged summary by writing to the Kotak Mahindra Asset Management Company Ltd./Investor Service Centre / Registrar & Transfer Agents. The unit holder can get physical copies of the above mentioned reports at the registered offices at all time. The annual report shall be displayed on assetmanagement.kotak.com.</p>
<p>Associate Transactions</p>	<p>Please refer to Statement of Additional Information (SAI).</p>

<p>Taxation: The information is provided for general information purposes only. However, in view of the individual nature of tax implications, each investor is advised to consult his or her own tax adviser with respect to the specific tax implications arising out of his or her</p>				
	<p>Tax on Dividend</p>	<p>Resident</p>		<p>FII Tax on Dividend</p>
		<p>Nil</p>	<p>Nil</p>	
		<p>Unit holder</p>	<p>Mutual Fund</p>	
<p>Tax on Dividend</p>	<p>Nil</p>	<p>Nil</p>	<p>Dividend Distribution Tax (DDT) on the dividend distributed under this scheme:</p>	

participation in the scheme. (For Debt Scheme other than Money Market Mutual Fund or a Liquid Fund)				a) On dividend distributed to individual and HUF: - 14.1625% (including surcharge and education cess) from 1 April 2013 to 31 May 2013 - 28.325% (including surcharge and education cess) from 1 June 2013 to 31 Mar 2014. b) 33.99% (including surcharge and education cess) on dividend distributed to persons other than individual and HUF. c) 5.665% (including surcharge and education cess) on dividend distributed to a non-resident by an Infrastructure Debt Fund (refer note 2) from 1 June 2013 to 31 Mar 2014
	Short Term Capital Gain (Refer note 1 below)	10%-30% as per the normal tax rates applicable to the assessee	30%	NIL
	Long Term Capital Gain (Refer note 1 below)	10% without indexation or 20% with indexation	10%	NIL
Note (1) : The above rates would be increased by a surcharge of: (a) In case of resident domestic corporate unit holders: - 5% where the total income exceeds Rs.10,000,000 but less than Rs. 100,000,000 or - 10% where the total income exceeds Rs.100,000,000 (b) In case of FII being a corporate unit holder: - 2% where the total income exceeds Rs.10,000,000 but less than Rs. 100,000,000 or - 5% where the total income exceeds Rs.100,000,000 (c) In case of FII being a non-corporate and resident non-corporate unit holders: - 10% where the total income exceeds Rs.10,000,000 Further, an additional surcharge of 3% (Education cess of 2% and Secondary & Higher education Cess of 1%) would be charged on the amount of tax inclusive of surcharge as applicable, for all unit holders.				

	<p>Note (2) : The expression 'Infrastructure debt fund' has been defined in clause 1 of the regulation 49L of the Securities and Exchange Board of India (Mutual Fund) Regulations, 1996. As per clause 1 of regulation 49L , an 'infrastructure debt fund scheme' would mean, a scheme which invests primarily (minimum 90% of scheme assets) in debt securities or securitized debt instrument of infrastructure companies or infrastructure capital companies or infrastructure projects or special purpose vehicles, etc or other permissible assets in accordance with these regulations or bank loans in respect of completed and revenue generating projects of infrastructure companies or projects or special purpose vehicles.</p> <p>Note (3) : Long-term capital gains in case of non-residents (other than FII) would be taxable @ 10% on transfer of capital assets, being unlisted securities, computed without giving effect to first & second proviso to section 48 i.e. without taking benefit of foreign currency fluctuation and indexation benefit.</p> <p>Under section 10(23D) of the Income tax Act, 1961, income earned by a Mutual Fund registered with SEBI is exempt from income tax.</p> <p>Since the aforesaid schemes do not qualify as an equity oriented fund, no Securities Transaction tax is payable by the unit holders on redemption / repurchase of units by the Fund.</p> <p>For further details on taxation please refer to the clause on taxation in the SAI.</p>
Investor services	<p>Mr. R. Chandrasekaran Kotak Mahindra Asset Management Company Limited 6TH Floor Kotak Towers, Building No 21, Infinity Park, Off Western Express Highway, Goregaon – Mulund Link Road, Malad (East) , Mumbai 400067 Phone: 6605 6765; Fax: 6638 4455 e-mail: mutual@kotak.com</p>

D. Computation of NAV

The NAV of the Units of the Scheme will be computed by dividing the net assets of the Scheme by the number of Units outstanding on the valuation date.

The Fund shall value its investments according to the valuation norms, as specified in the Eighth Schedule of the Regulations, or such guidelines / recommendations as may be specified by SEBI/AMFI from time to time. The broad valuation norms are detailed in the Statement of Additional Information.

NAV of Units under the Scheme will be calculated as shown below:

$$\text{NAV} = \frac{\text{Market or Fair Value of Scheme's investments} + \text{Current assets including Accrued Income} - \text{Current Liabilities and provisions including accrued expenses}}{\text{No. of Units outstanding under the Scheme/Option.}}$$

NAV for the Scheme and the repurchase prices of the Units will be calculated and announced at the close of each Business Day. The NAV shall be computed upto four decimals.

Computation of NAV will be done after taking into account dividends declared, if any, and the distribution tax thereon, if applicable. The income earned and the profits realized in respect of the Units remain invested and are reflected in the NAV of the Units.

V. FEES AND EXPENSES

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

New Fund Offer (NFO) expenses

These expenses are incurred for the purpose of various activities related to the NFO like marketing and advertising, Brokerage, registrar expenses, printing and stationary, bank charges etc.

The New Fund Offer expenses of the scheme will be borne by the AMC.

Total Expense Ratio (TER)

Total Expense Ratio is the total of ongoing fees and operating expenses charged to the scheme, expressed as a percentage of the scheme's daily net assets.

These fees and expenses include Investment Management and Advisory Fee charged by the AMC, Registrar and Transfer Agents' fee, brokerage/commission, marketing and selling costs etc.

The maximum total expenses of the schemes under Regulation 52(6)(c) shall be subject to the following limits:

Daily Net Assets (Rs.)	%
First 100 crores	2.25%
Next 300 crores	2.00%
Next 300 crores	1.75%
Balance assets	1.50%

Additional expenses which may be charged to the Scheme:

The following additional expenses may be charged to the Scheme under Regulation 52 (6A), namely-

- Brokerage and transaction costs (including service tax) which are incurred for the purpose of execution of trade and is included in the cost of investment, not exceeding 0.12 per cent in case of cash market transactions and 0.05 per cent in case of derivatives transactions. Any payment towards brokerage and transaction cost, over and above the said 12 bps and 5bps for cash market transactions and derivatives transactions respectively may be charged to the scheme within the maximum limit of Total Expense Ratio (TER) as prescribed under regulation 52. Any expenditure in excess of the said prescribed limit (including brokerage and transaction cost, if any) shall be borne by the AMC.
- Expenses not exceeding of 0.30 % of daily net assets, if the new inflows from beyond top 15 cities are at least:
 - (i) 30 % of gross new inflows in the scheme; or
 - (ii) 15 % of the average assets under management (year to date) of the scheme; whichever is higher.

Provided that if inflows from such cities is less than the higher of sub-clause (i) or sub-clause (ii), such expenses on daily net assets of the scheme shall be charged on proportionate basis.

Provided further that expenses charged under this clause shall be utilised for distribution expenses incurred for bringing inflows from such cities.

Provided further that amount incurred as expense on account of inflows from such cities shall be credited back to the scheme in case the said inflows are redeemed within a period of one year from the date of investment.

- Additional expenses upto 0.20% of daily net assets of the schemes, incurred towards different heads mentioned under Regulation 52 (2) and 52 (4).

Total Expense Ratio for the scheme

The AMC has estimated following recurring expenses, as summarized in the below table for the scheme. Total expense ratio of the Scheme (including investment and advisory fees) will be subject to the maximum limits (as a percentage of Daily Net Assets of the Scheme) as per Regulation 52(6) & (6A), as amended from time to time, with no sub-limit on investment and advisory fees.

Expenses Structure	% of daily Net Assets
Investment Management and Advisory Fees	Upto 2.25%
Trustee fee	
Audit fees	
Custodian fees	
RTA Fees	
Marketing & Selling expense incl. agent commission	
Cost related to investor communications	
Cost of fund transfer from location to location	
Cost of providing account statements and dividend redemption cheques and warrants	
Costs of statutory Advertisements	
Cost towards investor education & awareness (at least 2 bps)	
Brokerage & transaction cost over and above 12 bps and 5 bps for cash and derivative market trades resp.	
Service tax on expenses other than investment and advisory fees	
Service tax on brokerage and transaction cost	
Maximum total expense ratio (TER) permissible under Regulation 52 (6) (c) (i) and (6) (a)	Upto 2.25%
Additional expenses under regulation 52 (6A) (c)	Upto 0.20%
Additional expenses for gross new inflows from specified cities	Upto 0.30%

Expense Structure for Direct Plan - The annual recurring expenses will be within the limits specified under the SEBI (Mutual Funds) Regulations, 1996.

Commission/ Distribution expenses will not be charged In case of Direct Plan. The TER of Direct Plan will be lower by at least 15% vis-à-vis Regular Plan.

Service Tax:

Service Tax on investment and advisory fees may be charged to the scheme in addition to the maximum limit of TER as prescribed in Regulation 52(6)(c). Service tax on other than investment and advisory fees, if any, shall be borne by the scheme within the maximum limit of TER as per Regulation 52.

The estimates are based on an amount of Rs. 100 crores for the Scheme and will change to the extent assets are lower or higher.

The aforesaid estimates are made in good faith by the Investment Manager and are subject to change inter se among the various heads of expenses and between the Plans. It may also be noted that the total expenses of the Plans will also be subject to change within the overall limits of expenses under Regulation 52. Actual expenses under any head and / or the total expenses may be more or less than the estimates. The Investment Manager retains the right to charge the actual expenses to the Fund, however the expenses charged will not exceed the statutory limit prescribed by the Regulations. Any expenditure in excess of the limits specified in Regulation 52 shall be borne by the AMC. There will be no sub limit on management fee, and it shall be within the overall TER specified above.

For the actual current expenses being charged, the investor may refer to the website of the mutual fund.

A. Load structure

Load is an amount which is paid by the investor to subscribe to the units or to redeem the units from the scheme. This amount is used by the AMC to pay commissions to the distributor and to take care of other marketing and selling expenses. Load amounts are variable and are subject to change from time to time. For the current applicable structure, please refer to the website of assetmanagement.kotak.com or may call at 1800-22-2626 or your distributor.

Entry Load: In terms of SEBI Circular No. SEBI/IMD/CIR No. 4/168230/09 dated June 30, 2009, no entry load will be charged on purchase / additional purchase / switch-in. The upfront commission, if any, on investment made by the investor shall be paid by the investor directly to the Distributor, based on his assessment of various factors including the service rendered by the Distributor.

Exit Load: Nil

A public notice shall be given in respect of such changes in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of region where the Head Office of the Mutual Fund is situated.

Investors may obtain information on loads on any Business Day by calling the office of the AMC or any of the Investor Service Centers. Information on applicability of loads will also be provided in the Account Statement.

The investor is requested to check the prevailing load structure of the scheme before investing.

VI. RIGHTS OF UNITHOLDERS

Please refer to SAI for details.

VII. 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

SEBI Requirements	Response
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.	RBI has imposed a penalty of Rs.15 lakhs in April 2011, in respect of foreign exchange derivative transactions done by KMBL with certain corporates during the period 2007-08. RBI on the basis of the scrutiny carried out, had levied a penalty on KMBL a sum of Rs. 1.501 crores on account of non-adherence to certain aspects of KYC and AML guidelines. KMBL has taken necessary corrective steps in this respect.
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	NIL

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	
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	NIL
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	NIL

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 through resolution passed by circulation on November 21, 2013.

OFFICIAL COLLECTION CENTRES (For New Fund Offer)

I. KAMAMC AUTHORISED COLLECTION CENTRES

Agra: S-8, 2nd Floor, Maruti Plaza, Agra – 282002. **Ahmedabad:** 9, 10, 11- 2nd Floor, Siddhi Vinayak complex, Shivranjani Cross Roads, Satellite, Ahmedabad - 380015. **Ajmer:** 1st Floor, India Heights, Kutchary Road, India Motor Circle, Ajmer – 305001. **Aligarh:** 1st Floor, C1, Omeshwar Plaza, Plot No.3/243, Laxmi Bai Marg, Marris Road, Aligarh - 202001. **Allahabad:** Upper Ground Floor, Vashista Vinayak Tower, 38/1 Tashkant Marg, Civil Lines, Allahabad - 211003. **Ambala:** 5397-5398, First Floor, Punjabi Mohalla, Nicholson Road, Above Haryana Beauty Parlour Ambala Cantt – 133001. **Amritsar:** 2nd Floor, SCO-32, Pal Plaza, Distt. Shopping Complex, Block-B, Ranjit Avenue, Amritsar – 143001. **Anand:** 302, Madhav Complex, Anand Grid Road, B/S Sanket Complex, Anand - 388001. **Aurangabad:** 3rd Floor, Kandi Towers, CTS No. 12995, Above Kotak Mahindra Bank, Jalna Road, Aurangabad - 431001. **Bangalore:** 2nd Floor, Umia Landmark, 10/7, Lavelle Road, Bangalore - 560001. **Bareilly:** 1st Floor, 167-A, Civil Lines, Station Road, Above Syndicate Bank, Bareilly - 243001. **Bathinda:** VD Complex 2928, E/45, Bibiwala Road, Bathinda - 151005. **Bhavnagar:** 303, 3rd Floor, "Krushna Darshan", Parimal Chock, Waghwadi Road, Bhavnagar - 364002. **Bhopal:** 2nd Floor, Office No.SB-21, Mansarovar Complex, Hoshangabad Road, Bhopal - 462011. **Bhubaneswar:** 2nd Floor, Building No.24, SCR Janpath, Bapujinagar, Bhubaneswar - 751001. **Bhuj:** Ramyakala Shop no 4, Ground Floor, Nr.Dr.Mahadev Patel Hospital, Hospital Road, Bhuj Kutch - 370001. **Calicut:** PARCO Complex, 5th Floor, Near ICICI Bank Ltd, Kallai Road, Calicut - 673012. **Chandigarh:** Sco No 2475- 2476, 1st Floor, Sector 22 C, Chandigarh -160022. **Chennai:** No. 1-E, 1st Floor, Eldorado Building, 112, Nungambakkam High Road, Chennai - 600034. **Cochin:** Shop No: 56 & 57, 2nd Floor, Jacob DD Mall, M G Road, Shenoy's Junction, Cochin - 682035. **Coimbatore:** S. S. Complex, 554B/1, 2nd Floor, D.B. Road, R S Puram, Coimbatore - 641002. **Cuttack:** Mahaveer Apts, Gr. Floor, Room No G-4, Link Road, PO Arunodaya Nagar, Cuttack - 753012. **Dehradun:** 9A & B, 1st Floor, India Trade Centre, 97 Rajpur Road, Dehradun - 248001. **Dhanbad:** Room No-418, Sriram Plaza, Bank More, Dhanbad - 826001. **Durgapur:** 2nd Floor, Amantran, Urbashi Commercial Place, Bengal Ambuja, City Centre, Durgapur - 713216. **Goa:** 3rd Floor, Mathias Plaza, 18th June Road, Panjim, Goa - 403001. **Gorakpur:** Office no 4, 2nd Floor, Cross Road, A. D. Chowk, Bank Road, Gorakhpur - 273001. **Guntur:** 2nd Floor, Platini Plaza, 8th Line Main Road, Arundalpet, Guntur - 522002. **Gurgaon:** 2nd Floor, SCO-14, Sector No 14, Gurgaon - 122001. **Guwahati:** 5th Floor, Amaze Shopping Mall (Above Vishal Mega Mart) A.T.Road, Guwahati - 781001. **Hubli:** 1st Floor, Kundgol Complex, Court Circle, Hubli - 580029. **Hyderabad:** No.304, 3rd Floor, Jade Arcade, Paradise Circle, M.G. Road, Hyderabad - 500003. **Indore:** 2nd Floor, Starlite Tower, 29/1, Y.N. Road, Indore - 452001. **Jaipur:** 202, Mall-21, Opp. Raj Mandir Cinema, Bhagwandas Road, Jaipur - 302001. **Jalandhar:** Office No.9, 3rd Floor, City Square Building, Eh-197, Civil Lines, Jalandhar - 144001. **Jalgaon:** Ground Floor Panna House Jai Nagar opp. Omkareshvar Jalgaon- 425002. **Jammu:** Shop No.21, Ground Floor, A-2 South Block, Bahu Plaza, Jammu - 180001. **Jamnagar:** 107, 1st Floor, Madhav Darshan, Opp. Cricket Bungalow, Jamnagar - 361001. **Jamshedpur:** 1st Floor, Sanghi Mansion, Main Road, Sakchi Boulevard Road, Ram Mandir Area, Biustupur, Jamshedpur - 831001. **Jodhpur:** 117, 1st Floor, Modi Arcade, Near Bombay Motor Circle, Chopasani Road, Jodhpur - 342001. **Kanpur:** Room No. 107, 1st Floor, Ratan Squire, 14/144 Chunni Ganj, Kanpur - 208001. **Kolhapur:** Office No 59, Upper Ground Floor, Raobahadur Dajirao Vichare Complex, Gemstone, 517 A/2, New Shahupuri, Near Central Bus Stand, Kolhapur - 416 002. **Kolkata:** 1st Floor, Horizon, 57 Chowranghee Road, Kolkata - 700 071. **Kota:** 2nd Floor, 202 Sajina Apartment, Opp. ICICI Bank, Jhalawar Road, Kota - 324007. **Kottayam:** 3rd Floor, Pulimoottil Arcade, K K Road, Kanjikuzhy, Kottayam - 686004. **Lucknow:** Aryans Business Park, 90 MG Marg, Lucknow - 226 001. **Ludhiana:** 1st Floor, SCO 20, Feroze Gandhi Market, Ludhiana - 141001. **Mangalore:** 2nd Floor, Manasa Towers, Near PVS Circle, M.G. Road, Kodialbail, Mangalore - 575003. **Meerut:** Shop No. G-5, Ground Floor, Star Palace Bacchapark, Opp Rama Plaza Meerut - 250001. **Moradabad:** Above Krishna Investment Consultant, Near Raj Mahal Hotel, Near Civil Lines, Moradabad - 244001. **Mumbai:** 6th Floor, Kotak Infinity, Building No. 21, Infinity Park, Off Western Express Highway, Gen. A K Vaidya Marg, Malad (E), Mumbai - 400097. **Mumbai (Nariman Point):** 36-38A, Nariman Bhavan, 227, Nariman Point, Mumbai - 400021. **Mumbai (Thane):** Ground Floor, Shop No.2, Ram Rao Sahani Sadan, Kaka Sohni Path, Thane (W) - 400602. **Mysore:** Prashanth Plaza, 5th Cross, 4th Main Road, Saraswathipuram, Mysore - 570009. **Nagpur:** B-101, Mahalaxmi Apartments, Near Ajit Bakery, Khare Town, Dharampeth, Nagpur - 440010. **Nashik:** Shop no.6, Ground Floor, Krishnaratna, Opp. Hotel Potoba, New Pandit Colony, Nashik - 422002. **New Delhi:** Kotak Mahindra Asset Management Co. Ltd., Unit No. 9A & 9C, 9th Floor, Vandana Building, Tolstoy Marg, Connaught Place, New Delhi - 110001. **Panipat:** Jawa Complex, Lower Ground Floor, Near Vijaya Bank, Opp: Bathak Chowk, G.T. Road, Panipat - 132103. **Patiala:** B-17/423, Opp. Polo Ground, Near Modi College, Lower Mall, Patiala - 147001. **Patna:** 204 Shyam Center, Besides Republic Hotel, Exhibition Road, Patna - 800001. **Pondicherry:** 1st Floor, No.114-116, Jayalakshmi Complex, Thiruvalluvar Salai, Pillaithottam, Pondicherry - 605013. **Pune:** Yeshwant, Office no 31, 3rd Floor, Plot No 37/10 B, Opp Lane no 9, Prabhat Road, Pune 411004. **Raipur:** GF-04, Millennium Plaza, Banstal Road, Near Indian Coffee House, Raipur - 492001. **Rajkot:** 1st Floor, 124 Star Plaza, Phulchhab Chowk, Rajkot - 360001. **Ranchi:** 3rd Floor, Satya Ganga, Lalji Hirji Road, Main Road, Ranchi - 834001. **Rourkela:** 2nd Floor, Plot No 304, Holding No 72, Opp Old Court, Main Road, Uditnagar, Above Yes Bank & Corporation Bank, Rourkela - 769012. **Salem:** 213, 2nd Floor, Kandaswara Shopping Mall, Saradha Collage Main Road, Salem - 636016. **Shimla:** Bhagra Nivas, Near Lift Road, The Mall Shimla - 171001. **Siliguri:** Lower Ground Floor, Nanak Complex, Sevoke Road, Siliguri - 734001. **Srinagar:** C/O Cureim Medicate, Zaindar Mohalla, Habba Kadal, Srinagar - 190001. **Surat:** M-7, Mezzanine floor, Jolly Plaza, Near Athwa Arcade, Athwa Gate, Surat - 395001. **Trichy:** 1st Floor, Vignesh Aradhana, No.16, Shop no.4, Shastri Road, Thennur, Trichy - 620017. **Trichur:** 2nd Floor, Trichur Trade Centre, Kuruppam Road, Trichur - 680001. **Trivandrum:** S.1. White Heaven, Vellayambalam, Trivandrum - 695010. **Udaipur:** C/o. Kotak Securities, 1st Floor, Moomal Tower, Above IDBI Bank, 222/16, Saheli Marg, Saheli Nagar, Udaipur - 313001. **Vadodara:** 202, Gold Croft, Opp. Only Parathas Restaurant, Jetalpur Road, Vadodara - 390007. **Vapi:** Office No.10, 1st Floor, Sahara Market, Vapi-Silvassa Road, Vapi - 396191. **Varanasi:** D-58/53-54, Shiva Complex, Shop No 9, Rathyatra Crossing, Varanasi - 221010. **Vijayawada:** 2nd Floor, Soma Shankar Nilayam, 40-1-29, Above Kuttons Show Room, Near Fortune Murali Park, M G Road, Vijayawada - 520010. **Vishakapatnam:** 1st floor, Door No. 47-10-10, Rednam Regency, 2nd lane Dwaraka Nagar, Visakhapatnam - 530016.

II. COMPUTER AGE MANAGEMENT SERVICES PRIVATE LIMITED (CAMS) - INVESTOR SERVICE CENTRES

Ahmedabad: 402-406, 4th Floor, Devpath Building, Off C G Road, Behind Lal Bungalow, Ellis Bridge, Ahmedabad - 380006. **Bangalore:** Trade Centre, 1st Floor, 45, Dikens Road, (Next to Manipal Centre), Bangalore - 560042. **Bhubaneswar:** 3rd Floor, Plot No - 111, Varaha Complex Building, Station Square, Kharvel Nagar, Unit 3, Bhubaneswar - 751001. **Chandigarh:** Deepak Tower, SCO 154-155, 1st Floor, Sector 17-C, Chandigarh - 160017. **Chennai:** Ground Floor No.178/10, Kodambakkam High Road, Opp. Hotel Palmgrove, Nungambakkam, Chennai - 600034. **Cochin:** Ittoop's Imperial Trade Center, Door No. 64/5871 - D, 3rd Floor, M. G. Road (North), Cochin - 682035. **Coimbatore:** Ground Floor, Old No. 66 New No. 86, Lokamanya Street (West), R.S.Puram, Coimbatore - 641002. **Durgapur:** 3rd Floor, City Plaza Building, City Centre, Durgapur - 713 216. **Goa:** No.108, 1st Floor, Gurudutta Bldg, Above Weekender, M G Road, Panaji, Goa - 403001. **Hyderabad:** 208, 2nd Floor, Jade Arcade, Paradise Circle, Secunderabad - 500003. **Indore:** 101, Shalimar Corporate Centre, 8-B, South tukogunj, Opp.Greenpark, Indore - 452001. **Jaipur:** R-7, Yudhisthir Marg ,C-Scheme, Behind Ashok Nagar Police Station, 63/ 2, The Mall, Jaipur - 302001. **Kanpur:** 1st Floor 106 to 108, CITY CENTRE Phase - II, Kanpur - 208001. **Kolkata:** Saket Building, 44 Park Street, 2nd Floor, Kolkata - 700016. **Lucknow:** Off No 4, 1st Floor, Centre Court Building, 3/c, 5 - Park Road, Hazratganj, Lucknow - 226001. **Ludhiana:** U/ GF, Prince Market, Green Field, Near Traffic Lights, Sarabha Nagar Pulli, Pakhowal Road, Ludhiana - 141002. **Madurai:** 86/71A, Tamilsangam Road, Madurai - 625001. **Mangalore:** No. G 4 & G 5, Inland Monarch, Opp. Karnataka Bank, Kadri Main Road, Kadri, Mangalore - 575003. **Mumbai:** Rajabhadur Compound, Ground Floor, Opp Allahabad Bank, Behind ICICI Bank, 30, Mumbai Samachar Marg, Fort, Mumbai - 400023. **Nagpur:** 145 Lendra, New Ramdaspath, Nagpur - 440010. **New Delhi:** 7-E, 4th Floor, Deen Dayaal Research Institute Building, Swami Ram Tirath Nagar, Near Videocon Tower, Jhandewalan Extension, New Delhi - 110055. **Patna:** G-3, Ground Floor, Om Vihar Complex, SP Verma Road, Patna - 800001. **Pune:** Nirmiti Eminence, Off No. 6, 1st Floor, Opp Abhishek Hotel Mehandale Garage Road, Erandawane, Pune - 411004. **Surat:** Plot No.629, 2nd Floor, Office No.2-C/2-D, Mansukhlal Tower, Beside Seventh Day Hospital, Opp.Dhiraj Sons, Athwalines, Surat - 395001. **Vadodara:** 103 Aries Complex, BPC Road, Off R.C. Dutt Road, Alkapuri, Vadodara - 390007. **Vijayawada:** 40-1-68, Rao & Ratnam Complex, Near Chennupati Petrol Pump, M.G Road, Labbipet, Vijayawada - 520010. **Visakhapatnam:** 47/9 / 17, 1st Floor, 3rd Lane, Dwaraka Nagar, Visakhapatnam - 530016.

III. COMPUTER AGE MANAGEMENT SERVICES PRIVATE LIMITED (CAMS) - TRANSACTION POINT

Agartala : Advisor Chowmuhani, (Ground Floor), Krishnanagar, Agartala - 799001. **Agra** : No.8, 2nd Floor, Maruti Tower, Sanjay Place, Agra - 282002. **Ahmednagar** : B, 1+3, Krishna Enclave Complex, Near Hotel Natraj, Nagar-Aurangabad Road, Ahmednagar - 414001. **Ajmer** : AMC No. 423/30, New Church Brahampuri, Opp T B Hospital, Jaipur Road, Ajmer - 305001. **Akola** : Opp. RLT Science College, Civil Lines, Akola - 444001. **Aligarh** : City Enclave, Opp. Kumar Nursing Home, Ramghat Road, Aligarh - 202001. **Allahabad** : 30/2, A&B, Civil Lines Station, Besides Vishal Mega Mart, Strachey Road, Allahabad - 211001. **Alleppey** : Doctor's Tower Building, Door No. 14/2562, 1st floor, North of Iorn Bridge, Near Hotel Arcadia Regency, Allppey - 688 001. **Alwar** : 256A, Scheme No 1, Arya Nagar, Alwar - 301001. **Amaravati** : 81, Gulshan Tower, 2nd Floor, Near Panchsheel Talkies, Amaravati - 444601. **Ambala** : Opposite PEER, Bal Bhavan Road, Ambala - 134003. **Amritsar** : SCO - 18J, 'C' BLOCK RANJIT AVENUE, Amritsar - 140001. **Anand** : 101, A P Tower, Behind Sardhar Gunj, Next to Nathwani Chambers, Anand - 388001. **Anantapur** : 15-570-33, 1st Floor, Pallavi Towers, Anantpur - 515001. **Ankleshwar** : G-34, Ravi Complex, Valia Char Rasta, G I D C, Bharuch, Ankleshwar - 393002. **Asansol** : Block - G, 1st Floor, P C Chatterjee Market Complex, Rambandhu Talab, P O Ushagram, Asansol - 713303. **Aurangabad** : Office No. 1, 1st Floor, Amodi Complex, Juna Bazar, Aurangabad - 431001. **Balasore** : B C Sen Road, Balasore - 756001. **Bareilly** : F-62-63, Butler Plaza, Civil Lines, Bareilly - 243001. **Basti** : Office No. 3, 1st Floor, Jamia Shopping Complex, (Opposite Pandey School), Station Road, (Uttar Pradesh), Basti - 272002. **Belgaum** : 1st Floor, 221/2A/1B, Vaccine Depot Road, Near 2nd Railway gate, Tilakwadi, Belgaum - 590006. **Bellary** : No 60/5 Mullangi Compound, Gandhinagar Main Road (Old Gopalswamy Road), Bellary - 583101. **Berhampur** : 1st Floor, Upstairs of Aaroon Printers, Gandhi Nagar Main Road, Ganjam Dt Orissa, Berhampur - 760001. **Bhagalpur** : Krishna, 1st Floor, Near Mahadev Cinema, Dr R P Road, Bhagalpur - 812002. **Bharuch** (Parent: Ankleshwar TP) : F-108, Rangoli Complex, Station Road Bharuch - 392001. **Bhatinda** : 2907 GH, GT Road, Near Zila Parishad, Bhatinda - 151001. **Bhavnagar** : 305-306, Sterling Point, Waghawadi Road, OPP. HDFC Bank, Bhavnagar - 364002. **Bhilai** : Shop No. 117, Ground Floor, Khicharia Complex, Opposite IDBI Bank, Nehru Nagar Square, Bhilai - 490020. **Bhilwara** : Indraprastha Tower, 2nd Floor, Shyam Ki Sabji Mandi Near Mukulji Garden, Bhilwara - 311001. **Bhopal** : Plot No.13, Major Shopping Center, Zone-I, M P Nagar, Bhopal - 462011. **Bhuj** : Data Solution, Office No. 17, 1st Floor, Municipal Building, Opp Hotel Prince, Station Road, Bhuj-Kutch - 370001. **Bhusawal** (Parent: Jalgaon TP) : 3, Adelade Apartment, Christain Mohala, Behind Gulshan-E-Iran Hotel, Amardeep Talkies Road, Bhusawal - 425201. **Bikaner** : F:45, Bothra Complex, Modern Market, Bikaner - 334001. **Bilaspur** : Beside HDFC Bank, Link Road, Bilaspur - 495001. **Bokaro** : Mazzanine Floor, F-4, City Centre, Sector-4, Bokaro Steel City Bokaro - 827004. **Burdwan** : 399, G T Road, Basement of Talk of the Town, Burdwan - 713101. **C.R.Avenue** (Parent: Kolkata ISC) : 33, C R Avenue, 2nd Floor, Room No.13, Kolkata - 700012. **Calicut** : 29/97G, 2nd Floor, Gulf Air Building, Mavoor Road, Arayidathupalam, Calicut - 673016. **Chennai** : Ground Floor, 148 Old Mahabalipuram Road, Okkiyam, Thuraiyakkam, Chennai - 600097. **Chhindwara** : Office No - 1, Parasia Road, Near Mehta Colony, (Madhya Pradesh), Chhindwara - 483001. **Chittorgarh** : 3 Ashok Nagar, Near Heera Vatika, Chittorgarh - 312001. **Cuttack** : Near Indian Overseas Bank, Cantonment Road, Mata Math, Cuttack - 753001. **Darbhanga** : Shahi Complex, 1st Floor, Near R B Memorial Hospital, V I P Road, Benta, Laheriasarai, Darbhanga 846001. **Davenegere** : 13, 1st Floor, Akkamahadevi Samaj Complex, Church Road, P J Extension, Devengere - 577002. **Dehradun** : 204/121, Nari Shilp Mandir Marg, Old Connaught Place, Dehradun - 248001. **Deoghar** : S S M Jalan Road, Ground Floor, Opp Hotel Ashoke, Caster Town, Deoghar - 814112. **Dhanbad** : Urmila Towers, Room No. 111, 1st Floor, Bank More, Dhanbad - 826001. **Dharmapuri** : 16A/63A, Pidamaneri Road, Near Indoor Stadium, Dharmapuri - 636701. **Dhule** : H No. 1793 / A, J B Road, Near Tower Garden, Dhule - 424001. **Erode** : 197, Seshaiyer Complex, Agraharam Street, Erode - 638001. **Faizabad** : 64 Cantonment, Near GPO, Faizabad - 224001. **Faridabad** : B-49, 1st Floor, Nehru Ground, Behind Anupam Sweet House, NIT, Faridabad - 121001. **Gandhidham** : S-7, Ratnakala Arcade, Plot No. 231, Ward - 12/B, Gandhidham - 370201. **Ghaziabad** : 113/6, 1st Floor, Navyug Market, Ghaziabad - 201001. **Gondal** : A/177 Kailash Complex Opp. Khedut Decor GONDAL - 360311. **Gorakhpur** : Shop No. 3, 2nd Floor, Cross Road, A.D. Chowk, Bank Road, Gorakhpur - 273001. **Gulbarga** : Pal Complex, 1st Floor, Opp City Bus Stop, Super Market, Gulbarga - 585101. **Guntur** : Door No 5-38-44, 5/1 BRODIPET, Near Ravi Sankar Hotel, Guntur - 522002. **Gurgaon** : SCO - 17, 3rd Floor, Sector-14, Gurgaon - 122001. **Guwahati** : A K Azad Road, Rehabari, Guwahati - 781008. **Gwalior** : G-6, Global Apartment Phase - II, Opposite Income Tax Office, Kailash Vihar City Centre, Gwalior - 474011. **Haldia** : 2nd Floor, New Market Complex, Durgachak Post Office, Purba Medinipur District, Haldia - 721602. **Haldwani** : Durga City Centre, Nainital Road, Haldwani - 263139. **Hazaribagh** : Municipal Market, Annada Chowk, Hazaribagh - 825301. **Himmatnagar** : D-78, 1st Floor, New Durga Bazar, Near Railway Crossing, Himmatnagar - 383001. **Hisar** : 12, Opp Bank of Baroda, Red Square Market, Hisar - 125001. **Hoshiarpur** : Near Archies Gallery, Shimla Pahari Chowk, Hoshiarpur - 146001. **Hosur** : No.303, SIPCOT Staff Housing Colony, Hosur - 635126. **Hubli** : 206 & 207, 1st Floor, A-Block, Kundagol Complex, Opp Court, Club road, Hubli - 580029. **Jabalpur** : 8, Ground Floor, Datt Towers, Behind Commercial Automobiles, Napier Town, Jabalpur - 482001. **Jalandhar** : 367/8, Central Town, Opp. Gurudwara Diwan Asthan, Jalandhar - 144001. **Jalgaon** : Rustumji Infotech Services, 70, Navipeth, Opp old Bus Stand, Jalgaon - 425001. **Jalna** : (Parent ISC - Aurangabad) : Shop No. 11, 1st Floor, Ashoka Plaza, Opp Magistic Talkies, Subhash Road, Jalna - 431203. **Jamnagar** : 217/128, Manek Centre, P N Marg, Jamnagar - 361008. **Jamshedpur** : Millennium Tower, Room No. 15, 1st Floor, R - Road, Bidpur, Jamshedpur - 831001. **Jhansi** : Babu Lal Karkhana Compound, Opp SBI Credit Branch, Gwalior Road, Jhansi - 284001. **Jodhpur** : 1/5, Nirmal Tower, 1st Chhapani Road, Jodhpur - 342003. **Jammu** : JRDS Heights, Lane Opp. S&S Computers, Near RBI Building, Sector 14, Nanak Nagar Jammu - 180004. **Junagadh** : Circle Chowk, Near Choksi Bazar Kaman, Gujarat Junagadh - 362001. **Kadapa** : Door No. : 21/ 598, Palempapiah Street, Near Ganjikunta Pandurangiah Dental Clinic, 7 Road Circle, Kadapa - 516001. **Kakinada** : No.33-1, 44 Sri Sathya Complex, Main Road, Kakinada - 533 001. **Kalyani** : A - 1/50, Block - A, Dist Nandia Kalyani - 741235. **Kannur** : Room No.14/435, Casa Marina Shopping Centre, Talap, Kannur - 670004. **Karimnagar** : H No. 7-1-257, Upstairs S B H, Mangammthota, Karimnagar - 505001. **Karnal** (Parent :Panipat TP) : 7, 1st Floor, Opp Bata Showroom, Kunjapura Road, Karnal - 132001. **Karur** : 126 GVP Towers, Kovai Road, Basement of Axis Bank, Karur - 639002. **Katni** : NH 7, Near LIC, Jabalpur Road, Bargawan, Katni - 148 Jessore Road, 2nd Floor, Block-B, Kestopor - 700101. **Khammam** : 1st Floor, Shop No 11 - 2 - 31/3, Philips Complex, Balajinagar, Wyrva Road, Near Baburao Petrol Bunk, Khammam - 507001. **Kharagpur** : Shivhare Niketan, H No 291/1, Ward No 15, Opposite UCO Bank, Kharagpur - 721301. **Kolhapur** : AMD Sofex Office No.7, 3rd Floor, Ayodhya Towers, Station Road, Kolhapur - 416001. **Kollam** : Kochupillamoodu Junction, Near VLC, Beach Road, Kollam - 691001. **Kota** : B-33, Kalyan Bhawan, Triangle Part, Vallabh Nagar, Kota - 324007. **Kottayam** : 3rd Floor, Pulimoottil Arcade, K K Road, Kanjikuzhy, Kottayam - 686004 (Kerala). **Kumbakonam** : Jailani Complex, 47, Mutt Street, Kumbakonam - 612001. **Kurnool** : H.No.43/8, Upstairs, Uppini Arcade, N R Peta, Kurnool - 518004. **Malda** : Daxhinapan Abasan, Opp Lane of Hotel Kalinga, S M Pally, Malda - 732101. **Manipal** : Basement floor, Academy Tower, Opposite Corporation Bank, Manipal - 576104. **Mapusa** (Parent ISC : Goa) : Office No.CF-8, 1st Floor, Business Point, Above Bicholim Urban Co-op Bank, Angod, Mapusa - 403507. **Margao** : Virginkar Chambers, 1st Floor, Near Kamath Milan Hotel, New Market, Near Lily Garments, Old Station Road, Margao - 403601. **Mathura** : 159/160, Vikas Bazar, Mathura - 281001. **Meerut** : 108, 1st Floor, Shivam Plaza, Opp Eves Cinema, Hapur Road, Meerut - 250002. **Mehsana** : 1st Floor, Subhadra Complex, Urban Bank Road, Mehana - 384002. **Moga** : Gandhi Road, Opp Union Bank of India, Moga - 142001. **Moradabad** : B-612, Sudhakar, Lajpat Nagar, Moradabad - 244001. **Mumbai (Andheri)** : CTS No 411, Citipoint, Gundivali, Teli Gali, Above C.T. Chatwani Hall, Andheri (East) Mumbai - 400 069. **Muzzafarnagar** : Brahman Toli, Durga Asthan Gola Road, Muzaffarpur - 842001. **Mysore** : No.1, 1st Floor, CH.26 7th Main, 5th Cross, (Above Trishakthi Medicals), Saraswati Puram, Mysore - 570009. **Nadiad** : S/OB 2nd Floor, Ghantakarna Complex, Gunj Bazar, Nadiad - 387001. **Nalgonda** : Adj. to Maisaiah Statue , Clock Tower Center, Bus Stand Road, Nalgonda - 508001. **Nashik** : Raturang Bungalow, 2 Godavari Colony, Behind Big Bazar, Near Boys Town School, Off College Road, Nashik - 422005. **Navsari** : Dinesh Vasani & Associates, 103 - Harekrishna Complex, above IDBI Bank, Near Vasant Talkies, Chinnabai Road, Navasari - 396445. **Nellore** : 97/56, 1st Floor, Immadisetty Towers, Ranganayakulapet Road, Santhapet, Nellore - 524001. **Noida** : C-81, 1st Floor, Sector No 2, Noida - 201301. **Palakkad** : 10 / 688, Sreedevi Residency, Mettupalayam Street, Palakkad - 678001. **Palanpur** : Jyotindra Industries Compound, Near Vinayak Party Plot, Deesa Road, Palanpur - 385001. **Panipat** : 83, Devi Lal Shopping Complex, Opp ABN Amro Bank, G T Road, Panipat 132103. **Patiala** : 35, New Lal Bagh Colony, Patiala - 147001. **Pondicherry** : S-8, 100, Jawaharlal Nehru Street, (New Complex, Opp. Indian Coffee House), Pondicherry - 605001. **Raibareli** : 17, Anand Nagar Complex, Raibareli - 229001. **Raipur** : HIG, C-23, Sector - 1, Devendra Nagar, Raipur - 492004. **Rajahmundry** : Cabin 101, D No. 7-27-4, 1st Floor, Krishna Complex, Baruvuri Street, T Nagar, Rajahmundry - 533101. **Rajkot** : Office 207 - 210, Everest Building, Harihar Chowk, Opp Shastri Maidan Limda Chowk Rajkot - 360001. **Ranchi** : 4, HB Road, No: 206, 2nd Floor Shri Lok Complex, Ranchi - 834 001. **Ratlam** : Dafria & Co., 18, Ram Bagh, Near Scholar's Schoo, Ratlam - 457001. **Ratnagiri** : Kohinoor Complex, Near Natya Theatre, Nachane Road, Ratnagiri - 415639. **Rohtak** : 205, 2nd Floor, Bldg. No. 2, Munjal Complex, Delhi Road, Rohtak - 124001. **Roorkee** : 22 Civil Lines, Ground Floor, Hotel Krish Residence Roorkee - 247667. **Rourkela** : 1st Floor, Mangal Bhawan, Phase II, Power House Road, Rourkela - 769001. **Sagar** : Opp. Somani Automobiles, Bhagwanganj, Sagar - 470002. **Saharanpur** : 1st Floor, Krishna Complex, Opp. Hathi Gate, Court Road, Saharanpur - 247001. **Salem** : No. 2, 1st Floor, Vivekananda Street, New Fairlands, Salem - 636016. **Sambalpur** : C/o Raj Tibrewal & Associates, Opp. Town High School, Sansarak, Sambalpur - 768001. **Sangli** (Parent: Kohlapur) : Diwan Niketan, 313, Radhakrishna Vasahat, Opp Hotel Suruchi, Near S.T. Stand, Sangli - 416416. **Satara** : 117 / A / 3 / 22, Shukrawar Peth, Sargam Apartment, Satara - 415002. **Shahjahanpur** : Bijlipura, Near Old Distt Hospital, Shahjahanpur - 242001. **Shimla** : 1st Floor, Opp Panchayat Bhawan Main Gate, Bus Stand, Shimla - 171001. **Shimoga** : Nethravathi, Near Gutti Nursing Home, Kuvempu Road, Shimoga - 577201. **Siliguri** : No 7, Swamiji Sarani, Ground Floor, Hakimpara, Siliguri - 734401. **Sirsa** : Gali No1, Old Court Road, Near Railway Station Crossing, Sirsa - 125055. **Solan** : 1st Floor, Above Sharma General Store, Near Sanki Rest house, The Mall, Solan - 173212. **Solapur** : Flat No 109, 1st Floor, A Wing, Kalyani Tower, 126 Siddheshwar Peth, Near Pangal High School, Solapur - 413001. **Sriganaganagar** : 18 L Block, Sri Ganganagar - 335001. **Srikakulam** : Door No 4-4-96, First Floor, Vijaya Ganapathi Temple Back Side, Nanubala Street, Srikakulam - 532001. **Sultanpur** : 967, Civil Lines, Near Pant Stadium, Sultanpur - 228001. **Surat** : Plot No.629,2nd Floor, Office No.2-C/2-D, Mansukhlal Tower, Beside Seventh Day Hospital, Opp.Dhiraj Soks, Atwalines, Surat - 395001. **Surenranagar** : 2 M I Park, Near Commerce College, Wadhwan City, Surendranagar - 363035. **Thane** : 3rd Floor, Nalanda Chambers, "B" Wing, Gokhale Road, Near Hanuman Temple, Naupada, Thane (West) - 400 602. **Thiruppur** : 1(1), Binny Compound, 2nd Street, Kumaran Road, Thiruppur - 641601. **Thiruvalla** : Central Tower, Above Indian Bank, Cross Junction, Thiruvalla - 689101. **Tinsukia** : Sanairan Lohia Road, 1st Floor, Tinsukia - 786125. **Tirunelveli** : 1st Floor, Mano Prema Complex, 182 / 6, S N High Road, Tirunelveli - 627001. **Tirupathi** : Door No : 18-1-597, Near Chandana Ramesh Showroom, Bhavani Nagar, Tirupathi - 517501. **Trichur** : Room No. 26 & 27, Dee PEE Plaza, Kakkalai, Trichur - 680001. **Trichy** : No 8, 1st Floor, 8th Cross West Extn, Thillainagar, Trichy - 620018. **Trivandrum** : R S Complex, Opposite of LIC Building, Pattom PO, Trivandrum - 695004. **Tuticorn** : 1 - A / 25, 1st Floor, Eagle Book Centre Complex, Chidambaram Nagar Main, Palayamkottai Road, Tuticorn - 628008. **Udaipur** : 32 Ahinsapuri, Fatehpura Circle, Udaipur - 313004. **Ujjain** : 123, 1st Floor, Siddhi Vinayaka Trade Centre, Saheed Park, (Madhya Pradesh), Ujjain - 456010. **Unjha** (Parent: Mehana) : 10/11, Maruti Complex, Opp. B R Marbles, Highway Road, Mehana, Unjha - 384170. **Valsad** : Gita Niwas, 3rd Floor, Opp. Head Post Office, Halar Cross Lane, Valsad - 396001. **Vapi** : 215-216, Heena Arcade, Opp. Tirupati Tower, Near G I D C, Char Rasta, Vapi - 396195. **Varanasi** : C-28/142-2A, Near Teliya Bagh Crossing, Teliya Bagh, Varanasi - 221002. **Vellore** : No.1, Officer's Line, 2nd Floor, MNR Arcade, Opp. ICICI Bank, Krishna Nagar, Vellore - 632001. **Warangal** : A.B.K Mall, Near Old Bus Depot road, F-7, 1st Floor, Ramnagar, Hanamkonda, Warangal - 506001. **Yamuna Nagar** : 124-B/R Model Town, Yamunanagar - 135001. **Yavatmal** : Pushpam, Tilakwadi, Opp Dr Shrotri Hospital, Yavatmal - 445001.

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