

KOTAK MAHINDRA KOTAK FLOATING RATE SCHEME – INTRODUCTION OF A WEEKLY DIVIDEND RE-INVESTMENT OPTION

SUB: INTRODUCTION OF WEEKLY DIVIDEND RE-INVESTMENT OPTION

Kotak Mahindra Floating Rate Scheme ('Kotak Floater') is an Open-ended Debt Scheme launched on July 03, 2003. Kotak Floater currently has two investment options namely Growth and Dividend Re-investment Options. Under the Dividend Re-investment Option, dividend is declared once a month, subject to adequacy and availability of distributable surplus. The record date is 12th of the month concerned. Dividend amounts declared under the Dividend reinvestment Option are compulsorily reinvested.

With a view to providing a choice to investors, it is proposed to introduce a Weekly Dividend Re-investment Option ('the Option'), where dividends will be declared, subject to adequacy and availability of distributable surplus, once a week. The record date will be every Monday (or the immediately following working day, if Monday as referred above is a non working day).

From the date of introduction of this Option, the existing Dividend Re-investment Option will be known as Monthly Dividend Re-investment Option.

On Feb 24, 2004, all eligible investors as mentioned in the section "Who can invest" in the Combined Offer Document will be eligible to subscribe to Units under the Option at Rs.10 per unit for cash. From Feb 25, 2004, the Units under the Option will be available for purchase/redemption/switches at prices related to the Applicable NAV of the Option.

The NAVs of all the above options will be different and separately declared, the portfolio of investments remaining the same. All other terms and conditions including Fundamental Attributes, Applicable NAVs, cut-off times, mode of payment, redemption proceeds, minimum amounts of purchase and redemption, minimum balance amount, computation of NAV, declaration of NAV, risk factors, valuation norms, accounting policies, etc., as may be amended from time to time subject to extant Regulations or within the discretionary powers of the Trustee relating to various matters, shall be as applicable to Kotak Floater.

ADDENDUM DATED FEBRUARY 24, 2004 TO THE MEMORANDUM CONTAINING KEY INFORMATION

This addendum sets out the features of the Weekly Dividend Re-investment Option introduced under Kotak Floater.

I INVESTMENT OBJECTIVES AND SCHEME INFORMATION (Page 8)

In the table, in Kotak Floater the following shall be specified in supercession of the current provision:

Options:	Growth, Weekly Dividend Re-investment, Monthly Dividend Re-investment
Dividends Frequency:	Weekly Dividend Re-investment, Monthly Dividend Re-investment

II. DIVIDEND/BONUS AND DISTRIBUTION (Page 19)

Under the heading 'Kotak Floater', the sub-paragraph 'Dividend Re-investment Option' will be renamed as 'Monthly Dividend Re-investment Option' and the following sub-paragraph will be inserted after the renamed sub-paragraph:

WEEKLY DIVIDEND RE-INVESTMENT OPTION

Under this Option, the Trustee may decide to distribute by way of dividend, the surplus by way of realised profit, dividends and interest, net of losses, expenses and taxes, if any, to Unitholders in the Option if such surplus is available and adequate for distribution in the opinion of the Trustee. The Trustee's decision with regard to such availability and adequacy of surplus, rate, timing and frequency of distribution shall be final. The Dividend will be declared once a week. The record date shall be every Monday (or the immediately following Working Day, if Monday is not a Working Day) and will be due to only those Unitholders whose names appear in the register of Unitholders in the above-mentioned Option on the record date. If the Trustee decides to change the record date to a day other than mentioned above, such record date will be announced in advance. Dividend amounts will be reinvested in the same Option at the Applicable NAV announced immediately after the record date. The dividend shall not be paid out.

All references to the existing Dividend Re-investment Option shall be deemed to be references to the Monthly Dividend Re-investment Option.

III REINVESTMENT OF DIVIDEND (Page 20)

The paragraph titled 'Reinvestment of dividend' be replaced with the following:

Any dividend declared under the Dividend Re-investment Option of Kotak Liquid Regular Plan, Weekly Dividend Re-investment and Monthly Dividend Re-investment Options of Kotak Floater, Weekly Dividend Re-investment and Daily Dividend Re-investment Options of Kotak Liquid Institutional Plan and Daily Dividend Re-investment Option of Kotak Liquid Institutional Premium Plan and Dividend Option of Kotak Bond Short Term Plan, will be reinvested in the Scheme/Plan/Option concerned. The dividend is not paid out. No entry Load is charged on Units purchased under the reinvestment option.

IV CHOICE OF SCHEME/PLAN/OPTION, WHERE APPLICABLE (Page 24)

Under the heading 'Choice of Scheme/Plan/Option, where applicable', the following shall be added to the second table under the paragraph:

Scheme/Plan	Plans available	Dividend Available	Frequency	Application accepted for (frequency)
Kotak Floater	-	Weekly & Monthly		Weekly

This addendum is an integral part of the Memorandum Containing Key Information.

**C. JAYARAM
DIRECTOR**
