

Sub: Scheme wise norms for the use of options and futures

The following changes will be effected in the Combined Offer Document.

Investment Limitation and Restrictions

Chapter IV – Investment of the Fund (Page 45)

In Chapter IV, 'Investment of the Fund', Paragraph 8, titled 'Investment Limitation and Restrictions', the following sentences will be added to point 8:

For the purpose of determining the above limits, gross long position, which will be a combination of positions of the underlying securities and stock derivatives, will be considered.

In point 9, the sentence "For the purpose..... will be considered" shall be replaced by the following:

For the purpose of determining the above limits, gross long position, which will be a combination of positions of the underlying securities and stock derivatives, will be considered.

In Chapter IV, 'Investment of the Fund', Paragraph 8, titled 'Investment Limitation and Restrictions' in the internal norms limiting exposure to scrips, sectors etc., under sub- paragraph 'Equity Schemes' point 7 will be replaced by the following point:

7. Scheme wise norms have been laid down as follows for the use of options and futures.

- The maximum derivatives net position should always be $\leq 50\%$ of Net Assets of the respective Scheme.
- In respect of Kotak 30, Kotak Tech and Kotak MNC, no derivatives positions (stock and index), requiring underlying cash/cash equivalents shall be taken in excess of 25% of the net assets of the respective Scheme, and no derivatives positions (stock and index), requiring holdings in underlying securities shall be taken in excess of 15% of the net assets or 25% of the equity portion of the respective scheme, whichever is lower.
- In respect of Kotak Balance, no derivatives positions (stock and index), requiring underlying cash/cash equivalents shall be taken in excess of 25% of the net assets and no derivatives positions (stock and index), requiring holdings in underlying securities shall be taken in excess of 15% of the net assets or 30% of the equity portion, whichever is lower.
- These limits shall apply at the time of making investments.
- The limits in derivatives positions as mentioned above may exceed due to reasons other than fresh positions. However, the positions shall not be allowed to exceed the following limits:
 - In respect of Kotak 30, Kotak Tech and Kotak MNC, 30% of the net assets of the respective Scheme in the case of positions (stock and index) requiring underlying cash/cash equivalents and 20% of the net assets or 30% of the equity portion of the respective Scheme at the beginning of the day, whichever is lower in the case of positions (stock and index), requiring holdings in underlying securities;
 - In respect of Kotak Balance, 30% of the net assets in the case of positions (stock and index) requiring underlying cash/cash equivalents and 20% of the net assets or 30% of the equity portion of the Scheme, whichever is lower in the case of positions (stock and index), requiring holdings in underlying securities.
- The limits on unblocked cash and stocks shall be as follows:
 - Cash:
 - In respect of Kotak 30, Kotak Tech and Kotak MNC, debt and money market component of the net assets excluding blocked cash/ cash equivalents shall not be less than 5% of the net assets of the respective Scheme;
 - In respect of Kotak Balance, debt and money market component of the net assets excluding blocked cash/ cash equivalents shall not be less than 30% of the net assets.
 - Stocks:
 - Unblocked stock position shall not be less than 40% of the net assets of the respective Scheme.
- The maximum limit for each long/short derivatives (stock/index) positions is as follows:

N O.	DERIVATI VE	ACTI ON	MAXIMUM LIMIT			
			KOTAK 30, KOTAK MNC, KOTAK TECH		KOTAK BALANCE	
			At time of Investment	At any point of time	At time of Investment	At any point of time
1	Index futures	Buy	25% of net assets	30% of net assets	25% of net assets	30% of net assets

2	Index futures	Sell	15% of net assets or 25% of equity portion of the Scheme, whichever is lower.	20% of net assets or 30% of equity portion of the Scheme, whichever is lower.	15% of net assets or 30% of equity portion of the Scheme, whichever is lower.	20% of net assets or 35% of equity portion of the Scheme, whichever is lower.
3	Index Options - Call	Buy	25% of net assets	30% of net assets	25% of net assets	30% of net assets
4	Index Options - Call	Sell	15% of net assets or 25% of equity portion of the Scheme, whichever is lower.	20% of net assets or 30% of equity portion of the Scheme, whichever is lower.	15% of net assets or 30% of equity portion of the Scheme, whichever is lower.	20% of net assets or 35% of equity portion of the Scheme, whichever is lower.
5	Index Options - Put	Buy	15% of net assets or 25% of equity portion of the Scheme, whichever is lower.	20% of net assets or 30% of equity portion of the Scheme, whichever is lower.	15% of net assets or 30% of equity portion of the Scheme, whichever is lower.	20% of net assets or 35% of equity portion of the Scheme, whichever is lower.
6	Index Options - Put	Sell	25% of net assets	30% of net assets	25% of net assets	30% of net assets
7	Stock futures	Buy	25% of net assets	30% of net assets	25% of net assets	30% of net assets
			Per scrip limit: 10% of net assets subject to existing gross long position which will be a combination of positions of the underlying security and stock derivatives.		Per scrip limit: 10% of net assets subject to existing gross long position which will be a combination of positions of the underlying security and stock derivatives.	
8	Stock futures	Sell	15% of net assets or 25% of equity portion of the Scheme, whichever is lower.	20% of net assets or 30% of equity portion of the Scheme, whichever is lower.	15% of net assets or 30% of equity portion of the Scheme, whichever is lower.	20% of net assets or 35% of equity portion of the Scheme, whichever is lower.
			Per Scrip limit: 100% of the particular stock holding in the portfolio subject to existing blocked stock.		Per Scrip limit: 100% of the particular stock holding in the portfolio subject to existing blocked stock.	
9	Stock options - Call	Buy	25% of net assets	30% of net assets	25% of net assets	30% of net assets
			Per scrip limit: 10% of net assets subject to existing gross long position which will be a combination of positions of the underlying security and stock derivatives.		Per scrip limit: 10% of net assets subject to existing gross long position which will be a combination of positions of the underlying security and stock derivatives.	
10	Stock options - Call	Sell	15% of net assets or 25% of equity portion of the Scheme, whichever is lower.	20% of net assets or 30% of equity portion of the Scheme, whichever is lower.	15% of net assets or 30% of equity portion of the Scheme, whichever is lower.	20% of net assets or 35% of equity portion of the Scheme, whichever is lower.
			Per Scrip limit: 100% of the particular stock holding in the portfolio subject to existing blocked stock.		Per Scrip limit: 100% of the particular stock holding in the portfolio subject to existing blocked stock.	
11	Stock options - Put	Buy	15% of net assets or 25% of equity portion of the Scheme, whichever is lower.	20% of net assets or 30% of equity portion of the Scheme, whichever is lower.	15% of net assets or 30% of equity portion of the Scheme, whichever is lower.	20% of net assets or 35% of equity portion of the Scheme, whichever is lower.
			Per Scrip limit: 100% of the particular stock holding in the portfolio subject to existing blocked stock.		Per Scrip limit: 100% of the particular stock holding in the portfolio subject to existing blocked stock.	
12	Stock options - Put	Sell	25% of net assets	30% of net assets	25% of net assets	30% of net assets
			Per scrip limit: 10% of net assets subject to existing gross long position which will be a combination of positions of the underlying security and stock derivatives.		Per scrip limit: 10% of net assets subject to existing gross long position which will be a combination of positions of the underlying security and stock derivatives.	

This addendum is an integral part of the Combined Offer Document.

**C. JAYARAM
DIRECTOR**