

STATEMENT OF ADDITIONAL INFORMATION (SAI)

This Statement of Additional Information (SAI) 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).

This SAI is dated September 13, 2013

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I. INFORMATION ABOUT SPONSOR, AMC AND TRUSTEE COMPANIES

A. Constitution of the Mutual Fund

Kotak Mahindra Mutual Fund (the "Mutual Fund") has been constituted as a trust on May 20, 1996, in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) with Kotak Mahindra Bank Limited, as the Sponsor and Kotak Mahindra Trustee Company Limited as the Trustee. The Trust Deed has been registered under the Indian Registration Act, 1908. The Mutual Fund was registered with SEBI on June 23, 1998 under Registration Code MF/038/98/1.

B. Sponsor

Kotak Mahindra Mutual Fund is sponsored by Kotak Mahindra Bank Limited. The Sponsor is the Settler of the Mutual Fund Trust. The Sponsor has contributed Rs. One Lakh as the initial contribution to the corpus for the setting up of the Trust. The Sponsor has also contributed Rs. One Lakh Fifty Thousand as additional corpus.

Financial Performance of the Sponsor (past three financial years)

(Rs. In crore)

Particulars	2012-13	2011-12	2010-11
Net Worth	9446.96	7,945.94	6,796.47
Total Income	9203.15	7,157.58	4,970.29
Profit after tax	1360.72	1,085.05	818.18

About Kotak Mahindra Bank

The erstwhile Sponsor Company, Kotak Mahindra Finance Limited (KMFL) was converted into Kotak Mahindra Bank Limited (Kotak Bank) in March 2003 after being granted a banking license by the Reserve Bank of India. KMFL started with a capital base of Rs. 30.88 lakh. From being a provider of a single financial product, KMFL grew substantially into a highly diversified financial services conglomerate.

As on March 31, 2013, the net worth (capital plus reserves & surplus) of Kotak Bank is Rs. 9446.96, crores. The Sponsor and its subsidiaries/associates offer wide ranging financial services such as loans, lease and hire purchase, consumer finance, home loans, commercial vehicles and car finance, investment banking, stock broking, mutual funds, primary market distribution of equity and debt products, commodity exchange and life insurance.

The Sponsor is neither responsible nor liable for any loss resulting from the operations of the Schemes.

C. The Trustee

Kotak Mahindra Trustee Company Limited (the "Trustee"), through its Board of Directors, shall discharge its obligations as Trustee of Kotak Mahindra Mutual Fund. The Trustee ensures that the transactions entered into by the AMC are in accordance with the SEBI Regulations and will also review the activities carried on by the AMC.

(I) Details of Directors on the Board of Trustee Company

Name	Age/Qualification	Brief Experience
Mr. Amit Krishnakant Desai	54 years / Graduate in Commerce and Law from the Bombay University (Sydenham College of Commerce & Economics)	Mr. Amit Desai is a Senior Advocate. He has about 32 years of experience.
Mr. Chandrashekhar Sathe	62 years / Graduate with B. Tech. (Chemical Engineering) from IIT, Mumbai	Mr. Sathe has over 36 years' experience in Banking and Finance. He has been a part of the Senior Management team of the Kotak Mahindra Group since 1992 and was responsible for setting up the Fixed Income Securities capability of Kotak Mahindra Capital Company. Prior to Kotak Mahindra, he was with the Bank of Nova Scotia and Bank of Maharashtra and has wide ranging experience in Banking, Finance, Administration, Credit, Foreign Exchange and Money Markets. Mr. Sathe was the Chief Executive Officer of the AMC for the period, 1st April, 1998 to 30th November, 2001. He retired from Kotak Mahindra Bank as Head of Risk in the year 2009.
Mr. Balan Wasudeo	64 years / B.Sc. from the University of Madras and PGDBA from the Indian Institute of Management, Ahmedabad	<p>Mr. Balan Wasudeo has over 37 years experience in the areas of Treasury, Finance, Projects, Strategic Planning, Risk Management and General Management. His significant achievements include financing large organic and inorganic growth through various debt and capital market instruments in India and abroad. Mr. Balan's career spans a unique combination of Multinational Companies, Public Sector Company and Family Owned Companies. It also involves developing sound relationships with International Multilateral agencies, International Commercial banks and Financial Institutions and banks in India.</p> <p>Mr. Balan is presently a consulting CFO. Mr. Balan Wasudeo was Chief Financial Officer of Great Eastern Shipping Company Ltd. Mr. Balan Wasudeo has also received the Best Performing CFO Award in Logistics Sector from CNBC TV18 in 2006.</p>
Mr. Noshir Dastur	56 years / B. Com., Fellow Chartered Accountant from the Institute of Chartered Accountants India	Mr. Noshir Dastur is a Partner with Dubash & Patil, Chartered Accountants from January 1992. He was also a Partner with Bhandari Dastur Gupta & Associates, Chartered Accountants for period of ten years ending in March 2008.
Mr. Arun Palkar	59 years/ B.Com. (Hons.), F.C.A	<p>Mr. Arun Palkar has more than 30 years of extensive experience in corporate advisory, power & infrastructure sector advisory, corporate restructuring, share valuations, audit & assurance, and taxation. He has also provided consultancy services to large corporates in structuring investments, carrying out financial feasibility and appraisals, privatisation advice, Compliance with Regulatory Provisions, Taxation and Law.</p> <p>He has advised a large number of corporates on compliance with Clause 49 of the Stock Exchange Listing Agreement for developing the Risk Management Frameworks and Internal Control Frameworks for assisting CEO/CFO certification and advising on stressed assets.</p> <p>Mr. Palkar is a Director on the Board of Transparent Energy Systems Private Limited. His current responsibilities include corporate strategy, fund raising and business relationships management. He is also a Director on the Board of Transparent Technologies Private Ltd and Decimin Control Systems Private Ltd.</p> <p>Before joining Transparent Energy Systems Private Limited, he was a Senior Partner with Deloitte Haskins & Sells in India in their the Financial Advisory Services Group in Mumbai. and headed Corporate Law and Advisory, Corporate Governance and Re-organization practice Group.</p>

Mr. Amit Desai and Mr. Chandrashekhar Sathe are associated with the Sponsor.

(ii) Rights, Obligations, Responsibilities and Duties of the Trustee

Pursuant to the Trust Deed constituting the Fund and in terms of the Regulations, the rights, obligations, responsibilities and

duties of the Trustee are as under:

1. The Trustee has the legal ownership of the Trust Fund. The general superintendence and management of the Trust and all powers incidental to the purpose of the trust vest absolutely in the Trustee subject to the Trust Deed.
2. The Trustee shall take into its custody or under its control all the capital and property of every Scheme of the Mutual Fund and hold it in trust for the Unitholders of the Scheme.
3. The Trustee is entitled to delegate any power and/or responsibility vested in it to the Kotak Mahindra Asset Management Company Limited (AMC), which is accountable to the Trustee and bound to carry out the functions assigned to it from time to time. Notwithstanding any such delegation, the Trustee Company is at all times responsible for the acts of negligence or acts of omission and commission of the AMC.
4. The Trustee shall ensure that the AMC and the Custodian duly fulfill the functions respectively assigned to them under the Securities and Exchange Board of India (Mutual Fund) Regulations.
5. The Trustee shall ensure before the launch of any Scheme that the Asset Management Company has:-
 - a) systems in place for its back office, dealing room and accounting;
 - b) appointed all key personnel including fund manager(s) for the Scheme and submitted to the Trustee their resume containing particulars of their educational qualifications and past experience in the securities market within fifteen days of their appointment;
 - c) appointed auditors to audit the accounts of the Scheme;
 - d) appointed a compliance officer who shall be responsible for monitoring the compliance of the SEBI Act, rules and regulations, notifications, guidelines, instructions, etc. issued by SEBI or the Central Government and for redressal of investors' grievances;
 - e) appointed registrars and laid down parameters for their supervision;
 - f) prepared a compliance manual and designed internal control mechanisms including internal audit systems;
 - g) specified norms for empanelment of brokers and marketing agents; and
 - h) obtained, wherever required under these regulations, prior in-principle approval from the recognised stock exchange(s) where units are proposed to be listed.
6. In carrying out responsibilities, the Trustee shall maintain arms' length relationship with other companies, or institutions or financial intermediaries or any body corporate with which it may be associated.
7. The Trustee shall not be liable to the Mutual Fund or the Unitholders if the Mutual Fund suffers a decline in its net asset value or if any share or other security comprised in the Trust Fund depreciates in its market value or fails to achieve any increase therein, unless such decline, depreciation or failure is caused by the willful default or gross negligence of the Trustee.
8. The Trustee shall not be under any liability on account of anything done or omitted to be done or suffered to be done by the Trustee in good faith, bona fide and after due diligence and care, in accordance with or on the advice of the AMC or any other professional person, firm or company.
9. The Trustee shall ensure that the AMC has been managing the Scheme independently of other activities and has taken adequate steps to ensure that the interest of the investors of no Scheme is being compromised with that of the investors of other Scheme or of other activities of the AMC.
10. The Trustee shall ensure that the Trust Fund shall be applied and be available absolutely for the purposes of the Trust and shall not be applied directly or indirectly for any purpose other than the purposes referred to under the Trust Deed.
11. The Trustee shall call for a meeting of the Unitholders:
 - a) whenever required to do so by SEBI in the interest of the Unitholders; or
 - b) whenever required to do so on the requisition made by three-fourths of the Unitholders of any Scheme; or
 - c) when the majority of the Directors of the Trustee Company decide to wind up or prematurely redeem the Units.
12. The Trustee shall ensure that no change in the fundamental attributes of any scheme or the trust or fees and expenses payable or any other change which would modify the scheme and affect the interest of Unitholders, is carried out unless,
 - a) 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
 - b) The Unitholders are given an option for a period of 30 days to exit at the prevailing Net Asset Value without any exit load.
13. Subject to the provisions of the Mutual Fund Regulations as amended from time to time, the consent of the Unitholders shall be obtained, entirely at the option of the Trustee, either at a meeting of the Unitholders or through postal ballot. Only one Unitholder in respect of each folio or account representing a holding shall vote and he shall have one vote in respect of each resolution to be passed. The procedure of voting shall be as per the directives issued by SEBI, from time to time.
14. The Trust Fund shall be held in trust and managed by the Trustee in accordance with the Trust Deed.
15. The Trustee shall be accountable for, and be the custodian of, the funds and property of the Scheme and shall hold the same in trust for the benefit of the Unitholders in accordance with the Mutual Fund Regulations and the provisions of the Trust Deed.
16. The Trust Deed shall not be amended without obtaining the prior approval of SEBI, and approval of the Unitholders shall be obtained where it affects their interests.
17. The appointment of the AMC can be terminated by a majority of the Board of Directors of the Trustee or by 75% of the Unitholders of the Scheme.
18. Trustees shall exercise due diligence as under:
 - A. General Due Diligence:
 - (i) The Trustees shall be discerning in the appointment of the directors on the Board of the asset management company.
 - (ii) Trustees shall review the desirability of continuance of the asset management company if substantial irregularities are observed in any of the schemes and shall not allow the asset management company to float new schemes.
 - (iii) The trustees shall ensure that the trust property is properly protected, held and administered by proper persons and by a

- proper number of such persons.
- (iv) The trustee shall ensure that all service providers are holding appropriate registrations from the Board or concerned regulatory authority.
 - (v) The trustees shall arrange for test checks of service contracts.
 - (vi) Trustees shall immediately report to the Board of any special developments in the mutual fund.

Specific Due Diligence:

The Trustees shall:

- (i) Obtain internal audit reports at regular intervals from independent auditors appointed by the Trustees.
- (ii) Obtain compliance certificates at regular intervals from the asset management company
- (iii) Hold meeting of trustees more frequently.
- (iv) Consider the reports of the independent auditor and compliance reports of asset management company at the meetings of trustees for appropriate action.
- (v) Maintain records of the decisions of the Trustees at their meetings and of the minutes of the meetings.
- (vi) Prescribe and adhere to a code of ethics by the Trustees, asset management company and its personnel.
- (vii) Communicate in writing to the asset management company of the deficiencies and checking on the rectification of deficiencies.

Modifications, if any, in the rights and/or obligations and duties of the Trustee are on account of amendments to the Regulations and the Regulations supercede/override the provisions of the Trust Deed, wherever the two are in conflict.

The Compliance Officer reports directly to the Trustees to carry out the supervisory role on behalf of the Trustee. In addition, the Trustee may seek any information from time to time from the AMC. A reputed firm of Chartered Accountants has been appointed to carry out internal audit of the Fund on a periodic basis to facilitate monitoring the activities of the AMC. On a quarterly basis, an activity report prepared by the AMC is discussed at the Board Meetings of the Trustee. The Audit Committee, comprising three Directors of the Board of Directors of the Trustee. The Audit Committee has been constituted pursuant to the SEBI circular MFD/CIR/010/024/2000 dated 17/01/2000 chaired by an Independent Director.

During the year 2012-2013, six meetings of the Board of Directors of the Trustee were held. The Audit Committee of the Trustee Company has had six meetings during the year 2012-2013.

(iii) Power to make rules

Subject to the Regulations, the Trustee may, from time to time, prescribe such terms and make such rules as may be necessary for the purpose of giving effect to the Scheme, with power to the AMC to add to, alter or amend all or any of the terms and rules that may be framed from time to time.

(iv) Power to remove difficulties

If any difficulty arises in giving effect to the provisions of the Scheme, the Trustee may, subject to the Regulations, do anything not inconsistent with such provisions, which appears to it to be necessary, desirable or expedient, for the purpose of removing such difficulty. Without diluting in any way the powers granted to the Trustee as aforesaid, the Trustee has the following powers:

- (i) Right to change the load structure;
- (ii) Right to change cut-off times for purchase and redemption of Units;
- (iii) Right to change minimum amounts of purchase and redemption;
- (iv) Right to determine frequency and amount of dividend; and the right not to declare dividend, where distributable surplus is inadequate; and
- (v) Right to add to or alter the modes of payment by the investor for purchase of Units.

The exercise of these powers, reserved by the Trustee under this SAI vis-a-vis prospective investments in any of the scheme, shall not constitute change in the fundamental attributes of the Scheme.

D. Asset Management Company

Kotak Mahindra Asset Management Company Limited (AMC) is a public limited company incorporated under the Companies Act, 1956 on August 2, 1994, having its Registered Office at 36-38 A, Nariman Bhavan, 227, Nariman Point, Mumbai – 400 021, and Corporate Office at 6th Floor, Vinay Bhavya Complex, 159-A, C S T Road, Kalina, Santacruz (E), Mumbai 400098. Kotak Mahindra Asset Management Company Limited has been appointed as the Asset Management Company of the Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated May 20, 1996, as amended up to date, and executed between the Trustee and the AMC.

Kotak Mahindra Asset Management Company Limited is a wholly owned subsidiary of the Sponsor, Kotak Bank.

An approval by the Division of Funds, Investment Management Department under the SEBI (Portfolio Manager) Regulations, 1993 and Mutual Funds Division of SEBI under the SEBI ('Mutual Funds') Regulations, 1996, has been granted to the AMC for undertaking Portfolio Management Service (PMS).

Kotak Mahindra Pension Fund Limited, a subsidiary of Kotak Mahindra Asset Management Company Limited is providing pension fund management services. Kotak Mahindra Asset Management Company received no objection certificate from SEBI for management of pension funds through the subsidiary.

There is no conflict of interest between the Mutual Fund and the aforesaid activities carried out by AMC.

(I) Details of Directors on the Board of AMC

Name	Age/Qualification	Brief Experience
Mr. Uday S. Kotak	54 years / Graduate in Commerce. Post-graduate degree in Business Administration from the Jajmalal Bajaj Institute of Management Studies, Bombay University	Mr. Kotak is the Vice Chairman and Managing Director of the Sponsor, Kotak Mahindra Bank Ltd., and the chairman of various other companies, and has over 27 years of experience in the Financial Services industry.
Mr. Romesh C. Khanna	87 years / Graduate in Commerce from London University, a Fellow of the Institute of Chartered Accountants of England & Wales, a Fellow of the Institute of Chartered Accountants of India, an Associate of the Chartered Institute of Management Accountants, London and an Associate of the Institute of Cost and Works Accountants of India.	Mr. Khanna was a partner in A.F. Ferguson & Co., a firm of Chartered Accountants till March 31st, 1998. Mr. Khanna has over 59 years of experience in Audit, Taxation, Finance and other related areas.
Mr. Sukant S. Kelkar	74 years / Postgraduate in Commerce	Mr. Kelkar has about 46 years of experience in finance, capital markets, and related areas. Mr. Kelkar has over 12 years experience in the Bank of India, and has even been a foreign exchange dealer in London for 3 years during this tenure. Following this, Mr. Kelkar worked with Bombay Dyeing Manufacturing Company Limited for 31 years, finally retiring as Executive Director in July 2001. He is on the Board of major Wadia Group Companies as a Non- Executive Director.
Mr. Chengalath Jayaram	57 years / Postgraduate in the business management from Indian Institute of Management, Calcutta (IIMC).	Mr. C. Jayaram, Joint Managing Director, Kotak Mahindra Bank Ltd., has been with the Kotak group since 1990. He has been a member of the Kotak Mahindra Board since October 1999, and a whole-time director on the board of Kotak Mahindra Bank since 2003. Mr. Jayaram heads the wealth management business and international operations for Kotak Mahindra group. He also oversees the alternative investments business which includes private equity funds and real estate funds. With over 35 years experience in many areas of finance and business, Mr. Jayaram has been instrumental in building numerous businesses for the Kotak Mahindra Group and has headed Kotak Securities Ltd as CEO in the past. He also played a crucial role in the setting up the car finance business. Prior to joining Kotak, Jayaram had worked with ICICI, and the consultancy division of A.F. Ferguson.
Mr. Bipin R. Shah	80 years / Member of The Institute of Chartered Accountants of India. Bachelor's Degree in Commerce from Bombay University	Mr. Shah has 52 years of work experience. Mr. Shah began his career in 1956, with Hindustan Lever Limited, where he held various Senior Commercial Assignments, including the post of Commercial Manager at its largest soaps, detergents and foods factory in Bombay, Chief Buyer, Raw Materials and Head of Foods Business. He became a Director of the company in 1979, assuming responsibility for Foods, Animal Feeds, Agri Products and Exports Business, and managed a commendable turnaround of the company's dairy business. In 1981, Mr. Shah also became Chairman of another Unilever subsidiary, Lipton India Limited, which was facing losses and financial crisis. Mr. Shah was responsible for turning the company around, and for reviving employee and investor confidence. Mr. Shah was also Chairman of Export Business of four Unilever Companies in India viz. Hindustan Lever Ltd., Lipton India Ltd., Brooke Bond India Ltd. and Ponds India Ltd. On his retirement from the Lever Group of Companies in 1992, Mr. Shah joined Indus Venture Management Ltd., where he was the Vice Chairman until May 2006. Mr. Shah is also a non Executive Director on the Board of several companies.

Name	Age/ Qualification	Brief Experience
Mr. Gaurang Shah	51 years / Member of The Institute of Chartered Accountants of India, Member of The Institute of Cost and Work Accountants of India, Member of The Institute of Company Secretaries of India. M. Com. from Gujarat University.	Mr. Gaurang Shah is the Group Head – Asset Management and Life Insurance at Kotak Mahindra Group and is responsible for Domestic and International Asset Management and Life Insurance businesses of the Group. In his immediate prior assignment, he was the Managing Director of Kotak Mahindra Old Mutual Life Insurance Limited, (a 74:26 joint venture between Kotak Mahindra Bank Ltd., its affiliates and Old Mutual plc) among India's leading Life Insurers. Mr. Shah has over 30 years of rich and varied experience primarily in the Financial Services sector, several of which are in the Kotak Mahindra Group.
Mr. Pranab Kumar Datta	63 years/ B.Com, ACA, FRICS.	Mr. Pranab Kumar Datta is Chairman, Knight Frank (India) Pvt. Ltd. Mr. Datta has multi-functional experience of over 40 years covering Finance, Sales & Marketing, Corporate Planning, Profit Centre Management and General Management in diverse industries such as engineering, electronics, consumer durables, consumer products, edible oil and food products, real estate development and consulting. He has occupied senior management positions in large conglomerates such as Tatas and Mahindras. He has been involved in several organisational turnaround and transformation processes.

Mr. Uday Kotak, Mr. C. Jayaram and Mr. Gaurang Shah are associated with the Sponsor.

(ii) Powers, Functions and Responsibilities of the AMC

Under the Investment Management Agreement (IMA), Kotak Mahindra Asset Management Company Limited has been appointed as the Asset Management Company, to provide management and administrative services to the Trust and to deploy the funds raised by the Mutual Fund under the Scheme. The Trustee has authorised the AMC to do all such acts and things on behalf of the Trust as are necessary for the discharge of the responsibilities of the AMC. The duties and responsibilities of the AMC are as follows:

1. The Trustee has granted the AMC certain powers and authorities as stipulated under the Trust Deed and may grant such other powers as may be deemed fit from time to time, and communicate the same in writing to the AMC.
2. The following are, inter alia, the specific powers:
 - a) to invest, acquire, hold, manage or dispose of all or any securities and to deal with, engage in and carry out all other functions and to transact all business pertaining to KMMF;
 - b) to keep the moneys belonging to KMMF with banks and custodians, as the AMC may deem fit;
 - c) to determine the terms and conditions applicable to the Scheme and to decide the category of persons who may participate in any Scheme and to formulate, introduce, make, announce or launch one or more Schemes;
 - d) to issue, sell or purchase Units under any Scheme of KMMF;
 - e) to ascertain, appropriate and distribute the surplus generally or under various Schemes or under any Scheme, to carry forward, reinvest or otherwise deal with any surplus and to transfer such sums as the AMC may deem fit to one or more reserve funds which may be established at the discretion of the Trustee;
 - f) to sign, seal, execute, deliver and register according to law, all deeds, documents, and assurances in respect of or in any manner relating to KMMF;
 - g) to do all acts, deeds, matters and things, which are necessary for any object, purpose or in relation to KMMF in any manner or in relation to any Scheme of KMMF.
3. The AMC shall be responsible for making, floating and issuing Schemes for KMMF subject to prior approval of the Trustee to the extent required in the Mutual Fund Regulations.
4. The AMC shall be responsible for investing and managing the funds mobilised under various Schemes in accordance with the provisions of the Trust Deed and Mutual Fund Regulations.
5. The AMC shall make such disclosures or submit such documents as may be required by the Trustee and /or SEBI and / or RBI.
6. The AMC shall provide management and administrative services for KMMF in accordance with the provisions of IMA and any resolution passed by the Board of Directors of the Trustee from time to time and communicated in writing to the AMC.
7. The AMC shall be responsible for the day-to-day management of KMMF.
8. The AMC shall provide the Trustee with all information concerning the operation of the various Schemes of KMMF at such intervals and in such manner as required by the Trustee.
9. The AMC shall maintain books and records of the operation of various Schemes of KMMF to ensure compliance with the Mutual Fund Regulations and shall submit a Scheme-wise report on the functioning of the Fund to the Trustee on a quarterly basis or at such intervals and in such manner as may be required or called for by the Trustee or SEBI.
10. The AMC shall be responsible for its acts of negligence, commission and omission and those of its employees and/or the persons whose services have been engaged by the AMC and the AMC shall indemnify the Trustee and each and every one of the Directors of the Trustee Company against all damages, losses, costs and consequences and any liabilities

whatsoever that may arise on account of such acts of negligence and acts of commission and omission by any of the above mentioned persons.

11. No loss or damage or expenses incurred by the AMC or officers of the AMC or any delegate of the AMC, shall be met out of the Trust Fund.
12. The AMC is not exempted from or indemnified against any liability for (i) negligence, dishonesty or fraud or (ii) failure to show the degree of care and diligence required of it while carrying out its duties. Notwithstanding anything contained in any contract or agreement or any termination settlement, neither the AMC nor its directors or other officers shall be absolved of liability to the Mutual Fund for their acts of commission or omission while holding such position or office.
13. The AMC hereby undertakes to hold harmless and indemnify the Trustee or procure the Trustee to be held harmless and indemnified against all actions, proceedings, claims, and demands, cost and expenses incidental thereto, including all legal, professional and other expenses incurred, which may be brought against, suffered or incurred by the Trustee by reason of the performance or non-performance by the AMC of its duties. Such indemnification shall be by the AMC and not out of the Trust Fund.
14. The AMC shall not be liable to the Trustee for any error of judgment or mistake of law or for any loss suffered unless such error of judgment or mistake constitutes or such loss is caused by any acts of commission or omission or by fraud or willful default or negligence of the AMC or any of its agents or delegates. Without prejudice to the generality of the foregoing, in particular (but without limitation) the AMC shall not be liable to the Mutual Fund for any loss which may be sustained in the purchase, holding or sale of any investments or other assets by the mutual fund or on any of its assets as a result of loss, delay, misdelivery or error in transmission of cabled, telexed, telecopied, facsimiled, telegraphic or other communication unless such loss arose by any acts of commission or omission or from fraud, bad faith, willful default or negligence in the performance or non-performance of its duties hereunder.
15. The AMC shall not be liable to the Trustee in the event that the Mutual Fund suffers a decline in its net asset value or fails to achieve any increase therein unless such decline or failure is caused by any acts of commission or omission or by the default or negligence of the AMC, a bona fide error of judgment not being regarded as default or negligence nor as an act of commission or omission.

(iii) Information on Key Personnel:

Name/ Designation	Age/ Qualification	Brief Experience
Mr. Sandesh Kirkire/ Chief Executive Officer	49 years / Mechanical Engineer, Masters degree in Management Studies from Jamnalal Bajaj Institute of Management Studies, Mumbai University.	Mr. Kirkire joined Kotak Mahindra Group in 1994. He has over 21 years of experience in financial services spanning Corporate Finance, Investment Banking and Funds Management. Mr. Kirkire has been with Kotak AMC since 1999. Prior to taking over as the Chief Executive Officer in May 2005, he was the Chief Investment Officer (Debt) of Kotak Asset Management Company Ltd.
Mr. Alroy Lobo/ Chief Strategist and Global Head Equities Asset Management	48 years / CFA, Mechanical Engineer, Masters degree in Management Studies from Sydenham Institute of Management, Mumbai University.	Mr. Alroy Lobo, Chief Strategist and Global Head Equities, is in charge of equity strategy for the entire Kotak group. Alroy has a total work experience of 16 years in the Indian equity market of which he has spent 13 years in the Institutional Equities business at Kotak Securities advising Global Institutional Investors.
Mr. R Krishnan/ Chief Operations Officer	44 years / Chartered Accountant and Cost Accountant	Mr. R. Krishnan has over 18 years of experience in the fields of Operations, Systems, Finance, MIS, Accounting, Audit and Taxation. Prior to joining the Kotak Group in August 1994, Mr. Krishnan was a practicing Chartered Accountant for two years, handling Accounting, Audit and Taxation matters for clients. Since joining the Kotak Group, Mr. Krishnan has handled major assignments like the US GAAP implementation for the erstwhile Kotak Mahindra Finance Limited (KMFL) and subsidiary/group companies, Systems Development and Implementation, for the Retail Assets Group and KMFL's transition to Kotak Bank. Mr. Krishnan's last assignment was as Head – Operations, Retail Assets, at Kotak Bank. Mr. Krishnan joined Kotak Mutual in August 2004 as Senior Vice President, and Chief Operations Officer, and oversees the Operations, Accounting and IT functions of the Fund.
Mr. Sandeep Kamath/ Compliance Officer	36 years / B. Com, B.G.L	Mr. Sandeep Kamath joined Kotak Mahindra AMC in July 2004. He has nearly 11 years experience in Compliance, Secretarial and Legal areas. He has previously worked with Principal Pnb Asset Management Company Pvt. Ltd.

Name/ Designation	Age/Qualification	Brief Experience
Mr. Harsha Upadhyaya/ Head - Equity	41 years / Bachelor of Engineering (Mechanical) from National Institute of Technology, Suratkal '93, Post Graduate Management (Finance) from Indian Institute of Management, Lucknow '96 and Chartered Financial Analyst from the CFA Institute.	Mr. Harsha Upadhyaya has 16 years of rich experience spread over Equity Research & Fund Management. His prior stints have been with companies such as DSP BlackRock Investment Managers, Prabhudas Lilladher Pvt. Ltd, SG Asia Securities, Reliance Group and UTI Asset Management Co. Ltd.
Ms. Lakshmi Iyer/ Head-Fixed Income & Products	36 years/ Graduate in Commerce from Mumbai University, and Diploma in Business Management from NMIMS, Mumbai.	Total work experience of 14 years in the securities markets. Prior to joining the Kotak Mahindra group, she worked at Credence Analytics Pvt. Ltd, handling debt research and financial software development. In 1999, Ms. Iyer joined the AMC's Fund Management team on the debt side managing all the debt schemes for the AMC. In 2006, she moved on to head the product function within the AMC for all asset classes and has been responsible for a lot of product initiatives. Ms Iyer currently heads the fixed income and product team for the AMC
Mr. Pankaj Tibrewal/ Equity Fund Manager	34 years / Graduate in Commerce from St. Xavier's College, Kolkata and Masters degree in Finance from Manchester University.	Mr. Pankaj Tibrewal has more than 8 years experience in fund management area. Prior to joining Kotak AMC, he was in the fund management team of Principal PNB Asset Management Company Pvt. Ltd.
Mr. Pradeep Kumar/ Equity Fund Manager	39 years / B.E. (Mechanical), MMS (Finance) and CFA Charterholder.	Mr. Pradeep Kumar has 15 years of total experience with 12 years experience in Fund Management and Equity Analysis and 2 years of engineering experience. Prior to joining of Kotak Mahindra AMC Ltd, He was a fund manager of Religare Asset Management, ABN Amro Mutual Fund & DBS Cholamandalam AMC. Before his entry into the investment field, Pradeep has also worked as a Mechanical Engineer with Hindustan Copper Ltd.
Mr. Emmanuel Elango/ Equity Fund Manager	35 years / Mechanical Engineer, National Institute of Technology, Karnataka, Post Graduate Diploma in Management from Indian Institute of Management, Bangalore.	Mr. Emmanuel Elango's association with the AMC has been since July 2008. Mr. Elango started his career as a Designer Engineer with Bosch. After his management studies, Mr. Elango has also worked with JP Morgan and Franklin Templeton AMC in India. His total experience is 10 years.
Mr. Deepak Gupta / Equity Fund Manager	31 years / Graduate in Commerce from Mumbai University. He is a qualified Chartered Accountant. Deepak is also a Cost Accountant and has cleared the AIMR CFA (US, AIMR) Level III.	Mr. Deepak Gupta has 8 years of experience in the mutual fund industry and 5 years of experience in fund management related areas.
Mr. Deepak Agrawal / Debt Fund Manager	33 years / Post Graduate in Commerce from Mumbai University, a qualified chartered account and a company secretary. Also cleared AIMR CFA Level I	Mr. Deepak Agrawal's career has started from Kotak AMC when he joined the organization in December 2002, where he was initially in Research, Dealing and then moved into Fund Management from November 2006.
Mr. Abhishek Bisen/ Debt Fund Manager	34 years / B A Management, 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 assignments also include 2 years of merchant banking experience with a leading merchant banking firm.
Mr. Mayank Prakash Debt Fund Manager	33 years / Chartered Account, and MBA (Finance)	Mr. Mayank Prakash has been associated with the company since September 2005. He has 6 years of experience in fund management related areas.

Name/ Designation	Age/ Qualification	Brief Experience
Mr. R. Chandrasekaran / Investor Relations Officer	42 years / BA Economics (Madras University)	Mr. Chandrasekaran has an experience of over 20 years in Financial Industry (R&T, Custody, Mutual Funds and Insurance). Prior to joining Kotak, he was with Birla Sun Life Insurance as Head of Business Support. Mr. Chandrasekaran was also associated with DSP Merrill Lynch Mutual Fund and Karvy Consultants.

Risk Management Function

The Risk management function is under the oversight of Risk Management Committee. The Risk Management Committee has an AMC Director, Chief Executive Officer, Chief Strategist and Global Head Equities Asset Management, Chief Operations Officer and Compliance Officer as its members. The committee will have concerned functional invitees in the risk review meetings held by the committee.

The Chief Executive Officer, Chief Strategist and Global Head Equities Asset Management, Fund Management and Research Team of the Fund are based at the Corporate office of the AMC at 6th Floor, Vinay Bhavya Complex, 159-A, C S T Road, Kalina, Santacruz (E), Mumbai 400098. The Chief Operations Officer, the Compliance Officer, and the Investor Relations Officer are based at 6th Floor Kotak Towers, Building No 21, Infinity Park Off W. E. Highway Goregaon - Mulund Link Road, Malad (East) Mumbai 400 097.

Recording of Investment Decisions:

With regard to investments in equity instruments, individual scrip wise reasons are maintained in respect of daily transactions. Such reasons are recorded at the time of placing orders. Further, a detailed report is made before taking any decision to invest in a new company (including unlisted equity shares) and the same is also approved by the Chief Executive Officer. When it is decided to exit completely from a scrip, reasons for such decision are also recorded. In respect of debt instruments also, records in support of each investment decision are maintained. Each debt portfolio strategy is based on a duration objective. Investments in Government securities, as they do not carry any credit risk, are made based on the relevant portfolio strategy. In respect of corporate bonds, as they carry a credit risk, exposure limits for investment are determined from time to time, and investments in these corporates are made within these exposure limits.

The decision of making investments will be exercised by the Fund Managers based on the relevant norms/policy approved by the Board of the AMC. The role of the Chief Executive Officer of the AMC revolves around ensuring that due diligence is exercised while making investment decisions, that processes and procedures are followed, and review is undertaken vis-à-vis norms, policies, mechanisms etc. laid down by the Board of the AMC.

For overseas investments, the Schemes which invest in domestic companies and units of overseas mutual fund, the investments will be in accordance with the terms of issue of such fund and agreement between Kotak AMC and such overseas mutual fund.

All the investment decisions are recorded in writing.

The AMC Board has appointed an Investment Committee which has the following functions viz, laying out detailed investment policy and portfolio guidelines; set internal limits at fund house level, scheme level & Industry level over & above SEBI limits; portfolio wise duration cap as & when required; ensure adherence of the limits set; periodic review of the schemes' performance vis-à-vis peers as well as benchmark; undertake performance attribution of the schemes to identify potential reasons for outperformance / underperformance, etc.

Performance of the Schemes are periodically tabled before the Investment Committee, Boards of the AMC and the Trustee respectively. The Boards of the Trustee and the AMC monitors performance of the Schemes vis-à-vis benchmark indices periodically and also by comparing the yield with that of investment opportunities available in domestic markets. Further the AMC sends detailed periodical reports to the Trustees, which includes the following aspects:

- (i) Performance of investments made in foreign securities and overseas mutual funds.
- (ii) Amount invested in the scheme and any breach of the exposure limit laid down in the scheme information document.

E. Service providers

Custodian

Name, Address and SEBI Registration Number of the Custodian for the schemes:

Name	Address	SEBI Registration Number
Deutsche Bank A G, Mumbai	Kodak House, 222 Dr. D.N. Road, Fort Mumbai 400 001	IN/CUS/003
Standard Chartered Bank, Mumbai	Standard Chartered Bank Crescenzo, 3rd Floor, C-38/39, G-Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051	IN/CUS/006
Bank of Nova Scotia (custodian for gold)	91-94, 3rd North Avenue, Maker Maxity, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051	IN/CUS/018

Transfer agent

Name	Address	SEBI Registration Number
Computer Age Management Services Pvt. Limited	148, Old Mahabalipuram Road, Okkiyam, Thoraipakkam Chennai – 600 096	INR000002813

CAMS has been performing the functions of Registrar for all the Schemes of the Fund and the Trustee and the AMC have satisfied themselves that CAMS can provide the services required and has adequate facilities, including systems capabilities and back up, to do so.

Statutory Auditor

Price Waterhouse
252, Veer Savarkar Marg, Shivaji Park, Dadar,
Mumbai - 400 028

Legal counsel

There are no retained legal counsels to the mutual fund or AMC. The AMC uses such services, if need arises.

Fund Accountant

Fund Accounting is done in-house

Primary Collecting Bankers

Name	Address	SEBI Registration Number
Kotak Mahindra Bank Limited	5CII, Mittal Court, 224, Nariman Point, Mumbai - 400 021	INBI00000927
HDFC Bank Limited	Nanik Motwane Marg, Fort, Mumbai - 400 001	INBI00000063

II. CONDENSED FINANCIAL INFORMATION (CFI) - As On: 31/03/2013

Condensed Financial Information (CFI) for the schemes of Kotak Mahindra Mutual Fund is as under:

Scheme		NAV at beginning of year / Allotment Date (Rs.) -	Dividends (Rs per unit)	Dividends (Rs per unit) (Individuals)	Dividends (Rs per unit) (Others)	Nav at the end of the year / period (Rs.) -	Annualised Return (%)	Annualised return (scheme benchmark)	Annualised return (additional benchmark)	Additional Scheme Benchmark	Net Assets at end of the year / period (Rs crores)	Ratio of Recurring Expenses to Average Assets
Kotak Multi Asset Allocation Fund	FY 2010-11	Units allotted on January 21, 2011, NAV as on the date of allotment - 10.0072 (MD)/10.0072 (QD)/10.0072 (AD)/ 10.0072 (G)	-	0.0146 (MD)/ 0.0125 (QD)/ 0.0175 (AD)	0.0136 (MD)/ 0.0117 (QD)	10.2295 (MD)/ 10.232 (QD)/ 10.2261 (AD)/ 10.2462 (G)	NA	NA	4.61	CRISIL 10 Year Gilt Index	187.64	1.00%
	FY 2011-12	10.2295 (MD)/10.2320 (QD)/10.2261 (AD)/ 10.2462(G)	-	0.1337 (MD)/ 0.1702 (QD)/ 0.5799 (AD)	0.1162 (MD)/ 0.1459 (QD)/ 0.497 (AD)	10.8678 (MD)/ 10.8291 (QD)/ 10.3605 (AD)/ 11.0435 (G)	7.77	10.84	2.43	CRISIL 10 Year Gilt Index	277.60	2.07%
	FY 2012-13	10.8678 (MD)/ 10.8291 (QD)/ 10.3605 (AD)/ 11.0435 (G)	-	0.3556 (MD) ^^0.1208 / 0.4301 (QD) ^^0.1284 / 0.6676 (AD) 0.1438^^	0.3046 (MD) ^^0.1036/ 0.3686 (QD) ^^0.110/ 0.5722 (AD) ^^0.1232	11.4759 (MD) **11.5505/ 11.3465 (QD) **11.3939/ 10.5726 (AD) **11.0902/ 12.0798 (G) **12.1061	9.41	8.35	11.30	CRISIL 10 Year Gilt Index	148.62	2.40%
Kotak Gold Fund	FY 2010-11	Units allotted on March 25, 2011, NAV as on the date of allotment - 9.9914 (MD)/9.9914 (G)	-	-	-	9.9857 (D)/ 9.9857 (G)	NA	NA	4.61	CRISIL 10 Year Gilt Index	71.46	0.50%
	FY 2011-12	9.9857 (D)/9.9857 (G)	-	-	-	13.1390 (D)/ 13.1391 (G)	31.58	36.23	2.43	CRISIL 10 Year Gilt Index	479.99	0.50%
	FY 2012-13	13.1390 (D)/ 13.1391 (G)	-	-	-	13.5761 (D) **13.5866/ 13.5759 (G) **13.5856	3.30	7.14	11.30	CRISIL 10 Year Gilt Index	534.34	0.63%

Scheme		NAV at beginning of year / Allotment Date (Rs.) -	Dividends (Rs per unit)	Dividends (Rs per unit) (Individuals)	Dividends (Rs per unit) (Others)	Nav at the end of the year / period (Rs.) -	Annualised Return (%)	Annualised return (scheme benchmark)	Annualised return (additional benchmark)	Additional Scheme Benchmark	Net Assets at end of the year / period (Rs crores)	Ratio of Recurring Expenses to Average Assets
Kotak Income Opportunities Fund	FY 2010-11	Units allotted on May 11, 2010, NAV as on the date of allotment - 10.0252(WD)/10.0252 (MD)/10.0252(QD)/10.0252(AD)/10.0252 (G)	-	0.3710(WD)/0.3187(MD)/0.3262(QD)/0.2878(AD)	0.3453(WD)/0.2970(MD)/0.3040(QD)/0.2682(AD)	10.0218(WD)/10.0658(MD)/10.0735(QD)/10.1388(AD)/10.4341(G)	NA	NA	3.86	CRISIL 1 Year T-Bill Index	726.88	1.67%
	FY 2011-12	10.0218(WD)/10.0252 (MD)/10.0735(QD)/10.1388(AD)/10.4341 (G)	-	0.7776(WD)/0.7481(MD)/0.3262(QD)/0.8300(AD)	0.6762(WD)/0.6498(MD)/0.577(QD)/0.7114(AD)	10.0240(WD)/10.1085(MD)/10.2125(QD)/10.1295(AD)/11.3969(G)	9.20	8.28	6.61	CRISIL 1 Year T-Bill Index	281.39	1.58%
	FY 2012-13	10.0240(WD)/10.1085(MD)/10.2125(QD)/10.1295(AD)/11.3969(G)	-	0.8389(WD)/0.7775(MD)/0.1091 / 0.8081(QD) / 0.8632(AD)	0.7185(WD)/0.6663(MD)/0.0935 / 0.6925(QD) / 0.7398(AD)	10.0216(WD)/10.1853(MD)/10.2336/10.2736(QD) / 10.1541(AD)/12.5299(G)**12.5436	9.90	9.10	8.37	CRISIL 1 Year T-Bill Index	347.48	2.32%
Kotak FMP 24M Series 4	FY 2010-11	Units allotted on Mar 30, 2010, NAV as on the date of allotment - 10.0095(D)/10.0095(G)	-	-	-	10.0155(D)/10.0155(G)	NA	NA	3.86	CRISIL 1 Year T-Bill Index	115.15	1.00%
	FY 2011-12	10.0155(D)/10.0155(G)	-	-	-	10.8592(D)/10.8592(G)	8.54	7.68	6.61	CRISIL 1 Year T-Bill Index	124.85	1.19%
	FY 2012-13	10.8592(D)/10.8592(G)	-	-	-	11.9172(D)/11.9172(G)	3.30	7.14	8.37	CRISIL 1 Year T-Bill Index	137.01	0.97%
Kotak FMP Series 47	FY 2011-12	Units allotted on May 23, 2011, NAV as on the date of allotment - 10.0083(D)/10.0083(G)	-	-	-	10.7205(D)/10.7205(G)	NA	NA	6.61	CRISIL 1 Year T-Bill Index	77.96	1.15%
	FY 2012-13	10.7205(D)/10.7205(G)	-	-	-	11.8367(D)/11.8367(G)	10.36	9.10	8.37	CRISIL 1 Year T-Bill Index	86.08	0.51%
Kotak FMP Series 50	FY 2011-12	Units allotted on June 17, 2011, NAV as on the date of allotment - 10.0085(D)/10.0085(G)	-	-	-	10.6892(D)/10.6892(G)	NA	NA	6.61	CRISIL 1 Year T-Bill Index	97.63	1.00%
	FY 2012-13	10.6892(D)/10.6892(G)	-	-	-	11.8111(D)/11.8111(G)	10.44	9.10	8.37	CRISIL 1 Year T-Bill Index	107.87	0.21%

Scheme		NAV at beginning of year / Allotment Date (Rs.) -	Dividends (Rs per unit)	Dividends (Rs per unit) (Individuals)	Dividends (Rs per unit) (Others)	Nav at the end of the year / period (Rs.) -	Annualised Return (%)	Annualised return (scheme benchmark)	Annualised return (additional benchmark)	Addition al Scheme Benchmark	Net Assets at end of the year / period (Rs crores)	Ratio of Recurring Expenses to Average Assets
Kotak FMP Series 55	FY 2011-12	Units allotted on August 12, 2011,NAV as on the date of allotment - 10.0029(D)/10.0029(G)	-	-	-	10.5353(D)/10.5353(G)	NA	NA	6.61	CRISIL 1 Year T-Bill Index	161.67	1.13%
	FY 2012-13	10.5353(D)/10.5353(G)	-	-	-	11.5742(D)/11.5742(G)	9.81	9.10	8.37	CRISIL 1 Year T-Bill Index	177.62	0.56%
Kotak FMP Series 58	FY 2011-12	Units allotted on October 03, 2011,NAV as on the date of allotment - 10.0169(D)/10.0169(G)	-	-	-	10.4511(D)/10.4511(G)	NA	NA	6.61	CRISIL 1 Year T-Bill Index	221.28	1.11%
	FY 2012-13	10.4511(D)/10.4511(G)	-	-	-	11.4139(D)/11.4139(G)	9.16	9.10	8.37	CRISIL 1 Year T-Bill Index	241.66	1.01%
Kotak FMP Series 61	FY 2011-12	Units allotted on October 21, 2011,NAV as on the date of allotment - 10.0050(D)/10.0050(G)	-	-	-	10.3369(D)/10.3369(G)	NA	NA	6.61	CRISIL 1 Year T-Bill Index	71.84	1.19%
	FY 2012-13	10.3369(D)/10.3369(G)	-	-	-	11.3719(D)/11.3719(G)	9.94	9.10	8.37	CRISIL 1 Year T-Bill Index	79.03	0.75%
Kotak FMP Series 63	FY 2011-12	Units allotted on October 28, 2011,NAV as on the date of allotment - 10.0184(D)/10.0184(G)	-	-	-	10.4191(D)/10.4191(G)	NA	NA	6.61	CRISIL 1 Year T-Bill Index	130.26	1.00%
	FY 2012-13	10.4191(D)/10.4191(G)	-	-	-	11.3784(D)/11.3784(G)	9.16	9.10	8.37	CRISIL 1 Year T-Bill Index	142.26	1.23%
Kotak FMP Series 64	FY 2011-12	Units allotted on November 03, 2011,NAV as on the date of allotment - 10.0052(D)/10.0052(G)	-	-	-	10.3033(D)/10.3033(G)	NA	NA	6.61	CRISIL 1 Year T-Bill Index	112.45	1.18%
	FY 2012-13	10.3033(D)/10.3033(G)	-	-	-	11.3463(D)/11.3463(G)	10.04	9.10	8.37	CRISIL 1 Year T-Bill Index	123.83	0.68%
Kotak FMP Series 65	FY 2011-12	Units allotted on November 28, 2011,NAV as on the date of allotment - 10.0093(D)/10.0093(G)	-	-	-	10.2667(D)/10.2667(G)	NA	NA	6.61	CRISIL 1 Year T-Bill Index	113.67	1.21%
	FY 2012-13	10.2667(D)/10.2667(G)	-	-	-	11.2525(D)/11.2525(G)	9.54	9.10	8.37	CRISIL 1 Year T-Bill Index	124.58	0.93%

Scheme		NAV at beginning of year / Allotment Date (Rs.) -	Dividends (Rs per unit)	Dividends (Rs per unit) (Individuals)	Dividends (Rs per unit) (Others)	Nav at the end of the year / period (Rs.) -	Annualised Return (%)	Annualised return (scheme benchmark)	Annualised return (additional benchmark)	Additional Scheme Benchmark	Net Assets at end of the year / period (Rs crores)	Ratio of Recurring Expenses to Average Assets
Kotak FMP Series 67	FY 2011-12	Units allotted on December 05, 2011, NAV as on the date of allotment - 10.0108(D)/10.0108(G)	-	-	-	10.2558(D)/10.2558(G)	NA	NA	6.61	CRISIL 1 Year T-Bill Index	99.68	1.26%
	FY 2012-13	10.2558(D)/10.2558(G)	-	-	-	11.2441(D)/11.2441(G)	9.58	9.10	8.37	CRISIL 1 Year T-Bill Index	109.29	0.80%
Kotak Hybrid Fixed Term Plan Series - I	FY 2011-12	Units allotted on January 19, 2012, NAV as on the date of allotment - 10.0079(D)/10.0079(G)	-	-	-	10.1147(D)/10.1147(G)	NA	NA	6.61	CRISIL 1 Year T-Bill Index	69.12	2.01%
	FY 2012-13	10.1147(D)/10.1147(G)	-	-	-	10.9912(D)/10.9912(G)	8.64	9.09	8.37	CRISIL 1 Year T-Bill Index	75.11	2.00%
Kotak FMP Series 71	FY 2011-12	Units allotted on January 24, 2012, NAV as on the date of allotment - 10.0098(D)/10.0098(G)	-	-	-	10.1283(D)/10.1283(G)	NA	NA	6.61	CRISIL 1 Year T-Bill Index	108.48	1.00%
	FY 2012-13	10.1283(D)/10.1283(G)	-	-	-	11.1481(D)/11.1481(G)	10.01	9.10	8.37	CRISIL 1 Year T-Bill Index	119.40	0.46%
Kotak FMP Series 73	FY 2011-12	Units allotted on February 13, 2012, NAV as on the date of allotment - 10.0105(D)/10.0105(G)	-	-	-	10.0882(D)/10.0882(G)	NA	NA	6.61	CRISIL 1 Year T-Bill Index	93.00	1.00%
	FY 2012-13	10.0882(D)/10.0882(G)	-	-	-	11.0721(D)/11.0721(G)	9.70	9.10	8.37	CRISIL 1 Year T-Bill Index	102.07	0.55%
Kotak FMP Series 76	FY 2011-12	Units allotted on March 01, 2012, NAV as on the date of allotment - 10.0171(D)/10.0171(G)	-	-	-	10.1085(D)/10.1085(G)	NA	NA	6.61	CRISIL 1 Year T-Bill Index	511.92	0.89%
	FY 2012-13	10.1085(D)/10.1085(G)	-	-	-	11.0739(D)/11.0739(G)	9.47	9.10	8.37	CRISIL 1 Year T-Bill Index	560.81	0.60%
Kotak FMP Series 77	FY 2011-12	Units allotted on March 01, 2012, NAV as on the date of allotment - 10.0144(D)/10.0144(G)	-	-	-	10.1126(D)/10.1126(G)	NA	NA	6.61	CRISIL 1 Year T-Bill Index	270.03	0.82%
	FY 2012-13	10.1126(D)/10.1126(G)	-	-	-	11.146(D)/11.1459(G)	10.16	9.10	8.37	CRISIL 1 Year T-Bill Index	297.63	1.41%

Scheme		NAV at beginning of year / Allotment Date (Rs.) -	Dividends (Rs per unit)	Dividends (Rs per unit) (Individuals)	Dividends (Rs per unit) (Others)	Nav at the end of the year / period (Rs.) -	Annualised Return (%)	Annualised return (scheme benchmark)	Annualised return (additional benchmark)	Additional Scheme Benchmark	Net Assets at end of the year / period (Rs crores)	Ratio of Recurring Expenses to Average Assets
Kotak FMP Series 80	FY 2011-12	Units allotted on March 19, 2012, NAV as on the date of allotment - 10.0133(D)/10.0133(G)	-	-	-	10.0604(D)/10.0604(G)	NA	NA	6.61	CRISIL 1 Year T-Bill Index	510.49	1.00%
	FY 2012-13	10.0604(D)/10.0604(G)	-	-	-	11.1035(D)/11.1035(G)	10.33	9.10	8.37	CRISIL 1 Year T-Bill Index	563.42	0.19%
Kotak FMP Series 81	FY 2011-12	Units allotted on March 22, 2012, NAV as on the date of allotment - 10.0056(D)/10.0056(G)	-	-	-	10.0563(D)/10.0563(G)	NA	NA	6.61	CRISIL 1 Year T-Bill Index	118.34	1.00%
	FY 2012-13	10.0563(D)/10.0563(G)	-	-	-	11.073(D)/11.073(G)	10.07	9.10	8.37	CRISIL 1 Year T-Bill Index	130.31	0.47%
Kotak FMP Series 82	FY 2011-12	Units allotted on March 26, 2012, NAV as on the date of allotment - 10.0107(D)/10.0107(G)	-	-	-	10.044(D)/10.044(G)	NA	NA	6.61	CRISIL 1 Year T-Bill Index	187.81	1.00%
	FY 2012-13	10.044(D)/10.044(G)	-	-	-	11.0796(D)/11.0796(G)	10.27	9.10	8.37	CRISIL 1 Year T-Bill Index	207.17	0.26%
Kotak FMP Series 84	FY 2011-12	Units allotted on March 30, 2012, NAV as on the date of allotment - 10.0017(D)/10.0017(G)	-	-	-	10.0038(D)/10.0038(G)	NA	NA	6.61	CRISIL 1 Year T-Bill Index	733.02	1.00%
	FY 2012-13	10.0038(D)/10.0038(G)	-	-	-	11.0026(D)/11.0027(G)	9.93	9.10	8.37	CRISIL 1 Year T-Bill Index	806.21	0.23%
Kotak FMP Series 85	FY 2012-13	Units allotted on April 09, 2012, NAV as on the date of allotment - 10.0248(D)/10.0248(G)	-	-	-	11.0575(D)/11.0575(G)	NA	NA	8.37	CRISIL 1 Year T-Bill Index	58.98	0.57%
Kotak FMP Series 86	FY 2012-13	Units allotted on April 24, 2012, NAV as on the date of allotment - 10.0113(D)/10.0113(G)	-	-	-	10.885(D)/10.885(G)	NA	NA	8.37	CRISIL 1 Year T-Bill Index	113.12	0.41%

Scheme		NAV at beginning of year / Allotment Date (Rs.) -	Dividends (Rs per unit)	Dividends (Rs per unit) (Individuals)	Dividends (Rs per unit) (Others)	Nav at the end of the year / period (Rs.) -	Annualised Return (%)	Annualised return (scheme benchmark)	Annualised return (additional benchmark)	Additional Scheme Benchmark	Net Assets at end of the year / period (Rs crores)	Ratio of Recurring Expenses to Average Assets
Kotak FMP Series 87	FY 2012-13	Units allotted on May 15, 2012, NAV as on the date of allotment - 10.0125(D)/ 10.0125(G)	-	-	-	10.8681(D)/ 10.8681(G)	NA	NA	8.37	CRISIL 1 Year T-Bill Index	158.89	0.13%
Kotak FMP Series 88	FY 2012-13	Units allotted on June 1, 2012, NAV as on the date of allotment - 10.0072(D)/ 10.0072(G)	-	-	-	10.8277(D)/ 10.8277(G)	NA	NA	8.37	CRISIL 1 Year T-Bill Index	87.95	0.08%
Kotak FMP Series 89	FY 2012-13	Units allotted on June 20, 2012, NAV as on the date of allotment - 10.0233(D)/ 10.0033(G)	-	-	-	10.7267(D)/ 10.7267(G)	NA	NA	8.37	CRISIL 1 Year T-Bill Index	35.67	0.11%
Kotak FMP Series 90	FY 2012-13	Units allotted on July 11, 2012, NAV as on the date of allotment - 10.0027(D)/ 10.0027(G)	-	-	-	10.6623(D)/ 10.6623(G)	NA	NA	8.37	CRISIL 1 Year T-Bill Index	33.98	0.01%
Kotak FMP Series 91	FY 2012-13	Units allotted on August 1, 2012, NAV as on the date of allotment - 10.0025(D)/ 10.0025(G)	-	-	-	10.5876(D)/ 10.5876(G)	NA	NA	8.37	CRISIL 1 Year T-Bill Index	23.23	0.02%
Kotak FMP Series 93	FY 2012-13	Units allotted on August 21, 2012, NAV as on the date of allotment - 10.0110(D)/ 10.0110(G)	-	-	-	10.5466(D)/ 10.5466(G)	NA	NA	8.37	CRISIL 1 Year T-Bill Index	70.46	0.43%
Kotak FMP Series 94	FY 2012-13	Units allotted on February 15, 2013, NAV as on the date of allotment - 10.0042(D)/ 10.0042(G)/ 10.0042(D**)/ 10.0042(G**)	-	-	-	10.1407(D)/ 10.1407(G)/ 10.1413(R)/ 10.1413(S)	NA	NA	8.37	CRISIL 1 Year T-Bill Index	234.15	0.30%

Scheme		NAV at beginning of year / Allotment Date (Rs.) -	Dividends (Rs per unit)	Dividends (Rs per unit) (Individuals)	Dividends (Rs per unit) (Others)	Nav at the end of the year / period (Rs.) -	Annualised Return (%)	Annualised return (scheme benchmark)	Annualised return (additional benchmark)	Additional Scheme Benchmark	Net Assets at end of the year / period (Rs crores)	Ratio of Recurring Expenses to Average Assets
Kotak FMP Series 95	FY 2012-13	Units allotted on February 26, 2013, NAV as on the date of allotment - 10.0101(G)/ 10.0101(G**)	-	-	-	10.1307(G)/ 10.1311(S)	NA	NA	8.37	CRISIL 1 Year T-Bill Index	220.79	0.07%
Kotak FMP Series 96	FY 2012-13	Units allotted on March 05, 2013, NAV as on the date of allotment - 10.0062(D)/ 10.0062(G)/ 10.0062(D**)/ 10.0062 (G**)	-	-	-	10.1052(D)/ 10.1052(G)/ 10.1056(R)/ 10.1056(S)	NA	NA	8.37	CRISIL 1 Year T-Bill Index	106.79	0.08%
Kotak FMP Series 97	FY 2012-13	Units allotted on March 11, 2013, NAV as on the date of allotment - 10.0079(D)/ 10.0079(G)/ 10.0079(G**)	-	-	-	10.0784(D)/ 10.0784(G)/ 10.0787(S)	NA	NA	8.37	CRISIL 1 Year T-Bill Index	504.97	0.07%
Kotak FMP Series 98	FY 2012-13	Units allotted on December 31, 2012, NAV as on the date of allotment - 10.0126(D)/ 10.0126(G)	-	-	-	10.2182(D)/ 10.2182(G)	NA	NA	8.37	CRISIL 1 Year T-Bill Index	195.38	0.66%
Kotak FMP Series 99	FY 2012-13	Units allotted on February 05, 2013, NAV as on the date of allotment - 10.0062(D)/ 10.0062(G)/ 10.0062(D**)/ 10.0062(G**)	-	-	-	10.147(D)/ 10.147(G)/ 10.1477(R)/ 10.1477(S)	NA	NA	8.37	CRISIL 1 Year T-Bill Index	192.93	0.38%
Kotak FMP Series 100	FY 2012-13	Units allotted on March 25, 2013, NAV as on the date of allotment - 10.0091(D)/ 10.0091(G)/ 10.0091(G**)	-	-	-	10.0221(D)/ 10.0221(G)/ 10.0222(S)	NA	NA	8.37	CRISIL 1 Year T-Bill Index	429.06	0.07%

Scheme		NAV at beginning of year / Allotment Date (Rs.) -	Dividends (Rs per unit)	Dividends (Rs per unit) (Individuals)	Dividends (Rs per unit) (Others)	Nav at the end of the year / period (Rs.) -	Annualised Return (%)	Annualised return (scheme benchmark)	Annualised return (additional benchmark)	Additional Scheme Benchmark	Net Assets at end of the year / period (Rs crores)	Ratio of Recurring Expenses to Average Assets
Kotak FMP Series 101	FY 2012-13	Units allotted on March 28, 2013, NAV as on the date of allotment - 10.0003(D)/ 10.0003(G)/ 10.0003(D**) / 10.0003(G**)	-	-	-	10.0069(D)/ 10.0069(G)/ 10.007(S)	NA	NA	8.37	CRISIL 1 Year T-Bill Index	113.33	0.07%
Kotak FMP Series 102	FY 2012-13	Units allotted on March 29, 2013, NAV as on the date of allotment - 10.0053(D)/ 10.0053(G)/ 10.0053(D**) / 10.0053(G**)	-	-	-	10.0108(D)/ 10.0108(G)/ 10.0108(R)/ 10.0109(S)	NA	NA	8.37	CRISIL 1 Year T-Bill Index	225.38	0.08%
Kotak FMP Series 103	FY 2012-13	Units allotted on March 25, 2013, NAV as on the date of allotment - 10.0079(D)/ 10.0079(G)	-	-	-	10.0218(G)/ 10.0219(S)	NA	NA	8.37	CRISIL 1 Year T-Bill Index	117.59	0.07%

^^ Direct Plans Dividend

** Direct Plans NAV

Kotak Mahindra Trustee Company Limited, Trustee to Kotak Mahindra Mutual Fund has introduced a separate plan for direct investments with effect from January 1, 2013, in accordance with Circular no. CIR/IMD/DF/21/2012 dated September 13, 2012 issued by Securities and Exchange Board of India (SEBI).

Annualised returns as given above are for Growth Option of the respective scheme. For schemes in existence for less than one year, returns shown are absolute returns.

Past performance may or may not be sustained in future.

III. HOW TO APPLY?

Basic requirements for investing in mutual funds

1. PAN is mandatory for investment in mutual funds

It is compulsory for all existing and prospective investors (including joint holders, guardians of minors and NRIs) to quote their Permanent Account Number (PAN) and submit copy of the PAN card issued by the Income Tax Department, irrespective of the amount of investment, while making an application for Purchase of Units.

The applicant or in the case of application in joint names, each of the applicants, should mention his/her permanent account number (PAN) allotted under the Income Tax Act, 1961, along with a proof of the PAN. In case the investor making the application is a minor, PAN details of the Guardian must be submitted and there should not be any joint holder in the account. In case the investments are made by the guardian on behalf of the minor it is the responsibility of the investor to inform the AMC of the change of status, if any.

The copy of the PAN card as required above shall be attested by the distributor/broker through whom transaction is done OR if the transaction is done directly at the office of the Kotak Mutual Fund or at investment service centers of CAMS (Registrar), the original PAN card may be produced for verification.

Investors residing in the state of Sikkim are exempt from the mandatory requirement of PAN proof submission, however sufficient documentary evidence shall have to be submitted for verifying that they are residents of State of Sikkim.

Investors who have opted for Micro SIP are also exempted from PAN requirement. Please refer related paragraph on this for further details.

Transactions by unit holders/investors who fail to submit copy of PAN are liable to be rejected.

2. Know Your Customer (KYC)

The need to "Know Your Customer" is vital for the prevention of money laundering. KMAMCL may seek information or obtain and retain documentation used to establish identity of the subscribers to Kotak Mahindra Mutual Funds or existing unitholders. It may re-verify identity and obtain any missing or additional information for this purpose.

According to guidelines issued by SEBI under The Prevention of Money Laundering Act, 2002, Mutual Funds are required to follow enhanced know your customer (KYC) norms.

With effect from January 1, 2011, it is mandatory for all investors to be KYC Compliant, irrespective of the amount of investment.

The investors for the purpose of KYC compliance shall include

- (i) their constituted Power of Attorney (PoA) holder, in case of investments through a PoA; and
- (ii) each of the applicants, in case of application in joint names.
- (iii) Guardian, in case of investment on behalf of minor

Thus investments of any amount, on or after January 1, 2011 by investors who are not KYC Compliant, are liable to be rejected.

Uniform Know Your Customers ("KYC") requirements for the Securities Market with effect from January 01, 2012.

Pursuant to SEBI Circular No. MIRSD/ Cir - 26/ 2011 dated December 23, 2011, SEBI (KYC Registration Agency) Regulations, 2011 and SEBI Circular No. MIRSD/SE/Cir - 21/2011 dated October 5, 2011, regarding uniformity in the Know Your Customer (KYC) process in the securities market and development of a mechanism for centralization of the KYC records to avoid duplication of KYC Process across the intermediaries in the securities market has been introduced with effect from January 1, 2012.

1. SEBI has introduced a common KYC Application Form for all the SEBI registered intermediaries viz. Mutual Funds, Portfolio Managers, etc. New Investors are therefore requested to use the common KYC Application Form and carry out the KYC process including In - Person Verification (IPV) with mutual funds. The KYC Application Forms are also available on our website assetmanagement.kotak.com. The list of documents required to complete the KYC Process is given in the application form.
2. As per the SEBI Circular No. MIRSD/ Cir.09/ 2012 dated August 13, 2012, it has been decided that the Aadhaar Letter issued by Unique Identification Authority of India (UIDAI) shall be admissible as Proof of Address in addition to its presently being recognised as a Proof of Identity.
3. The Mutual Fund shall perform the initial KYC of its new investors and may undertake enhanced KYC measures commensurate with the risk profile of its investors. The Mutual Fund shall upload the details of the investors on the system of the KYC Registration Agency (KRA). KRA shall send a letter to the investor within 10 working days of the receipt of the initial/updated KYC documents from the Mutual Fund, confirming the details thereof. Once the investor has done KYC with a SEBI registered intermediary, the investor need not undergo the same process again with another intermediary including mutual funds.
4. It is mandatory for intermediaries including mutual funds to carry out In - Person Verification (IPV) of its new investors with effect from January 1, 2012. The IPV carried out by any SEBI registered intermediary can be relied upon by the Mutual Fund.

Kotak Mahindra Asset Management Limited and NISM/AMFI certified distributors who are KYD compliant are authorized to undertake the IPV for Mutual Fund investors. Further, in case of any applications received directly (i.e. without being routed through the distributors) from the investors, the Mutual Fund may rely upon the IPV (on the KYC Application Form) performed by the scheduled commercial banks.

5. Existing KYC compliant investors of the Mutual Fund can continue to invest as per the current practice.

The AMC, under powers delegated by the Trustee, shall have absolute discretion to reject any application, or prevent further transactions by a Unit Holder, if after due diligence, the investor / Unit Holder / a person making the payment on behalf of the investor does not fulfill the requirements of the "Know Your Customer" or the AMC believes that the transaction is suspicious in nature as regards money laundering. In this behalf the AMC reserves the right to reject any application and/or effect a mandatory Redemption of Units allotted at any time prior to the expiry of 30 Working Days from the date of the application.

Investor transacting through BSE (BStAR) and / or NSE (MFSS) in a dematerialized mode will not be subject to KYC formalities as stated above. In accordance with guidelines issued by SEBI, KYC formalities carried out by the Depository Participant will be considered.

The investors should ensure that the amount invested in the Scheme is through legitimate sources only and does not involve and are not designed for the purpose of any contravention or evasion of any Act, Rules, Regulations, Notifications or Directions under the provisions of Income Tax Act, Anti Money Laundering Act, Anti Corruption Act and or any other applicable laws enacted by the Government of India from time to time.

Note for Change of Address:

With reference to the AMFI Circular no. 135/BP/26/11-12 dated March 21, 2012 the process for change of address is as under

(i) Where Investors are Not KYC compliant: In case of change of address for KYC Not Complied Investors, investors shall submit the following supporting documents:

- Proof of new Address (POA), and
- Proof of Identity (POI): Only PAN card copy if PAN is updated in the folio, or PAN/other proof of identity if PAN is not updated in the folio.

(ii) Where Investors are KYC Compliant: In case of change of address for KYC complied Investors, Investors shall submit the following supporting documents to the KRA for updating the COA.

- Proof of new Address.
- Any other document/form that the KRA may specify from time to time.

Copy of the above documents should be self attested and the originals of the supporting should be shown to the ISC / CAMS for verification. If originals are not provided then the copies of the supporting documents should be attested by the competent authority.

A. How to apply?

New investors should apply through a common application form. The same is a part of the Key Information Memorandum which lists the key features of the schemes offered by KMMF. Investors are requested to read the latest SAI and SID alongwith addendums issued from time to time before investing. Investors, in their own interest, are requested to go through the Guidelines / instructions in Key Information Memorandum (KIM) for filling up the application form before investing. The investors' signature on the main application form shall be the basis for all future transactions processing. Existing investors can use their Folio number at the time of investing in the same scheme or any scheme of Kotak Mahindra Mutual Fund.

Employee Unique Identification Number (EUIIN)

SEBI circular dated September 13, 2012 has made it compulsory for every employee/relationship manager/ sales person of the distributor of mutual fund products to quote the EUIIN obtained by him/her from AMFI in the Application Form. EUIIN would assist in addressing any instance of mis-selling even if the employee/relationship manager/sales person later leaves the employment of the distributor. Hence, if your investments are routed through a distributor the investors shall ensure that the EUIIN is correctly filled up in the Application Form. However, if your distributor has not given any advice pertaining to the investment, the EUIIN box may be left blank. In this case investors are required to provide the declaration to this effect as given in the form provided in the Key Information Memorandum (KIM).

Subscription (for ongoing purchases & NFO)

a) Resident Investors

Resident investors may make payment for the Units by any of the following means:

- By local Cheques payable in the city in which the applications form is submitted.
- By a Demand Draft payable in the city in which the applications form is submitted and drawn on a bank which is a member of the Bankers Clearing House of that city. DD charges, if reimbursed to the unit holder will be borne by the AMC.
- In any other manner that may be, from time to time, accepted by the AMC for the smooth and efficient functioning of the Schemes, including NEFT, RTGS, fund transfer, etc.

The following are not accepted

- Outstation Cheques

- Post Dated Cheques – i.e. cheques which are not available for banking on the next banking day (except Post Dated cheques for SIP investments)
- Investment through third party cheque. Please refer the relevant section given in the document.

All cheques and drafts should be crossed "Account Payee Only" and drawn in favour of the Scheme concerned. A separate cheque or bank draft must accompany each application / each Scheme. Investors are advised to mention the Folio Number / Application Form number on the face / reverse of the cheques and bank drafts accompanying the Application Form, in their interest. In case the scheme name differs between application and instrument, name in the instrument will be considered for processing.

Where the existing Unitholder has opted to transact through the Internet, he may purchase units through the website of the mutual fund viz. assetmanagement.kotak.com and/ or through any other website, through which purchase may be facilitated in future.

b) Non Resident Indians including Persons of Indian Origin

Repatriation Basis:

RBI has granted a general permission to Mutual Funds, which are referred to in clause (23D) of Section 10 of the Income Tax Act, 1961, to issue and repurchase Units of the Scheme that are approved by SEBI, to NRIs. Further general permission has also been granted to send such Units to NRIs at their places of residence or location as the case may be. NRI applications on a repatriation basis will be accepted, if the amount representing the investment is received by inward remittance through normal banking channels or by debit to NRE/FCNR account of the non-resident investor maintained with an authorised dealer in India.

Non-Repatriation Basis:

In the case of NRIs/Persons of Indian Origin seeking to apply for Units on a non-repatriation basis, the applications will be accepted, if the amount representing the investment is received by inward remittance through normal banking channels or by debit to the NRE/FCNR/NRO account of the non-resident investor maintained with an authorised dealer in India.

Payment whether on repatriation or non-repatriation basis, shall be made by Cheques/Demand Drafts crossed "Account Payee Only", in a similar fashion as in the case of resident investors.

Investors are advised to provide supporting for their investment from NRE/ FCNR account, to enable as to process the dividend / redemption payout to their NRE/ FCNR accounts.

c) FII

RBI has granted a general permission to Mutual Funds, which are referred to in clause (23D) of Section 10 of the Income Tax Act, 1961, to issue and repurchase Units of the Scheme that are approved by SEBI to and from FIIs. Further a general permission has also been granted to send such Units / instruments out of India to their global custodians. Applications of FIIs on a repatriation basis will be accepted if the amount representing the investment is received by inward remittance through normal banking channels or out of funds held in Foreign Currency Account or Non-resident Rupee Account maintained by the FIIs with a designated branch of an authorised dealer with the approval of RBI.

d) Qualified Foreign Investors

SEBI has vide its Circular No. IMD/DF/14/2011 and Circular No. IMD/FII&C/3/2012 has allowed Qualified Foreign Investors to invest in schemes of Indian mutual funds subject to terms and conditions mentioned therein by opening a demat account with a qualified Depository Participant (DP). Further, as per the SEBI Circular No. IMD/ FII&C/ 17 / 2012 QFIs are now allowed to invest in debt schemes of Indian mutual funds

e) Applicants under Power of Attorney, Companies/Corporate Bodies / Registered Societies/ Trusts/Partnerships

In the case of an application under a Power of Attorney or by a limited company, body corporate, registered society, trust or partnership, the relevant Power of Attorney or the relevant resolution or authority to make the application or the Trust Deed or the Partnership Deed as the case may be, or duly certified copy thereof, along with a certified copy of the Memorandum and Articles of Association and/or bye-laws must be lodged at the office of the Registrar, failing which the application is liable to be rejected or a request for redemption may not be processed.

The Trustee, at its discretion, may alter or add other modes of payment.

f) For Schemes available on BSE StAR & NSE MFSS platform

With effect from February 1, 2010, the Mutual Fund has started offering an alternate facility for transacting in the Units of selected Schemes through the Mutual Fund trading platform of the Bombay Stock Exchange (BSE) (BSE StAR) and National Stock Exchange (NSE) (MFSS). Investor desirous of transacting through the Stock Exchange mode are required to have a demat account with NSDL/CDSL.

- The investor is required to place an order for purchase of units (subject to applicable limits prescribed by BSE/NSE) with the AMFI certified stock exchange brokers.
- The investor should provide their depository account details to the AMFI certified stock exchange brokers.
- The broker shall enter the purchase order in the Stock Exchange system and an order confirmation slip will be issued to investor. This slip will be considered as time stamping acknowledgement.
- The investor will transfer the funds to the AMFI certified stock exchange brokers.
- Allotment details will be provided by the AMFI certified stock exchange brokers to the investor.
- Allotted units will be settled through clearing house and the units will be credited to investor's account by the broker

- Demat statement issued by the depositories will reflect the units.
- Currently, Kotak Mahindra Mutual Fund is allotting units in Demat form only for subscriptions received through MFSS/ BStAR platforms.

g) Additional Mode of Payment through Applications Supported by Blocked Amount (ASBA) (Only during NFO period):

In line with SEBI Circular No. SEBI/IMD/CIR No 18 / 198647 /2010 dated March 15, 2010 and SEBI Circular No. Cir / IMD / DF / 6 / 2010 dated July 28, 2010, all the new scheme (NFOs) launched by Kotak Mahindra Mutual Fund on or after October 1, 2010 shall offer ASBA facility to the investors subscribing to New Fund Offers (NFOs) of Kotak Mahindra Mutual Fund schemes. This facility shall coexist with the current process, wherein cheques/ demand drafts are used as a mode of payment.

Detailed procedure in this regard is incorporated in the Scheme Information Documents (SIDs) of the new schemes launched on or after October 1, 2010.

Note for transactions done through the Stock Exchange: As the units are issued through the depository system, the power attorney registered with depository participant shall be taken as final. Any changes therein can be done only through the depository system.

h) Systematic transaction facilities:

Kotak Mahindra Mutual fund offers systematic transaction facilities like Systematic Investment Plan (SIP), Systematic Transfer Plan (STP) and Systematic Withdrawal Plan (SWP) and Dividend Transfer Plan (DTP). Investors are requested to refer to respective Scheme Information Documents for availability of the facility under the scheme and further details in that regard.

SIP facility is offered through Post Dated Cheques, ECS debit facility and Auto Debit facilities directly with Bank. Additionally, SIP investment is available through Stock Exchange Plat forms MFSS / BStAR also.

- Direct Debit Facility in SIP through ECS:

Unitholders investing under SIP in any Scheme of Kotak Mahindra Mutual Fund have the option to avail the facility of Direct Debit through Electronic Clearing Service (ECS Facility offered by RBI). Direct Debit allows an investor to instruct his bank to debit his bank account at periodic intervals for making investments in mutual fund scheme(s). A copy of the cheque or cancelled cheque leaf is required to be submitted alongwith SIP registration form. Investors who are currently availing the SIP Facility by issue of post-dated cheques can opt to avail the Auto Debit Facility by giving a written request for the same in the 'SIP through Auto-Debit' Form at least 28 days before the currently running SIP date. If the Auto-Debit SIP is to be effected from a different bank account than the one from which the post-dated Cheques have been issued, the first auto-debit SIP would need to be done by issuance of a cheque from the new Bank. Investors can choose between 1st, 7th, 14th, 21st, 25th and 28th of every month / quarter for the SIP with the first SIP being allowed for any date of the month subject to the condition that there is a gap of at least 28 days between the first and the subsequent SIPs. This facility is available in select locations indicated on the reverse of the SIP through Auto-Debit Form.

The load structure applicable for each installment will be as per the load structure applicable at the time of registration of SIP. Changes in the load structure effected by the AMC after that date may not be applicable unless stated specifically.

- Systematic Investment Plan (SIP) for schemes available on BSE StAR & NSE MFSS platform:

Investor can register SIP transaction through their secondary market broker. SIP transaction will be registered in the respective platform (BSE StAR / NSE MFSS). Investor has to ensure the amount available with the broker on the SIP date. Units will be allotted only in demat form.

- Micro SIP:

SEBI vide letter no. MRD/DoP/PAN/PM/166999/2009, dated June 19, 2009 has exempted the requirement of PAN for investments through Micro SIP.

AMFI vide its guidelines dated July 14, 2009 on aforesaid SEBI circular defines Micro SIP's as "SIP's where aggregate of installments in a rolling 12 month period or in a financial year i.e. April to March does not exceed Rs. 50,000".

The exemption is applicable only to investments by individuals (including NRIs but excluding PIOs), Minors, Sole proprietary firms and to investments made by joint holders.

Investors (including joint holders) shall have to submit a copy of proof of address and any one of the documents detailed below along with Micro SIP application as proof of identification in lieu of PAN.

1.Voter Identity Card 2.Driving License 3.Government / Defense identification card 4.Passport 5.Photo Ration Card 6.Photo Debit Card (credit cards not allowed) 7.Employee ID cards issued by companies registered with Registrar of Companies 8.Photo Identification issued by Bank Managers of Scheduled Commercial Banks / Gazetted Officer / Elected Representatives to the Legislative Assembly / Parliament 9.ID card issued to employees of Scheduled Commercial / State / District Co-operative Banks 10.Senior Citizen / Freedom Fighter ID card issued by Government 11.Cards issued by Universities / deemed Universities or institutes under statutes like ICAI, ICWA, ICSI 12.Permanent Retirement Account No (PRAN) card issued to New Pension System (NPS) subscribers by Central Recordkeeping Agency (NSDL).13.Any other photo ID card issued by Central Government / State Governments / Municipal authorities / Government organizations like ESIC / EPFO

The Photo Identification document has to be current and valid and also either self attested or attested by an ARN holder.

Any application may be accepted or rejected at the sole and absolute discretion of the Trustee.

NOTE: Non acceptance of Third Party Cheques: Investment through third party cheque will not be accepted. Please refer the relevant section given in the document.

B. How to redeem?

Pre-printed redemption request form will be sent to the Unitholders along with the Account Statement. These forms shall also be available at any of the Official Acceptance Points.

The fully completed form can be submitted at any of the ISCs.

Where the Unitholder has opted to transact through the Internet, he may redeem his units through the website of the mutual fund i.e. assetmanagement.kotak.com and/or through website of the Registrar, i.e. www.camsonline.com and/or through any other website, through which redemption may be facilitated in future.

The redemption request will be processed only for the clear units, and the payment shall be made by cheque, payorder, Direct Credit, NEFT, RTGS or any other mode as decided by AMC in the interest of the investor. The payout will be favouring the First holder's name and bank details provided by the investor at the time of purchase or through subsequent request, will be adopted for the aforesaid purpose.

The Unitholder may either request mailing of the redemption proceeds to his/her address or by opting for the "Direct Credit" facility where he can receive the amount by a direct credit to his bank account. Additionally, amount will be directly credited to investors' account through electronic fund transfer facilities like NEFT, ECS, RTGS, such electronic fund transfer facilities offered by RBI.

Redemption by NRIs/FIIs

Redemption proceeds in respect of NRI investors may be:

- a) Credited at the NRI investor's option, to his NRO/SB account, or
- b) Remitted abroad or at the NRI investor's option, credited to his NRE/FCNR/NRO account, where the Units were purchased on repatriation basis and the payment for purchase of the Units sold was made by inward remittance through normal banking channels or out of the funds held in NRE/FCNR account, for which investor has to provide the banker certificate or statement for the debit.

In case of an FII, the designated branch of an authorised dealer may allow remittance of net redemption proceeds (after payment of taxes) or the same may be credited to its Non Resident Rupee Account or the Foreign Currency Account.

For Schemes available on BSE StAR & NSE MFSS platform

- The investor who chooses the depository mode is required to place an order, in unit terms only, for redemption (subject to applicable limits prescribed by BSE/NSE) with the AMFI certified stock exchange brokers.
- The investors should provide their Depository Participant with Depository Instruction Slip with relevant units to be credited to Clearing Corporation pool account.
- The redemption order will be entered in the system and an order confirmation slip will be issued to investor. This slip will be considered as time stamping acknowledgement.
- The redemption proceeds will be settled through clearing house and the investor account as per demat statement will be credited by the broker.

C. Where to submit application forms?

Investors may submit completed Application Forms as under:

During the New Fund Offer

- (i) KMAMCL Authorised Collection Centres (Fresh Application & Switch) including the website of AMC.
- (ii) Designated Collection Banks appointed, if any (Fresh applications only)
- (iii) Electronic transactions through specified banks, financial institutions, or other entities with whom Kotak Mahindra Asset Management Company Ltd has entered or may enter into specific arrangement for purchase/switches of units, during NFO's, if any. (Fresh application & Switch. In case of switch transactions the Registrar & Transfer Agent (CAMS) of Kotak Mahindra Mutual Fund will be the official Point of Acceptance for the transactions)
- (iv) 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 through Exchanges (MFSS / BStAR) are the official Acceptance points for fresh applications if the NFO of the scheme offered through the NSE-MFSS and BSE-BStAR platforms.
- (v) Self Certified Syndicate Banks (SCSBs) can accept applications for ASBA facility.

During the Continuous Offer

- (i) Investor Service Centre (ISCs) and Transaction Points (TPs) of the Registrar.
- (ii) The office of the Registrar in Chennai - No.148, Old Mahabalipuram Road, Okkiyam, Thuraiyakkam, Chennai - 600 096 and all branches of the Registrar.
- (iii) Official Acceptance Points of KMAMC including the website of AMC.
- (iv) Electronic transactions Through website of Kotak Mahindra Mutual Fund (assetmanagement.kotak.com), website of the Registrar, Specified banks, financial institutions, other entities with which Kotak Mahindra Asset Management Company Ltd

has entered or may enter into specific arrangement for purchase/sale / switches of units. CAMS, the Registrar & Transfer Agent of Kotak Mahindra Mutual Fund having office at Thoraipakkam, Chennai will be the Official Acceptance point for the transactions.

- (v) 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 through Exchanges (MFSS / BStAR) are the official Acceptance points for the schemes offered through the NSE-MFSS and BSE-BStAR platforms.
- (vi) Application Forms, if sent by post, must be accompanied by Cheques or Demand Drafts payable at the place where the application is being sent, and sent to any of the places mentioned above.
- (vii) Clearing members and depository participants.

Any application may be accepted or rejected at the sole and absolute discretion of the Trustee.

D. Other Information

(i) Fractional Units

Since a request for Purchase or Redemption is generally made in rupee amounts and not in terms of a fixed number of Units of a Scheme, an investor may be left with fractional Units. Purchases, redemptions and account balances of Units are calculated upto three decimal places (four decimal places in the case of Kotak Liquid). However, Fractional Units will not adversely affect the investor's ability to redeem the Units, either in part or in full, standing to the credit of the Unitholder.

(ii) Joint Applicants

If an Account has more than one holder, only the first-named holder (as determined by the records of the Registrar) will receive all notices and correspondence with respect to the Account. Such Unitholder will receive the proceeds of any redemption requests or dividends or other distributions. In addition, such holder will have the voting rights, as permitted, associated with such Units.

In the case of holdings specified as 'jointly', all requests have to be signed by all the joint holders. However, in the case of holdings specified as 'any one or survivor', any one of the joint holders may sign such requests, except request for Registration / Modification/ Cancellation of Nominee, where all joint holders need to sign.

(iii) Provision of Bank account number in the application form is mandatory

As per the directives issued by SEBI it is mandatory for an investor to declare his/ her bank account number. 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.

(iv) Registration of Multiple Bank Accounts for pay-in and pay-out of proceeds of mutual fund units

In accordance with the AMFI Circular on Risk Mitigation process against Third – Party Cheques in Mutual Fund Subscriptions, the Fund has set up a verification process for identifying the Third Party Payments. With reference to the same, for investors to have hassle free transactions Kotak Mahindra Mutual Fund provides a facility to register more than one bank account for the purpose of subscription, receiving redemption and dividend proceeds.

Individuals, HUF and Sole Proprietary firms are permitted to register upto 5 bank accounts and non individuals are permitted to register upto 10 bank accounts.

Investor can use the prescribed Multiple Bank Accounts Registration Form (available with ISCs/Official Point of Acceptance / assetmanagement.kotak.com) along with any one of the following documents to register bank mandates:

- a) Cancelled cheque leaf,
- b) Bank Statement / Pass Book Page with account number, name and address, or
- c) Bank letter / certificate with the account holders' name, account number, MICR, IFSC and branch address.

If a copy of the above mentioned documents is submitted, investors should bring the original of the referred documents to the ISCs /Official Point of Acceptance of Fund House office for verification

Investors shall ensure that the first-named unit holder in the folio is one of the bank account holders.

Note for Change of Bank mandate

With reference to the AMFI Circular no. 135/BP/26/11-12 dated March 21, 2012 the process for change of bank mandate is as under:

- 1) Updating of bank accounts in an Investors folio should be either through Multiple Bank Account Registration Form or a standalone separate Change of Bank Mandate form.
- 2) The investor has to submit original of any one of the following documents:
 - Cancelled original cheque of the new bank mandate with first unit holder name and bank account number printed on the face of the cheque; or
 - Self attested copy of bank statement; or
 - Bank passbook with current entries not older than 3 months; or
 - Bank Letter duly signed by branch manager/authorized personnel
- 3) Any change of bank request along with redemptions in a common transaction slip may be rejected. Investors are requested to strictly use the multiple bank mandate form for registering new bank mandate.

(v) Non acceptance of Third Party Cheques

Third Party Cheques will not be accepted by the Scheme(s) of Kotak Mahindra Mutual Fund.

Definition of Third Party Cheques

- 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.

However, afore-mentioned clause of investment with Third-Party Payment shall not be applicable for the below mentioned exceptional cases.

- a. Payment by Parents/Grand-Parents/related persons on behalf of a minor in consideration of natural love and affection or as 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.
- b. 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.
- c. Custodian on behalf of an FII or a client.

For pre funded instruments such as DD/Pay order it is the onus of the investor to provide adequate supporting documents to prove that such instruments are issued by debiting the first holders account.

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.

NOTE: Kotak Mahindra Mutual Fund may not be able to payout redemption proceeds in the new Bank Mandate submitted along-with the redemption request. In such a scenario, a cooling period of not more than 10 calendar days will be required for validation and registration of bank accounts. The process of validation could include notifying the investor through a letter, email, SMS etc. about the registration of his new bank account.

Investor may write the folio number / PAN number / application number alongwith the scheme name in the face of the cheque. Eg. Kotak xxx a/c PAN or folio or application number.

In case of application submitted along with third party cheque and the same is realized in mutual fund account, the refund will be made (a) if the name of the drawer mentioned in the cheque the amount will be paid with drawee name and his/her investor account or (b) if the drawer name is not available in cheque, the payment will be made in the name of first holder with the bank details of the drawee of the instrument.

IV. RIGHTS OF UNITHOLDERS

- (i) Unit holders of the Scheme have a proportionate right in the beneficial ownership of the assets of the Scheme.
- (ii) When the Mutual Fund declares a dividend under the Scheme, the dividend warrants shall be despatched within 30 days of the declaration of the dividend. Common Account Statement (CAS) reflecting the new or additional subscription as well as Redemption / Switch of Units shall be despatched to the Unit holder by 10th of the month for the preceding month's transaction. Provided if a Unit holder so desires the Mutual Fund shall issue a Unit certificate (non- transferable) within 30 days of the receipt of request for the certificate.
- (iii) The Mutual Fund shall dispatch Redemption proceeds within 10 Business Days of receiving the Redemption request.
- (iv) The Trustee is bound to make such disclosures to the Unit holders as are essential in order to keep the unitholders informed about any information known to the Trustee which may have a material adverse bearing on their investments.
- (v) The appointment of the AMC for the Mutual Fund can be terminated by majority of the Directors of the Trustee Board or by 75% of the Unit holders of the Scheme.
- (vi) 75% of the Unit holders of a Scheme can pass a resolution to wind- up a Scheme.
- (vii) The Trustee shall obtain the consent of the Unit holders:
 - a) whenever required to do so by SEBI, in the interest of the Unit holders.
 - b) whenever required to do so if a requisition is made by three- fourths of the Unit holders of the Scheme.
 - c) when the Trustee decides to wind up the Scheme or prematurely redeem the Units.
 - d) The Trustee shall ensure that no change in the fundamental attributes of any Scheme or the trust or fees and expenses payable or any other change which would modify the Scheme and affects the interest of Unit holders, shall be carried out unless:
 - a written communication about the proposed change is sent to each Unit holder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated; and
 - the Unit holders are given an option to exit at the prevailing Net Asset Value without any Exit Load.
- (viii) In specific circumstances, where the approval of unitholders is sought on any matter, the same shall be obtained by way of a postal ballot or such other means as may be approved by SEBI.

A. Services to unitholders

It is the endeavour of the AMC to provide consistently high quality service to its investors. This encompasses all interaction by the clients with the AMC. The AMC strives to upgrade the quality of services through implementation of technology and through ensuring quality consciousness amongst its service personnel and agencies associated with it.

The AMC may allow investors to access their investments over the internet and other access channels including but not restricted to the telephone, mobile phone and other hand-held devices as an investor facilitation measure. The AMC may enter into such arrangements/agreements as it may deem fit to give effect to the above.

The AMC may also allow investors to do select transactions, register for various facilities, place requests for modification/updation of their personal / bank account details and profile information and / or log queries / grievances for resolution through the above-referred channels. The above facilities would be offered to investors who specifically subscribe to same and agree to abide by the terms and conditions subject to which the facility is offered. The AMC may either offer these services on its own or through its Registrar or through select online distribution partners. These channels would be specifically recognized by the Fund as Official Acceptance Points for acceptance of Financial Transactions.

However, investors intending to take benefit of these facilities should note that they should use these services at their own risk. The Fund, the AMC, the Trustee, along with its directors, employees and representatives shall not be liable for any damages or injuries arising out of or in connection with the use of internet, mobile phones, Kiosk, etc or its non-use including, without limitation, non-availability or failure of performance, loss or corruption of data, loss of or damage to property (including profit and goodwill), work stoppage, computer failure or malfunctioning, or interruption of business; error, omission, interruption, deletion, defect, delay in operation or transmission, computer virus, communication line failure, unauthorised access or use of information.

V. INVESTMENT VALUATION NORMS FOR SECURITIES AND OTHER ASSETS

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.

Valuation principles pursuant to SEBI's February 21, 2012 MF Regulations Amendments, w.e.f July 2, 2012

Background:

The principles of fair valuation have been incorporated via amendments to Regulations 47 and the Eighth schedule, which hitherto governed the valuation policy adopted by Kotak Mahindra Mutual Fund (KMMF), along with the various circulars issued by SEBI.

The gist of the principles of fair valuation as laid down by the aforesaid circular are as under:

- a) The valuation shall be reflective of the realizable value of the securities / assets and
 - i. should take into consideration prices of the same security or similar security reported on all available public platforms.
 - ii. Non traded debt and money market securities of short term maturities, may be valued on amortization basis, provided such valuations are reflective of the fair value of the securities.
- b) The valuation shall be done in good faith and in a true and fair manner through appropriate valuation policies and procedures including dealing with exceptional events, duly approved by the Board of the Asset Management Company.
- c) Disclosure of the valuation policy and procedures to be made in Statement of Additional Information (SAI) and website.
- d) Investments in new types of securities shall be made on the establishment of valuation methodologies, duly approved by the Board of the Asset Management Company.
- e) Periodic review of valuation policies to ensure appropriateness by the AMC/ Trustee boards, along with an annual review by an independent auditor.
- f) Seek and address the issue of conflict of interest.
- g) Irrespective of the aforesaid policies, AMC to be responsible for fair valuation i.e. could deviate from established policies, with appropriate reporting to the Board of Trustees and AMC.
- h) AMC / Sponsor shall be liable to compensate investors / schemes for any unfair treatment to any investor as a result of inappropriate valuation.

Keeping in view the aforesaid, and also with a view to ensuring fairness to all classes of unit holders , including the one's staying in the fund, the purchasing investor and the redeeming investor, the following valuation policies and procedures are proposed to be adopted.

Valuation policies and procedures:

I. Equity and equity related securities:

Investments are stated at market / fair value at the Balance Sheet date / date of determination.

In valuing the Schemes' investments:

1. Traded equity securities and warrants are valued at the last quoted closing price on the National Stock Exchange of India Limited (NSE). However, if the equity securities and warrants are not listed /traded on NSE, the securities are valued at the last quoted closing price on the exchange where it is principally traded.
2. When a security is not traded on any stock exchange on a particular valuation day, the value at which it was traded on NSE or any other stock exchange as the case may be, on the earliest previous day is used, provided that such day is not more than thirty days prior to the valuation date.
3. Non-traded / thinly traded / privately placed equity securities including those not traded within thirty days are valued at fair value as per procedures determined by the Investment committee.
4. In respect of warrants to subscribe attached to instruments, the warrants can be valued at the value of the share which would be obtained on exercise of the warrant as reduced by the amount which would be payable on exercise of the warrant. Appropriate discount shall be deducted to account for the period, which must elapse before the warrant can be exercised.
5. Until they are traded, the value of "rights" shares shall be calculated as the difference between the ex rights price and the rights offer price.
6. Where the rights are not treated pari passu with the existing shares, suitable adjustments shall be made to the value of the rights. Where it is decided not to subscribe for the rights but to renounce them and renunciations are being traded, the rights can be valued at the renunciation value.
7. In respect of special circumstances, such as, non listing of security, due to merger, De-Merger, Split, Hiving off, etc. fair value principles are adopted. Such fair valuation principles could be the difference between the price as existed on the date previous to the ex-date and the ex-date price of the existing equity shares, duly adjusted for discount, if any. However, where in opinion of the fund manager, based on materiality and the additional information available, a review of the fair price is required; he may recommend the same to the Investment Committee for reconsideration.
8. All open option positions are valued at the settlement price as determined by the exchange where it is traded.
9. All open futures positions are valued at the futures settlement price as determined by the exchange where it is traded.

II. Fixed income, money market and related securities:

A. For Securities with residual maturity greater than 60 days:

1. Traded Securities:

All traded securities on public platform shall be taken at weighted average price, duly adjusted for settlement dates. A security will qualify as a traded security if it meets the following criteria.

- A) For securities maturing above 1 year, the traded price shall be taken if there are at least two trades amounting to Face value (FV) of Rs. 25 crores or more.
- B) For securities maturing between 92 days and 1 year, the traded price shall be taken if there are at least three trades amounting to FV of Rs. 100 crores or more.
- C) If a public platform price is not available, then internal trade would be considered. The criteria for internal traded price shall be minimum of a single trade of FV of Rs 5 crores and above.

In case multiple platforms report trades on the same day for the same security, the order of preference would be FIMMDA, Exchange (NSE WDM, BSE) and own trades, subject to the above criteria being met at each platform / exchange level.

2. Non traded Securities:

All non traded securities would be valued as per matrices given by the AMFI approved agencies – currently CRISIL & ICRA. In the interest of fair valuation and keeping in view the fact that the underlying markets may not be deep enough, the matrix yield may be suitably adjusted with illiquidity premium / discount for the security as per the norms laid down by the Investment Committee. There is no cap on illiquidity premium/discount.

B. For Securities with residual maturity upto 60 days:

Money market securities, debt securities, and floating rate securities with residual maturity of upto 60 days are valued on amortization basis from the last valuation price or cost, as the case may be.

CRISIL & ICRA are agencies that provide the benchmark yields for such securities, which in turn are constructed after considering the traded prices, if any, of same / similar securities. At the time of first purchase the spread between the purchase yield and the

benchmark yield would be fixed. This spread would remain fixed through the life of the instrument and would be changed only if there is a justification for the change, as may be decided by the Investment Committee.

The amortised price may be used for valuation as long as it is within $\pm 0.10\%$ of the reference price (derived from benchmark yield +/- spread as above). In case the variance exceeds $\pm 0.10\%$, the valuation shall be adjusted to bring it within the $\pm 0.10\%$ band.

Internal trade would be considered for valuation. The criteria for internal traded price shall be minimum of a single trade of FV of Rs 5 crore and above.

III Others:

1. Government securities including Treasury Bills are valued at prices obtained from the AMFI approved agencies – currently CRISIL & ICRA.
2. All inter scheme transactions shall be carried out at fair valuation prices, taking into account the prices of same / similar securities/ previous day valuations, at the time of the interscheme transaction, in accordance with the procedures laid down by the Investment Committee.
3. CBLO, reverse Repo, Bill re-discounting, Cash management bills would be accounted on amortization basis. Bank deposits are valued at cost.
4. Instruments bought on 'repo' basis are valued at the resale price after deduction of applicable interest up to the date of resale. Instruments sold on 'repo' basis are adjusted for the difference between the repurchase price (after deduction of applicable interest up to the date of repurchase) and the value of the instrument.
5. Investments in unlisted mutual fund schemes are valued based on the net asset value of the respective schemes as on the valuation date. In case of listed investments in mutual fund units, valuation shall be at the last quoted closing price at the principal stock exchange.
6. Investments in gold are valued at the price arrived at by converting the price of gold quoted on the London Bullion Market Association [LBMA], in US Dollars into Indian Rupees at the exchange rate published by the Reserve Bank of India as increased by custom duty for import of gold, sales tax / octroi and other charges as applicable, in accordance with the guidelines issued by SEBI.
7. Investments in securities outside India are valued at the closing price on the stock exchange on which it is listed or at the last available traded price at the exchange rate published by the Reserve Bank of India. Investment in units of overseas mutual funds is valued based on the net asset value of the overseas mutual fund as on the valuation date at the exchange rate published by the Reserve Bank of India.
8. Interest rate swaps are valued on amortization basis for residual maturity upto 60 days and on the basis of independent external quotes, for cases where the residual maturity is greater than 60 days.

Notes:

- a) Public Platform refers to FIMMDA, NSE WDM, BSE ICM.
- b) In case of exceptional events, the guidance given by the Investment Committee shall be executed. Given the dynamic nature of the markets, defining the exceptional events like say RBI policy changes, market illiquidity etc. could be difficult. Resultantly, defining standard processes and procedures for handling exceptional events may not be appropriate.
- c) The Investment Committee shall address issues of conflict of interest, if and when they arise. In our opinion, in the normal course of business, so long as the standard valuation policies are adopted, no conflict of interest issue arises.
- d) The aforesaid valuation policy shall be reviewed by the internal auditors periodically and annually by the statutory auditors.

VI. TAX & LEGAL & GENERAL INFORMATION

A. Taxation of investing in Mutual Funds

The information set out below outlines the tax implications with respect to the Unit Holders of the Scheme and with respect to the Mutual Fund and is based on relevant provisions of the Indian Income tax Act, 1961 and Wealth tax Act, 1957 (collectively known as "the relevant provisions"), prevailing as on 17 June, 2013.

THE FOLLOWING INFORMATION IS PROVIDED FOR GENERAL INFORMATION PURPOSES ONLY. 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 PARTICIPATION IN THE SCHEME.

I. To the Mutual Fund:

Income in the hands of the Mutual Fund

The entire income of a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992 ('SEBI') or any regulations made thereunder is exempt from income tax in accordance with the provisions of section 10(23D) of the Income-tax

Act, 1961 ('the Act').

Further, as per section 10(35A) inserted by the Finance Act, 2013, w.e.f assessment year 2014-15, any income by way of distributed income as referred to in section 115TA and received from a securitisation trust shall be exempt in the hands of the investor of the said securitisation trust, including a Mutual Fund. The securitisation trust shall not be liable to pay any additional income-tax under section 115TA of the Act where the investor of the securitisation trust is not chargeable to tax under the Act.

Income received by such Mutual Fund is not liable for the deduction of income tax at source as per the provisions of section 196(iv) of the Act. Where the Mutual Fund receives any income from investments made in overseas jurisdictions, this income may be subject to withholding in the relevant jurisdiction. As the income of the Mutual Fund is exempt from tax in India, credits/refunds in relation to these foreign taxes may not be available in India.

Distribution of income by the Mutual Fund to the unit holders

Under section 115R of the Act, where the income is distributed to the unit holders, the Mutual Fund is required to pay tax on the income distributed by it, as under:

- **In the case of other than equity oriented fund, being a money market mutual fund or liquid fund**
 - @ 25% plus surcharge on such income tax @ 10% plus education cess and secondary and higher education cess @ 3% on the amount of tax and surcharge, on income distributed to individuals and Hindu Undivided Family ('HUFs'); and
 - @ 30% plus surcharge on such income tax @ 10% plus education cess and secondary and higher education cess @ 3% on the amount of tax and surcharge, on income distributed to persons other than individuals and HUFs.
- **In case of other than equity oriented fund, not being a money market mutual fund or a liquid fund (including infrastructure debt funds)**
 - @ 12.5% plus surcharge on such income tax @ 10% plus education cess and secondary and higher education cess @ 3% on the amount of tax and surcharge, on income distributed to individuals and HUFs from 1.4.2013 to 31.5.2013;
 - @ 25% plus surcharge on such income tax @ 10% plus education cess and secondary and higher education cess @ 3% on the amount of tax and surcharge, on income distributed to individuals and HUFs from 1.6.2013 onwards;
 - @ 30% plus surcharge on such income tax @ 10% plus education cess and secondary and higher education cess @ 3% on the amount of tax and surcharge, on income distributed to persons other than individuals and HUFs; and
 - @ 5% plus surcharge on such income tax @ 10% plus education cess and secondary and higher education cess @ 3% on the amount of tax and surcharge, on income distributed to a non-resident by an Infrastructure Debt Fund ('IDF') from 1.6.2013 onwards.

Proviso (b) to section 115R(2) of the Act specifically exempts equity oriented mutual funds from distribution tax on income distributed.

Further, in case of income already distributed by the Mutual Fund, the Trustee / AMC reserves the right to recover the additional income tax on distribution of income (if not already recovered or shortfall, if any) so paid from the unit holders of the respective Plan/ option.

The expression 'money market mutual fund' has been defined in Explanation (d) to section 115T of the Act which means a scheme of a Mutual Fund which has been set up with the objective of investing exclusively in money market instruments as defined in sub-clause (p) of clause (2) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.

The expression 'liquid fund' has been defined in Explanation (e) to section 115T of the Act which means a scheme or plan of a Mutual Fund which is classified by the SEBI as a liquid fund in accordance with the guidelines issued by it in this regard under the Securities and Exchange Board of India Act, 1992 or the regulations made thereunder.

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, infrastructure capital companies, infrastructure projects, 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.

Classification of the fund as an 'equity oriented fund' or 'other than equity oriented fund' for the purposes of the Act

The expression 'equity oriented fund' has been defined in Explanation (b) to section 115T of the Act to include a fund where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty-five per cent of the total proceeds of the fund. Further, as per the proviso to Explanation (b) to section 115T, the percentage of equity shareholding of the fund shall be computed with reference to the annual average of the monthly averages of the opening and closing figures.

II. To the unit holders:

Deduction from total income

Under section 80C of the Act, an assessee, being an individual or HUF, is eligible to claim a deduction up to an aggregate of Rs. 1 lakh on account of sums paid as subscription to units of an Equity Linked Savings Scheme ('ELSS').

ELSS refers to a scheme formulated under Equity Linked Savings Scheme, 2005 as notified by the Central Board of Direct Taxes, Ministry of Finance vide notification dated 3 November, 2005 as amended vide notification dated 13 December, 2005.

Under section 80CCG of the Act (as amended by the Finance Act, 2013), an assessee who is a resident individual with a gross total income of upto Rs. 12 lakhs can invest in eligible securities (which includes units of certain listed mutual funds schemes) under Rajiv Gandhi Equity Savings Scheme ('RGESS') in accordance with the scheme as notified by the Central Government and claim a tax benefit on 50% of the amount invested to the extent the deduction does not exceed Rs. 25,000. Deduction with respect to investment in RGESS is extended from one year to three consecutive years beginning with the year in which such units were first acquired. Investors may note that, eligibility for deduction under section 80CCG of the Act shall be subject to compliance with various provisions of the scheme as notified by the Central Government and other applicable tax laws.

Securities Transaction Tax

Under chapter VII of the Finance (No. 2) Act, 2004 the unit holder is liable to pay Securities Transaction Tax ('STT') on any 'taxable securities transaction' at the applicable rate. Taxable securities transactions include the purchase or sale of units of an equity oriented fund, entered into on the stock exchange or the sale of units of an equity oriented fund to the Mutual Fund.

The purchaser of the units of an equity oriented fund is not liable to pay STT w.e.f. 1 June, 2013, where the purchase is entered into on a recognized stock exchange and the contract for the purchase of such units is settled by the actual delivery or transfer of such units. Prior to this date, STT is chargeable at 0.1%.

The seller of the units of an equity oriented fund is liable to pay STT @ 0.001% w.e.f. 1 June, 2013 where the sale is entered into on a recognized stock exchange and the contract for sale of such units is settled by the actual delivery or transfer of such units. Prior to this date, STT is chargeable at 0.1%.

Further, the seller of the units is also liable to pay STT @ 0.025 % in the case of the sale of units of an equity oriented fund where the transaction is entered into on a recognized stock exchange and the contract for the sale of these units is settled otherwise than by the actual delivery or transfer of such units.

At the time of the sale of units of equity oriented fund to the Mutual Fund, the seller is required to pay STT @ 0.001% w.e.f 1 June, 2013. Prior to this date, STT on the same is chargeable at 0.25%.

STT is not applicable on purchase / sale / redemption of units other than equity oriented units.

STT is not deductible for the computation of capital gains. However, if it is held that gains on the sale of securities are in the nature of business profits, then for the purpose of computing the business income, an amount equivalent to the STT paid on the transaction value will be allowed as a deduction under section 36 of the Act, from the gains earned in computing the business income.

Incomes from units

Under the provisions of section 10(35) of the Act, any income (other than income arising from the transfer of units) received by any person on the units of the Mutual Fund is exempt from income tax.

Gains on transfer / redemption of units

Gains arising on transfer / redemption of units as well as from switching between schemes will be chargeable to tax under the Act. The characterization of income from investments in securities as 'business income' or 'capital gains' should be examined on a case-by-case basis.

o Business Income

Where the units of the Mutual Fund are regarded as business assets, then any gains arising from the transfer / redemption of units would be taxed under the head of "Profits and gains of business or profession" under section 28 of the Act. The gain / loss is to be computed under the head of "Profits and gains of business or profession" after allowing for normal business expenses (inclusive of the expenses incurred on the transfer).

Business income is chargeable to tax at the following rates:

Assessee	% of Income Tax
Individuals, HUFs, Association of Persons	Applicable Slab Rate
Partnership Firms, including Limited Liability Partnerships ('LLPs') & Indian Corporates	30%
Foreign Companies	40%

Unless specifically stated, the income-tax rates specified above and elsewhere in this document are exclusive of the applicable surcharge, education cess and secondary and higher education cess. The rates of surcharge applicable for assessment year 2014-15 are given below:

Type of Investor	Surcharge* rate as a % of income-tax		
	If income is less than Rs. 1 crores	If income exceeds Rs. 1 crore but less than Rs. 10 crores	If income exceeds Rs. 10 crores
Individual (including non-resident individuals, QFI-individuals), HUF, AOP & Partnership Firm	Nil	10%	
Domestic Company	Nil	5%	10%
Foreign Company / FII / QFI (corporate)	Nil	2%	5%
FII and QFI (non-corporate)	Nil	10%	

* Additionally, education cess and secondary and higher education cess is leviable @ 3% on the income tax and surcharge as computed above.

o Capital Gains

The mode of computation of capital gains would be as follows:

Sale Consideration	xxx
Less: Cost of Acquisition (Note 1)	(xxx)
Expenses on Transfer (Note 2)	(xxx)
Capital Gains	xxx

Note 1: In case of the computation of long term capital gains, the option of indexation of cost is available.

Note 2: This would include only expenses relating to transfer of units. Normal business expenses would not be allowed.

Capital gains arising on the transfer or redemption of units held for a period of more than 12 months would be regarded as 'long term capital gains' which otherwise would be 'short term capital gains'. In case of ELSS, the units are subject to a lock-in period of 3 years. Accordingly, any sale of units after this lock-in period will qualify as a long term capital gain.

• Long term capital gains

In the case of other than equity oriented fund, including a money market mutual fund or a liquid fund

As per section 112 of the Act, tax on income on long term capital gains arising from the transfer of units shall be lower of the following amount:

- 10% plus applicable surcharge and education cess @ 3% on the amount of tax and surcharge, on the long term capital gains computed without claiming indexation benefit as mentioned in second proviso of section 48 of the Act; or
- 20% plus applicable surcharge and education cess @ 3% on the amount of tax and surcharge, on the long term capital gains computed after substituting the indexed cost of acquisition for the cost of acquisition.

Further, long-term capital gains in the case of non-residents would be taxable @ 10% on the transfer of capital assets, being unlisted securities, computed without giving effect to the first and second proviso of section 48 i.e. without taking benefit of foreign currency fluctuation and indexation benefit.

The benefit of indexation will, however, not be available to specified offshore fund which is taxable @ 10% plus the applicable surcharge and education cess @ 3% on the total amount of tax and surcharge in terms of section 115AB of the Act.

The benefit of indexation will also not be available to Foreign Institutional Investors ('FII') who are taxed under section 115AD of the Act @ 10% plus applicable surcharge and education cess @ 3% on the total amount of tax and surcharge.

In cases where the taxable income, reduced by long term capital gains of a resident individual or HUF is below the taxable limit, the long term capital gain will be reduced to the extent of this shortfall and only the balance of the long term capital gain is chargeable to income tax.

The following deductions are available on long term capital gains arising on the transfer of Mutual Fund units, if the sale proceeds are invested in eligible avenues:

	Section 54 EC	Section 54F
Eligible persons	All assessee	Individual and HUFs
Asset to be purchased to claim exemption	Specified Bonds of National Highways Authority of India and Rural Electrification Corporation Limited (cap of Rs. fifty lakhs in a financial year)	Residential house property
Time-limit for purchase from date of sale of MF units	6 months	Purchase: 1 year backward / 2 years forward & Construction: 3 years forward
Amount Exempt	Investment in the new asset or capital gain whichever is lower	Capital gains proportionate to the investment made from the sale proceeds (subject to other conditions of owning / purchasing residential house mentioned in the section)
Lock-in period	3 years	3 years

The investment under section 54EC on account of which the exemption has been claimed from long term capital gains will not be available for deduction under section 80C of the Act.

In the case of equity oriented fund

Units of equity oriented funds (which may include ELSS) are subject to STT. Long term capital gains arising from the transfer of such units are exempt under section 10(38) of the Act. The Mutual Fund would recover the STT from the unit holder at the applicable rate.

- **Short term capital gains**

In the case of other than equity oriented fund, including a money market mutual fund or a liquid fund

Short term capital gains arising from the transfer of units of funds other than equity oriented scheme would be chargeable to tax as follow:

Short term capital gains are taxed at the normal rates applicable to each unit holder. In case where the taxable income as reduced by short term capital gains of a resident individual or HUF is below the taxable limit, the short term capital gain will be reduced to the extent of this shortfall and only the balance short term capital gain is chargeable to income tax.

In the case of an equity oriented fund

Short term capital gains arising from the transfer of units of an 'equity oriented fund' (as defined under section 115T of the Act), being subject to STT would be charged to tax under section 111A of the Act @ 15% (plus the applicable surcharge, education cess and secondary and higher education cess). The Mutual Fund would recover the STT from the unit holder at the applicable rate when the units are re-purchased by the Mutual Fund/ redeemed by the investor.

- **Capital losses**

Losses under the head capital gains cannot be set off against income under any other head. Further, within the head capital gains, losses arising from the transfer of long term capital assets cannot be adjusted against gains arising from the transfer of a short term capital asset. However, losses arising from the transfer of short term capital assets can be adjusted against gains arising from the transfer of either a long term or a short term capital asset.

Under section 10(38) of the Act, long term capital gains on sale of units of an equity oriented fund are exempt from income tax subject to certain conditions. Hence, losses arising from such transactions would not be eligible for set off against taxable capital gains.

Unabsorbed long term capital losses (other than the losses relating to sale of units of equity oriented fund as stated above) can be carried forward and set off against the long term capital gains arising in any of the subsequent eight assessment years. Unabsorbed short term capital losses can be carried forward and set off against the income under the head capital gains in any of the subsequent eight assessment years.

Minimum Alternate Tax/ Alternate Minimum Tax

The income on the transfer of Mutual Fund units by a company would be taken into account in computing the book profits and Minimum Alternate Tax, if any, under section 115JB of the Act (irrespective of whether or not it is exempt under section 10(38) of the Act).

The taxable income on transfer of Mutual Fund units would be taken into account in computing the Adjusted Total Income and Alternate Minimum Tax, if any, under section 115JC¹ of the Act.

Tax deduction at source on capital gains

- **Resident unit holders**

No income tax is required to be deducted at source from capital gains arising on transfer of units by resident unit holders.

- **In the case of other than equity oriented fund**

A) Non-Resident Individual unit holders

Tax is required to be deducted at source on payment of any sum chargeable under the provisions of the Act to a non-resident under section 195 of the Act at the following rates.

- On income by way of long term capital gains @ 20% (plus applicable surcharge and education cess). Further, long term capital gains in the case of non-residents would be taxable @ 10% on transfer of capital assets, being unlisted securities, computed without giving effect to the first & second proviso of section 48 i.e. without taking benefit of foreign currency fluctuation and indexation benefit.
- On income by way of short term capital gains @ 30% (plus applicable surcharge and education cess).
- A non-resident, eligible to claim treaty benefits, would be governed by the provisions of the Act to the extent that they are more beneficial. Accordingly, tax should be withheld as per the provisions of the Act or the provisions of the relevant Double Taxation Avoidance Agreement ('DTAA'), whichever is more beneficial to the assessee. However, the Unit holder will be required to provide appropriate documents to the Fund, in order to be entitled to a beneficial rate under such DTAA.
- As per section 90(4) of the Act, a non-resident shall not be entitled to claim treaty benefits, unless the non-resident obtains a Tax Residency Certificate ('TRC') of being a resident of his home country. Further, as per section 90(5) of the Act, non-resident is also required to provide such other documents and information, as may be prescribed.

B) Offshore fund unit holders

Under section 196B of the Act, tax shall be deducted at source from long term capital gains @ 10% plus applicable surcharge, education cess and secondary and higher education cess @ 3% on the amount of tax and surcharge.

Tax is required to be deducted at source under section 195 of the Act, on payment to a non-resident of any sum chargeable under the provisions of the Act at the applicable rates. A non-resident, eligible to claim treaty benefits, would be governed by the provisions of the Act to the extent that they are more beneficial. Accordingly, tax should be withheld as per the provisions of the Act or the provisions in the DTAA whichever is more beneficial to the assessee, subject to certain conditions. However, the unit holder will be required to provide appropriate documents to the Fund, in order to be entitled to a beneficial rate under the relevant DTAA.

As per section 90(4) of the Act, a non-resident shall not be entitled to claim treaty benefits, unless the non-resident obtains a Tax Residency Certificate ('TRC') of being a resident of his home country. Further, as per section 90(5) of the Act, a non-resident is also required to provide such other documents and information, as may be prescribed.

¹Section 115JC is applicable to all persons other than company which has claimed any deduction under Chapter VI-A under the heading 'C- Deductions in respect of certain incomes' (other than section 80P) or section 10AA.

- **In the case of an equity oriented fund for non-resident unit holders (including offshore fund unit holders)**

Tax is required to be deducted at source on payment of any sum chargeable under the provisions of the Act to a non-resident under section 195 of the Act at the following rates:

- Income from way of long term capital gains arising from the transfer of units, subject to STT, is exempt from tax.
- On income by way of short term capital gains arising from the transfer of units, subject to STT, taxable under section 111A of the Act @ 15% (plus applicable surcharge and education cess).

Tax is required to be deducted at source under section 195 of the Act, on payment a non-resident of any sum chargeable under the provisions of the Act at the applicable rates. A non-resident, eligible to claim treaty benefits, would be governed by the provisions of the Act to the extent that they are more beneficial than the DTAA. Accordingly, tax should be withheld as per the provisions of the Act or the provisions in the DTAA, whichever is more beneficial to the assessee, subject to certain conditions. However, the unit holder will be required to provide appropriate documents to the Fund, in order to be entitled to a beneficial rate under the relevant DTAA.

As per section 90(4) of the Act, a non-resident shall not be entitled to claim treaty benefits, unless the non-resident obtains a Tax Residency Certificate ('TRC') of being a resident of his home country. Further, as per section 90(5) of the Act, a non-resident is also required to provide such other documents and information, as may be prescribed.

- **Foreign Institutional Investors**

As per the provisions of section 196D of the Act, no deduction of tax shall be made from any income from capital gains arising from the transfer of securities referred to in section 115AD, payable to a FII.

Failure to provide Permanent Account Number ('PAN')

Section 206AA of the Act inserted by the Finance (No.2) Act, 2009 effective from 1 April, 2010 states that the deductee is required to furnish his PAN to the deductor failing which the deductor shall deduct tax at source at the higher of the following rates:

1. The rate prescribed in the Act;
2. The rate in force i.e., the rate mentioned in the relevant Finance Act; or
3. The rate of 20%.

Dividend stripping

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

Bonus stripping

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

The amount of loss ignored shall be deemed to be the cost of purchase / acquisition of the bonus units.

III. Religious and Charitable Trust

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

IV. New pension scheme

Any income, including gains from redemption of Mutual Fund units, received by any person for, or on behalf of, the New Pension System Trust (as established under the provisions of Indian Trust Act, 1882, on 27 February 2008), is exempt in the hands of such person under section 10(44) of the Act.

STT is not leviable in respect of taxable securities transactions entered into by any person for, or on behalf of, the New Pension System Trust referred to in section 10(44) of the Act.

V. Wealth-tax

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

VI. Gift-tax

The Gift -tax Act, 1958 was repealed on on 1 October, 1998. Gift of Mutual Fund units would be subject to income tax in the hands of the donee. As per section 56(2)(vii), receipts of securities, the fair market value of which exceeds fifty thousand rupees, without consideration or without adequate consideration is taxable as income in the hands of individuals / HUFs.

Further the above provision of section 56(2)(vii) shall not apply to any units received by the donee:

- (a) From any relative; or
- (b) On the occasion of the marriage of the individual; or
- (c) Under a will or by way of inheritance; or
- (d) In contemplation of death of the payer or donor, as the case may be; or
- (e) From any local authority as defined in the Explanation to clause (20) of section 10 of the Act; or
- (f) From any fund or foundation or university or other educational institution or hospital or other medical institution or any trust or institution referred to in clause (23C) of section 10 of the Act; or
- (g) From any trust or institution registered under section 12AA of the Act.

The definition of 'relative' has been amended vide the Finance Act, 2012, with retrospective effect from 1 October, 2009. The term 'relative' shall mean:

A] In the case of an Individual -

- (i) The spouse of the individual
- (ii) The brother or sister of the individual
- (iii) The brother or sister of the spouse of the individual
- (iv) The brother or sister of either of the parents of the individual
- (v) Any lineal ascendant or descendant of the individual
- (vi) Any lineal ascendant or descendant of the spouse of the individual
- (vii) The spouse of the person referred to in clauses (ii) to (vi), and

B] In case of a HUF, any member thereof.

B. Legal Information

(i) Anti Money Laundering

Kotak Mahindra Mutual Fund is committed to complying with the provisions of Prevention of Money Laundering Act, 2002 and the rules made thereunder. Further, SEBI has also issued guidelines on Anti Money Laundering which are required to be followed by the intermediaries. Kotak Mahindra Mutual Fund recognises the value and importance of creating a business environment that strongly discourages money launderers from using Kotak Mahindra Mutual Fund. To that end, certain policies have been adopted by KMAMCL.

(ii) Nomination Facility

In terms of SEBI Notification dated June 11, 2002 nomination can be made only by individuals on their on behalf, singly or jointly. If the Units are held jointly, all joint Unit Holders will sign the nomination form. Other than an individual, no person including but not limited to a Company, Body Corporate, PSU, AOP, BOI, Society, Trust, Partnership Firm, Karta of HUF and a holder of POA, Bank, FII and can nominate. Nomination is mandatory in case of single holding and if nomination is not provided by such investors then declaration to this effect is to be provided.

Unit holder can nominate (in the manner prescribed under the SEBI Regulations), maximum upto 3 (person(s) in whom the Units held by him/her shall vest in the event of his/her death. It shall be mandatory to indicate clearly percentage of allocation/share in favour of each of the nominees against their name and such allocation/share should be in whole numbers without any decimals making a total of 100 percent. In the event of the Unitholders not indicating the percentage of allocation/share for each of the nominees, the AMC, by invoking default option shall settle the claim equally amongst all the nominees.

By provision of this facility the AMC is not in any way attempting to grant any rights other than those granted by law to the nominee. A nomination in respect of the Units does not create an interest in the property after the death of the Unit holder. The nominee shall receive the Units only as an agent and trustee for the legal heirs or legatees as the case may be. It is, hereby, clarified that the nominees under the nomination facility provided herein shall not necessarily acquire any title or beneficial interest in the property by virtue of this nomination.

Unit Holder/s can, at the time an application is made or by subsequently writing to a Investor Service Centre, request for a Nomination Form in order to nominate any one person to receive the Units upon his/her death subject to the necessary completion of the necessary formalities eg. Proof of the death of the Unit Holder, signature of the nominee, furnishing proof of guardianship in case the nominee is a minor, execution of Indemnity Bond of or such other documents as may be required from the nominee in favour of and to the satisfaction of the Fund, the AMC, or the Trustee.

If the nominee is a minor, then the name and address of the guardian of such nominee shall be provided. An NRI can be a nominee subject to the Exchange Control Regulations from time to time. Other than an individual, no person including but not limited to Company, Body Corporate, PSU, AOP, BOI, Society, Trust (other than religious or charitable trust), Partnership Firm, Karta of HUF, Bank, FII, and a holder of POA can be a nominee.

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

Nomination shall not be allowed in a folio held on behalf of a minor. Nomination shall be mandatory for new folios/accounts opened on or after April 1, 2011 by individuals especially with sole holding and no new folios/accounts for individuals in single holding shall be opened without nomination. Those investors who do not wish to nominate must sign separately confirming their non-intention to nominate.

Unitholders may change/ cancel nomination any time by communicating the change using the prescribed form. Where a folio has joint holders, all joint holders should sign the request for change/cancellation of nomination, even if the mode of holding is not "joint". Nomination form cannot be signed by Power of Attorney (PoA) holders.

Transfer of Units/payment to the nominee of the sums shall be valid and effectual against any demand made upon the Trust/AMC and shall discharge the Trust/AMC of all liability towards the estate of the deceased Unit Holder and his/her successors and legal heirs, executors and administrators.

If the Fund or the AMC or the Trustee were to incur, suffer, or any claim, demand, liabilities, proceedings or actions are filed or made or initiated against any of them in respect of or in connection with the nomination, they shall be entitled to be indemnified absolutely for any loss, expenses, costs, and charges that any of them may suffer or incur absolutely from the investor's estate.

For Exchange Traded Funds and for units held in demat form: The unitholder will be entitled to the nomination facility offered by the depository with whom the unitholder has an account.

(iii) Operation of Minor Account

"On Behalf of Minor" Accounts: Where the account/folio (account) is opened on behalf of a minor, Kotak Mahindra Mutual Fund follows the below mentioned guidelines, for all new folios opened on or after April 1, 2011.

- (i) The minor shall be the first and the sole holder in an account.
- (ii) Guardian in the folio on behalf of the minor should either be a natural guardian (i.e. father or mother) or a court appointed legal guardian.
- (iii) Investment Application on behalf of Minor needs to mention the relationship status of the guardian as father, mother or legal guardian in the investment application form.
- (iv) It is mandatory to mention the date of birth of the minor in the Investment Application on behalf of Minor and the same must be mandatorily accompanied by any one of the below mentioned documents:

Birth certificate of the minor; or School leaving certificate / Mark sheet issued by Higher Secondary Board of respective states, ICSE, CBSE etc.; or Passport of the minor; or any other suitable proof evidencing the date of birth & relationship status of the guardian with minor; or in case of court appointed legal guardian, supporting documentary evidence shall be submitted

Minor Attaining Majority – Status Change: When the units are held on behalf of the minor and when the minor turns major, the minor turned major needs to submit below mentioned documents to update the status change in the AMC records & following guidelines shall be applicable for the same,

- (i) The account shall be frozen for operation by the guardian on the day the minor attains the age of majority and no transactions shall be permitted till the documents for changing the status are received.
- (ii) Existing standing instructions like SIP / STP / SWP in a minor folio shall continue till the actual date as per the mandate, even if the minor has attained majority. The same shall be terminated only after specific instructions from the major. However, for new SIP / STP / SWP registered on or after April 1, 2011, the standing instructions shall cease to continue with effect from the date on which minor attains the age of majority.
- (iii) List of documents required to change account status from minor to major:
 - Service Request Form/ Letter duly filled & signed by Major
 - New Bank mandate where account changed from minor to major
 - Signature attestation of the major by a manager of a scheduled bank / Bank Certificate / Letter
 - KYC acknowledgement of the major

Change in Guardian: When there is a change in guardian either due to mutual consent or demise of existing guardian, the documents required to be submitted for registering the new guardian are available on assetmanagement.kotak.com.

(iv) Transfer of Units

An Account Statement, stating the number of Units allotted, will be sent to each Unitholder within 30 (Thirty) days from the date of the closure of the New Fund Offer. The Account Statement will be non-transferable.

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.

Units held, either in the form of Account Statements or in the form of unit certificates, are non-transferable. The Trustee reserves

the right to make the Units transferable at a later date subject to the Regulations issued from time to time.

If the Unitholder so desires, the AMC shall issue the unit certificates to the applicant within six weeks of the receipt of request for the certificate, at the cost and expense of the Unitholder or otherwise, as may be decided from time to time. A unit certificate unless otherwise restricted or prohibited under the scheme concerned, shall be freely transferable by act of parties or by operation of law.

For Exchange Traded Funds and units held in demat form:

Units allotted under the above category, are transferable subject to the provisions of the Depositories Act, SEBI (Depository and Depository Participant) Regulations, 1996 and other applicable provisions.

All Units rank pari passu amongst Units within the Scheme/Option as to assets and earnings.

Units of all schemes of Kotak Mahindra Mutual Fund which are held in demat form shall be freely transferable under the depository system. However, restrictions on transfer of units of Kotak Tax Saver Scheme during the lock-in period shall continue to be applicable as per the ELSS Guidelines. Further, the investors under Kotak Tax Saver Scheme may specifically note that the units held under the scheme can only be transferred after a period of 3 years from the date of allotment of Units, whether it be in physical or demat mode.

(v) Transmission

In case Units are held in a single name by the Unit Holder, Units shall be transmitted in favour of the nominee where the Unit Holder has appointed a nominee upon production of death certificate or any other documents to the satisfaction of the Fund, AMC/Trustee or Registrar. If the Unit Holder has not appointed a nominee, the Units shall be transmitted in favour of the Unit Holder's executor/administrator of its estate/Legal heir(s) as the case may be on production of death certificate or any other documents to the satisfaction of the Fund, AMC/Trustee or Registrar.

In case Units are held jointly by more than one registered Unit Holder, then upon death of any one of the Unit Holder, Units shall be transmitted in favour of the surviving named Holder(s) on production of a death certificate or any other document to the satisfaction of the Fund, AMC/Trustee or Registrar.

The rights in the Units will vest in the nominee, if the joint holders have nominated any person, upon the death of all Joint Unit Holders upon the nominee producing a death certificate or any other document to the satisfaction of the Fund, AMC/Trustee or Registrar.

In case of transmission of Units, the claimant(s) of units will be required to submit the prescribed documents as may be applicable. Investors may refer the Fund's website (assetmanagement.kotak.com) for a ready reckoner matrix of various documents required.

For Exchange Traded Funds and units held in demat form: The unitholder will be entitled to subject to the transmission facility and procedure of the depository with whom the unitholder has an account.

(vi) Duration of the schemes and winding up of the schemes

The Schemes may be wound up if:

- There are changes in the capital markets, fiscal laws or legal system, or any event or series of event occurs, which, in the opinion of the Trustee, requires the Scheme to be wound up; or
- 75% of the Unitholders of the Scheme pass a resolution that the Scheme be wound up; or
- SEBI directs the Scheme to be wound up in the interests of the Unitholders.

Where the Scheme is to be wound up pursuant to the above Regulations, the Trustee shall give notice of the circumstances leading to the winding up of the Scheme:-

- to SEBI; and
- in two daily newspapers having circulation all over India and also in a vernacular newspaper circulating in the place where the Mutual Fund is established.

(vii) Procedure and manner of winding up

- a) The Trustee shall call a meeting of the Unitholders to consider and pass necessary resolutions by simple majority of the Unitholders present and voting at the meeting for authorising the Trustee or any other person to take steps for winding up the Scheme concerned.
- b) The Trustee or the person authorised as above, shall dispose off the assets of the Scheme concerned in the best interest of the Unitholders of that Scheme.
- c) The proceeds of the sale made in pursuance of the above, shall, in the first instance, be utilised towards discharge of such liabilities as are properly due under the Scheme and after making appropriate provision for meeting the expenses connected with such winding up, the balance shall be paid to the Unitholders in proportion to their respective interests in the assets of the Scheme as on the date when the decision for the winding up was taken.
- d) On completion of the winding up, the Trustee shall forward to the Board and the Unitholders, a report on the winding up containing particulars such as circumstances leading to the winding up, steps taken for the disposal of the assets of the Fund before winding up, expenses of the Fund for winding up, net assets available for distribution to the Unitholders and a certificate from the Auditors of the Scheme concerned.
- e) Notwithstanding anything contained herein, the provisions of the Regulations in respect of disclosure of half-yearly reports and annual reports shall continue to apply.
- f) After the receipt of the report referred to above under 'Procedure and Manner of Winding Up', if SEBI is satisfied that all measures for winding up of the Scheme concerned have been completed, the Scheme shall cease to exist.

(viii) Suspension of Redemption of Units

The redemption of Units may be suspended temporarily or indefinitely when any of the following conditions exist:

- The stock markets stop functioning or trading is restricted;
- Extreme volatility occurs in the stock markets / money market / debenture/bond market / foreign exchange market, which, in the opinion of the Investment Manager, is prejudicial or to the disadvantage to the interests of the investors;
- In case of mutual fund schemes that invest in foreign securities/units of foreign mutual funds, if any adverse situations that inhibit communications, transactions between India and the countries in which the investment is made.
- There is a natural calamity, civil strife, complete breakdown of law and order, war, act of God or force majeure; and or
- SEBI, by order, so directs.

In case of suspension of redemption, the approval of the Boards of Directors of the Trustee and the AMC, giving details of circumstances and justification for the proposed action shall be informed to SEBI in advance.

(ix) Right to Limit Redemption

The Board of Directors of the Trustee and/or the AMC may, in the general interest of the Unitholders and keeping in view the unforeseen circumstances/unusual market conditions, limit the total number of Units which may be redeemed on any Working Day to 5% of the total number of Units then issued and outstanding under the Scheme or to such other percentage as the said Boards may determine. In such a case, the approval of both the Boards, giving details of circumstances and justification for the proposed action shall be informed to SEBI in advance.

Any Units, which, by virtue of these limitations, are not redeemed on a particular Day, are carried forward for redemption to the next Day for which NAV is declared, in the order in which the requests for redemption were received. Redemptions so carried forward are priced on the basis of the Redemption Price of the Day on which redemption is made. Under such circumstances, to the extent multiple redemption requests are received at the same time on a single Working Day, redemptions will be made on pro-rata basis, based on the size of each redemption request, the balance amount being carried forward for redemption to the next Day(s) for which NAV is declared.

(x) Unclaimed Redemption and Dividend Amount

As per circular no. MFD/CIR/9/120/2000, dated November 24, 2000 issued by SEBI, the unclaimed redemption and dividend amounts shall be deployed by the Fund in call money market or money market instruments only. The investment management fee charged by the AMC for managing such unclaimed amounts shall not exceed 50 basis points. The circular also specifies that investors who claim these amounts during a period of three years from the due date shall be paid at the prevailing Net Asset Value.

Thus, after a period of three years, this amount can be transferred to a pool account and the investors can claim the said amounts at the NAV prevailing at the end of the third year.

In terms of the circular, the onus is on the AMC to make a continuous effort to remind investors through letters to take their unclaimed amounts.

The information on amount unclaimed and number of such investors for each Scheme shall be disclosed in the annual report sent to the Unitholders.

The AMC will invest the unclaimed redemption/dividend amounts under the Scheme in bank fixed deposits. In case of a request from the investor claiming the unpaid redemption/dividend amounts due to him; the investor will be paid the same along with the interest on such investment. Also the investors will be reminded through periodic communications to claim their unclaimed amounts. The AMC may charge fees for managing these unclaimed redemption/dividend amounts as permitted under the Regulations.

(xi) AMC to have right to set off redemption/dividend amounts

The AMC shall have right to set-off dividend amounts, redemption amounts or any other amounts that may be payable to an investor under the scheme:

- against redemption proceeds already paid by the AMC in respect of units created without realising the subscription amounts, and/or
- against any excess payment made to such investor, under the scheme or any other scheme of the mutual fund managed by the AMC in the same folio or any other folio of such investor in the Mutual fund.

(xii) Use of Intermediaries for dispatch of dividend and account statements

The mutual fund needs to use intermediaries such as Post Office, courier, banks and other intermediaries for correspondence with investor and for making investment with investor by cheque, draft, warrants, Direct credit, RTGS / NEFT, through ECS etc. The investor expressly agrees and authorize mutual fund to correspond with the investor or make payment to the investor through intermediaries including but not limited to post office, local and international couriers and banks. The investor clearly understands the mutual fund uses such intermediaries for the convenience of the investor and such intermediaries are agents of the investor and not the mutual Fund. The fund is not responsible for delayed receipt or non-receipt of any correspondence or payment through such intermediaries.

(xiii) Disclosure to Intermediaries

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

(xiv) Investors Personal Information

The AMC may share Investors' personal information with the following third parties:

- Registrar, Banks and / or authorised external third parties who are involved in transactions processing, despatches, etc., of investors' investment in the Scheme
- Distributors or Sub-brokers through whom applications of the investors are received for the Scheme or
- Any other organizations for compliance with any legal or regulatory requirements or to verify the identity of investor for complying with anti-money laundering requirements.

Account statements / financial information pertaining to the investor, if it is to be sent over the internet to the Unitholder, distributors or any other entity as indicated above, will be sent only through a secure means and / or through encrypted electronic mail.

(xv) Pledge of Units (except Kotak Tax Saver Scheme and Kotak Gold Fund)

The Units under the respective Scheme(s) (subject to completion of Lock-in Period, if any) may be offered as security by way of a

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

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

(xvi) For Units held in Electronic (Demat) Mode

For units of the Scheme(s) held in electronic (demat) form, the rules of Depository applicable for pledge will be applicable for Pledge/Assignment of units of the Scheme(s).

Pledgor and Pledgee must have a beneficial account with the Depository. These accounts can be with the same DP or with different Dps.

(xvii) Procedure for conversion of units held in Statement of Account mode to Demat mode and vice versa

Following are the steps involved in case investors desire to convert their existing physical units (represented by statement of account) into dematerialized form:

- Investors can obtain Conversion Request Form (CRF) from their Depository Participant (DP) and submit duly filled in CRF alongwith the Statement of Account to their DP.
- After due verification, the DP would send the CRF and Statement of Account to the Asset Management Company (AMC) / Registrar and Transfer Agent (RTA).
- The AMC / RTA after due verification will confirm the conversion request executed by DP and the mutual fund units will be credit in your demat account.

Rematerialization of Units will be in accordance with the provisions of SEBI (Depositories & Participants) Regulations, 1996 as may be amended from time to time.

C. General Information

(i) Underwriting

The Regulations provide that the Fund should obtain an approval/registration from SEBI under the Securities and Exchange Board of India (Underwriters) Regulations, 1993, and the Securities and Exchange Board of India (Underwriters) Rules, 1993, before entering into an underwriting agreement. Subject to Kotak Mahindra Mutual Fund obtaining such approval/ registration, the Schemes may accept obligations for underwriting issue of securities consistent with their respective investment objectives. As per the Regulations, the outstanding amount of underwriting shall not exceed the corpus of the relevant Scheme. The AMC may limit it to a lower proportion of the corpus after reviewing the market conditions from time to time.

(ii) Securities lending by the fund

If permitted by SEBI under extant regulations/guidelines, the Trustee may permit the fund to engage in securities lending.

Securities lending means the lending of securities to another person or entity for a fixed period of time, at a negotiated compensation in order to enhance returns of the portfolio. The borrower will return the securities lent on the expiry of the stipulated period or the lender can call the same back i.e. the scheme before its expiry. The fund may lend the securities for a specific period, to generate better returns on those stocks, which are otherwise bought with the intention to hold the same for a longer period of time.

(iii) Borrowing Power

To meet the temporary liquidity needs of the Schemes for the purpose of repurchase, redemption, or payment of income to Unitholders, the Scheme may borrow in accordance with Regulation 44(2), with the prior approval of Trustees. The Fund may tie up with various banks/institutions for the above-mentioned facility. The Scheme may offer schemes assets as collateral against the

borrowings and bear the interest and commitment charges charged on borrowings

(iv) Inter Scheme Transfer of Investments

Transfers of investments from one scheme to another scheme in the same mutual fund shall be allowed only if -

- a) such transfers are done at the prevailing market price for quoted instruments on spot basis.
Explanation: "spot basis" shall have same meaning as specified by stock exchange for spot transactions.
- b) the securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.

(v) Associate Transactions

During the normal course of business, services of Sponsor and associate companies are utilized from time to time. There is no undue or unfair advantage given to any of the associates.

Underwriting obligations with respect to issues of associate companies:

The Fund has neither invested in Group Companies, nor taken any underwriting obligations with respect to issues of associate companies.

Subscriptions made in issues lead managed, arranged or book-running lead managed by associate companies:

Following subscriptions have been made in issues lead managed, arranged or book-running lead managed by Kotak Mahindra Capital Company Limited during the period from April 1, 2010 to March 31, 2013.

Financial Year 2012-13		Amount Subscribed (Rs. in Lakhs)			
Security Instrument	Nature of Subscribed	Kotak Midcap	Kotak Balance Units Scheme 99	Kotak Monthly Income Plan	Kotak Multi Asset Allocation Fund
Godrej Industries Ltd	IPP	284.45	-	-	-
Credit Analysis And Research Ltd.	Book Building	-	16.65	10.82	55.16

IPP - Institutional Placement Programme

Financial Year 2011-12		Amount Subscribed (Rs. in Lakhs)			
Security Instrument	Nature of Subscribed	Kotak Balance	Kotak Multi Asset Allocation Fund	Kotak Monthly Income Plan	Kotak Select Focus Fund
Muthoot Finance Ltd.	Equity	28.18	100.38	70.33	26.36

Financial Year 2011-12		Amount Subscribed (Rs. in Lakhs)			
Security Instrument	Nature of Subscribed	Kotak Bond Short Term	Kotak Credit Opportunities	Kotak Floater Long Term	Kotak Liquid Scheme
Sesa Goa Ltd.	Debt	-	-	20,800.14	9,779.54
Srei Equipment Finance Private Ltd.	Debt	9,824.46	5,201.96	-	-

Financial Year 2010-11		Amount Subscribed (Rs. in Lakhs)		
Security Instrument	Nature of Subscribed	Kotak 50	Kotak Balance	Kotak Contra
Bajaj Corp Limited	Equity	-	-	-
Eros International Media Limited	Equity	-	319.55	-
Gujarat Pipavav Port Limited	Equity	-	-	-
Hindustan Media Ventures Ltd.	Equity	-	126.00	185.50
IDR of Standard Chartered PLC	Equity	-	-	96.72
SKS Microfinance Limited	Equity	-	313.72	-
Strides Arcolab Ltd.	Equity	-	46.59	36.00
Tecpro Systems Limited	Equity	-	319.50	-
Coal India Ltd.	Equity	3,797.50	580.65	98.00
Oberoi Realty Ltd	Equity	-	-	-
Tata Iron & Steel Co. Ltd.	Equity	-	-	-

Financial Year 2010-11		Amount Subscribed (Rs. in Lakhs)		
Security Instrument	Nature of Subscribed	Kotak Emerging Equity Scheme	Kotak Monthly Income Plan	Kotak Indo World Infrastructure Fund
Bajaj Corp Limited	Equity	-	1,110.78	-
Eros International Media Limited	Equity	529.55	788.90	-
Gujarat Pipavav Port Limited	Equity	-	-	903.80
Hindustan Media Ventures Ltd.	Equity	441.00	248.50	-
IDR of Standard Chartered PLC	Equity	-	-	249.60
SKS Microfinance Limited	Equity	539.88	717.08	-
Strides Arcolab Ltd.	Equity	43.63	43.20	-
Tecpro Systems Limited	Equity	-	1,144.88	585.75
Coal India Ltd.	Equity	-	1,678.25	1,911.00
Oberoi Realty Ltd	Equity	-	1,040.00	-
Tata Iron & Steel Co. Ltd.	Equity	-	-	579.50

Financial Year 2010-11		Amount Subscribed (Rs. in Lakhs)		
Security Instrument	Nature of Subscribed	Kotak Lifestyle	Kotak Midcap	Kotak Opportunities
Bajaj Corp Limited	Equity	-	-	-
Eros International Media Limited	Equity	546.35	399.70	999.95
Gujarat Pipavav Port Limited	Equity	-	-	-
Hindustan Media Ventures Ltd.	Equity	427.00	350.00	2,240.00
IDR of Standard Chartered PLC	Equity	97.76	-	1,761.76
SKS Microfinance Limited	Equity	539.88	-	-
Strides Arcolab Ltd.	Equity	-	-	-
Tecpro Systems Limited	Equity	-	-	-
Coal India Ltd.	Equity	-	-	2,499.00
Oberoi Realty Ltd	Equity	-	-	-
Tata Iron & Steel Co. Ltd.	Equity	-	-	1,464.00

Financial Year 2010-11		Amount Subscribed (Rs. in Lakhs)			
Security Instrument	Nature of Subscribed	Kotak Select Focus Fund	Kotak Tax Saver	Kotak Floater Long Term	Kotak Flexi Debt
Bajaj Corp Limited	Equity	-	-	-	-
Eros International Media Limited	Equity	-	700.00	-	-
Gujarat Pipavav Port Limited	Equity	-	-	-	-
Hindustan Media Ventures Ltd.	Equity	322.00	-	-	-
IDR of Standard Chartered PLC	Equity	145.60	148.72	-	-
SKS Microfinance Limited	Equity	779.14	-	-	-
Strides Arcolab Ltd.	Equity	-	391.78	-	-
Tecpro Systems Limited	Equity	-	-	-	-
Coal India Ltd.	Equity	-	-	-	-
Oberoi Realty Ltd	Equity	-	-	-	-
Tata Iron & Steel Co. Ltd.	Equity	320.25	-	-	-
Muthoot Finance Ltd	Debt	-	-	100.00	100.00

Brokerage paid to associates/related parties/group companies of Sponsor/AMC:

Name of associate / related parties/ group companies of Sponsor / AMC	Nature of Association / Nature of relation	Period covered	Value of transaction (in Rs. Cr. & % of total value of transaction of the fund)		Brokerage (Rs. Cr. & % of total brokerage paid by the fund)	
			Rs. (Cr.)	%	Rs. (Cr.)	%
Kotak Securities Ltd.	Associate	2012-13	929.17	0.38	0.50	6.17
Kotak Securities Ltd.	Associate	2011-12	786.00	0.38	0.70	5.53
Kotak Securities Ltd.	Associate	2010-11	1640.66	0.34	2.40	8.11

Commission paid to associates/related parties/group companies of Sponsor/AMC:

For the financial year 2012-13

Name of associate / related parties/ group companies of Sponsor / AMC	Nature of Association / Nature of relation	Period covered	Value of transaction (in Rs. Cr. & % of total value of transaction of the fund)		Commission (Rs. Cr. & % of total brokerage paid by the fund)	
			Rs. (Cr.)	%	Rs. (Cr.)	%
Kotak Securities	Associate	2012-2013	20,309.90	4.18	0.66	0.53
Kotak Mahindra Bank	Sponsor	2012-2013	38,762.92	7.97	12.81	10.22
Kotak Mahindra Prime Ltd	Associate	2012-2013	0.00	0.00	0.00	0.00
Kotak Mahindra (International) Ltd	Associate	2012-2013	783.81	0.16	0.74	0.59
Kotak Mahindra UK Ltd.	Associate	2012-2013	291.16	0.06	0.54	0.43

For the financial year 2011-12

Name of associate / related parties/ group companies of Sponsor / AMC	Nature of Association / Nature of relation	Period covered	Value of transaction (in Rs. Cr. & % of total value of transaction of the fund)		Commission (Rs. Cr. & % of total brokerage paid by the fund)	
			Rs. (Cr.)	%	Rs. (Cr.)	%
Kotak Securities Ltd.	Associate	2011-12	19,974.38	4.73	0.73	1.29
Kotak Mahindra Bank Ltd.	Sponsor	2011-12	52,462.23	12.42	5.21	9.18
Damascus Investment & Trading Co. Ltd.*	Associate	2011-12	40.25	0.01	0.00	0.00
Kotak Mahindra Inc.	Associate	2011-12	0.00	0.00	0.01	0.02
Kotak Mahindra (International) Ltd.	Associate	2011-12	2,182.23	0.52	0.77	1.36

For the financial year 2010-11

Name of associate / related parties/ group companies of Sponsor / AMC	Nature of Association / Nature of relation	Period covered	Value of transaction (in Rs. Cr. & % of total value of transaction of the fund)		Commission (Rs. Cr. & % of total brokerage paid by the fund)	
			Rs. (Cr.)	%	Rs. (Cr.)	%
Kotak Securities Ltd	Associate	2010-11	27,421.31	4.59	0.95	0.31
Kotak Mahindra Inc.	Associate	2010-11	0.00	0.00	0.03	0.01
Kotak Mahindra Bank Ltd	Sponsor	2010-11	61,606.47	10.31	5.42	1.79
Kotak Direct	Associate	2010-11	0.01	0.00	0.00	0.00
Damascus Investment & Trading Co. Ltd.*	Associate	2010-11	96.24	0.02	0.01	0.00
Kotak Mahindra (International) Ltd.	Associate	2010-11	1,312.09	0.22	1.11	0.37

These transactions were made at arms length and within the limits set by the Regulations, wherever applicable.

(vi) Documents Available for Inspection

The following documents will be available for inspection at the office of the Mutual Fund at 6th Floor Kotak Towers Building No 21, Infinity Park , Off W. E. Highway Goregaon - Mulund Link Road, Malad (East) Mumbai 400097 during business hours on any day (excluding Saturdays, Sundays and public holidays):

- Memorandum and Articles of Association of the AMC
- Investment Management Agreement

- Trust Deed and amendments thereto, if any
- Mutual Fund Registration Certificate
- Agreement between the Mutual Fund and the Custodian
- Agreement with Registrar and Share Transfer Agents
- Consent of Auditors to act in the said capacity
- Consent of Legal Advisors to act in the said capacity
- Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments from time to time thereto.
- Indian Trusts Act, 1882.

(vii) Investor Grievances Redressal Mechanism

History of Investor Queries/ Complaints for the period April 1, 2011 to August 31, 2013

These were mostly in the nature of issues and complaints and were attended to as follows:

Financial Year	2013-14			2012-13			2011-12		
	Compl- aints Recei- ved	Compl- aints Redre- ssed	Compl- aints Pend- ing	Compl- aints Recei- ved	Compl- aints Redre- ssed	Compl- aints Pend- ing	Compl- aints Recei- ved	Compl- aints Redre- ssed	Compl- aints Pend- ing
Kotak 50	30	30	0	27	27	0	101	101	0
Kotak Balance	9	8	1	6	6	0	3	3	0
Kotak Bond	20	20	0	19	19	0	1	1	0
Kotak Bond Short Term	2	2	0	2	2	0	3	3	0
Kotak Classic Equity	5	4	1	4	4	0	4	4	0
Kotak Income Opportunities Fund	2	2	0	2	2	0	1	1	0
Kotak Emerging Equity	3	3	0	3	3	0	6	6	0
Kotak Equity Arbitrage	2	2	0	2	2	0	-	-	-
Kotak Equity Fund of Funds	1	1	0	1	1	0	3	3	0
Kotak Flexi Debt	7	7	0	7	7	0	12	12	0
Kotak Floater Long Term	4	4	0	4	4	0	10	10	0
Kotak Floater Short Term	1	1	0	-	-	-	3	3	0
Kotak FMP 18M Series 4	-	-	-	-	-	-	1	1	0
Kotak FMP 18M Series 6	-	-	-	-	-	-	1	1	0
Kotak Gilt (Investment Regular)	7	7	0	5	5	0	3	3	0
Kotak Banking and PSU Debt Fund	3	3	0	2	2	0	3	3	0
Kotak Global Emerging Market	4	4	0	4	4	0	5	5	0
Kotak Monthly Income Plan	5	5	0	2	2	0	4	4	0
Kotak Indo World Infrastructure	1	1	0	1	1	0	27	27	0
Kotak Lifestyle	-	-	-	-	-	-	4	4	0
Kotak Liquid	-	-	-	-	-	-	6	6	0
Kotak Mid-Cap	11	11	0	8	8	0	23	22	1
Kotak Opportunities	19	19	0	17	17	0	69	69	0
Kotak QIP Series 2	-	-	-	-	-	-	1	1	0
Kotak QIP Series 4	-	-	-	-	-	-	2	2	0
Kotak QIP Series 6	-	-	-	-	-	-	1	1	0
Kotak Select Focus	30	29	1	25	25	0	22	21	1
Kotak Tax Saver	23	23	0	20	20	0	68	68	0
Kotak Wealth Builder Series1	-	-	-	-	-	-	25	25	0
Kotak Gold Fund	38	38	0	32	32	0	98	98	0
Kotak PSU Bank ETF	-	-	-	-	-	-	1	1	0

Financial Year	2013-14			2012-13			2011-12		
	Compl- aints Recei- ved	Comp- laints Redre- ssed	Comp- laints Pend- ing	Compl- aints Recei- ved	Comp- laints Redre- ssed	Comp- laints Pend- ing	Compl- aints Recei- ved	Comp- laints Redre- ssed	Compl- aints Pend- ing
Kotak FMP 24M Series 4	-	-	-	-	-	-	1	1	0
Kotak FMP 370 Days Series 9	1	1	0	1	1	0	2	2	0
Kotak FMP Series 29	-	-	-	-	-	-	1	1	0
Kotak FMP Series 32	-	-	-	-	-	-	1	1	0
Kotak FMP Series 33	-	-	-	-	-	-	1	1	0
Kotak FMP Series 40	-	-	-	-	-	-	1	1	0
Kotak FMP Series 44	-	-	-	1	1	0	-	-	-
Kotak FMP Series 46	1	1	0	1	1	0	-	-	-
Kotak FMP Series 49	-	-	-	-	-	-	2	2	0
Kotak FMP Series 57	-	-	-	2	2	0	1	1	0
Kotak FMP Series 58	2	2	0	2	2	0	12	12	0
Kotak FMP Series 59	-	-	-	-	-	-	2	2	0
Kotak FMP Series 60	-	-	-	-	-	-	1	1	0
Kotak FMP Series 63	-	-	-	-	-	-	2	2	0
Kotak FMP Series 64	-	-	-	-	-	-	3	3	0
Kotak FMP Series 65	-	-	-	-	-	-	3	3	0
Kotak FMP Series 66	-	-	-	1	1	0	1	1	0
Kotak FMP Series 74	1	1	0	1	1	0	2	2	0
Kotak FMP Series 77	-	-	-	-	-	-	7	7	0
Kotak FMP Series 78	-	-	-	-	-	-	1	1	0
Kotak Multi Asset Allocation Fund	-	-	-	-	-	-	5	5	0
Kotak Hybrid Fixed Term Plan Series 1	2	2	0	2	2	0	4	4	0
Kotak FMP Series 101	1	1	0	1	1	0	-	-	-
Kotak FMP Series 102	2	2	0	2	2	0	-	-	-
Kotak FMP Series 104	1	1	0	1	1	0	-	-	-
Kotak FMP Series 45	1	1	0	1	1	0	-	-	-
Kotak FMP Series 86	1	1	0	1	1	0	-	-	-
Multiple Scheme*	5	5	0	5	5	0	5	5	0
Kotak FMP Series 105	2	2	0	-	-	-	-	-	-
Kotak FMP Series 106	1	1	0	-	-	-	-	-	-
Kotak FMP Series 110	1	1	0	-	-	-	-	-	-
Kotak FMP Series 112	1	1	0	-	-	-	-	-	-
Kotak FMP Series 55	1	1	0	-	-	-	-	-	-
Grand Total	251	248	3	211	211	0	569	567	2

Multiple scheme - * the issue / complaint was with respect to more than one scheme of single folio / investor.

Investor grievances will normally be received at the AMC office or at any of the Investor Services Centres or directly by the Registrar. All grievances will then be forwarded to the Registrar, if required, for necessary action. The complaints will closely be followed up with the Registrar to ensure timely redressal and prompt investor service.

a) Meeting in Person

A responsible official of the Asset Management Company will be available every business day between 3.00 p.m. and 4.00 p.m. for a personal meeting with any Unitholder at the below mentioned office of the AMC. The purpose of this facility is to discuss the investment needs of the client, address any queries on the Mutual Fund and to provide other services.

b) Finding Solutions to Problems

The Fund will follow up with the Investor Service Centres and the Registrar on complaints and enquiries received from investors. The Fund will strive to speedily resolve investor complaints.

Mr. R. Chandrasekaran is the Investor Relations Officer for the Fund. All related queries should be addressed to:

Mr. R. Chandrasekaran

Kotak Mahindra Asset Management Company Limited

6th Floor Kotak Towers Building No 21, Infinity Park, Off. W. E. Highway Goregaon - Mulund Link Road

Malad (East) Mumbai 400097

Phone: 6638 4400

Fax: 6638 4455

e-mail: mutual@kotak.com

Notwithstanding anything contained in this Statement of Additional Information, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the guidelines thereunder shall be applicable.