


OFFER DOCUMENT Kotak Mahindra Mutual Fund 5A, 5th Floor, Bakhtawar, 229, Nariman Point, Mumbai 400 021	
KOTAK GOLD ETF An Open-ended Gold ETF	
New Fund Offer : Units at Rs. 10 each plus applicable load Continuous Offer: Units at applicable NAV	
New Fund Offer: Opens On: Closes On:	Continuous Offer: Opens On or before:

THE SPONSOR	THE TRUSTEE	THE ASSET MANAGEMENT COMPANY
Kotak Mahindra Bank Limited 36-38A, Nariman Bhavan 227, Nariman Point, Mumbai – 400 021	Kotak Mahindra Trustee Company Limited 5A, 5 th Floor, Bakhtawar 229, Nariman Point Mumbai - 400 021	Kotak Mahindra Asset Management Company Limited 5A, 5 th Floor, Bakhtawar 229, Nariman Point Mumbai - 400 021

THE REGISTRAR	CUSTODIANS		THE AUDITORS TO THE SCHEME(S)
Computer Age Management Services Private Limited A&B Lakshmi Bhawan, 609 Anna Salai Chennai 600 034.	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	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 NOVEMBER ____, 2006.

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GOLD EXCHANGE TRADED FUND (ETF)

Securities and Exchange Board of India, vide its circular number SEBI/IMD/CIR No.4/58422/06 dated January 24, 2006 has enabled mutual funds In India to offer mutual fund schemes that invest in physical Gold. This policy initiative helps mutual fund investors to diversify into new asset classes and thus reduce risks associated with concentrating investments into one of a few asset classes.

The Kotak Gold ETF Scheme is structured in line with the rules laid down in the above stated circular.

I. HIGHLIGHTS, RISK FACTORS AND DUE DILIGENCE

Features	KOTAK GOLD ETF
Structure	An open-ended Gold ETF
Investment Objective	The investment objective of the scheme is to generate returns that are in line with the performance of gold and gold related instruments, subject to tracking errors. However, investments in gold related instruments will be made if and when SEBI permits mutual funds to invest in gold related instruments.
Suitable for	Investors who aim to earn gold linked earnings on their investments.
Investment in	The Fund would invest in gold, and endeavor to track the spot price of gold. The Fund may engage in gold lending, deposit gold with banks in return for fees to the extent permitted by Regulations The Fund may also invest in gold related instruments and bank deposits to the extent regulations permit. The fund would invest all the residual funds after investing in gold in debt and money market instruments.
Sale of units by mutual fund	<p>During NFO:</p> <ul style="list-style-type: none"> The minimum investment amount for opening account during the New Fund Offer is Rs.5000. <p>Ongoing basis:</p> <ul style="list-style-type: none"> On going purchases directly from the Mutual Fund would be restricted to Authorized Participants and investors provided the value of units to be purchased is of the value of not less than Rs 10 lakhs, and in multiples of Rs 10,000 there after. (Investors who purchase units of the value of not less than Rs 10 laks will be called as Eligible Investors hereafter in this document). The minimum amount may be changed by the trustees at their discretion by issuing a notice which will be published on Kotak AMC's website www.Kotakmutual.com. Authorised Participants and Eligible Investors may buy the units on any business day for the scheme directly from the Mutual Fund at applicable NAV and entry load. The units would be listed on national stock exchange(s) to provide liquidity through a secondary market. All categories of Investors may purchase the units through secondary market on any trading day. <p>The AMC will appoint Authorised Participant(s) to provide liquidity in secondary market on an ongoing basis. The Authorised Participant(s) would offer daily two-way quote in the market.</p>
SIP (Systematic Investment Plan)	<p>Investors may register for SIP only during New Fund Offer and during the Liquidity Window.</p> <p>During the New Fund Offer, SIPs through the Direct Debit/ ECS facility would be accepted (i.e. SIP requests with post-dated Cheques would not be accepted during the New Fund Offer).</p>

	Minimum Purchase amount: Rs.1000 (subject to a minimum of 6 SIP installments of Rs. 1000/- each)
SIP Dates	Monthly. 1 st , 7 th , 14 th and 21 st of the each month.
Liquidity	All investors including Authorised Participants, Eligible Investors and other investors may sell their units in the stock exchange(s) on which these units are listed on all the trading days of the stock exchange. In addition, mutual fund will repurchase units from investors during the last three business days for the scheme in the month of January, May and September, every year. Mutual fund will repurchase units from Authorised Participants on any business day provided the value of units offered for repurchase is not less than Rs 10 lakhs.
Applicable NAV	For Purchases / Switch ins and Redemption/Switch outs: For valid applications accepted – upto 3.00 p.m. on a business day, the NAV of such business day. After 3.00 p.m on a Working day, the NAV of the following working day. For Redemptions /Switch outs during Liquidity Window: Closing NAV of the last business day of the liquidity window.
Benchmark	The Scheme's performance will be benchmarked against the price of gold. The benchmark may be changed in future, if a benchmark better suited to the investment objective of the scheme is available.
Fund Manager	Mr. Ritesh Jain.
Dividend	Trustees may declare dividend subject to availability and adequacy of distributable surplus. If and when dividends are declared, dividends will be distributed to all unit holders registered on the registers of the depositories on the record date.
Minimum Repurchase size by mutual fund	Units of the value of not less than in Rs 1,000, and in multiples of Rs 100 thereafter.
Cheques / Drafts to favour	KOTAK GOLD ETF
Load (During NFO and Continuous Offer)	<ul style="list-style-type: none"> • Entry Load: 4.00% • Exit Load: 1% applicable when the units are repurchased by the mutual funds No entry or exit load will be levied on transactions with Authorised Participants during NFO or continuous offer.
Cost of trading on the stock exchange	Investor will have to bear the cost of brokerage and other applicable statutory levies eg, Securities Transaction Tax, etc when the units are bought or sold on the stock exchange.
Initial Issue Expenses	Will be met out of the entry load

Tax implications as per the provisions of Income Tax Act, 1961 and Wealth Tax Act, 1957, prevailing as on November 28, 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 more, the resultant gain if any, is treated as long term capital assets. 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%.
- 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 gold, forex markets and 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 GOLD ETF is only the name of the Scheme and does not in any manner indicate the quality of the Scheme, its future prospects or returns.
- Tax laws may change, affecting the return on investment in Units.

Scheme Specific Risk Factors and Special Considerations:

The Scheme is subject to the principal risks described below. Some or all of these risks may adversely affect Scheme's NAV, trading price, yield, total return and/or its ability to meet its objectives.

Risks for the Fund

- The NAV of the units is closely related to the value of gold held by the scheme. The value (price) of gold may fluctuate for several reasons and all such fluctuations will result in changes in the NAV of units under the scheme. The factors that may effect the price of gold, among other things, include demand and supply for gold in India and in the global market, Indian and Foreign exchange rates, Interest rates, Inflation trends, trading in gold as commodity, legal restrictions on the movement/trade of gold that may be imposed by RBI, Government of India or countries that supply or purchase gold to/from India, trends and restrictions on import/export of golden jewellery in and out of India, etc.
- Counter party Risk: There is no Exchange for physical gold in India. The Fund may have to buy or sell gold from the open market, which may lead to counter party risks for the Fund for trading and settlement.
- Liquidity Risk: The fund has to sell gold only to bullion bankers/traders who are authorized to buy gold. Though, there are adequate numbers of players (commercial or bullion bankers) to whom the Fund can sell gold. Fund may have to resort to distress sale of gold if there is no or low demand for gold to meet its cash needs of redemption or expenses.
- Currency Risk: The formula for determining NAV of the units is based on the imported (landed) value of gold. The landed value of gold is computed by multiplying international market price by US dollar value. The value of gold or NAV, therefore will depend upon the conversion value of US dollar into Indian rupee and attracts all the risks attached to such conversion.
- Regulatory Risk: Any changes in trading regulations by the stock exchange (s) or SEBI may affect the ability of Authorised Participant to arbitrage resulting into wider premium/ discount to NAV. Any changes in the regulations relating to import and export of gold or gold jewellery (including customs duty, sales tax and any such other statutory levies) may affect the ability of the scheme to buy/sell gold against the purchase and redemption requests received.
- Asset Class Risk: The returns from physical Gold in which the Scheme invests may under perform returns from the securities or other asset classes.
- Physical gold: There is a risk that part or all of the Scheme's gold could be lost, damaged or stolen. Access to the Scheme's gold could also be restricted by natural events or human actions. Any of these actions may have adverse impact on the operations of the scheme and consequently on investment in units.
- As the scheme proposes to invest not less than 90% of the net assets in Gold, the Scheme is a passively managed scheme and provides exposure to Gold and gold related instruments and tracking its performance and yield as closely as possible. The Schemes performance may be affected by a general price decline in the Gold prices. The Scheme invests in the physical Gold regardless of their investment merit. The Mutual Fund does not attempt to take defensive positions in declining markets.

- Tracking error may have an impact on the performance of the scheme. However KMAMC will endeavour to keep the tracking error as low as possible.

Risks for Investors

- Investors may note that even though this is an open-ended scheme, between two liquidity windows, they will have to buy or sell units of the scheme on the stock exchanges where these units are listed for liquidity at the market price, subject to the rules and regulations of the exchange. Buying and selling units on stock exchange requires the investor to engage the services of a broker and are subject to payment of margins as required by the stock exchange/broker, payment of brokerage, securities transactions tax and such other costs.
- The concept of exchange-traded funds is relatively new to Indian capital markets. Trading in Gold-ETF could therefore be restricted due to which market price may or may not reflect the true NAV of Gold-ETF at any point of time. Also there can be no assurance that an active secondary market will develop or be maintained for the Scheme units.
- The market price of ETF units, like any other listed security, is largely dependent on two factors, viz., (1) the intrinsic value of the unit (or NAV), and (2) demand and supply of units in the market. Sizeable demand or supply of the units in Exchange may lead to market price of the units to quote at premium or discount to NAV. Hence the price of ETF is less likely to hold significant variance (large premium or discount) from the latest declared NAV all the time.
- The Fund may have to sell gold to meet recurring expenses. In such an event, irrespective of whether the price of gold goes up or not, the NAV of the Fund will go down due to such expenses.
- The NAV of the units is determined based on the formula for valuation of gold prescribed by SEBI whereas the actual price of gold in the market may be different from the value of gold arrived at based on the prescribed formula. This may lead to extreme conditions like NAV being far too different from the domestic market price of gold. In such extreme conditions, the trustees reserve the right to delay or suspend the redemption of units, even during Liquidity Window.
- The units will be issued only in demat form through depositories. The records of the depository are final with respect to the number of units available to the credit of unit holder. Settlement of trades, repurchase of units by the mutual fund during liquidity window depend up on the confirmations to be received from depository(ies) on which the mutual fund has no control.

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, or Standard Chartered Bank* the Custodians are registered with SEBI and till date such registration is valid.

* As per Securities And Exchange Board Of India (Custodian Of Securities) (Second Amendment) Regulations, 2006 dated October 31, 2006, the scheme can have a custodian who is registered with SEBI and also has the capability to provide custodian services for physical gold. We are in talks with both the Custodians and shall finalise one on being satisfied with the arrangement made by it for custody of Gold.

For Kotak Mahindra Asset Management Company Limited
Asset Management Company for
Kotak Mahindra Mutual Fund

Place: Mumbai
Date: December __, 2006

V. R. Narasimhan
Chief Compliance Officer

II. DEFINITIONS AND ABBREVIATIONS

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

Asset Management Company or AMC or Investment Manager	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.
Authorised Participant	Member of the Stock Exchanges having trading terminals nation wide on which the units of the scheme are listed or any person who is appointed by the AMC to act as Market maker and give two way quotes on the stock exchanges.
Collection Bank	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.
Custodian	Deutsche Bank AG or Standard Chartered Bank, acting as Custodians to the Scheme, or any other Custodian appointed by the Trustee. The Custodian for gold will be appointed after requisite guidelines are prescribed by SEBI.
Depository	A depository as defined in the Depositories Act, 1996 (22 of 1996) and includes National Securities Depository Ltd (NSDL) and Central Depository Services Ltd (CDSL).
Entry Load	The charge that is paid by a Unitholder when he invests an amount in the Scheme.
Exit Load	The charge that is paid by a Unitholder when he redeems Units from the Scheme.
Exchange Traded Funds (ETF)	Exchange Traded Funds are passively managed funds tracking a benchmark index and reflect the performance of that index. They have the flexibility of trading on stock exchanges like a share and offer the best features of open and close end funds.
Eligible Investors	For the purpose of Purchase and Redemption of units under Kotak GOLD ETF, "Eligible Investors" would mean investors who purchase units of a prescribed minimum value and in multiples of Rs 10,000 thereafter. The minimum value at the time of launch is not less than in Rs 10 lakhs, and in multiples of Rs 10,000 there after. The minimum amount may be changed by the trustees at their discretion by issuing a notice which will be published on Kotak AMC's website www.Kotakmutual.com .
FII	Foreign Institutional Investors, registered with SEBI under Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995.
Gilts/Government Securities	Securities created and issued by the Central Government and/or State Government.
IMA	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.
Investor Service Centres or ISCs	Designated branches of the AMC / other offices as may be designated by the AMC from time to time.
Kotak GOLD ETF	An open-ended Gold ETF

Kotak Bank/ Sponsor	Kotak Mahindra Bank Limited.
KMMF/Fund/ Mutual Fund	Kotak Mahindra Mutual Fund, a trust set up under the provisions of The Indian Trusts Act, 1882.
KMTCL/Trustee	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.
Liquidity Window	For the purpose of this Scheme, "Liquidity Window" would mean the days on which the Mutual Fund will repurchase units directly from Authorised Participants and Eligible Investors. Liquidity window will be all the business days during last week of January, May and September, every year.
Money Market Instruments	Includes commercial papers, commercial bills, treasury bills, and Government securities having an unexpired maturity up to 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.
MIBOR	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.
Mutual Fund Regulations/ Regulations	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.
NAV	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.
NRI	Non-Resident Indian and Person of Indian Origin as defined in Foreign Exchange Management Act, 1999.
Offer Document	This document issued by Kotak Mahindra Mutual Fund, offering for subscription of Units of the Scheme.
Purchase Price	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'.
Redemption Price	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'.
Registrar	Computer Age Management Services Private Limited ('CAMS'), acting as Registrar to the Scheme including the services relating to providing interface with depository system, or any other Registrar appointed by the AMC.
Repo	Sale of securities with simultaneous agreement to repurchase them at a later date.
Reserve Bank of India/RBI	Reserve Bank of India, established under the Reserve Bank of India Act, 1934.
Reverse Repo	Purchase of securities with a simultaneous agreement to sell them at a later date.
Risk - Free	Absence of credit risks i.e. no risk of default on payment of principal and interest.
Scheme	KOTAK GOLD ETF.
SEBI	The Securities and Exchange Board of India.
Tracking Error	Means the extent to which the NAV of the fund moves in a manner inconsistent with the movements of the benchmark Index (price of gold) on any given day or over any given period of time from any cause or reason whatsoever including but not limited to expenditure incurred by the scheme, dividend payouts if any, whole cash not invested at all times as it may keep a portion of funds in cash to meet redemption etc..

Trust Deed	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.
Trust Fund	The corpus of the Trust, Unit capital and all property belonging to and/or vested in the Trustee.
Unit	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.
Unitholder	A person who holds Unit(s) under the Scheme.
Valuation Day	For the Scheme, each Working Day and any other day when the Debt and/or money markets are open in Mumbai.
Working Day (business day)	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 relevant stock exchanges are closed (iv) a day on which the Redemption of Units is suspended.
Words and Expressions used in this Offer Document and not defined	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 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 March 31, 2006, the net worth of Kotak Bank is Rs. 853 crore and combined with its subsidiaries, the Group net worth (before minority interest) is Rs. 2,247 crore. There are around 46,000 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, mutual funds, primary market distribution of equity and debt products and life insurance. The group has offices (including representative offices and franchise offices) in 250 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 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 6,700 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	Year Ended March 31		
	2006	2005	2004
Total Income	936.95	552.38	383.91
Profit Before Tax	173.60	118.39	120.79
Profit After Tax	118.23	84.89	78.72
Free Reserves	543.45	627.55	546.13
Net Worth	852.75	750.87	605.67
Earnings per Share (Rs.)	3.83	7.08	6.63
Book Value per Share (Rs.)	27.57	60.89	101.74
Dividend %	6%	12.50%	24%
Paid-up Equity Capital	309.29	123.32	59.53

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	Other Directorships
Mr. Amit Krishnakant Desai Advocate 7, Shivtirth - 1, Bhulabhai Desai Road, Mumbai - 400 026 <i>Chairman</i>	Minesota Finance Private Limited
Mr. Girish Shiredalal Chartered Accountant 111, Landmark, M. L. Dahanukar Marg, Mumbai - 400 026	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.
Mr. Tushar A. Mavani Advocate Aryan Mahal, 6th Floor, "C" Road, Churchgate, Mumbai - 400 020	Shanti Vijay Jewels Ltd
Mr. Anirudha Barwe Director B-1, Bageshree, Shankar Ghanekar Marg, Prabhadevi, Mumbai - 400 025	Jain Irrigation Systems Limited Sigma Laboratories Limited IFCI Financial Services Limited ILFS Investsmart India Limited Zenith Birla (India) Ltd. MSPL Ltd.
Mr. Chandrashekhhar Sathe Service C-10, Shri Dattaguru Co-op. Housing	Kotak Mahindra Securities Limited Kotak Forex Brokerage Limited Kotak Mahindra Private Equity Trustee Limited

Society, Deonar, Mumbai - 400 089	Kotak Mahindra Prime 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 30 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.
19. Trustees may declare dividend subject to availability and adequacy of distributable surplus. If and when dividends are declared, dividends will be distributed to all unit holders registered on the registers of the depositories on the record date.
20. Trustees may consider winding up the scheme, if the net asset value of the scheme at market prices falls below Rs 50 Lakhs.

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 2005-2006, nine meetings of the Board of Directors of the Trustee were held. During the period April 2006 till date seven meetings 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 five meetings of the Audit Committee of the Trustee 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 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, Bakhtawar,
229, Nariman Point, Mumbai 400 021.

2. Directors on the Board of the AMC

Names and Addresses	Other Directorships
<p>Mr. Uday S. Kotak 62, NCPA Apartments, Dorabjee Tata Marg, Nariman Point, Mumbai - 400 021. Chairman</p>	<p>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 (Section 25 - Company) Indian Institute of Banking and Finance (Section 25 - Company) Indian Council For Research on International Economic Relations (Section 25 - Company) Indian School of Business (Member of Executive Board)</p>
<p>Mr. R. C. Khanna 304, Bakhtavar, Opp. Colaba Post Office, Mumbai - 400 005.</p>	<p>Cooperheat India Private Limited Monsanto India Limited Schrader Duncan Limited</p>
<p>Mr. Sukant Sadashiv Kelkar No. 1, Sindhula, N. Gamadia Road, Mumbai - 400 026.</p>	<p>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 Nowrosjee Wadia & Sons Limited Standard Chartered Trustee Company Limited Go Airlines (India) Private Limited</p>
<p>Mr. Chengalath Jayaram 'Satguru Simran', 7th Floor, 3rd Road, Almeida Park, Bandra (West), Mumbai - 400 050.</p>	<p>Kotak Mahindra Bank Limited Kotak Securities Limited Kotak Mahindra Prime Limited Kotak Mahindra Investments Limited Kotak Mahindra (UK) Ltd Kotak Mahindra Inc. Financial Planning Standards</p>
<p>Mr. Bipin R. Shah 8 D, Ilpala, 220 Little Gibbs Road, Malabar Hill, Mumbai - 400 006.</p>	<p>Indus Capital Market Services Company Pvt. Limited Global Pharmatech Pvt. Limited ITTI Pvt. Limited Marico Industries Limited Dolphin Offshore Enterprises (India) Limited</p>
<p>Mr. Narayan S. A. 1 Smruti, Pestom Sagar, Plot No. 27, Road No. 4, Chembur, Mumbai - 400 089.</p>	<p>Kotak Securities Limited Kotak Commodity Services Limited Kotak Mahindra Asset Reconstruction Company Limited</p>

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. 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.

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.

4. Condensed Financial Information (for 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 /	14.92 (G) 10.52	15.61 (G) 10.40	16.39 (G) /10.97 (AD)	19.43 (G) 10.70	21.91 (G) 10.54	21.96 (G) /10.56	21.60 (G)‡ 10.74	21.93 (G) 10.79	22.07 (G) /10.75

Allotment Date (Rs.)	(MD)	(MD) / 10.44 (AD)	/10.45 (MD)	(D)	(D)	(D)	(D)‡	(D)	(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) /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) /10.40 (MD) /10.44 (AD)	16.39 (G) /10.45 (MD) /10.97 (AD)	17.22 (G) /11.52 (AD) /10.46 (MD)	21.91 (G) /10.54 (D)	21.96 (G) /10.56 (D)	22.59 (G) /10.87 (D)	21.93 (G) /10.79 (D)	22.07 (G) /10.75 (D)	22.80 (G) /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			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 (MD)	17.25 (G) /10.49 (MD)	11.70 (B) /10.30 (D)	15.35 (G) /10.77 (D)	16.80(G) /10.70(D)	16.98 (DG) /10.75 (DD)

Date (Rs.)	(QD) /11.19 (AD) / 10.44 (B)	(QD) / 11.53 (AD) /11.50 (B)	(G)/ 11.73 (AD)/17.55 (QD)			
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 Regular Plan			Kotak Liquid		
	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)

unit) *††						
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) /	11.93 (G) /	12.59 (G) /	12.67 (G) /	13.22 (G) /	13.90 (G) /
	10.08 (D)	10.06 (D)	10.08 (D)	10.02 (D)	10.02 (D)	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		
	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	12-Mar-03	12-Mar-03	12-Mar-03	4-Nov-03	4-Nov-03	4-Nov-03
Beginning of Year / Allotment Date	1-Apr-03	1-Apr-04	1-Apr-05	4-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
NAV at beginning of year / Allotment Date (Rs.)	12.09(G) 10.01(D)	12.71(G) / 10.02(WD) /12.23(DD)	13.31 (G) /12.23 (DD) /10.02 (WD)	12.48(G)‡ / 0.02(WD)‡ / 12.23(DD)‡	12.71(G) /10.03(WD) /12.23(DD)	13.34 (G) / 12.23 (DD) /10.03 (WD)
Net Income per unit (Rs.)	1.05	0.60	0.99	0.15	0.56	0.67
Dividends (Rs. per unit) *\$\$	0.43 (WD) / 0.42 (DD)	0.10(WD) / 0.13(DD)	Nil	0.16 (WD) / 0.20 (DD)	0.11(WD) / 0.13(DD)	Nil
Dividends (Rs. per unit) *††		0.17(WD) / 0.25(DD)	0.59 (DD) / 0.48 (WD)		Nil	0.19 (DD) / 0.11 (WD)

Dividends (Rs. per unit) * ^^		0.28(WD) / 0.35(DD)	0.54 (DD) / 0.44 (WD)		0.30(WD) / 0.36(DD)	0.56 (DD) / 0.45 (WD)
Transfer to reserves (Rs. crores)	(38.33)	(6.07)	1.61	281.69	80.23	184.07
Nav as on : At the end of the year / period (Rs.)	12.71 (G) / 10.02 (WD) / 12.23 (DD)	13.31 (G) / 10.02 (WD) / 12.23 (DD)	14.06 (G) / 12.23 (DD) / 10.03 (WD)	12.71 (G) / 10.03 (WD) / 12.23 (DD)	13.34 (G) / 10.03 (WD) / 12.23 (DD)	14.11 (G) / 12.23 (DD) / 10.04 (WD)
Annualised return**	5.12	4.78	5.17	–	4.87	5.25
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
Ratio of Recurring Expenses to Average Assets	0.72%	0.57%	0.55%	0.56%	0.42%	0.37%

	Kotak Liquid Sweep Plan		Kotak Floater Short Term		
	Aug 04 Mar 05	Apr 05 Mar 06	Jul 03 Mar 04	Apr 04 Mar 05	Apr 05 Mar 06
Date of Allotment	3-Aug-04	3-Aug-04	14-Jul-03	14-Jul-03	14-Jul-03
Beginning of Year / Allotment Date	3-Aug-04	1-Apr-05	14-Jul-03	1-Apr-04	1-Apr-05
End of Year / Last Date	31-Mar-05	31-Mar-06	31-Mar-04	31-Mar-05	31-Mar-06
NAV at beginning of year / Allotment Date (Rs.)	10.00(DD)	10.01 (DD)	10.00	10.38(G) / 10.00(WD) / 10.02(MD)	10.88 (G) / 10.01 (WD) / 10.03 (MD)
Net Income per unit (Rs.)	0.14	0.60	0.09	0.36	1.34
Dividends (Rs. per unit) * \$\$	N.A	Nil	0.04 (WD) / 0.31 (MD)	0.10(WD) / 0.10(MD)	Nil
Dividends (Rs. per unit) * ††	0.26	0.46 (DD)		0.31(WD) / 0.32(MD)	0.48 (WD) / 0.48 (MD)
Dividends (Rs. per unit) * ^^	0.20	0.43 (DD)		0.29(WD) / 0.30(MD)	0.45 (WD) / 0.45 (MD)

Transfer to reserves (Rs. crores)	0.52	0.01	6.93	24.91	(9.53)
Nav as on : At the end of the year / period (Rs.)	10.01(DD)	10.01 (DD)	10.38 (G) / 10.00 (WD) /10.02 (MD)	10.88 (G) / 10.01 (WD) /10.03 (MD)	11.50 (G) / 10.01 (WD) /10.03 (MD)
Annualised return**	–	6.43	–	4.90	5.28
Absolute return ***	–	–	–	–	–
Net Assets at end of the year / period (Rs. crores)	16.47	62.85	337.76	958.83	410.81
Ratio of Recurring Expenses to Average Assets	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) / 11.59 (D)	25.19 (G) / 17.01(D)	32.12 (G) / 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

s (Rs. per unit) * ^^									
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) / 17.01 (D)	32.12 (G) / 19.90 (D)	59.46 (G) / 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		
	Apr 03 Mar 04	Apr 04 Mar 05	Apr 05 Mar 06	Dec 03 Mar 04	Apr 04 Mar 05	Apr 05 Mar 06
Date of Allotment Beginning of Year /	4-Apr-00	4-Apr-00	4-Apr-00	2-Dec-03	2-Dec-03	2-Dec-03
Beginning of Year / Allotment Date	1-Apr-03	1-Apr-04	1-Apr-05	2-Dec-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.)	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)
Allotment Date (Rs.)	7.00	14.24	15.99	10.00	10.25 (G) /	10.87 (G) /

Net Income per unit (Rs.)	4.35	7.63	13.42	0.11	0.61	1.03
Dividends (Rs. per unit) *\$\$	Nil	4.50	Nil	0.20 (QD) /0.20 (MD)	0.05(MD)	Nil
Dividends (Rs. per unit) *††		Nil	Nil		0.24(MD) /0.29(QD)	0.62 (MD) /0.62 (QD)
Dividends (Rs. per unit) *^^		Nil	Nil		0.22(MD) /0.16(QD)	0.57 (MD) /0.58 (QD)
Transfer to reserves (Rs. crores)	23.89	17.25	23.46	2.57	1.65	12.48
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)
Annualised return **	9.26	43.70	23.56	–	6.09	10.23
Absolute return ***	–	–	–	–	–	–
Net Assets at end of the year / period (Rs. crores)	33.46	66.61	71.69	291.40	54.08	105.52
Ratio of Recurring Expenses to Average Assets	2.49%	2.44%	2.50%	0.69%	2.11%	2.19%

	Kotak Global India			Kotak Floater Long Term	
	Jan 03 Mar 04	Apr 04 Mar 05	Apr 05 mar 06	Aug 04 Mar 05	Apr 05 Mar 06
Date of Allotment Beginning of Year /	30-Jan-04	30-Jan-04	30-Jan-04	13-Aug-04	13-Aug-04
Beginning of Year / Allotment Date	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-05	31-Mar-06
NAV at beginning of year / Allotment Date (Rs.)	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)
Allotment Date (Rs.)	10.00	9.57 (G)	13.86 (G) /	10 (G) /	10.33 (G) /
Net Income per unit (Rs.)	(0.07)	5.37	12.39	0.23	2.11
Dividends (Rs. per unit) *\$\$	Nil	1.50	2.00 (D)	N.A	Nil
Dividends (Rs. per unit) *††		Nil	Nil	0.28(WD) /0.27(MD)	0.44 (WD) /0.46 (MD)
Dividends (Rs. per unit) *^^		Nil	Nil	0.27(WD) /0.25(MD)	0.41 (WD) / 0.43 (MD)

Transfer to reserves (Rs. crores)	(13.51)	65.43	59.29	12.05	(6.23)
Nav as on : At the end of the year / period (Rs.)	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 **	-	44.88	50.19	-	5.41
Absolute return ***	-	-	-	-	-
Net Assets at end of the year / period (Rs. crores)	299.96	202.37	156.09	577.33	102.11
Ratio of Recurring Expenses to Average Assets	0.38%	2.27%	2.30%	0.80%	0.78%

	Kotak Opportunities		Kotak Equity FOF		Kotak Flexi Debt	
	Sept04-Mar05	Apr 05 Mar06	Aug04-Mar05	Apr04-Mar06	Dec04-Mar05	Apr05-Mar06
Date of Allotment	9-Sept-04	9-Sept-04	9-Aug-04	9-Aug-04	6-Dec-04	6-Dec-04
Beginning of Year/Allotment Date	9-Sept-04	1-Apr-05	9-Aug-04	1-Apr-05	6-Dec-04	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
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)/ 10.20(D)
Net Income per unit (Rs.)	3.39	6.37	5.23	12.45	0.20	1.13
Dividends (Rs. Per unit) *\$\$	0.75	5.50(D)	N.A.	Nil	N.A.	Nil
Dividends (Rs. Per unit)*++	Nil	Nil	Nil	Nil	0.16	0.49(QD)
Dividends (Rs. Per unit) * ^^	Nil	Nil	Nil	Nil	0.15	0.46(QD)
Transfer to reserve (Rs. Crores)	10.77	75.75	30.61	32.21	0.55	2.70
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)/ 2.90(D)	10.21(G)/ 10.02(D)	10.81(G)/ 10.04(QD)
Annualised return **	-	84.28	-	65.69	-	6.13

Absolute return ***	-	-	-	-	-	-
Net Assets at end of the year/period (Rs. crores)	47.73	231.24	95.21	90.70	104.08	95.90
Ratio of Recurring Expenses to Average Assets	2.46%	2.45%	0.74%	0.74%	1.00%	0.94%

	Kotak Midcap		Kotak FMP Series 1		Kotak Dynamic FOF	
	Feb05-Mar05	Apr05-Mar06	Mar05-Mar05	Apr05-Mar05	Mar05-Mar05	Apr05-Mar06
Date of Allotment	24-Feb-05	24-Feb-05	31-Mar-05	31-Mar-05	31-Mar-05	31-Mar-05
Beginning of Year/Allotment Date	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
NAV at beginning of Year/Allotment Date (Rs.)	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(D)
Net Income per unit (Rs.)	0.11	13.34	0.01	0.62	0.01	8.90
Dividends (Rs. Per unit) *\$\$	Nil	0.50(D)	Nil	Nil	N.A.	N.A.
Dividends (Rs. Per unit)*++	Nil	Nil	Nil	0.53(D)	N.A.	Nil
Dividends (Rs. Per unit) * ^^	Nil	Nil	Nil	0.49(D)	N.A.	Nil
Transfer to reserve (Rs. Crores)	5.80	208.35	0.28	12.30	0.05	40.99
Nav as on:At the end of the year/period(Rs.)	10.10(G)/10.10(D)	19.79(G)/19.04(D)	10.01(G)/19.04(D)	10.60(G)/10.00(D)	10.00(G)	16.79(G)
Annualised return **	84.10	-	-	-	-	-
Absolute return ***	-	-	-	5.97	-	67.92
Net Assets at end of the year/period	543.17	356.24	219.54	221.41	101.92	80.97

(Rs. crores)						
Ratio of Recurring Expenses to Average Assets	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 and Trust Plan	Kotak Bond Regular 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	10-Sep-06	10-Sep-06	10-Sep-06	10-Sep-06	10-Sep-06
NAV at beginning of year / Allotment date (Rs.)	17.22 (G) /11.52 (AD) /10.46 (MD)	22.59 (G) /10.87 (D)	22.80 (G) / 10.73 (D)	12.23 (B) /18.35 (G) /10.31 (QD)	17.63 (DG) /11.17 (DD)
Net Income per unit (Rs.)	0.50	0.77	0.74	0.51	0.50
Dividends (Rs. per unit) *† (Individuals)	0.21 (MD)	Nil	Nil	0.09 (QD)	Nil
Dividends (Rs. per unit) **‡ (Others)	0.20 (MD)	Nil	Nil	0.08 (QD)	Nil
Transfer to Reserves (Rs. Crores)	@	@	@	@	@
NAV as on : At the end of the period (Rs.)At the end of the period (Rs.)	17.67 (G) /11.82 (AD) /10.49 (MD)	23.31 (G) /11.21 (D)	23.57 (G) /11.10 (D)	12.65 (B) /18.98 (G) / 12.68 (AD) /10.56 (QD)	18.21 (DG) /11.51 (DD)
Annualised Returns**					
September 8, 2006^	7.67	11.62	3.07	9.89	9.23
Absolute Return ***					
September 8, 2006^	-	-	-	-	-
Benchmark Return					

September 8, 2006 [^]	–	–	2.83	–	–
Net Assets at end of the year / period (Rs. Crores)	19.50	42.84	-8.79	19.98	11.22
Ratio of Recurring Expenses to Average Assets	1.00%	1.65%	1.25%	1.23%	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	10-Sep-06	10-Sep-06	10-Sep-06	10-Sep-06
NAV at beginning of year / Allotment date (Rs.)	12.59 (G) /10.08 (D)	13.90 (G) /10.03 (D)	14.06 (G) /12.23 (DD) / 10.03 (WD)	14.11 (G) /12.23 (DD) /10.04 (WD)
Net Income per unit (Rs.)	0.43	0.35	0.34	0.38
Dividends (Rs. per unit) *† (Individuals)	0.26 (D)	0.22 (D)	0.29 (DD) /0.24 (WD)	0.30 (DD) 0.25 (WD)
Dividends (Rs. per unit) *‡ (Others)	0.24 (D)	0.21 (D)	0.27 (DD) /0.22 (WD)	0.29 (DD) /0.23 (WD)
Transfer to Reserves (Rs. Crores)	@	@	@	@
NAV as on : At the end of the period (Rs.)	12.99 (G) /10.11 (D)	14.26 (G) /10.03 (D)	14.45 (G) /12.23 (DD) / 10.03 (WD)	14.53 (G) /12.23 (DD) /10.05 (WD)
Annualised Returns**				
September 8, 2006 [^]	6.19	6.16	5.32	5.48
Absolute Return ***				
September 8, 2006 [^]	–	–	–	–
Benchmark Return				
September 8, 2006 [^]	5.26	–	4.68	4.71
Net Assets at end of the year / period (Rs. Crores)	67.72	345.08	288.94	5132.59
Ratio of Recurring Expenses to Average Assets	0.90%	1.00%	0.70%	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	10-Sep-06	10-Sep-06	10-Sep-06	10-Sep-06	10-Sep-06	10-Sep-06	10-Sep-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.)	0.39	-1.12	-0.49	-0.85	0.22	-3.11	0.08
Dividends (Rs. per unit) (Common)	-	-	-	-	-	-	
Dividends (Rs. per unit) *\$\$ (Individuals) (Individuals)	0.24 (WD) /0.22 (MD)	-	-	-	-	-	0.31 (MD) /0.17 (QD)
Dividends (Rs. per unit) *†† (Others)	0.22 (WD) /0.21 (MD)	-	-	-	-	-	0.29 (MD) /0.16 (QD)
Transfer to Reserves (Rs. Crores)	@	@	@	@	@	@	@
NAV as on : At the end of the period (Rs.)	11.82 (G) /10.02 (WD) /10.05 (MD)	23.02 (G) /18.41 (D)	58.98 (G) /33.48 (D)	22.75	8.55	25.01	12.66 (G) /10.88 (MD) /11.04 (QD)
Annualised Returns**							
September 8, 2006^	5.42	37.67	30.98	19.54	-2.40	19.82	8.89
Absolute return ***							
September 8, 2006^	-	-	-	-	-	-	-
Benchmark Return							
September 8, 2006^	4.65	32.72	19.39	-	-2.11	15.60	7.15

Benchmark Return (S&P CNX Nifty)							
September 8, 2006^	-	-	19.64	-	-	14.81	-
Net Assets at end of the year/period (Rs. Crores)	296.52	128.76	357.29	109.01	47.00	54.29	118.12
Ratio of Recurring Expenses to Average Assets	0.50%	2.35%	2.33%	2.50%	2.25%	2.50%	2.20%

	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	10-Sep-06	10-Sep-06	10-Sep-06	10-Sep-06	10-Sep-06
NAV at beginning of year/ Allotment date (Rs.)	19.79 (G) 19.04 (D)	16.80 (G) -	22.90 (G) 22.90 (D)	10.81 (G) 10.04 (QD)	13.86 (G) /13.86 (D)
Net Income per unit (Rs.)	-3.36	-3.00	-0.80	0.20	-1.65
Dividends (Rs. per unit) (Common)	4.00 (D)	-	-	-	-
Dividends (Rs. per unit) *† (Individuals)	-	-	-	0.19 (DD) / 0.13 (QD)	-
Dividends (Rs. per unit) *‡ (Others)	-	-	-	0.18 (DD) / 0.12 (QD)	-
Transfer to Reserves (Rs. Crores)	@	@	@	@	@
NAV as on : At the end of the period (Rs.)	17.12 (G) /13.14 (D)	15.78 (G)	22.31 (G) /22.31 (D)	11.16 (G) /10.03 (DD) /10.21 (QD)	13.02 (G) /13.02 (D)
Annualised Returns**					
September 8, 2006^	40.64	37.26	47.03	6.43	22.92
Absolute return ***					
September 8, 2006^	-	-	-	-	-
Benchmark Return					
September 8, 2006^	26.65	27.70	43.24	4.53	37.29
Benchmark Return (S&P CNX Nifty)					
September 8, 2006^	-	-	-	-	-

Net Assets at end of the year/period (Rs. Crores)	263.64	36.10	76.95	859.99	226.28
Ratio of Recurring Expenses to Average Assets	2.31%	0.75%	0.75%	0.64%	2.30%

	Kotak Liquid Sweep Plan	Kotak Floater Long Term Plan	Kotak Opportunities	Kotak Cash Plus	Kotak Flexi FOF	Kotak Flexi FOF Series I	Kotak ELSS
Date of allotment	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	01-Apr-06	07-Apr-06	01-Apr-06
End of Year / Last Date	10-Sep-06	10-Sep-06	10-Sep-06	10-Sep-06	10-Sep-06	10-Sep-06	10-Sep-06
NAV at beginning of year/ Allotment date (Rs.)	10.01 (DD)	10.89 (G)/ 10.04 (WD)/ 10.04 (MD)	25.89 (G)/ 18.17 (D)	10.32 (G) 10.08 (D)	13.33 (G)/ 13.33 (D)	10.00 (G) /10.00 (D)	13.01 (G) /13.01 (D)
Net Income per unit (Rs.)	0.25	0.16	-1.95	0.30	-1.47	-1.56	-1.27
Dividends (Rs. per unit) (Common)	–	–	–	0.23 (D)	–	–	–
Dividends (Rs. per unit) *† (Individuals)	0.24 (DD)	0.25 (WD) /0.24 (MD)	–	0.21 (D)	–	–	–
Dividends (Rs. per unit) *‡‡	0.22 (DD)	0.23 (WD) /	–	–	–	–	–
(Others)		0.22 (MD)					
Transfer to Reserves (Rs. Crores)	@	@	@	@	@	@	@
NAV as on: At the end of the period (Rs.)	10.01 (DD)	11.22 (G) /10.04 (WD) /10.05 (MD)	24.95 (G) /17.51 (D)	10.67 (G) /10.16 (D)	12.39 (G) /12.39 (D)	9.34 (G) /9.34 (D)	11.66 (G) /11.66 (D)
Annualised Returns**							
September 8, 2006^	6.41	5.71	58.05	–	–	–	–
Absolute return ***							
September 2006	–	–	–	6.57	23.77	-6.56	16.34

8, 2006^							
Benchmark Return							
September 8, 2006^	–	4.98	43.69	5.23	27.35	1.76	27.88
Net Assets at end of the year/ period (Rs. Crores)	136.04	481.90	300.45	169.51	186.98	144.10	131.89
Ratio of Recurring Expenses to Average Assets	0.75%	0.60%	2.33%	1.00%	0.75%	0.75%	2.40%

	Kotak Lifestyle	Kotak Twin Advantage Series II	Kotak FMP Series XIII	Kotak FMP Series XIV	Kotak FMP Series XXI
Date of allotment	21-Mar-06	9-Jun-06	21-Mar-06	19-Jan-06	17-Feb-06
Beginning of Year/ Allotment date	01-Apr-06	9-Jun-06	01-Apr-06	01-Apr-06	01-Apr-06
End of Year / Last Date	10-Sep-06	10-Sep-06	10-Sep-06	10-Sep-06	10-Sep-06
NAV at beginning of year/ Allotment date (Rs.)	10.30 (G) /10.30 (D)	10.00 (G) /10.00 (D)	10.03 (G) /10.03 (D)	10.09 (G) /10.02 (D)	10.07 (G) /10.02 (D)
Net Income per unit (Rs.)	-1.23	0.18	0.39	0.32	0.36
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.)	9.63 (G) 9.63 (D)	10.18 (G) /10.18 (D)	10.41 (G) /10.41 (D)	10.42 (G) /10.35 (D)	10.43 (G) /10.38 (D)
Annualised Returns**					
September 8, 2006^	–	–	–	–	–

Absolute return ***					
September 8, 2006^	-5.10	1.74	4.06	4.11	4.15
Benchmark Return					
September 8, 2006^	2.22	4.13	2.45	3.78	2.10
Net Assets at end of the year/period (Rs. Crores)	565.07	96.62	229.74	191.41	122.05
Ratio of Recurring Expenses to Average Assets	2.08%	1.36%	0.15%	0.29%	0.30%

	Kotak FMP Series 25	Kotak FMP Series 26	Kotak FMP Series 27	Kotak FMP 3M Series 1	Kotak FMP 3M Series 2	Kotak FMP 6M Series 1
Date of allotment	31-Mar-06	12-Jul-06	02-Jun-06	29-Jun-06	7-Jul-06	16-Jun-06
Beginning of Year/ Allotment date	01-Apr-06	12-Jul-06	02-Jun-06	29-Jun-06	7-Jul-06	16-Jun-06
End of Year / Last Date	10-Sep-06	10-Sep-06	10-Sep-06	10-Sep-06	10-Sep-06	10-Sep-06
NAV at beginning of year/ Allotment date (Rs.)	10.00 (G) /10.00 (D)	10.00 (G) /10.00 (D)	10.00 (G) /10.00 (D)	10.00 (G) /10.00 (D)	10.00 (G) /10.00 (D)	10.00 (G) /10.00 (D)
Net Income per unit (Rs.)	0.38	0.12	0.19	0.14	0.12	0.16
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.)	10.38 (G) /10.38 (D)	10.12 (G) /10.12 (D)	10.19 (G) /10.19 (D)	10.14 (G) /10.14 (D)	10.12 (G) /10.12 (D)	10.16 (G) /10.16 (D)
Annualised Returns**						
September 8, 2006^	–	–	–	–	–	–
Absolute return ***						

September 8, 2006 [^]	3.77	1.11	1.84	1.40	1.19	1.59
Benchmark Return						
September 8, 2006 [^]	2.36	1.20	1.44	1.09	0.96	1.26
Net Assets at end of the year/period (Rs. Crores)	179.30	63.49	282.03	161.97	151.67	170.68
Ratio of Recurring Expenses to Average Assets	0.20%	0.23%	0.25%	0.05%	0.10%	0.30%

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 September 8, 2006 (September 9 & 10, 2006 being Non-business days) 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 September 8, 2006 (September 9 & 10, 2006 being Non-business days) 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.

[^] September 9 and September 10, 2006 being Non-Business Days

~ Benchmarks (as developed by AMFI): Kotak Gilt Savings: I SEC SI-BEX, Kotak Gilt Investment-Regular and Provident Fund and Trust Plans: I SEC COMPOSITE INDEX, Kotak Bond - Regular, Deposit Plans, Kotak Flexi Debt, Kotak FMP Series 13, Kotak FMP Series 21, Kotak FMP Series 25 and Kotak FMP Series 26 : 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 FMP Series 14, Kotak FMP Series 27, Kotak FMP 3M Series 1, Kotak FMP 3M Series 2, Kotak FMP 6M Series 1, Kotak Floater Short Term Scheme, Kotak Floater Long Term Scheme, Kotak Cash Plus - CRISIL LIQUID FUND INDEX, Kotak Balance, Kotak Flexi FoF, Kotak Flexi FoF Series 1 and Kotak Dynamic FOF - CRISIL BALANCED FUND INDEX, Kotak Income Plus, Kotak Twin Advantage Series II - CRISIL MIP Blended Index.

Benchmarks (as per Offer Document) used are: Kotak 30 and Kotak MNC - BSE SENSEX and S & P CNX NIFTY; Kotak Global India - BSE SENSEX; Kotak Tech - BSE IT INDEX; Kotak Opportunities, Kotak Contra, Kotak ELSS, Kotak Lifestyle - S&P CNX 500; Kotak Equity FOF: S&P CNX Nifty; Kotak Midcap - CNX Nifty Junior.

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

@ 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 September 10, 2006 for Individual / HUF unit holders.

‡‡ applicable to current period indicates Dividend paid from record date April 01, 2005 to September 10, 2006 for other unit holders.

5. 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 November 30, 2006.

6. Key Personnel of AMC

Name, Age, Designation, Educational Qualifications	Business Experience
<p>Mr. Sandesh Kirkire</p> <p>42 years</p> <p>Chief Executive Officer</p> <p>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 & 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>Mr. Nilesh Shah</p> <p>36 years</p> <p>President</p> <p>CFA and holds a PGDRM from the Institute of Rural Management, Anand (IRMA).</p>	<p>He has over 13 years of experience and achievement in financial services. Following his post graduation from IRMA in 1992, Mr. Shah joined Gruh Finance Ltd., working in their Corporate Finance division for 2 years before joining the Kotak Group. In the Kotak Group, he handled assignments in the Corporate Finance and Capital Markets division before moving into equities. Prior to joining the AMC, Mr. Shah was Executive Director, Equity Strategy, at Kotak Securities Ltd.</p>
<p>Mr. R Krishnan</p> <p>37 years</p> <p>Chief Operations Officer</p> <p>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>Mr. Anand Shah</p> <p>31 years</p> <p>Equity Fund Manager</p> <p>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>
<p>Mr. Nikunj Doshi</p> <p>40 years</p> <p>Equity Fund Manager</p> <p>Electronics Engineer and holds a Post Graduate Degree in Master of Management Studies from NMIMS, Mumbai</p>	<p>Mr. Doshi more than 15 years of experience in Corporate Planning, Equities Research and Fund Management. Prior to joining Kotak Group three and half years back, he has worked in companies like Refco – Sify Securities, Ventura Securities, Lloyds Finance and Godrej & Boyce Mfg Co. Prior to joining the AMC, Mr. Doshi worked with Kotak Securities as Portfolio Manager.</p>
<p>Mr. Sajit Pisharodi</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>Mr. Ritesh Jain</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>Mr. Abhishek Bisen</p> <p>29 years</p> <p>Debt Fund Manager</p> <p>B A Management, MBA Finance</p>	<p>Mr. Abhishek Bisen, who holds a Bachelors Degree In Management and Masters Degree in Business Administration with Specialisation in Finance, Joined the AMC in October 2006. Prior to that Mr. Bisen was working with Securities Trading Corporation of India Limited and was involved in Managing Non SLR Trading book (AUM about INR 10 Bn) and was responsible for all trading positions of Corporate Bonds/PSU Bonds as well as Advising Clients under portfolio Advisory Services. He also has 2 Years Merchant Banking experience. Mr. Bisen has Total work experience of 5 Years in the Fixed Income / Debt Market.</p>
<p>Mr. Deepak Agrawal</p> <p>27 years</p> <p>Debt Fund Manager</p>	<p>Mr. Agrawal started his career with the AMC in September 2000 and moved to Debt Fund Management Team as research analyst in September 2001. Since April 2004, Mr. Agrawal was a Dealer in the debt fund management team</p>

Post Graduate in Commerce from Mumbai University, a qualified chartered account and a company secretary. Also cleared AIMR CFA Level I	
Mr. V. R Narasimhan 49 years Compliance Officer and Company Secretary Post graduate in commerce, business administration and member of the Institute of company secretaries of India.	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.

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 will be the Fund Manager of Kotak GOLD ETF Scheme.

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/dispensed 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 will appoint Deutsche Bank A G, Mumbai or Standard Chartered Bank, Mumbai, as the Custodians ('the Custodians') for the Scheme. The Custodians are approved by SEBI under Registration Nos. IN/CUS/003 and IN/CUS/06, respectively. As per Securities And Exchange Board Of India (Custodian Of Securities) (Second Amendment) Regulations, 2006 dated October 31, 2006, the scheme can have a custodian who is registered with SEBI and also has the capability to provide custodian services for physical gold. The amendment further permits Custodians to engage the services of a person not being a custodian, for the purpose of physical safekeeping of gold belonging to its client being a mutual fund having a gold exchange traded fund scheme, subject to the following conditions:

- (i) That the custodian shall remain responsible in all respects to its client for safekeeping of the gold kept with such other person, including any associated risks
- (ii) That all books, documents and other records relating to the gold so kept with the other person shall be maintained in the premises of the custodian or if they are not so maintained, they shall be made available whenever required by the client or SEBI if so required by the Board; and
- (iii) The custodian of securities shall continue to fulfill all duties to the clients relating to the gold so kept with the other person, except for its physical safekeeping."

The scheme will appoint one of the two custodians mentioned above depending upon whoever has made satisfactory arrangement for physical custody of gold.

The Custodians keep in safe custody all 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.

The Custodians charge 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 the Custodians may also be charged to the Mutual Fund.

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

To perform custodial services for securities of the Fund, the Custodians are bound to exercise the same degree of care as it exercises in respect of its own property. It is obligatory for the Custodians 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 a Custodian, has been entered into with the Custodians.

G. BANKERS

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

Name of the Bank	Kotak Mahindra Bank Limited	HDFC Bank Limited
SEBI Registration No.	INBI00000927	INBI00000063

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

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

IV. INVESTMENT OF THE FUND

A. KOTAK GOLD ETF

1. Type of Scheme

An open ended Gold ETF.

2. Tracking Error

Tracking error means the variance between daily returns of the underlying benchmark (gold in this case) and the NAV of the scheme for any given period.

NAV of the Scheme is dependant on valuation of gold. Gold has to be valued based on the formula as per circular no. SEBI/IMD/CIR No. 2/65348/06 dated April 21, 2006 issued by SEBI. NAV so computed may vary from the price of Gold in the domestic market.

Tracking error could be the result of a variety of factors including but not limited to:

- Delay in the purchase or sale of gold due to
 - Illiquidity of gold,
 - Delay in realisation of sale proceeds,
 - Creating a lot size to buy the required amount of gold
- The scheme may buy or sell the gold at different points of time during the trading session at the then prevailing prices which may not correspond to its closing prices.
- The potential for trades to fail, which may result in the Scheme not having acquired gold at a price necessary to track the benchmark price.
- The holding of a cash position and accrued income prior to distribution of income and payment of accrued expenses.
- Disinvestments to meet redemptions, recurring expenses, dividend payouts etc.
- Execution of large buy / sell orders
- Transaction cost (including taxes and insurance premium) and recurring expenses
- Realisation of Unit holders' funds

The scheme will endeavor to minimise the tracking error by

- Setting off of incremental subscriptions against redemptions, during liquidity window
- Use of gold related derivative instruments, as and when allowed by regulations
- Rebalancing of the portfolio

3. Investment Objective

The investment objective of the scheme is to generate returns that are line with the performance of gold and gold related instruments, subject to tracking errors.

The Scheme's performance will be benchmarked against the price of gold. The benchmark may be changed in future, if a benchmark better suited to the investment objective of the scheme is available.

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

4. Portfolio Turnover

Portfolio Turnover is a term used to measure the volume of trading that occurs in a Scheme's portfolio (gold in this scheme) during a given time period. Kotak Gold ETF is an open-ended scheme. It is therefore expected that there would be a number of subscriptions and redemptions on a daily basis through stock exchanges or through Authorised participants that may require purchase or sale

of gold. The Scheme is largely passive but dependant on the purchase of units by Authorised Participants and Eligible Investors on a day to day basis and redemption of units by them during Liquidity Window. Consequently, it is difficult to estimate with any reasonable measure of accuracy, the likely turnover in the portfolio.

Portfolio Turnover is defined as the aggregate of purchases and sales as a percentage of the corpus during the specified period of time.

The Scheme may have to sell gold to meet cash needs arising out of redemption requests. The Scheme/ KMMF may require sales tax registration to sell gold. The scheme will obtain sales tax register, if necessary.

5. Investment Strategy

The Fund would invest in gold in domestic markets and endeavor to track the spot price of gold in domestic markets. In accordance with the regulations, the Fund may engage in gold lending, and/or deposit gold with banks in return for fees. The Fund may also invest in bank deposits, in compliance with Regulations. The fund may invest in gold related instruments, if and when regulations permit such investment.

6. Risk Profile and Investment Pattern

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

Investments	Indicative Allocation (% to net assets)	Risk Profile
Gold and Gold related securities (including derivatives)*, as allowed by the Regulators from time to time.	90% to 100%**	Medium to High
Debt and money market instruments	0% to 10%	Low

*Investment in Gold related securities (including derivatives) would be made in accordance with Regulations. As on date, SEBI has not permitted investment in gold related instruments.

** As the scheme invests 90% to 100% of the net assets into Gold, the scheme will, by and large, be passively managed fund. However, if and when the scheme is permitted to invest in gold related securities including derivatives, the scheme may become actively managed fund.

Overview of Gold

Ever since Gold was discovered, it has captured the imaginations of craftsman and artisans. Not only is gold pleasing to the eye, but also its resistance to corrosion and malleability has made it an ideal metal for craftsmen to mold into pieces of adornment, as well as a symbol of wealth and power. As the ancient philosopher Pinder wrote nearly 3,000 years ago, "Gold is the child of Zeus, neither moth nor rust can devoureth it".

Gold also has a long history of being a store of value. Gold is primarily a monetary asset partly a commodity. More than two thirds of gold's total accumulated holdings account as 'value for investment' with central bank reserves, private players and high-carat Jewelry. Gold is considered to be a safe haven of value against inflation.

Gold as medium of exchange:

Gold's use as a medium of exchange predates the Roman Empire. The Chinese and Hindu cultures used Gold as the basis for their coinage.

In 1816, Great Britain adopted a gold-backed paper currency and the rest of the industrialized world shortly followed suit. Prior to 1934, the United States Dollar was equal to 1/20th of an ounce of gold, redeemable upon request. Except for a brief halt of conversions from dollars for Gold during World

War II, the United States Dollar was backed by Gold under an agreement known as the Bretton Woods agreement. Under Bretton Woods, the United States Dollar, and other global currencies, were tied to a value of Gold. From 1934 to 1968, this amount was \$35/oz of gold. To protect the amount of Gold held in reserve for protecting the dollar, it was illegal for United States citizens to own Gold prior to President Nixon's revocation of the Gold Standard. Upon revocation of the Gold Standard, Gold became a popular investment medium.

Gold Market, measure and FIX (pricing)

The Gold market is highly liquid and gold held by central banks, other major institutions and retail Jewelry keep coming back to the market.

The pureness of Gold is measured in terms of carats, with 24 carats being 99.99 percent pure. The most popular carat rankings of Gold are 18 and 14 carat pure, representing 75% and 58.3% pure, respectively. The most popular carat for jewelry in Europe is 18 and 14, as it is in the United States. In the Middle East, India, and South East Asia, where jewelry is used as much as an investment as it is for decoration, 22 carat is more popular. In these countries, 22 carat items usually sell at a marginal markup to the metal value (usually 10 to 20%). These items can be traded in or sold back to distributors at any time. England has, in recent years, begun manufacturing 9 carat jewelry items, while Portugal has a unique designation of 19.2 carats. Given that Gold demand is so closely tied to the jewelry industry, the fortunes of both industries tend to rise and fall in tandem.

Some mining companies refer to their output in terms of ounces. Others use the metric system. In the main, gold is thought of in terms of the troy ounce, which takes its name from the old French city of Troyes, where there was a regular marketplace at which gold was traded.

London has been the center of Gold trading since the 17th century. The Australian Gold rush of 1852, and the discovery of Gold in South Africa in 1886, solidified London's grip on the Gold market as Gold from these locals channeled through London for refining and distribution. As a center for distribution of Gold, London began a method for disseminating the price of Gold known as the "Fix" in 1919. Held at N.M. Rothchild's at 10:30 am (Morning) and at 3:00pm (Afternoon) Fix. The Fix is a single price for Gold where the members, or Fixing Seat Holder's, match up their entire buy and sell orders. The price, at which the most buy and sell orders match, or balance, is known as the Fix. The strength of the fix is that a large volume of physical Gold can be bought or sold at a single, clearly posted price. The fix is a benchmark price for many transactions worldwide, whether for mines, fabricators or central banks, because it is undisputed prices at which all six of the largest Gold trading houses are willing do business

Gold- Supply and holdings:

Gold is produced from mines on every continent with the exception of Antarctica (where mining is forbidden), in operations ranging from the tiny to the enormous. The best estimates available suggest that the total volume of gold mined over history is approximately 155,500 tones, of which around 64% has been mined since 1950.

The following are the world's largest producers of gold (based on the data for the year 2005):

Country	Gold in tones
South Africa	296
Australia	263
USA	262
Peru	207
Indonesia	167

Source: GFMS limited

World Gold Official Holding (September 2006)			
		Tonnes	% of reserves
1	United States	8133.5	74.5
2	German	3423.5	61.4

3	IMF	3217.3	*
4	France	2768	62.9
5	Italy	2451.8	66.1
6	Switzerland	1290.1	42.1
7	Japan	765.2	1.8
8	ECB	662.9	25.8
9	Netherlands	654.9	57.3
10	China	600	1.3
11	Spain	457.7	48.9
12	Taiwan	423.3	3.2
13	Portugal	402.5	80.3
14	Russia **	385.5	3.0
15	India	357.7	4.4

Source: World gold council. * BIS and IMF balance sheets do not allow this percentage to be computed ** excluding gold out of swap

Demand / Consumption Considerations

1. **Jewelry Fabrication:** Jewelry fabrication is the crucial cornerstone of demand for this yellow metal. Since 1991, over 2,000 tonnes of Gold has been used annually in the production of jewelry. Gold for use in the jewelry industry accounts for roughly 54% of the total demand - an estimated 54.2 million ounces.
2. **Industrial applications:** Due to Gold's virtues of malleability, ductility, reflectivity, resistibility to corrosion and unparalleled ability as a thermal and electric conductor, Gold is used in a wide variety of industrial applications. The largest industrial user is the electronics industry. Gold is used in everything from microprocessors, semi-conductors, integrated circuits, transistors, printed circuit boards, pocket calculators, washing machines, televisions, missiles and spacecraft. Japan and the United States are the largest industrial users of Gold, accounting for 45% and 30% of its industrial use, respectively.
3. **Gold as investment:** Gold as an investment or "hoarding" vehicle is the third largest component of demand. The concept of a bullion coin made by a government or in the form of small bars issued by banks and sold at a low premium to the base bullion amount, has endeared Gold as an investment vehicle for small investors. Together, the small bar and coin demand accounts between 100 and 200 tonnes of Gold on an annual basis.

Factors affecting gold prices:

- **Central banks' sale:** central banks across the world hold a part of their reserves in gold. The quantum of their sale in the market is one of the major determinants of gold prices. A higher supply than anticipated would lead to subdued gold prices and vice versa. Central banks buy gold to augment their existing reserves and to diversify from other asset classes. This acts as a support factor for gold prices
- **Producer mining interest:** Bringing new mines on-line is a time consuming and at times economically prohibitive process that adds years onto potential supply increases from mining production. On the other hand, lower production has a positive effect on gold prices. Conversely excessive production capacities would lead to a downward movement in gold prices as the supply goes up
- **Macro-economic factors:** A weakening dollar, high inflation, the massive US trade deficits all act in favor of gold prices. The global trend of rising interest rates also had a positive impact on gold prices. Gold being regarded as a physical asset would lose its luster in a deflationary environment as gold is used effectively as an inflation hedge
- **Geo political issues:** any uncertainty on the political front or any war-like situation always acts as a booster to gold prices. The prices start building up war premiums and hence such movements. Stable situations would typically mean stable gold prices

- **Seasonal demand:** Since the demand for Gold is closely tied to the production of jewelry, Gold prices tend to increase during the times of year when the demand for jewelry is the greatest. The seasons around Christmas, Mothers Day, Valentine's Day, summer wedding season in India, Deewali, Akshaya Trithya festival in India are all major shopping seasons and hence the demand for metals tends to be strong a few months ahead of these holidays. The second and third quarters are usually seasonally low with a relative absence of major gold giving occasions.

Gold in India

India is the largest consumer of gold in the world accounting for more than 23% of the total world demand annually. According to unofficial estimates, India has more than 13,000 tonnes of hoarded gold. Gold occupies a prominent part in rural Indian economy and a significant part of the rural credit market revolves around bullion as a security.

India being the largest consumer of gold in the world, with minimal domestic supply, the demand is met mainly from imports. According to Gold Field Minerals Service, in 2001 India absorbed around 700 tons from the world market, compared to 320 tons in 1994; that is without taking into account the recycling of scrap from the immense stock of close to 10,000 tones built up on the sub-continent in the last few hundred years, or gold imported for jewelry manufacture and re-export.

India is the world's largest gold jewellery market by volume accounting for around 590 tonnes of consumption demand in 2005. Traditionally gold is 22 carat. Gold jewellery buying is associated with a number of festivals and, in particular, with weddings. The gold given at weddings is important for women, as it traditionally remains her property. For festivals, Diwali is a traditional gold giving occasion. Dushera and Akshaya Tritya has become important festival in South India for purchase of gold.

A feature of Indian demand is its extreme sensitivity to price volatility – this is the country where price factor is of most importance in affecting gold demand.

Over half of demand comes from rural or rural town areas. Demand here is largely traditional. It is affected by incomes and thus the quality of the monsoon is important. In these areas gold is also important as a means of saving – a gold chain or bangle, which can be worn on the person, is considered a relatively safe way of storing wealth.

Gold market in India:

Banks in India sells gold in the form of small bars. Household investors buy gold in small bar forms as an investment. Gold for Jewelry purposes is bought from the jewelers and artisans. There are a few bullion dealers who buy and sell gold in large quantities to and from jewelers.

Gold related instruments can be actively traded in India on the MCX as well as NCDEX exchanges. As per directions of the Forward Markets Commission, currently the trading timings are from 10.00 am to 11.30 pm Monday to Friday and from 10.00 am to 2.00 pm on Saturdays. On the expiry date, contracts expiring on that day will not be available for trading after 5 pm. The FMC however may vary these timings with due notice. The minimum amount that can be traded is 100 grams.

(Source: Commodity seasonals.com. The data is obtained from this site and adapted/edited for the purpose of this document)

7. Fundamental Attributes and Changes Therein

The open-ended character of the Scheme, the investment objective, the investment pattern, investment strategy, 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;

- (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.

The exercise of rights reserved by the Trustee under this Offer Document vis-à-vis prospective investment 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 gold and 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. 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 offer scheme assets as collateral against the borrowings and bear the interest and commitment charges charged on borrowings.

3. Dematerialization

- a. Units of the Scheme will be available in Dematerialized (electronic) form only. However, AMC, at its discretion may send account statements to unit holders periodically.
- b. The applicant under the Scheme will be required to have a beneficiary account with a Depository Participant of NSDL/CDSL and will be required to indicate in the application the Depository Participants (DP's) name, DP ID Number and the beneficiary account number of the applicant.
- c. Units of the Schemes will be issued, traded and settled compulsorily in dematerialized form. There would be no rematerialisation of units.

4. Policy on Inter Scheme Transfers

The scheme predominantly invests in Gold in physical form. The scheme may invest in gold related derivative instruments, if and when permitted under the Regulations. The gold or gold related instruments may not be transferred to another scheme unless such other scheme is eligible to invest in gold or gold related instruments.

The scheme may also invest up to 10% in debt and money market instruments. Transfer of Investments in debt and money market instruments from the Scheme to another Scheme/Plan, present or to be floated in future, may be made at the discretion of the Fund Manager and in accordance with 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.

5. Mode of Investment

- A. Purchase of Gold: After the close of NFO, the scheme may purchase gold from a bank or any other institution authorized to import gold, if the amount mobilized through NFO is not less than the minimum market lot for such import. If the amount available is less than the minimum market lot for import, the scheme may purchase gold from local market. Any such transaction in local market is fraught with counter party risk, risk of theft/loss during the movement from vendor to the safe vault of the scheme. These risks are mitigated by due diligence conducted on the counter-party and by appropriate insurance policies.
- B. 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, internal restrictions applicable at the time of making the investment.

6. Investment in Gold related Derivatives

The Fund may use derivative instruments related to gold only after the same is allowed under the Regulations.

7. 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.

8. 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. The AMC uses a "passive" approach to try and achieve scheme investment objective. The scheme invests in gold as an asset regardless of such investment merit.
2. The scheme shall invest in gold of 0.999 and 0.995 fineness.
3. 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.
4. 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.
5. The Fund shall buy and sell gold/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.

6. Pending deployment of the funds of the Scheme in terms of the investment objective, the Fund may invest the funds of the Scheme in short-term deposits of scheduled commercial banks.
7. The Scheme shall not invest in any Fund of Funds Scheme.
8. 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.

9. 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 in debt and money market instruments 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 fund shall value its investments in gold in accordance with the valuation norms specified under SEBI circular no. SEBI/IMD/CIR No. 2/65348/06 dated April 21, 2006.

The broad valuation norms are detailed below:

Gold

Since physical gold and other permitted instruments linked to gold are denominated in gold tonnage, it will be valued based on the market price of gold in the domestic market and will be marked to market on a daily basis. However, at present, valuation of gold is governed by valuation formula prescribed under SEBI circular no. SEBI/IMD/CIR No. 2/65348/06 dated April 21, 2006. As per this formula, the market price of gold in the domestic market on any business day would be arrived at as under:

Domestic price of gold = (London Bullion Market Association AM fixing in US\$/ounce X conversion factor for converting ounce into kg for 0.995 fineness X rate for US\$ into INR) + custom duty for import of gold + sales tax/ octroi and other levies applicable.

The Trustees reserve the right to select or change the source of information for determining the exchange rate. The AMC shall record in writing the reason for change in the source for determining the exchange rate.

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.

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.

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:

$$\text{NAV} = \frac{\text{Market or Fair Value of Scheme's investments} + \text{Current assets} - \text{Current Liabilities and provisions}}{\text{No. of Units outstanding under the Scheme on the valuation date}}$$

The NAV shall be calculated up to four decimals.

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

10. 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 other than gold 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. Since physical gold and other permitted instruments linked to gold are denominated in gold tonnage, it will be valued based on the market price of gold in the domestic market and will be

marked to market on a daily basis. However, at present, valuation of gold is governed by valuation formula prescribed under SEBI circular no. SEBI/IMD/CIR No. 2/65348/06 dated April 21, 2006. As per this formula, the market price of gold in the domestic market on any business day would be arrived at as under:

Domestic price of gold = (London Bullion Market Association AM fixing in US\$/ounce X conversion factor for converting ounce into kg for 0.995 fineness X rate for US\$ into INR) + custom duty for import of gold + sales tax/ octroi and other levies applicable.

4. 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.
5. In determining the holding cost of investments and the gains or loss on sale of investments, the "average cost" method shall be followed.
6. 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.
7. 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.
8. 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.
9. The cost of investments acquired or purchased shall include brokerage, stamp duty, taxes as may be applicable to purchase and sale of gold, transportation charges, transit insurance, handling charges and any charge customarily included in the broker's bought note/gold trade. In respect of privately placed debt instruments any front-end discount offered 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:
 - a. Load collected during the NFO shall be utilised to meet the Initial Issue Expenses incurred during the New Fund Offer Period.
 - b. 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.

11. Recording of Investment Decisions

In respect of investment in gold, record of each investment decision describing the quantity, fineness, price, counter party, date of purchase and date of delivery to the custodian will be maintained.

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.

The units allotted will be credited to the depository account of the investor as per the depository account details furnished in the subscription form.

2. New Fund Offer of the Scheme

The New Fund Offer for Kotak GOLD ETF will be from _____, 2006, to _____, 2006.

3. New Fund Offer Price

The New Fund Offer price of Units under the Scheme will be Rs. 10 per Unit plus applicable entry load.

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 45 (Forty Five) days. Any such extension shall be announced by way of a notice in one national newspaper.

5. Continuous Offer

The Scheme would open for ongoing subscription/redemption of Units from the date of listing. However, as the units are listed on stock exchanges with nation wide presence of trading terminals, all categories of investors may buy or sell units through stock exchanges.

On going purchases directly from the Mutual Fund would be restricted to Authorized Participants and Eligible Investors. Authorised Participants may buy the units on any business day for the scheme directly from the Mutual Fund at applicable NAV without any entry Load. Eligible Investors may buy the units on any business day for the scheme directly from the Mutual Fund at applicable NAV and entry load.

The units would be listed on national stock exchange(s) to provide liquidity through a secondary market. All categories of Investors may purchase the units through secondary market on any trading day.

The AMC will also appoint an Authorised Participant to provide the liquidity in secondary market on an ongoing basis. The Authorised Participant would offer daily two-way quote in the market.

In addition, mutual fund will repurchase units at applicable NAV. during the last three business days for the scheme in the month of January, May and September, every year. The minimum amount of repurchase will be Rs 1,000 and in multiples of Rs 100 thereafter.

6. Listing

After the allotment of units, the units of the Scheme will be listed, within the time limit prescribed under the Regulations, on recognized stock exchange (s) having nation wide spread of trading terminals. The AMC would make an application to the recognized Stock Exchange to list the units on the Exchange immediately after the allotment is completed.

7. Expenses of Initial Issue

The Initial Issue expenses for the Scheme will be met out of the entry load.

8. Minimum Purchase and Redemption Amounts

The minimum purchase and redemption amounts under the Scheme are as follows:

Purchase during New Fund Offer and Continuous Offer

During NFO:

- The minimum investment amount for opening account during the New Fund Offer is Rs.5000.

Ongoing basis:

- On going purchases directly from the Mutual Fund would be restricted to Authorized Participants and Eligible Investors. Authorised Participants may buy the units on any business day for the scheme directly from the Mutual Fund at applicable NAV without any entry load. Eligible Investors may buy the units on any business day for the scheme directly from the Mutual Fund at applicable NAV and entry load.
- The units would be listed on national stock exchange(s) to provide liquidity through a secondary market. All categories of Investors may purchase the units through secondary market on any trading day.
- The AMC will also appoint an Authorised Participant to provide liquidity in secondary market on an ongoing basis. The Authorised Participant would offer daily two-way quote in the market.

Redemption from existing Unit Accounts

All investors including Authorised Participants, Eligible Investors and other investors may sell their units in the stock exchange(s) on which these units are listed.

In addition, mutual fund will repurchase units from Eligible investor during the last three business days for the scheme in the month of January, May and September, every year.

Mutual Fund will repurchase units from Authorised participants on any business day provided the value of units is not less than Rs 10 laks and in multiples of Rs 10,000 thereafter.

Procedure for Purchase/Redemption during Liquidity window:

Purchase by Authorised Participants and Eligible Investors

- Units will be allotted at the applicable NAV and entry load depending up on the time at which the purchase request was submitted. If the purchase request is submitted before 3.00 pm of the day, NAV of the same day will be applicable.

- On realization of cheque, Registrars to the Scheme will advise depositories to credit appropriate number of units into the depository account of the investor, number of units allotted and date of allotment.
- The depositories will credit investors' account. The depository participant with whom the investors have account, in due course, will send a statement of transaction advising the credit of units.

Redemption:

- Unitholder may submit the redemption request to any of the transaction acceptance points. A list of transaction acceptance points is given else where in the document. If the investor submits the redemption request before 3.00 pm, the units will be redeemed at closing NAV of the last day of the liquidity window, after charging the applicable exit load.
- The number of units available for redemption in the account of the unitholder will be confirmed with the records maintained and downloaded by the depository with which the unitholder is holding the depository account.
- Redemption request will be processed further if the records as mentioned above show that the depository account has adequate number of units.
- The time taken for confirmation of repurchase of units is dependent upon the download frequency that depository may permit.
- Redemption proceeds will be sent to the unitholder within 10 working days from the date of confirmation with the depository records.
- Mutual Fund will repurchase units from Authorised Participants on business day provided the value of units offered for repurchase is not less than Rs. 10 lakhs.

Buying /Selling through the Stock Exchange

Buying / Selling units on the stock exchange is just like buying / selling any other normal listed securities. If an investor has bought units, an investor has to pay the purchase amount to the broker / sub-broker such that the amount paid is realised before the funds pay-in day of the settlement cycle on the exchange. If an investor has sold units, an investor has to deliver the units to the broker/sub-broker before the securities pay-in day of the settlement cycle on the exchange. The units (in case of units bought) and the funds (in the case of units sold) are paid out to the broker on the payout day of the settlement cycle on the exchange. The exchange regulations stipulate that the trading member should pay the money or units to the investor within 48 hours of the pay-in/payout.

If an investor has bought units, he should give standing instructions for 'Delivery-In' to his/her DP for accepting units in his/her beneficiary account. An investor should give the details of his/her beneficiary account and the DP-ID of his/her DP to his/her trading member. The trading member will transfer the units directly to his/her beneficiary account on receipt of the same from exchange's clearing corporation.

An investor who has sold units should instruct his/her Depository Participant (DP) to give 'Delivery Out' instructions to transfer the units from his/her trading member through whom he/she have sold the units. The details of the pool A/c of his/her trading member to which the units are to be transferred, unit quantity etc. should be mentioned in the delivery out instructions given by him/her to the DP. The instructions should be given will before the prescribed securities pay-in day. SEBI has advised that the delivery out instructions should be given atleast 24 hours prior to the cut off time for the prescribed securities pay in to avoid any rejection of instructions due to data entry errors, network problems, etc.

9. Applicable NAV during liquidity window

For Purchases / Switch ins and Redemption/Switch outs for Transacting on Stock Exchanges:

For valid applications accepted

- upto 3.00 p.m. on a working day, the NAV of such working day

- After 3.00 p.m on a Working day, the NAV of the following working day.

For Redemptions /Switch outs during Liquidity Window:

Closing NAV of the last business day of the liquidity window.

Liquidity window will be during last week of January, May and September, every year.

10. Facilities Offered to Investors under the Scheme

a) Nomination Facility

The units will be issued in demat form through depository system. The unitholder will be entitled to the nomination facility offered by the depository with whom the unitholder has an account.

b) Transmission

The units will be issued in demat form through depository system. The unitholder will be entitled to and subject to the transmission facility and procedure of the depository with whom the unitholder has an account.

c) Systematic Investment Plan (SIP)

This facility enables investors to save and invest periodically over a longer period of time. It is a convenient way to "invest as you earn" and affords the investor an opportunity to enter the market regularly, thus averaging the acquisition cost of Units. Any Unitholder can avail of this facility subject to certain terms and conditions contained in the Application Form. The Fundamental Attributes and other terms and conditions regarding purchase/redemption, price and related matters are the same as contained in this Offer Document.

SIP facility would be available to investors only during the New Fund Offer (NFO) and Liquidity Window.

In respect of investors who opt for SIP during the New Fund Offer, the first systematic investment would be done on the date of allotment of units for the New Fund Offer. During the Liquidity Window, investors can choose between 1st, 7th, 14th or 21st as the SIP Date subject to the condition that there shall be a minimum gap of 28 days between the first and the second SIP.

The SIP request should be for a minimum of 6 months. The SIP payments can be made either by issue of Post Dated Cheques or by availing the Direct Debit Facility through ECS. However, the first investment in SIP through the Direct Debit Facility needs to be made compulsorily by issuance of a cheque from the account from which the Direct Debit is requested.

During the New Fund Offer, only SIPs through the Direct Debit facility would be accepted (i.e. SIP requests with post-dated Cheques would not be accepted during the New Fund Offer).

The minimum SIP installment size is Rs. 1000/-.

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

d) Switching

During the New Fund Offer Period of the Scheme, investors have the option to switch-in, all or part of their investment from any other open ended Scheme / Plan / Option of the Fund to the Scheme.

During the Liquidity Window, Unitholders of the Scheme have the option of switching all or part of their investments in the Scheme to any other open-ended Scheme / Plan / Option of the Fund, which is available for investment at that time or switch into the Scheme from any other Scheme / Plan / Option (whether open-ended or close-ended), at the applicable loads.

A switch has the effect of redemption from a Scheme/Plan/Option and a purchase in the other Scheme/Plan/Option to which the switching has been done and all the terms and conditions pertaining to redemption and purchase of the units of the respective Scheme shall apply to a switch, unless otherwise specified. The switch should be made by redeeming existing Units and reinvesting the redemption proceeds in another Scheme/Plan/Option at the applicable purchase price of the Scheme(s)/Plan(s)/Option(s) to which the switch is made.

e) 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, during the liquidity window period.

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.

f) Direct Debit Facility in SIP through ECS

The units will be allotted through depository system. The bank account details as available in the depository system will be used for these facilities. KMMF may not be able to change the bank account details unless such changes are routed through the depository with which the unitholder has a depository account.

Unitholders investing under SIP in any Scheme of Kotak Mahindra Mutual Fund have the option to avail the facility of Direct Debit through Electronic Clearing Service (ECS Facility offered by RBI). Direct Debit allows an investor to instruct his bank to debit his bank account at periodic intervals for making investments in mutual fund scheme(s). However the first investment in SIPs under this mode shall be by way of cheque only. Investors can choose between 1st, 7th, 14th and 21st of every month for the SIP with the first SIP through cheque being allowed for any date of the month subject however to the condition that there is a gap of at least 28 days between the first and the subsequent SIPs. This facility is available in select locations indicated on the reverse of the SIP through Auto-Debit Form. SIP requests with post-dated Cheques would not be accepted during the New Fund Offer

B. PURCHASE OF UNITS

1. Who can invest?

The following categories of investors can apply for purchase of 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

During New Fund Offer, Liquidity Window and Ongoing Purchase

The Purchase price during New Fund Offer would be Rs. 10 x (1+ entry Load).

The Purchase Price will be calculated on the basis of the Applicable NAV and Entry Loads, if any, for example:

Purchase Price = Applicable NAV\$ x (1 + Entry Load*)

eg: If the Applicable NAV is Rs. 10/-; Entry Load is 4%, then

Purchase price = 10 x (1+4%)= Rs. 10.4167/-

* For Entry Load, please refer paragraph 'Load Structure of the Schemes' mentioned elsewhere in this Offer Document.

\$ For Applicable NAV, please refer paragraph 'Applicable NAV' mentioned elsewhere in this Offer Document.

The Purchase Price for every Working Day will be published at least in two daily newspapers. Further the Fund may also declare the portfolio composition (gold and cash equivalents) at the beginning of each day on its website www.kotakmutual.com

On going purchases directly from the Mutual Fund would be restricted to Authorized Participants and Eligible Investors. Only Authorised Participants may buy the units on any business day for the scheme directly from the Mutual Fund at applicable NAV without any entry load. Eligible Investors may buy

the units on any business day for the scheme directly from the Mutual Fund at applicable NAV and entry load.

Purchase from Stock Exchanges

An investor can buy units of the Scheme on a continuous basis on the national stock exchange and other recognised stock exchanges where the Scheme units are listed and traded like any other publicly traded securities at prices which may be close to the actual NAV of the Scheme. There is no load for investors transacting on the stock exchange. However there would be cost of brokerage and other transactions costs (like STT) payable to broker or sub-broker of the exchange.

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 GOLD ETF"**.

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

c) FIIs

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

Account maintained by the FIs with a designated branch of an authorised dealer with the approval of RBI.

Note: The status and particulars relating to NRI and FI as given in the depository system will be taken as final and conclusive as the units are issued in demat form. Any changes therein can be made only through the depository with which the unitholder has an account.

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:

- (i) The Trustee, at its discretion, may alter or add other modes of payment.
- (ii) As the units are issued through the depository system, the power attorney registered with depository participant shall be taken as final. Any changes there can be done only through the depository system.

Note: The authority to operate the depository account filed by applicants under power of attorney, companies/corporate bodies/registered societies/trusts/partnerships filed with the depository with which such an applicant has the depository account shall be final for all further transactions.

4. Where to submit application forms?

Investors may submit completed application forms during the New Fund Offer 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. The Bank Account details as mentioned with the Depository should be mentioned.

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.

If depository account details furnished in the application form are invalid or not confirmed in the depository system, the application may be rejected.

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

5. Joint Applicants

If an Account has more than one holder, only the first-named holder (as determined by the records of the Depository) 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.

Note: The names and sequence of names of the joint account holders shall be strictly in similarity with the names in the depository account failing which the names furnished in the depository system shall be considered as final for the purpose of communications.

6. 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 units allotted will be credited to the depository account mentioned in the application form notwithstanding any difference in names mentioned in the depository account and the names mentioned in the application form. 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.

7. Account Statement / Transferability of units

The depository participant with whom the unitholder has a depository account will send a statement of transactions in accordance with the byelaws of the depository. The mutual fund may at its discretion, send an Account Statement, stating the number of Units allotted, to each Unitholder within 30 (Thirty) days from the date of the closure of the New Fund Offer of the Scheme.

Upon allotment, an Allotment Advice will be sent by ordinary post to each unit-holder, stating the number of units allotted, not later than 30 days from the close of New Fund Offer and units will be credited to the Demat Account of the applicant as per the depository account details given stated by the applicant in the application form.

Allotment of units and dispatch of Allotment Advice to FIs will be subject to RBI approval, if required.

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

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

Note: The fund house may not furnish separate accounts statement to the unitholders since the statement of accounts furnished by depository participant will contain the details of transactions in these units.

8. 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 registered with the depository with which

the unitholder has depository account, 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). Redemption price will be paid only in Rupee terms and not in the form of gold.

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

During the Liquidity Window, only Authorised Participants and Eligible Investors have the option to request for redemption either in amount in rupees or in number of Units, directly with the Fund House. Further the unitholder can sell units of the Scheme on a continuous basis on the stock exchanges on which the units are listed where the Scheme units are listed and traded. 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.

Any redemption request will be processed subject to confirmation of balance of units in the depository account issued by the depository participant/depository with whom the unitholder has the depository account.

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 of transactions issued by the depository participant will reflect such reduction in units.

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 = 1.00 %, then

Redemption Price = 10 x (1-1.00%)

= Rs. 9.90/-

\$ 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.

2. 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 5

(Five) Working Days from the day when the unit balance is confirmed with the records of the depository, 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 like through ECS, direct credit, RTGS, demand draft, etc as the AMC may decide, from time to time, for the smooth and the efficient functioning of the Scheme.

Note: The mutual fund will rely on the address and the bank account details recorded in the depository system. Any changes to the address and bank account details can be made only through the depository system.

3. Redemption by NRIs/FIIs

Credit balances in the account of NRIs may be redeemed by such investor in accordance with the procedure described above in paragraph. 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.

Note: The mutual fund will rely on the NRI status and his account details as recorded in the depository system. Any changes to the same can be made only through the depository system.

4. 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 1.00% is chargeable
Unit Balance before Redemption	A	2305.235
NAV on date of redemption	B	Rs. 11.0000
Exit Load Chargeable @ 1.00 %	C	Rs. 0.110 (11 x 1.00%)
Redemption Price	D = B – C	Rs. 10.9890 (11 – 0.110)
If Redemption request is in Rs	E	Rs. 3500
No. of Units redeemed	F = E / D	318.500 (3500/10.9890)
No of Units left	G = A – F	1986.735 (2305.235 – 318.500)
If Redemption request is in Units	I	350 Units
Redemption amount will be	J = I * D	Rs. 3846.150 (350 x 10.9890)
No of Units left	K = A – I	1955.235 (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.

5. 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.

6. Suspension of 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. The banking system or securities settlement system is not function for any reason including but not limited to strike by bank employees;
3. Extreme volatility occurs in the money market / debenture/bond market / foreign exchange market/international gold market/domestic gold market, which, in the opinion of the Investment Manager, is prejudicial or to the disadvantage to the interests of the investors;
4. There is a natural calamity, civil strife, complete breakdown of law and order, war, act of God or force majeure; and or
5. 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.

7. Suspension of liquidity window

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, may suspend or limit the liquidity window. Unusual market conditions, amongst other things, may include situations where the difference between actual domestic market gold price is far too different from the gold price arrived at using the SEBI prescribed formula. 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.

8. 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

Load during the New Fund Offer, Liquidity Window Entry Load: 4.00% However, no entry load will be charged to Authorised Participants.

Exit Load: 1.00%, applicable when the units are repurchased by the mutual funds

Load during the Continuous Offer

For Authorised Participants: No entry or exit load will be charged.

For Eligible Investors:

Entry Load: 4.00%

Exit Load: 1.00%, applicable when the units are repurchased by the mutual funds

The Trustee reserves the right to change the load structure of the Scheme on a prospective basis. Should the Trustee, on any date, decide to change the load structure, it will be on a prospective basis and investments made by Unitholders prior to such date will continue to attract the loads applicable prior to such change. Any Load collected during the New Fund Offer will be utilised to meet the Initial Issue Expenses. Any Load of the Scheme collected during the Continuous Offer Period will be maintained in a separate account to meet the selling and distribution expenses of the Fund and any excess over such expenses will be credited to the Scheme, whenever felt appropriate by the AMC.

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

The initial issue expense for launching the Scheme includes Broker/Agent's commission, advertising, publicity, marketing, registrar expenses, etc., charged to the Scheme. As per the Circular no. SEBI/IMD/CIR No. 1/64057/06 dated April 04, 2006 issued by SEBI all open-ended schemes shall meet the sales, marketing and such other expenses connected with sales and distribution of schemes from entry load and not through initial issue expenses.

Initial issue expenses shall be charged to the unitholders to the extent of Entry Load, if any, charged during the NFO. Any excess shall be borne by the AMC.

	(Purchases attracting entry load of 4.00%)
Unitholders Investment (Rs.)	100
Purchase Price at which Units are allotted (Rs.)	10.4000
No of Units allotted	9.6154
Amount available to Scheme for investment (Rs.)	$9.6154 * 10 = 96.1538$
Load Amount utilized for payment of Broker/Agents commission (Rs.)	$9.6154 * 10 * 4.00\% = 3.8462$
Initial Issue expense charged to investor	3.8462
Initial issue expense to be borne by the AMC	Any amount incurred above Rs. 3.8462

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

Initial Issue Expenses	Estimated %age of Amount Collected
Marketing and Advertising	0.40
Printing and Mailing	0.50
Broker/Agent's Commission	3.00
Registrar Expenses	0.05
Bank charges and Other Expenses	0.05
Total	4.00

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 6.00% as indicated above shall be borne by the AMC.

2. Initial Issue Expenses incurred by the Schemes

The initial issue expenses for the entire schemes 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	58 133	In full 48	- 85	100 98.50
Kotak Tech Kotak MNC	February 2000	556 115	234 49	322 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
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
Kotak FMP Series 24	May 2006	0.01	In full	-	100
Kotak Flexi Fund of Funds Series 1	February 2006	366.88	-	In full	96.88
Kotak FMP Series 27	May 2006	0.02	In full	-	100
Kotak Twin Advantage Series II	April 2006	251.24	-	In full	97.35
Kotak FMP 6M Series 1	June 2006	0.03	-	In full	99.97
Kotak FMP 3M Series 1	June 2006	0.02	-	In full	99.98
Kotak FMP 3M Series 2	July 2006	0.01	-	In full	99.99
Kotak FMP Series 26	July 2006	0.10	-	In full	99.90
Kotak Flexi Fund of Funds Series II	June 2006	1382.50	-	In full	95.98
Kotak Twin Advantage Series III	July 2006	992.82	-	In full	96.85
Kotak FMP 3M Series 3	September 2006	0.01	-	In full	99.99
Kotak FMP 3M Series 4	September 2006	0.01	-	In full	99.99
Kotak FMP 3M Series 5	October 2006	0.01	-	In full	99.99
Kotak FMP 15M Series 1	October 2006	0.09	-	In full	99.91
Kotak FMP 6M Series 2	November 2006	0.03	-	In full	99.97
Kotak FMP 6M Series 3	November 2006	0.03	-	In full	99.97
Kotak FMP 3M Series 6	November	0.01	-	In full	99.99

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** 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	1.00
Cost Relating to Investors Communication	0.10
Custodial Fees and associated costs	0.20
Registrars Fees & Processing Charges including stamp duty if any	0.20
Listing Fees/ Other associated expenses	0.05
Marketing and Sales Promotion	0.75
Miscellaneous and other charges	0.20
Total Annual Recurring Expenses (Estimated)	2.50

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 confirmation of unit balance with the records of the depository. 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 alongwith 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.
12. Any Investor who holds units in depository account on record date shall be considered as Unitholder for the purpose of communication of notices, dispatch of dividend warrants, voting rights, etc.

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. SPECIAL CONSIDERATIONS

Prevention of Money Laundering

In terms of the Prevention of Money Laundering Act, 2002, the Rules issued there under and the guidelines/circulars issued by SEBI regarding the Anti Money Laundering (AML Laws), all intermediaries, including Mutual Funds, have to formulate and implement a client identification programme, verify and maintain the record of identity and address (es) of investors.

In order to make the data capture and document submission easy and convenient for the investors, Mutual Fund Industry has collectively entrusted this responsibility of collection of documents relating to identity and address and record keeping to an independent agency (presently CDSL Ventures Limited) that will act as central record keeping agency ('Central Agency'). As a token of having verified the identity and address and for efficient retrieval of records, the Central Agency will issue a Mutual Fund Identification Number ('MIN') to each investor who submits an application and the prescribed documents to the Central Agency.

Investors who have obtained the MIN can invest in the schemes of the mutual fund by quoting the MIN in lieu of submitting information and documents required under AML Laws.

Mutual Fund Identification Number

Investors who wish to obtain a MIN have to submit a completed Application Form for MIN ('MIN Form') along with all the prescribed documents listed in the MIN Form, at any of the Point of Service ('POS'). The MIN Form is available at our website www.kotakmutual.com and AMFI website (www.amfiindia.com). POS are the designated centers appointed by the Central Agency for receiving application forms, processing data and allotment of MIN. List of and location of POS is available at our website www.kotakmutual.com and www.amfiindia.com. On submission of application, documents and information to the satisfaction of the POS, the investor will be allotted a provisional MIN across the counter. Subsequently, the Central Agency will scrutinize the information and documents submitted by the investor, and confirm the MIN. However, the Central Agency may cancel the MIN within 15 working days from the date of allotment of provisional MIN, in case of any deficiency in the document/information. Intimation on cancellation of MIN will be dispatched by the Central Agency to the investor immediately. No communication will be sent to the investor if the MIN as allotted is confirmed.

Presently, it is mandatory for all applications for subscription of value of Rs.50, 000/- and above to quote the MIN of all the applicants (guardian in case of minor) in the application for subscription. The MIN will be validated with the records of the Central Agency before allotting units. Applications for subscriptions of value of Rs.50, 000/- and above without a valid MIN may be rejected.

In the event of any MIN Application Form being subsequently rejected for lack of information / deficiency / insufficiency of mandatory documentation, the investment transaction will be cancelled and the amount may be redeemed at applicable NAV, subject to payment of exit load, wherever applicable. Such redemption proceeds will be dispatched within a maximum period of 21 days from date of acceptance of application. However, in case of subscriptions in scheme where Units are under a lock in period as prescribed in the respective Offer Documents (including Kotak Tax Saver) allotment will be done only on confirmation from the Central Agency that the MIN is final and if the Central Agency informs that the MIN is cancelled, the original amount invested will be refunded).

All investors (both individual and non-individual) can apply for a MIN. However, applicants should note that minors cannot apply for a MIN and any investment in the name of minors should be along with a Guardian, who should obtain a MIN for the purpose of investing with a Mutual Fund. Also,

applicants / unit holders intending to apply for units / currently holding units and operating their Mutual Fund folios through a Power of Attorney (POA) must ensure that the issuer of the POA and the holder of the POA must mention their respective MIN at the time of investment above the threshold. POA holders are not permitted to apply for a MIN on behalf of the issuer of the POA. Separate procedures are prescribed for change in name, address and other MIN related details, should the applicant desire to change such information. POS will extend the services of effecting such changes.

Applicants / Unit holders may contact our Investor Service Centres / their distributors, if any for any additional information/clarifications. Also, please visit our website www.kotakmutual.com for any other related information.

D. 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. The NAV shall also be communicated to the recognized Stock Exchange where, the units would be listed. 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

For markets, the Mutual Fund may declare the portfolio composition (gold and cash equivalents) at the beginning of each day on its website.

E. 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 September 30, 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.

(Rs. In Lakhs)

Company	Schemes Invested in by the Company	Investing Scheme/(s)	Aggregate investments made by the scheme/(s) in the company for the period under Regulation (Rs. In Lacs)
Ashok Leyland Ltd.	Kotak FMP Series II	Kotak Cash Plus	322.52
		Kotak Midcap	226.71
B L Kashyap and Sons Ltd.	Kotak FMP Series 13	Kotak Tax Saver	205.56
Bajaj Auto Ltd.	Kotak Cash Plus	Kotak 30	2108.24
		Kotak Balance	742.82
		Kotak Cash Plus	64.88
		Kotak Income Plus	77.93
		Kotak Lifestyle	2031.84
		Kotak Opportunities	1975.28
		Kotak Tax Saver	189.63
Balrampur Chini Mills Ltd.	Kotak Floater Long Term	Kotak Balance	402.87
		Kotak Bond Short Term	1000.00
		Kotak Liquid	15800.00
		Kotak Flexi Debt	1000.00
		Kotak Midcap	99.16
Bank of India	Kotak Flexi Debt	Kotak Opportunities	949.78
		Kotak 30	956.17
		Kotak Cash Plus	312.38
		Kotak Tax Saver	168.12
Bharti Airtel Ltd.	Kotak Bond Short Term Plan	Kotak Opportunities	290.38
		Kotak 30	5175.60
		Kotak Liquid	2494.47
		Kotak MNC	1583.71
		Kotak Cash Plus	1677.68
		Kotak Income Plus	395.35
		Kotak Lifestyle	3654.67
Corporation Bank	Kotak MNC	Kotak Opportunities	505.40
		Kotak Tax Saver	350.93
		Kotak Liquid	10445.68
		Kotak Cash Plus	4.26
Dewan Housing Finance Corporation Ltd.	Kotak Floater Short Term	Kotak Income Plus	950.39
		Kotak Midcap	1686.25
		Kotak Floater Short Term	1500.00
Financial Technologies (India) Ltd.	Kotak Cash Plus	Kotak Tax Saver	43.69
Finolex Cables Ltd.	Kotak Bond Short Term Plan	Kotak Liquid	3514.88
		Kotak Floater Short Term	1500.00
		Kotak Midcap	758.64
Grasim Industries Ltd.	Kotak Flexi Debt	Kotak 30	2706.45
		Kotak Balance	454.86

		Kotak Bond	505.58
		Kotak Cash Plus	100.76
		Kotak Contra	1609.50
		Kotak Flexi Debt	518.51
		Kotak Income Plus	45.14
		Kotak Opportunities	228.54
Gujarat Gas Company Ltd.	Kotak Bond Short Term Plan	Kotak 30	351.14
		Kotak Balance	273.74
		Kotak Income Plus	39.73
		Kotak Midcap	1275.66
HDFC Bank Ltd.	Kotak Floater Short Term	Kotak Bond Short Term	3459.85
		Kotak Floater Long Term	5333.56
		Kotak FMP- Series 19	2350.59
		Kotak FMP- Series I	2613.57
		Kotak FMP- Series Xviii	2450.01
		Kotak Liquid	112830.86
		Kotak Flexi Debt	964.27
		Kotak Floater Short Term	5544.46
		Kotak Income Plus	3992.90
		Kotak Midcap	964.27
HDFC Ltd.	Kotak Opportunities	Kotak 30	3744.75
		Kotak Balance	997.78
		Kotak Bond	996.23
		Kotak Bond Short Term	6109.70
		Kotak Floater Long Term	2037.28
		Kotak FMP 3m Series 3	2119.72
		Kotak FMP- Series 19	986.87
		Kotak FMP- Series Xii	998.66
		Kotak FMP- Series Xiv	1023.08
		Kotak FMP- Series Xvi	992.39
		Kotak FMP- Series Xvii	2449.36
		Kotak Liquid	113509.89
		Kotak Cash Plus	5449.79
		Kotak Contra	984.27
		Kotak Flexi Debt	2536.49
		Kotak Floater Short Term	15955.31
		Kotak Global India	492.13
		Kotak Income Plus	490.09
		Kotak Lifestyle	2671.57
		Kotak Midcap	1982.31
		Kotak Tax Saver	383.62
		Kotak Twin Advantage Sr Iii	4501.64
Hero Honda Motors Ltd.	Kotak FMP Series XVIII	Kotak MNC	56.36
		Kotak Income Plus	30.66
		Kotak Opportunities	1047.09
Hindalco Industries Ltd.	Kotak Bond Short Term Plan	Kotak 30	1360.07

		Kotak Balance	403.33
		Kotak Bond Short Term	551.49
		Kotak Liquid	6354.40
		Kotak Cash Plus	998.34
		Kotak Contra	3378.20
		Kotak Global India	1501.65
		Kotak Income Plus	94.38
		Kotak Opportunities	1895.21
		Kotak Tax Saver	461.57
Hindustan Lever Ltd.	Kotak FMP Series 19	Kotak 30	2702.15
		Kotak Balance	1010.79
		Kotak MNC	573.19
		Kotak Cash Plus	59.60
		Kotak Contra	1149.58
		Kotak Income Plus	78.35
		Kotak Lifestyle	3545.98
ICICI Bank Ltd.	Kotak Liquid	Kotak 30	943.52
		Kotak Bond	739.31
		Kotak Bond Short Term	2865.61
		Kotak Floater Long Term	13836.74
		Kotak FMP- Series 13	3681.41
		Kotak FMP- Series 25	2488.68
		Kotak Liquid	115334.67
		Kotak Cash Plus	371.04
		Kotak Flexi Debt	7776.58
		Kotak Floater Short Term	20928.85
		Kotak Income Plus	606.49
		Kotak Lifestyle	3787.71
		Kotak Opportunities	954.80
		Kotak Tax Saver	520.87
		Kotak Twin Advantage Sr li	1317.23
ICICI Securities Ltd.	Kotak Floater Short Term	Kotak Floater Long Term	500.00
		Kotak FMP- Series Xvi	1023.61
		Kotak Liquid	16444.70
		Kotak Cash Plus	1938.27
		Kotak Contra	3000.00
		Kotak Floater Short Term	3000.00
ITC Ltd.	Kotak Liquid	Kotak 30	1858.35
		Kotak MNC	2128.92
		Kotak Cash Plus	475.53
		Kotak Income Plus	206.88
		Kotak Lifestyle	1564.46
		Kotak Opportunities	325.57
Indo Gulf Fertiliser Ltd.	Kotak Bond Short Term Plan	Kotak 30	854.95
		Kotak Contra	1358.32
		Kotak Tax Saver	194.85

Industrial Development Bank Of India.	Kotak Bond Short Term Plan	Kotak 30	1589.63
		Kotak Balance	1585.09
		Kotak Bond	5203.08
		Kotak Bond Short Term	1007.52
		Kotak Floater Long Term	14143.39
		Kotak FMP- Series Xiv	504.58
		Kotak FMP- Series Xvi	2468.60
		Kotak FMP- Series Xxi	1484.18
		Kotak Liquid	52088.47
		Kotak MNC	629.73
		Kotak Cash Plus	4054.69
		Kotak Contra	2735.25
		Kotak Flexi Debt	1036.42
		Kotak Floater Short Term	38159.98
		Kotak Income Plus	2800.19
		Kotak Midcap	2640.26
		Kotak Opportunities	294.18
Infrastructure Development Finance Co. Ltd	Kotak Bond Short Term Plan	Kotak 30	413.25
		Kotak Bond	485.23
		Kotak Floater Long Term	3523.97
		Kotak FMP- Series 25	2000.00
		Kotak FMP- Series Xii	988.92
		Kotak Liquid	28966.53
		Kotak Cash Plus	4829.74
		Kotak Flexi Debt	508.72
Kotak Floater Short Term	17664.19		
Jammu & Kashmir Bank	Kotak Cash Plus	Kotak Bond Short Term	1427.38
		Kotak Floater Long Term	3811.60
		Kotak FMP 3m Series 3	4910.64
		Kotak FMP- Series 19	980.63
		Kotak FMP- Series 25	1380.68
		Kotak FMP- Series I	2360.60
		Kotak FMP- Series Xii	1494.76
		Kotak FMP- Series Xvii	1953.84
		Kotak FMP- Series Xviii	4899.19
		Kotak Liquid	74920.20
		Kotak MNC	490.92
		Kotak Contra	490.92
		Kotak Flexi Debt	5305.59
		Kotak Floater Short Term	13316.52
		Kotak Global India	490.92
Kotak Income Plus	520.56		
Kotak Opportunities	490.92		
Jet Airways (India) Ltd.	Kotak Floater Long Term	Kotak 30	363.77
		Kotak Cash Plus	297.53

		Kotak Lifestyle	887.51
Larsen and Toubro Ltd.	Kotak FMP Series 23	Kotak 30	3374.85
		Kotak Balance	542.88
		Kotak Liquid	4500.00
		Kotak Income Plus	15.15
		Kotak Opportunities	1179.64
MRF Ltd.	Kotak Income Plus	Kotak Income Plus	5.78
		Kotak Midcap	1693.96
Mahindra & Mahindra Ltd.	Kotak Floater Long Term	Kotak 30	3156.19
		Kotak Balance	897.11
		Kotak Cash Plus	12.38
		Kotak Contra	952.24
		Kotak Global India	93.47
		Kotak Income Plus	40.73
		Kotak Lifestyle	1820.91
		Kotak Opportunities	3166.27
Maruti Udyog Ltd.	Kotak Floater Long Term	Kotak 30	342.83
		Kotak MNC	988.69
		Kotak Contra	625.08
		Kotak Lifestyle	348.49
National Housing Bank	Kotak Floater Short Term	Kotak Bond Short Term	512.87
		Kotak Floater Long Term	6493.46
		Kotak FMP- Series Xvi	2522.69
		Kotak Liquid	58670.40
		Kotak Flexi Debt	1511.86
		Kotak Floater Short Term	13515.51
		Kotak Midcap	1486.83
Navneet Publications (India) Ltd.	Kotak Bond Short Term Plan	Kotak Liquid	3005.47
		Kotak Contra	500.00
		Kotak Flexi Debt	500.00
		Kotak Floater Short Term	1500.00
Patni Computer Systems (P) Ltd.	Kotak FMP 3M Series 4	Kotak Technology	43.03
		Kotak Cash Plus	32.54
Polaris Software Lab Ltd.	Kotak FMP Series XIV	Kotak Cash Plus	204.07
Punjab National Bank	Kotak Bond Short Term Plan	Kotak 30	4830.83
		Kotak Balance	468.12
		Kotak Bond Short Term	1061.45
		Kotak FMP- Series Xiv	3361.00
		Kotak Liquid	26426.00
		Kotak Cash Plus	1166.75
		Kotak Contra	4199.71
		Kotak Floater Short Term	1450.71
		Kotak Income Plus	98.41
		Kotak Lifestyle	2703.01
		Kotak Midcap	507.00

		Kotak Opportunities	1459.50
		Kotak Tax Saver	246.73
Raymond Ltd.	Kotak FMP Series XVI	Kotak Balance	194.41
		Kotak Bond Short Term	500.00
		Kotak Floater Long Term	900.00
		Kotak FMP- Series I	300.00
		Kotak FMP- Series Xii	700.00
		Kotak FMP- Series Xv	500.00
		Kotak FMP- Series Xvi	700.00
		Kotak FMP- Series Xvii	1200.00
		Kotak Liquid	29703.50
		Kotak Contra	4532.61
		Kotak Flexi Debt	2500.00
		Kotak Floater Short Term	7700.00
		Kotak Global India	181.01
		Kotak Lifestyle	1424.02
		Kotak Tax Saver	254.68
Reliance Communication Venture Ltd.	Kotak Floater Long Term	Kotak Lifestyle	916.01
Reliance Industries Ltd.	Kotak Floater Short Term	Kotak 30	5539.96
		Kotak Balance	977.16
		Kotak Bond	1097.94
		Kotak Bond Short Term	2072.75
		Kotak Floater Long Term	1592.13
		Kotak Liquid	1562.87
		Kotak Cash Plus	4088.04
		Kotak Contra	683.35
		Kotak Flexi Debt	547.97
		Kotak Floater Short Term	1573.41
		Kotak Income Plus	661.71
		Kotak Opportunities	2666.67
		Kotak Tax Saver	448.14
Reliance Petroleum Ltd.	Kotak Liquid	Kotak 30	74.03
		Kotak Balance	22.82
		Kotak Contra	81.13
		Kotak Income Plus	18.29
		Kotak Midcap	85.30
		Kotak Opportunities	66.57
		Kotak Tax Saver	32.12
Sasken Communication Technologies Ltd.	Kotak Bond Short Term Plan	Kotak Technology	156.27
		Kotak Contra	433.62
		Kotak Global India	259.78
		Kotak Midcap	512.56
		Kotak Tax Saver	225.03
Sesa Goa Ltd.	Kotak FMP Series XVII	Kotak Global India	815.96
		Kotak Income Plus	56.18
		Kotak Midcap	1617.43

		Kotak Opportunities	636.34
State Bank Of India.	Kotak Global India	Kotak 30	3707.43
		Kotak Balance	481.29
		Kotak Bond	2303.11
		Kotak Bond Short Term	545.02
		Kotak Floater Long Term	1632.73
		Kotak Liquid	3825.86
		Kotak Cash Plus	994.09
		Kotak Flexi Debt	543.67
		Kotak Floater Short Term	2729.89
		Kotak Income Plus	162.60
State Bank of Bikaner & Jaipur	Kotak Opportunities	Kotak FMP- Series Xv	982.85
		Kotak FMP- Series Xxi	1424.92
State Bank of Hyderabad	Kotak MNC	Kotak Bond	1161.34
		Kotak Liquid	7495.18
		Kotak Flexi Debt	4243.92
		Kotak Floater Short Term	948.42
Sterlite Industries (India) Ltd	Kotak Flexi Debt	Kotak 30	3004.12
		Kotak Balance	456.54
		Kotak Bond	1000.00
		Kotak Bond Short Term	1800.00
		Kotak Floater Long Term	4100.00
		Kotak FMP- Series Xvi	1500.00
		Kotak FMP- Series Xviii	1100.00
		Kotak Liquid	27400.00
		Kotak Cash Plus	792.24
		Kotak Contra	3770.37
		Kotak Floater Short Term	7900.00
		Kotak Global India	618.54
		Kotak Income Plus	500.00
		Kotak Midcap	7830.70
		Kotak Opportunities	2221.75
		Kotak Tax Saver	500.00
Tata Chemicals Ltd.	Kotak Bond Short Term Plan	Kotak Cash Plus	39.16
		Kotak Contra	1686.58
		Kotak Midcap	705.82
		Kotak Opportunities	874.47
		Kotak Tax Saver	189.33
Tata Consultancy Services Ltd.	Kotak Bond Short Term Plan	Kotak 30	4013.89
		Kotak Balance	61.38
		Kotak Technology	978.96
		Kotak Cash Plus	218.80
		Kotak Contra	2747.25
		Kotak Global India	2077.85
		Kotak Income Plus	304.16

Tata Sons Ltd.	Kotak FMP Series 19	Kotak Floater Long Term	3439.54
		Kotak Liquid	531.37
		Kotak Flexi Debt	4405.76
Tata Steel Limited	Kotak FMP Series XII	Kotak 30	721.51
		Kotak Balance	912.71
		Kotak Cash Plus	2003.13
		Kotak Contra	4253.14
		Kotak Global India	1679.76
		Kotak Income Plus	72.83
		Kotak Opportunities	1748.61
The Great Eastern Shipping Company Ltd.	Kotak FMP Series 20	Kotak Cash Plus	243.55
		Kotak Contra	454.18
		Kotak Tax Saver	351.65
UCO Bank	Kotak Floater Long Term	Kotak 30	491.53
		Kotak Bond Short Term	958.99
		Kotak Floater Long Term	2832.68
		Kotak FMP- Series I	983.99
		Kotak FMP- Series Xiv	4177.54
		Kotak FMP- Series XVII	1962.72
		Kotak Liquid	43862.48
		Kotak Flexi Debt	470.89
		Kotak Floater Short Term	5183.06
		Kotak Global India	491.53
		Kotak Opportunities	491.53
UTI Bank Ltd.	Kotak Bond Short Term Plan	Kotak Bond	508.53
		Kotak Bond Short Term	1509.99
		Kotak Floater Long Term	5860.93
		Kotak FMP- Series 23	491.31
		Kotak FMP- Series VIII	2493.48
		Kotak FMP- Series XXI	2308.89
		Kotak Liquid	76094.18
		Kotak Cash Plus	1015.09
		Kotak Flexi Debt	4475.49
		Kotak Floater Short Term	15461.02
		Kotak Income Plus	37.59
		Kotak Lifestyle	1826.34
		Kotak Opportunities	128.20
Videsh Sanchar Nigam Ltd.	Kotak FMP Series XII	Kotak 30	753.98
		Kotak Cash Plus	197.38
		Kotak Contra	1322.65
		Kotak Global India	274.24
		Kotak Opportunities	249.96
Wipro Ltd.	Kotak Floater Short Term	Kotak 30	1870.96
		Kotak Balance	177.09
		Kotak Technology	762.30

	Kotak Global India	1164.90
	Kotak Income Plus	55.74

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

H. DURATION OF THE SCHEME

The duration of the Scheme is perpetual. However, the Scheme may be wound up 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.

Trustees may consider winding up the scheme, if the net asset value of the scheme at market price of gold (gold related instruments, if invested) falls below Rs 50 Lakhs.

I. 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.

J. 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) 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.

c) 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.

d) 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. R. Chandrasekaran, has been appointed as the Investor Relations Officer for the Fund. All related queries should be addressed to him:

Mr. R. Chandrasekaran

Kotak Mahindra Asset Management Company Limited

91/92, 9th Floor, Sakhar Bhavan,

230, Nariman Point, Mumbai - 400 021

Tel: 6638 4444

Fax: 6638 4455

e-mail: mutual@kotak.com

3) History of Investor Complaints for the period April 01, 2003 to November 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
		1Day	2Days	3 Days	>3 Days	
Change of Address	54123	50130	1637	1160	1196	0
Change of Bank Mandate	55505	50904	1805	1295	1501	0
Non- receipt of account Statement	200	128	33	21	18	0
Others Queries	141665	115049	9932	5448	11100	136
Total	251493	216211	13407	7924	13815	136
Service Standard	100.00	85.97	5.33	3.15	5.49	0.05

K. 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 prevailing as on November 28, 2006. Since the Information below is based on the relevant provisions as on November 28, 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 ADVISER WITH RESPECT TO THE SPECIFIC TAX IMPLICATIONS ARISING OUT OF HIS OR HER PARTICIPATION IN THE SCHEME.

A. For the Unitholders

1. 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').
2. 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 Highway Authority of India (NHAI) 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.
The provisions related to minimum amount not chargeable to tax, surcharge and education cess described at clause 2 above would also apply to such short term capital gains.
8. 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, in case of schemes other than equity oriented scheme, 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 surcharge and education cess as described at clause 2 above would apply.
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.
6. Right to suspend or alter the Liquidity Window
7. Right to suspend repurchase during Liquidity Window

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 September 30, 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
	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
2004-2005	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
2005-2006	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
	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
	Kotak Tax Saver	Punj Lloyd Ltd	Equity	693
	Kotak Tax Saver	Andhra Bank	Equity	715.5
	Kotak Tax Saver	Gujrat State Petronet	Equity	783
	Kotak Tax Saver	GVK Power & Infrastructure Ltd	Equity	545.6
	Kotak Tax Saver	Mahindra & Mahindra Financial Services	Equity	840
	Kotak Lifestyle	Mahindra & Mahindra Financial Services	Equity	1442
Half year ended September 30, 2006	Kotak 30	Sun TV Limited	Equity	2558.5
	Kotak 30	Tech Mahindra Ltd.	Equity	2125.76
	Kotak Opportunities	Sun TV Limited	Equity	1781.5
	Kotak Opportunities	Tech Mahindra Ltd.	Equity	2093.64
	Kotak Balance	Sun TV Limited	Equity	731.5
	Kotak Balance	Tech Mahindra Ltd.	Equity	767.96
	Kotak Income Plus	Sun TV Limited	Equity	736.75
	Kotak Income Plus	Tech Mahindra Ltd.	Equity	858.48
	Kotak Tax Saver	Sun TV Limited	Equity	1064
	Kotak Tax Saver	Tech Mahindra Ltd.	Equity	877.46
	Kotak Lifestyle	Sun TV Limited	Equity	6685
	Kotak Midcap	Sun TV Limited	Equity	2814

	Kotak Midcap	Tech Mahindra Ltd.	Equity	1871.72
	Kotak Contra	Sun TV Limited	Equity	2800
	Kotak Contra	Tech Mahindra Ltd.	Equity	1763.68
	Kotak MNC	Tech Mahindra Ltd.	Equity	369.38
	Kotak Tech	Tech Mahindra Ltd.	Equity	340.18
	Kotak Global India	Tech Mahindra Ltd.	Equity	911.04

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 Bond	Kotak Bond Short Term Plan	Paid to
Commission /Promotional expenses for Distribution of Units	2003-04	5.03	51.31	0.01	90.32	22.83	Kotak Securities Limited
	2004-05	0.21	15.00	#	18.56	7.73	
	2005-06	0.15	7.01		5.21	1.01	
	Half Year ended September 30, 2006	0.05	0.95		-	0.01	
Brokerage towards Purchase and Sale of Investments	2003-04	-	-	-	-	-	Kotak Securities Limited
	2004-05	-	-	-	-	-	
	2005-06	-	-	-	-	-	
	Half Year ended September 30, 2006	-	-	-	-	-	
Commission /Promotional expenses for Distribution of Units	2003-04	0.84	0.02		0.05	0.70	Kotak Mahindra Capital Company Limited
	2004-05	0.07	0.01	-	0.01	0.06	
	2005-06	0.06	0.01		-	0.01	
	Half Year ended September 30, 2006	0.01	#		-	-	
Commission /Promotional expenses for Distribution of Units	2003-04	1.16	0.83		4.84	5.43	Kotak Mahindra Bank Limited
	2004-05	0.02	12.84	-	0.55	4.68	
	2005-06	0.43	6.93		0.06	5.70	
	Half Year ended September 30, 2006	0.40	2.41		0.02	0.68	
	2003-04						

Charges on banking Services	2003-04						Kotak Mahindra Bank Limited
	2004-05	0.02	#	-	0.06	#	
	Half Year ended September 30, 2006	-	-		-	-	
Commission /Promotional expenses for Distribution of Units	2005-06	-	-		-	-	Kotak Mahindra Inc
	Half Year ended September 30, 2006	-	-		-	-	

Nature of Transaction	Period	Kotak 30	Kotak Balance	Kotak Tech	Kotak MNC	Paid to
Commission /Promotional expenses for Distribution of Units	2003-04	15.9	7.79	3.92	2.55	Kotak Securities Limited
	2004-05	47.26	2.65	2.77	4.00	
	2005-06	17.30	5.65	2.88	1.17	
	Half Year ended September 30, 2006	13.36	2.49	1.15	0.47	
Brokerage towards Purchase and Sale of Investments	2003-04	5.62	1.08	1.07	0.47	Kotak Securities Limited
	2004-05	8.65	0.57	0.07	3.51	
	2005-06	6.71	0.56	0.40	2.61	
	Half Year ended September 30, 2006	2.57	1.31	-	-	
Commission /Promotional expenses for Distribution of Units	2003-04	#				Kotak Mahindra Capital Company Limited
	2004-05	-	#	-	-	
	2005-06	-	-	-	-	
	Half Year ended September 30, 2006		-	-	-	
Commission /Promotional expenses for Distribution of Units	2003-04	10.82	0.72	0.01	0.48	Kotak Mahindra Bank Limited
	2004-05	49.03	0.33	0.52	12.62	
	2005-06	64.98	26.61	0.35	3.00	
	Half Year ended September 30, 2006	43.63	8.49	0.06	0.21	
	2003-04	0.35	0.26	0.03	0.03	
	2004-05	1.61	0.20	-	-	
	2005-06	3.63	0.84	0.12	1.01	

	Half Year ended September 30, 2006	4.07	0.84	0.05	0.05	
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	Paid to
Commission /Promotional expenses for Distribution of Units	2003-04	3.53	341.53	51.06	1.24	0.46	Kotak Securities Limited
	2004-05	2.48	56.01	110.43		8.66	
	2005-06	1.04	13.88	120.14		7.88	
	Half Year ended September 30, 2006	1.15	3.78	39.79		0.60	
Brokerage towards Purchase and Sale of Investments	2003-04	1.18	2.6				Kotak Securities Limited
	2004-05	0.89	4.15	-		-	
	2005-06	0.32	3.03	-		-	
	Half Year ended September 30, 2006	0.20	0.84	-		-	
Commission /Promotional expenses for Distribution of Units	2003-04			0.54			Kotak Mahindra Capital Company Limited
	2004-05	-	-	0.04		#	
	2005-06	-	-	0.25		-	
	Half Year ended September 30, 2006	-	-	-		-	
Commission /Promotional expenses for Distribution of Units	2003-04	7.30	77.78	10.65		3.42	Kotak Ma Bank Limi
	2004-05	6.89	42.13	29.39		16.99	
	2005-06	1.78	10.86	57.16		11.66	
	Half Year ended September 30, 2006	1.56	5.56	45.20		8.49	
Charges on banking Services	2003-04	1.17	0.83			#	Kotak Mahindra Bank Limited
	2004-05	0.46	-	-		-	
	2005-06	1.35	0.46	0.02		#	
	Half Year ended September 30, 2006	0.15	0.29	-		-	

Commission /Promotional expenses for Distribution of Units	2005 - 06	-	-	0.54	-	-	Kotak Mahindra Inc
	Half Year ended September 30, 2006	-	-	0.33	-	-	

Nature of Transaction	Period	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	0.21	-	-	-	-	Kotak Securities Limited
	2004-05	0.70	0.01	235.78	43.05	1.71	
	2005-06			3.66	29.06	3.52	
	Half Year ended September 30, 2006			0.31	5.72	0.55	
Brokerage towards Purchase and Sale of Investments	2003-04						Kotak Securities Limited
	2004-05	-		-	2.26	-	
	2005-06			-	1.06	-	
	Half Year ended September 30, 2006	-		-		5.92	
Commission /Promotional expenses for Distribution of Units	2003-04						Kotak Mahindra Capital Company Limited
	2004-05		-	-	-	#	
	2005-06			-	-	-	
	Half Year ended September 30, 2006	-	-	-	-	-	
Commission /Promotional expenses for Distribution of Units	2003-04	5.25					Kotak Mahindra Bank Limited
	2004-05	1.58	3.02	52.87	29.84	7.50	
	2005-06			9.84	98.46	5.74	
	Half Year ended September 30, 2006			0.69	116.44	1.16	
Charges on banking Services	2003-04	0.10					Kotak Mahindra Bank Limited
	2004-05	-	-	0.43	0.40	-	
	2005-06			#	0.50	#	
	Half Year ended September 30, 2006			-	1.71	-	
	2005 - 06	-	-	-	-	-	

Commission /Promotional expenses for Distribution of Units	2005 - 06	-	-	-	-	-	Kotak Mahindra Inc
Commission	Half Year	-	-	-	-	-	Kotak
Nature of Transaction	Period	Kotak Midcap	Kotak Dynamic FOF	Kotak Flexi Debt	Kotak Contra	Paid to	Kotak Mahindra Inc
Commission /Promotional expenses for Distribution of Units	2004-05	46.47	1.11	0.07			Kotak Securities Limited
Commission /Promotional expenses for Distribution of Units	2005-06	72.90	0.75	0.25	115.84		Kotak Securities Limited
	Half Year ended September 30, 2006	7.95		0.03	5.04		
Brokerage towards Purchase and Sale of Investments	2004-05	5.75	-	-			Kotak Securities Limited
	2005-06	8.87	-	-	14.64		
	Half Year ended September 30, 2006	3.96		-	4.55		
Commission /Promotional expenses for Distribution of Units	2004-05	-	-	#			Kotak Mahindra Capital Company Limited
	2005-06	-	-	-	-		
	Half Year ended September 30, 2006	-	-	-	-		
Commission /Promotional expenses for Distribution of Units	2004-05	323.83	224.83	1.79			Kotak Mahindra Bank Limited
	2005-06	326.25	-	12.61	697.51		
	Half Year ended September 30, 2006	36.76		4.81	17.26		
Charges on banking Services	2004-05	1.20	-	#			Kotak Mahindra Bank Limited
	2005-06	1.31	-	0.01	1.39		
	Half Year ended September 30, 2006	-		-	0.39		
Commission /Promotional expenses for Distribution of Units	2005-06	-	-	-	6.65		Kotak Mahindra Inc

Nature of Transaction	Period	Kotak FMP Series VIII	Kotak FMP Series II	Kotak FMP Series IV	Kotak FMP Series I	Kotak Cash Plus	Paid to
	2004-05	-	-	#	#		

/Promotional expenses for Distribution of Units	2005-06		-	-	-	3.88	Securities Limited
	Half Year ended September 30, 2006	-	-	-	-	0.47	
Brokerage towards Purchase and Sale of Investments	2004-05	-	-	-	-		Kotak Securities Limited
	2005-06	-	-	-	-	16.53	
	Half Year ended September 30, 2006	-	-	-	-	4.13	
Commission /Promotional expenses for Distribution of Units	2004-05	-	-	-	-		Kotak Mahindra Capital Company Limited
	2005-06		-	-	-	-	
	Half Year ended September 30, 2006					-	
Commission /Promotional expenses for Distribution of Units	2004-05	0.18	0.01	0.04	0.01		Kotak Mahindra Bank Limited
	2005-06		0.06	0.13	2.58	4.73	
	Half Year ended September 30, 2006				0.42	2.42	
Charges on banking Services	2004-05	-	-	-	-		Kotak Mahindra Bank Limited
	2005-06		#	-	#	10.77	
	Half Year ended September 30, 2006				-	4.21	
Commission /Promotional expenses for Distribution of Units	2005-06	-	-	-	-	-	Kotak Mahindra Inc

Nature of Transaction	Period	Kotak Flexi Funds of Funds	Kotak Tax Saver	Kotak Lifestyle Fund	Kotak FMP Series 26	Paid to
Commission /Promotional expenses for Distribution of Units	2005-2006	0.05	57.14	132.67		Kotak Securities Limited
	Half Year ended September 30, 2006		5.28	7.42	0.08	
Brokerage towards Purchase and Sale of Investments	2005-2006	-	1.36	-		Kotak Securities Limited
	Half Year ended September 30, 2006		1.15	7.98		
	2005-2006	-	-	-	-	

Commission /Promotional expenses for Distribution of Units	2005-2006	-	-	-		Kotak Mahindra Capital Company Limited
Commission /Promotional expenses for Distribution of Units	2005-2006	1106.52	64.13	1638.13	0.05	Kotak Mahindra Capital Company Limited
	Half Year ended September30, 2006		6.74	64.43		
Charges on banking Services	2005-2006	0.10	0.02	1.57		Kotak Mahindra Bank Limited
	Half Year ended September30, 2006		0.02	1.44		
Commission /Promotional expenses for Distribution of Units	2005-2006	-	-	-		Kotak Mahindra Inc
	Half Year ended September30, 2006					

Nature of Transaction	Period	Kotak Flexi Fund of Funds Series I	Kotak Flexi Fund of Funds Series II	Kotak Twin Advantage Series II	Kotak Twin Advantage Series III	Paid to
Commission /Promotional expenses for Distribution of Units	2005-2006					Kotak Securities Limited
	Half Year ended September30, 2006		0.19	2.06	12.87	
Brokerage towards Purchase and Sale of Investments	2005-2006					Kotak Securities Limited
	Half Year ended September30, 2006					
Commission /Promotional expenses for Distribution of Units	2005-2006					Kotak Mahindra Capital Company Limited
	Half Year ended September30, 2006					
Commission /Promotional expenses for Distribution of Units	2005-2006	2.48	1353.96	70.21	232.34	Kotak Mahindra Bank Limited
	Half Year ended September30, 2006					
Charges on banking Services	2005-2006			0.76	0.97	Kotak Mahindra Bank Limited
	Half Year ended September30, 2006					
	2005-2006					
	Half Year ended September30, 2006					

: less than 0.05 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.

F. PENALTIES, PENDING LITIGATION OR PROCEEDINGS

<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>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>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>None</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 KMAMCL or from distributors/brokers.

Note: The Scheme under this Offer Document was approved by the Trustee on August 31, 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 : December __, 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 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
Kotak Tax Saver	Kotak Tax Saver Scheme
Kotak Lifestyle Fund	Kotak Lifestyle