



## Kotak Mahindra Mutual Fund

5A, 5th Floor, Bakhtawar, 229, Nariman Point, Mumbai 400 021

### OFFER DOCUMENT

## KOTAK FMP SERIES 27

*Close-Ended Debt Scheme*

### NEW FUND OFFER

**Units at Rs. 10 each for Cash**

**Offer Opens On : May 30, 2006**

**Offer Closes on : May 31, 2006**

#### THE SPONSOR

**Kotak Mahindra Bank Ltd.**

36-38A, Nariman Bhavan,  
227, Nariman Point, Mumbai - 400 021

#### THE TRUSTEE

**Kotak Mahindra Trustee Co. Ltd.**

5A, 5th Floor, Bakhtawar,  
229, Nariman Point, Mumbai - 400 021

#### THE ASSET MANAGEMENT COMPANY

**Kotak Mahindra Asset Management Co. Ltd.**

5A, 5th Floor, Bakhtawar,  
229, Nariman Point, Mumbai - 400 021

#### THE REGISTRAR

**Computer Age Management  
Services Private Limited**

A&B Lakshmi Bhawan,  
609, Anna Salai,  
Chennai - 600 006

#### CUSTODIANS

**Deutsche Bank AG**

Kodak House, 222, Dr. D. N. Road,  
Fort, Mumbai - 400 001

**Standard Chartered Bank**

23/25 M. G. Road,  
Mumbai - 400 001

#### THE AUDITORS TO THE SCHEME

**Price Waterhouse**

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

#### INVESTORS SHOULD NOTE THAT

- This Offer Document sets forth concisely the information about the Scheme that a prospective investor ought to know before investing. Investors should carefully read the Offer Document before making an investment decision.
- This Offer Document remains effective until a material change occurs. Material changes will be filed with SEBI and circulated to all Unitholders.
- The Scheme particulars have been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended till date and the Offer Document has been filed with SEBI. The Units offered for public subscription have neither been approved nor disapproved by SEBI, nor has SEBI certified the accuracy or adequacy of this Offer Document.

**Please retain this Offer Document for future reference.**

**THE DATE OF THIS OFFER DOCUMENT IS MAY 25, 2006.**

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# I. HIGHLIGHTS, RISK FACTORS AND DUE DILIGENCE

|   |  |
|---|--|
| <b>Features</b>                                 | <b>KOTAK FMP SERIES 27</b>   |
| <b>Structure</b>                                | Close-Ended Debt Scheme  |
| <b>Investment Objective</b>                     | The investment objective of the Scheme is to generate returns through investments in debt and money market instruments with a view to significantly reduce the interest rate risk. |
| <b>Suitable for</b>                             | The investors who seek to significantly reduce the interest rate risk by remaining invested in the Scheme till its maturity.   |
| <b>Liquidity</b>                                | Commencing not later than 30 (Thirty) days from the closure of the New Fund Offer, the Scheme will offer Redemption at prices related to Applicable NAV on each Working Day.       |
| <b>Duration of New Fund Offer of the Scheme</b> | Not more than 30 (Thirty) days.  |
| <b>Maturity of the Scheme</b>                   | 120 days after the date of allotment.  |
| <b>Investment in</b>                            | Debt / Money Market Instruments and Government Securities, normally maturing in line with the maturity profile of the Scheme.  |
| <b>Initial Offer Price of Units</b>             | Rs. 10 per Unit for Cash.  |
| <b>Options</b>                                  | Growth Option<br>Dividend Option (Dividend will be declared subject to the availability and adequacy of the distributable surplus)   |
| <b>Load</b>                                     | Entry - Nil<br>Exit - 0.50% if redeemed before maturity date of the Scheme   |
| <b>Minimum Amount of Purchase</b>               | Rs. 5,000 /- (Rs. Five Thousand only)  |
| <b>Minimum Amount of Redemption</b>             | Rs.1,000/- (Rs. One Thousand only) or 100 Units  |

## **Tax implications as per the provisions of Income Tax Act, 1961 and Wealth Tax Act, 1957, prevailing as on April 27, 2006:**

- No TDS on redemption irrespective of amount redeemed, for Unit holders Resident in India.
- Investments in the Scheme are exempt from Wealth Tax.
- If the unit is held for 12 months or less, the resultant gain if any, is treated as short term capital assets. Short term gain arising to unit holder which will be taxed at the normal rate, applicable to that unit holder, as per the provision of the Act.
- Dividends received under the Scheme are exempt from income tax in the hands of investors and the Scheme will pay dividend distribution tax which will be charged to the Scheme.

## **RISK FACTORS**

- Mutual Funds and securities investments are subject to market risks and there is no assurance or guarantee that the objectives of the Scheme will be achieved.
- As with any securities investment, the NAV of the Units issued under the Scheme can go up or down depending on the factors and forces affecting the debt and money markets.
- Past performance of the Sponsor/Fund/AMC or that of any Schemes of the Fund does not indicate the future performance of the Schemes of the Fund.
- KOTAK FMP SERIES 27 is only the name of the Scheme and does not in any manner indicate the quality of the Scheme, its future prospects or returns.
- The NAV of the Units issued under the Scheme may be affected, inter-alia, by changes in the market, interest rates, changes in credit rating, trading volumes, settlement periods and transfer procedures; the NAV is also exposed to Price/Interest-Rate Risk and Credit Risk and may be affected inter-alia, by government policy, volatility and liquidity in the money markets and pressure on the exchange rate of the rupee.
- Tax laws may change, affecting the return on investment in Units.
- In the event of receipt of a very large number of redemption requests or very large value redemption requests or of a restructuring of the Scheme portfolio, there may be delays in the redemption of Units. Please refer to the paragraph, 'Right to limit Redemption' in this Offer Document.
- As per SEBI Circular No. SEBI/IMD/CIR No.10/22701/03 dated December 12, 2003, the Scheme shall have a minimum of 20 investors and no single investor shall account for more than 25% of the corpus of the Scheme on the date of allotment. In case of non-fulfillment with either of the above two conditions, the investor's money would be refunded, in full, immediately after the close of the New Fund Offering of the Scheme.

### **Scheme Specific Risk Factors and Special Considerations:**

- a) The Scheme will invest entirely in Debt/ Money Market Instruments and Government securities. Liquidity in these investments may be affected by trading volumes, settlement periods and transfer procedures. These factors may also affect the Scheme's ability to make intended purchases/sales, cause potential losses to the Scheme and result in the Scheme missing certain investment opportunities.
- b) Different types of securities in which the scheme would invest as given in the offer document carry different levels and types of risk. Accordingly the scheme's risk may increase or decrease depending upon its investment pattern. E.g. corporate bonds carry higher amount of risk than government securities. Further, even among corporate bonds, bonds, which are AAA rated, are comparatively less risky than bonds, which are AA rated.
- c) The Scheme may from time to time invest in domestic securitised debt, for instance, in asset backed securities or mortgage backed securities. Typically, investments in securitised debt carry credit risk (where credit losses in the underlying pool exceed credit enhancement provided) and the reinvestment risk (which is higher as compared to the normal corporate or sovereign debt). The underlying assets in securitised debt are receivables arising from automobile loans, personal loans, loans against consumer durables, loans backed by mortgage of residential / commercial properties, etc.

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

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

The Scheme may upto a maximum of 50% of the debt component invest in domestic securitised debt. However, no investments will be made in foreign securitised debt. Broadly following types of loans are securitised:

- Auto Loans (cars / commercial vehicles /two wheelers)
- Residential Mortgages or Housing Loans
- Consumer Durable Loans
- Personal Loans

#### **Auto Loans**

The underlying assets (cars etc.) are susceptible to depreciation in value whereas the loans are given at high loan to value ratios. Thus, after a few months, the value of asset becomes lower than the loan outstanding. The borrowers, therefore, may sometimes tend to default on loans and allow the vehicle to be repossessed.

These loans are also subject to model risk. i.e. if a particular automobile model does not become popular, loans given for

financing that model have a much higher likelihood of turning bad. In such cases, loss on sale of repossession vehicles is higher than usual.

Commercial vehicle loans are susceptible to the cyclicity in the economy. In a downturn in economy, freight rates drop leading to higher defaults in commercial vehicle loans. Further, the second hand prices of these vehicles also decline in such economic environment.

#### **Housing Loans**

Housing loans in India have shown very low default rates historically. However, in recent years, loans have been given at high loan to value ratios and to a much younger borrower classes. The loans have not yet gone through the full economic cycle and have not yet seen a period of declining property prices. Thus the performance of these housing loans is yet to be tested and it need not conform to the historical experience of low default rates.

#### **Consumer Durable Loans**

- The underlying security for such loans is easily transferable without the bank's knowledge and hence repossession is difficult.
- The underlying security for such loans is also susceptible to quick depreciation in value. This gives the borrowers a high incentive to default.

#### **Personal Loans**

These are unsecured loans. In case of a default, the bank has no security to fall back on. The lender has no control over how the borrower has used the borrowed money. Further, all the above categories of loans have the following common risks:

- All the above loans are retail, relatively small value loans. There is a possibility that the borrower takes different loans using the same income proof and thus the income is not sufficient to meet the debt service obligations of all these loans.
- In India, there is no ready database available regarding past credit record of borrowers. Thus, loans may be given to borrowers with poor credit record.
- In retail loans, the risks due to frauds are high.

### **EXPLANATORY NOTE ON SPECIFIC RISKS IN DEBT MARKETS AND CAPITAL MARKETS**

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

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

#### **a) Credit Risk:**

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

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

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

**Sovereign Risk:** The Federal Government of a country (i.e. Central Govt. in case of India) is the issuer of the local currency in that country. The Government raises money to meet its Capital and Revenue expenditure by issuing Debt or Discounted Securities. Since payment of interest and principal amount has a sovereign status implying no default, such securities are known as securities with sovereign credit. For domestic borrowers and lenders, the credit risk on such Sovereign credit is near zero and is popularly known as "risk-free security" or "Zero-Risk security". Thus Zero-Risk is the lowest risk, even lower than a security with "AAA" rating and hence commands a yield, which is lower than a yield on "AAA" security.

**b) Price-Risk or Interest-Rate Risk:**

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

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

The following table indicates the likely impact of interest rate changes on prices of Government Securities. It will be seen that if interest rate rises by 1%, the prices of Government Securities fall in the range of 0.48% and 6.70% of the prices. On the other hand, if the interest rate declines by 1%, the

prices rise in the range of 0.49% to 7.33% for respective maturities shown by way of an illustration in the table below.

| Existing Government Securities |               | If Interest rate changes by         |            |
|--------------------------------|---------------|-------------------------------------|------------|
| Security Maturity              | Coupon % p.a. | 1% point ↑<br>then Price changes by | 1% point ↓ |
| 6 Month                        | 6.70          | 0.48% ↓                             | 0.49% ↑    |
| 12 Month                       | 6.80          | 0.94% ↓                             | 0.96% ↑    |
| 3 Year                         | 7.05          | 2.62% ↓                             | 2.71% ↑    |
| 5 Year                         | 7.14          | 4.04% ↓                             | 4.25% ↑    |
| 10 Year                        | 7.32          | 6.70% ↓                             | 7.33% ↑    |

The NAV of the Units of the Scheme can go up or down due to the price fluctuations caused by various factors that affect the money markets.

Floating rate securities issued by a government (coupon linked to treasury bill benchmark or a real return inflation linked bond) have the least sensitivity to interest rate movements, as compared to other securities. The Government of India has already issued a few such securities and the Investment Manager believes that such securities may become available in future as well. These securities can play an important role in minimizing interest rate risk on a portfolio.

**c) Risk of Rating Migration:**

The following table illustrates the impact of change of rating (credit worthiness) on the price of a hypothetical AA rated security with a maturity period of 3 years, a coupon of 7.50% p.a. and a market value of Rs. 100. If it is downgraded to A category, which commands a market yield of, say, 8.50% p.a., its market value would drop to Rs. 97.44 (i.e. by 2.56%). If the security is up-graded to AAA category which commands a market yield of, say, 6.50% p.a. its market value would increase to Rs. 102.64 (i.e. by 2.64%). The figures shown in the table are only indicative and are intended to demonstrate how the price of a security can be affected by change in credit rating.

| Rating             | Yield (% p.a.) | Market Value (Rs.) |
|--------------------|----------------|--------------------|
| AA                 | 7.50           | 100.00             |
| If upgraded to AAA | 6.50           | 102.64             |
| If downgraded to A | 8.50           | 97.44              |

**d) Basis Risk:**

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

**e) Spread Risk:**

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

**f) Reinvestment Risk:**

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

**g) Currency Risk / Potential Loss associated with Offshore Investments**

Should the Scheme be permitted to invest in offshore securities, such investments run currency risk in addition to other risks faced by the investments, investments made in US dollar or any other foreign currency denominated securities may lose in value if the Indian rupee appreciates with respect to the foreign currency or gain in value if the Indian rupee depreciates. In case of offshore investments the risk shall also include country risk associated with an investment. Country risk would include events such as introduction of extraordinary exchange control, economic deterioration and bilateral conflict leading to immobilisation of the assets.

**h) Liquidity Risk:**

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

**i) Potential Loss associated with Derivative Trading pertaining to Debt Markets**

The use of an Interest Rate Swap ('IRS') does not eliminate the credit (default) risk on the original investment. While the fixed to floating rate IRS reduces interest rate risk caused by rise in interest rates, it also restricts the profit in case interest rates decline. In case of a floating to fixed rate swap, any subsequent rise in interest rates will result in a loss like in any fixed rate investment. Any IRS carries, the risk of default of the counterparty to the swap, which may lead to a loss. Such loss is usually, a small proportion of the notional principal amount of the swap.

All the above factors may not only affect the prices of securities but also the time taken by the Fund for redemption of Units, which could be significant in the event of receipt of a very large number of redemption requests or very large value

redemption requests. The liquidity of the assets may be affected by other factors such as general market conditions, political events, bank holidays and civil strife. In view of this, redemption may be limited or suspended after approval from the Boards of Directors of the AMC and the Trustee, under certain circumstances as described elsewhere in this Offer Document.

**Scheme Specific Risk Factors**

The portfolio of Kotak FMP Series 27, will comprise of securities issued by central and state government as also debt securities issued by corporates as mentioned under the paragraph 'the risk profile and investment pattern'. All such securities will normally mature in line with the maturity profile of the respective scheme. As the securities are normally held to maturity, the interest rate risk is significantly mitigated. Different types of securities in which the Scheme would invest as given in the offer document carry different levels and types of risk. Accordingly the scheme's risk may increase or decrease depending upon its investment pattern. For e.g., corporate bonds carry a higher amount of risk than government securities. Further even among corporate bonds, bonds, which are AAA rated, are comparatively less risky than bonds, which are AA rated. The debt securities issued by the corporates do carry a credit risk as also the liquidity risk.

**DUE DILIGENCE CERTIFICATE**

It is confirmed that:

1. The draft Offer Document forwarded to SEBI is in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended up to date and the guidelines and directives issued by SEBI from time to time;
2. All legal requirements connected with the launching of the Scheme as also the guidelines, instructions, etc., issued by the Government and any other competent authority in this behalf, have been duly complied with;
3. The disclosures made in the Offer Document are true, fair and adequate to enable the investors to make a well informed decision regarding investment in the Scheme;
4. According to the information given to us, Computer Age Management Services (Pvt.) Limited, the Registrar and Transfer Agent, is registered with SEBI and till date such registration is valid; and
5. According to the information given to us, Deutsche Bank AG, and Standard Chartered Bank, the Custodians, are registered with SEBI and till date such registration is valid.

For **Kotak Mahindra Asset Management Company Limited**

Investment Manager -  
Kotak Mahindra Mutual Fund

**V. R. Narasimhan**  
Compliance Officer

Place : Mumbai  
Date : May 25, 2006

## II. DEFINITIONS AND ABBREVIATIONS

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

|  |   |
|--|---|
| <b>Asset Management Company or AMC or Investment Manager</b> | Kotak Mahindra Asset Management Company Limited, the Asset Management Company incorporated under the Companies Act, 1956, and authorised by SEBI to act as Investment Manager to the Schemes of Kotak Mahindra Mutual Fund.   |
| <b>Collection Bank</b>                                       | Branches of Bank authorised to receive Applications for the New Fund Offer, as mentioned elsewhere in this Offer Document or as appointed / changed from time to time.  |
| <b>Custodian(s)</b>  | Deutsche Bank AG and Standard Chartered Bank, acting as Custodians to the Scheme, or any other Custodian appointed by the Trustee.  |
| <b>Entry Load</b>  | The charge that is paid by a Unitholder when he invests an amount in the Scheme.  |
| <b>Exit Load</b>   | The charge that is paid by a Unitholder when he redeems Units from the Scheme.  |
| <b>FII</b>   | Foreign Institutional Investors, registered with SEBI under Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995.   |
| <b>Gilts / Government Securities</b>                         | Securities created and issued by the Central Government and / or a State Government.  |
| <b>IMA</b>   | Investment Management Agreement dated 20th May 1996, entered into between the Fund (acting through the Trustee) and the AMC and as amended up to date, or as may be amended from time to time.  |
| <b>Investor Service Centres or ISCs</b>                      | Designated branches of the AMC / other offices as may be designated by the AMC from time to time.   |
| <b>Kotak FMP Series 27</b>                                   | Close-Ended Debt Scheme   |
| <b>Kotak Bank / Sponsor</b>                                  | Kotak Mahindra Bank Limited.  |
| <b>KMMF / Fund / Mutual Fund</b>                             | Kotak Mahindra Mutual Fund, a trust set up under the provisions of The Indian Trusts Act, 1882.   |
| <b>KMTCL / Trustee</b>                                       | Kotak Mahindra Trustee Company Limited, a company set up under the Companies Act, 1956, and authorised by SEBI to act as the Trustee for the Schemes of Kotak Mahindra Mutual Fund.   |
| <b>Maturity Date</b>   | The date on which all the units under the Scheme would be redeemed compulsorily and without any further act by the Unitholders at the Applicable NAV of that day. If this day is not a Working Day then the immediate following Working Day will be considered as the Maturity Date.    |
| <b>Money Market Instruments</b>                              | Includes commercial papers, commercial bills, treasury bills, Government securities having an unexpired maturity upto one year, call or notice money, certificate of deposit, usance bills, and any other like instruments as specified by the Reserve Bank of India from time to time. |
| <b>MIBOR</b>   | The Mumbai Interbank Offered Rate published once every day by the National Stock Exchange and twice every day by Reuters, as specifically applied to each contract.   |
| <b>Mutual Fund Regulations / Regulations</b>                 | Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended up to date, and such other regulations as may be in force from time to time.  |

|  |   |
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| <b>NAV</b>   | Net Asset Value of the Units of the Scheme (including the options thereunder) as calculated in the manner provided in this Offer Document or as may be prescribed by Regulations from time to time. The NAV is computed upto four decimal places. |
| <b>NRI</b>   | Non-Resident Indian and Person of Indian Origin as defined in Foreign Exchange Management Act, 1999.  |
| <b>Offer Document</b>  | This document issued by Kotak Mahindra Mutual Fund, offering for subscription of Units of the Scheme.   |
| <b>Purchase Price</b>  | Purchase Price, to an investor, of Units of respective Schemes (including Options thereunder) computed in the manner indicated under sub-paragraph 'Purchase Price' under paragraph 'Purchase of Units' in Chapter V 'Units'.                     |
| <b>Redemption Price</b>  | Redemption Price to an investor of Units of the Scheme (including Options thereunder) computed in the manner indicated under sub-paragraph 'Redemption Price' under paragraph 'Redemption of Units' in Chapter V 'Units'.                         |
| <b>Registrar</b>   | Computer Age Management Services Private Limited ('CAMS'), acting as Registrar to the Scheme, or any other Registrar appointed by the AMC.  |
| <b>Repo</b>  | Sale of securities with simultaneous agreement to repurchase them at a later date.  |
| <b>Reserve Bank of India / RBI</b>                                       | Reserve Bank of India, established under the Reserve Bank of India Act, 1934.   |
| <b>Reverse Repo</b>  | Purchase of securities with a simultaneous agreement to sell them at a later date.  |
| <b>Risk - Free</b>   | Absence of credit risks i.e. no risk of default on payment of principal and interest.   |
| <b>Scheme</b>  | KOTAK FMP SERIES 27. All references to the Scheme would deem to include the Options thereunder unless specifically mentioned.   |
| <b>SEBI</b>  | The Securities and Exchange Board of India.   |
| <b>Trust Deed</b>  | The Trust Deed entered into on 20th May, 1996 between the Sponsor and the Trustee, as amended up to date, or as may be amended from time to time.   |
| <b>Trust Fund</b>  | The corpus of the Trust, Unit capital and all property belonging to and/or vested in the Trustee.   |
| <b>Unit</b>  | The interest of the investors in any of the Schemes, which consists of each Unit representing one undivided share in the assets of the respective Schemes.  |
| <b>Unitholder</b>  | A person who holds Unit(s) under the Scheme.  |
| <b>Valuation Day</b>   | For the Scheme, each Working Day and any other day when the Debt and/ or money markets are open in Mumbai.  |
| <b>Working Day</b>   | A day other than any of the following: (i) Saturday or Sunday; (ii) a day on which banks in Mumbai including the Reserve Bank of India are closed for business or clearing; (iii) a day on which the Redemption of Units is suspended.            |
| <b>Words and Expressions used in this Offer Document and not defined</b> | Same meaning as in Trust Deed.  |

### III. CONSTITUTION OF THE FUND

#### A. THE FUND

Kotak Mahindra Mutual Fund (KMMF) has been established as a Trust under the Indian Trusts Act, 1882. The Trust Deed establishing KMMF and the Deed of Amendment has been registered under the Registration Act, 1908 by the office of the Sub-Registrar of Assurances at Mumbai. KMMF has been registered with SEBI vide registration number MF/038/98/1 dated 23rd June, 1998.

#### B. SPONSOR COMPANY

##### Kotak Mahindra Bank Limited

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. Thus, the Sponsor of the Fund is Kotak Bank. KMFL promoted by Mr. Uday S. Kotak, Mr. S.A.A. Pinto and Kotak & Co., was incorporated on November 21, 1985 under the name Kotak Capital Management Finance Limited. In early 1986, the promoters were joined by Late Mr. Harish Mahindra and Mr. Anand G. Mahindra and the Company's name was changed to Kotak Mahindra Finance Limited.

Kotak & Co. (now Kotak & Co. Limited) is a highly respected trading company of Mumbai, with international business. Mr. Uday Kotak, a scion of the Kotak family, was an outstanding student through school, Sydenham College (Bombay University) and Jamnalal Bajaj Institute of Management Studies (Bombay University). Mr. S. A. A. Pinto, trained as a lawyer, has held senior positions in well-known organisations like ICI and Grindlays Bank. For instance, he was part of the team in Grindlays Bank, which started the first merchant banking unit in India in 1968. Mr. Harish Mahindra was an industrialist of repute and had played a prominent role in social service and public life, thereby earning him high esteem. Mr. Anand Mahindra, an MBA from Harvard University, is the Managing Director of one of India's most reputed industrial firms, Mahindra & Mahindra Limited.

KMFL started with a capital base of Rs. 30.88 lakh. From being a provider of a single financial product, KMFL grew substantially during the seventeen years of its existence into a highly diversified financial services company and has now converted into a Bank. As on December 31, 2005, the net worth of Kotak Bank is Rs. 839 crore and combined with its subsidiaries, the Group net worth (before minority interest) is Rs. 1,970 crore. There are over 48,000 shareholders of Kotak Bank. 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, primary market distribution of equity and debt products and life insurance. The group has offices (including representative offices and franchise offices) in 216 Indian cities and also present internationally in Mauritius, London, Dubai and New York. Kotak Mahindra (UK) Limited, an ultimate subsidiary of Kotak Bank, is the first company owned from India to be registered with the Financial Services Authority in UK. Kotak Mahindra Capital Company Limited and Kotak Securities Limited are joint ventures between Kotak Bank and Goldman

Sachs, the latter being one of the largest global investment banks. Kotak Mahindra Old Mutual Life Insurance Limited is a joint venture between Kotak Bank and Old Mutual Plc based in the UK and with large presence in the South African insurance market. Some of the other subsidiaries of Kotak Bank are Kotak Mahindra Securities Limited, Kotak Mahindra Prime Limited, Kotak Mahindra International Limited, Kotak Mahindra Private-Equity Trustee Limited, Kotak Mahindra Investments Limited, Kotak Mahindra Inc., and Kotak Forex Brokerage Limited.

The Sponsor has been consistently profitable and dividend paying company since inception. All group companies are professionally run companies, employing over 6,000 employees, including CAs, MBAs and Engineers.

The Sponsor has contributed Rupees One Lakh as the initial contribution to the corpus for the setting up of the Trust. The Sponsor has also contributed Rupees One Lakh Fifty Thousand as additional corpus. The Sponsor has vested the trustee functions in the Trustee. The Sponsor is represented by directors on the boards of the Trustee and the AMC in accordance with the Regulations.

Given below is a summary of the Sponsor's financials:

(Rs. in crore)

| Description               | Nine Months ended December 31, 2005* | Year Ended March 31 |        |        |
|---------------------------|--------------------------------------|---------------------|--------|--------|
|                           |                                      | 2005                | 2004   | 2003   |
| Total Income              | 643.51                               | 552.38              | 383.91 | 253.32 |
| Profit Before Tax         | 122.21                               | 118.39              | 120.79 | 70.01  |
| Profit After Tax          | 83.50                                | 84.89               | 78.72  | 44.96  |
| Free Reserves             | 529.88                               | 627.55              | 546.13 | 482.24 |
| Net Worth                 | 839.00                               | 750.87              | 605.67 | 541.45 |
| Earnings per Share (Rs)   | 2.71                                 | 7.08                | 6.63   | 7.59   |
| Book Value per Share (Rs) | 27.14                                | 60.89               | 101.74 | 91.44  |
| Dividend %                | NIL                                  | 12.50               | 24     | 21     |
| Paid up Equity Capital    | 309.09                               | 123.32              | 59.53  | 59.21  |

\*Un-audited

Note: Prior period EPS and Book Value are not adjusted for bonus issue.

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

#### C. TRUSTEE COMPANY (THE TRUSTEE)

Kotak Mahindra Trustee Company Limited (The Trustee), a company incorporated under the Companies Act, 1956, is the Trustee of the Fund, by virtue of the Trust Deed made between the Sponsor and the Trustee.

## 1. Directors

The Directors of the Trustee are:

### Names and Addresses

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**Mr. Amit Krishnakant Desai**

*Advocate*

7, Shivtirth - 1,  
Bhulabhai Desai Road,  
Mumbai - 400 026

*Chairman*

**Mr. Girish Sharedalal**

*Chartered Accountant*

111, Landmark,  
M. L. Dahanukar Marg,  
Mumbai - 400 026

**Mr. Tushar A. Mavani**

*Advocate*

Aryan Mahal, 6th Floor,  
"C" Road, Churchgate,  
Mumbai - 400 020

**Mr. Anirudha Barwe**

*Director*

B-1, Bageshree,  
Shankar Ghanekar Marg,  
Prabhadevi, Mumbai - 400 025

**Mr. Chandrashekhar Sathe**

*Service*

C-10, Shri Dattaguru Co-op. Housing Society,  
Deonar, Mumbai - 400 089

### Other Directorships

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Minesota Finance Private Limited

The Ruby Mills Limited  
FDC Limited  
Stovec Industries Limited  
Stellar Asset Management Private Limited  
Maulik & Kaji Financial Services Private Limited  
Ratan Trading Private Limited  
Trumac Engineering Company Pvt. Ltd.

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Jain Irrigation Systems Limited  
Sigma Laboratories Limited  
IFCI Financial Services Limited  
ILFS Investsmart India Limited  
Jayant Oils and Derivatives Ltd.  
Zenith Birla (India) Ltd.  
MSPL Ltd.

Kotak Mahindra Securities Limited  
Kotak Forex Brokerage Limited  
Maharashtra Foundation India  
Kotak Mahindra Private Equity Trustee Limited  
Kotak Mahindra Primus Limited

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**Mr. Amit Desai** is a graduate in Commerce and Law from the Bombay University. He is an advocate and has about 20 years of experience in criminal, economic and revenue laws.

Mr. Desai is associated with the Sponsor.

**Mr. Girish Sharedalal** is a graduate in Commerce and Arts and also a Fellow of the Institute of Chartered Accountants of India. Formerly a Senior Partner of Messrs Dalal, Desai and Kumana, a firm of Chartered Accountants, he has about 44 years of experience in the field of audit, taxation and management consultancy.

**Mr. Tushar Mavani** is a graduate in Commerce and Law from the Bombay University. He is a partner with Messrs Mulla & Mulla & Craigie Blunt & Caroe and has about 14 years of experience in the legal field.

**Mr. Anirudha Barwe** is a post-graduate in Mathematics and also a Certified Associate of Indian Institute of Bankers, Mumbai. Mr. Barwe has about 43 years of experience in the field of banking and financial services. Mr. Barwe was actively associated with and responsible to a great extent for the success of the Resurgent India Bond issue of SBI. Mr. Barwe retired as the Managing Director of SBI Capital Markets Limited in October 1998. After retirement, Mr. Barwe worked with IDFC as Chief Financial Officer for 3 years.

**Mr. Chandrashekhar Sathe** is a graduate with B. Tech.

(Chemical Engineering) from IIT, Mumbai. He has over 27 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 is a widely consulted expert on Foreign Exchange and Money Markets in India and is a frequent contributor to financial newspapers, magazines and TV News channels. Mr. Sathe was the Chief Executive Officer of the AMC for the period, 1st April, 1998 to 30th November, 2001 and currently heads the Risk Management function at Kotak Mahindra Bank Limited.

Mr. Sathe is associated with the Sponsor.

## 2. Rights, Obligations, Responsibilities and Duties of the Trustee

Pursuant to the Trust Deed constituting the Fund and in terms of the Regulations, the rights and obligations 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 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 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; and
  - g) specified norms for empanelment of brokers and marketing agents.
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. For avoidance of doubt, it is hereby agreed and declared that references to the Trustee in this clause shall be deemed to include references to the officers, servants and delegates of the Trustee.
10. 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.
11. 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.
12. 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.
13. 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 to exit at the prevailing Net Asset Value without any Exit Load.
14. 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.
15. The Trust Fund shall be held in trust and managed by the Trustee in accordance with the Trust Deed.
16. The Trustee shall be accountable for, and be the custodian of, the funds and property of the respective 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.
17. 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.
18. 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.

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 a director of the Trustee 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. During the year 2005-06, nine meetings of the Board of Directors of the Trustee were held. During the period April 2006 till date one meeting of the Board of Directors of the Trustee were held. The Audit Committee, comprising four Directors of the Board of Directors of the Trustee, has been constituted pursuant to the SEBI circular MFD/CIR/010/024/2000 dated 17.01.2000 chaired by an Independent Director. The Audit Committee has had six meetings during the year 2005-06. During the period April 2006 till date one meeting of the Audit Committee was held.

### 3. Trustee's Fee

The Trustee shall, during the continuance of this Trust and until KMMF is finally wound up and whether or not KMMF is in the course of administration by or under the order or discretion of any court, be entitled to receive, in addition to

## 2. Directors on the Board of the AMC

### Names and Addresses

#### Mr. Uday S. Kotak

62, NCPA Apartments,  
Dorabjee Tata Marg,  
Nariman Point, Mumbai - 400 021.

*Chairman*

#### Mr. R. C. Khanna

304, Bakhtavar,  
Opp. Colaba Post Office,  
Mumbai - 400 005.

#### Mr. Sukant Sadashiv Kelkar

No. 1, Sindhula,  
N. Gamadia Road,  
Mumbai - 400 026.

the reimbursement of all costs, charges and expenses, a sum at the rate of 0.050% per annum of the Trust Fund as defined under the Trust Deed, or a sum of Rs.15,00,000/-, whichever is higher, payable monthly.

## D. ASSET MANAGEMENT COMPANY

Kotak Mahindra Asset Management Company Limited, a company incorporated under the Companies Act, 1956, on August 08, 1994, has been appointed to act as the Investment Manager to Kotak Mahindra Mutual Fund vide Investment Management Agreement dated 20th May, 1996, as amended up to date. It is a wholly owned subsidiary of the Sponsor, Kotak Bank.

The Investment Manager is entitled to charge a management fee as prescribed by the Regulations for the services rendered by it to the Fund.

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 Company for undertaking Portfolio Management Service (PMS). There is no conflict of interest between the Mutual Fund and the PMS activity.

### 1. Name and Address

**Kotak Mahindra Asset Management  
Company Limited**  
5A, 5th Floor, Bakhtavar,  
229, Nariman Point, Mumbai 400 021.

### Other Directorships

Kotak Mahindra Bank Limited - Executive Vice Chairman  
& Managing Director

Kotak Mahindra Capital Company Limited - Chairman

Kotak Mahindra Prime Limited - Chairman

Kotak Securities Limited - Chairman

Kotak Mahindra Old Mutual Life Insurance Company  
Limited - Chairman

Kotak Forex Brokerage Limited

The Mahindra United World College of India

Indian Institute of Banking and Finance

Indian Council For Research on International  
Economic Relations

Cooperheat India Private Limited

Monsanto India Limited

Tata Chemicals Limited

Schrader Duncan Limited

Macrofill Investments Limited

P. T. Five Star Textile Industries Limited, Indonesia

Naperol Investments Limited

Harvard Plantations Limited

Britannia Industries Limited

The Bombay Dyeing & Mfg. Co. Limited

Wadia BSN Limited

Placid Plantations Limited

Associated Biscuits International Limited, London -  
Alternate Director

ABI Holdings Limited, London - Alternate Director

Nowrosjee Wadia & Sons Limited

Standard Chartered Trustee Company Limited

Go Airlines (India) Private Limited

## Names and Addresses

### Mr. Chengalath Jayaram

'Satsguru Simran',  
7th Floor, 3rd Road,  
Almeida Park, Bandra (West),  
Mumbai - 400 050.

### Mr. Bipin R. Shah

8 D, Ilpala, 220 Little Gibbs Road,  
Malabar Hill,  
Mumbai - 400 006.

### Mr. Narayan S. A.

1 Smruti, Pestom Sagar,  
Plot No. 27, Road No. 4,  
Chembur, Mumbai - 400 089.

**Mr. Uday S. Kotak**, 46, a graduate in Commerce, holds a post-graduate degree in Business Administration from the Jamnalal Bajaj Institute of Management Studies, Bombay University. Mr. Kotak is the Vice Chairman of the Sponsor, Kotak Mahindra Bank Ltd., and the chairman of various other companies, and has over 18 years of experience in the Financial Services industry.

**Mr. Romesh C. Khanna**, 79, is a 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. Till 31st March, 1998, Mr. Khanna was a partner in A. F. Ferguson & Co., a firm of Chartered Accountants. Mr. Khanna has over 54 years of experience in Audit, Taxation, Finance and other related areas.

**Mr. Sukant S. Kelkar**, 66, is a postgraduate in commerce. He has about 40 years of experience in finance, capital markets, and related areas. Mr. Kelkar has over 10 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.

**Mr. Chengalath Jayaram**, 49, holds a postgraduate diploma in Management from IIM, Calcutta, and has over 25 years' experience in the field of Finance. Mr. C. Jayaram began his career nearly two decades ago in the Financial Services industry. He joined the Kotak Mahindra group in 1990, before which he had worked with several renowned organizations such as ICICI Limited and A. F. Fergusons. At Kotak Mahindra, besides being instrumental in setting up the car finance business, he was also responsible for the distribution business, which was then called FICOM. During the period 1990 - '95, he was responsible for the businesses of financing against shares and proprietary investments. From 1995 to 1999, he was the Managing Director of Kotak Securities Limited and currently he is the Executive Director of Kotak Bank.

**Mr. Bipin R. Shah**, 75, a member of the Institute of Chartered Accountants of India, holds a Bachelor's Degree in Commerce from Bombay University, and has 48 years of work experience.

## Other Directorships

Kotak Mahindra Bank Limited  
Kotak Securities Limited  
Kotak Mahindra Prime Limited  
Kotak Mahindra Investments Limited  
Financial Planning Standards

Indus Capital Market Services Company Pvt. Limited  
Global Pharmatech Pvt. Limited  
ITTI Pvt. Limited  
Marico Industries Limited  
Dolphin Offshore Enterprises (India) Limited  
Hical Magnetics (P) Ltd.

Kotak Securities Limited  
Kotak Commodity Services Limited  
Kotak Mahindra Asset Reconstruction Company Limited

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 currently holds the post of Vice Chairman. Mr. Shah is also a non Executive Director on the Board of several companies, including CRISIL, the premier credit rating agency in India.

**Mr. Narayan S. A.**, 45, is a member of the Institute of Chartered Accountants of India, holds a Bachelor's Degree in Commerce from Bombay University, and has spent 13 years in the Kotak Group, handling various responsibilities and portfolios. He began his career as a consultant, handling several statutory and internal audit assignments, besides Company law and taxation matters.

Mr. Narayan joined the Kotak Group in 1991, as an Assistant Vice President in the Operations Department, where he was responsible for accounts, audit and systems. In 1993, he became Vice President, handling the Southern Region and Investment Portfolio of the Group, before going on to become Chief Operating Officer for Kotak Securities Limited in 1996. Mr. Narayan rose to become Executive Director of Kotak Securities Limited in May 1997, and then took over as Managing Director of the company in June 2003, a post he currently holds.

Mr. Uday Kotak, Mr. C. Jayaram and Mr. Narayan S. A. are associated with the Sponsor.

### 3. Powers, Functions and Responsibilities of the AMC

Under the IMA, the AMC has been appointed as the Asset Management Company, to provide management and administrative services to the Trust and to deploy the funds raised by KMMF 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 and 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.

### Condensed Financial Information (for the last three fiscal years)

|   | Kotak Gilt Savings Plan                   |   |   | Kotak Gilt Investment - Regular Plan |                          |                          | Kotak Gilt Investment - Provident Fund & Trust Plan |                          |                          |
|---|---|---|---|--------------------------------------|--------------------------|--------------------------|---|--------------------------|--------------------------|
|   | Apr '03 - Mar '04                         | Apr '04 - Mar '05                         | Apr '05 - Mar '06                         | Apr '03 - Mar '04                    | Apr '04 - Mar '05        | Apr '05 - Mar '06        | Nov '03 - Mar '04                                   | Apr '04 - Mar '05        | Apr '05 - Mar '06        |
| Date of Allotment                                   | 29-Dec-98                                 | 29-Dec-98                                 | 29-Dec-98                                 | 29-Dec-98                            | 29-Dec-98                | 29-Dec-98                | 11-Nov-03   | 11-Nov-03                | 11-Nov-03                |
| Beginning of Year / Allotment Date                  | 1-Apr-03                                  | 1-Apr-04                                  | 1-Apr-05                                  | 1-Apr-03                             | 1-Apr-04                 | 1-Apr-05                 | 11-Nov-03   | 1-Apr-04                 | 1-Apr-05                 |
| End of Year / Last Date                             | 31-Mar-04                                 | 31-Mar-05                                 | 31-Mar-06                                 | 31-Mar-04                            | 31-Mar-05                | 31-Mar-06                | 31-Mar-04   | 31-Mar-05                | 31-Mar-06                |
| NAV at beginning of year / Allotment Date (Rs.)     | 14.92 (G)<br>10.52 (MD)                   | 15.61 (G)<br>10.40 (MD) /<br>10.44 (AD)   | 16.39 (G) /<br>10.97 (AD) /<br>10.45 (MD) | 19.43 (G)<br>10.70 (D)               | 21.91 (G)<br>10.54 (D)   | 21.96 (G) /<br>10.56 (D) | 21.60 (G) #<br>10.74 (D) #                          | 21.93 (G)<br>10.79 (D)   | 22.07 (G) /<br>10.75 (D) |
| Net Income per unit (Rs)                            | 0.72                                      | 0.73                                      | 0.57                                      | 2.63                                 | (0.32)                   | 0.74                     | 0.09  | 0.37                     | 1.26                     |
| Dividends (Rs. per unit) *\$\$                      | 0.53 (MD) /<br>4.50 (AD)                  | 0.07 ( MD)                                |   | 1.29                                 | Nil                      | Nil                      | 0.08  | 0.06                     | Nil                      |
| Dividends (Rs. per unit) *++                        |   | 0.34 (MD)                                 | 0.44 (MD)                                 |                                      | Nil                      | Nil                      |   | Nil                      | Nil                      |
| Dividends (Rs. per unit) * ^^                       |   | 0.32 (MD)                                 | 0.41 (MD)                                 |                                      | Nil                      | Nil                      |   | 0.03                     | 0.30 (D)                 |
| Transfer to reserves (Rs. crores)                   | 2.13                                      | 3.17                                      | (1.54)                                    | 0.60                                 | (65.22)                  | 3.92                     | 15.89   | 4.01                     | (14.00)                  |
| Nav as on : At the end of the year / period (Rs.)   | 15.61 (G) /<br>10.40 (MD) /<br>10.44 (AD) | 16.39 (G) /<br>10.45 (MD) /<br>10.97 (AD) | 17.22 (G) /<br>11.52 (AD) /<br>10.46 (MD) | 21.91 (G) /<br>10.54 (D)             | 21.96 (G) /<br>10.56 (D) | 22.59 (G) /<br>10.87 (D) | 21.93 (G) /<br>10.79 (D)                            | 22.07 (G) /<br>10.75 (D) | 22.80 (G) /<br>10.73 (D) |
| Annualised return **                                | 8.84                                      | 5.04                                      | 7.78                                      | 16.09                                | 0.26                     | 11.88                    | 15.89   | 0.66                     | 2.23                     |
| Absolute return ***                                 | -   | -   | -   | -                                    | -                        | -                        | -   | -                        | -                        |
| Net Assets at end of the year / period (Rs. crores) | 47.53                                     | 27.10                                     | 25.95                                     | 241.01                               | 90.84                    | 85.01                    | 31.49   | 39.21                    | 11.85                    |
| Ratio of Recurring Expenses to Average Assets       | 1.59%                                     | 1.18%                                     | 1.00%                                     | 1.65%                                | 1.65%                    | 1.65%                    | 1.30%   | 1.25%                    | 1.25%                    |

|   | Kotak Bond Regular Plan<br>(formerly Kotak Bond Wholesale Plan) |   |   | Kotak Bond Deposit Plan   |                       |                         |
|---|---|---|---|---------------------------|-----------------------|-------------------------|
|   | Apr '03 - Mar '04   | Apr '04 - Mar '05                               | Apr '05 - Mar '06                               | Apr '03 - Mar '04         | Apr '04 - Mar '05     | Apr '05 - Mar '06       |
| Date of Allotment                                   | 25-Nov-99   | 25-Nov-99                                       | 25-Nov-99                                       | 25-Nov-99                 | 25-Nov-99             | 25-Nov-99               |
| Beginning of Year / Allotment Date                  | 1-Apr-03  | 1-Apr-04  | 1-Apr-05  | 1-Apr-03                  | 1-Apr-04              | 1-Apr-05                |
| End of Year / Last Date                             | 31-Mar-04   | 31-Mar-05                                       | 31-Mar-06                                       | 31-Mar-04                 | 31-Mar-05             | 31-Mar-06               |
| NAV at beginning of year / Allotment Date (Rs.)     | 15.67 (G) / 10.58 (QD) / 11.19 (AD) / 10.44 (B)                 | 17.25 (G) / 10.49 (QD) / 11.53 (AD) / 11.50 (B) | 11.70 (B) / 10.30 (G) / 11.73 (AD) / 17.55 (QD) | 15.35 (G) / 10.77 (D)     | 16.80(G) / 10.70(D)   | 16.98 (DG) / 10.75 (DD) |
| Net Income per unit (Rs.)                           | 2.76  | (0.31)  | 1.27  | 1.86                      | (0.07)                | 0.78                    |
| Dividends (Rs. per unit) *\$\$                      | 0.99 (QD) / 0.69 (AD)   | 0.06 (QD)                                       | Nil   | 0.93                      | 0.06                  | Nil                     |
| Dividends (Rs. per unit) *++                        |   | 0.17 (QD)                                       | 0.39 (QD)                                       |                           | Nil                   | Nil                     |
| Dividends (Rs. per unit) * ^^                       |   | 0.25 (QD)                                       | 0.37 (QD)                                       |                           | Nil                   | Nil                     |
| Transfer to reserves (Rs. crores)                   | (89.81)   | (97.52)   | (9.23)  | (11.92)                   | (13.54)               | (1.90)                  |
| Nav as on : At the end of the year / period (Rs.)   | 17.25 (G) / 10.49 (QD) / 11.53 (AD) / 11.50 (B)                 | 17.55 (G) / 10.30 (QD) / 11.73 (AD) / 11.70 (B) | 12.21 (B) / 18.33 (G) / 12.25 (AD) / 10.30 (QD) | 16.80 (G) / 10.70 (D)     | 16.98 (G) / 10.75 (D) | 17.67 (DG) / 11.17 (DD) |
| Annualised return **                                | 13.36   | 1.70  | 10.01   | 12.66                     | 11.09                 | 9.38                    |
| Absolute return ***                                 | -   | -   | -   | -                         | -                     | -                       |
| Net Assets at end of the year / period (Rs. crores) | 428.84  | 54.32   | 22.99   | 74.09                     | 22.72                 | 13.32                   |
| Ratio of Recurring Expenses to Average Assets       | 1.65%   | 1.65%   | 1.65%   | 2.23%                     | 2.25%                 | 2.24%                   |
|   | Kotak Bond Short Term   |   |   | Kotak Liquid Regular Plan |                       |                         |
|   | Apr '03 - Mar '04   | Apr '04 - Mar '05                               | Apr '05 - Mar '06                               | Apr '03 - Mar '04         | Apr '04 - Mar '05     | Apr '05 - Mar '06       |
| Date of Allotment                                   | 2-May-02  | 2-May-02  | 2-May-02  | 5-Oct-00                  | 5-Oct-00              | 5-Oct-00                |
| Beginning of Year / Allotment Date                  | 1-Apr-03  | 1-Apr-04  | 1-Apr-05  | 1-Apr-03                  | 1-Apr-04              | 1-Apr-05                |
| End of Year / Last Date                             | 31-Mar-04   | 31-Mar-05                                       | 31-Mar-06                                       | 31-Mar-04                 | 31-Mar-05             | 31-Mar-06               |
| NAV at beginning of year / Allotment Date (Rs.)     | 10.72 (G) / 10.16 (D)   | 11.40(G) / 10.08(D)                             | 11.93 (G) / 10.06 (D)                           | 12.09 (G) / 10.01 (D)     | 12.67(G) / 10.02(D)   | 13.22 (G) / 10.02 (D)   |
| Net Income per unit (Rs.)                           | 0.96  | 2.36  | 1.02  | 0.52                      | 0.51                  | 0.62                    |
| Dividends (Rs. per unit) *\$\$                      | 0.62  | 0.09  | Nil   | 0.41                      | 0.10                  | Nil                     |
| Dividends (Rs. per unit) *++                        |   | 0.32  | 0.46 (D)  |                           | 0.28                  | 0.44 (D)                |
| Dividends (Rs. per unit) * ^^                       |   | 0.30  | 0.43 (D)  |                           | 0.26                  | 0.41 (D)                |
| Transfer to reserves (Rs. crores)                   | 14.28   | (26.15)   | 5.60  | (41.32)                   | 30.90                 | 32.26                   |
| Nav as on : At the end of the year / period (Rs.)   | 11.40 (G) / 10.08 (D)   | 11.93 (G) / 10.06 (D)                           | 12.59 (G) / 10.08 (D)                           | 12.67 (G) / 10.02 (D)     | 13.22 (G) / 10.02 (D) | 13.90 (G) / 10.03 (D)   |
| Annualised return **                                | 7.08  | 4.61  | 6.05  | 7.02                      | 4.33                  | 6.18                    |
| Absolute return ***                                 | -   | -   | -   | -                         | -                     | -                       |
| Net Assets at end of the year / period (Rs. crores) | 409.57  | 39.96   | 115.35  | 275.25                    | 372.98                | 454.38                  |
| Ratio of Recurring Expenses to Average Assets       | 0.86%   | 0.90%   | 0.90%   | 1.00%                     | 1.00%                 | 1.00%                   |

|   | Kotak Liquid - Institutional Plan         |   |   | Kotak Liquid - Institutional Premium Plan               |   |   | Kotak Liquid Sweep Plan |                   | Kotak Floater Short Term                  |   |   |
|---|---|---|---|---|---|---|-------------------------|-------------------|---|---|---|
|   | Apr '03 - Mar '04                         | Apr '04 - Mar '05                         | Apr '05 - Mar '06                         | Nov '03 - Mar '04                                       | Apr '04 - Mar '05                         | Apr '05 - Mar '06                         | Aug'04 - Mar '05        | Apr '05 - Mar '06 | Jul '03 - Mar '04                         | Apr '04 - Mar '05                         | Apr '05 - Mar '06                         |
| Date of Allotment                                   | 12-Mar-03                                 | 12-Mar-03                                 | 12-Mar-03                                 | 4-Nov-03  | 4-Nov-03                                  | 4-Nov-03                                  | 3-Aug-04                | 3-Aug-04          | 14-Jul-03                                 | 14-Jul-03                                 | 14-Jul-03                                 |
| Beginning of Year / Allotment Date                  | 1-Apr-03                                  | 1-Apr-04                                  | 1-Apr-05                                  | 4-Nov-03  | 1-Apr-04                                  | 1-Apr-05                                  | 3-Aug-04                | 1-Apr-05          | 14-Jul-03                                 | 1-Apr-04                                  | 1-Apr-05                                  |
| End of Year / Last Date                             | 31-Mar-04                                 | 31-Mar-05                                 | 31-Mar-06                                 | 31-Mar-04   | 31-Mar-05                                 | 31-Mar-06                                 | 31-Mar-05               | 31-Mar-06         | 31-Mar-04                                 | 31-Mar-05                                 | 31-Mar-06                                 |
| NAV at beginning of year / Allotment Date (Rs.)     | 12.09(G)<br>10.01(D)                      | 12.71(G) /<br>10.02(WD) /<br>12.23(DD)    | 13.31 (G) /<br>12.23 (DD) /<br>10.02 (WD) | 12.48(G) /<br>10.02(WD) /<br>12.23(DD) /<br>12.23(DD) # | 12.71(G) /<br>10.03(WD) /<br>12.23(DD)    | 13.34 (G) /<br>12.23 (DD) /<br>10.03 (WD) | 10.00(DD)               | 10.01 (DD)        | 10.00                                     | 10.38(G) /<br>10.00(WD) /<br>10.02(MD)    | 10.88 (G) /<br>10.01 (WD) /<br>10.03 (MD) |
| Net Income per unit (Rs.)                           | 1.05                                      | 0.60                                      | 0.99                                      | 0.15  | 0.56                                      | 0.67                                      | 0.14                    | 0.60              | 0.09                                      | 0.36                                      | 1.34                                      |
| Dividends (Rs. per unit) *\$\$                      | 0.43 (WD) /<br>0.42 (DD)                  | 0.10(WD) /<br>0.13(DD)                    | Nil                                       | 0.16 (WD) /<br>0.20 (DD)                                | 0.11(WD) /<br>0.13(DD)                    | Nil                                       | N.A                     | Nil               | 0.04 (WD) /<br>0.31 (MD)                  | 0.10(WD) /<br>0.10(MD)                    | Nil                                       |
| Dividends (Rs. per unit) *++                        |   | 0.17(WD) /<br>0.25(DD)                    | 0.59 (DD) /<br>0.48 (WD)                  |   | Nil                                       | 0.19 (DD) /<br>0.11 (WD)                  | 0.26                    | 0.46 (DD)         |   | 0.31(WD) /<br>0.32(MD)                    | 0.48 (WD) /<br>0.48 (MD)                  |
| Dividends (Rs. per unit) * ^^                       |   | 0.28(WD) /<br>0.35(DD)                    | 0.54 (DD) /<br>0.44 (WD)                  |   | 0.30(WD) /<br>0.36(DD)                    | 0.56 (DD) /<br>0.45 (WD)                  | 0.20                    | 0.43 (DD)         |   | 0.29(WD) /<br>0.30(MD)                    | 0.45 (WD) /<br>0.45 (MD)                  |
| Transfer to reserves (Rs. crores)                   | (38.33)                                   | (6.07)                                    | 1.61                                      | 281.69  | 80.23                                     | 184.07                                    | 0.52                    | 0.01              | 6.93                                      | 24.91                                     | (9.53)                                    |
| Nav as on : At the end of the year / period (Rs.)   | 12.71 (G) /<br>10.02 (WD) /<br>12.23 (DD) | 13.31 (G) /<br>10.02 (WD) /<br>12.23 (DD) | 14.06 (G) /<br>12.23 (DD) /<br>10.03 (WD) | 12.71 (G) /<br>10.03 (WD) /<br>12.23 (DD)               | 13.34 (G) /<br>10.03 (WD) /<br>12.23 (DD) | 14.11 (G) /<br>12.23 (DD) /<br>10.04 (WD) | 10.01(DD)               | 10.01 (DD)        | 10.38 (G) /<br>10.00 (WD) /<br>10.02 (MD) | 10.88 (G) /<br>10.01 (WD) /<br>10.03 (MD) | 11.50 (G) /<br>10.01 (WD) /<br>10.03 (MD) |
| Annualised return**                                 | 5.12                                      | 4.78                                      | 5.17                                      | -   | 4.87                                      | 5.25                                      | -                       | 6.43              | -   | 4.90                                      | 5.28                                      |
| Absolute return ***                                 | -   | -   | -   | -   | -   | -   | -                       | -                 | -   | -   | -   |
| Net Assets at end of the year / period (Rs. crores) | 416.22                                    | 268.84                                    | 201.86                                    | 1,812.21  | 2,291.77                                  | 2,605.70                                  | 16.47                   | 62.85             | 337.76                                    | 958.83                                    | 410.81                                    |
| Ratio of Recurring Expenses to Average Assets       | 0.72%                                     | 0.57%                                     | 0.55%                                     | 0.56%   | 0.42%                                     | 0.37%                                     | 0.75%                   | 0.76%             | 0.75%                                     | 0.73%                                     | 0.71%                                     |

|  | Kotak 30                 |                          |                          | Kotak Balance     |                   |                   | Kotak Tech        |                   |                   |
|--|--------------------------|--------------------------|--------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|  | Apr '03 - Mar '04        | Apr '04 - Mar '05        | Apr '05 - Mar '06        | Apr '03 - Mar '04 | Apr '04 - Mar '05 | Apr '05 - Mar '06 | Apr '03 - Mar '04 | Apr '04 - Mar '05 | Apr '05 - Mar '06 |
| Date of Allotment                                  | 29-Dec-98                | 29-Dec-98                | 29-Dec-98                | 25-Nov-99         | 25-Nov-99         | 25-Nov-99         | 4-Apr-00          | 4-Apr-00          | 4-Apr-00          |
| Beginning of Year / Allotment Date                 | 1-Apr-03                 | 1-Apr-04                 | 1-Apr-05                 | 1-Apr-03          | 1-Apr-04          | 1-Apr-05          | 1-Apr-03          | 1-Apr-04          | 1-Apr-05          |
| End of Year / Last Date                            | 31-Mar-04                | 31-Mar-05                | 31-Mar-06                | 31-Mar-04         | 31-Mar-05         | 31-Mar-06         | 31-Mar-04         | 31-Mar-05         | 31-Mar-06         |
| NAV at beginning of year / Allotment Date (Rs.)    | 11.59 (G) §<br>11.59 (D) | 25.19 (G)<br>17.01(D)    | 32.12 (G) /<br>19.90 (D) | 10.10             | 13.15             | 17.48             | 2.85              | 3.97              | 5.85              |
| Net Income per unit (Rs.)                          | 6.05                     | 5.02                     | 18.40                    | 4.54              | 5.80              | 8.89              | 0.74              | 2.34              | 2.90              |
| Dividends (Rs. per unit) *\$\$                     | 7.00                     | 1.50                     | 2.00 (D)                 | 2.75              | 0.50              | 5.25              | Nil               | Nil               | Nil               |
| Dividends (Rs. per unit) *++                       |                          | Nil                      | Nil                      |                   | Nil               | Nil               |                   | Nil               | Nil               |
| Dividends (Rs. per unit) * ^^                      |                          | Nil                      | Nil                      |                   | Nil               | Nil               |                   | Nil               | Nil               |
| Transfer to reserves (Rs. crores)                  | 37.15                    | 26.21                    | 174.32                   | 8.94              | 4.69              | 37.25             | 44.57             | 40.15             | 27.45             |
| Nav as on : At the end of the year / period (Rs.)  | 25.19 (G) /<br>17.01 (D) | 32.12 (G) /<br>19.90 (D) | 59.46 (G) /<br>33.75 (D) | 13.15             | 17.48             | 23.32             | 3.97              | 5.85              | 8.34              |
| Annualised return **                               | 24.73                    | 27.52                    | 33.30                    | 13.33             | 37.15             | 21.50             | (20.65)           | 47.33             | (2.98)            |
| Absolute return ***                                | -                        | -                        | -                        | -                 | -                 | -                 | -                 | -                 | -                 |
| Net Assets at end of the year / period (Rs crores) | 125.81                   | 154.38                   | 336.34                   | 37.52             | 30.33             | 96.22             | 48.07             | 49.80             | 51.00             |
| Ratio of Recurring Expenses to Average Assets      | 2.50%                    | 2.39%                    | 2.37%                    | 2.49%             | 2.50%             | 2.50%             | 2.25%             | 2.25%             | 2.25%             |

|   | Kotak MNC         |                   |                   | Kotak Income Plus                   |                                     |                                     | Kotak Global India  |                       |                       | Kotak Floater Long Term          |                                     |
|---|-------------------|-------------------|-------------------|-------------------------------------|-------------------------------------|-------------------------------------|---------------------|-----------------------|-----------------------|----------------------------------|-------------------------------------|
|   | Apr '03 - Mar '04 | Apr '04 - Mar '05 | Apr '05 - Mar '06 | Dec '03 - Mar '04                   | Apr '04 - Mar '05                   | Apr '05 - Mar '06                   | Jan '03 - Mar '04   | Apr '04 - Mar '05     | Apr '05 - Mar '06     | Aug'04 - Mar '05                 | Apr '05 - Mar '06                   |
| Date of Allotment                                   | 4-Apr-00          | 4-Apr-00          | 4-Apr-00          | 2-Dec-03                            | 2-Dec-03                            | 2-Dec-03                            | 30-Jan-04           | 30-Jan-04             | 30-Jan-04             | 13-Aug-04                        | 13-Aug-04                           |
| Beginning of Year / Allotment Date                  | 1-Apr-03          | 1-Apr-04          | 1-Apr-05          | 2-Dec-03                            | 1-Apr-04                            | 1-Apr-05                            | 30-Jan-04           | 1-Apr-04              | 1-Apr-05              | 13-Aug-04                        | 1-Apr-05                            |
| End of Year / Last Date                             | 31-Mar-04         | 31-Mar-05         | 31-Mar-06         | 31-Mar-04                           | 31-Mar-05                           | 31-Mar-06                           | 31-Mar-04           | 31-Mar-05             | 31-Mar-06             | 31-Mar-05                        | 31-Mar-06                           |
| NAV at beginning of year / Allotment Date (Rs.)     | 7.00              | 14.24             | 15.99             | 10.00                               | 10.25 (G) / 10.02 (MD) / 10.02 (QD) | 10.87 (G) / 10.30 (MD) / 10.30 (QD) | 10.00               | 9.57 (G) / 9.57 (D)   | 13.86 (G) / 12.34 (D) | 10 (G) / 10 (MD) / 10 (WD)       | 10.33 (G) / 10.01 (WD) / 10.02 (MD) |
| Net Income per unit (Rs.)                           | 4.35              | 7.63              | 13.42             | 0.11                                | 0.61                                | 1.03                                | (0.07)              | 5.37                  | 12.39                 | 0.23                             | 2.11                                |
| Dividends (Rs. per unit) *\$\$                      | Nil               | 4.50              | Nil               | 0.20 (QD) / 0.20 (MD)               | 0.05(MD)                            | Nil                                 | Nil                 | 1.50                  | 2.00 (D)              | N.A                              | Nil                                 |
| Dividends (Rs. per unit) *††                        |                   | Nil               | Nil               |                                     | 0.24(MD) / 0.29(QD)                 | 0.62 (MD) / 0.62 (QD)               |                     | Nil                   | Nil                   | 0.28(WD) / 0.27(MD)              | 0.44 (WD) / 0.46 (MD)               |
| Dividends (Rs. per unit) * ^^                       |                   | Nil               | Nil               |                                     | 0.22(MD) / 0.16(QD)                 | 0.57 (MD) / 0.58 (QD)               |                     | Nil                   | Nil                   | 0.27(WD) / 0.25(MD)              | 0.41 (WD) / 0.43 (MD)               |
| Transfer to reserves (Rs. crores)                   | 23.89             | 17.25             | 23.46             | 2.57                                | 1.65                                | 12.48                               | (13.51)             | 65.43                 | 59.29                 | 12.05                            | (6.23)                              |
| Nav as on : At the end of the year / period (Rs.)   | 14.24             | 15.99             | 27.76             | 10.25 (G) / 10.02 (MD) / 10.02 (QD) | 10.87 (G) / 10.30 (MD) / 10.30 (QD) | 12.55 (G) / 11.13 (MD) / 11.14 (QD) | 9.57 (G) / 9.57 (D) | 13.86 (G) / 12.34 (D) | 24.15 (G) / 19.31 (D) | 10.33(G) / 10.02(MD) / 10.01(WD) | 10.90 (G) / 10.03 (WD) / 10.03 (MD) |
| Annualised return **                                | 9.26              | 43.70             | 23.56             | -                                   | 6.09                                | 10.23                               | -                   | 44.88                 | 50.19                 | -                                | 5.41                                |
| Absolute return ***                                 | -                 | -                 | -                 | -                                   | -                                   | -                                   | -                   | -                     | -                     | -                                | -                                   |
| Net Assets at end of the year / period (Rs. crores) | 33.46             | 66.61             | 71.69             | 291.40                              | 54.08                               | 105.52                              | 299.96              | 202.37                | 156.09                | 577.33                           | 102.11                              |
| Ratio of Recurring Expenses to Average Assets       | 2.49%             | 2.44%             | 2.50%             | 0.69%                               | 2.11%                               | 2.19%                               | 0.38%               | 2.27%                 | 2.30%                 | 0.80%                            | 0.78%                               |

|   | Kotak Opportunities   |                       | Kotak Equity FOF    |                       | Kotak Flexi Debt    |                        | Kotak Midcap        |                       | Kotak FMP Series I  |                       | Kotak Dynamic FOF   |                       |
|---|-----------------------|-----------------------|---------------------|-----------------------|---------------------|------------------------|---------------------|-----------------------|---------------------|-----------------------|---------------------|-----------------------|
|   | Sep'04 - Mar '05      | Apr '05 - Mar '06     | Aug'04 - Mar '05    | Apr '05 - Mar '06     | Dec'04 - Mar '05    | Apr '05 - Mar '06      | Feb '05 - Mar '05   | Apr '05 - Mar '06     | Mar '05 - Mar '05   | Apr '05 - Mar '06     | Mar '05 - Mar '05   | Apr '05 - Mar '06     |
| Date of Allotment                                   | 9-Sep-04              | 9-Sep-04              | 9-Aug-04            | 9-Aug-04              | 6-Dec-04            | 6-Dec-04               | 24-Feb-05           | 24-Feb-05             | 31-Mar-05           | 31-Mar-05             | 31-Mar-05           | 31-Mar-05             |
| Beginning of Year / Allotment Date                  | 9-Sep-04              | 1-Apr-05              | 9-Aug-04            | 1-Apr-05              | 6-Dec-04            | 1-Apr-05               | 24-Feb-05           | 1-Apr-05              | 31-Mar-05           | 1-Apr-05              | 31-Mar-05           | 1-Apr-05              |
| End of Year / Last Date                             | 31-Mar-05             | 31-Mar-06             | 31-Mar-05           | 31-Mar-06             | 31-Mar-05           | 31-Mar-06              | 31-Mar-05           | 31-Mar-06             | 31-Mar-05           | 31-Mar-06             | 31-Mar-05           | 31-Mar-06             |
| NAV at beginning of year / Allotment Date (Rs.)     | 10.00(G) / 10.00(D)   | 12.76 (G) / 12.02 (D) | 10.00(G) / 10.00(D) | 13.17 (G) / 13.17 (D) | 10.00(G) / 10.00(D) | 10.21 (G) / 10.02 (QD) | 10.00(G) / 10.00(D) | 10.10 (G) / 10.10 (D) | 10.00(G) / 10.00(D) | 10.01 (G) / 10.01 (D) | 10.00(G) / 10.00(G) | 10.00 (G) / 10.00 (D) |
| Net Income per unit (Rs.)                           | 3.39                  | 6.37                  | 5.23                | 12.45                 | 0.20                | 1.13                   | 0.11                | 13.34                 | 0.01                | 0.62                  | 0.01                | 8.90                  |
| Dividends (Rs. per unit) *\$\$                      | 0.75                  | 5.50 (D)              | N.A.                | Nil                   | N.A.                | Nil                    | Nil                 | 0.50 (D)              | Nil                 | Nil                   | N.A.                | Nil                   |
| Dividends (Rs. per unit) *††                        | Nil                   | Nil                   | Nil                 | Nil                   | 0.16                | 0.49 (QD)              | Nil                 | Nil                   | Nil                 | 0.53 (D)              | N.A.                | Nil                   |
| Dividends (Rs. per unit) * ^^                       | Nil                   | Nil                   | Nil                 | Nil                   | 0.15                | 0.46 (QD)              | Nil                 | Nil                   | Nil                 | 0.49 (D)              | N.A.                | Nil                   |
| Transfer to reserves (Rs. crores)                   | 10.77                 | 75.75                 | 30.61               | 32.21                 | 0.55                | 2.70                   | 5.80                | 208.35                | 0.28                | 12.30                 | 0.05                | 40.99                 |
| Nav as on : At the end of the year / period (Rs.)   | 12.76 (G) / 12.02 (D) | 25.89 (G) / 18.17 (D) | 13.17(G) / 13.17(D) | 22.90 (G) / 22.90 (D) | 10.21(G) / 10.02(D) | 10.81 (G) / 10.04 (QD) | 10.10(G) / 10.10(D) | 19.79 (G) / 19.04 (D) | 10.01(G) / 10.01(D) | 10.60 (G) / 10.00 (D) | 10.00(G) / 10.00(G) | 16.79 (G)             |
| Annualised return **                                | -                     | 84.28                 | -                   | 65.69                 | -                   | 6.13                   | -                   | 84.10                 | -                   | -                     | -                   | -                     |
| Absolute return ***                                 | -                     | -                     | -                   | -                     | -                   | -                      | -                   | -                     | -                   | 5.97                  | -                   | 67.92                 |
| Net Assets at end of the year / period (Rs. crores) | 47.73                 | 231.24                | 95.21               | 90.70                 | 104.08              | 95.90                  | 543.17              | 356.24                | 219.54              | 221.41                | 101.92              | 80.97                 |
| Ratio of Recurring Expenses to Average Assets       | 2.46%                 | 2.45%                 | 0.74%               | 0.74%                 | 1.00%               | 0.94%                  | 2.19%               | 2.27%                 | 0.27%               | 0.33%                 | 0.75%               | 0.71%                 |

## Latest NAV & Annualised Returns

|   | Kotak Gilt Savings Plan                   | Kotak Gilt Investment - Regular Plan | Kotak Gilt Investment - Provident Fund & Trust Plan | Kotak Bond Regular Plan (formerly Wholesale Plan)        | Kotak Bond - Deposit Plan  |
|---|---|--------------------------------------|---|--|----------------------------|
| Date of allotment                                   | 29-Dec-98                                 | 29-Dec-98                            | 11-Nov-03   | 25-Nov-99  | 25-Nov-99                  |
| Beginning of Year / Allotment date                  | 01-Apr-06                                 | 01-Apr-06                            | 01-Apr-06   | 01-Apr-06  | 01-Apr-06                  |
| End of Year / Last Date                             | 12-May-06                                 | 12-May-06                            | 12-May-06   | 12-May-06  | 12-May-06                  |
| NAV at beginning of year / Allotment date (Rs.)     | 17.22 (G) /<br>11.52 (AD) /<br>10.46 (MD) | 22.59 (G) /<br>10.87 (D)             | 22.80 (G) /<br>10.73 (D)                            | 12.21 (B) /<br>18.33 (G) /<br>12.25 (AD) /<br>10.30 (QD) | 17.67 (DG) /<br>11.17 (DD) |
| Net Income per unit (Rs.)                           | 0.11                                      | 0.17                                 | 0.19  | 0.12   | 0.11                       |
| Dividends (Rs. per unit) *† (Individuals)           | 0.07 (MD)                                 | Nil                                  | -   | 0.39 (QD)  | Nil                        |
| Dividends (Rs. per unit) *‡ (Others)                | 0.06 (MD)                                 | Nil                                  | 0.30(D)   | 0.37 (QD)  | Nil                        |
| Transfer to Reserves (Rs. Crores)                   | @   | @                                    | @   | @  | @                          |
| NAV as on : At the end of the period (Rs.)          | 17.35 (G) /<br>11.61 (AD) /<br>10.47 (MD) | 22.78 (G) /<br>10.95 (D)             | 22.99 (G) /<br>10.83 (D)                            | 12.31 (B) /<br>18.47 (G) /<br>12.34 (AD) /<br>10.38 (QD) | 17.80 (DG) /<br>11.25 (DD) |
| Annualised Returns**                                |   |                                      |   |  |                            |
| May 12, 2006  | 7.78                                      | 11.88                                | 2.23  | 10.01  | 9.38                       |
| Absolute Return ***                                 |   |                                      |   |  |                            |
| May 12, 2006  | -   | -                                    | -   | -  | -                          |
| Benchmark Return                                    |   |                                      |   |  |                            |
| May 12, 2006  | -   | -                                    | 2.54  | -  | -                          |
| Net Assets at end of the year / period (Rs. Crores) | 25.79                                     | 82.23                                | 10.21   | 21.80  | 12.73                      |
| Ratio of Recurring Expenses to Average Assets       | 1.00%                                     | 1.65%                                | 1.25%   | 1.65%  | 2.25%                      |
|   | Kotak Bond Short Term Plan                | Kotak Liquid Regular Plan            | Kotak Liquid - Institutional Plan                   | Kotak Liquid - Institutional Premium Plan                |                            |
| Date of allotment                                   | 02-May-02                                 | 05-Oct-00                            | 12-Mar-03   | 04-Nov-03  |                            |
| Beginning of Year / Allotment date                  | 01-Apr-06                                 | 01-Apr-06                            | 01-Apr-06   | 01-Apr-06  |                            |
| End of Year / Last Date                             | 12-May-06                                 | 12-May-06                            | 12-May-06   | 12-May-06  |                            |
| NAV at beginning of year / Allotment date (Rs.)     | 12.59 (G) /<br>10.08 (D)                  | 13.90 (G) /<br>10.03 (D)             | 14.06 (G) /<br>12.23 (DD) /<br>10.03 (WD)           | 14.11 (G) /<br>12.23 (DD) /<br>10.04 (WD)                |                            |
| Net Income per unit (Rs.)                           | 0.11                                      | 0.08                                 | 0.07  | 0.08   |                            |
| Dividends (Rs. per unit) *† (Individuals)           | 0.05 (D)                                  | 0.06 (D)                             | 0.08 (DD) /<br>0.06 (WD)                            | 0.07 (DD) /<br>0.07 (WD)                                 |                            |
| Dividends (Rs. per unit) *‡ (Others)                | 0.05 (D)                                  | 0.06 (D)                             | 0.07 (DD) /<br>0.06 (WD)                            | 0.07 (DD) /<br>0.06 (WD)                                 |                            |
| Transfer to Reserves (Rs. Crores)                   | @   | @                                    | @   | @  |                            |
| NAV as on : At the end of the period (Rs.)          | 12.69 (G) /<br>10.11 (D)                  | 13.99 (G) /<br>10.03 (D)             | 14.16 (G) /<br>12.23 (DD) /<br>10.03 (WD)           | 14.22 (G) /<br>12.23 (DD) /<br>10.04 (WD)                |                            |
| Annualised Returns**                                |   |                                      |   |  |                            |
| May 12, 2006  | 6.05                                      | 6.18                                 | 5.17  | 5.25   |                            |
| Absolute Return ***                                 |   |                                      |   |  |                            |
| May 12, 2006  | -   | -                                    | -   | -  |                            |
| Benchmark Return                                    |   |                                      |   |  |                            |
| May 12, 2006  | 5.01                                      | -                                    | 4.46  | 4.43   |                            |
| Net Assets at end of the year / period (Rs. Crores) | 82.01                                     | 363.39                               | 380.94  | 4923.99  |                            |
| Ratio of Recurring Expenses to Average Assets       | 0.90%                                     | 1.00%                                | 0.63%   | 0.30%  |                            |

|   | Kotak Floater Short Term            | Kotak Global India    | Kotak 30              | Kotak Balance | Kotak Technology | Kotak MNC | Kotak Income Plus                   |
|---|-------------------------------------|-----------------------|-----------------------|---------------|------------------|-----------|-------------------------------------|
| Date of allotment                                 | 14-Jul-03                           | 30-Jan-04             | 29-Dec-98             | 25-Nov-99     | 04-Apr-00        | 04-Apr-00 | 02-Dec-03                           |
| Beginning of Year / Allotment date                | 01-Apr-06                           | 01-Apr-06             | 01-Apr-06             | 01-Apr-06     | 01-Apr-06        | 01-Apr-06 | 01-Apr-06                           |
| End of Year / Last Date                           | 12-May-06                           | 12-May-06             | 12-May-06             | 12-May-06     | 12-May-06        | 12-May-06 | 12-May-06                           |
| NAV at beginning of year / Allotment date (Rs.)   | 11.50 (G) / 10.01 (WD) / 10.03 (MD) | 24.15 (G) / 19.31 (D) | 59.46 (G) / 33.75 (D) | 23.32         | 8.34             | 27.76     | 12.55 (G) / 11.13 (MD) / 11.14 (QD) |
| Net Income per unit (Rs.)                         | 0.07                                | 1.96                  | 5.16                  | 1.84          | 0.54             | 1.18      | 0.36                                |
| Dividends (Rs. per unit) (Common)                 | -                                   | -                     | -                     | -             | -                | -         | -                                   |
| Dividends (Rs. per unit) *\$\$ (Individuals)      | 0.06 (WD) / 0.09 (MD)               | -                     | -                     | -             | -                | -         | 0.06 (MD) /                         |
| Dividends (Rs. per unit) *++ (Others)             | 0.06 (WD) / 0.08 (MD)               | -                     | -                     | -             | -                | -         | 0.06 (MD) /                         |
| Transfer to Reserves (Rs. Crores)                 | @                                   | @                     | @                     | @             | @                | @         | @                                   |
| NAV as on : At the end of the period (Rs.)        | 11.58 (G) / 10.01 (WD) / 10.05 (MD) | 26.37 (G) / 21.09 (D) | 66.28 (G) / 37.62 (D) | 25.26         | 8.86             | 28.89     | 12.94 (G) / 11.41 (MD) / 11.49 (QD) |
| Annualised Returns**                              |                                     |                       |                       |               |                  |           |                                     |
| May 12, 2006                                      | 5.28                                | 50.19                 | 33.30                 | 21.50         | -2.98            | 23.56     | 10.23                               |
| Absolute return ***                               |                                     |                       |                       |               |                  |           |                                     |
| May 12, 2006                                      | -                                   | -                     | -                     | -             | -                | -         | -                                   |
| Benchmark Return                                  |                                     |                       |                       |               |                  |           |                                     |
| May 12, 2006                                      | 4.40                                | 37.07                 | 19.77                 | -             | -3.21            | 15.77     | 7.34                                |
| Benchmark Return (S&P CNX Nifty)                  |                                     |                       |                       |               |                  |           |                                     |
| May 12, 2006                                      | -                                   | -                     | 20.62                 | -             | -                | 15.59     | -                                   |
| Net Assets at end of the year/period (Rs. Crores) | 414.49                              | 160.05                | 338.20                | 114.30        | 51.13            | 68.04     | 116.18                              |
| Ratio of Recurring Expenses to Average Assets     | 0.50%                               | 2.33%                 | 2.33%                 | 2.50%         | 2.25%            | 2.50%     | 2.21%                               |

|   | Kotak Midcap          | Kotak Dynamic FOF | Kotak Equity FOF      | Kotak Flexi Debt                    | Kotak Contra          |
|---|-----------------------|-------------------|-----------------------|-------------------------------------|-----------------------|
| Date of allotment                                 | 24-Feb-2005           | 31-Mar-2005       | 09-Aug-04             | 06-Dec-04                           | 27-Jul-05             |
| Beginning of Year/ Allotment date                 | 01-Apr-06             | 01-Apr-06         | 01-Apr-06             | 01-Apr-06                           | 01-Apr-06             |
| End of Year / Last Date                           | 12-May-06             | 12-May-06         | 12-May-06             | 12-May-06                           | 12-May-06             |
| NAV at beginning of year/ Allotment date (Rs.)    | 19.79 (G) / 19.04 (D) | 16.79 (G) / -     | 22.90 (G) / 22.90 (D) | 10.81 (G) / 10.04 (QD)              | 13.86 (G) / 13.86 (D) |
| Net Income per unit (Rs.)                         | 0.89                  | 1.22              | 1.89                  | 0.04                                | 1.77                  |
| Dividends (Rs. per unit) (Common)                 | 4.00 (D)              | -                 | -                     | -                                   | -                     |
| Dividends (Rs. per unit) *+ (Individuals)         | -                     | -                 | -                     | 0.01 (D)                            | -                     |
| Dividends (Rs. per unit) *++ (Others)             | -                     | -                 | -                     | 0.01 (D)                            | -                     |
| Transfer to Reserves (Rs. Crores)                 | @                     | @                 | @                     | @                                   | @                     |
| NAV as on : At the end of the period (Rs.)        | 20.88 (G) / 16.02 (D) | 18.02 (G)         | 24.74 (G) / 24.74 (D) | 10.91 (G) / 10.01 (DD) / 10.13 (QD) | 15.59 (G) / 15.59 (D) |
| Annualised Returns**                              |                       |                   |                       |                                     |                       |
| May 12, 2006                                      | 84.10                 | -                 | 65.69                 | 6.13                                | -                     |
| Absolute return ***                               |                       |                   |                       |                                     |                       |
| May 12, 2006                                      | -                     | 67.92             | -                     | -                                   | 33.89                 |
| Benchmark Return                                  |                       |                   |                       |                                     |                       |
| May 12, 2006                                      | 42.87                 | 38.34             | 55.85                 | 4.23                                | 43.55                 |
| Benchmark Return (S&P CNX Nifty)                  |                       |                   |                       |                                     |                       |
| May 12, 2006                                      | -                     | -                 | -                     | -                                   | -                     |
| Net Assets at end of the year/period (Rs. Crores) | 424.67                | 86.88             | 93.54                 | 499.38                              | 382.56                |
| Ratio of Recurring Expenses to Average Assets     | 2.30%                 | 0.75%             | 0.74%                 | 0.75%                               | 2.28%                 |

|  | Kotak FMP Series I       | Kotak Liquid Sweep Plan | Kotak Floater Long Term Scheme            | Kotak Opportunities Scheme | Kotak Cash Plus          | Kotak Flexi FOF          | Kotak Flexi FOF Series I | Kotak ELSS               |
|--|--------------------------|-------------------------|---|----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Date of allotment                                  | 31-Mar-05                | 03-Aug-05               | 13-Aug-05                                 | 09-Sep-05                  | 29-Sep-05                | 20-Oct-05                | 07-Apr-06                | 23-Nov-05                |
| Beginning of Year/ Allotment date                  | 01-Apr-06                | 01-Apr-06               | 01-Apr-06                                 | 01-Apr-06                  | 29-Sep-06                | 20-Oct-06                | 07-Apr-06                | 23-Nov-06                |
| End of Year / Last Date                            | 12-May-06                | 12-May-06               | 12-May-06                                 | 12-May-06                  | 12-May-06                | 12-May-06                | 12-May-06                | 12-May-06                |
| NAV at beginning of year/ Allotment date (Rs.)     | 10.60(G)<br>10.00 (D)    | 10.01 (DD)              | 10.90 (G)/<br>10.03 (WD)/<br>10.03 (MD)   | 25.89 (G)/<br>18.17 (D)    | 10.32 (G)<br>10.08 (D)   | 13.33 (G)/<br>13.33 (D)  | 10.00 (G) /<br>10.00 (D) | 13.01 (G) /<br>13.01 (D) |
| Net Income per unit (Rs.)                          | 0.12                     | 0.06                    | 0.08                                      | 1.95                       | 0.11                     | 1.26                     | 0.37                     | 1.22                     |
| Dividends (Rs. per unit) (Common)                  | -                        | -                       | -   | 5.50 (D)                   | 0.04 (D)                 | -                        | -                        | -                        |
| Dividends (Rs. per unit) *† (Individuals)          | -                        | 0.06 (DD)               | 0.06 (WD) /<br>0.05 (MD)                  | -                          | 0.03 (D)                 | -                        | -                        | -                        |
| Dividends (Rs. per unit) *†† (Others)              | -                        | 0.06 (DD)               | 0.05 (WD) /<br>0.04 (MD)                  | -                          | -                        | -                        | -                        | -                        |
| Transfer to Reserves (Rs. Crores)                  | @                        | @                       | @   | @                          | @                        | @                        | @                        | @                        |
| NAV as on: At the end of the period (Rs.)          | 10.70 (G) /<br>10.09 (D) | 10.01 (DD)              | 10.97 (G) /<br>10.04 (WD) /<br>10.05 (MD) | 28.93 (G) /<br>20.31 (D)   | 10.45 (G) /<br>10.16 (D) | 14.54 (G) /<br>14.54 (D) | 10.37 (G) /<br>10.37 (D) | 14.24 (G) /<br>14.24 (D) |
| Annualised Returns**                               |                          |                         |   |                            |                          |                          |                          |                          |
| May 12, 2006                                       | -                        | 6.43                    | 5.41                                      | 84.28                      | -                        | -                        | -                        | -                        |
| Absolute return ***                                |                          |                         |   |                            |                          |                          |                          |                          |
| May 12, 2006                                       | 5.91                     | -                       | -   | -                          | 3.09                     | 33.07                    | -                        | 29.76                    |
| Benchmark Return                                   |                          |                         |   |                            |                          |                          |                          |                          |
| May 12, 2006                                       | 4.86                     | 4.40                    | 4.65                                      | 60.16                      | 2.47                     | 23.86                    | -                        | 29.03                    |
| Net Assets at end of the year/ period (Rs. Crores) | 58.56                    | 102.11                  | 82.83                                     | 381.28                     | 177.23                   | 305.85                   | 355.29                   | 153.79                   |
| Ratio of Recurring Expenses to Average Assets      | 0.47%                    | 0.75%                   | 0.70%                                     | 2.33%                      | 1.00%                    | 0.75%                    | 0.74%                    | 2.38%                    |

|   | Kotak Lifestyle          | Kotak FMP Series XIII    | Kotak FMP Series XIV     | Kotak FMP Series XVIII   |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| Date of allotment                                 | 21-Mar-06                | 21-Mar-06                | 19-Jan-06                | 2-Mar-06                 |
| Beginning of Year/ Allotment date                 | 01-Apr-06                | 01-Apr-06                | 01-Apr-06                | 01-Apr-06                |
| End of Year / Last Date                           | 12-May-06                | 12-May-06                | 12-May-06                | 12-May-06                |
| NAV at beginning of year/ Allotment date (Rs.)    | 10.30 (G) /<br>10.30 (D) | 10.03 (G) /<br>10.03 (D) | 10.09 (G) /<br>10.02 (D) | 10.00 (G) /<br>10.00 (D) |
| Net Income per unit (Rs.)                         | 0.53                     | 0.10                     | 0.08                     | 0.07                     |
| Dividends (Rs. per unit) *† (Individuals)         | -                        | -                        | -                        | 0.05(D)                  |
| Dividends (Rs. per unit) *†† (Others)             | -                        | -                        | -                        | 0.05(D)                  |
| Transfer to Reserves (Rs. Crores)                 | @                        | @                        | @                        | @                        |
| NAV as on: At the end of the period (Rs.)         | 10.81 (G)<br>10.81 (D)   | 10.13 (G) /<br>10.13 (D) | 10.18 (G) /<br>10.11 (D) | 10.07 (G) /<br>10.01 (D) |
| Annualised Returns**                              |                          |                          |                          |                          |
| May 12, 2006                                      | -                        | -                        | -                        | -                        |
| Absolute return ***                               |                          |                          |                          |                          |
| May 12, 2006                                      | 2.98                     | 0.33                     | 0.90                     | 0.55                     |
| Benchmark Return                                  |                          |                          |                          |                          |
| May 12, 2006                                      | 3.53                     | 0.19                     | 1.05                     | 0.43                     |
| Net Assets at end of the year/period (Rs. Crores) | 857.31                   | 232.00                   | 187.03                   | 319.45                   |
| Ratio of Recurring Expenses to Average Assets     | 2.02%                    | 0.15%                    | 0.14%                    | 0.25%                    |

|   | Kotak FMP Series 19   | Kotak FMP Series 21   | Kotak FMP Series 23   | Kotak FMP Series 24   | Kotak FMP Series 25   |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Date of allotment                                 | 17-Mar-06             | 17-Feb-06             | 28-Mar-06             | 05-May-06             | 31-Mar-06             |
| Beginning of Year/ Allotment date                 | 01-Apr-06             | 01-Apr-06             | 01-Apr-06             | 05-May-06             | 01-Apr-06             |
| End of Year / Last Date                           | 12-May-06             | 12-May-06             | 12-May-06             | 12-May-06             | 12-May-06             |
| NAV at beginning of year/ Allotment date (Rs.)    | 10.93 (G) / 10.03 (D) | 10.07 (G) / 10.02 (D) | 10.00 (G) / 10.00 (D) | 10.00 (G) / 10.00 (D) | 10.00 (G) / 10.00 (D) |
| Net Income per unit (Rs.)                         | 0.10                  | 0.10                  | 0.01                  | 0.02                  | 0.10                  |
| Dividends (Rs. per unit) *† (Individuals)         | -                     | -                     | -                     | -                     | -                     |
| Dividends (Rs. per unit) *‡‡ (Others)             | -                     | -                     | -                     | -                     | -                     |
| Transfer to Reserves (Rs. Crores)                 | @                     | @                     | @                     | @                     | @                     |
| NAV as on: At the end of the period (Rs.)         | 10.13 (G) / 10.13 (D) | 10.17 (G) / 10.12 (D) | 10.00 (G) / 10.01 (D) | 10.02 (G) / 10.02 (D) | 10.11 (G) / 10.11 (D) |
| Annualised Returns**                              |                       |                       |                       |                       |                       |
| May 12, 2006                                      | -                     | -                     | -                     | -                     | -                     |
| Absolute return ***                               |                       |                       |                       |                       |                       |
| May 12, 2006                                      | 0.16                  | 0.57                  | -                     | -                     | -                     |
| Benchmark Return                                  |                       |                       |                       |                       |                       |
| May 12, 2006                                      | 0.13                  | 0.58                  | -                     | -                     | -                     |
| Net Assets at end of the year/period (Rs. Crores) | 229.45                | 118.98                | 315.96                | 160.57                | 177.97                |
| Ratio of Recurring Expenses to Average Assets     | 0.15%                 | 0.21%                 | 0.10%                 | 0.40%                 | 0.15%                 |

### Notes:

G stands for Growth Option, D stands for Dividend Option, MD stands for Monthly Dividend Option, QD stands for Quarterly Dividend Option, WD stands for Weekly Dividend Option, DD stands for Daily Dividend Option, AD stands for Annual Dividend Option B stands for Bonus Option.

\* Applicable to the dividend option in case of Schemes, which have Growth and Dividend Options.

\*\* Annualised Return (Compounded Annualised Growth Rate) is calculated from the date of allotment of the Units till the end of the period mentioned against it. For the last period in respect of the Scheme/Plan concerned, the annualised return is computed from the date of allotment till March 29, 2006 and May 12, 2006 respectively. In case of returns available for periods less than one year for the first accounting year, such returns have been expressed in absolute terms only.

\*\*\* Absolute Return is calculated from the date of allotment of the Units till the end of the period mentioned against it for the Scheme where such period is less than one year. In case of Scheme / Plan launched after March 31, 2006, the absolute return is also calculated from the date of allotment till March 29, 2006 and May 12, 2006 respectively. Annualised returns are computed for the Growth Option of the Scheme. The Growth Option is not available then the same has been computed assuming the declared dividend is re-invested on the next available NAV.

~ Benchmarks (as developed by AMFI): Kotak Gilt Savings: ISEC SI-BEX, Kotak Gilt Investment- Regular and Provident Fund and Trust Plans: I SEC COMPOSITE INDEX, Kotak Bond - Regular, Deposit Plans, Kotak Flexi Debt: CRISIL

COMPOSITE BOND FUND INDEX, Kotak Bond Short Term: CRISIL SHORT TERM BOND FUND INDEX, Kotak Liquid, Kotak Liquid Institutional Plan, Kotak Liquid Institutional Premium Plan, Kotak Liquid Sweep Plan, Kotak Mahindra Fixed Maturity Plans, Kotak FMP (8), Kotak Floater Short Term Scheme, Kotak Floater Long Term Scheme, Kotak Cash Plus - CRISIL LIQUID FUND INDEX, Kotak Balance - CRISIL BALANCED FUND INDEX, Kotak Income Plus - CRISIL MIP Blended Index. Benchmark returns (as developed by AMFI) for schemes except Kotak Bond Short Term, Kotak Gilt Investment- Provident Fund and Trust Plan, Kotak Liquid Institutional Plan, Kotak Liquid Institutional Premium Plan, Kotak Mahindra Fixed Maturity Plans, Kotak FMP (8), Kotak Floater Short Term Scheme, and Kotak Income Plus are not shown due to nonavailability of the data.

Benchmarks (as per Offer Document) used are: Kotak 30 and Kotak MNC - BSE SENSITIVE INDEX and S & P CNX NIFTY; Kotak Dynamic FOF - Crisil Balanced Fund Index; Kotak Global India - BSE SENSITIVE INDEX; Kotak Tech - BSE IT INDEX; Kotak Opportunities and Kotak Contra - S&P CNX 500 Equity Index; Kotak Equity FOF: S&P CNX Nifty

# These figures are less than 0.01.

~~ No units outstanding as at the beginning/end of the year/period.

‡ NAV at which Units were first allotted under the respective options.

¥ Reserves of Kotak Bond Regular Plan - Bonus option adjusted for bonus of 1 Unit issued for every 2 units held as on the record date January 09, 2003.

@ transfer to reserves will be done at the end of the year

\$\$ applicable for the period between record date April 01, 2004 and July 20, 2004.

†† applicable for the period between record date July 21, 2004 and March 31, 2005 for Individual / HUF unit holders.

^^ applicable for the period between record date July 21, 2004 and March 31, 2005 for Other unit holders.

§ Growth Option introduced under Kotak 30, effective February 03, 2003.

† applicable to current period indicates Dividend paid from record date April 01, 2005 to May 12, 2006 for Individual / HUF unit holders.

‡ applicable to current period indicates Dividend paid from record date April 01, 2005 to May 12, 2006 for other unit holders.

#### 4. Borrowing by the Mutual Fund

No borrowing was made by any of the Schemes of KMMF till the year ended March 31, 2006 and period ended April 30, 2006.

### 5. Key Personnel of AMC

| Name, Age, Designation, Educational Qualifications  | Business Experience   |
|---|---|
| <p><b>Mr. Sandesh Kirkire</b><br/>42 years<br/>Chief Executive Officer<br/><br/>Mechanical Engineer, Masters degree in Management Studies from Jamnalal Bajaj Institute of Management Studies, Mumbai University.</p> | <p>Experience of over 15 years in the areas Corporate Finance and Treasury management among others. His prior assignments were with SBI Capital Markets Ltd and ITC Bhadrachalam Finance &amp; Investments Ltd. After joining the Kotak Mahindra group in 1994, Mr. Kirkire has worked in several capacities across the group, in the fields of Investment Banking, Treasury and Sales and Trading in debt markets. Mr. Kirkire's latest assignment was as Chief Investment Officer (Debt) overseeing the investment management function of the Fund in Fixed Income Securities.</p>  |
| <p><b>Mr. R Krishnan</b><br/>37 years<br/>Chief Operations Officer<br/><br/>Chartered Accountant and Cost Accountant</p>  | <p>Experience of over 11 years 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 latest assignment was as Head - Operations, Retail Assets, at Kotak Bank, from where he joined Kotak Mutual in August 2004 as Senior Vice President.</p> |
| <p><b>Mr. Nitin Jain</b><br/>34 years<br/>Equity Fund Manager<br/><br/>Masters degree in Management Studies, Mechanical Engineer</p>  | <p>Experience of nearly 11 years in the field of financial services Mr. Jain started his career in the year 1995 with Nucleus Securities Ltd., where he worked as an Equity Analyst. After his short stint at Nucleus Securities Ltd., he moved on to OFL Securities and pursued the same vocation for 4 years. With his next move to Infinity.com, Mr. Jain got involved in the equity dealing function and continued with the same profession in his next stint at Fortis Securities Ltd. and IDBI capital Market Services Ltd. Prior to joining Kotak AMC, he was a Fund Manager-Equity, at SBI Funds Management Private Ltd.</p>  |
| <p><b>Mr. Anand Shah</b><br/>31 years<br/>Equity Fund Manager<br/><br/>B.E. (Electronics) degree from REC, Surat, Post Graduate Diploma in Business Management from IIM, Lucknow.</p>                                 | <p>Total work experience of 7 years. During the period 1996-1998, prior to his post-graduation, Mr. Shah worked with Kirolskar Oil Engines Ltd., Pune, as Senior Engineer, where he supervised a 16-member team, and was responsible for electrical and electronics maintenance. Following completion of his post-graduation in 2000, Mr. Shah joined the Equity Fund Management team.</p>  |

| Name, Age, Designation, Educational Qualifications  | Business Experience  |
|---|--|
| <p><b>Ms. Lakshmi Iyer</b></p> <p>29 years</p> <p>Debt Fund Manager</p> <p>Graduate in Commerce from Mumbai University, and holds a Diploma in Business Management.</p>   | <p>Total work experience of 6 years in the securities markets. Prior to joining the Kotak Mahindra group, she worked at Credence Analytics, handling debt research and financial software development. In 1999, Ms. Iyer joined the AMC's Fund Management team</p>   |
| <p><b>Mr. Ritesh Jain</b></p> <p>30 years</p> <p>Debt Fund Manager</p> <p>Graduate in Commerce from Delhi University, and holds a post-graduation in Business Economics from Indore University and a Diploma in Capital Markets from I.C.F.A.I.</p> | <p>Experience of 7 years. Having begun his career in foreign exchange banking at Corporation Bank, he then moved to IDBI Bank Ltd., where he managed money market treasury (trading and ALM management). Prior to joining the Kotak Mahindra group, he also worked briefly at Ranbaxy Laboratories Ltd., managing US\$ 500 Million of foreign exchange treasury. Mr. Jain joined the AMC in 2003 as part of the Fund Management team.</p>  |
| <p><b>Mr. Sajit Pisharodi</b></p> <p>35 years</p> <p>Equity Fund Manager</p> <p>Masters degree in Business Administration</p>   | <p>Experience of nearly 11 years in the field of financial services. Joined the AMC in February, 2004. Prior to that, Mr. Pisharodi was involved in the equity dealing function at SBI Funds Management Pvt. Ltd. He started his career with Stock Holding Corporation of India Ltd., where he was involved in objections clearance in the custodial services division and moved on to IDBI Capital Markets Pvt. Ltd., where he was part of the broking arm, and involved in equity sales and dealing.</p> |
| <p><b>Mr. V. R Narasimhan</b></p> <p>49 years</p> <p>Compliance Officer and Company Secretary</p> <p>Post graduate in commerce, business administration and member of the Institute of company secretaries of India.</p>                            | <p>Mr. Narasimhan was associated with NSDL- the first depository in the country since its inception. He was designated as Senior Vice President at NSDL immediately before joining Kotak AMC. He has total experience of over 25 years of which four years was as faculty at university level, about 10 years in a state level development financial institution, about three years in a national level market regulator and about 10 years in the depository.</p>   |

The Chief Executive Officer, the President and the Fund Management and Research Team of the Fund are based on the registered office of the AMC on 5th Floor, Bakhtawar, Nariman Point, Mumbai - 400 021. The Chief Operations Officer and the Compliance Officer are based at 91/92, 9th Floor, Sakhar Bhawan, 230, Nariman Point, Mumbai - 400 021.

#### **Fund Manager**

Mr. Ritesh Jain and Ms. Lakshmi Iyer will be the Fund Managers for the Scheme Kotak FMP Series 27.

#### **Compliance Officer**

**Mr. V. R. Narasimhan**  
Kotak Mahindra Asset Management Company Limited  
91/92, 9th Floor, Sakhar Bhawan,  
230, Nariman Point, Mumbai - 400 021

#### **Auditors to the Scheme**

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

#### **E. THE REGISTRAR**

The Mutual Fund has appointed Computer Age Management Services Pvt. Limited ('CAMS') to act as Registrar and Transfer Agent ('the Registrar') to the Scheme. Registered with SEBI under registration no. 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. As Registrar to the Scheme, CAMS will accept and process investors' applications and advise the Mutual Fund in respect of the amounts received/disbursed for subscription /redemption. They will also be responsible for responding to communications received from investors, perform data entry services and dispatch Account Statements to Unitholders.

CAMS is responsible for carrying out diligently the functions of Registrar and Transfer Agent, as set out in the agreement entered into with them and as per any modification made thereto from time to time.

The AMC has the right to appoint additional Registrars or change the Registrar, if it deems fit.

## **F. CUSTODIANS**

The Trustee has appointed Deutsche Bank AG, Mumbai, and Standard Chartered Bank as Custodians ('the Custodians') to the Schemes. Deutsche Bank AG is approved by SEBI under registration no. IN/CUS/003 and Standard Chartered Bank is approved under no. IN/CUS/006.

A Custodian keeps in safe custody, the securities and other such instruments belonging to the Fund, ensures smooth inflow/outflow of securities and such other instruments as and when necessary in the best interest of the investors; and ensures that the benefits due to the holdings are recovered.

A Custodian charges the Mutual Fund fees in accordance with the terms of the custodian agreement:

- for all purchase transactions, including direct purchases and rights/new issue applications.
- for all sale transactions, including direct sale and rights renunciation/sale.
- for Corporate Actions, MIS, Monitoring, Annual Reports, etc.
- for Custody of all assets held by them.

In addition, out-of-pocket expenses incurred by a Custodian may also be charged to the Mutual Fund.

The Trustee has the right to appoint additional Custodian(s) or change the Custodian (s), if it deems fit.

To perform custodial services for securities of the Fund, a Custodian is bound to exercise the same degree of care as it exercises in respect of its own property. It is obligatory for a Custodian to ensure that all the services rendered to KMMF are professional, prompt, cost effective and efficient in nature. A Custodian agreement, which, inter-alia, sets out the responsibilities and functions of the Custodian, has been entered into with each of the Custodians.

## **G. BANKER**

The Banker to the New Fund Offer will be as under:

|                              |                          |
|------------------------------|--------------------------|
| <b>Name of the Bank</b>      | <b>HDFC Bank Limited</b> |
| <b>SEBI Registration No.</b> | INBI00000063             |

Applications for the New Fund Offer will be accepted at the designated collection centres of the Bank, as mentioned elsewhere in this Offer Document.

The AMC has the right to appoint additional Bankers to the New Fund Offer and change the Banker or any of the Bankers appointed subsequently, if it deems fit.

## IV. INVESTMENT OF THE FUND

### **A. KOTAK FMP SERIES 27**

#### **1. Type of Scheme**

Close-Ended Debt Scheme

#### **2. Investments Options**

The Scheme will have two options:

##### **a) Growth Option**

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

##### **b) Dividend Option**

Under this option, the Trustee may at any time decide to distribute by way of dividend, the surplus by way of realised profit and interest, net of losses, expenses and taxes, if any, to Unitholders if, in the opinion of the Trustee, such surplus is available and adequate for distribution. The Trustee's decision with regard to such availability and adequacy of surplus, rate, timing and frequency of distribution shall be final. The dividend will be paid to only those Unitholders whose names appear on the register of Unitholders of the Scheme / Option at the close of the business hours on the record date, which will be announced in advance. The Fund is required to dispatch dividend warrants within 30 days of the date of declaration of the dividend. Even though the asset portfolio will be un-segregated, the NAVs of the growth option and dividend option respectively, in the Scheme will be distinctly different after declaration of the first dividend to the extent of distributed income, tax and surcharge thereon paid, where applicable, and expenses relating to the distribution of the dividends. Dividends declared will be compulsorily re-invested in the scheme at the applicable NAV announced immediately after the record date.

#### **3. Maturity Profile of the Scheme**

| Name of the Scheme  | Tenure of the Scheme                 |
|---------------------|--------------------------------------|
| Kotak FMP Series 27 | 120 days after the date of allotment |

For eg: If the date of allotment of Kotak FMP Series 27 is May 26, 2006, the date of maturity would be September 23, 2006.

#### **4. Investment Objective**

The investment objective of the Scheme is to generate returns through investments in debt and money market instruments with a view to significantly reduce the interest rate risk.

The performance of Kotak FMP Series 27 will be measured against CRISIL Liquid Fund Index.

#### **Portfolio Turnover:**

The Scheme has no specific target relating to turnover of securities. The turnover is due to the sale and purchase of securities. This may arise due to more than one reason. One would be redemption of units by investors. The other would

be due to change or anticipation of change in the ratings of securities.

**There is no assurance that the investment objective of the Scheme will be achieved.**

#### **5. Investment Strategy**

For the purpose of achieving the investment objective, the Scheme will invest in a portfolio of Debt and Money Market securities normally maturing in line with the maturity profile of the Scheme.

The AMC has an internal policy for selection of assets of the portfolio. The portfolio is constructed taking into account ratings from different rating agencies, rating migration, credit premium over the price of a sovereign security, general economic conditions and such other criteria. Such an internal policy from time to time lays down maximum / minimum exposure for different ratings, norms for investing in unrated paper, liquidity norms, and so on. Through such norms, the Scheme is expected to maintain a high quality portfolio and manage credit risk well.

Investment in unrated debt securities will be made with the prior approval of the Board of the AMC. Such investments would be within the parameters approved by the Board of the Trustee. Where the proposed investment is not within the parameters as mentioned above, approval of the Boards of both the AMC and the Trustee will be taken before making the investment.

Investments may be made in instruments, which, in the opinion of the Fund Manager, are of an acceptable credit risk and chance of default is minimum. The Fund Manager will generally be guided by, but not restrained by, the ratings announced by various rating agencies on the assets in the portfolio.

The Scheme may invest in listed/unlisted and/or rated/unrated debt or money market instruments/securities, Gilts/ Government Securities, securities issued/guaranteed by the Central/State Governments, securities issued by public/private sector companies/corporations, financial institutions and/or money market instruments such as commercial paper, certificates of deposit, permitted securities under a repo agreement etc. These instruments may carry fixed rate of return or floating rate of return or may be issued on discount basis. The Scheme may also invest in call money/term money market as per the RBI guidelines in this respect.

The Scheme may underwrite primary issuances of securities subject to the Regulations.

Subject to the maximum amount permitted from time to time, the Scheme may invest in offshore debt securities, in the manner allowed by SEBI / RBI, provided such investments are in conformity with the investment objectives of the Scheme and the prevailing guidelines and Regulations. To reduce the risk of the portfolio, the Scheme may also use various derivative and hedging products from time to time, in the manner permitted by SEBI.

To avoid duplication of portfolios and to reduce expenses, the Scheme may invest in any other Scheme of the Fund to the extent permitted by the Regulations. In such an event, as per the Regulations, the AMC cannot charge management fees on the amounts of the Scheme so invested.

## 6. The Risk Profile and Investment Pattern

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

| Investments                        | Indicative Allocation (% to net assets) | Risk Profile  |
|------------------------------------|---|---------------|
| *Debt and Money Market instruments | 100**                                   | Low to medium |

\* Debt instruments shall be deemed to include securitised debts (excluding foreign securitised debt) and investment in securitised debts shall not exceed 50% of the net assets of the Scheme concerned. Investments would be made in foreign debt securities not exceeding 25% of the net assets of the Scheme concerned. However, investments made in foreign debt securities would not include investment in foreign securitised debt. Investments would also be made in derivative instruments not exceeding 25% of the net assets of the Scheme concerned.

\*\* Investment in Government Securities shall not exceed 50%.

From time to time any of the Schemes may hold cash for the following reasons:

- To meet the redemption requirements
- Due to lag in deal date and value date of acquiring an asset
- Due to marginal difference in maturity date of the asset and the maturity date of the scheme

**The asset allocation shown above is indicative and may change for a short term on defensive considerations. When the allocation of Government securities in the portfolio goes above 50%, review and rebalancing will be conducted within 10 working days.**

### Overview of Debt Market

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

The debt securities are mainly traded over the telephone directly or through brokers. The National Stock Exchange of India has a separate trading platform called the Wholesale Debt Market segment where trades put through member brokers are reported. The debt market is very liquid with the daily trades in the region of Rs.2500-5000 crores.

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

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

The following table gives approximate yields prevailing as on March 31, 2006 on some of the money and debt market instruments. These yields are indicative and do not indicate yields that may be obtained in future as interest rates keep changing.

| Instrument                           | Yield Range (% per annum) |
|--------------------------------------|---------------------------|
| Inter bank Call Money                | 6.65 - 6.75               |
| 91 Day Treasury Bill                 | 6.00 - 6.10               |
| 364 Day Treasury Bill                | 6.40 - 6.50               |
| P1+ Commercial Paper 90 Days         | 8.25 - 8.50               |
| 3-Year Government of India Security  | 6.70 - 6.80               |
| 5-Year Government of India Security  | 7.25 - 7.35               |
| 10-Year Government of India Security | 7.35 - 7.45               |

Generally, for instruments issued by a non-Government entity, the yield is higher than the yield on a Government Security with corresponding maturity. The difference, known as credit spread, depends on the credit rating of the entity. Investors must note that the yields shown above are the yields prevailing on March 31, 2006 and they are likely to change consequent to changes in economic conditions and RBI policy.

## 7. Fundamental Attributes and Changes Therein

The close-ended character of the Scheme, the investment objective, the investment pattern, investment strategy terms of the Scheme restricted to liquidity provisions and aggregate fees and expenses to be charged, constitute the fundamental attributes.

In accordance with Regulation 18 (15A), the Trustee shall ensure that there are no changes carried out in the fundamental attributes of the Scheme or the trust or fees and expenses payable or any other change which would modify the Scheme and affect the interest of Unitholders, unless;

- a written communication about the proposed change is sent to each Unitholder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Fund is situated; and
- the Unitholders are given an option to exit at the prevailing Net Asset Value without any Exit Load.

The exercise of rights reserved by the Trustee under this Offer Document vis-à-vis prospective investments in the Scheme shall not constitute change in the fundamental attributes of the Scheme (Refer paragraph 'Power to remove difficulties' in Chapter VIII 'Other Matters').

## **B. POLICIES AND REGULATIONS APPLICABLE TO THE SCHEME**

### **1. Investment of Subscription Money**

On receiving the minimum subscription amount for the Scheme during the New Fund, the Fund may commence investment in instruments / securities as indicated in the sub-paragraph 'Risk Profile and Investment Pattern' in this Offer Document. On allotment of Units, the income earned out of such investments will be merged into the investments of the Scheme.

### **2. Number of investors and their holdings**

As per SEBI Circular No. SEBI/IMD/CIR No.10/22701/03 dated December 12, 2003, the Scheme shall have a minimum of 20 investors and no single investor shall account for more than 25% of the corpus of the Scheme on the date of allotment. In case of non-fulfillment with either of the above two conditions, the investor's money would be refunded, in full, immediately after the close of the New Fund Offering of the Scheme.

### **3. Borrowing Power**

To meet the temporary liquidity needs of the Scheme for the purpose of repurchase, redemption, or payment of income to Unitholders, the Scheme may borrow upto 20% of its net assets for a period of upto six months or as may be permitted by the pertinent rules and regulations. The Fund may tie up with various banks / institutions for the above-mentioned facility. The Scheme may bear the interest charged on borrowings.

### **4. Depository**

The securities may be held in either physical or dematerialised form. If the securities are held in dematerialised form, the rules of the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 apply. In the case of Government Securities, the provisions of the Public Debt Act, 1944 and Rules thereunder apply.

### **5. Policy on Inter Scheme Transfers**

Transfer of Investments from the Scheme / Plan to another Scheme / Plan, present or to be floated in future, may be made at the discretion of the Fund Manager, as per the current regulations, only if:

- Such transfer is done at the prevailing market price for quoted instruments on spot basis; and
- The security(ies) so transferred is / are in conformity with the Investment objective of the Scheme / Plan to which such transfer has been made.

In case of any amendment in the Regulations, transfer of Investments from the Scheme/Plan to another scheme, present or to be floated in future, may also be made, subject to the applicable Regulations at the time of transfer, at the discretion of the Fund Manager.

### **6. 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 the Fund obtaining such approval/ registration, the Scheme may accept obligations for underwriting issue of securities consistent with its investment objective. As per the

Regulations, the outstanding amount of underwriting shall not exceed the corpus of the Scheme. The AMC may limit it to a lower proportion of the corpus after reviewing the market conditions from time to time.

### **7. Mode of Investment**

The securities in which the Investment Manager may invest under the Scheme will be through the primary as well as secondary markets, private placement, preferential/firm allotments, auctions/book building and such others. These securities may be those listed on the various stock exchanges recognised by SEBI or unlisted securities and the investment will be in conformity with the pertinent rules and regulations, applicable at the time of making the investment.

### **8. Investment in Derivatives**

The Fund may use derivative instruments such as swap agreements or any other derivative instruments that are permissible or may be permissible in future under applicable regulations, as would be commensurate with the Scheme objectives, in an attempt to protect the value of the portfolio and enhance Unitholders interest.

### **Hedging & Portfolio balancing**

The Scheme may invest in permitted derivative instruments. As per existing Regulations, such investments in Interest Rate Swaps and other derivative instruments will be used with the objective of a) hedging the portfolio and/or b) rebalancing of the portfolio of the Scheme.

The Scheme may invest in such instruments for the purpose other than hedging and rebalancing of the portfolio as may be permitted by the Regulations.

The note below explains the concept of Interest Rate Swaps, with an example, for the understanding of the Unitholders.

### **Interest Rate Swap (IRS)**

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

Example: Suppose the Fund holds a fixed rate bond of maturity 5 years carrying a fixed interest rate (coupon) of 6% p.a. payable half yearly. Such an investment runs the risk of depreciation if interest rates rise. To manage this risk, the Fund can enter into an IRS with another market participant, here the Fund contracts to pay fixed rate, say 6.75% p.a., and receive a floating rate (say overnight MIBOR). This transaction is done for a notional principal amount equal to the value of the investment. By such a contract a fixed rate income is offset by a fixed rate payment obligation leaving only a floating rate income stream. Thus, without actually investing in a floating rate asset, the Fund starts earning a floating rate income, reducing the risk of depreciation associated with the fixed rate investment. Following table summarises the cash flow streams:

|                         |                       |
|-------------------------|-----------------------|
| Original Investment     | 6% p.a.               |
| Pay (Fixed Rate)        | 5.25% p.a. (IRS)      |
| Receive (Floating Rate) | MIBOR                 |
| Net Flow                | MIBOR +0.75% p.a. (*) |

\* (6% p.a. - 5.25% p.a.)

The floating rate reference is defined in the swap agreement.

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

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

The Fund will be allowed to take exposure in Interest Rate Swaps only on a non-leveraged basis. A swap will be undertaken only if there is an underlying asset in the portfolio. The exposure to interest rate swaps shall be restricted to 50% of the net assets of the Scheme.

The Board of Directors of AMC has set limits for exposure to Interest Rate Swaps as mentioned below in the paragraph 'Investment Limitation and Restrictions'. This limit will be revised by them from time to time. The exposure to Interest Rate Swaps in the Scheme shall be within the revised limit.

### 9. Investments by the AMC in the Fund

The AMC reserves the right to invest its own funds in the Scheme as may be decided by the AMC from time to time and in accordance with SEBI Circular no. SEBI/IMD/CIR No. 10/22701/03 dated December 12, 2003 regarding minimum number of investors in the Scheme/ Plan. Under the Regulations, the AMC is not permitted to charge any investment management and advisory services fee on its own investment in the Scheme.

### 10. Investment Limitation and Restrictions

The following investment limitations and other restrictions, *inter alia*, as contained in the Trust Deed and the Regulations apply to the Scheme:

1. No loans may be advanced by the Mutual Fund and the Fund shall not borrow except to meet temporary liquidity needs of the Fund for the purpose of repurchase, redemption of Units or payment of interest or dividends to Unitholders, provided the Fund shall not borrow more than 20% of the net assets of the Scheme and the duration of such borrowing shall not exceed a period of six months or as may be permitted by the Regulations from time to time.
2. The Scheme may invest in another scheme, under the same AMC or any other mutual fund provided that the aggregate interscheme investments made by all schemes under the same AMC or any other mutual fund shall not exceed 5% of the net assets of the Fund or any other limit as prescribed by the Regulations from time to time. The AMC is not permitted by the Regulations to charge any investment management and advisory services fee on such investments.
3. The Fund shall buy and sell securities only against deliveries. In no case shall the Fund engage in short selling, carry forward transactions or Badla financing.  
Provided that the Fund may enter into derivatives transactions in a recognized stock exchange for the purpose of hedging and portfolio balancing in accordance with the guidelines issued by SEBI.
4. Pending deployment of the funds of the Scheme in terms of the investment objective, the Fund can invest

the funds of the Scheme in short term deposits of scheduled commercial banks.

5. No Scheme shall make any investment in:
  - a) any unlisted security of an associate or group company of the Sponsor; or
  - b) any security issued by way of private placement by any associate or group company of the Sponsor; or
  - c) the listed securities of group companies of the Sponsor in excess of 25% of its net assets.
6. The Scheme shall not invest in any Fund of Funds Scheme.
7. The Scheme shall not invest more than 15% of its Net Assets in debt instruments, including debentures issued by a single issuer which are rated not below investment grade; such limit may be extended to 20% of the Net Assets of the Scheme with the prior approval of the Board of the Trustee and the Board of the AMC;  
Provided that such limit will not be applicable to investments in Money Market Instruments and Government Securities.
8. The Scheme shall not invest more than 10% of its Net Assets in unrated debt instruments, including debentures, (Irrespective of residual maturity period) issued by a single issuer and the total investment in such instruments shall not exceed 25% of the Net Assets of the scheme. All such investments shall be as per the parameters approved by the Boards of the Trustee and the AMC.
9. Wherever investments are intended to be of a long-term nature, the securities shall be purchased or transferred in the name of the Fund, on account of the Scheme concerned.
10. Debentures, irrespective of any residual maturity period (above or below one year), shall attract the investment restrictions as applicable for debt instruments as specified under Clause 1 and 1 A of Seventh Schedule to the Regulations.

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

Apart from the above investment restrictions, the Fund follows certain internal norms vis-à-vis limiting exposure to scrips, sectors, etc. and these are subject to change from time to time. Presently, the following are some of the internal restrictions followed:

1. In the case of schemes that invest in debt and money market instruments, investment shall be made in accordance with ratingwise and issuerwise limits set for the purpose by the Credit Committee of the AMC.
2. The Board of Trustee has laid down parameters for investments in unrated debt securities. However, even where an investment in any unrated debt security(ies) is made as per the said parameters, the prior approval of the Credit Committee and the Board of the AMC shall be obtained and subsequently, such investments will be reported to the Board of Trustee in the immediately next Board Meeting. Where the proposed investment is not within the parameters as mentioned above, approval of the Boards of both the AMC and the Trustee shall be taken before making the investment.

3. The Scheme may take exposure to Interest Rate Swaps upto 50% of the net assets of the Scheme.

### 11. Computation of Net Asset Value

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

#### a. Valuation Norms

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

The broad valuation norms are detailed below:

#### Traded Securities

- (i) Traded securities shall be valued at the last quoted price on The National Stock Exchange (NSE). However, if the securities are not listed on NSE, the securities shall be valued at the price quoted at the exchange where they are principally traded.
- (ii) When on a particular valuation day, a security has not been traded on NSE but has been traded on another stock exchange, the value at which it is traded on that stock exchange shall be used.

#### Thinly Traded Securities / Non-Traded Debt Securities:

A debt security (other than Government Securities) shall be considered as a thinly traded security if on the valuation date, there are no individual trades in that security in marketable lots (currently Rs 5 crore) on the principal stock exchange or any other stock exchange.

Non-traded / Thinly traded Debt securities would be valued as per the norms set below:

#### a) Thinly Traded / Non Traded Debt Securities of Upto 182 Days to Maturity

As the money market securities are valued on the basis of amortization (cost plus accrued interest till the beginning of the day plus the difference between the redemption value and the cost spread uniformly over the remaining maturity period of the instruments) a similar process should be adopted for non-traded debt securities with residual maturity of upto 182 days. Debt securities purchased with residual maturity of upto 182 days are to be valued at cost (including accrued interest till the beginning of the day) plus the difference between the redemption value (inclusive of interest) and cost spread uniformly over the remaining maturity period of the instrument. In case of a debt security with maturity greater than 182 days at the time of purchase, the last valuation price plus accrued interest should be used instead of purchase cost. All other non-traded Non Government debt instruments shall be valued using the method suggested below.

#### b) Thinly Traded / Non Traded Debt Securities of Over 182 Days to Maturity

For the purpose of valuation, all Non Traded Debt Securities would be classified into "Investment grade" and "Non Investment grade" securities based on their credit ratings. The non-investment grade securities would further be classified as "Performing" and "Non Performing" assets

- All Non Government investment grade debt securities,

classified as not traded, shall be valued on yield to maturity basis as described below.

- All Non Government non investment grade performing debt securities would be valued at a discount of 25% to the face value
- All Non Government non-investment grade non-performing debt securities would be valued based on the provisioning norms.

The approach in valuation of non-traded debt securities is based on the concept of using spreads over the benchmark rate to arrive at the yields for pricing the non-traded security.

The Yields for pricing the non-traded debt security would be arrived at using the process as defined below.

#### Step A

A Risk Free Benchmark Yield is built using the government securities (GOI Sec) as the base. GOI Secs are used as the benchmarks as they are traded regularly; free of credit risk; and traded across different maturity spectrums every week.

#### Step B

A Matrix of spreads(based on the credit risk) are built for marking up the benchmark yields. The matrix is built based on traded corporate paper on the wholesale debt segment of an appropriate stock exchange and the primary market issuances. The matrix is restricted only to investment grade corporate paper.

#### Step C

The yields as calculated above are Marked-up/Marked-down for ill-liquidity risk

#### Step D

The Yields so arrived are used to price the portfolio

As per the recommendation of AMFI, CRISIL Bond Valuation Matrix is used to arrive at yields for pricing the portfolio.

#### Valuation of securities with Put / Call Options:

However, the option embedded securities would be valued as follows:

#### Securities with Call option:

The securities with Call option shall be valued at the lower of the value as obtained by valuing the security to final maturity and valuing the security to Call option.

In case there are multiple Call options, the lowest value obtained by valuing to the various call dates and valuing to the maturity date is to be taken as the value of the instrument.

#### Securities with Put option:

The securities with Put option shall be valued at the higher of the value as obtained by valuing the security to final maturity and valuing the security to Put option.

In case there are multiple put options, the highest value obtained by valuing to the various put dates and valuing to the maturity date is to be taken as the value of the instruments.

Securities with both Put and Call option on the same day : The securities with both Put and Call option on the same day would be deemed to mature on the Put/Call day and would be valued accordingly.

## Money Market Instruments

Investments in call money, bills purchased under rediscounting scheme and short term deposits with banks shall be valued at cost plus accrual. Money market instruments other than call money, bills purchased under rediscounting scheme and short term deposits with banks, shall be valued at the last traded price on the National Stock Exchange (NSE), and where not traded, shall be valued at the last traded price plus amortization on the basis of the last traded price.

## Government securities

Traded and non-traded Government Securities shall be valued as per the prices for Government Securities released by an agency suggested by AMFI for the sake of uniformity in calculation of NAVs across all mutual funds. Accordingly, traded and non-traded government securities are valued at prices obtained from The Credit Rating Information Services of India Limited.

## Convertible debentures and bonds

In respect of convertible debentures and bonds, the non-convertible and convertible components shall be valued separately. The non-convertible component should be valued on the same basis as would be applicable to a debt instrument. The convertible component shall be valued on the same basis as would be applicable to an equity instrument. If, after conversion, the resultant equity instrument would be traded pari passu with an existing instrument which is traded, the value of the latter instrument can be adopted after an appropriate discount for the non-tradeability of the instrument during the period preceding the conversion. While valuing such instruments, the fact as to whether the conversion is optional or not shall also be factored in.

## Repo transactions

Where instruments have been bought on 'repo' basis, the instrument shall be valued at the resale price after deduction of applicable interest up to the date of resale. Where an instrument has been sold on a 'repo' basis, adjustment shall be made for the difference between the repurchase price (after deduction of applicable interest up to the date of repurchase) and the value of the instrument. If the repurchase price exceeds the value, the depreciation shall be provided for and if the repurchase price is lower than the value, credit shall be taken for the appreciation.

**The valuation guidelines as outlined above are as per the Regulations prevailing at present and are subject to change from time to time, in conformity with changes made by SEBI.**

### b. Accrual of Expenses and Incomes

All expenses and incomes accrued up to the valuation date shall be considered for the computation of net asset value. For this purpose, while major expenses like management fees and other periodic expenses shall be accrued on a day to day basis, other minor expenses and income need not be so accrued, provided the non-accrual does not affect the NAV calculations by more than 1%.

### c. Recording of Securities and Units in the books

Any change in the portfolio of securities and in the number of Units held shall be recorded in the books not later than the first valuation date following the date of transaction. If this is not possible given the frequency of the Net Asset Value disclosure, the recording may be delayed up to a period of seven days following the date of the transaction, provided

that as a result of the non-recording, the Net Asset Value calculations shall not be affected by more than 1%. In case the Net Asset Value calculation is affected by more than 1% due to such non-recording of transactions, the investors or the Scheme as the case may be shall be paid the difference in the manner provided in the Regulations.

### d. Calculation of NAV

NAV of Units under the Scheme or the Options thereunder can be calculated as shown below:

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

NAV for the Scheme and the repurchase prices of the Units will be calculated and announced at the close of each Working Day.

Computation of NAV will be done after taking into account dividends paid, if any, and the distribution tax thereon, if required. Therefore once dividends are declared under the Dividend Option of the Scheme, the NAV of the Units under the Dividend Option would always remain lower than the NAV of the Units issued under the Growth Option. The income earned and the profits realized in respect of the Units issued under the Growth Option of the Scheme remain invested and are reflected in the NAV of the Units.

## 12. Accounting Policies

In accordance with the Mutual Fund Regulations, the Fund follows the accounting policies and standards stated below:

1. For the Scheme, the AMC shall keep and maintain proper books of accounts, records and documents, for the Scheme so as to explain its transactions and to disclose at any point of time the financial position of the Scheme and in particular give a true and fair view of the state of affairs of the Fund.
2. For the purposes of the financial statements, the Mutual Fund shall mark all investments to market and carry investments in the balance sheet at market value. However, since the unrealised gain arising out of appreciation on investments cannot be distributed, provision shall be made for exclusion of this item when arriving at distributable income.
3. In respect of all interest-bearing investments, income shall be accrued on a day-to-day basis as it is earned. Therefore, when such investments are purchased, interest paid for the period from the last interest due date upto the date of purchase shall not be treated as a cost of purchase but shall be debited to Interest Recoverable Account. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale shall not be treated as an addition to sale value but shall be credited to Interest Recoverable Account.
4. In determining the holding cost of investments and the gains or loss on sale of investments, the "average cost" method shall be followed.
5. Transactions for purchase or sale of investments shall be recognised as of the trade date and not as of the

settlement date, so that the effect of all investments traded during a financial year is recorded and reflected in the financial statements for that year. Where investment transactions take place outside the stock market, for example, acquisitions through private placement or purchases or sales through private treaty, the transaction shall be recorded, in the event of a purchase, as of the date on which the Scheme obtains an enforceable obligation to pay the price or, in the event of a sale, when the Scheme obtains an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold.

6. Where income receivable on investments has been accrued and has not been received for the period specified in the guidelines issued by SEBI, provision shall be made by debiting to the revenue account the income so accrued in the manner specified by SEBI in this behalf.
7. When Units are repurchased the par value of the Unit shall be debited to Capital Account and the difference between the repurchase price and the par value, if positive, shall be credited to reserves and, if negative, shall be debited to reserves. A proportionate part of the unamortized initial issue expenses shall also be transferred to the reserves so that the balance carried forward on that account is proportional to the number of units remaining outstanding.
8. The cost of investments acquired or purchased shall include brokerage, stamp duty and any charge customarily included in the broker's bought note. In respect of privately placed debt instruments any front-end discount offered shall be reduced from the cost of the investment.
9. Underwriting commission shall be recognised as revenue only when there is no devolvement on the Scheme. Where there is devolvement on the Scheme, the full underwriting commission received and not merely the portion applicable to the devolvement shall be reduced from the cost of the investment.
10. Initial issue expenses comprise brokerage / agents' commission, advertising and marketing costs, registrar expenses, etc and printing and despatch costs. In case the initial issue expenses are borne by the Scheme, they may be amortised over a period not exceeding five years from the date of allotment of units under the New Fund, under the Scheme.
11. Load Charges: Load collected during the continuous offer of the Scheme shall be retained under a separate account in the Scheme and shall be used as stated in the SEBI Regulations.
12. Following the issue of the Guidance Note on 'Accounting for Investments in the Financial Statements of Mutual Funds' by the Institute of Chartered Accountants of India (pursuant to the Eleventh Schedule of the SEBI Regulations) net unrealised appreciation/ depreciation in value of investments (including derivatives) is determined separately for each category of investments. Further, the change in net unrealised appreciation / depreciation, if any, between the two Balance Sheet dates/ date of determination is recognised in the revenue account. Unrealised appreciation is reduced from the distributable income at the time of income distribution. At the end of the financial year the balance in revenue account including net change in unrealised appreciation /

depreciation in value of investments (including derivatives) is transferred to the revenue reserve.

The identification and provisioning of Non Performing Assets (Debt Securities) shall be in accordance with circular no. MFD/CIR/8/92/2000 dated September 18, 2000 and modifications thereto vide circular no. MFD/CIR/14/088/2001 dated March 28, 2001, issued by SEBI. The circular dated September 18, 2000 also contains provisions for the treatment of income accrued on Non Performing Assets (NPA), treatment of assets on reclassification as performing assets, receipt of past dues, disclosures of NPAs on a half yearly basis along with the half yearly portfolio of the relevant Scheme etc.

The accounting policies and standards as outlined above are in accordance with the present Mutual Fund Regulations and are subject to change in accordance with changes in the Mutual Fund Regulations.

All other policies and standards as specified in the Mutual Fund Regulations, as well as any additions/modifications thereto as may be specified by SEBI from time to time shall be adhered to while preparing the books of accounts and financial statements of the Fund.

The Trustee may, at its discretion, require the Fund to follow more conservative accounting norms than as required by the Regulations in respect of non-performing assets or assets in default.

Accounting and Valuation Policies with respect to Derivative Products:

### **Interest Rate Swaps**

Interest rate swaps with a maturity period of more than 182 days shall be marked to market by recording the net present values of differences in outflows and inflows as unrealised appreciation / depreciation. Interest rate swaps with a maturity period of 182 days and less shall be amortised.

### **13. Recording of Investment Decisions**

In respect of debt instruments, records in support of each investment decision will be maintained. Investments in Government securities, as they do not carry any credit risk, will be based on the relevant portfolio strategy. In respect of corporate bonds, as they carry a credit risk, in addition to the duration objective, exposure limits for investment in a particular company will be determined from time to time, and investments in these companies will be 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 Mr. Sandesh Kirkire, 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. Performance of the Scheme will periodically be tabled before the Boards of the AMC and the Trustee respectively. Performance of the Scheme vis-à-vis benchmark indices would be monitored by the Boards of the Trustee and the AMC periodically. Further, the Boards of the Trustee and the AMC will also review the performance of the Scheme in the light of performance of the mutual fund industry as published from time to time by independent research agencies and financial newspapers and journals.

## V. UNITS

### **A. UNITS ON OFFER**

#### **1. Minimum Subscription Amount**

The Fund seeks to collect a minimum subscription amount of Rs. 50,00,000/- (Rupees Fifty Lakhs Only) in the New Fund Offer of the Scheme. In the event this amount is not raised during the New Fund Offer, the amount collected will be refunded to the applicants as mentioned under sub-paragraph 'Refund' under paragraph 'Purchase of Units' in this Offer Document.

There is no upper limit on the total amount that may be collected. After the minimum subscription amount has been collected, all valid applications are assured of full allotment.

#### **2. New Fund Offer of the Scheme**

The New Fund Offer for Kotak FMP Series 27 will be from May 30, 2006 to May 31, 2006.

#### **3. New Fund Offer Price**

The New Fund Offer price of Units under the Scheme will be Rs. 10 per Unit for Cash.

#### **4. Extension of New Fund Offer**

The Trustee reserves the right to extend the closing date, subject to the condition that the New Fund Offer shall not be kept open for more than 30 (Thirty) days. Any such extension shall be announced by way of a notice in one national newspaper.

#### **5. Continuous Offer**

This being close-ended Scheme, the Units will not be offered for Purchase by investors after the New Fund Offer of the Scheme, however, the Unitholders can redeem their units at the redemption price as mentioned under sub-paragraph 'Redemption Price' under paragraph 'Redemption of Units' mentioned elsewhere in this Offer Document.

#### **6. Listing**

The Scheme, after the New Fund Offer, on a continuous basis will offer for Redemption of Units at NAV related price on every Working Day. It is, therefore, not necessary to list the Units of the Scheme on any exchange even though the Scheme is a close - ended Scheme. The Trustee, however, has the right to list the Units under the Scheme on any stock exchange/s for better distribution and additional convenience to existing/prospective Unitholders. Even if the Units are listed, the Fund may continue to offer redemption facility as specified in this Offer Document. Any listing will come only as an additional facility to investors who wish to use the services of a stock exchange for the purpose of transacting business in the Units of the Scheme.

#### **7. Expenses of Initial Issue**

As per the regulations the Initial Issue expenses comprising Broker/Agent's commission, advertising, publicity, marketing, registrar expenses, etc. shall not exceed 6% of the amount collected of each Scheme.

However, in respect of the Scheme, Initial Issue Expenses comprising of Marketing and Advertising, Printing and Mailing, Brokerage / Commission, Registrar's Expenses, Bank Charges

and Other Expenses, subject to a maximum of the specified percentage collected by the Scheme, will be amortised over the tenure of the Scheme.

#### **8. Minimum Purchase and Redemption Amounts**

The minimum purchase during the New Fund Offer and redemption amounts for the scheme is as follows:

##### **Purchase during New Fund Offer**

For both Growth and Dividend Options each Rs. 5000/-

##### **Redemption from existing Unit Accounts\***

For both Growth and Dividend Options each Rs. 1,000 or 100 Units

\* If the holding is less than Rs. 1000 or 100 Units, the entire balance will be redeemed as and when redemption request is received from the investor.

#### **9. Applicable NAV**

Redemption / Switch out:

For Valid Applications accepted

- Upto 3 p.m. on a Working Day, the NAV of such Working Day
- After 3 p.m. on a Working Day, the NAV of the following Working Day

Further, where the AMC or the Registrar has provided a facility to the investors to redeem /switch-out of the Scheme through the medium of Internet by logging onto specific web-sites or telephone and where investors have signed up for using these facilities, the Applicable NAVs will be as provided above.

#### **10. Facilities Offered to Investors under the Scheme**

##### **a) Nomination Facility**

If an application for purchase of Units is made in the name of a single holder, the Unitholder may nominate a successor to receive the Units upon his / her death, subject to the prescribed formalities.

Where the Units are held by more than one person jointly, the jointholders may together nominate a person in whom all the rights in the Units shall vest in the event of the death of all the joint Unitholders.

This facility is subject to the law applicable to such succession.

##### **b) Transmission**

In case of death of the Unitholder (individual), Units shall be transmitted in favour of the second-named joint holder or nominee or legal heir / successor, as the case may be, on production of a death certificate or any other document to the satisfaction of the AMC / Registrar.

This facility is subject to the law applicable to such succession.

##### **c) Fractional Units**

Purchases, redemptions and account balances of Units are calculated upto three decimal places. Fractional Units in no way affect the investor's ability to redeem the Units, either in part or in full, standing to the credit of the Unitholder.

#### d) Reinvestment of Dividend

Unitholders in the Dividend Option will have the facility of reinvestment of dividend declared under the same Option of the Scheme. The Units, for the purpose of reinvestment, will be created and credited to the Unitholder's account at the first ex-dividend NAV.

#### e) Switching

Unitholders have the option of switching out all or part of their investment in the Scheme. A switch out has the effect of redemption from the Scheme. All terms and conditions pertaining to redemption in the Scheme shall apply to a switch.

#### f) How to Switch

The request for a switch can be either in terms of amount or in terms of the number of Units of the Scheme. Instructions for switching may be provided by completing a Switch Request form, which would be available at any of the Investor Service Centres, or at the office of the Registrar at Chennai. The duly completed form must be submitted at any of the Investor Services Centres or at the office of the Registrar at Chennai, on any Working Day.

Switch out results into redeeming Units from the Scheme at the redemption price applicable at the Cut Off time (refer sub - paragraph 'Applicable NAV' under paragraph 'Units on Offer' in this Chapter) by which the Switch request is received.

**Systematic Investment Plan (SIP), Systematic Withdrawal Plan (SWP) and Systematic Transfer Plan (STP) are not available under this Scheme.**

### B. PURCHASE OF UNITS

#### 1. Who can invest?

The following are eligible to apply for purchase of the Units:

- Resident Indian Adult Individuals, either singly or jointly (not exceeding three).
- Parents/Lawful guardians on behalf of Minors.
- Companies, corporate bodies, registered in India.
- Registered Societies and Co-operative Societies authorised to invest in such Units.
- Religious and Charitable Trusts under the provisions of section 11(5) of the Income Tax Act, 1961 read with Rule 17C of the Income Tax Rules, 1962.
- Trustees of private trusts authorised to invest in mutual fund schemes under their trust deeds.
- Partner(s) of Partnership Firms.
- Association of Persons or Body of Individuals, whether incorporated or not.
- Hindu Undivided Families (HUFs).
- Banks (including Co-operative Banks and Regional Rural Banks) and Financial Institutions and Investment Institutions.
- Non-Resident Indians/Persons of Indian Origin resident abroad (NRIs) on full repatriation or non-repatriation basis.
- Other Mutual Funds registered with SEBI.
- Foreign Institutional Investors (FIIs) registered with SEBI.

- International Multilateral Agencies approved by the Government of India.
- Army / Navy / Air Force, Para-Military Units and other eligible institutions.
- Scientific and Industrial Research Organizations.
- Provident / Pension / Gratuity and such other Funds as and when permitted to invest.
- Universities and Educational Institutions.

Other schemes of Kotak Mahindra Mutual Fund may, subject to the conditions and limits prescribed in the SEBI Regulations and/or by the Trustee, AMC or Sponsor, subscribe to the Units under the Scheme.

The list given above is indicative and the applicable law, if any, shall supercede the list.

#### 2. Purchase Price

The Purchase Price during the New Fund Offer of the Scheme will be Rs. 10.

#### 3. Mode of Payment

##### a) Resident Investors

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

- By local MICR Cheques payable in the city in which the Application Form is submitted.
- By a Demand Draft payable in the city in which the Application Form is submitted and drawn on a bank which is a member of the Bankers Clearing House of that city.
- In any other manner that may be, from time to time, accepted by the AMC for the smooth and efficient functioning of the Scheme.

#### PLEASE NOTE THAT THE FOLLOWING ARE NOT ACCEPTED

- Outstation Cheques
- Post Dated Cheques.

All cheques and drafts should be crossed "Account Payee Only" and drawn in favour of "KOTAK FMP SERIES 27".

##### b) NRIs

###### 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 a repatriation or a 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.

#### **c) FIs**

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 FIs. Further a general permission has also been granted to send such Units / instruments out of India to their global custodians. Applications of FIs 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 FIs with a designated branch of an authorised dealer with the approval of RBI.

#### **d) 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 at Chennai, within 7 (seven) days from the date of the application under the New Fund Offer, failing which the application is liable to be rejected or a request for redemption may not be processed.

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

#### **4. Where to submit application forms?**

Investors may submit completed application forms as under:

##### **During the New Fund Offer**

1. Official Collection Centre (Including the office of the AMC at 5A, 5th Floor, Bakhtawar, 229, Nariman Point, Mumbai - 400 021).
2. Designated Collection Banks.

**The addresses of the ISCs, Registrar and Collection Banks respectively are given elsewhere in the Offer Document.**

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.

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.

Wherever an application is for a total value of Rs. 50,000 or more, 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 where the investor does not have a PAN, the investor has to submit to the mutual fund, Form 60/61 along with a proof of address, as prescribed under Income Tax Act, 1961, along with application form. Any Application Form without these details will not be accepted by the mutual fund.

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

#### **5. Choice of Option under the Scheme**

If the applicant does not indicate his choice of Option in the Application Form, the Fund accepts the application as being for the Growth Option. The Investor, however, is free to switch from the Scheme / Plan / Option to any other open-ended Scheme / Plan / Option of his choice as mentioned under sub - paragraph 'Switching' under paragraph 'Facilities Offered to Investors under the Scheme' in this Offer Document.

#### **6. 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 unit 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 'anyone or survivor', any one of the joint holders may sign such requests.

#### **7. Allotment**

Subject to the receipt of the specified Minimum Subscription Amount for the Scheme, full allotment will be made to all valid applications received during the New Fund Offer. The Trustee reserves the right, at their discretion without assigning any reason thereof, to reject any application. Allotment will be completed within 30 (Thirty) days after the closure of the New Fund Offer.

#### **8. Account Statement / Unit Certificate**

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 of the Scheme. The Account Statement will be non-transferable.

Non-transferable Unit Certificates will be sent, if an applicant so desires, within 30 (Thirty) days after the receipt of a request for the certificate.

Units held, either in the form of Account Statements or 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.

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

#### **9. Refund**

Refund of subscription money to applicants in the case of minimum subscription amount not being raised or applications rejected for any other reason whatsoever, will be made within

30 (Thirty) days from the end of the New Fund Offer. No interest will be payable on any subscription money so refunded within the said 30 (Thirty) days. If the Mutual Fund refunds the amount after the said 30 (Thirty) days, interest at the rate of 15% p.a. will be paid to the applicant and borne by the AMC for the period from the day following the date of expiry of the said 30 (Thirty) days until the actual date of the refund. Refund orders will be marked "Account Payee only" and drawn in the name of the applicant in the case of a sole applicant and in the name of the first applicant in all other cases. In both cases, the bank name and bank account number, as specified in the application, will be mentioned in the refund order. The bank and/or collection charges, if any, will be borne by the applicant.

All refund cheques will be mailed by Registered Post or as per the Regulations.

### C. REDEMPTION OF UNITS

The Units can be redeemed at the Redemption Price (mentioned elsewhere in this Offer Document).

Units purchased by cheque may not be redeemed until after realisation of the cheque.

A Unitholder has the option to request for redemption either in amount in rupees or in number of Units. If the redemption request indicates both amount in rupees and number of Units, the latter will be considered as being requested. Where a rupee amount is specified or deemed to be specified for redemption, the number of Units redeemed will be computed as the amount redeemed divided by the Redemption Price. Alternatively, a Unitholder can request closure of his account, in which case, the entire Unit balance lying to the credit of his account will be redeemed.

The Fund reserves the right to redeem the entire amount lying to the credit of the Unitholder's account in the Scheme/Plan/Option if the Redemption request amount exceeds the balance lying to the credit of the Unitholder's said account

The number of Units redeemed is subtracted from the Unitholder's account and a statement to this effect is issued to the Unitholder.

#### 1. Redemption Price

The Redemption Price calculated is explained in the following example:

Redemption Price = Applicable NAV\$ x (1 - Exit Load)\*  
 Eg: If Applicable NAV = Rs. 10/-; Exit Load =2%, then  
 Redemption Price = 10 x (1-2%)  
 = Rs. 9.80/-

\$ For Applicable NAV, please refer sub-paragraph 'Applicable NAV' under paragraph 'Units on Offer' in this Offer Document.

\* For Exit Load, please refer paragraph 'Load Structure of the Scheme' in Chapter VI 'Loads and Recurring Expenses'.

The Redemption Price for every Working Day is published in two daily newspapers.

As per SEBI Regulations repurchase price shall not be lower than 93% of the NAV and the sale price shall not be higher than 107% of the NAV and the difference between the repurchase price and sale price shall not exceed 7% on the

sale price. In the case of close-ended scheme the repurchase price shall not be lower than 95% of the NAV.

#### 2. How to Redeem?

Pre-printed redemption request form 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 form, 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.

Where the Unitholder has opted to transact through the Internet, he may redeem his units through the website of the Registrar, i.e. [www.camsonline.com](http://www.camsonline.com) and/or through any other website, through which redemption may be facilitated in future.

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

#### 3. Maturity of the Scheme

Without any further act by the Unitholder(s) all units will be compulsorily redeemed on the Maturity Date of the Scheme, at the Applicable NAV as on that date.

#### 4. Payment of Proceeds

Redemption proceeds will be paid by cheques, marked "Account Payee only" and drawn in the name of the sole holder/first-named holder (as determine by the records of the Registrar). The Bank Name and No., as specified in the Registrar's records, will be mentioned in the cheque, which will be payable at par at all the cities designated by the Fund from time to time. If the Unitholder resides in any other city/town, he will be paid by a Demand Draft payable at the city/town of his residence.

Redemption cheques will generally be sent to the Unitholder's address, (or, if there is more than one joint holder, the address of the first-named holder) as per the Registrar's records, by courier within 3 (Three) Working Days from the day when the valid request is accepted at the ISC, but in any case, not later than 10 (Ten) Working Days from the date of redemption. (Please refer sub-paragraph 'Applicable NAV' under paragraph 'Units on Offer' in this Chapter for cut-off times for receiving the redemption request).

Redemption proceeds may also be paid to the Unitholder in any other manner as the AMC may decide, from time to time, for the smooth and the efficient functioning of the Scheme.

#### 5. Redemption by NRIs / FIs

Credit balances in the account of NRIs may be redeemed by such investor in accordance with the procedure described above in paragraph 2. Such redemption proceeds (after payment of taxes) may be,

- (a) credited at the NRI investor's option, to his NRO account where the payment for the purchase of the Units sold was made out of funds held in NRO 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.

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.

## 6. Effect of Redemptions

### a) On the Fund

After every redemption, the Unit Capital and Reserves of the relevant Scheme stand reduced by an amount equivalent to the product of the number of Units redeemed and the Applicable NAV as on the date of redemption. Units once redeemed are extinguished and cannot be re-issued.

### b) On the Unitholder's account

The balances in the Unitholder's account stand reduced by the number of Units redeemed. The following table illustrates a typical redemption case.

| Calculation of Redeemed Units explained: | If Exit Load of 0.50% is chargeable |
|--|-------------------------------------|
| Unit Balance before Redemption           | 2305.235                            |
| NAV on date of redemption                | Rs. 10.412                          |
| Exit Load Chargeable                     | Rs. 0.052<br>(10.412 x 0.50%)       |
| <b>If Redemption request is in Rs.</b>   | Rs. 3500                            |
| Redemption price                         | Rs. 10.36<br>(10.412-0.052)         |
| No. of Units redeemed                    | 337.838<br>(3500 ÷ 10.36)           |
| No. of Units left                        | 1967.377<br>(2305.235-337.838)      |
| <b>If Redemption request is in Units</b> | 350 Units                           |
| Redemption amount will be                | Rs. 3626.00<br>(350 x 10.36)        |
| No. of Units left                        | 1955.235<br>(2305.235-350)          |

Note: The example in the table above, which includes the load and NAV figures, is hypothetical and assumed for the sole purpose of the illustration.

## 7. Right to Limit Redemption

The Board of Directors of the Trustee and the AMC may, in the general interest of the Unitholders of the Scheme under this Offer Document 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.

## 8. Suspension or Redemption of Units

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

1. The markets stop functioning or trading is restricted;
2. Extreme volatility occurs in the 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;
3. There is a natural calamity, civil strife, complete breakdown of law and order, war, act of God or force majeure; and or
4. 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.

## 9. 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.

## VI. LOADS AND RECURRING EXPENSES

### A. LOAD STRUCTURE OF THE SCHEME

#### Entry Load and Exit Load

No Entry Load will be charged on subscription of Units in the Scheme. However, Exit Load of 0.50% of the Applicable NAV on redemption will be applicable.

The Exit Load will be charged only if the Unitholder redeems the Units before the Maturity Date of the Scheme. The Exit Load will not be charged on redemption of Units by the Fund on the Maturity Date.

### B. FEES AND EXPENSES OF THE SCHEME

As per the provisions of the Regulations, as amended up to date, the following fees and expenses are applicable to the Scheme:

#### 1. Expenses of Initial Issue

As per the regulations, the Initial Issue expenses comprising Broker / Agent's commission, advertising, publicity, marketing, registrar expenses, etc. shall not exceed 6% of the amount collected under the Scheme. The initial expenses of the Scheme will be borne by the AMC.

However, in respect of the Schemes, Initial Issue Expenses comprising of Marketing and Advertising, Printing and Mailing, Brokerage / Commission, Registrar Expenses, Bank charges and Other Expenses, subject to a maximum of the specified percentage collected by the Scheme, will be amortised over the tenure of the respective scheme.

For the Schemes, the aforesaid initial issue expenses are estimated as under:

| Initial Issue Expenses              | Estimated % Amount Collected |
|-------------------------------------|------------------------------|
|                                     | FMP Series 27                |
| Marketing and Advertising/ Printing | 0.01                         |
| Broker/Agent's Commission           | 0.02                         |
| Registrar Expenses                  | 0.01                         |
| Bank charges and Other Expenses     | 0.01                         |
| <b>Total</b>                        | <b>0.05</b>                  |

These estimates are made in good faith by the AMC and the actual expenses may be different from these estimates, inter se.

Actual expenses incurred in respect of Initial Issue Expenses in excess of the respective specified limits as indicated above shall be borne by the AMC.

Illustration of Amount available to Scheme for Investment

Assumptions made for the purpose of the illustration:

- The calculations are made for every Rs. 100 invested by the investor.

| Particulars  | FMP Series 27      |
|--|--------------------|
| Unitholder's Investment  | 100                |
| Purchase price at which Units are allotted   | 10.000             |
| No. of Units allotted  | 10.000             |
| Initial Issue Expenses (comprising of Marketing and Advertising, Printing and Mailing, Brokerage/ Commission, Registrar Expenses, Bank Charges and other Expenses) | 100 X 0.05% = 0.05 |
| Amount Available to Scheme for Investment  | 99.95 (100 - 0.05) |

The impact of Initial Issue Expenses, which are to be amortised over the tenure of the scheme, on the NAV is explained below.

Illustration of Impact of Initial Issue Expenses on NAV:

Continuing the illustration further, if the total amount collected by the Scheme is Rs. 100, (as stated above), further assumptions made for the purpose of the illustration:

- For illustrating the impact on NAV, no accruals, appreciation or depreciation on Investments has been assumed from the time of New Fund Offer till the date of computation of NAV.
- The impact of entry/exit load has not been considered for calculation of Redemption Price on first date of NAV computation.
- All Initial Issue Expenses specified in the table above are amortised over the tenure of the scheme.

Amortisation of Initial Issue Expenses starts from the date of computation of NAV, which could be earlier than the first day of declaration of NAV.

| Particulars   | FMP Series 27                     |
|---|-----------------------------------|
| Amount available for Investment to the Scheme (Rs.)                       | 99.95                             |
| Total No. of Units allotted   | 10.000                            |
| Total Initial Issue Expenses amortised (Rs)                               | 0.05                              |
| Maximum period for amortisation (days)                                    | 120                               |
| Per day amortisation of Initial Issue Expns (Rs.)                         | 0.00042                           |
| Balance Initial Issue Expenses which will be included in Net Assets (Rs.) | 0.05-0.00042 =0.04958             |
| NAV on first date of computation  | (Rs)(99.95+0.04958)/ 10 = 9.99996 |
| Redemption Price on first date of NAV computation (Rs)                    | 9.99996                           |

## 2. Initial Issue Expenses incurred by the Schemes:

The initial issue expenses for all the scheme are summarised below:

| Scheme  | Launched in    | Initial Issue Expenses (Rs. Lakhs) | Borne by AMC (Rs. Lakhs) | Borne by the Scheme** (Rs. Lakhs) | Amount available for investment out of Rs. 100 |
|---|----------------|------------------------------------|--------------------------|-----------------------------------|--|
| Kotak Gilt Investment, Kotak Gilt Savings, Kotak 30 | December 1998  | Combined 116                       | In full                  | –                                 | 100  |
| Kotak Bond, Kotak Balance                           | October 1999   | 58<br>133                          | In full<br>48            | –<br>85                           | 100<br>98.50                                   |
| Kotak Tech<br>Kotak MNC                             | February 2000  | 556<br>115                         | 234<br>49                | 322<br>66                         | 98.50  |
| Kotak Liquid  | October 2000   | 7.62                               | In full                  | –                                 | 100  |
| Kotak Bond Short Term                               | April 2002     | 2.77                               | In full                  | –                                 | 100  |
| Kotak FMP (1)                                       | May 2002       | 2.90                               | In full                  | –                                 | 100  |
| Kotak FMP (2)                                       | June 2002      | 7.93                               | In full                  | –                                 | 100  |
| Kotak FMP (3)                                       | June 2002      | –                                  | –                        | –                                 | –  |
| Kotak FMP (4)                                       | July 2002      | –                                  | –                        | –                                 | –  |
| Kotak FMP (5)                                       | July 2002      | –                                  | –                        | –                                 | –  |
| Kotak FMP (6)                                       | March 2003     | 4.52                               | In full                  | –                                 | 100  |
| Kotak FMP (7)                                       | March 2003     | 2.62                               | In full                  | –                                 | 100  |
| Kotak Floater Short Term Scheme                     | July 2003      | 1.11                               | In full                  | –                                 | 100  |
| Kotak Income Plus                                   | October 2003   | 259.82                             | 1.50                     | 258.31                            | 98   |
| Kotak Dynamic Income                                | December 2003  | 2.77                               | In full                  | –                                 | 100  |
| Kotak Global India                                  | December 2003  | 1014.57                            | 1.09                     | 1013.48                           | 97.17  |
| Kotak FMP (8)                                       | March 2004     | 1.44                               | In full                  | –                                 | 100  |
| Kotak Equity FOF                                    | July 2004      | 695.46                             | 0.21                     | 695.25                            | 96.25  |
| Kotak Opportunities                                 | July 2004      | 187.27                             | 0.06                     | 187.21                            | 97.18  |
| Kotak Floater Long Term Scheme                      | August 2004    | 4.68                               | In full                  | –                                 | 100  |
| Kotak Flexi Debt Scheme                             | November 2004  | 1.94                               | In full                  | –                                 | 100  |
| Kotak Midcap  | December 2004  | 1932.08                            | –                        | In full                           | 96.59  |
| Kotak FMP Series 8                                  | February 2005  | 0.98                               | In full                  | –                                 | 100  |
| Kotak FMP Series 1                                  | March 2005     | 4.38                               | In full                  | –                                 | 100  |
| Kotak FMP Series 2                                  | March 2005     | 0.53                               | In full                  | –                                 | 100  |
| Kotak FMP Series 4                                  | March 2005     | 0.61                               | In full                  | –                                 | 100  |
| Kotak Dynamic Fund of Funds                         | March 2005     | 235.53                             | 0.02                     | 235.51                            | 97.75  |
| Kotak Contra Scheme                                 | June 2005      | 2154.14                            | –                        | In full                           | 96.58  |
| Kotak Cash Plus                                     | September 2005 | 6.26                               | In full                  | –                                 | 100  |
| Kotak Flexi Fund of Funds                           | September 2005 | 1120.77                            | –                        | In full                           | 96.82  |
| Kotak Tax Saver Scheme                              | September 2005 | 802.97                             | 275.41                   | 527.55                            | 94   |
| Kotak FMP Series 12                                 | November 2005  | 0.98                               | In full                  | –                                 | 100  |
| Kotak FMP Series 15                                 | January 2006   | 0.01                               | In full                  | –                                 | 100  |
| Kotak FMP Series 14                                 | January 2006   | 0.13                               | In full                  | –                                 | 100  |
| Kotak FMP Series 16                                 | February 2006  | 0.01                               | In full                  | –                                 | 100  |
| Kotak FMP Series 17                                 | February 2006  | 0.01                               | In full                  | –                                 | 100  |
| Kotak FMP Series 21                                 | February 2006  | 0.08                               | In full                  | –                                 | 100  |
| Kotak FMP Series 18                                 | February 2006  | 0.01                               | In full                  | -                                 | 100  |

| Scheme               | Launched in  | Initial Issue Expenses (Rs. Lakhs) | Borne by AMC (Rs. Lakhs) | Borne by the Scheme** (Rs. Lakhs) | Amount available for investment out of Rs. 100 |
|----------------------|--------------|------------------------------------|--------------------------|-----------------------------------|--|
| Kotak FMP Series 20  | March 2006   | 0.01                               | In full                  | -                                 | 100  |
| Kotak FMP Series 19  | March 2006   | 0.01                               | In full                  | -                                 | 100  |
| Kotak FMP Series 13  | March 2006   | 0.09                               | In full                  | -                                 | 100  |
| Kotak FMP Series 22  | March 2006   | 0.01                               | In full                  | -                                 | 100  |
| Kotak FMP Series 23  | March 2006   | 0.01                               | In full                  | -                                 | 100  |
| Kotak FMP Series 25  | March 2006   | 0.05                               | In full                  | -                                 | 100  |
| Kotak Lifestyle Fund | January 2006 | 3375.32                            | -                        | In full                           | 95.59  |

\*\* The initial issue expenses borne by the schemes are being amortised as per the Regulations.

The Initial Issue Expenses of the schemes did not vary adversely from the estimated expenses of the respective schemes.

### 3. Recurring Expenses of the Scheme

The estimate of the ongoing fees and expenses of operating the Scheme on an annual basis, expressed as a percentage of the amount of the Scheme'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 of the Scheme will bear directly or indirectly.

#### Recurring Expenses

| Description   | (% per annum of daily average net assets) |
|---|---|
| Investment Management and Advisory Services Fees payable to AMC | 1.250                                     |
| Trustee Fees  | 0.050                                     |
| Service Tax on Management & Trustee Fees                        | 0.130                                     |
| Custodian Fees  | 0.200                                     |
| Marketing and Selling Expense (incl. Agents commission)         | 0.320                                     |
| Registrar and Transfer Agent Fees                               | 0.150                                     |
| Other Operational Expenses attributable to the scheme           | 0.150                                     |
| <b>Total Annual Recurring Expenses (Estimated)</b>              | <b>2.250</b>                              |

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. 100 crores for the Scheme and may change to the extent assets are lower or higher.

The recurring expenses of each Scheme (including investment and advisory fees) will be subject to the following maximum limits (as a percentage of Weekly Average Net Assets) as per Regulation 52. Expenses over and above the permitted limit under the applicable Regulations will be borne by the AMC.

| Weekly Average Net Assets (Rs.) |       |
|---------------------------------|-------|
| First 100 crores                | 2.25% |
| Next 300 crores                 | 2.00% |
| Next 300 crores                 | 1.75% |
| Balance assets                  | 1.50% |

The AMC may charge each Scheme with investment and advisory fees subject to the currently applicable maximum limits (as a percentage of Weekly Average Net Assets of the Scheme) as per Regulation 52.

| Weekly Average Net Assets outstanding in each accounting year (Rs.) | Fees chargeable |
|---|-----------------|
| First 100 crores  | 1.25%           |
| On balance assets   | 1.00%           |

As per the Regulations, the AMC may charge an additional management fee of upto 1% per annum of the weekly average net assets outstanding in any financial year in respect of the Scheme where there is no entry/ exit load/spread/ level load or their combination. The recurring expenses of each Scheme, including the additional management fee shall be as per the limits prescribed under the Regulations. Further, the additional management fee may be charged only till the initial issue expenses under the Scheme are recovered or as may be prescribed by the Regulations.

## VII. UNITHOLDERS' RIGHTS AND SERVICES

### A. UNITHOLDERS' RIGHTS

1. Unitholders under each Scheme have a proportionate right in the beneficial ownership of the assets of the respective Scheme and to the dividend declared, if any, by the Fund under the respective Scheme.
2. The Trustee shall be bound to make such disclosures to the Unitholders as are essential in order to keep them informed about any relevant information, especially which may have an adverse bearing on their investments.
3. If the Fund declares a dividend under any Scheme, it is required to dispatch dividend warrants within 30 (Thirty) days of the date of declaration of the dividend.
4. The Fund is required to dispatch redemption cheques within 10 (Ten) Working Days from the date of redemption. If the Fund fails to send the redemption cheques after the said 10 Working days, interest at the rate of 15% p.a. will be paid to the applicant and borne by the AMC for the period from the day following the date of expiry of the said 10 Working days until the actual date of the refund.
5. The appointment of an AMC for the Fund may, with the prior approval of SEBI, be terminated by 75% of the Unitholders or by a majority of the Board of Directors of the Trustee.
6. Unitholders have the right to inspect all the documents listed under the heading "Documents Available for Inspection".
7. 75% of the Unitholders of a Scheme can pass a resolution to wind-up the Scheme.
8. The Trustee is obliged to convene a meeting of the Unitholders of a Scheme on the requisition of 75% of the Unitholders of the Scheme.
9. The Trustee is obliged to obtain the consent 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 a requisition made by three-fourths of the Unitholders of any Scheme; or
  - c) When the majority of the Board of Directors of the Trustee decides to wind up or prematurely redeem the Units.
10. 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 Unitholders, is carried out unless,
  - i. 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 Fund is situated; and

- ii. The Unitholders are given an option to exit at the prevailing Net Asset Value without any Exit Load.
11. For any change in the scheme features, the addendum detailing such changes will be attached to the offer documents and abridged offer documents. The addendum will be circulated to all the distributors/brokers so that the same can be attached to all offer documents and abridged offer documents already in stock. The addendum will also be sent along with the newsletter sent to the Unitholders after the changes. Arrangements will be made to display the changes/modifications in the offer document in the form of a notice in all the investor service centres and distributors/brokers office.

### B. VOTING RIGHTS OF THE UNITHOLDERS

Subject to the provisions of the 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.

### C. ACCOUNT STATEMENTS

An Account Statement, stating the number of Units allotted/ redeemed, will be sent to each Unitholder within 30 (Thirty) days from the date of the transaction. An Account Statement may be sent to a Unitholder using e-mail with the consent of the Unitholder. Account Statements to be issued in lieu of Unit Certificates under the Scheme are non-transferable. These Account Statements shall not be construed as proof of title and are only computer printed statements, indicating the details of transactions under the Scheme concerned during the relevant financial year and giving the closing balance of Units for the information of Unitholders. The Trustee may issue a Unit Certificate in lieu of Account Statement in respect of Units held, to those Unitholders who request for the same, after receipt of a specific request from the Unitholder concerned, at the cost and expense of the Unitholder or otherwise, as may be decided from time to time. 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. Further, the Trustee also reserves the right to issue, on an ongoing basis, in lieu of Account Statements, Transaction Confirmation Slips, therein indicating the price and the Units debited or credited to the Account of the Investor / Unitholder, along with the closing balance of his Account. Under this system, a periodical statement of holdings of the Investor in the relevant Scheme of KMMF will be given.

#### D. USE OF POSTAL SERVICES FOR DISPATCH OF DIVIDEND WARRANTS AND ACCOUNT STATEMENTS

The investor is aware that the mutual fund needs to use intermediaries such as post office, local and international couriers, banks and other intermediaries for correspondence with the investor and for making payments to the investor by cheques, drafts, warrants through ECS etc. The investor expressly agrees and authorizes the mutual fund to correspond with the investor or make payments 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 of the mutual fund. The mutual fund is not responsible for delayed receipt or non receipt of any correspondence or payment through such intermediaries.

#### E. NAV INFORMATION

The NAVs of the Scheme will be calculated and announced by the Fund on each Working Day in at least two daily newspapers. NAV information will also be posted, on each Working Day, on the Fund's website - www.kotakmutual.com and on the AMFI website - www.amfiindia.com

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

#### F. DISCLOSURE OF INFORMATION UNDER THE REGULATIONS

1) The Schemewise Annual Report / an abridged summary thereof, will be prepared and mailed to all Unitholders; as soon as may be but not later than six months from the date of closure of the relevant financial year. Whenever

the report is sent in summary form, the full Annual Report will be made available for inspection at the Registered Office of the Trustee and a copy, made available on request to the Unitholders on payment of a nominal fee.

- 2) The unaudited financial results will be published through an advertisement in one English daily newspaper circulating in the whole of India and in a newspaper published in the language of the region where the Registered Office of the Trustee is situated, before the expiry of one month from the close of each half year, that is the 31st of March and the 30th of September. The same will also be posted on the website of the Fund and that of AMFI.
- 3) A complete statement of the portfolio of the Scheme will either be sent to all Unitholders, or published by way of an advertisement, before the expiry of one month from the close of each half year, that is the 31st of March and the 30th of September, in one English daily newspaper circulating in the whole of India and in a newspaper published in the language of the region where the head office of the Trustee is situated. The same will also be posted on the website of the Fund.
- 4) In case any company has invested more than 5% of the Net Asset value of any scheme of the Fund, investment made by that scheme or any other scheme of the Fund in that company or its subsidiaries will be disclosed, as required by the Regulations, to the Trustee and in the half-yearly and annual accounts, with justification for such investments. As on March 31, 2006, the following companies have made investments in the schemes of the Fund in excess of 5% of the net asset value and during this period, other schemes of the Fund invested in these companies.

(Rupees in Lakhs)

| Company                    | Schemes invested in by the Company | Investing Scheme(s) / Plan(s)   | Aggregate investments made by the Scheme/(s) in the Company for the period under Regulation |
|----------------------------|------------------------------------|---|---|
| Ashok Leyland Ltd.         | Kotak FMP Series II                | Kotak Cash Plus<br>Kotak Midcap   | 55.52<br>226.71   |
| B L Kashyap and Sons Ltd.  | Kotak FMP Series 13                | Kotak Tax Saver   | 148.31  |
| Bajaj Auto Ltd.            | Kotak Cash Plus                    | Kotak 30<br>Kotak Balance<br>Kotak Income Plus<br>Kotak Lifestyle<br>Kotak Opportunities<br>Kotak Tax Saver       | 602.41<br>408.49<br>27.76<br>1,187.46<br>973.96<br>189.63                                   |
| Balrampur Chini Mills Ltd. | Kotak Floater Long Term            | Kotak Balance<br>Kotak Bond Short Term<br>Kotak Liquid<br>Kotak Flexi Debt<br>Kotak Midcap<br>Kotak Opportunities | 339.00<br>1,000.00<br>5,300.00<br>1,000.00<br>99.16<br>550.65                               |
| Bank of Baroda             | Kotak FMP Series IV                | Kotak 30<br>Kotak Balance<br>Kotak Bond<br>Kotak Bond Short Term<br>Kotak FMP- Series Xviii                       | 14.60<br>244.16<br>554.74<br>1,695.87<br>1,129.26   |

(Rupees in Lakhs)

| Company                   | Schemes invested in by the Company | Investing Scheme(s) / Plan(s)   | Aggregate investments made by the Scheme(s) in the Company for the period under Regulation               |
|---------------------------|------------------------------------|---|--|
|                           |                                    | Kotak Liquid<br>Kotak Cash Plus<br>Kotak Contra<br>Kotak Flexi Debt<br>Kotak Midcap<br>Kotak Opportunities  | 1,042.43<br>617.71<br>36.07<br>2,249.26<br>647.14<br>452.78  |
| Bank of India             | Kotak Flexi Debt                   | Kotak 30<br>Kotak Cash Plus<br>Kotak Opportunities<br>Kotak Tax Saver   | 956.17<br>43.65<br>290.38<br>168.12  |
| Bharti Tele-Ventures Ltd. | Kotak Floater Short Term           | Kotak 30<br>Kotak Liquid<br>Kotak MNC<br>Kotak Cash Plus<br>Kotak Income Plus<br>Kotak Opportunities  | 5,352.57<br>3,757.59<br>1,303.53<br>779.65<br>168.55<br>478.64   |
| Britannia Industries Ltd. | Kotak FMP Series I                 | Kotak 30<br>Kotak Midcap<br>Kotak Opportunities   | 742.78<br>1,191.95<br>273.43   |
| Corporation Bank          | Kotak MNC                          | Kotak Cash Plus<br>Kotak Midcap   | 4.26<br>1,686.25   |
| Finolex Cables Ltd.       | Kotak Bond Short Term Plan         | Kotak Liquid<br>Kotak Floater Short Term<br>Kotak Midcap  | 3,514.88<br>1,500.00<br>758.64   |
| Grasim Industries Ltd.    | Kotak Flexi Debt                   | Kotak 30<br>Kotak Balance<br>Kotak Bond<br>Kotak Contra<br>Kotak Flexi Debt<br>Kotak Income Plus  | 2,706.45<br>454.86<br>505.58<br>1,609.50<br>518.51<br>45.14  |
| Grasim Industries Ltd.    | Kotak Flexi Debt                   | Kotak Opportunities   | 228.54   |
| Gujarat Gas Company Ltd.  | Kotak Bond Short Term Plan         | Kotak 30<br>Kotak Balance<br>Kotak Income Plus<br>Kotak Midcap  | 351.14<br>273.74<br>39.73<br>1,275.66  |
| HCL Technologies Ltd.     | Kotak Bond Short Term Plan         | Kotak Technology  | 168.48   |
| HDFC Bank Ltd.            | Kotak Floater Short Term           | Kotak Bond Short Term<br>Kotak Floater Long Term<br>Kotak FMP- Series I<br>Kotak Liquid<br>Kotak Floater Short Term<br>Kotak Income Plus  | 2,495.58<br>5,333.56<br>2,613.57<br>110,129.00<br>5,544.46<br>3,992.90                                   |
| HDFC Ltd.                 | Kotak MNC                          | Kotak 30<br>Kotak Bond<br>Kotak Bond Short Term<br>Kotak Floater Long Term<br>Kotak Liquid<br>Kotak Cash Plus<br>Kotak Dynamic Income<br>Kotak Flexi Debt<br>Kotak Floater Short Term | 645.09<br>9,136.63<br>8,814.66<br>8,471.33<br>94,175.71<br>1,483.30<br>1,525.65<br>2,018.71<br>45,886.99 |
| Hindalco Industries Ltd.  | Kotak FMP Series IV                | Kotak 30<br>Kotak Balance   | 1,205.03<br>290.82   |

(Rupees in Lakhs)

| Company                                       | Schemes invested in by the Company | Investing Scheme(s) / Plan(s)  | Aggregate investments made by the Scheme/(s) in the Company for the period under Regulation                             |
|---|------------------------------------|--|---|
|   |                                    | Kotak Bond Short Term<br>Kotak Liquid<br>Kotak Cash Plus<br>Kotak Contra<br>Kotak Income Plus<br>Kotak Tax Saver   | 551.49<br>5,286.10<br>998.34<br>2,822.98<br>52.17<br>282.40   |
| Hindustan Lever Ltd.                          | Kotak FMP Series 19                | Kotak 30<br>Kotak Balance<br>Kotak MNC<br>Kotak Contra<br>Kotak Income Plus<br>Kotak Lifestyle   | 918.67<br>263.44<br>536.21<br>1,149.58<br>19.28<br>1,933.36   |
| ICICI Bank Ltd.                               | Kotak Liquid                       | Kotak 30<br>Kotak Bond<br>Kotak Bond Short Term<br>Kotak Floater Long Term<br>Kotak Liquid<br>Kotak Cash Plus<br>Kotak Flexi Debt<br>Kotak Floater Short Term<br>Kotak Income Plus<br>Kotak Opportunities<br>Kotak Tax Saver | 943.52<br>536.66<br>2,561.63<br>13,532.77<br>98,888.91<br>371.04<br>4,547.86<br>17,012.71<br>942.49<br>788.02<br>292.25 |
| ICICI Securities Ltd.                         | Kotak Floater Short Term           | Kotak Floater Long Term<br>Kotak FMP- Series Xvi<br>Kotak Liquid<br>Kotak Cash Plus  | 500.00<br>1,023.61<br>16,444.70<br>1,938.27   |
| ICICI Securities Ltd.                         | Kotak Floater Short Term           | Kotak Contra<br>Kotak Floater Short Term   | 3,000.00<br>3,000.00  |
| ITC Ltd.                                      | Kotak Liquid                       | Kotak 30<br>Kotak MNC<br>Kotak Income Plus<br>Kotak Opportunities  | 2,478.86<br>2,217.74<br>436.41<br>325.57  |
| Indo Gulf Fertiliser Ltd.                     | Kotak Flexi Debt                   | Kotak 30<br>Kotak Contra<br>Kotak Tax Saver  | 854.95<br>1,358.32<br>194.85  |
| IndusInd Bank Ltd.                            | Kotak Floater Long Term            | Kotak Bond Short Term<br>Kotak Liquid  | 483.59<br>1,188.09  |
| Industrial Development Bank of India          | Kotak Liquid                       | Kotak Bond<br>Kotak Bond Short Term<br>Kotak Floater Long Term<br>Kotak Liquid<br>Kotak MNC<br>Kotak Flexi Debt<br>Kotak Floater Short Term<br>Kotak Income Plus   | 12,025.32<br>10,616.71<br>14,143.39<br>41,676.47<br>101.70<br>1,036.42<br>37,936.76<br>2,743.54                         |
| Infrastructure Development Financial Services | Kotak Floater Long Term            | Kotak 30<br>Kotak Bond<br>Kotak Floater Long Term<br>Kotak FMP- Series Xii<br>Kotak Liquid<br>Kotak Cash Plus<br>Kotak Flexi Debt<br>Kotak Floater Short Term  | 413.25<br>485.23<br>3,523.97<br>988.92<br>22,135.78<br>2,355.75<br>508.72<br>19,662.33                                  |

(Rupees in Lakhs)

| Company                                  | Schemes invested in by the Company | Investing Scheme(s) / Plan(s)  | Aggregate investments made by the Scheme(s) in the Company for the period under Regulation   |
|--|------------------------------------|--|--|
| Infrastruture Leasing Financial Services | Kotak Liquid                       | Kotak Bond Short Term<br>Kotak FMP- ( 8)<br>Kotak Liquid<br>Kotak Cash Plus<br>Kotak Contra<br>Kotak Floater Short Term<br>Kotak Income Plus<br>Kotak Midcap   | 500.00<br>1,000.00<br>78,269.57<br>2,488.05<br>500.00<br>14,080.55<br>500.00<br>1,500.00   |
| Jammu & Kashmir Bank                     | Kotak Cash Plus                    | Kotak Bond Short Term<br>Kotak Floater Long Term<br>Kotak FMP- Series 19<br>Kotak FMP- Series 25<br>Kotak FMP- Series I<br>Kotak FMP- Series XII<br>Kotak FMP- Series XVII<br>Kotak FMP- Series XVIII<br>Kotak Liquid<br>Kotak MNC<br>Kotak Contra<br>Kotak Flexi Debt<br>Kotak Floater Short Term<br>Kotak Global India<br>Kotak Income Plus<br>Kotak Opportunities | 1,427.38<br>3,811.60<br>980.63<br>1,380.68<br>2,360.60<br>1,494.76<br>1,953.84<br>4,899.19<br>36,362.19<br>490.92<br>490.92<br>2,396.78<br>11,833.55<br>490.92<br>520.56<br>490.92 |
| Jet Airways (India) Ltd.                 | Kotak Floater Long Term            | Kotak 30   | 363.77   |
| Larsen and Toubro Ltd.                   | Kotak FMP Series 23                | Kotak 30<br>Kotak Balance<br>Kotak Liquid<br>Kotak Income Plus<br>Kotak Opportunities  | 2,068.05<br>298.63<br>4,500.00<br>15.15<br>891.18  |
| MRF Ltd.                                 | Kotak Income Plus                  | Kotak Income Plus<br>Kotak Midcap  | 5.78<br>1,691.52   |
| Maruti Udyog Ltd.                        | Kotak Floater Short Term           | Kotak 30<br>Kotak Balance<br>Kotak MNC<br>Kotak Contra<br>Kotak Global India<br>Kotak Income Plus  | 668.09<br>82.90<br>1,372.72<br>625.08<br>1,184.19<br>358.63  |
| National Housing Bank                    | Kotak Floater Short Term           | Kotak Bond Short Term<br>Kotak Floater Long Term<br>Kotak FMP- Series XVI<br>Kotak Liquid<br>Kotak Flexi Debt<br>Kotak Floater Short Term<br>Kotak Midcap  | 512.87<br>6,493.46<br>2,522.69<br>46,934.70<br>1,511.86<br>13,515.51<br>1,486.83   |
| Navneet Publications (India) Ltd.        | Kotak Bond Short Term Plan         | Kotak Liquid<br>Kotak Contra<br>Kotak Flexi Debt<br>Kotak Floater Short Term   | 1,500.00<br>500.00<br>500.00<br>1,500.00   |
| Polaris Software Lab Ltd.                | Kotak FMP Series XIV               | Kotak Cash Plus  | 62.35  |
| Punjab National Bank                     | Kotak Bond Short Term Plan         | Kotak 30<br>Kotak Balance<br>Kotak Bond Short Term<br>Kotak FMP- Series Xiv  | 3,431.79<br>468.12<br>1,061.45<br>3,361.00   |

(Rupees in Lakhs)

| Company                         | Schemes invested in by the Company | Investing Scheme(s) / Plan(s)   | Aggregate investments made by the Scheme(s) in the Company for the period under Regulation          |
|---------------------------------|------------------------------------|---|---|
|                                 |                                    | Kotak Liquid<br>Kotak Cash Plus<br>Kotak Contra<br>Kotak Income Plus<br>Kotak Lifestyle<br>Kotak Midcap<br>Kotak Opportunities<br>Kotak Tax Saver   | 14,267.26<br>1,166.75<br>3,404.08<br>75.84<br>1,935.30<br>507.00<br>790.20<br>246.73                |
| Raymond Ltd.                    | Kotak Bond Short Term Plan         | Kotak Balance<br>Kotak Bond Short Term<br>Kotak Floater Long Term<br>Kotak Liquid<br>Kotak Contra<br>Kotak Floater Short Term<br>Kotak Global India                                       | 194.41<br>500.00<br>1,500.00<br>7,500.00<br>4,011.18<br>1,000.00<br>768.26                          |
| Reliance Industries Ltd.        | Kotak Floater Short Term           | Kotak 30<br>Kotak Balance<br>Kotak Bond<br>Kotak Bond Short Term  | 1,623.18<br>522.96<br>1,097.94<br>2,072.75  |
| Reliance Industries Ltd.        | Kotak Floater Short Term           | Kotak Floater Long Term<br>Kotak Liquid<br>Kotak Cash Plus<br>Kotak Contra<br>Kotak Flexi Debt<br>Kotak Floater Short Term<br>Kotak Income Plus<br>Kotak Opportunities<br>Kotak Tax Saver | 1,082.13<br>1,050.59<br>3,061.79<br>683.35<br>547.97<br>1,573.41<br>522.96<br>64.82<br>96.40        |
| Sasken Communication Technolo   | Kotak Bond Short Term Plan         | Kotak Technology  | 156.27  |
| Sesa Goa Ltd.                   | Kotak FMP Series XVII              | Kotak Global India<br>Kotak Midcap  | 815.96<br>1,617.43  |
| State Bank of India             | Kotak 30                           | Kotak 30<br>Kotak Balance<br>Kotak Bond<br>Kotak Bond Short Term<br>Kotak Floater Long Term<br>Kotak Liquid<br>Kotak Flexi Debt<br>Kotak Floater Short Term<br>Kotak Income Plus          | 4,080.47<br>760.50<br>2,303.11<br>1,686.42<br>1,632.73<br>3,825.86<br>543.67<br>2,729.89<br>887.87  |
| State Bank of Bikaner & Jaipur  | Kotak Opportunities                | Kotak FMP- Series XV<br>Kotak FMP- Series XXI   | 982.85<br>1,424.92  |
| State Bank of Hyderabad         | Kotak MNC                          | Kotak Bond  | 1,161.34  |
| Sterlite Industries (India) Ltd | Kotak Floater Long Term            | Kotak 30<br>Kotak Bond<br>Kotak Bond Short Term<br>Kotak Floater Long Term<br>Kotak Liquid<br>Kotak Contra<br>Kotak Floater Short Term<br>Kotak Income Plus<br>Kotak Midcap               | 886.78<br>1,000.00<br>300.00<br>4,100.00<br>18,100.00<br>2,100.00<br>5,100.00<br>500.00<br>7,830.70 |

(Rupees in Lakhs)

| Company                             | Schemes invested in by the Company | Investing Scheme(s) / Plan(s)   | Aggregate investments made by the Scheme/(s) in the Company for the period under Regulation   |
|-------------------------------------|------------------------------------|---|---|
| Tata Chemicals Ltd.                 | Kotak Flexi Debt                   | Kotak Cash Plus<br>Kotak Contra<br>Kotak Midcap<br>Kotak Opportunities<br>Kotak Tax Saver   | 39.16<br>1,145.26<br>705.82<br>130.72<br>189.33   |
| Tata Consultancy Services Ltd.      | Kotak Bond Short Term Plan         | Kotak 30<br>Kotak Balance<br>Kotak Technology<br>Kotak Cash Plus<br>Kotak Contra<br>Kotak Global India<br>Kotak Income Plus   | 3,265.19<br>61.38<br>960.91<br>218.80<br>2,747.25<br>2,077.85<br>304.16   |
| Tata Motors Ltd.                    | Kotak Flexi Debt                   | Kotak 30<br>Kotak Bond<br>Kotak Bond Short Term<br>Kotak Floater Long Term<br>Kotak Liquid  | 2,003.95<br>496.40<br>2,022.48<br>4,002.15<br>7,543.55  |
| Tata Motors Ltd.                    | Kotak Flexi Debt                   | Kotak Cash Plus<br>Kotak Flexi Debt<br>Kotak Floater Short Term<br>Kotak Global India<br>Kotak Income Plus  | 992.80<br>2,397.46<br>1,999.50<br>1,559.47<br>115.25  |
| Tata Sons Ltd.                      | Kotak FMP Series 19                | Kotak Liquid  | 531.37  |
| Tata Steel Limited                  | Kotak FMP Series XII               | Kotak 30<br>Kotak Balance<br>Kotak Cash Plus<br>Kotak Contra<br>Kotak Global India<br>Kotak Income Plus<br>Kotak Opportunities  | 721.51<br>761.71<br>1,425.57<br>3,302.36<br>910.17<br>72.83<br>1,084.46   |
| The Great Eastern Shipping Co. Ltd. | Kotak FMP Series 20                | Kotak Cash Plus   | 154.07  |
| UCO Bank                            | Kotak Floater Long Term            | Kotak 30<br>Kotak Bond Short Term<br>Kotak Floater Long Term<br>Kotak FMP- Series I<br>Kotak FMP- Series Xvii<br>Kotak Liquid<br>Kotak Flexi Debt<br>Kotak Floater Short Term<br>Kotak Global India<br>Kotak Opportunities  | 491.53<br>958.99<br>2,832.68<br>983.99<br>1,962.72<br>22,859.92<br>470.89<br>5,183.06<br>491.53<br>491.53                                       |
| UTI Bank Ltd.                       | Kotak Bond Short Term Plan         | Kotak Bond<br>Kotak Bond Short Term<br>Kotak Floater Long Term<br>Kotak FMP- Series 23<br>Kotak FMP- Series Viii<br>Kotak FMP- Series Xxi<br>Kotak Liquid<br>Kotak Cash Plus<br>Kotak Flexi Debt<br>Kotak Floater Short Term<br>Kotak Income Plus<br>Kotak Lifestyle<br>Kotak Opportunities | 508.53<br>1,509.99<br>5,860.93<br>491.31<br>2,493.48<br>2,308.89<br>73,618.47<br>1,015.09<br>4,475.49<br>15,461.02<br>37.59<br>701.15<br>128.20 |

| Company                   | Schemes invested in by the Company | Investing Scheme(s) / Plan(s)   | Aggregate investments made by the Scheme/(s) in the Company for the period under Regulation |
|---------------------------|------------------------------------|---|---|
| Videsh Sanchar Nigam Ltd. | Kotak Floater<br>Long Term         | Kotak 30<br>Kotak Contra<br>Kotak Global India<br>Kotak Opportunities     | 987.34<br>469.94<br>274.24<br>307.80  |
| Vijaya Bank               | Kotak Opportunities                | Kotak Balance<br>Kotak Income Plus<br>Kotak Midcap<br>Kotak Opportunities | 378.76<br>26.12<br>868.88<br>188.77   |
| Wipro Ltd.                | Kotak Floater<br>Short Term        | Kotak 30<br>Kotak Balance<br>Kotak Technology<br>Kotak Global India       | 1,870.96<br>177.09<br>644.53<br>1,164.90  |

These investments comprise debt and equity instruments and were made solely on the basis of sound fundamentals of these companies.

## F. DURATION OF THE SCHEME

The Scheme is close-ended and will be fully redeemed at the end of the maturity period of the Scheme. However, the Scheme may be wound up before the maturity of the Scheme if:

- i. 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
- ii. 75% of the Unitholders of the Scheme pass a resolution that the Scheme be wound up; or
- iii. SEBI directs the Scheme to be wound up in the interests of the Unitholders.

Where a 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:-

- i. to SEBI; and
- ii. 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.

## G. PROCEDURE AND MANNER OF WINDING UP

- i. 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.
- ii. a) 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.  
b) 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.

- iii. 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.
- iv. Notwithstanding anything contained herein, the provisions of the Regulations in respect of disclosure of half-yearly reports and annual reports shall continue to apply.

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.

## H. SERVICES TO UNITHOLDERS

### 1. Investor Services

It is the endeavour of the Fund to provide consistently high quality service to its investors. This encompasses all interaction by the clients with the Fund. The Fund 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 Fund 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 Fund 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 Fund 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.

The Fund strives to provide a high degree of convenience for the investors' dealings with itself and it is the constant endeavour of the Fund to increase this level of convenience.

## 2. Facilitating Enquiries and Transactions

### a) Investor Service Centres and Transaction Points in important cities

CAMS, which is the Registrar to the Fund, provides Investor Services through its ISCs. Unitholders' enquiries and transactions during business hours are entertained at the ISCs at the addresses listed elsewhere in this Offer Document.

Besides in other locations, CAMS provides investors a facility to lodge their transaction and service requirement request through a network of Transaction Points.

### b) Master Account

Unless otherwise requested by the Unitholder, one Master Account number is assigned for one entity investing in different Schemes of the Fund, provided while investing for a second time or any time thereafter, the Unitholder quotes his existing Account Number. In such a case, on specific request, one consolidated account statement is provided.

### c) 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 registered 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.

### d) 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.

### e) Unitholder Grievances Redressal Mechanism

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.

Mr. Vinod Venkateswaran, has been appointed as the Investor Relations Officer for the Fund. All related queries should be addressed to him:

#### Mr. Vinod Venkateswaran

Kotak Mahindra Asset Management Company Limited  
91/92, 9th Floor, Sakhar Bhavan,  
230, Nariman Point, Mumbai - 400 021  
Tel: 6638 4444  
Fax: 5638 4455  
e-mail: mutual@kotak.com

### 3) History of Investor Complaints for the period April 01, 2002 to April 30, 2006:

These were mostly in the nature of queries and requests, and were attended to as follows:

| Description                       | No. of queries received | Resolved within |             |             |             | Pending     |
|-----------------------------------|-------------------------|-----------------|-------------|-------------|-------------|-------------|
|                                   |                         | 1 Day           | 2 Days      | 3 Days      | >3 Days     |             |
| Change of Address                 | 41392                   | 38644           | 973         | 864         | 815         | 96          |
| Change of Bank Mandate            | 45679                   | 42307           | 1089        | 1030        | 1112        | 141         |
| Non- receipt of account Statement | 26                      | 22              | 0           | 3           | 1           | 0           |
| Others Queries                    | 111416                  | 96176           | 5782        | 3195        | 5971        | 292         |
| <b>Total</b>                      | <b>198513</b>           | <b>177149</b>   | <b>7844</b> | <b>5092</b> | <b>7899</b> | <b>529</b>  |
| <b>Service Standard</b>           | <b>100.00</b>           | <b>89.24</b>    | <b>3.95</b> | <b>2.57</b> | <b>3.98</b> | <b>0.27</b> |

## I. TAX BENEFITS OF INVESTING IN THE MUTUAL FUND

The information set out below outlines the tax implications with respect to the Unitholders 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"), and prevailing as on April 27, 2006.

Price Waterhouse does not make any representation on the procedures for ascertaining the tax implications nor do they make any representations regarding any legal interpretations. Since the Information below is based on the relevant provisions as on April 27, 2006 any subsequent changes in the relevant provisions could affect the tax implications. Further, except for the above procedure, Price Waterhouse has not performed any other services in connection with any other data or information included in the Offer Document.

**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 ADVISOR WITH RESPECT TO THE SPECIFIC TAX IMPLICATIONS ARISING OUT OF HIS OR HER PARTICIPATION IN THE SCHEME.**

### A. For the Unitholders

- Income from the Mutual Fund received by Unitholders would be tax free in the hands of the Unitholders as per the provisions of section 10(35) of the Income-tax Act, 1961 ('Act').
- Under Section 2(29A) of the Act, read with section 2(42A) of the Act, a unit of a Mutual Fund is treated as a long term capital asset if the same is held for more than 12 months. If the unit is held for 12 months or less, the same is treated as a short-term capital asset.

Long term capital gains on sale of units, will be taxed under section 112 of the Act. Under Section 112 of the Act, capital gains arising on the transfer of long-term capital assets are subject to tax at the rate of 20%. The capital gains will be computed by deducting the expenditure incurred wholly and exclusively in connection with such transfer and the cost as inflated indexed cost of acquisition of the unit from the sale consideration. However, the maximum tax payable on long-term capital gains on units is restricted to 10% of capital gains calculated without indexation of the cost of acquisition.

In case of an individual or HUF, being a resident, where the total income as reduced by the long term capital gains is below the maximum amount not chargeable to tax (Rs. 100,000 in case of all individuals, Rs. 135,000 in case of women and Rs. 185,000 in case of senior citizens), the long term capital gains shall be reduced to the extent of the shortfall and only the balance long term capital gains will be subject to the flat rate of taxation.

In addition to the aforesaid tax, in the case of individuals, HUFs or Association of Persons (AOP), where the income exceeds Rs. 10,00,000 a surcharge of 10%, in the case of companies and artificial juridical persons a surcharge of 10%, and in case of foreign companies a surcharge of 2.5% of such tax liability is also payable. A 2% education cess on total income tax (including surcharge) is payable by all categories of taxpayers.

3. The capital loss resulting from sale of units would be available for setting off against other capital gains made by the investor and would reduce the tax liability of the investor to that extent. However, losses on transfer of long term capital assets would be allowed to be set-off only against gains from transfer of long-term capital assets and the balance long-term capital loss shall be carried forward separately for a period of eight assessment years to be set off only against long-term capital gains.
4. Where a person buys any units within a period of three months before the record date and sells such units within nine months after such date, the dividend income on such units being exempt from tax, then the capital loss, if any, on such sale to the extent of dividend income cannot be set off against other gains.
5. Where a person buys units (original units) within a period of three months before the record date, receives bonus units on such original units, and then sells the original units within a period of nine months from the record date and continues to hold the bonus units, then the loss incurred on the original units shall not be allowed to be set off against other profits but shall be deemed to be the cost of the bonus units.
6. The long term capital gains on transfer of units would not be subject to tax in terms of section 54EC of the Act if the entire capital gain realized in respect of such units is invested within six months of the date of transfer, in bonds which are redeemable after three years issued on or after April 1, 2000 by National Bank of Agricultural and Rural Development (NABARD) and Rural Electrification Corporation Limited (RECL). However, if the amount invested in bonds is less than the capital gains realized then only proportionate capital gains would

be exempt from tax. If the bonds so acquired are transferred or converted into money or any loan or advance is taken on security of such bond, within three years from the date of its acquisition, the amount of capital gains arising from transfer of original asset which was not charged to tax, will be deemed to be the income by way of long term capital gains of the previous year in which bonds are transferred or otherwise converted into money.

7. Short term capital gains arising to a unitholder will be taxed at the normal rate applicable to that unitholder as per the provisions of the Act.
8. As per the provisions of Section 194K and 196A of the Act, no deduction of tax at source shall be made from income credited or paid by a mutual fund to a Unitholder.
9. As per circular no. 715 dated August 8, 1995 issued by the CBDT in case of resident Unitholders, no tax is required to be deducted at source from capital gains arising at the time of repurchase or redemption of the units.
10. Under Section 195 of the Act, the Mutual Fund is required to deduct tax at source at the rate of 20% on any long term capital gains chargeable to tax if the payee Unitholder is a non resident. In respect to short-term capital gains, tax is required to be deducted at source at the rate of 30% if the payee Unitholder is a non-resident non-corporate and at the rate of 40% if the payee Unitholder is a foreign company. Further, the aforesaid tax to be deducted is required to be increased by a surcharge in case of an individual, HUF or AOP, where the sum payable exceeds Rs. 10,00,000 by 10%, in case of companies by 2.5% and in case of an artificial juridical person by 10% of such tax liability. The above rates, including surcharge, are to be increased by a 2% education cess for deductions from all categories of taxpayers.

As per circular no. 728 dated October 30, 1995 issued by the CBDT, in the case of a remittance to a country with which a Double Tax Avoidance Agreement (DTAA) is in force, the tax should be deducted at the rate provided in the Finance Act of the relevant year or at the rate provided in the DTAA, whichever is more beneficial to the assessee. In order for the Unitholder to obtain the benefit of a lower rate available under a DTAA, the Unitholder will be required to provide the Mutual Fund with a certificate obtained from his Assessing Officer stating his eligibility for the lower rate.

11. Mutual Fund units are exempt from wealth tax.

#### **B. For the Mutual Fund**

1. Kotak Mahindra Mutual Fund is a Mutual Fund registered with SEBI and as such is eligible for benefits under Section 10(23D) of the Act. Accordingly, its entire income is exempt from tax.
2. Mutual Funds are required to pay distribution tax on income distributed by it at the rate of 14.025% in the case of distributions to individuals and HUFs. An increased rate of 22.44% is applicable for distributions made to persons other than an individual or a HUF.

## VIII. OTHER MATTERS

### A. 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.

### B. 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:

1. Right to change the load structure;
2. Right to change cut-off times for redemption of Units;
3. Right to change minimum amounts of purchase and redemption;
4. Right to determine frequency and amount of dividend; and the right not to declare dividend, where distributable surplus is inadequate; and
5. 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 Offer Document vis-a-vis prospective investments in any

of the Scheme, shall not constitute change in the fundamental attributes of the Scheme.

### C. TRANSACTIONS WITH ASSOCIATE COMPANIES

The Fund may from time to time, for the purpose of conducting its normal business, use the services of Kotak Securities Limited, which is a stock-broking company (an associate company), the Sponsor and various subsidiaries of the Sponsor. These subsidiaries of the Sponsor, as on the date of this Offer Document, include Kotak Mahindra Investments Limited (formerly known as Hamko Financial Services Limited) an investment company; Kotak Mahindra Trustee Company Limited (Trustee to the Fund); Kotak Mahindra Prime Limited, an auto finance company; Kotak Mahindra Securities Limited, a broker on NSE in the Regular debt market segment; Kotak Mahindra Capital Company Limited, a Category 1 Merchant Banker registered with SEBI and a Primary Dealer appointed by RBI; Kotak Mahindra (International) Limited; Kotak Mahindra (UK) Limited; Global Investment Opportunities Fund Limited, an investment company, the subsidiary companies of Kotak Mahindra Capital Company Limited; Kotak Mahindra Old Mutual Life Insurance Company Limited, the life insurance joint venture of Kotak Mahindra Bank Limited; Kotak Mahindra Private - Equity Trustee Company Limited, a private venture fund and Kotak Forex Brokerage Limited, a company dealing in foreign exchange and Kotak Mahindra Inc.

The Fund has neither invested in Group Companies, nor taken any underwriting obligations with respect to issues of 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 01, 2003 to March 31, 2006.

| Period    | Scheme                | Security Instrument   | Nature of Subscribed | Amount (Rs. in Lakhs) |
|-----------|-----------------------|---|----------------------|-----------------------|
| 2003-2004 | Kotak Balance         | UCO Bank Limited  | Equity               | 36.00                 |
|           | Kotak 30              | UCO Bank Limited  | Equity               | 36.00                 |
|           | Kotak MNC             | Maruti Udyog Limited  | Equity               | 231.25                |
|           | Kotak Bond Short Term | Pass Through Certificate - BHPC Auto Securitisation Trust (Series A1) June 2003 | Bond / NCD           | 1,487.84              |
|           | Kotak Income Plus     | Bank of Maharashtra   | Equity               | 460.00                |
|           | Kotak 30              | Biocon Limited  | Equity               | 850.19                |
|           | Kotak Balance         | Biocon Limited  | Equity               | 327.29                |
|           | Kotak Income Plus     | Biocon Limited  | Equity               | 2,104.20              |
|           | Kotak Global India    | Biocon Limited  | Equity               | 2,496.06              |
|           | Kotak 30              | Dredging Corporation of India Limited   | Equity               | 799.98                |
|           | Kotak Balance         | Dredging Corporation of India Limited   | Equity               | 219.96                |
|           | Kotak Income Plus     | Dredging Corporation of India Limited   | Equity               | 2,100.00              |
|           | Kotak Balance         | Hindustan Inks and Resins Limited   | Equity               | 15.28                 |
|           | Kotak 30              | IBP Company Limited   | Equity               | 93.00                 |
|           | Kotak Balance         | IBP Company Limited   | Equity               | 155.00                |
|           | Kotak Income Plus     | IBP Company Limited   | Equity               | 62.00                 |
|           | Kotak 30              | Indian Petrochemicals Corporation Limited                                       | Equity               | 736.07                |
|           | Kotak Balance         | Indian Petrochemicals Corporation Limited                                       | Equity               | 332.96                |
|           | Kotak Income Plus     | Indian Petrochemicals Corporation Limited                                       | Equity               | 2,138.61              |
|           | Kotak 30              | Indraprastha Gas Limited  | Equity               | 720.00                |

| Period           | Scheme              | Security Instrument                                      | Nature of Subscribed | Amount (Rs. in Lakhs) |
|------------------|---------------------|--|----------------------|-----------------------|
|                  | Kotak Balance       | Indraprastha Gas Limited                                 | Equity               | 216.00                |
|                  | Kotak Income Plus   | Indraprastha Gas Limited                                 | Equity               | 1,272.00              |
|                  | Kotak 30            | Oil and Natural Gas Corporation Limited                  | Equity               | 1,063.80              |
|                  | Kotak Balance       | Oil and Natural Gas Corporation Limited                  | Equity               | 422.63                |
|                  | Kotak Income Plus   | Oil and Natural Gas Corporation Limited                  | Equity               | 2,716.95              |
|                  | Kotak Global India  | Oil and Natural Gas Corporation Limited                  | Equity               | 3,210.08              |
|                  | Kotak 30            | Patni Computer Systems Limited                           | Equity               | 805.00                |
|                  | Kotak Balance       | Patni Computer Systems Limited                           | Equity               | 322.00                |
|                  | Kotak Tech          | Patni Computer Systems Limited                           | Equity               | 414.00                |
|                  | Kotak Income Plus   | Patni Computer Systems Limited                           | Equity               | 2,024.00              |
|                  | Kotak Global India  | Patni Computer Systems Limited                           | Equity               | 2,530.00              |
|                  | Kotak 30            | T.V. Today Network Limited                               | Equity               | 912.00                |
|                  | Kotak Balance       | T.V. Today Network Limited                               | Equity               | 458.38                |
|                  | Kotak Income Plus   | T.V. Today Network Limited                               | Equity               | 2,148.90              |
|                  | Kotak Liquid        | Corporate Loan Securitisation Series II Trust 2004       | Bond / NCD           | 1,499.17              |
|                  | Kotak FMP (8)       | Corporate Loan Securitisation Series II Trust 2004       | Bond / NCD           | 1,499.17              |
|                  | Kotak Liquid        | Corporate Loan Securitisation Series IV Trust 2004       | Bond / NCD           | 1,011.90              |
| <b>2004-2005</b> | Kotak 30            | Gateway Distriparks Ltd.                                 | Equity               | 1238.59               |
|                  | Kotak 30            | ICICI Bank Ltd.  | Equity               | 369.60                |
|                  | Kotak 30            | National Thermal Power Corporation Ltd.                  | Equity               | 1329.03               |
|                  | Kotak 30            | New Delhi Television Limited                             | Equity               | 600.60                |
|                  | Kotak 30            | Punjab National Bank                                     | Equity               | 1474.20               |
|                  | Kotak Balance       | Gateway Distriparks Ltd.                                 | Equity               | 232.63                |
|                  | Kotak Balance       | ICICI Bank Ltd.  | Equity               | 113.40                |
|                  | Kotak Balance       | National Thermal Power Corporation Ltd.                  | Equity               | 258.97                |
|                  | Kotak Balance       | New Delhi Television Limited                             | Equity               | 309.40                |
|                  | Kotak Balance       | Punjab National Bank                                     | Equity               | 275.89                |
|                  | Kotak Income Plus   | Dena Bank  | Equity               | 251.10                |
|                  | Kotak Income Plus   | Gateway Distriparks Ltd.                                 | Equity               | 469.54                |
|                  | Kotak Income Plus   | ICICI Bank Ltd.  | Equity               | 861.00                |
|                  | Kotak Income Plus   | National Thermal Power Corporation Ltd.                  | Equity               | 1156.98               |
|                  | Kotak Income Plus   | New Delhi Television Limited                             | Equity               | 1190.00               |
|                  | Kotak Income Plus   | Punjab National Bank                                     | Equity               | 562.77                |
|                  | Kotak Opportunities | Gateway Distriparks Ltd.                                 | Equity               | 374.35                |
|                  | Kotak Opportunities | National Thermal Power Corporation Ltd.                  | Equity               | 472.32                |
|                  | Kotak Opportunities | Punjab National Bank                                     | Equity               | 445.07                |
|                  | Kotak Opportunities | Dena Bank  | Equity               | 216.00                |
|                  | Kotak Midcap        | Dena Bank  | Equity               | 747.90                |
|                  | Kotak Midcap        | Gateway Distriparks Ltd.                                 | Equity               | 2879.97               |
|                  | Kotak Midcap        | Jet Airways (India) Ltd.                                 | Equity               | 2499.50               |
|                  | Kotak Midcap        | Punjab National Bank                                     | Equity               | 5090.14               |
|                  | Kotak Liquid        | LIC Housing Finance Ltd.                                 | Debt                 | 2500.00               |
|                  | Kotak Liquid        | Pass Through Certificate - VE Trust VIII Series A Senior | Debt                 | 2500.00               |
| <b>2005-2006</b> | Kotak 30            | Allahbad Bank (Option I)                                 | Equity               | 421.88                |
|                  | Kotak 30            | Allahbad Bank (Option II)                                | Equity               | 153.75                |
|                  | Kotak 30            | IL&FS Investsmart Ltd                                    | Equity               | 437.5                 |
|                  | Kotak 30            | Infrastructure Development Finance Company Ltd           | Equity               | 1474.85               |
|                  | Kotak 30            | HT Media Ltd   | Equity               | 1313.85               |
|                  | Kotak 30            | Punj Lloyd Ltd   | Equity               | 1890                  |
|                  | Kotak 30            | Andhra Bank  | Equity               | 1890                  |
|                  | Kotak 30            | Bank of Baroda   | Equity               | 293.25                |
|                  | Kotak 30            | GVK Power & Infrastructure Ltd                           | Equity               | 1407.4                |
|                  | Kotak 30            | Union Bank of India                                      | Equity               | 2288                  |
|                  | Kotak 30            | Mahindra & Mahindra Financial Services                   | Equity               | 2170                  |
|                  | Kotak Balance       | Allahbad Bank (Option I)                                 | Equity               | 112.5                 |
|                  | Kotak Balance       | Allahbad Bank (Option II)                                | Equity               | 40.96                 |
|                  | Kotak Balance       | IL&FS Investsmart Ltd                                    | Equity               | 125                   |
|                  | Kotak Balance       | Infrastructure Development Finance Company Ltd           | Equity               | 325.04                |
|                  | Kotak Balance       | HT Media Ltd   | Equity               | 575.77                |

| Period | Scheme              | Security Instrument                            | Nature of Subscribed | Amount (Rs. in Lakhs) |
|--------|---------------------|--|----------------------|-----------------------|
|        | Kotak Balance       | PVR Ltd  | Equity               | 660                   |
|        | Kotak Balance       | Punj Lloyd Ltd                                 | Equity               | 616                   |
|        | Kotak Balance       | Andhra Bank                                    | Equity               | 535.95                |
|        | Kotak Balance       | Gujrat State Petronet                          | Equity               | 583.2                 |
|        | Kotak Balance       | GVK Power & Infrastructure Ltd                 | Equity               | 353.4                 |
|        | Kotak Balance       | Union Bank of India                            | Equity               | 671                   |
|        | Kotak Balance       | Mahindra & Mahindra Financial Services         | Equity               | 644                   |
|        | Kotak Tech          | Allsec Technologies                            | Equity               | 249.96                |
|        | Kotak Income Plus   | Allahbad Bank (Option I)                       | Equity               | 112.5                 |
|        | Kotak Income Plus   | Allahbad Bank (Option II)                      | Equity               | 40.96                 |
|        | Kotak Income Plus   | IL&FS Investsmart Ltd                          | Equity               | 125                   |
|        | Kotak Income Plus   | Infrastructure Development Finance Company Ltd | Equity               | 390.73                |
|        | Kotak Income Plus   | HT Media Ltd                                   | Equity               | 305.79                |
|        | Kotak Income Plus   | PVR Ltd  | Equity               | 396                   |
|        | Kotak Income Plus   | Punj Lloyd Ltd                                 | Equity               | 406                   |
|        | Kotak Income Plus   | Gujrat State Petronet                          | Equity               | 486                   |
|        | Kotak Income Plus   | GVK Power & Infrastructure Ltd                 | Equity               | 347.2                 |
|        | Kotak Income Plus   | Union Bank of India                            | Equity               | 434.5                 |
|        | Kotak Income Plus   | Mahindra & Mahindra Financial Services         | Equity               | 588                   |
|        | Kotak Opportunities | Allahbad Bank (Option I)                       | Equity               | 168.75                |
|        | Kotak Opportunities | Allahbad Bank (Option II)                      | Equity               | 61.5                  |
|        | Kotak Opportunities | IL&FS Investsmart Ltd                          | Equity               | 187.5                 |
|        | Kotak Opportunities | Infrastructure Development Finance Company Ltd | Equity               | 633.35                |
|        | Kotak Opportunities | HT Media Ltd                                   | Equity               | 590.72                |
|        | Kotak Opportunities | PVR Ltd  | Equity               | 732                   |
|        | Kotak Opportunities | Punj Lloyd Ltd                                 | Equity               | 728                   |
|        | Kotak Opportunities | Andhra Bank                                    | Equity               | 877.5                 |
|        | Kotak Opportunities | Gujrat State Petronet                          | Equity               | 996.3                 |
|        | Kotak Opportunities | GVK Power & Infrastructure Ltd                 | Equity               | 694.4                 |
|        | Kotak Opportunities | Union Bank of India                            | Equity               | 1072.5                |
|        | Kotak Opportunities | Mahindra & Mahindra Financial Services         | Equity               | 1134                  |
|        | Kotak Midcap        | Allahbad Bank (Option I)                       | Equity               | 703.13                |
|        | Kotak Midcap        | Allahbad Bank (Option II)                      | Equity               | 256.21                |
|        | Kotak Midcap        | Allsec Technologies                            | Equity               | 249.96                |
|        | Kotak Midcap        | IL&FS Investsmart Ltd                          | Equity               | 1125                  |
|        | Kotak Midcap        | Infrastructure Development Finance Company Ltd | Equity               | 3388.24               |
|        | Kotak Midcap        | HT Media Ltd                                   | Equity               | 2655.87               |
|        | Kotak Midcap        | PVR Ltd  | Equity               | 2364                  |
|        | Kotak Midcap        | Punj Lloyd Ltd                                 | Equity               | 2380                  |
|        | Kotak Midcap        | Andhra Bank                                    | Equity               | 2295                  |
|        | Kotak Midcap        | Gujrat State Petronet                          | Equity               | 2484                  |
|        | Kotak Midcap        | GVK Power & Infrastructure Ltd                 | Equity               | 1661.6                |
|        | Kotak Midcap        | Mahindra & Mahindra Financial Services         | Equity               | 2471                  |
|        | Kotak Contra        | Infrastructure Development Finance Company Ltd | Equity               | 5946.94               |
|        | Kotak Contra        | Punj Lloyd Ltd                                 | Equity               | 3395                  |
|        | Kotak Contra        | Andhra Bank                                    | Equity               | 2700                  |
|        | Kotak Contra        | Bank of Baroda                                 | Equity               | 724.5                 |
|        | Kotak Contra        | Gujrat State Petronet                          | Equity               | 2902.5                |
|        | Kotak Contra        | GVK Power & Infrastructure Ltd                 | Equity               | 1953                  |
|        | Kotak Contra        | Union Bank of India                            | Equity               | 2684                  |
|        | Kotak Contra        | Mahindra & Mahindra Financial Services         | Equity               | 2583                  |
|        | Kotak Tax Saver     | PVR Ltd  | Equity               | 684                   |
|        |                     | Punj Lloyd Ltd                                 | Equity               | 693                   |
|        |                     | Andhra Bank                                    | Equity               | 715.5                 |
|        |                     | Gujrat State Petronet                          | Equity               | 783                   |
|        |                     | GVK Power & Infrastructure Ltd                 | Equity               | 545.6                 |
|        |                     | Mahindra & Mahindra Financial Services         | Equity               | 840                   |
|        | Kotak Lifestyle     | Mahindra & Mahindra Financial Services         | Equity               | 1442                  |

During the last three fiscal years, the Fund has had the following transactions with associate companies:

(Rs. in Lakhs)

| Nature of Transaction                                       | Period                        | Kotak Gilt Savings Plan | Kotak Gilt Investment Plan | Kotak Gilt Serial Plans   | Kotak 30                            | Kotak Balance            | Kotak Bond             | Kotak Bond Serial Plan | Kotak Bond Short Term Plan | Kotak Tech           | Kotak MNC               | Paid to                                |
|---|-------------------------------|-------------------------|----------------------------|---------------------------|-------------------------------------|--------------------------|------------------------|------------------------|----------------------------|----------------------|-------------------------|--|
| Commission / Promotional expenses for Distribution of Units | 2003-04<br>2004-05<br>2005-06 | 5.03<br>0.21<br>0.15    | 51.31<br>15.00<br>7.01     | 0.01<br>#                 | 15.9<br>47.26<br>17.30              | 7.79<br>2.65<br>5.65     | 90.32<br>18.56<br>5.21 | -                      | 22.83<br>7.73<br>1.01      | 3.92<br>2.77<br>2.88 | 2.55<br>4.00<br>1.17    | Kotak Securities Limited               |
| Brokerage towards Purchase and Sale of Investments          | 2003-04<br>2004-05<br>2005-06 | -<br>-<br>-             | -<br>-<br>-                | -<br>-<br>-               | 5.62<br>8.65<br>6.71                | 1.08<br>0.57<br>0.56     | -<br>-<br>-            | -                      | -                          | 1.07<br>0.07<br>0.40 | 0.47<br>3.51<br>2.61    | Kotak Securities Limited               |
| Commission / Promotional expenses for Distribution of Units | 2003-04<br>2004-05<br>2005-06 | 0.84<br>0.07<br>0.06    | 0.02<br>0.01<br>0.01       | -                         | #<br>-<br>-                         | #<br>-<br>-              | 0.05<br>0.01<br>-      | -                      | 0.7<br>0.06<br>0.01        | -<br>-<br>-          | -<br>-<br>-             | Kotak Mahindra Capital Company Limited |
| Commission / Promotional expenses for Distribution of Units | 2003-04<br>2004-05<br>2005-06 | 1.16<br>0.02<br>0.43    | 0.83<br>12.84<br>6.93      | -                         | 10.82<br>49.03<br>64.93             | 0.72<br>0.33<br>26.61    | 4.84<br>0.55<br>0.06   | -                      | 5.43<br>4.68<br>5.70       | 0.01<br>0.52<br>0.35 | 0.48<br>12.62<br>3.00   | Kotak Mahindra Bank Limited            |
| Charges on banking Services                                 | 2003-04<br>2004-05<br>2005-06 | 0.02<br>0.02            | #<br>0.00                  | -                         | 0.35<br>1.61<br>3.63                | 0.26<br>0.20<br>0.84     | 0.26<br>0.01           | -                      | -<br>0.00                  | 0.03<br>-<br>0.12    | 0.03<br>-<br>0.01       | Kotak Mahindra Bank Limited            |
| Commission / Promotional expenses for Distribution of Units | 2005-06                       | -                       | -                          | -                         | 0.11                                | -                        | -                      | -                      | -                          | -                    | -                       | Kotak Mahindra Inc                     |
| Nature of Transaction                                       | Period                        | Kotak Income Plus       | Kotak Global India         | Kotak Liquid              | Kotak Mahindra Fixed Maturity Plans | Kotak Floater Short Term | Kotak Dynamic Income   | Kotak FMP (8)          | Kotak Equity FOF           | Kotak Opportunities  | Kotak Floater Long Term | Paid to                                |
| Commission / Promotional expenses for Distribution of Units | 2003-04<br>2004-05<br>2005-06 | 3.53<br>2.48<br>1.04    | 341.53<br>56.01<br>13.88   | 51.06<br>110.43<br>120.14 | 1.24                                | 0.46<br>8.66<br>7.88     | 0.21<br>0.70           | -<br>0.01              | -<br>235.78<br>3.66        | -<br>43.05<br>29.06  | -<br>1.71<br>3.52       | Kotak Securities Limited               |
| Brokerage towards Purchase and Sale of Investments          | 2003-04<br>2004-05<br>2005-06 | 1.18<br>0.89<br>0.32    | 2.6<br>4.15<br>3.03        | -<br>-<br>-               | -                                   | -<br>-<br>-              | -                      | -                      | -                          | 2.26<br>1.06         | -<br>3.52               | Kotak Securities Limited               |
| Commission / Promotional expenses for Distribution of Units | 2003-04<br>2004-05<br>2005-06 | -<br>-<br>-             | -<br>-<br>-                | 0.54<br>0.04<br>0.25      | #<br>-                              | -                        | -                      | -                      | -<br>-                     | -<br>-               | #<br>-                  | Kotak Mahindra Capital Company Limited |
| Commission / Promotional expenses for Distribution of Units | 2003-04<br>2004-05<br>2005-06 | 7.30<br>6.89<br>1.78    | 77.78<br>42.13<br>10.86    | 10.65<br>29.39<br>57.16   | -                                   | 3.42<br>16.99<br>11.66   | 5.25<br>1.58           | 3.02                   | 52.87<br>9.84              | 29.84<br>98.46       | 7.50<br>5.74            | Kotak Mahindra Bank Limited            |
| Charges on banking Services                                 | 2003-04<br>2004-05<br>2005-06 | 1.17<br>0.46<br>1.35    | 0.83<br>-<br>0.46          | -<br>-<br>0.02            | -                                   | #<br>-<br>0.00           | 0.10<br>-              | -                      | 0.43<br>0.00               | 0.40<br>0.50         | -<br>0.00               | Kotak Mahindra Bank Limited            |

| Nature of Transaction                                       | Period             | Kotak Income Plus | Kotak Global India | Kotak Liquid      | Kotak Mahindra Fixed Maturity Plans | Kotak Floater Short Term | Kotak Dynamic Income | Kotak FMP (8)      | Kotak Equity FOF   | Kotak Opportunities | Kotak Floater Long Term | Paid to                                |
|---|--------------------|-------------------|--------------------|-------------------|-------------------------------------|--------------------------|----------------------|--------------------|--------------------|---------------------|-------------------------|--|
| Commission / Promotional expenses for Distribution of Units | 2005 - 06          | -                 | -                  | 0.54              | -                                   | -                        | -                    | -                  | -                  | -                   | -                       | Kotak Mahindra Inc                     |
| Nature of Transaction                                       | Period             |                   | Kotak Midcap       | Kotak Dynamic FOF | Kotak Flexi Debt                    | Kotak FMP Series 8       | Kotak FMP Series 2   | Kotak FMP Series 4 | Kotak FMP Series 1 | Kotak Contra        | Kotak Cash Plus         | Paid to                                |
| Commission / Promotional expenses for Distribution of Units | 2004-05<br>2005-06 |                   | 46.47<br>72.90     | 1.11<br>0.75      | 0.07<br>0.25                        | -                        | -                    | #<br>-             | #<br>-             | 115.84              | 3.88                    | Kotak Securities Limited               |
| Brokerage towards Purchase and Sale of Investments          | 2004-05<br>2005-06 |                   | 5.75<br>8.87       | -<br>-            | -<br>-                              | -                        | -                    | -                  | -                  | 14.64               | 16.53                   | Kotak Securities Limited               |
| Commission / Promotional expenses for Distribution of Units | 2004-05<br>2005-06 |                   | -<br>-             | -<br>-            | #<br>-                              | -                        | -                    | -                  | -                  | -                   | -                       | Kotak Mahindra Capital Company Limited |
| Commission / Promotional expenses for Distribution of Units | 2004-05<br>2005-06 |                   | 323.83<br>326.25   | 224.83<br>(3.38)  | 1.79<br>12.61                       | 0.18                     | 0.01<br>0.06         | 0.04<br>0.13       | 0.01<br>0.00       | 697.51              | 4.73                    | Kotak Mahindra Bank Limited            |
| Charges on banking Services                                 | 2004-05<br>2005-06 |                   | 1.20<br>1.31       | -<br>-            | #<br>0.01                           | -                        | -<br>0.00            | -                  | -<br>0.00          | 1.39                | 10.77                   | Kotak Mahindra Bank Limited            |
| Commission / Promotional expenses for Distribution of Units | 2005-06            |                   | -                  | -                 | -                                   | -                        | -                    | -                  | -                  | 6.65                | -                       | Kotak Mahindra Inc                     |

| Nature of Transaction                                       | Period                         | Kotak Flexi Funds of Funds | Kotak Tax Saver | Kotak Lifestyle Fund | Paid to                                |
|---|--------------------------------|----------------------------|-----------------|----------------------|--|
| Commission / Promotional expenses for Distribution of Units | Half Year ended March 31, 2006 | 0.05                       | 57.14           | 132.67               | Kotak Securities Limited               |
| Brokerage towards Purchase and Sale of Investments          | Half Year ended March 31, 2006 | -                          | 1.36            | -                    | Kotak Securities Limited               |
| Commission / Promotional expenses for Distribution of Units | Half Year ended March 31, 2006 | -                          | -               | -                    | Kotak Mahindra Capital Company Limited |
| Commission / Promotional expenses for Distribution of Units | Half Year ended March 31, 2006 | 1106.52                    | 64.13           | 1638.13              | Kotak Mahindra Bank Limited            |
| Charges on banking Services                                 | Half Year ended March 31, 2006 | 0.10                       | 0.02            | 1.57                 | Kotak Mahindra Bank Limited            |
| Commission / Promotional expenses for Distribution of Units | Half Year ended March 31, 2006 | -                          | -               | -                    | Kotak Mahindra Inc                     |

# Less than Rs. 0.01 Lakhs

These transactions were made at arms length and within the limits set by the Regulations, wherever applicable. Commission and brokerage were paid at the same rates as were applied to other distributors and brokers.

#### D. POLICY ON OFFSHORE INVESTMENTS BY THE SCHEME

SEBI registered Indian fund managers, including Mutual Funds, are permitted to invest in overseas markets, initially within an overall limit of US\$ 1 billion and a ceiling of US\$ 50 million for an individual mutual fund and within such other limits as would be announced by RBI from time to time.

It is the Investment Manager's belief that overseas markets offer new investment and portfolio diversification opportunities into multi-market and multi-currency products. However, such investments also entail additional risks. The Scheme may seek applicable permission from SEBI and RBI to invest abroad in accordance with its investment objectives, as and when required.

Since the Scheme would invest only partially in overseas securities, there may not be readily available and widely accepted benchmarks to measure the performance of the Scheme.

The Scheme may, if consistent with its investment objective, invest in debt securities including money market instruments denominated in a foreign currency issued in the offshore market consistent with their Investment Objective. However, no investments will be made in foreign securitised debt. The investments in foreign debt securities shall not exceed 25% of the net assets of the investing Scheme and shall be made only so long as the country rating as assigned by credit rating agencies of international repute such as Standard & Poor or Moody's is investment grade. In this event, the investment pattern shown for a Scheme shall remain the same but shall

include such offshore securities. Investors should note that such permission may not be received. The Fund makes no representation that such permission shall be or is likely to be received from SEBI / RBI.

Additional Risk Factors: In respect of investments in offshore securities, the risks associated with underlying stocks remain the same except for the additional risk of the exchange rate of the Indian rupee vis-à-vis the US Dollar / the currency in which securities are denominated. In case of other offshore investments the risk shall be exchange rate of the Indian rupee vis-à-vis the currency in which such securities are issued and the country risk associated with an investment. Country risk would include events such as introduction of extraordinary exchange control, economic deterioration and bilateral conflict leading to immobilisation of the assets.

To achieve the objectives as stated in the Chapter "Investment of the Fund" above, the Fund shall make an application to SEBI / RBI.

To manage risks associated with foreign currency and interest rate exposure, the Fund shall use derivatives only for efficient portfolio management including hedging and in accordance with conditions as may be stipulated by SEBI / RBI. Derivatives are a class of specially designed products, which deal with market risk associated with financial securities, currency or interest rates. These products are based on underlying assets with which those risks are associated.

Additional Risk factors: In case derivatives are used for hedging portfolio risks of a scheme, a Scheme may be exposed to risks such as counter-party risks. For detailed explanation, please

see note on 'Investment in Derivatives' mentioned elsewhere in this Offer Document.

The Fund also hereby avers that offshore investments shall be made subject to any/all approvals and conditions thereof, as may be stipulated by SEBI/RBI and provided such investments do not result in expenses to the Fund in excess of the ceiling, if any, on expenses prescribed by SEBI for offshore investment, and if no such ceiling is prescribed by SEBI, the expenses to the Fund shall be limited to the level which, in the opinion of the Trustees, is reasonable and consistent with costs and expenses attendant to international investing. The Fund may, where necessary, appoint other intermediaries of repute as advisors, sub-managers, sub-custodians etc. for managing and administering such investments. The appointment of such intermediaries shall be in accordance with the applicable requirements of SEBI and within the permissible ceilings of expenses. The fees and expenses would illustratively include, besides the investment management fees, custody fees and costs, fees of appointed overseas advisors and sub-managers, transaction costs, and overseas regulatory costs.

## **E. INVESTMENT IN SECURITISED DEBT**

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

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

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

The Scheme may upto a maximum of 50% of the debt component invest in domestic securitised debt. However, no investments will be made in foreign securitised debt. Broadly following types of loans are securitised:

- Auto Loans (cars / commercial vehicles / two wheelers)
- Residential Mortgages or Housing Loans
- Consumer Durable Loans
- Personal Loans

## **Auto Loans**

The underlying assets (cars etc) are susceptible to depreciation in value whereas the loans are given at high loan to value ratios. Thus, after a few months, the value of asset becomes lower than the loan outstanding. The borrowers, therefore, may sometimes tend to default on loans and allow the vehicle to be repossessed.

These loans are also subject to model risk. i.e. if a particular automobile model does not become popular, loans given for financing that model have a much higher likelihood of turning bad. In such cases, loss on sale of repossession vehicles is higher than usual.

Commercial vehicle loans are susceptible to the cyclicity in the economy. In a downturn in economy, freight rates drop leading to higher defaults in commercial vehicle loans. Further, the second hand prices of these vehicles also decline in such economic environment.

## **Housing Loans**

Housing loans in India have shown very low default rates historically. However, in recent years, loans have been given at high loan to value ratios and to a much younger borrower classes. The loans have not yet gone through the full economic cycle and have not yet seen a period of declining property prices. Thus the performance of these housing loans is yet to be tested and it need not conform to the historical experience of low default rates.

## **Consumer Durable Loans**

- The underlying security for such loans is easily transferable without the bank's knowledge and hence repossession is difficult.
- The underlying security for such loans is also susceptible to quick depreciation in value. This gives the borrowers a high incentive to default.

## **Personal Loans**

These are unsecured loans. In case of a default, the bank has no security to fall back on. The lender has no control over how the borrower has used the borrowed money. Further, all the above categories of loans have the following common risks:

- All the above loans are retail, relatively small value loans. There is a possibility that the borrower takes different loans using the same income proof and thus the income is not sufficient to meet the debt service obligations of all these loans.
- In India, there is no ready database available regarding past credit record of borrowers. Thus, loans may be given to borrowers with poor credit record.
- In retail loans, the risks due to frauds are high.

**F. PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTIONS OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR IS IN THE PROCESS OF BEING TAKEN BY ANY REGULATORY AUTHORITY**

|  |   |
|--|---|
| <p>a. All cases of penalties (indicating nature of penalty) awarded by SEBI under the SEBI Act or any of its regulations against the Sponsor of the Mutual Fund or any company associated with the Sponsor in any capacity including the Asset Management Company, Trustee Company/Board of Trustees, or any of the directors or key personnel (specifically the fund managers) of the Asset Management Company and Trustee Company.</p>   | <p>None other than the following:<br/><br/>A notice under Rule 4 of SEBI (Procedure for holding inquiry and imposing penalties by Adjudication Officer), Rule 1995 was issued by SEBI to the Fund and the AMC for alleged violation of the SEBI's Circular MFD/CIR No.12/175/01 dated February 15, 2001, while launching a close-ended Fixed Maturity Plan. The Fund and the AMC had submitted their explanations in writing to SEBI and also gave the explanations at the time of the personal hearing on September 27, 2002 by the Adjudicating and Enquiry Officer of SEBI. A penalty of Rs. 50, 000 each has been imposed against the Fund and the AMC vide order dated February 26, 2003 of the Adjudicating Officer under SEBI (Procedure for holding inquiry and imposing penalties by Adjudication Officer) Rule, 1995. The AMC and the Fund had filed an appeal to Securities and Appellate Tribunal against the above-mentioned order. Securities Appellate Tribunal has vide its order dated February 21, 2005, has directed to deposit Rs. 25000/- with SEBI, pending final hearing. The AMC has deposited Rs. 25000/- with SEBI.</p> |
| <p>For Sponsor and its associates, other than the penalties as mentioned above, the penalties awarded by any financial regulatory body, including stock exchanges, for defaults in respect of shareholders, debenture holders and depositors shall also be disclosed. Additionally, penalties awarded for any economic offence and violation of any securities laws</p>  | <p>None</p>   |
| <p>Details of all cases of suspensions and cancellation of certificate of registration (for irregularities / violations in financial services sector or for defaults in respect of share holders, debenture holders and depositors) of the AMC, Trustee Company and sponsor or any associate of the sponsor shall be disclosed for the last 10 years.</p>  | <p>None</p>   |
| <p>b. Any pending material litigation proceedings incidental to the business of the Mutual Fund to which the Sponsor of the Mutual Fund or any company associated with the Sponsor in any capacity including the AMC, Board of Trustees /Trustee Company or any of the directors or key personnel is a party.</p> <p>Any pending criminal cases against the Sponsor or any company associated with the Sponsor in any capacity including the AMC, Board of Trustees/Trustee Company or any of the directors or key personnel</p> | <p>An investor has filed a case against Kotak Mahindra Asset Management Company Limited, Kotak Mahindra Trustee Company Limited, Kotak Mahindra Bank Limited and Computer Age Management Services Limited (Registrar &amp; Transfer Agents) alleging that the redemption of units held by it in a Scheme was not based on its instruction. The facts of the case is that the investor has created lien on the units and the lien was invoked by the lien holder. A written statement is being filed by the company denying the allegation made.</p> <p>None</p>   |
| <p>c. Any deficiency in the systems and operations of the Sponsor of the Mutual Fund or any company associated with the sponsor in any capacity including the AMC or the Trustee Company which SEBI has specifically advised to be disclosed in the offer document, or which has been notified by any other regulatory agency</p>  | <p>None</p>   |
| <p>d. Any enquiry/adjudication proceedings under the SEBI Act and the Regulations made thereunder, that are in progress against the Sponsor of the Mutual Fund or any company associated with the Sponsor in any capacity such as the AMC, Board of Trustees/Trustee Company or any of the Directors or key personnel of the Asset Management Company</p>  | <p>None</p>   |

## G. OMNIBUS CLAUSE

Subject to SEBI Regulation permitting :

Besides the AMC, the Trustee/Sponsor may also absorb expenditures in addition to the limits laid down under Regulation 52 of SEBI Regulations.

Further, any amendment/clarification and guidelines in the form of notes or circulars issued from time to time by SEBI for the operation and management of mutual fund shall be applicable.

## H. DOCUMENTS AVAILABLE FOR INSPECTION

Following documents are available for inspection by the prospective investors between 11.00 a.m. and 1.00 p.m. on any day (excluding Saturdays, Sundays and public holidays), at the office of the Mutual Fund:-

1. Copy of the Registration Certificate from SEBI.
2. Copy of the Trust Deed and the Deed of Amendment.
3. Copy of the Investment Management Agreement and the supplemental agreement.
4. Copy of the Memorandum and Articles of Association of the Trustee.
5. Copy of the Memorandum and Articles of Association of the AMC.
6. Copy of the Custodian agreement.
7. Copy of the Registrar agreement.

8. Consent of Auditors to act in the said capacity
9. A copy of this Offer Document
10. Copy of the SEBI (Mutual Funds) Regulations, 1996
11. Copy of the Indian Trusts Act, 1882.

**All points mentioned in the Standard Observations issued by SEBI vide their 'Instructions for filing Offer Document with SEBI' dated December 26, 2003 have been incorporated in this Offer Document.**

**Notwithstanding anything contained in this Offer Document, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the Guidelines thereunder shall be applicable.**

**Investors may ascertain about any further change after the date of this Offer Document from the ISCs, as given elsewhere in this document, or the registered office of KAMAMCL or from distributors / brokers.**

**Note:** The Scheme under this Offer Document was approved by the Trustee on February 20, 2006.

For and on behalf of the Board of Directors of  
**KOTAK MAHINDRA ASSET MANAGEMENT COMPANY LIMITED**  
[Asset Management Company for Kotak Mahindra Mutual Fund]

Place : Mumbai  
Date : May 25, 2006

**Sandesh Kirkire**  
Chief Executive Officer

The following short names have been used in this Offer Document:

| Short Name Used             | Scheme / Plan Name                                    |
|-----------------------------|---|
| Kotak Gilt Savings .....    | Kotak Mahindra Gilt Unit Scheme '98 - Savings Plan    |
| Kotak Gilt Investment ..... | Kotak Mahindra Gilt Unit Scheme '98 - Investment Plan |
| Kotak 30 .....              | Kotak Mahindra 30 Unit Scheme                         |
| Kotak Bond .....            | Kotak Mahindra Bond Unit Scheme 99                    |
| Kotak Bond Short Term ..... | Kotak Mahindra Bond Unit Scheme 99 - Short Term Plan  |
| Kotak Balance .....         | Kotak Mahindra Balance Unit Scheme 99                 |
| Kotak Tech .....            | Kotak Mahindra Technology Scheme                      |
| Kotak MNC .....             | Kotak Mahindra MNC Scheme                             |
| Kotak Liquid .....          | Kotak Mahindra Liquid Scheme                          |
| Kotak Income Plus .....     | Kotak Mahindra Income Plus Scheme                     |
| Kotak Dynamic Income .....  | Kotak Mahindra Dynamic Income Scheme                  |
| Kotak Midcap .....          | Kotak Midcap Scheme                                   |
| Kotak Global India .....    | Kotak Mahindra Global India Scheme                    |
| Kotak Flexi Debt .....      | Kotak Mahindra Flexi Debt Scheme                      |
| Kotak Contra .....          | Kotak Contra Scheme                                   |
| Kotak Dynamic FOF .....     | Kotak Dynamic Fund of Funds Scheme                    |
| Kotak Cash Plus .....       | Kotak Cash Plus Fund                                  |

## OFFICIAL ACCEPTANCE POINTS (For Redemption)

### KOTAK MAHINDRA ASSET MANAGEMENT COMPANY LIMITED

**Mumbai** : 91/92, 9th Floor, Sakhar Bhavan, 230 Nariman Point, Mumbai - 400 021. • **Ahmedabad** : 713-714, 7th Floor, Sakar-2, Opp. Town Hall, Ellisbridge, Ahmedabad - 380 006. • **Bangalore** : 2nd Floor, Umiya Landmark, 10/7, Lavelle Road, Bangalore - 560 001. • **Chennai** : 1st Floor, Ceebros Centre, MD 45, Monthieth Road, Egmore, Chennai - 600 008. • **Hyderabad** : Jewel Pavani Towers, IInd Floor, 6-3-1109/1, Somajiguda, Hyderabad - 500 082. • **Kolkata** : Appejay House, Block C, 7th Floor, 15 Park Street, Kolkata - 700 016. • **New Delhi** : 12-14, Upper Ground Floor, Ambadeep Building, 14, Kasturba Gandhi Marg, New Delhi - 110 001. • **Pune** : 201-202, 2nd Floor, Sohrab Hall, 21, Sasoon Road, Pune - 411 001

### COMPUTER AGE MANAGEMENT SERVICES PRIVATE LIMITED (CAMS) – INVESTOR SERVICE CENTRES

**Ahmedabad** : 402-406, 4th Floor, Devpath Building, Off C. G. Road, Behind Lal Bungalow, Ellis Bridge, Ahmedabad - 380 006. • **Bangalore** : Trade Centre, 1st Floor, 45, Dickenson Road, (next to Manipal Centre), Bangalore - 560 042. • **Bhubaneswar** : 101/5, Janpath (Near Swasti Hotel), Master Canteen Square, Unit 3, Bhubaneswar - 751 001. • **Chandigarh** : SCO 154-155, 1st Floor, Sector 17-C, Chandigarh - 160 017. • **Chennai** : Ground Floor, 178/10, Kodambakkam High Road, Opposite Hotel Palmgrove, Nungambakkam, Chennai - 600 034. • **Coimbatore** : 66, Lokmanya Street (W), Ground Floor, R. S. Puram, Coimbatore - 641 002. • **Durgapur** : SN-10, Ambedkar Sarani, City Centre, Durgapur - 713 216. • **Indore** : Dalal Chambers, 101, Sagarmatha Apartments, 1st Floor, 18/7, M. G. Road, Indore - 452 003. • **Jaipur** : G-III, Park Saroj, Behind Ashok Nagar Police Station, C-Scheme, R-7, Yudhisthir Marg, Jaipur - 302 001. • **Kanpur** : G-27/28, Ground Floor, Citi Centre, 63/2, The Mall, Kanpur - 208 001. • **Kochi** : 40/9633 D, Veekshanam Road, Near International Hotel, Kochi - 682 035. • **Kolkata** : Lords Buildings, 7/1, Lord Sinha Road, Ground Floor, Kolkata - 700 071. • **Lucknow** : No. 3, 1st Floor, Saran Chambers 1, 5, Park Road, Lucknow - 226 001. • **Ludhiana** : Shop No. 20-21, (Ground Floor), Prince Market, Near Traffic Lights, Sarabha Nagar Pulli, Pakhowal Road, P.O. Model Town, Ludhiana - 141 002. • **Madurai** : 86/71 - A, Tamil Sangam Road, Madurai - 625 001. • **Mangalore** : No. G 4 & G 5, Inland Monarch, Opp. Karnataka Bank, Kadri Main Road, Kadri, Mangalore - 575 003. • **Mumbai** : Rajabhadur Compound, Ground Floor, Opp. Allahabad Bank, Behind ICICI Bank, 30, Mumbai Samachar Marg, Fort, Mumbai - 400 023. • **Nagpur** : 145, Lendra Park, Behind Indus Ind Bank, New Ramdaspath, Nagpur - 440 010. • **New Delhi** : 304-305, Third Floor, Kanchenjunga Building, 18, Barakhamba Road, New Delhi - 110 001. • **Panaji** : 108, 1st Floor, Gurudutta Bldg., Above Weekender, M G Road, Panaji - Goa - 403 001. • **Patna** : Kamlalaye Shobha Plaza, (1st Floor), Behind RBI, Near Ashiana Tower, Exhibition Road, Patna - 800 001. • **Pune** : Nirmithi Eminence, Office No. 6, 1st Floor, Opp. Abhishek Hotel, Mehendale Garage Road, Erandawane, Pune - 411 004. • **Secunderabad** : 102, 1st Floor, Jade Arcade, Paradise Circle, Secunderabad - 500 003. • **Surat** : Office No. 2, Ahura-Mazda Complex, 1st Floor, Sadak Street, Timalyawad, Nanpura, Surat - 395 001. • **Vadodara** : 109, Silver Line, Besides World Trade Centre, Sayajigunj, Vadodara - 390 005. • **Visakhapatnam** : 47/9/17, 1st Floor, 3rd Lane, Dwaraka Nagar, Visakhapatnam - 530 016. • **Vijayawada** : 40-1-68, Rao & Ratnam Complex, Near Chennupati Petrol Pump, M. G. Road, Labbipet, Vijayawada - 520 010.

### COMPUTER AGE MANAGEMENT SERVICES PRIVATE LIMITED (CAMS) – TRANSACTION POINTS

**Agra** : F-39/203, Sky Tower, Sanjay Place, Agra - 282 002. • **Ajmer** : Shop No. S-5, Second Floor, Swami Complex, Ajmer - 305 001. • **Allahabad** : 1st Floor, Chandra Shekhar Azad Complex, (near Indira Bhavan) 5, S.P. Marg, Civil Lines, Allahabad - 211 001. • **Amaravati** : 81, Gulsham Tower, Near Panchsheel, Amaravati - 444 601. • **Amritsar** : 378, Majithia Complex, 1st Floor, M. M. Malviya Road, Amritsar - 143 001. • **Asansol** : G.T. Road, Beside George Telegraph Office, Asansol - 713 301. • **Aurangabad** : Office No. 1, 1st Floor, Amodi Complex, Juna Bazar, Aurangabad - 431 001. • **Belgaum** : No. 21, Ground Floor, Arvind Complex, 1552, Maruti Galli, Belgaum - 590 002. • **Bhilai** : 209, Khichariya Complex, Opp. IDBI Bank, Nehru Nagar Square, Bhilai - 490 020. • **Bhopal** : C-12, 1st Floor, Above Life Line Hospital, Zone-I, M. P. Nagar, Bhopal - 462 011. • **Calicut** : 17/28 H, 1st Floor, Manama Building, Mavoor Road, Calicut - 673 001. • **Cuttack** : Cantonment Road, Cuttack - 753 001. • **Dehradun** : 81, Chakrala Road, Dehradun - 248 001. • **Dhanbad** : Urmila Towers, Room No. 111, (First Floor) Bank More, Dhanbad - 826 001. • **Gorakhpur** : Shop No. 3, Second Floor, Cross Road, A.D. Chowk, Bank Road, Gorakhpur - 273 001. • **Guntur** : Shyamsunder Golden Towers, Ground Floor, Third Lane, Brodipet, Adj. to Overbridge, Guntur - 522 002. • **Gurgaon** : 2319, 1st Floor, Block No. 3, Opp. Air Force Golden Jubilee School, Delhi Road, Sector 14, Gurgaon - 122 001. • **Guwahati** : Old Post Office Lane, Bay Lane No. 1, Rehabari, Guwahati - 781 008. • **Hubli** : 208, A Block, 1st Floor, Kundagol Complex, Opp. Court, Club Road, Hubli - 580 029. • **Jabalpur** : 975, Chouksey Chambers, Near Gitanjali School, 4th Bridge Napier Town, Jabalpur - 482 001. • **Jalandhar** : 367/8, Central Town, Opp. Gurudwara Diwan Asthan, Jalandhar - 144 001. • **Jamnagar** : 207/209, K.P. Shah House I, K. V. Road Jamnagar - 361 001. • **Jamshedpur** : Panch Bhawan, 'R' Road, Bistupur, Ground Floor (Near Rajasthan Bhawan), Jamshedpur - 831 001. • **Jodhpur** : 1/5, Nirmal Tower, 1st Chopasani Road, Jodhpur - 342 003. • **Kota** : B-33, Kalyan Bhavan, Triangle Part, Vallabh Nagar, Kota - 324 007. • **Manipal** : Academy Annex, First Floor, Opposite Corporation Bank, Uppendra Nagar, Manipal - 576 104. • **Meerut** : 108, 1st Floor, Shivam Plaza, Opp. Eves Cinema, Hapur Road, Meerut - 250 002. • **Moradabad** : B-612 'Sudhakar', Lajpat Nagar, Moradabad - 244 001. • **Mysore** : No. 3, 1st Floor, CH-26, 7th Main, 5th Cross, Above Trishakthi Medicals, Saraswathy Puram, Mysore - 570 009. • **Nasik** : "Varsha Bungalow", 1st Floor, Near Rungtha High School, 493, Ashok Stambh, Nasik - 422 001. • **Nellore** : Shop No. 13, 1st Floor, KAC Plaza, R. R. Street, Nellore - 524 001. • **Panipat** : 83, Devilal Shopping Complex, Opp. ABN AMRO Bank, GT Road, Panipat - 132 103. • **Patiala** : 35, New Lal Bagh Colony, Patiala - 147 001. • **Pondicherry** : 25, 1st Floor, 100, Jawaharlal Nehru Street (New Complex, Indian Coffee House), Pondicherry - 605 001. • **Raipur** : C-23, Sector 1, Devendra Nagar, Raipur - 492 004. • **Rajahmundry** : D 7-27-4, Krishna Complex, Baruvuri Street, T Nagar, Rajahmundry - 533 101. • **Rajkot** : 111, Pooja Complex, Harihar Chowk, Near GPO, Rajkot - 360 001. • **Ranchi** : 223, Tirath Mansion (Near Over Bridge), 1st Floor, Main Road, Ranchi - 834 001. • **Rourkela** : 1st Floor, Mangal Bhawan, Phase II, Power House Road, Rourkela - 769 001. • **Salem** : 28, 1st Floor, Advytha Ashram Road, Salem - 636 004. • **Sambalpur** : Opp. Town High School, Sansarak, Sambalpur - 768 001. • **Siliguri** : 8, Swamiji Sarani, Ground Floor, Hakimpara, Siliguri - 734 401. • **Trichur** : Adam Bazar, Room No. 49, Ground Floor, Rice Bazar (East), Trichur - 680 001. • **Trichy** : 8, 1st Floor, 8th Cross West Extension, Thillainagar, Trichy - 620 018. • **Trivandrum** : TC 15/2012, Sheelatha Building, Women's College Lane, Vazuthacadu, Trivandrum - 695 014. • **Udaipur** : 32, Ahinsapuri, Fatehpura Circle, Udaipur - 313 004. • **Valsad** : C/o. CAD House, Siddhivinayak Complex, F-1, 1st Floor, Avenue Building, Near R.J.J. School, Tithal Road, Valsad - 396 001. • **Varanasi** : C 27/249 - 22A, Vivekanand Nagar Colony, Maldhaiya, Varanasi - 221 002.

## OFFICIAL COLLECTION CENTRES (For New Fund Offer)

### I. KMAMC AUTHORISED COLLECTION CENTRES

**• Ahmedabad** : Ms. Nirali Shah - 713-714, 7th Floor, Sakar-2, Opp. Town Hall, Ellisbridge, Ahmedabad - 380 006. Tel.: 91-79-2657 4992  
**• Bangalore** : Ms. Manju Sheshadri - 2nd Floor, Umiya Landmark, 10/7, Lavelle Road, Bangalore - 560 001. Tel.: 91-80-55128050 / 51  
**• Bhavnagar** : Mr. Ashish Joshi - Tel.: 91-9824402507 • **Bhubaneswar** : Mr. Arunkumar Mohanty - Plot No. 501 / 1741, Centre Point, Unit No. 3, Kharabela Nagar, Bhubaneswar - 751 001 Tel.: 91-9861126118 • **Chandigarh** : Mr. Gopal Sood - 1st Floor, Deepak Towers, S.C.O. 154-155, Sector 17C, Chandigarh - 160 017. Tel.: 91-172-272 7598 • **Chennai** : Ms. Sathya Rajesh - Ceebros Centre, Basement, 39, Montieth Road, Egmore, Chennai - 600 008. Tel.: 91-44-4214 6753, 2851 7686 • **Coimbatore** : Mr. C. Loganathan - Krisan Business Centre, Old No. 41, New No. 81, Government Arts College Road, Coimbatore - 641 018. Tel.: 91-9843111281 • **Guntur** : Mr. Srinivasa Rao Chintan - 91-9247160465 • **Guwahati** : Mr. Mangalesh Thakur - 2nd Floor, Jain Complex, G. S. Road, Guwahati - 781 005 Tel.: 91-9864144002 • **Hubli** : Mr. Roshan D'Souza - Ground Floor, V. A. Kalburgi Square, Desai Cross, Deshpande Nagar, Hubli - 580 029 Tel.: 91-9886642994 • **Hyderabad** : Ms. Chandra Vadali Kiran - Jewel Pavani Towers, 2 Floor, 6-3-1109/1, Somaji Guda, Hyderabad - 500 082. Tel.: 91-40-5568 2308 / 9 • **Indore** : Mr. Pratik Kaushik - 2nd Floor, Indraprastha Tower, M. G. Road, Indore - 452 001. Tel.: 91-9826901004 • **Jaipur** : Mr. Manan Bapna, Ground Floor, Krishna Tower, 57, Sardar Patel Marg, 'C' Scheme, Jaipur - 302 001. Tel. : 9828510369  
**• Kanpur** : Mr. Sachin Chauhan - 111, 1st Floor, Kan Chambers, 14/113, Civil Lines, Kanpur - 208 001. Tel.: 91-512-394 1238, 9839900378  
**• Kochi** : Mr. Rajesh Kumar - 4th Floor, Thadikkaran Centre, Palarivattom, Kochi - 682 025. Tel.: 91-484-553 3110 • **Kolkata** : Ms. Tripti Khaitan - Apeejay House, Block C, 7th Floor, 15 Park Street, Kolkata - 700 016. Tel.: 91-33-2209 3000 / 2209 3042 • **Lucknow** : Mr. Saurabh Singh - C/o. The Business Bridge, 1st Floor, Saran Chambers, 5 Park Road, Lucknow - 226 001. Tel.: 91-9839874428 • **Ludhiana** : Mr. Rohit Aggarwal, Ground Floor, SCO 120, Feroze Gandhi Market, Ferozepur Road, Ludhiana - 141 005 - Tel.: 91-9814818980 • **Madurai** : Mr. K. Thirugnanam, AR Plaza, No. 16 & 17, North Veli Street, Madurai - 625 001. Tel.: 91-452-4378728, 9894763298 • **Mangalore** : Ms. Vidhya D'Souza, Sequeira Jewels, Opp. Infosys Technologies Ltd., Kottara, Mangalore - 575 006. Tel.: 91-9886738530 • **Mumbai** : Ms. Lavita Pinto - 91/92, 9th Floor, Sakhar Bhavan, 230 Nariman Point, Mumbai - 400 021. Tel.: 91-22-6638 4444 • **Nagpur** : Mr. Ninad Sutaone - 101 / 102, Usha Complex, Sardar Vallabhai Patel Road, Kingsway, Nagpur - 440 001. Tel.: 91-9822747585 • **New Delhi** : Ms. Namrata Sachdev - 12-14, Upper Ground Floor, Ambadeep Bldg., 14, Kasturba Gandhi Marg, New Delhi - 110 001. Tel.: 91-11-5530 6900 /1/2 • **Pune** : Ms. Sucheta K. - 201-202, 2nd Floor, Sohrab Hall, 21, Sasoon Road, Pune - 411 001. Tel.: 91-20-2605 3338 / 9053 • **Rajkot** : Mr. Nayan Maniar - 1st Floor, 124, Star Plaza, Phulchhab Chowk, Rajkot 360 001 Tel.: 91-9825100339, 02815 520735 • **Surat** : Mr. Ashwani Wadhwa - 2nd Floor, Megh Mayur Plaza, Surat Dumas Road, Parle Point, Surat - 395 007. Tel.: 91-0261-2210596 • **Vadodara** : Mr. Vishal Adhikari - 108, 1st Floor, Avanti Chambers, Anand Society, Behind Express Hotel, R. C. Dutt Road, Vadodara - 390 005. Tel.: 91-265-5533957.

### II. COLLECTION BANK

#### HDFC Bank

**• Ahmedabad** : HDFC Bank House, Near Mithakali Six Roads, Navrangpura, Ahmedabad 380 009 • **Bangalore** : No. 8/24, Salco Centre, Richmond Road, Bangalore - 560025 • **Bhavnagar** : Gopi Arcade, Opp. Takhteshwar Post Office • **Bhubaneswar** : Junction of Janpath & Gandhi Marg, Hotel Jajati Complex, Kharvelanagar, Unit - III, Master canteen Square, Bhubaneswar - 751 001 • **Calicut** : Malabar Palace, G. H. Road, Calicut - 673 001  
**• Chandigarh** : SCO 371/372, Sector 35-b, Chandigarh • **Chennai** : 751 - B, Anna Salai, Mariam Centre, Chennai - 600 002 • **Coimbatore** : 1635 Classic Towers, Trichy Road, Coimbatore - 641 018 • **Guntur** : 87-90, Main Road, Lakshmpuram, Guntur - 522 007, A.P. • **Guwahati** : Guwahati Branch, House No. 126, Opp. Times of India, Bhangagarh, Guwahati - 781 005 • **Hubli** : T. B. Revankar Complex, Vivekanand Hospital Road, Hubli - 580 029  
**• Hyderabad** : 6-1-73 3rd Floor, Saeed Plaza, Lakdikapul, Hyderabad - 500004 • **Indore** : Illrd Floor, Illrd, 9/1A, U. V. House, South Tukoganj, Indore - 452 001 • **Jaipur** : 1st Floor, O-10, Ashok Marg, Ahimsa Circle, C-Scheme Jaipur • **Jamshedpur** : C/o. Mithila Motors Ltd., Near Rammandir, Bistupur, Jamshedpur - 831 001 • **Jodhpur** : 57/B "Swapndeep", Chopasani Road, Jodhpur - 342 003 (Raj.) • **Kanpur** : Navin Market Branch, 15/46, Civil Lines, Kanpur - 208 001 • **Kochi** : 2nd Floor, Elmar Square, M.G. Road, Ravipuram, Kochi - 682 016 • **Kolkata** : CMS, Abhilasha II, 6 Royd Street, 1st Floor, Kolkata - 700 016 • **Lucknow** : Pranay Tower, Darbari Lal Sharma Marg, beside Pratibha Cinema Lucknow - 226001 • **Ludhiana** : 5th Floor, The Mall, Mall Road, Ludhiana • **Madurai** : 7-A, West Veli Street, Opp. Railway Station, Madurai - 625 001. • **Mangalore** : M. N. Towers, Kadri, Mangalore - 575 002 • **Mumbai** : Maneckji Wadia Bldg., Nanik Motwani Marg, Mumbai 400 023 • **Mysore** : Nageetha Complex, Vishwamanawa Double Road, Saraswathi Puram, Mysore -570 009 • **Nagpur** : 303 & 304, 3rd Floor, Wardh Road, Transactional Banking Group, 12, Milestone, Near Lokmat Square, Nagpur - 440 010  
**• Nasik** : Archit Centre, 3rd Floor, Chandak Circle Link Road, Opposite Sandeep Hotel, Near Mahamarg Bus Stand, Nasik - 422 002 • **Nellore** : G.T Road, Nellore - 524 001 • **New Delhi** : Fig-ops, 1st Floor, Kailash Bldg., 26, K G Marg, New Delhi 110001 • **Panjim** : Swami Vivekanand Road, 301, Milroc Lar Menezes, Opp Gomantak Maratha Samaz, Panjim-Goa 403001 • **Patna** : Rajendra Ram Plaza, Exhibition Road, Patna - 800 001 • **Pondicherry** : TS No 6, 100 Feet Road, Ellaipillaichavady, Pondicherry - 605 005 • **Pune** : 5th floor, Millennium Tower, Bhandarkar Road, Shivajinagar, Pune - 411 004 • **Rajkot** : Opp. Alfred High School, 2nd Floor, Panchratna Building, Jawahar Road, Rajkot • **Ranchi** : Ranchi Club Shopping Complex, Apt No .11, Main Road, Ranchi - 834 001 • **Salem** : 5/241-F, Rathna Arcade, Omalur Main Road, Salem - 636 004. • **Surat** : Chataniya Jyoti Building, Near Parle Point Circle, Surat - 395 007 • **Trichy** : A-10, " Lakshmi Arcade", 11th Cross Main Road, Thillainagar, Trichy 620 018 • **Vadodara** : 5th Floor, 'Midway Heights' Next to Panchmukhi Hanuman Temple, Lokmanya Tilak Rd, Kirti Mandir, Near Kala Ghoda, Raopura, Vadodara - 390 001 • **Vijayawada** : 40-1-48/2, M. G. Road, Labbipet, Vijayawada - 520 010 • **Visakhapatnam** : Potluri Castle, Dwaraka Nagar, Visakhapatnam-530016



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