

ADDENDUM DATED NOVEMBER 03, 2003 TO THE MEMORANDUM CONTAINING KEY INFORMATION

Sub: Introduction of Kotak Gilt Investment Provident Fund & Trust Plan.

Kotak Mahindra Kotak Gilt Unit Scheme 98 – Introduction of a Provident Fund and Trust Plan

Kotak Mahindra Gilt Unit Scheme 98 ('Kotak Gilt') is an open-ended dedicated Gilt scheme, which has three types of Plans viz. Savings Plan, Investment Plan and Serial Plans. The Investment Plan is suitable for investors who wish to invest in credit-risk free instruments and have a long-term savings/investment horizon. To facilitate investments by Provident Funds and other Trusts (as stated in paragraph, 'Who can Invest' below –'Eligible Investors'), it is proposed to introduce a new plan under Kotak Gilt viz., Kotak Gilt Investment - Provident Fund and Trust Plan ('the PF Plan'). With the introduction, the existing Investment Plan will be renamed as Kotak Gilt Investment - Regular Plan ('the Regular Plan'). The Regular Plan and the PF Plan will share a common portfolio.

The following are the key features of the PF Plan:

On the 11th November, 2003, Eligible Investors in the Regular Plan can switch all or part of their investments into PF Plan. On the aforesaid date,

- Eligible Investors in the Growth Option of the Regular Plan will be entitled to switch all or part of their investments in the said Growth Option to the Growth Option of the PF Plan at the Applicable Net Asset Value ('NAV') of the Growth Option of the Regular Plan.
- Similarly Eligible Investors in the Dividend Option of the Regular Plan will be entitled to switch all or part of their investments in the said Dividend Option to the Dividend Option of the PF Plan at the Applicable NAV of the Dividend Option of the Regular Plan.

From the 12th November, 2003, Units of the PF Plan will be available for purchase/switch-in to all Eligible Investors. Eligible investors may specify maturity date(s) of their investments in the Plan. They may also exercise the Right to Put their Units. The terms '**Maturity Date**' and '**Right to Put**' are explained below.

Investment Options:

There will be two options under PF Plan. They are:

Growth Option

Under this option, there will be no distribution of income and the return to investors will be only by way of capital gains, if any, through maturity of Units and/or exercise of the Right to Put, at prices related to Applicable NAV, of Units held by them.

Dividend Option

Under this option, the Trustee may declare dividend provided that there is adequate distributable surplus by way of realised profit, interest, and net of losses, expenses and taxes, if any. Unitholders will have the choice of reinvesting the dividend in the same Option.

Who can Invest?

The following are the Eligible Investors who can apply for purchase of Units in the PF Plan:

- All Provident Funds
- Religious and Charitable Trusts
- Trustees of private trusts authorised to invest in mutual fund Schemes under their trust deeds
- Superannuation, Pension, Welfare and Gratuity Funds

Minimum Subscription Amount:

Since the PF Plan is a plan within an existing Portfolio, the Fund does not have any target for minimum subscription amount.

Right to Put

A 'Liquidity Window' will be available on any working day between the 23rd of a particular month and the last calendar day of the same month (both days inclusive). Unitholders under the PF Plan will have a Right to Put (right to surrender) or switch-out, a part or all of their holdings (specified as Units or amount in Rupees) only during the 'Liquidity Window'.

The Trustees will have the right to alter the duration as well as the dates of the liquidity window at any time. A notice to this effect will be given by the AMC.

How to Put

Pre-printed put request forms will be sent to the Unitholders along with the Account Statement. These forms will also be available at any of the Investor Service Centres and at the office of the Registrar at Chennai.

The fully completed forms, can be submitted at any of the Investor Service Centres listed in the Offer Document or can be sent to the office of the Registrar at Chennai, in person or by post.

The Unitholder may either request mailing of the proceeds of the put to his/her address or to be retained at the ISC for collection by him/her. If the Unitholder has an account with a bank with whom a "D-Kredit" facility is available and the Unitholder opts for the facility, he can receive the amount by a direct credit to his bank account.

Maturity Date

At the time of investment, Unitholders in the PF Plan will have an option to specify maturity date(s) against each of their investment(s). Unitholders cannot at a later date alter the maturity date(s). The Unitholder can specify a single or multiple maturity date(s) for every investment made by him.

In an application if a maturity date is not specified by the Unitholder, the same will be considered to be an investment with no maturity date and the Unitholder can disinvest such Units only through the Right to Put.

In case the maturity date as specified by the Unitholder, is a non-working day, the immediately succeeding Working Day will be considered as a maturity date.

Maturity of investments can be specified only for Units and not for amounts.

In the case of reinvestment of dividend, the same will be made without a maturity date. Unitholders, however, will have an option to specify a maturity date for such reinvested Units within one month of the dividend reinvestment.

On the Maturity date, all Units due for maturity on that date will be extinguished and the proceeds at the Applicable NAV will be paid to the Unitholder.

Given below is an illustration to explain how the Right to Put and Maturity process will work:

INVESTOR TRANSACTIONS					EFFECT OF TRANSACTIONS			
Transaction Date	Description	Amount (Rs)	Prevailing Applicable NAV	Desired dates / units for Maturity	Transaction description	Units	Balance in the Folio	
							Units	Maturity Date
A	B	C	D	E	F	G	H	I
01/05/2003	Investment of Funds	1,000,000	10.0000	60% units on 31-12-2003	Purchase of Units	100,000.000	60,000.000	31/12/2003
				40% units on 31-01-2004			40,000.000	31/01/2004
25/06/2003	Need funds for Settlement of dues	-200,000	10.1055	NA	Put exercised	-19,791.203	40,208.797	31/12/2003
							40,000.000	31/01/2004
05/08/2003	Investment of Funds	1,000,000	10.1849	31/03/2004	Purchase of Units	98,184.567	40,208.797	31/12/2003
							40,000.000	31/01/2004
							98,184.567	31/03/2004
25/09/2003	Need funds for Settlement of dues	-150,000	10.2846	NA	Put exercised	-14,584.913	25,415.087	31/12/2003
							40,000.000	31/01/2004
							98,184.567	31/03/2004
28/11/2003	Need funds for Settlement of dues	-500,000	10.3713	NA	Put exercised	-48,209.964	-	31/12/2003
							17,205.123	31/01/2004
							98,184.567	31/03/2004
31/12/2003	Maturity of 60% investment	-	10.4768	NA	No transaction processed as all units for this maturity date have been put	-	-	31/12/2003

	dated 01-05-03						17,205.123	31/01/2004
							98,184.567	31/03/2004
31/01/2004	Maturity of 40% investment dated 01-05-03	181,325	10.5390	NA	Maturity of Units	17,205.123	-	31/01/2004
							98,184.567	31/03/2004
31/03/2004	Maturity of investment made as on 05-08-03	1,046,677	10.6603	NA	Maturity of Units	98,184.567	-	31/03/2004

Notes: The NAVs shown above are assumed figures for the purpose of illustration only and the actual NAVs may be higher or lower.

Explanation of the table above:

1. In case of Purchase of Units, the Units allotted (G) are calculated as Investment of Funds (C) ÷ Applicable NAV (D)
2. Also, the Maturity amounts (C) on 31-01-2004, 31-03-2004 and 31-05-2004 are derived as Units maturing on that date (H) x Applicable NAV (D)
3. Where a rupee amount is specified for a right to put, the number of Units will be derived by dividing the amount specified (C) by the Applicable NAV (D) of the Put date.
4. When Units are Put by the Investor, Units – on a First-In-First-Out (FIFO) basis – will be consumed out of the first purchase (irrespective of the maturity date of such purchase). As such, the Units from the first purchased lot will stand reduced for the purpose of their maturity on the Maturity date.
5. If because of single or multiple Puts, the balance in a purchased lot becomes NIL, then on the Maturity date, no units will be matured. Please see the instance of 60% Units, which should have matured on 31-12-2003 in the above example.

The Unitholders will not be able to avail of the redemption facility. However, all other provisions as applicable to Redemption of Units under the Regular Plan will be applicable to Units put / matured.

Recurring Investment Facility (RIF), Recurring Withdrawal Facility (RWF) and Recurring Transfer Facility (RTF)

Unitholders can avail of the RIF, RWF and RTF facilities. However RWF and RTF can be availed only during the liquidity window of the respective month or quarter. In the application form of RIF, only one maturity date can be specified for all the purchases.

Mode of Payment:

All cheques and drafts should be made out in favour of **“Kotak Gilt Investment”**

All other terms and conditions relating to the mode of payment as mentioned for the Regular Plan in the Combined Offer Document under the paragraph “Mode of Payment” will be applicable to PF Plan.

Load Structure:

No Entry Load will be charged on purchases of Units in PF Plan and no Exit Load, on exercise of Right to Put / maturity. The Trustee may, however, at their discretion introduce entry/exit load or modify the load structure in future. Any change in load or CDSC on investments by Unitholders will be applicable on a prospective basis.

Recurring Expenses:

The estimate of the ongoing fees and expenses of operating the PF Plan on an annual basis, expressed as a percentage of the amount of PF Plan's daily average net assets is given in the table below. The purpose of the table is to assist the investor in understanding the various heads of costs and expenses that an investor in the PF Plan will bear directly or indirectly.

Recurring Expenses	
Description	(% per annum of daily average net assets)
Investment Management and Advisory Services Fees payable to AMC	1.000%
Trustee Fees	0.050
Custodian Fees	0.020
Marketing and Selling Expense (incl. Agents commission)	0.280
Registrar and Transfer Agent Fees	0.140

Transaction costs	0.005
Audit Fees	0.020
Costs related to investor communications	0.030
Cost of Funds transfer	0.005
Cost of providing a/c statements, dividends etc.	0.005
Cost of statutory advertisements	0.010
Other expenses	0.005
Service Tax	0.080
TOTAL ANNUAL RECURRING EXPENSES (ESTIMATED)	1.650

These estimates are made in good faith by the Investment Manager and are subject to change, both inter se and as an increase or decrease in the estimated total annual recurring expenses. Though the Investment Manager will make efforts to keep the recurring expenses to the minimum, actual expenses under any head and / or the total expenses may be more or less than the estimates. The Investment Manager retains the right to charge the actual expenses to the Fund, however the expenses charged will not exceed the statutory limit prescribed by the Regulations.

The above estimates are based on an amount of Rs. 10 crores for the PF Plan and will change to the extent assets are lower or higher.

Fundamental Attributes:

The Fundamental attributes and the terms of changes therein will be as mentioned in the Combined Offer Document under the paragraph "Fundamental Attributes and Changes Therein".

Other Terms:

All other terms and conditions of the PF Plan, including risk factors, valuation norms, accounting policies, Applicable NAV, NAV computation, income distribution policy, cut-off times, payment of redemption proceeds, minimum purchase, redemption and balance amounts, etc. will be as applicable for the Regular Plan of Kotak Gilt. These terms and conditions may be amended from time to time subject to extant Regulations or within the discretionary powers of the Trustee relating to various matters and till such amendment, remain as applicable to the Regular Plan as mentioned above. Any amendment in the terms and conditions of any other Plan under Kotak Gilt will not be applicable to the PF Plan, unless otherwise specifically mentioned.

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

**C. JAYARAM
DIRECTOR**