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## **Kotak Mahindra Mutual Fund**

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

Tel. : (022) 5638 4444 • Fax : (022) 5638 4455

E-mail : mutual@kotak.com

Website : www.kotak.com

### **BOARD OF DIRECTORS**

#### **Kotak Mahindra Trustee Company Limited**

*(Trustee to Kotak Mahindra Mutual Fund)*

**Amit Desai** – *Chairman*

**Girish Sharedalal**

**Tushar Mavani**

**Chandrashekhar Sathe**

**Anirudha Barwe**

### **BOARD OF DIRECTORS**

#### **Kotak Mahindra Asset Management Company Limited**

*(Investment Manager to Kotak Mahindra Mutual Fund)*

**Uday S. Kotak** – *Chairman*

**Romesh C. Khanna**

**Sukant Kelkar**

**C. Jayaram**

**Bipin R. Shah**

*(appointed with effect from 8th May, 2004)*

**S. A. Narayan**

*(appointed with effect from 8th May, 2004)*

### **INVESTOR RELATIONS OFFICER**

#### **Vinod Venkateswaran**

Tel. : (022) 5638 4466

E-mail : mutual@kotak.com

### **AUDITORS**

#### **Price Waterhouse**

*Chartered Accountants*

### **REGISTRAR**

#### **Computer Age Management Services (Private) Limited**

158, Rayala Towers, 1st Floor,

Anna Salai,

Chennai 600 002.

Tel. : 044-2852 0516/2852 1596

## Report of the Trustee

We have pleasure in presenting the sixth report of Kotak Mahindra Mutual Fund ('the Fund') for the year ended March 31, 2004, along with the audited financial statements for that period.

### LAUNCH OF NEW SCHEMES/PLANS

The year saw the introduction of a few new Schemes, Plans and facilities. There were two major Initial Public Offers ('IPO') in the financial year – Kotak Mahindra Income Plus Scheme ('Kotak Income Plus') and Kotak Mahindra Global India Scheme ('Kotak Global India'). Kotak Income Plus, an Open-Ended Income Scheme with upto 20% equity exposure, was launched in October 2003. It met with a very encouraging response fetching a corpus of over Rs. 170 crores. Kotak Global India, an Open-Ended Equity Growth Scheme, had its IPO in December 2003. This was our most successful IPO for the year with an inflow of over Rs. 360 crores. Besides, we also launched Kotak Mahindra Floating Rate Scheme, a Floating Rate Scheme; Kotak Mahindra Dynamic Income Scheme ('Kotak Dynamic Income'), a debt scheme with an active management strategy and Kotak FMP (8), a fixed maturity plan.

A plan to meet the specific requirements of Provident Fund and Trust investors was also launched under the Investment Plan of Kotak Mahindra Gilt Unit Scheme '98 ('Kotak Gilt').

### NEW INITIATIVES

It has been the constant endeavour of Kotak Mahindra Asset Management Company Limited ('the AMC') to ensure a high level of customer service. Some of the initiatives that were taken in the last financial year in this direction are listed below :

During the year the AMC launched an Online Transactions Facility through Kotakstreet Website. This is a hassle-free, paperless channel using which investors holding a trading account with Kotak Street can transact in (buy and sell) Units of our various schemes.

E-mail was promoted extensively as a faster, convenient and cost-effective communication channel. Investors have been given a choice to receive Account Statements and other communication over E-mail.

To provide easier access to investors, the AMC added 1 Investor Service Centre and 10 Transaction Points in the year through our Registrar, CAMS. CAMS also launched a toll-free number for Investor Services.

During the year, there was a great thrust on the employees of the AMC and the agents/distributors appointed to sell Units of the Schemes to complete the Certification programme of the Association of Mutual Funds in India. This has enabled them to provide relevant information and to guide and serve investors better in respect of their mutual fund investment decisions.

### PERFORMANCE

The Assets Under Management and the Net Asset Value ('NAV') per Unit for the Schemes as on March 31, 2004 are as follows:

Schemes	Assets Under Management (Rupees in crores)	NAV per Unit (in Rupees)
<b>Kotak Mahindra 30 Unit Scheme ('Kotak 30')</b>		
Kotak 30 – Growth	26.72	25.185
Kotak 30 – Dividend	99.09	17.008
<b>Kotak Gilt</b>		
Kotak Gilt Savings Plan – Annual Dividend	31.19	10.4403
Kotak Gilt Savings Plan – Monthly Dividend	1.06	10.4014
Kotak Gilt Savings Plan – Growth	15.28	15.6118
Kotak Gilt Investment Regular Plan – Dividend	52.70	10.5369
Kotak Gilt Investment Regular Plan – Growth	188.30	21.9067
Kotak Gilt Investment Provident Fund and Trust Plan – Dividend	1.73	10.7922
Kotak Gilt Investment Provident Fund and Trust Plan – Growth	29.76	21.9293
Kotak Gilt Serial Plan 2005 – Dividend	0.03	11.1085
Kotak Gilt Serial Plan 2005 – Growth	0.12	14.6311
Kotak Gilt Serial Plan 2007 – Dividend	0.02	12.0932
Kotak Gilt Serial Plan 2007 – Growth	0.27	17.3383
Kotak Gilt Serial Plan 2011 – Growth	0.01	16.5852
Kotak Gilt Serial Plan 2013 – Dividend	0.05	11.9507
Kotak Gilt Serial Plan 2013 – Growth	0.31	17.6957
Kotak Gilt Serial Plan 2019 – Dividend	0.02	10.2403
Kotak Gilt Serial Plan 2019 – Growth	0.45	16.9663
<b>Kotak Mahindra Balance Unit Scheme 99 ('Kotak Balance')</b>	37.52	13.147
<b>Kotak Mahindra Bond Unit Scheme 99 ('Kotak Bond')</b>		
Kotak Bond Institutional Plan – Dividend	36.05	10.5491
Kotak Bond Institutional Plan – Growth	152.14	17.3543
Kotak Bond Deposit Plan – Dividend	24.62	10.7034
Kotak Bond Deposit Plan – Growth	49.47	16.7991
Kotak Bond Wholesale Plan – Annual Dividend	21.52	11.5315
Kotak Bond Wholesale Plan – Quarterly Dividend	87.12	10.4925
Kotak Bond Wholesale Plan – Growth	257.37	17.2544
Kotak Bond Wholesale Plan – Bonus	62.84	11.4996
Kotak Bond Short Term Plan – Dividend	175.07	10.0846
Kotak Bond Short Term Plan – Growth	234.50	11.4026

Schemes	Assets Under Management (Rupees in crores)	NAV per Unit (in Rupees)
Kotak Mahindra Technology Scheme ('Kotak Tech')	48.07	3.972
Kotak Mahindra MNC Scheme ('Kotak MNC')	33.46	14.238
<b>Kotak Mahindra Liquid Scheme ('Kotak Liquid')</b>		
Kotak Liquid Institutional Plan – Weekly Dividend	189.46	10.0195
Kotak Liquid Institutional Plan – Daily Dividend	66.91	12.2281
Kotak Liquid Institutional Plan – Growth	159.86	12.7063
Kotak Liquid Institutional Premium Plan – Daily Dividend	719.94	12.2281
Kotak Liquid Institutional Premium Plan – Weekly Dividend	390.71	10.0267
Kotak Liquid Institutional Premium Plan – Growth	701.57	12.7132
Kotak Liquid Regular Plan – Dividend	69.94	10.0182
Kotak Liquid Regular Plan – Growth	205.31	12.6686
<b>Kotak Mahindra Fixed Maturity Plans</b>		
FMP (6) – Growth	11.14	10.6424
FMP (7) – Dividend	0.66	10.6078
FMP (7) – Growth	25.55	10.6078
<b>Kotak Floater</b>		
Kotak Floater – Weekly Dividend	62.14	10.0029
Kotak Floater – Monthly Dividend	90.83	10.0244
Kotak Floater – Growth	184.80	10.3763
<b>Kotak Income Plus</b>		
Kotak Income Plus – Monthly Dividend	49.71	10.0197
Kotak Income Plus – Quarterly Dividend	126.67	10.0182
Kotak Income Plus – Growth	115.02	10.2454
<b>Kotak Dynamic Income</b>		
Kotak Dynamic Income – Dividend	11.21	10.0591
Kotak Dynamic Income – Growth	31.48	10.1972
<b>Kotak Global India</b>		
Kotak Global India – Dividend	223.22	9.565
Kotak Global India – Growth	76.74	9.565
<b>Kotak FMP</b>		
Kotak FMP (8) – Growth	110.57	10.0145
<b>Total</b>	<b>5,290.30</b>	

The total Assets Under Management of the Fund as on March 31, 2004 were Rs. 5,290.30 crores.

The Balance Sheet as on March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004 in respect of all the Schemes/Plans are annexed to this report.

During the year under review, the mainstream debt schemes of the Fund continued to do well.

Outlook Money adjudged the AMC "The Best Wealth Creator (Debt) for 2003".

Kotak Bond – Wholesale Plan won the CNBC-BNP Paribas Best performing Open-Ended Debt/Income Fund award in the 3 year category for the third time in a row. Besides, Kotak Bond Wholesale Plan was also ranked the Best Performing Open-Ended Income Fund in the Crisil Best Fund Awards, 2003.

The equity Schemes also did well during the year. While performance was assisted by a strong rally in the Stock Markets, Kotak 30, our flagship diversified equity scheme, performed well in the last six months of the year and moved into the top quartile of its peer group.

During the year, Kotak 30 declared two dividends, Rs. 5 per Unit in January 2004 and Rs. 2 per Unit in October 2003. Kotak Mahindra Balance Unit Scheme 99 declared a dividend of Rs. 2.75 per Unit in December 2003.

The investment objectives of the Schemes, statutory warning and the liability and responsibility of the Trustee and the Settlor are annexed to this Report.

## OUTLOOK

In the last financial year, the AUM by the Mutual Fund Industry grew from Rs. 79,464 crores to Rs. 1,39,616 crores. This is a growth of 75.70%.

Retail as well as institutional investors showed increasing preference for investing in Mutual Funds. There was a shift from pure savings towards investing and we believe that this trend will continue.

Indians typically save a high percentage of their income (around 24%). Hence the trend to channel savings to investments augurs well for the growth of the Mutual Fund Industry.

The Mutual Fund Industry is collaborating towards setting down guidelines for the introduction of capital guaranteed products as well as investment in commodities. Hence innovation in products will offer investors new avenues for investments. This too, we believe, will assist in the growth of the industry.

For Kotak Mahindra Trustee Company Limited  
Trustee to Kotak Mahindra Mutual Fund

Chandrashekar Sathe  
Director

April 28, 2004  
Mumbai.

## Annexure to the Report of the Trustee

### INVESTMENT OBJECTIVES

The objective of Kotak Gilt consisting of three types of Plans namely, Savings, Investment and Serial Plans is to generate risk - free returns through investments in sovereign securities. The basis and policy of investment underlying Kotak Gilt are to provide small investors with an access to the Government securities market, the largest and most liquid securities market in India. This being a wholesale market, small investors would not otherwise have easy access to this market.

The Serial Plans of Kotak Gilt were launched in September 1999 with the objective of enabling investors to eliminate as far as possible the interest rate risk by remaining invested in the Plan till its maturity.

In November 2003, to facilitate investments by Provident Funds and other Trusts, the Provident Fund and Trust Plan was introduced under the Investment Plan. The investment objective of the Investment Plan consisting of Regular Plan and Provident Fund and Trust Plan is to generate risk free returns through investments in sovereign securities issued by the Central/State Government.

The objective of Kotak Bond consisting of Deposit, Wholesale and Institutional Plans is to create a portfolio of debt instruments such as bonds, debentures, Government securities and money market instruments of different maturities, so as to spread the risk across a wide maturity horizon and different kinds of issuers in the debt market. The basis and policy of investment underlying Kotak Bond are to spread risk through investment in a variety of debt and money market instruments.

The objective of Kotak Bond Short Term Plan, also a Plan under Kotak Bond, is to provide reasonable returns and high level of liquidity by investing in debt instruments such as bonds, debentures and Government securities; and money market instruments such as treasury bills, commercial papers, certificates of deposit, including repos in permitted securities of different maturities, so as to spread the risk across different kinds of issuers in the debt markets.

The objective of Kotak Balance is aimed at exploiting the potential for capital appreciation of equity and the stable returns of debt while balancing the risks of equity with the comparative safety of debt. The basis and policy of investment underlying Kotak Balance are balancing growth with income generation.

The objective of Kotak 30 is to generate capital appreciation from a portfolio of predominantly equity and equity related securities. The portfolio generally comprises equity of not more than 30 companies at any point of time. The basis and policy of investment of Kotak 30 are to generate capital appreciation.

The objective of Kotak Tech is to generate capital appreciation from a portfolio of predominantly equity and equity related securities in the information technology sector. The performance of Kotak Tech is benchmarked against the BSE IT Index. The basis and policy of investment underlying Kotak Tech are to generate capital appreciation through investment in stocks in the IT sector.

The objective of Kotak MNC is to generate capital appreciation from a portfolio of predominantly equity and equity related securities issued by multinational companies. The basis and policy of investment of Kotak MNC are to generate capital appreciation by investing in stocks issued by multinational companies.

The objective of Kotak Liquid consisting of three plans, namely, Regular, Institutional and Institutional Premium Plan, is to provide reasonable returns and high level of liquidity by investing in debt and money market instruments, including repos in permitted securities of different maturities so as to spread the risk across different kinds of issuers in the debt markets. This Scheme is suitable for short-term investors who seek to diversify credit risk through a variety of debt and money market instruments. The basis and policy of investment underlying Kotak Liquid are to combine reasonable returns with a high level of liquidity.

The objective of Kotak Fixed Maturity Plans namely, Kotak FMP (6) and Kotak FMP (7) is to generate regular returns by investing in debt/money market and Government securities in such a way that the average maturity of the asset portfolio of a Plan does not exceed the maturity period of the Plan. The basis and policy of investment underlying these Plans are to generate regular returns by investing in debt/money market and Government securities.

The objective of Kotak Floater is to reduce the interest rate risk associated with investments in fixed rate instruments by investing predominantly in floating rate securities, money market instruments and using appropriate derivatives. The basis and policy of investment underlying Kotak Floater are to invest mainly in floating rate securities so that the interest rate risk associated with fixed rate instruments are reduced.

The objective of Kotak Income Plus is to enhance returns over a portfolio of debt instruments with a moderate exposure in equity and equity related instruments. The basis and policy of investment underlying Kotak Income Plus are to invest in debt securities, which aim at generating regular returns, and investing in equity and equity related securities for enhancement of the returns.

The objective of Kotak Dynamic Scheme is to maximise returns through an active management of a portfolio of debt and money market securities. The basis and policy underlying Kotak Dynamic Income are to invest in Government securities, corporate bonds and money market instruments depending on the view on the interest rates and spreads.

The objective of Kotak Global India is to generate capital appreciation from a diversified portfolio of predominantly equity and equity related securities issued by Globally Competitive Indian Companies. The basis and policy underlying Kotak Global India are to invest in stocks of such companies that are benefiting from two emerging trends i.e. increased outsourcing from India and expanding presence in the international markets.

The objective of Kotak FMP is to nearly eliminate interest rate risk, associated with investment in fixed rate debt instruments, for investors who remain invested in the Plan till its maturity. The basis and policy underlying Kotak FMP is to invest in debt/money market instruments and Government securities, maturing on or before the maturity of each Plan.

**STATUTORY WARNING: The price and redemption value of the Units, and income from them, can go up as well as down with the fluctuations in the market value of its underlying investments.**

### LIABILITY AND RESPONSIBILITY OF THE TRUSTEE AND THE SETTLOR

The Fund is constituted as a Trust, the Settlor thereof being Kotak Mahindra Bank Limited ('the Settlor') and the Trustee, Kotak Mahindra Trustee Company Limited ('the Trustee'). The Settlor, having by a Trust Deed vested the Trust in the Trustee with a contribution of Rs. 1 lakh to the corpus, has fulfilled its responsibility. The Fund is held in trust by the Trustee, who is responsible for the trust being managed in accordance with the Trust Deed. The Trustee is accountable for the Fund and the property of the respective Schemes, which it holds in trust for the benefit of the Unitholders in accordance with the Securities and Exchange Board of India ('SEBI') (Mutual Funds) Regulations, 1996 ('the Regulations') and the provisions of the Trust Deed. The Trustee has appointed the AMC to manage the Schemes. The Trustee is responsible for ensuring that the AMC fulfils the functions assigned to it under the Regulations and the Trust Deed. The Trustee's liability is discharged if it has performed its duties in good faith and after due diligence and care.

The Audit Committee comprising the independent Directors of the Board of Directors of the Trustee has been constituted pursuant to the circular MFD/CIR/010/024/2000 dated January 17, 2000 of SEBI. The scope of the Audit Committee is to periodically review the internal audit systems and the recommendations of the internal and statutory audit reports of the Fund and also to ensure that the rectifications as suggested by internal and external auditors of the Fund are acted upon. The Audit committee has had four meetings in the last financial year.

## Auditors' Report

To the Trustee of  
**KOTAK MAHINDRA MUTUAL FUND**

1. We have audited the Balance Sheet of **Kotak Mahindra Mutual Fund – Kotak Mahindra 30 Unit Scheme** (the "Scheme") as at March 31, 2004, and the related Revenue Account for the year ended on that date, both of which we have signed under reference to this report. These financial statements are the responsibility of the Trustee of Kotak Mahindra Mutual Fund and the Management of Kotak Mahindra Asset Management Company Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned at March 31, 2004 by correspondence with the custodian and others. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us:
  - 4.1 The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable and also give respectively, a true and fair view of the state of affairs of Kotak Mahindra Mutual Fund – Kotak Mahindra 30 Unit Scheme as at March 31, 2004 and its net surplus for the year ended on that date.
  - 4.2 The Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended on that date, together with the notes thereon, have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable.

**K. H. Vachha**  
*Partner*

For and on behalf of  
**PRICE WATERHOUSE**  
*Chartered Accountants*

Mumbai  
April 28, 2004

## Auditors' Report

To the Trustee of  
**KOTAK MAHINDRA MUTUAL FUND**

1. We have audited the Balance Sheet of **Kotak Mahindra Mutual Fund – Kotak Mahindra Balance Unit Scheme 99** (the "Scheme") as at March 31, 2004, and the related Revenue Account for the year ended on that date, both of which we have signed under reference to this report. These financial statements are the responsibility of the Trustee of Kotak Mahindra Mutual Fund and the Management of Kotak Mahindra Asset Management Company Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned at March 31, 2004 by correspondence with the custodian and others. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us:
  - 4.1 The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable and also give respectively, a true and fair view of the state of affairs of Kotak Mahindra Mutual Fund – Kotak Mahindra Balance Unit Scheme 99 as at March 31, 2004 and its net surplus for the year ended on that date.
  - 4.2 The Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended on that date, together with the notes thereon, have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable.
  - 4.3 The methods used to value non-traded and thinly traded securities as at March 31, 2004 as determined by Kotak Mahindra Asset Management Company Limited under procedures approved by the Trustee of Kotak Mahindra Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds issued by the Securities and Exchange Board of India, are fair and reasonable.

**K. H. Vachha**  
*Partner*

For and on behalf of  
**PRICE WATERHOUSE**  
*Chartered Accountants*

Mumbai  
April 28, 2004

## Auditors' Report

To the Trustee of  
**KOTAK MAHINDRA MUTUAL FUND**

1. We have audited the Balance Sheet of **Kotak Mahindra Mutual Fund – Kotak Mahindra Technology Scheme** (the "Scheme") as at March 31, 2004, and the related Revenue Account for the year ended on that date, both of which we have signed under reference to this report. These financial statements are the responsibility of the Trustee of Kotak Mahindra Mutual Fund and the Management of Kotak Mahindra Asset Management Company Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned at March 31, 2004 by correspondence with the custodian and others. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us:
  - 4.1 The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable and also give respectively, a true and fair view of the state of affairs of Kotak Mahindra Mutual Fund – Kotak Mahindra Technology Scheme as at March 31, 2004 and its net surplus for the year ended on that date.
  - 4.2 The Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended on that date, together with the notes thereon, have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable.
  - 4.3 The methods used to value non-traded and thinly traded securities as at March 31, 2004 as determined by Kotak Mahindra Asset Management Company Limited under procedures approved by the Trustee of Kotak Mahindra Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds, issued by the Securities and Exchange Board of India, are fair and reasonable.

**K. H. Vachha**  
*Partner*

For and on behalf of  
**PRICE WATERHOUSE**  
*Chartered Accountants*

Mumbai  
April 28, 2004

## Auditors' Report

To the Trustee of  
**KOTAK MAHINDRA MUTUAL FUND**

1. We have audited the Balance Sheet of **Kotak Mahindra Mutual Fund – Kotak Mahindra MNC Scheme** (the "Scheme") as at March 31, 2004, and the related Revenue Account for the year ended on that date, both of which we have signed under reference to this report. These financial statements are the responsibility of the Trustee of Kotak Mahindra Mutual Fund and the Management of Kotak Mahindra Asset Management Company Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned at March 31, 2004 by correspondence with the custodian and others. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us:
  - 4.1 The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable and also give respectively, a true and fair view of the state of affairs of Kotak Mahindra Mutual Fund – Kotak Mahindra MNC Scheme as at March 31, 2004 and its net surplus for the year ended on that date.
  - 4.2 The Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended on that date, together with the notes thereon, have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable.

**K. H. Vachha**  
*Partner*

For and on behalf of  
**PRICE WATERHOUSE**  
*Chartered Accountants*

Mumbai  
April 28, 2004

## Auditors' Report

To the Trustee of

### KOTAK MAHINDRA MUTUAL FUND

1. We have audited the Balance Sheet of **Kotak Mahindra Mutual Fund – Kotak Mahindra Income Plus Scheme** (the "Scheme") as at March 31, 2004, and the related Revenue Account for the period October 20, 2003 to March 31, 2004, both of which we have signed under reference to this report. These financial statements are the responsibility of the Trustee of Kotak Mahindra Mutual Fund and the Management of Kotak Mahindra Asset Management Company Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned at March 31, 2004 by correspondence with the custodian and others. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us:
  - 4.1 The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable and also give respectively, a true and fair view of the state of affairs of Kotak Mahindra Mutual Fund – Kotak Mahindra Income Plus Scheme as at March 31, 2004 and its net surplus for the period October 20, 2003 to March 31, 2004.
  - 4.2 The Balance Sheet as at March 31, 2004 and the Revenue Account for the period October 20, 2003 to March 31, 2004, together with the notes thereon, have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable.
  - 4.3 The methods used to value non-traded and thinly traded securities as at March 31, 2004 as determined by Kotak Mahindra Asset Management Company Limited under procedures approved by the Trustee of Kotak Mahindra Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds, issued by the Securities and Exchange Board of India, are fair and reasonable.

K. H. Vachha  
Partner

For and on behalf of  
**PRICE WATERHOUSE**  
Chartered Accountants

Mumbai  
April 28, 2004

## Auditors' Report

To the Trustee of

### KOTAK MAHINDRA MUTUAL FUND

1. We have audited the Balance Sheet of **Kotak Mahindra Mutual Fund – Kotak Mahindra Global India Scheme** (the "Scheme") as at March 31, 2004, and the related Revenue Account for the period December 22, 2003 to March 31, 2004, both of which we have signed under reference to this report. These financial statements are the responsibility of the Trustee of Kotak Mahindra Mutual Fund and the Management of Kotak Mahindra Asset Management Company Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned at March 31, 2004 by correspondence with the custodian and others. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us:
  - 4.1 The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable and also give respectively, a true and fair view of the state of affairs of Kotak Mahindra Mutual Fund – Kotak Mahindra Global India Scheme as at March 31, 2004 and its net deficit for the period December 22, 2003 to March 31, 2004.
  - 4.2 The Balance Sheet as at March 31, 2004 and the Revenue Account for the period December 22, 2003 to March 31, 2004, together with the notes thereon, have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable.
  - 4.3 The methods used to value non-traded and thinly traded securities as at March 31, 2004 as determined by Kotak Mahindra Asset Management Company Limited under procedures approved by the Trustee of Kotak Mahindra Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds, issued by the Securities and Exchange Board of India, are fair and reasonable.

K. H. Vachha  
Partner

For and on behalf of  
**PRICE WATERHOUSE**  
Chartered Accountants

Mumbai  
April 28, 2004



## Balance Sheet as at March 31, 2004

(Rs. Lacs)

Schedule	31.03.2004 31.03.2003				31.03.2004	31.03.2004
	Kotak 30 Unit Scheme	Kotak Balance Unit Scheme 99	Kotak Technology Scheme	Kotak MNC Scheme	Kotak Income Plus Scheme	Kotak Global India Scheme
<b>ASSETS</b>						
Investments	1	11,148.32 3,782.39	3,526.15 2,933.04	3,263.03 4,370.97	2,934.26 2,370.61	24,892.11 24,616.89
Deposits	2	100.00 112.89	100.00 95.39	30.88 87.03	100.00 50.00	500.00 350.00
Other Current Assets	3	1,855.64 192.84	193.34 50.73	1,480.78 27.55	317.70 16.98	4,531.27 5,105.59
Deferred Revenue Expenditure	4	-	11.08	64.85	13.41	241.20 979.09
		-	28.12	129.35	26.75	
<b>TOTAL</b>		<b>13,103.96</b> 4,088.12	<b>3,830.57</b> 3,107.28	<b>4,839.54</b> 4,614.90	<b>3,365.37</b> 2,464.34	<b>30,164.58</b> 31,051.57
<b>LIABILITIES</b>						
Unit Capital	5	6,886.91 3,390.30	2,853.95 3,037.01	12,102.76 16,169.93	2,350.27 3,502.03	28,831.89 31,358.75
Reserves and Surplus	6	5,693.71 539.85	898.25 30.21	(7,295.66) (11,569.57)	996.07 (1,049.18)	308.27 (1,362.88)
Current Liabilities and Provisions	7	523.34 157.97	78.37 40.06	32.44 14.54	19.03 11.49	1,024.42 1,055.70
<b>TOTAL</b>		<b>13,103.96</b> 4,088.12	<b>3,830.57</b> 3,107.28	<b>4,839.54</b> 4,614.90	<b>3,365.37</b> 2,464.34	<b>30,164.58</b> 31,051.57

	31.03.2004 31.03.2003				
	Kotak 30 Unit Scheme		Kotak Balance Unit Scheme 99	Kotak Technology Scheme	Kotak MNC Scheme
	Growth Option	Dividend Option			
<b>NET ASSET VALUE</b>					
Net Assets as per Balance Sheet (Total Assets Less Current Liabilities and Provisions) (Note 2.7)	2,671.86 385.98	9,908.76 3,544.17	3,752.20 3,067.22	4,807.10 4,600.36	3,346.34 2,452.85
Number of Units in Issue	10,608,927.999 3,329,639.81	58,260,244.966 30,573,385.481	28,539,521.151 30,370,154.182	121,027,559.708 161,699,257.777	23,502,727.284 35,020,340.067
Net Asset Value per Unit (Rs.)	25.185 11.592	17.008 11.592	13.147 10.100	3.972 2.845	14.238 7.004

	31.03.2004			31.03.2004	
	Kotak Income Plus Scheme		Kotak Global India Scheme	Growth Option	Dividend Option
	Growth Option	Monthly Dividend Option	Quarterly Dividend Option		
<b>NET ASSET VALUE</b>					
Net Assets as per Balance Sheet (Total Assets Less Current Liabilities and Provisions) (Note 2.7)	11,501.95	4,971.43	12,666.78	7,673.85	22,322.02
Number of Units in Issue	112,264,119.913	49,616,478.532	126,438,183.463	80,225,078.654	233,362,385.800
Net Asset Value per Unit (Rs.)	10.2454	10.0197	10.0182	9.565	9.565
Notes to the Financial Statements	10				

The schedules referred to herein form an integral part of the Balance Sheet  
This is the Balance Sheet referred to in our report of even date

**K.H. VACHHA**  
Partner

For and on behalf of  
**PRICE WATERHOUSE**  
Chartered Accountants

Mumbai  
Date: April 28, 2004.

For Kotak Mahindra Trustee Company Ltd.

**Girish Shredalal**  
Director

**Chandrashekhar Sathe**  
Director

Date: April 28, 2004.

For Kotak Mahindra Asset Management Company Ltd.

**Uday S. Kotak**  
Chairman  
**Rushabh Sheth**  
Fund Manager

**Romesh C. Khanna**  
Director  
**Sandesh Kirkire**  
Fund Manager

Date: April 28, 2004.

**Revenue Account for the year/period ended March 31, 2004**

(Rs. Lacs)

Schedule	01.04.2003 to 31.03.2004 01.04.2002 to 31.03.2003				20.10.2003 to 31.03.2004	22.12.2003 to 31.03.2004
	Kotak 30 Unit Scheme	Kotak Balance Unit Scheme 99	Kotak Technology Scheme	Kotak MNC Scheme	Kotak Income Plus Scheme	Kotak Global India Scheme
<b>INCOME AND GAINS</b>						
Dividends – Gross* (Note 2.4)	155.18 50.36	49.69 50.01	46.51 23.51	77.99 65.24	12.41	4.45
Interest 8	46.77 30.17	81.06 137.31	26.72 65.24	11.70 15.09	515.02	186.45
Net Profit on Sale/Redemption of Investments and Equity Options (Note 2.3 and 2.5)	3,963.73 33.63	1,155.09 -	828.18 -	751.76 -	80.51	-
Net Profit on Inter-scheme Sale of Investments (Note 2.3)	196.61 -	113.75 -	167.14 -	277.68 -	-	-
Other Income	- 0.12	- 1.26	- -	- 1.06	-	-
<b>TOTAL</b>	<b>4,362.29</b> 114.28	<b>1,399.59</b> 188.58	<b>1,068.55</b> 88.75	<b>1,119.13</b> 81.39	<b>607.94</b>	<b>190.90</b>
<b>EXPENSES AND LOSSES</b>						
Net Loss on Sale/Redemption of Investments and Equity Options (Note 2.3 and 2.5)	- -	- 37.03	- 221.35	- 165.71	-	256.37
Net Loss on Inter-scheme Sale of Investments (Note 2.3)	- 2.55	- 0.27	- 1.80	- 2.07	90.02	2.68
Investment Management Fees (Note 4)	99.07 39.67	43.72 48.62	47.98 54.92	41.52 35.59	92.39	59.13
Trusteeship Fees (Note 5)	3.99 2.41	1.76 3.19	2.45 4.13	1.67 2.32	4.25	2.83
Custodian Fees (Note 6)	5.43 4.56	2.30 4.49	3.47 6.75	2.74 4.22	1.82	1.85
Registrar/Transfer Agent Fees	19.16 7.14	8.69 8.80	20.35 11.67	10.03 6.46	15.20	11.76
Marketing Expenses (Note 11)	81.61 18.95	29.79 24.44	12.11 12.43	18.50 10.86	77.56	52.02
Audit Fees	1.50 1.50	1.50 1.50	1.50 1.50	1.50 1.50	1.50	1.50
Deferred Revenue Expenses Amortised (Note 2.6)	- -	17.04 17.00	64.50 64.33	13.34 13.30	17.11	34.39
Investor Communication Costs	4.54 3.31	3.60 2.85	37.34 32.33	10.54 9.67	5.70	4.06
Other Operating Expenses	11.13 1.85	5.30 1.80	5.53 2.46	4.87 1.56	9.40	5.42
	226.43 81.94	113.70 149.99	195.23 413.67	104.71 253.26	314.95	432.01
Less: Expenses to be Re-imbursed by the Investment Manager (Note 14)	(27.64) (0.05)	(9.21) -	(20.57) (9.11)	(8.33) (1.06)	(31.31)	(10.84)
<b>TOTAL</b>	<b>198.79</b> 81.89	<b>104.49</b> 149.99	<b>174.66</b> 404.56	<b>96.38</b> 252.20	<b>283.64</b>	<b>421.17</b>
Net Surplus/(Deficit) for the year/period	4,163.50 32.39	1,295.10 38.59	893.89 (315.81)	1,022.75 (170.81)	324.30	(230.27)
Net Change in Unrealised Appreciation/(Depreciation) in Value of Investments and Equity Options 9	1,567.00 (46.09)	190.66 65.48	749.72 (41.50)	1,328.54 (183.96)	108.70	(1,178.99)
Net Surplus/(Deficit) for the year/period including Net Change in Unrealised Appreciation/(Depreciation) in Value of Investments and Equity Options	5,730.50 (13.70)	1,485.76 104.07	1,643.61 (357.31)	2,351.29 (354.77)	433.00	(1,409.26)

\* Tax Deducted at Source Rs. Nil (2003 : Rs. 0.09 Lacs) in case of Kotak 30 Unit Scheme; Rs. Nil (2003 : Rs. 0.25 Lacs) in case of Kotak Balance Unit Scheme 99; Rs. Nil (2003 : Rs. 0.03 Lacs) in case of Kotak Technology Scheme and Rs. Nil (2003 : Rs. 0.21 Lacs) in case of Kotak MNC Scheme.

**Revenue Account for the year/period ended March 31, 2004 (Contd.)**

(Rs. Lacs)

Schedule	01.04.2003 to 31.03.2004 01.04.2002 TO 31.03.2003					
	Kotak 30 Unit Scheme			Kotak Balance Unit Scheme 99	Kotak Technology Scheme	Kotak MNC Scheme
	Growth Option	Dividend Option	Total			
Net Surplus/(Deficit) for the year/period including Net Change in Unrealised Appreciation/(Depreciation) in Value of Investments and Equity Options	1,080.77 (16.04)	4,649.73 2.34	5,730.50 (13.70)	1,485.76 104.07	1,643.61 (357.31)	2,351.29 (354.77)
Balance Transferred from Unit Premium Reserve (Note 2.8)	-	-	-	-	-	-
Balance Transferred from Income Equalisation Reserve (Note 2.9)	300.06 49.71	1,233.79 63.11	1,533.85 112.82	480.37 44.42	2,813.77 1,648.70	37.51 88.32
	1,380.83 33.67	5,883.52 65.45	7,264.35 99.12	1,966.13 148.49	4,457.38 1,291.39	2,388.80 (266.45)
Dividend Distribution	-	(3,548.99)	(3,548.99)	(1,072.00)	-	-
Balance transferred to Revenue Reserve	1,380.83 33.67	2,334.53 65.45	3,715.36 99.12	894.13 148.49	4,457.38 1,291.39	2,388.80 (266.45)

Schedule	20.10.2003 to 31.03.2004				22.12.2003 to 31.03.2004		
	Kotak Income Plus Scheme				Kotak Global India Scheme		
	Growth Option	Monthly Dividend Option	Quarterly Dividend Option	Total	Growth Option	Dividend Option	Total
Net Surplus/(Deficit) for the year/period including Net Change in Unrealised in Appreciation/(Depreciation) in Value of Investments and Equity Options	160.51	79.23	193.26	433.00	(366.99)	(1,042.27)	(1,409.26)
Balance Transferred from Unit Premium Reserve (Note 2.8)	-	33.58	62.40	95.98	-	-	-
Balance Transferred from Income Equalisation Reserve (Note 2.9)	64.27	16.00	49.90	130.17	24.80	33.64	58.44
	224.78	128.81	305.56	659.15	(342.19)	(1,008.63)	(1,350.82)
Dividend Distribution (including Dividend tax)	-	(119.73)	(282.62)	(402.35)	-	-	-
Balance transferred to Revenue Reserve	224.78	9.08	22.94	256.80	(342.19)	(1,008.63)	(1,350.82)

Notes to the Financial Statements 10

The schedules referred to herein form an integral part of the Revenue Account  
This is the Revenue Account referred to in our report of even date

**K.H. VACHHA**  
Partner

For and on behalf of  
**PRICE WATERHOUSE**  
Chartered Accountants

Mumbai  
Date: April 28, 2004.

For Kotak Mahindra Trustee Company Ltd.

**Girish Shredalal**  
Director

**Chandrashekhhar Sathe**  
Director

Date: April 28, 2004.

For Kotak Mahindra Asset Management Company Ltd.

**Uday S. Kotak**  
Chairman  
**Rushabh Sheth**  
Fund Manager

**Romesh C. Khanna**  
Director  
**Sandesh Kirkire**  
Fund Manager

Date: April 28, 2004.

## Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004.

(Rs. Lacs)

	31.03.2004 31.03.2003					
	Kotak 30 UnitScheme		Kotak Balance UnitScheme 99		Kotak Technology Scheme	
	Cost	Market Value	Cost	Market/ Fair Value	Cost	Market/ Fair Value
<b>Schedule 1</b>						
<b>Investments (Notes 2.2, 2.3, 7, 9, 10, 11, 12 and 15)</b>						
(Refer to the attached Statement of Portfolio Holding as at March 31, 2004)						
Equity Shares	9,586.82	11,148.32	2,423.41	2,558.64	2,958.19	3,263.03
	3,540.49	3,533.66	1,741.41	1,695.11	4,600.92	4,157.06
Debentures and Bonds	-	-	531.77	533.71	-	-
	-	-	1,051.93	1,040.28	-	-
Government Dated Securities	-	-	436.50	433.80	-	-
	-	-	17.35	18.56	-	-
Commercial Paper	-	-	-	-	-	-
	248.73	248.73	179.09	179.09	213.91	213.91
Treasury Bills	-	-	-	-	-	-
	-	-	-	-	-	-
	9,586.82	11,148.32	3,391.68	3,526.15	2,958.19	3,263.03
	3,789.22	3,782.39	2,989.78	2,933.04	4,814.83	4,370.97

	31.03.2004 31.03.2003					
	Kotak MNC Scheme		Kotak Income Plus Scheme		Kotak Global India Scheme	
	Cost	Market Value	Cost	Market/ Fair Value	Cost	Market/ Fair Value
<b>Schedule 1 (Continued)</b>						
<b>Investments (Notes 2.2, 2.3, 7, 9, 10, 11, 12 and 15)</b>						
(Refer to the attached Statement of Portfolio Holding as at March 31, 2004)						
Equity Shares	2,161.09	2,934.26	4,029.58	4,133.18	24,766.34	23,587.41
	2,816.26	2,260.89	-	-	-	-
Debentures and Bonds	-	-	15,240.63	15,239.95	1,029.54	1,029.48
	-	-	-	-	-	-
Government Dated Securities	-	-	5,513.20	5,518.98	-	-
	-	-	-	-	-	-
Commercial Paper	-	-	-	-	-	-
	-	-	-	-	-	-
Treasury Bills	-	-	-	-	-	-
	109.72	109.72	-	-	-	-
	2,161.09	2,934.26	24,783.41	24,892.11	25,795.88	24,616.89
	2,925.98	2,370.61	-	-	-	-

	31.03.2004 31.03.2003					
	Kotak 30 Unit Scheme	Kotak Balance Unit Scheme 99	Kotak Technology Scheme	Kotak MNC Scheme	Kotak Income Plus Scheme	Kotak Global India Scheme
	<b>Schedule 2</b>					
<b>Deposits</b>						
Deposits with Scheduled Bank	100.00	100.00	30.88	100.00	500.00	350.00
	112.89	95.39	87.03	50.00	-	-
	100.00	100.00	30.88	100.00	500.00	350.00
	112.89	95.39	87.03	50.00	-	-

## Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004. (Contd.)

(Rs. Lacs)

	31.03.2004					
	31.03.2003					
	Kotak 30 Unit Scheme	Kotak Balance Unit Scheme 99	Kotak Technology Scheme	Kotak MNC Scheme	Kotak Income Plus Scheme	Kotak Global India Scheme
<b>Schedule 3</b>						
<b>Other Current Assets</b>						
Balances with Banks and Reserve Bank of India in Current Account	404.87 68.23	16.36 6.88	11.21 9.26	2.56 5.76	60.27	325.40
Balances with Banks and Deposits against:						
– Unclaimed Dividends (Note 13)	0.90 2.26	0.05 0.06	– –	– –	–	–
– Unclaimed Redemption Proceeds (Note 13)	– –	– 0.25	0.30 0.48	0.17 0.16	–	–
Unit Subscription Receivable	– 0.06	–	– 0.01	–	–	–
Inter Scheme Receivable	28.45 5.29	20.71 –	–	0.08 –	506.01	4.78
Equity Options Margin Deposit (Note 2.5)	– 12.10	– 4.61	44.12 12.97	– –	–	–
Application Money Pending Allotment – Equity Shares	– –	– –	– –	– –	460.00	–
Sales Contracts Awaiting Completion – Equity Shares	136.58 100.84	95.05 –	1,017.66 –	15.20 –	295.49	366.54
– Equity Options	– 0.23	–	5.02 0.69	–	–	–
– Government Dated Securities	– –	–	–	–	2,073.16	–
Reverse Repos with Reserve Bank of India	1,252.85 –	27.53 –	385.49 –	286.37 –	474.98	4,336.78
Dividends Receivable	– –	0.63 –	–	3.62 8.09	–	–
Interest receivable on:						
– Debentures and Bonds	– –	17.71 36.02	–	–	518.74	58.28
– Government Dated Securities	– –	2.12 0.31	–	–	91.32	–
– Deposits/Stock Invest	3.68 1.38	3.28 1.30	4.20 1.30	0.73 0.65	8.06	2.54
Recoverable from Investment Manager	27.59 1.32	9.21 –	12.32 1.76	8.33 1.06	32.07	10.84
Tax Deducted at Source	0.09 0.09	0.25 0.25	0.03 0.03	0.21 0.21	–	–
Other Receivables	0.63 1.04	0.44 1.05	0.43 1.05	0.43 1.05	11.17	0.43
	<b>1,855.64</b> 192.84	<b>193.34</b> 50.73	<b>1,480.78</b> 27.55	<b>317.70</b> 16.98	<b>4,531.27</b>	<b>5,105.59</b>

### Schedule 4

#### Deferred Revenue Expenditure (Note 2.6)

At the beginning of the year/period	– –	28.12 45.12	129.35 193.68	26.75 40.05	258.31	1,013.48
Less: Amortised during the year/period	– –	17.04 17.00	64.50 64.33	13.34 13.30	17.11	34.39
At the end of the year/period	– –	11.08 28.12	64.85 129.35	13.41 26.75	241.20	979.09

## Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004. (Contd.)

	31.03.2004 31.03.2003							
	Kotak 30 Unit Scheme				Kotak Balance Unit Scheme 99		Kotak Technology Scheme	
	Growth Option		Dividend Option					
	No. of Units	(Rs. Lacs)	No. of Units	(Rs. Lacs)	No. of Units	(Rs. Lacs)	No. of Units	(Rs. Lacs)
<b>Schedule 5</b>								
<b>Unit Capital</b>								
Outstanding (Units of Rs. 10 each)								
At the beginning of the year/period	3,329,639.810	332.96	30,573,385.481	3,057.34	30,370,154.182	3,037.01	161,699,257.777	16,169.93
Issued during the year/period \$	35,073,302.269	3,507.33	98,657,524.502	9,865.75	24,848,571.946	2,484.86	21,068,360.989	2,106.84
	3,711,927.559	371.19	21,616,129.490	2,161.61	873,213.105	87.32	6,419,871.704	641.99
	38,402,942.079	3,840.29	129,230,909.983	12,923.09	55,218,726.128	5,521.87	182,767,618.766	18,276.77
	3,711,927.559	371.19	46,060,600.514	4,606.06	46,744,733.266	4,674.47	191,610,638.322	19,161.07
Redeemed during the year/period	(27,794,014.080)	(2,779.40)	(70,970,665.017)	(7,097.07)	(26,679,204.977)	(2,667.92)	(61,740,059.058)	(6,174.01)
	(382,287.749)	(38.23)	(15,487,215.033)	(1,548.72)	(16,374,579.084)	(1,637.46)	(29,911,380.545)	(2,991.14)
At the end of the year/period	10,608,927.999	1,060.89	58,260,244.966	5,826.02	28,539,521.151	2,853.95	121,027,559.708	12,102.76
	3,329,639.810	332.96	30,573,385.481	3,057.34	30,370,154.182	3,037.01	161,699,257.777	16,169.93
Total for the Scheme				6,886.91		2,853.95		12,102.76
				3,390.30		3,037.01		16,169.93

	31.03.2004 31.03.2003							
	Kotak MNC Scheme		Kotak Income Plus Scheme					
			Growth Option		Monthly Dividend Option		Quarterly Dividend Option	
	No. of Units	(Rs. Lacs)	No. of Units	(Rs. Lacs)	No. of Units	(Rs. Lacs)	No. of Units	(Rs. Lacs)
<b>Schedule 5 (Continued)</b>								
<b>Unit Capital</b>								
Outstanding (Units of Rs. 10 each)								
At the beginning of the year/period	35,020,340.067	3,502.03						
	39,076,032.276	3,907.60						
Issued during the year/period \$	27,741,358.241	2,774.14	167,021,257.286	16,702.13	77,273,892.582	7,727.39	145,613,500.773	14,561.35
	899,440.357	89.94						
	62,761,698.308	6,276.17	167,021,257.286	16,702.13	77,273,892.582	7,727.39	145,613,500.773	14,561.35
	39,975,472.633	3,997.54						
Redeemed during the year/period	(39,258,971.024)	(3,925.90)	(54,757,137.373)	(5,475.71)	(27,657,414.050)	(2,765.74)	(19,175,317.310)	(1,917.53)
	(4,955,132.566)	(495.51)						
At the end of the year/period	23,502,727.284	2,350.27	112,264,119.913	11,226.42	49,616,478.532	4,961.65	126,438,183.463	12,643.82
	35,020,340.067	3,502.03						
Total for the Scheme		2,350.27						28,831.89
		3,502.03						

	31.03.2004			
	Kotak Global India Scheme			
	Growth Option		Dividend Option	
	No. of Units	(Rs. Lacs)	No. of Units	(Rs. Lacs)
<b>Schedule 5 (Continued)</b>				
<b>Unit Capital</b>				
Outstanding (Units of Rs. 10 each)				
At the beginning of the year/period				
Issued during the year/period \$	112,323,718.545	11,232.37	269,261,576.854	26,926.16
	112,323,718.545	11,232.37	269,261,576.854	26,926.16
Redeemed during the year/period	(32,098,639.891)	(3,209.86)	(35,899,191.054)	(3,589.92)
At the end of the year/period	(80,225,078.654)	(8,022.51)	(233,362,385.800)	(23,336.24)
Total for the Scheme				31,358.75

Kotak Mahindra Asset Management Company Limited, the investment manager, holds 4,880,238.937 units in the Kotak Income Plus Scheme – Growth Option as at March 31, 2004.

\$ includes 72,959,490.00 units of Growth Option, 35,803,099.02 units of Monthly Dividend Option and 64,692,044.50 units of Quarterly Dividend Option of Kotak Income Plus Scheme and 103,111,547.20 units of Growth Option and 257,431,457.92 units of Dividend Option of Kotak Global India Scheme on initial issue and subscription.

## Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004. (Contd.)

(Rs. Lacs)

		31.03.2004 31.03.2003								
Kotak 30 Unit Scheme		Kotak Balance Unit Scheme 99	Kotak Techno- logy Scheme	Kotak MNC Scheme	Kotak Income Plus Scheme			Kotak Global India Scheme		
Growth Option	Dividend Option				Growth Option	Monthly Dividend Option	Quarterly Dividend Option	Growth Option	Dividend Option	
<b>Schedule 6</b>										
<b>Reserves and Surplus</b>										
<b>Unit Premium Reserve (Note 2.8)</b>										
At the beginning of the year/period	19.35	31.61	37.74	(4.42)	(1.38)	-	-	-	-	-
	-	5.64	80.17	(0.02)	(1.53)					
Added during the year/period	177.12	1,261.38	(26.09)	(183.47)	(343.55)	50.75	34.28	62.42	(6.47)	(5.59)
	19.35	25.97	(42.43)	(4.40)	0.15					
Transferred to Revenue Account	-	-	-	-	-	-	(33.58)	(62.40)	-	-
	-	-	-	-	-					
At the end of the year/period	196.47	1,292.99	11.65	(187.89)	(344.93)	50.75	0.70	0.02	(6.47)	(5.59)
	19.35	31.61	37.74	(4.42)	(1.38)					
<b>Income Equalisation Reserve (Note 2.9)</b>										
At the beginning of the year/period	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-					
Added during the year/period	300.06	1,233.79	480.37	2,813.77	37.51	64.27	16.00	49.90	24.80	33.64
	49.71	63.11	44.42	1,648.70	88.32					
	300.06	1,233.79	480.37	2,813.77	37.51	64.27	16.00	49.90	24.80	33.64
	49.71	63.11	44.42	1,648.70	88.32					
Transferred to Revenue Account	(300.06)	(1,233.79)	(480.37)	(2,813.77)	(37.51)	(64.27)	(16.00)	(49.90)	(24.80)	(33.64)
	(49.71)	(63.11)	(44.42)	(1,648.70)	(88.32)					
At the end of the year/period	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-					
<b>Revenue Reserve</b>										
At the beginning of the year/period	33.67	455.22	(7.53)	(11,565.15)	(1,047.80)	-	-	-	-	-
	-	389.77	(156.02)	(12,856.54)	(781.35)					
Balance transferred from Revenue Account	1,380.83	2,334.53	894.13	4,457.38	2,388.80	224.78	9.08	22.94	(342.19)	(1,008.63)
	33.67	65.45	148.49	1,291.39	(266.45)					
At the end of the year/period*	1,414.50	2,789.75	886.60	(7,107.77)	1,341.00	224.78	9.08	22.94	(342.19)	(1,008.63)
	33.67	455.22	(7.53)	(11,565.15)	(1,047.80)					
	1,610.97	4,082.74	898.25	(7,295.66)	996.07	275.53	9.78	22.96	(348.66)	(1,014.22)
	53.02	486.83	30.21	(11,569.57)	(1,049.18)					
Total for the Scheme		5,693.71	898.25	(7,295.66)	996.07			308.27		(1,362.88)
		539.85	30.21	(11,569.57)	(1,049.18)					

\* including unrealised appreciation/(depreciation) of Rs. 1,561.50 Lacs, Rs. 134.47 Lacs, Rs. 306.26 Lacs, Rs. 773.17 Lacs, Rs. 108.70 Lacs and (Rs. 1,178.99 Lacs) for Kotak 30 Unit Scheme, Kotak Balance Unit Scheme 99, Kotak Technology Scheme, Kotak MNC Scheme, Kotak Income Plus Scheme and Kotak Global India Scheme respectively.

## Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004 (Contd.)

(Rs. Lacs)

	31.03.2004					
	31.03.2003					
	Kotak 30 Unit Scheme	Kotak Balance Unit Scheme 99	Kotak Technology Scheme	Kotak MNC Scheme	Kotak Income Plus Scheme	Kotak Global India Scheme
<b>Schedule 7</b>						
<b>Current Liabilities and Provisions</b>						
Equity Options Premium Account (Note 2.5 and 16) (Refer to the attached Statement of Portfolio Holding as at March 31, 2004)	-	-	8.40	-	-	-
	0.65	0.24	0.81	-	-	-
Purchase Contracts Awaiting Completion						
- Equity Shares	387.45	10.69	-	-	921.05	927.40
	9.64	-	-	1.11	-	-
- Equity Options	-	-	-	-	-	-
	0.09	-	0.29	-	-	-
Calls Payable – Equity Shares	-	-	-	-	-	-
	-	3.19	-	-	-	-
Payable to Investment Manager						
- Investment Management Fees	12.28	4.40	4.38	3.63	26.89	28.89
	4.55	3.57	4.35	2.87	-	-
- Expenses	-	-	-	-	-	-
	-	0.03	-	-	-	-
Trusteeship Fees	0.51	0.18	0.22	0.15	1.25	1.38
	0.17	0.14	0.20	0.11	-	-
Custodian Fees	1.04	0.29	0.56	0.36	0.56	0.85
	0.50	0.35	0.57	0.32	-	-
Registrar/Transfer Agent Fees	2.50	1.02	3.16	1.23	4.54	5.49
	0.82	0.67	1.00	0.53	-	-
Audit Fees	1.42	1.42	1.42	1.42	1.42	1.42
	1.42	1.42	1.42	1.42	-	-
Marketing Expenses	67.78	6.13	2.94	4.94	36.77	62.01
	8.77	2.44	2.38	1.20	-	-
Redemption of Units	46.50	51.69	7.71	1.29	23.91	3.35
	92.33	25.80	2.28	3.19	-	-
Inter Scheme Payable	0.27	0.83	0.56	4.61	2.95	16.43
	-	-	-	-	-	-
Load Charges (Note 2.10)	0.26	0.56	#	0.15	0.01	0.06
	36.41	1.51	0.49	0.38	-	-
Unclaimed Dividends (Note 13)	0.90	0.05	-	-	-	-
	2.26	0.06	-	-	-	-
Unclaimed Redemption Proceeds (Note 13)	-	-	0.30	0.17	-	-
	-	0.25	0.48	0.16	-	-
Sundry Payables	2.43	1.11	2.79	1.08	5.07	8.42
	0.36	0.39	0.27	0.20	-	-
	<b>523.34</b>	<b>78.37</b>	<b>32.44</b>	<b>19.03</b>	<b>1,024.42</b>	<b>1,055.70</b>
	157.97	40.06	14.54	11.49	-	-

# Less than Rs. 0.01 Lacs.



## Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004 (Contd.)

(Rs. Lacs)

	01.04.2003 to 31.03.2004 01.04.2002 to 31.03.2003				20.10.2003 to 31.03.2004	22.12.2003 to 31.03.2004
	Kotak 30 Unit Scheme	Kotak Balance Unit Scheme 99	Kotak Technology Scheme	Kotak MNC Scheme	Kotak Income Plus Scheme	Kotak Global India Scheme
<b>Schedule 8</b>						
<b>Interest (Note 2.4)</b>						
Debentures and Bonds	0.27 0.26	40.70 63.30	1.97 0.87	0.01 -	127.99	0.22
Government Dated Securities	- 0.24	11.09 50.07	0.17 0.19	- 6.62	257.50	51.78
Commercial Paper	0.97 2.48	1.57 4.30	1.15 8.86	0.14 -	24.06	6.93
Treasury Bills	0.36 3.06	0.11 0.12	0.13 3.77	0.25 1.60	6.00	-
Collateralised Borrowing and Lending Obligation	0.67 -	- -	- -	- -	1.22	2.85
Reverse Repos	15.49 3.15	5.97 4.84	6.61 24.24	3.48 0.71	45.20	59.33
Money at Call	14.55 13.88	7.62 12.53	7.69 26.01	4.98 5.43	5.12	2.49
Application Money	- -	- -	- -	- -	0.81	-
Deposits/Stock Invest	14.46 7.10	14.00 2.15	9.00 1.30	2.84 0.73	47.12	62.85
	46.77 30.17	81.06 137.31	26.72 65.24	11.70 15.09	515.02	186.45

### Schedule 9

#### Unrealised Appreciation/(Depreciation) in Value of Investments and Equity Options

##### Equity Shares

At the beginning of the year/period	(6.83) 40.59	(46.30) (176.73)	(443.86) (401.96)	(555.37) (372.14)		
At the end of the year/period	1,561.50 (6.83)	135.23 (46.30)	304.84 (443.86)	773.17 (555.37)	103.60	(1,178.93)
Net Change in Unrealised Appreciation/(Depreciation) during the year/period	1,568.33 (47.42)	181.53 130.43	748.70 (41.90)	1,328.54 (183.23)	103.60	(1,178.93)

##### Debentures and Bonds

At the beginning of the year/period	- -	(11.65) (0.63)	- -	- -		
At the end of the year/period	- -	1.94 (11.65)	- -	- -	(0.68)	(0.06)
Net Change in Unrealised Appreciation/(Depreciation) during the year/period	- -	13.59 (11.02)	- -	- -	(0.68)	(0.06)

##### Government Dated Securities

At the beginning of the year/period	- -	1.21 55.69	- -	- 0.73		
At the end of the year/period	- -	(2.70) 1.21	- -	- -	5.78	-
Net Change in Unrealised Appreciation/(Depreciation) during the year/period	- -	(3.91) (54.48)	- -	- (0.73)	5.78	-

##### Equity Options

At the beginning of the year/period	1.33 -	0.55 -	0.40 -	- -		
At the end of the year/period	- 1.33	- 0.55	1.42 0.40	- -		
Net Change in Unrealised Appreciation/(Depreciation) during the year/period	(1.33) 1.33	(0.55) 0.55	1.02 0.40	- -		

Net Change in Unrealised Appreciation/(Depreciation) in Value of Investments and Equity Options during the year/period

	1,567.00 (46.09)	190.66 65.48	749.72 (41.50)	1,328.54 (183.96)	108.70	(1,178.99)
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## Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004 (Contd.)

### Schedule 10

#### Notes to the Financial Statements

##### 1. Organisation

Kotak Mahindra 30 Unit Scheme ("Kotak 30") (formerly known as Kotak Mahindra K 30 Unit Scheme) was launched on December 11, 1998 as an open-ended equity growth Scheme of KMMF, investing in a portfolio of predominantly equity and equity related securities with investment in, generally, not more than 30 stocks. Kotak 30 offers a Growth and Dividend Option.

Kotak Mahindra Balance Unit Scheme 99 ("Kotak Balance") (formerly known as Kotak Mahindra K Balance Unit Scheme 99) was launched on October 18, 1999 as an open-ended balanced Scheme of KMMF, investing in equity and equity related instruments, balanced with investment in debt and money market instruments.

Kotak Mahindra Technology Scheme ("Kotak Tech") (formerly known as Kotak Mahindra K Technology Scheme) and Kotak Mahindra MNC Scheme ("Kotak MNC") (formerly known as Kotak Mahindra K MNC Scheme) were launched on February 24, 2000, as open-ended equity growth Schemes of KMMF, with Kotak Tech investing in a portfolio of predominantly equity and equity related securities in the information technology sector and Kotak MNC investing in a portfolio of predominantly equity and equity related securities issued by multinational companies.

Kotak Mahindra Income Plus Scheme ("Kotak Income Plus") was launched on October 20, 2003, as an open-ended income Scheme of KMMF, investing not more than 20% in equity and equity related instruments and balance in debt and money market instruments. Kotak Income Plus offers a Growth, Monthly Dividend and Quarterly Dividend Option.

Kotak Mahindra Global India Scheme ("Kotak Global India") was launched on December 22, 2003, as an open-ended equity growth Scheme of KMMF, investing in equity and equity related securities of globally competitive Indian companies. Kotak Global India offers a Growth and Dividend Option.

Kotak Mahindra Mutual Fund ("KMMF") has been established as a Trust in accordance with the Indian Trusts Act, 1882, and is sponsored by Kotak Mahindra Bank Limited ("KMBL"). Kotak Mahindra Trustee Company Limited ("KMTC"), a company incorporated under the Companies Act, 1956, is the Trustee to KMMF by the Trust Deed entered into between KMBL and KMTC.

Kotak Mahindra Asset Management Company Limited ("KMAMC"), a company incorporated under the Companies Act, 1956, is a wholly owned subsidiary of KMBL and has been appointed as the asset management company ("Investment Manager").

##### 2. Significant Accounting Policies

###### 2.1. Basis of Accounting

The Schemes maintain their books of account on an accrual basis. These financial statements have been prepared in accordance with the Accounting Policies and Standards specified in the Ninth Schedule of The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, (the "Regulation"), and amendments thereto, as applicable.

###### 2.2. Portfolio Valuation

Investments are stated at market / fair value at the Balance Sheet date / date of determination. In valuing the Schemes' investments :

- (i) Traded equity securities are valued at the last quoted price on the National Stock Exchange of India Limited (NSE). With effect from December 09, 2003, the principal stock exchange for valuation of equity securities has been changed from the Bombay Stock Exchange (BSE) to National Stock Exchange of India Limited (NSE). However, if the securities are not listed on NSE, the securities are valued at the price quoted at the exchange where it is principally traded. 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 is used provided it is not more than thirty days prior to the valuation date.
- (ii) Traded debt securities are valued at the last quoted closing price on the principal exchange on which the security is traded. If no sale is reported at that time, the last quoted closing price is used, provided it is not more than fifteen days prior to the valuation date.
- (iii) When a security is not traded on any stock exchange on a particular valuation day, the value at which it was traded on NSE or any other stock exchange as the case may be, on the earliest previous day is used, provided that such day is not more than thirty days prior to the valuation date for equity shares and fifteen days for debt securities.
- (iv) Non-traded / thinly traded / privately placed equity securities including those not traded within thirty days and non-traded / thinly traded debt securities including those not traded within fifteen days are valued at fair value as per procedures determined by KMAMC and approved by the Trustee in accordance with the guidelines for valuation of securities for mutual funds, issued by the Securities and Exchange Board of India (SEBI) from time to time.
- (v) Government securities are valued at prices obtained from The Credit Rating Information Services of India Limited, in accordance with the guidelines for valuation of securities for mutual funds, issued by SEBI.
- (vi) Instruments bought on 'repo' basis are valued at the resale price after deduction of applicable interest up to the date of resale. Instruments sold on a 'repo' basis are adjusted for the difference between the repurchase price (after deduction of applicable interest up to the date of repurchase) and the value of the instrument.
- (vii) Commercial paper, collateralised borrowing and lending obligation and treasury bills are valued at cost plus accrued interest.

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 and equity options is determined separately for each category of investments and equity options. 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 and equity options is transferred to the revenue reserve.

## Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004 (Contd.)

### 2.3. *Securities Transactions*

Transactions for purchase and sale of investments are recognised as of the trade date. In determining the holding cost of investments and the gain or loss on sale of investments, the "average cost" method is followed.

### 2.4. *Investment Income*

Dividend and Interest income are recorded on an accrual basis.

### 2.5. *Equity Option Derivatives*

The Schemes enter into derivative transactions in equity options for the purpose of hedging and portfolio balancing.

- "Equity options margin deposits" representing the margins towards option contracts written by the Schemes are disclosed under "Other Current Assets".
- Premium paid / received on bought / written option contracts is debited / credited to "equity option premium account" and recorded as an asset / liability.
- When the option contracts are squared off before expiry, the difference between the premium paid and received on the squared off transactions is recognised in the revenue account. When the option contracts are exercised on or before expiry, the difference between the option settlement price as determined by the exchange and the premium is recognised in the revenue account. If more than one option contracts in respect of the same stock / index with the same strike price and expiry date to which the squared off / exercised contract pertains is outstanding at the time of square off / exercise of the contract, the weighted average method is followed for determining the gain or loss.
- Premium asset / liability in respect of options not exercised / squared off as on expiry date is transferred to revenue account.
- As at the Balance Sheet date / date of determination, all open option positions are valued at the last quoted price at the exchange where it is traded. Non traded equity option contracts are valued at fair value as per procedures determined by KMAMC and approved by the Trustee. The unrealised appreciation / depreciation on all open positions is considered for determining net asset value.

### 2.6. *Deferred Revenue Expenditure*

Initial issue costs comprise those costs directly associated with the issue of units of the Schemes and include brokerage / agents' commission, advertising and marketing costs, registrar expenses and printing and despatch costs. In accordance with the Offer Document, such costs have been charged at 1.5% each to Kotak Balance, Kotak Tech, Kotak MNC, at 1.49% to Kotak Income Plus and at 2.81% to Kotak Global India of the amount collected in the initial offer and are being amortised over a period of five years from the date of allotment of units under the respective Schemes.

### 2.7. *Net Asset Value for Growth / Dividend Options of Kotak 30, Kotak Income Plus and Kotak Global India*

The net asset value of the units of the above mentioned Schemes is determined separately for units issued under the Growth and Dividend Option. For reporting the net asset value of the Growth and Dividend options, daily income earned, including realised and unrealised gain or loss in the value of investments and expenses incurred by the Scheme are allocated to the options in proportion to the value of the net assets.

### 2.8. *Unit Premium Reserve*

Upon issue and redemption of units, the net premium or discount to the face value of units is adjusted against the unit premium reserve of the respective Scheme, after an appropriate portion of the issue proceeds and redemption payout is credited or debited respectively to the income equalisation reserve.

The unit premium reserve is available for dividend distribution except to the extent it is represented by unrealised net appreciation in value of investments.

### 2.9. *Income Equalisation Reserve*

Income equalisation reserve is maintained by crediting (or debiting) the income equalisation reserve account in respect of purchase of units (or redemption of units) by an appropriate amount, which represents the distributable income at the time of purchase (or redemption). The balance in the income equalisation reserve account is transferred to the revenue account at the end of the year / period.

### 2.10. *Load Charges*

Load collected is retained under a separate account in the respective Schemes and is used to meet the selling and distribution expenses of the Schemes of KMMF.

## 3. **Income Taxes**

No provision for Income tax has been made since the income of the Schemes is exempt under Section 10(23D) of the Income tax Act, 1961.

## 4. **Investment Management Fees**

The Schemes have paid / provided for investment management fees payable to KMAMC for managing the Scheme at an average annual rate of 1.24% for Kotak 30, 1.25% for Kotak Balance, 1.00% for Kotak Tech, 1.25% for Kotak MNC, 1.10% for Kotak Income Plus and 1.08% for Kotak Global India, of the average daily net assets (excluding the unamortised balance of deferred revenue expenditure) recorded by the respective Scheme.

## 5. **Trusteeship Fees**

In accordance with the Trust Deed dated May 20, 1996 between KMBL and KMTC and amendments thereto, the Trustee is entitled to annual remuneration of 0.05% per annum of the average daily net assets of KMMF or Rs. 1,500,000, whichever is higher. Such fee is allocated between the Schemes of KMMF considering the period of existence and the Scheme-wise proportion of average daily net assets.

## 6. **Custodian Fees**

Deutsche Bank AG provided custodial services for both equity and non-equity portfolios in Kotak 30, Kotak Balance, Kotak Tech and Kotak MNC till August 22, 2003.

With effect from August 23, 2003, ABN AMRO Bank NV provides custodial services to equity portfolios and Deutsche Bank AG provides custodial services to non-equity portfolios in Kotak 30, Kotak Balance, Kotak Tech Kotak MNC, Kotak Income Plus and Kotak Global India for which they receive custody fees including transaction and registration charges.

## Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004 (Contd.)

### 7. Custodian Confirmation

Confirmation has been received from Deutsche Bank AG and ABN AMRO Bank NV at the end of the year/period for the investments held by them.

### 8. Initial Contribution

The initial contribution of Rs. 100,000 made by KMBL is recorded in the books of account of KMTC.

### 9. Aggregate Appreciation and Depreciation in the value of Investments are as follows:

Scheme / Category of Investments	March 31, 2004		March 31, 2003	
	Appreciation (Rs. Lacs)	Depreciation (Rs. Lacs)	Appreciation (Rs. Lacs)	Depreciation (Rs. Lacs)
<b>Kotak 30</b>				
Equity Shares	1,708.36	146.86	132.55	139.38
Equity Options	-	-	1.33	-
<b>Kotak Balance</b>				
Equity Shares	286.57	151.34	83.74	130.04
Debentures and Bonds	1.94	-	1.46	13.11
Government Dated Securities	-	2.70	1.21	-
Equity Options	-	-	0.55	-
<b>Kotak Tech</b>				
Equity Shares	652.94	348.10	242.94	686.80
Equity Options	2.14	0.72	0.40	-
<b>Kotak MNC</b>				
Equity Shares	854.97	81.80	82.29	637.66
<b>Kotak Income Plus</b>				
Equity Shares	153.24	49.64		
Debentures and Bonds	6.23	6.91		
Government Dated Securities	10.28	4.50		
<b>Kotak Global India</b>				
Equity Shares	283.97	1,462.90		
Debentures and Bonds	-	0.06		

### 10. Illiquid Securities:

As at March 31, 2004, Kotak Tech held the following illiquid securities aggregating Rs. 5.01 Lacs.

Company Name	Kotak Tech	
	Fair Value (Rs. Lacs)	Percentage of Fair Value to Net Assets
Federal Technologies Ltd.	5.01	0.10
SRM Radiant Infotech Ltd.	0.00	N.A.
Virtual Dynamics Software Ltd.	0.00	N.A.

### 11. Disclosure Under Regulation 25(8) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended

- (i) Kotak Securities Limited and Kotak Mahindra Capital Company Limited, associate companies of KMAMC and Kotak Mahindra Bank Limited, the holding company of KMAMC were paid commission for procuring unit subscriptions for the Schemes, brokerage on purchase and sale of investments and / or charges on banking operations. The commission, brokerage and bank charges paid were at rates similar to those offered to other distributors / brokers / banks

(Rs. in Lacs)

Associate Company	Kotak 30	Kotak Balance	Kotak Tech	Kotak MNC	Kotak Plus Income	Kotak Global India
<u>Kotak Securities Limited</u>						
Commission on unit subscriptions	15.90	7.79	3.92	2.55	3.53	341.53
Brokerage on purchase and sale of investments	5.62	1.08	1.07	0.47	1.18	2.60
<u>Kotak Mahindra Capital Company Ltd.</u>						
Commission on unit subscriptions	#	-	-	-	-	-
<u>Kotak Mahindra Bank Ltd.</u>						
Commission on unit subscriptions	10.82	0.72	0.01	0.48	7.30	77.78
Charges on Banking Services	0.35	0.26	0.03	0.03	1.17	0.83

# : Less than Rs. 0.01 Lacs.

## Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004 (Contd.)

- (ii) During the year the Scheme has subscribed to the following issues of equity shares where Kotak Mahindra Capital Company Limited, an associate of KMAMC, was the lead manager / arranger to the issue.

Security	Amount subscribed (Rs. Lacs)					
	Kotak 30	Kotak Balance	Kotak Tech	Kotak MNC	Kotak Income Plus	Kotak Global India
Bank of Maharashtra	Nil	Nil	Nil	Nil	460.00	Nil
Biocon Ltd.	850.19	327.29	Nil	Nil	2,104.20	2,496.06
Dredging Corporation of India Ltd.	799.98	219.96	Nil	Nil	2,100.00	Nil
Hindustan Inks and Resins Ltd.	Nil	15.28	Nil	Nil	Nil	Nil
IBP Company Ltd.	93.00	155.00	Nil	Nil	62.00	Nil
Indian Petrochemicals Corporation Ltd.	736.07	332.96	Nil	Nil	2,138.61	Nil
Indraprastha Gas Ltd.	720.00	216.00	Nil	Nil	1,272.00	Nil
Maruti Udyog Ltd.	Nil	Nil	Nil	231.25	Nil	Nil
Oil and Natural Gas Corporation Ltd.	1,063.80	422.63	Nil	Nil	2,716.95	3,210.08
Patni Computer Systems Ltd.	805.00	322.00	414.00	Nil	2,024.00	2,530.00
T.V. Today Network Ltd.	912.00	458.38	Nil	Nil	2,148.90	Nil
UCO Bank	36.00	36.00	Nil	Nil	Nil	Nil

The investments were made solely on the basis of sound fundamentals of these companies.

### 12. Disclosure Under Regulation 25(11) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended

Kotak Mahindra Mutual Fund has made the following investments in companies which hold / have held units in excess of 5% of the net asset value of any scheme of Kotak Mahindra Mutual Fund.

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. Lacs)
Bajaj Auto Ltd.	Kotak Gilt Savings Plan	Kotak Global India Kotak Income Plus	1,165.13 266.96
Bharti Tele-Ventures Ltd.	Kotak Bond Short Term Plan	Kotak 30	75.64
Cummins India Ltd.	FMP (1)	Kotak Global India Kotak MNC	1,258.18 10.16
Dr. Reddy's Laboratories Ltd.	Kotak FMP(8)	Kotak Balance Kotak Global India Kotak 30	70.47 161.46 135.19
Export-Import Bank of India	Kotak Bond Short Term Plan	Kotak Bond Kotak Bond Short Term Plan Kotak Liquid	10,685.43 9,709.55 11,367.03
Finolex Cables Ltd.	Kotak Floater	Kotak Bond Short Term Plan Kotak Liquid	2,500.00 9,000.00
Finolex Industries Ltd.	Kotak Floater	Kotak Bond Short Term Plan Kotak Liquid	500.00 2,000.00
Global Trade Finance Private Ltd.	Kotak Dynamic Income	Kotak Liquid	5,200.00
HCL Technologies Ltd.	Kotak Bond Short Term Plan	Kotak 30 Kotak Tech	129.42 221.56
HDFC Bank Ltd.	Kotak Gilt Savings Plan	Kotak 30 Kotak Liquid	295.69 19,960.96
HDFC Ltd.	Kotak Floater	Kotak Bond Kotak Bond Short Term Plan Kotak Dynamic Income Kotak Liquid	6,153.73 10,663.15 1,020.14 11,964.92

## Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004 (Contd.)

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. Lacs)
Hindalco Industries Ltd.	Kotak Floater	Kotak Balance Kotak Bond Kotak 30	65.28 994.45 340.08
ICICI Bank Ltd.	Kotak Liquid	Kotak Bond Short Term Plan Kotak Floater Kotak 30 Kotak Liquid	4,442.39 812.90 558.45 32,171.15
ICICI Securities and Finance Company Ltd.	Kotak Bond Short Term Plan	Kotak Bond Short Term Plan Kotak Liquid	4,389.31 7,000.00
Idea Cellular Ltd.	Kotak Bond Short Term Plan	Kotak Bond Short Term Plan Kotak Liquid	1,003.49 2,008.40
Indian Aluminium Company Ltd.	Kotak Liquid	Kotak Bond Kotak Liquid	1,500.00 4,500.00
Indo Gulf Fertiliser Ltd.	Kotak Floater	Kotak Balance Kotak 30	58.78 60.57
Industrial Development Bank of India	Kotak Bond Short Term Plan Kotak Liquid	Kotak Bond Kotak Bond Short Term Plan Kotak Floater Kotak 30 Kotak Income Plus Kotak Liquid	10,349.01 12,311.62 3,406.98 81.29 1,527.10 15,045.58
Infosys Technologies Ltd.	Kotak Liquid	Kotak Balance Kotak Global India Kotak 30 Kotak Income Plus Kotak Tech	73.90 677.97 697.68 304.92 931.39
Infrastructure Development Finance Company Ltd.	Kotak Dynamic Income	Kotak Bond Kotak Liquid	4,490.06 6,426.95
ITC Ltd.	Kotak Liquid	Kotak Balance Kotak 30 Kotak Income Plus Kotak MNC	21.05 1,028.71 258.18 519.23
Kotak Mahindra Bank Ltd.	Kotak Liquid	Kotak Liquid	2,495.12
Larsen and Toubro Ltd.	Kotak MNC	Kotak Bond Kotak Bond Short Term Plan Kotak Global India Kotak 30 Kotak Liquid	566.51 3,536.00 1,288.54 809.76 9,434.13
LIC Housing Finance Ltd.	Kotak Floater	Kotak Bond Kotak Bond Short Term Plan Kotak Dynamic Income	12,268.85 1,642.00 545.77
Mahindra and Mahindra Ltd.	Kotak Dynamic Income	Kotak Bond Kotak 30 Kotak Income Plus Kotak Liquid	1,854.62 534.40 784.97 1,300.00
Maruti Udyog Ltd.	Kotak Bond Short Term Plan	Kotak Global India Kotak 30 Kotak Income Plus Kotak MNC	817.04 536.83 219.90 680.00

## Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004 (Contd.)

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. Lacs)
Power Trading Corporation of India Ltd.	Kotak FMP(8)	Kotak 30	88.80
Raymond Ltd.	Kotak Dynamic Income	Kotak Bond Kotak Liquid Kotak Global India	1,000.00 500.00 333.66
Sun Pharmaceuticals Industries Ltd.	Kotak FMP(8)	Kotak Global India Kotak 30	1,300.86 154.48
Tata Motors Ltd.	Kotak Floater	Kotak Bond Short Term Plan Kotak 30	1,487.84 772.74
TVS Motor Company Ltd.	Kotak Floater	Kotak 30	330.12
UCO Bank	Kotak Dynamic Income	Kotak Balance Kotak 30	1.40 1.40
Union Bank of India	Kotak Floater	Kotak Bond Short Term Plan	1,018.51
UTI Bank Ltd.	Kotak Floater	Kotak Bond Kotak Bond Short Term Plan Kotak Liquid	555.85 929.81 13,341.97
Wipro Ltd.	Kotak Bond Short Term Plan	Kotak Tech	438.78

Kotak Gilt : Kotak Mahindra Gilt Unit Scheme '98

Kotak Floater : Kotak Mahindra Floating Rate Scheme

Kotak Bond : Kotak Bond Wholesale, Deposit and Institutional Plans

Kotak Dynamic Income : Kotak Mahindra Dynamic Income Scheme

Kotak Liquid : Kotak Mahindra Liquid Scheme

FMP(1) : Kotak Mahindra Fixed Maturity Plans - FMP(1)

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

### 13. Unclaimed Dividends and Redemption Proceeds

As at March 31, 2004, unclaimed dividends are payable to 39 investors and 4 investors in case of Kotak 30 and Kotak Balance respectively, and unclaimed redemption proceeds are payable to 5 investors and 3 investors in case of Kotak Tech and Kotak MNC respectively.

### 14. Income / Expenditure

The total income (including net change in unrealised appreciation / (depreciation) in value of investments and equity options and net profit/loss on sale/redemption of investments and equity options) and total expenses (excluding deferred revenue expenditure amortised) during the year / period are:

Scheme	Total Income (Rs. Lacs)	Percentage of average daily net assets	Total Expenses	Percentage of average daily net assets
Kotak 30	5,929.29	74.53	198.79	2.50
Kotak Balance	1,590.25	45.34	87.45	2.49
Kotak Tech	1,818.27	37.25	110.16	2.25
Kotak MNC	2,447.67	73.44	83.04	2.49
Kotak Income Plus	626.62	7.38*	176.51	2.08*
Kotak Global India	(1,247.14)	(22.09)*	127.73	2.26*

\* Annualised

Actual expenses aggregating Rs. 27.64 Lacs, Rs. 9.21 Lacs, Rs. 20.57 Lacs, Rs. 8.33 Lacs, Rs. 31.31 Lacs and Rs. 10.84 Lacs of Kotak 30, Kotak Balance, Kotak Tech, Kotak MNC, Kotak Income Plus and Kotak Global India respectively, being the excess over the above mentioned percentages of the average daily net assets of the Schemes have been borne by the Investment Manager.

## Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004 (Contd.)

### 15. Aggregate Value of Purchases and Sales of Investments

The aggregate value of investments purchased (including amortisation) and sold (including redemptions) during the year / period are:

Scheme	Purchases (Rs. Lacs)	Percentage of average daily net assets	Sales (Rs. Lacs)	Percentage of average daily net assets
Kotak 30	33,094.37	416.00	31,457.11	395.42
Kotak Balance	10,267.97	292.76	11,134.91	317.48
Kotak Tech	6,239.65	127.81	9,081.60	186.03
Kotak MNC	3,885.51	116.58	5,679.84	170.42
Kotak Income Plus	116,107.75	452.87	91,314.83	356.17
Kotak Global India	53,810.51	161.55	27,755.58	83.33

### 16. Equity Option Derivatives Disclosures

Notional value of option contracts written by the Scheme and outstanding as on March 31, 2004 aggregates Rs 319.36 Lacs for Kotak Tech.

Net profit/(loss) on options transactions recognised in the revenue account aggregates Rs. (44.11 Lacs), Rs. 0.83 Lacs, Rs. 8.73 Lacs, Rs. 1.62 Lacs and Rs. (3.70 Lacs) for Kotak 30, Kotak Balance, Kotak Tech, Kotak MNC and Kotak Income Plus respectively.

### 17. Historical Per unit Statistics : Please see page 25.

### 18. Previous Year's Figures

Previous year's figures have been shown in italics below the current year figures and have been re-grouped / rearranged wherever appropriate. As these are the first financial statements for Kotak Income Plus and Kotak Global India, since the date of commencement, there are no comparative figures for the previous year for these Schemes.

Signatures to Schedules 1 to 10 forming part of the Balance Sheet and Revenue Account

**K.H. VACHHA**

*Partner*

For and on behalf of

**PRICE WATERHOUSE**

*Chartered Accountants*

Mumbai

Date: April 28, 2004.

**For Kotak Mahindra Trustee Company Ltd.**

**Girish Shredalal**

*Director*

**Chandrashekhhar Sathe**

*Director*

Date: April 28, 2004.

**For Kotak Mahindra Asset Management Company Ltd.**

**Uday S. Kotak**

*Chairman*

**Rushabh Sheth**

*Fund Manager*

Date: April 28, 2004.

**Romesh C. Khanna**

*Director*

**Sandesh Kirkire**

*Fund Manager*



## Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004 (Contd.)

### 17. Historical Per Unit Statistics\*

Scheme	Kotak 30			Kotak Balance			Kotak Tech			Kotak MNC			Kotak Income Plus	Kotak Global India
	01.04.03 31.03.04	01.04.02 31.03.03	01.04.01 31.03.02	01.04.03 31.03.04	01.04.02 31.03.03	01.04.01 31.03.02	01.04.03 31.03.04	01.04.02 31.03.03	01.04.01 31.03.02	01.04.03 31.03.04	01.04.02 31.03.03	01.04.01 31.03.02	20.10.03 31.03.04	22.12.03 31.03.04
a) Net Asset Value per unit at the end of year/period			11.619	13.147	10.100	9.835	3.972	2.845	3.058	14.238	7.004	7.997		
Growth Option	25.185	11.592											10.2454	9.565
Dividend Option	17.008	11.592												9.565
Monthly Dividend Option													10.0197	
Quarterly Dividend Option													10.0182	
b) Gross Income per unit														
1) Income other than profit on sale of investments	0.293	0.238	0.377	0.458	0.621	0.546	0.061	0.055	0.076	0.382	0.232	0.205	0.1829	0.061
2) Income (net) from profit on inter scheme sale / transfer of investments	0.285	(0.008)	(0.003)	0.399	(0.001)	0.043	0.138	(0.001)	0.001	1.181	(0.006)	0.003	(0.0312)	(0.001)
3) Income (net) from profit on sale of investments to third parties	5.755	0.099	(3.658)	4.047	(0.122)	(0.778)	0.684	(0.137)	(4.492)	3.199	(0.473)	(1.394)	0.0279	(0.082)
4) Transfer to revenue account from past year's reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
c) Aggregate expenses, amortisation and charges per unit	0.289	0.234	0.305	0.366	0.371	0.288	0.144	0.112	0.103	0.410	0.241	0.233	0.0671	0.052
d) Net income per unit (b - c)	6.044	0.095	(3.589)	4.538	0.127	(0.477)	0.739	(0.195)	(4.518)	4.352	(0.488)	(1.419)	0.1125	(0.074)
e) Net change in unrealised appreciation/ (depreciation) in the value of investments per unit	2.275	(0.136)	3.491	0.668	0.216	1.689	0.619	(0.026)	4.057	5.653	(0.525)	0.976	0.0377	(0.376)
f) Repurchase prices during the year/period														
<b>Highest :</b>			13.329	15.559	10.538	9.937	4.846	3.396	3.911	15.745	8.622	8.609		
Growth Option	26.477	12.229											10.3488	10.108
Dividend Option	22.391	12.273												10.108
Monthly Dividend Option													10.2986	
Quarterly Dividend Option													10.3488	
<b>Lowest :</b>			9.268	10.120	9.286	7.955	2.343	2.588	1.863	7.034	7.004	6.702		
Growth Option	11.559	11.551											9.9745	9.380
Dividend Option	11.559	10.375												9.380
Monthly Dividend Option													9.8964	
Quarterly Dividend Option													9.8948	
g) Resale prices during the year/period														
<b>Highest :</b>			13.562	15.831	10.722	10.111	4.943	3.455	3.979	16.021	8.772	8.760		
Growth Option	27.007	12.443											10.4008	10.310
Dividend Option	22.839	12.488												10.310
Monthly Dividend Option													10.3499	
Quarterly Dividend Option													10.4008	
<b>Lowest :</b>			9.430	10.297	9.449	8.094	2.384	2.633	1.896	7.157	7.126	6.819		
Growth Option	11.761	11.753											10.0000	9.568
Dividend Option	11.761	10.557												9.567
Monthly Dividend Option													9.9461	
Quarterly Dividend Option													9.9445	
h) Price earnings ratio	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
i) Ratio of expenses to average net assets	2.50%	2.50%	2.50%	2.49%	2.44%	2.48%	2.25%	2.25%	2.25%	2.49%	2.47%	2.48%	** 2.08%	** 2.26%
j) Ratio of gross income to average net assets #	74.53%	2.07%	1.69%	45.34%	5.52%	14.82%	37.25%	(3.38)%	(11.78)%	73.44%	(9.39)%	(2.61)%	** 7.38%	** (22.09)%

All figures are in Rs. per unit.

\* The above per unit calculations are based on the number of units outstanding at the end of the year/period.

\*\* Annualised.

# Including net profit / (loss) on sale/redemption of investments and net change in unrealised appreciation/ (depreciation) in value of investments.

## Statement of Portfolio Holding as at March 31, 2004

(Referred to in Schedule 1 to the Balance Sheet as at March 31, 2004)

### KOTAK MAHINDRA 30 UNIT SCHEME

Company's Name	Quantity	Market/Fair Value (Rs. Lacs)	Market/Fair Value (Rs. Lacs)	Percentage
<b>EQUITY SHARES (100%)</b>				
<b>Banks</b>				
State Bank of India	1,90,000	1,151.11		
Punjab National Bank	1,52,300	509.21		
Federal Bank Ltd.	68,825	255.38	1,915.70	17.18
<b>Pharmaceuticals</b>				
Lupin Ltd.	1,07,659	699.73		
Cadila Healthcare Ltd.	1,25,000	567.63		
Divis Laboratories Ltd.	15,000	217.85	1,485.21	13.32
<b>Heavy Electrical Equipment</b>				
Bharat Heavy Electricals Ltd.	1,77,000		1,069.70	9.60
<b>Electrical Components and Equipment</b>				
Bharat Electronics Ltd.	1,08,080	536.78		
Siemens Ltd.	49,500	486.41	1,023.19	9.18
<b>Integrated Telecommunication Services</b>				
Bharti Tele-Ventures Ltd.	5,23,235		815.20	7.31
<b>Oil and Gas Exploration and Production</b>				
Oil and Natural Gas Corporation Ltd.	46,610	391.84		
Indian Oil Corporation Ltd.	75,000	372.08	763.92	6.85
<b>Industrial Conglomerates</b>				
Grasim Industries Ltd.	65,000		694.20	6.23
<b>Oil and Gas Refining and Marketing</b>				
Hindustan Petroleum Corporation Ltd.	99,625		505.25	4.53
<b>Commodity Chemicals</b>				
Indian Petrochemical Corporation Ltd.	2,66,500		485.03	4.35
<b>Construction Materials</b>				
Associated Cement Companies Ltd.	1,85,000		471.10	4.23
<b>Automobile Manufacturers</b>				
Mahindra and Mahindra Ltd.	80,000		371.68	3.33
<b>Agricultural Products</b>				
Balrampur Chini Mills Ltd.	1,20,809		367.20	3.29
<b>Telecommunications Equipment</b>				
Tata Telecom Ltd.	1,61,862		333.84	3.00
<b>Steel</b>				
Sesa Goa Ltd.	50,000		239.25	2.15
<b>Packaged Foods</b>				
Nestle India Ltd.	30,000		189.75	1.70
<b>IT Consulting and Services</b>				
Infosys Technologies Ltd.	3,500		172.84	1.55
<b>Tobacco</b>				
ITC Ltd.	15,000		156.46	1.40
<b>Electric Utilities</b>				
Power Trading Corporation of India Ltd. \$	5,55,000		88.80	0.80
Total Investment at Market Value			11,148.32	100.00
(Total Cost Rs.9,586.82 Lacs)				

\$ Valued at Issue price pending listing as at March 31, 2004.

## Statement of Portfolio Holding as at March 31, 2004 (Contd.)

(Referred to in Schedule 1 to the Balance Sheet as at March 31, 2004)

### KOTAK MAHINDRA BALANCE UNIT SCHEME 99

Company's Name	Quantity	Market/Fair Value (Rs. Lacs)	Market/Fair Value (Rs. Lacs)	Percentage
<b>EQUITY SHARES (72.56%)</b>				
<b>Banks</b>				
State Bank of India	25,000	151.46		
Federal Bank Ltd	23,000	85.34		
Vijaya Bank	1,21,080	<u>74.40</u>	311.20	12.16
<b>Pharmaceuticals</b>				
IPCA Laboratories Ltd.	18,000	117.06		
Lupin Ltd.	18,000	<u>116.99</u>	234.05	9.15
<b>Fertilizers and Agricultural Chemical</b>				
EID Parry (India) Ltd.	95,942	191.88		
Coromandel Fertilisers Ltd.	30,366	<u>32.61</u>	224.49	8.77
<b>Electrical Components and Equipment</b>				
Siemens Ltd.	22,500		221.10	8.64
<b>Agricultural Products</b>				
Balrampur Chini Mills Ltd.	67,000		203.65	7.96
<b>Steel</b>				
Tata Sponge Iron Ltd.	1,20,848	106.71		
Tata Iron and Steel Company Ltd.	25,000	<u>95.91</u>	202.62	7.92
<b>Heavy Electrical Equipment</b>				
Bharat Heavy Electricals Ltd.	30,000		181.31	7.09
<b>Oil and Gas Refining and Marketing</b>				
Hindustan Petroleum Corporation Ltd.	17,500	88.75		
IBP Company Ltd.	9,830	<u>57.79</u>	146.54	5.73
<b>Construction Materials</b>				
Shree Cement Ltd.	97,737		137.22	5.36
<b>Oil and Gas Exploration and Production</b>				
Dredging Corporation of India Ltd.	25,000		127.54	4.99
<b>Industrial Conglomerates</b>				
Grasim Industries Ltd.	10,000		106.80	4.17
<b>Automobile Manufacturers</b>				
Eicher Motors Ltd.	38,340		86.03	3.36
<b>Gas Utilities</b>				
GAIL (India) Ltd.	40,000		85.28	3.33
<b>Auto Parts and Equipment</b>				
Ucal Fuel Systems Ltd.	27,000		72.70	2.84
<b>Auto Ancillary</b>				
MRF Ltd.	4,157		61.71	2.41
<b>Footwear</b>				
Bata India Ltd.	1,15,153		61.15	2.39
<b>Electric Utilities</b>				
Gujarat Industries Power Company Ltd.	1,20,000		57.00	2.23
<b>Household Appliances</b>				
Voltas Ltd.	32,754		38.25	1.50
(Cost Rs.2,423.41 Lacs)			<u>2,558.64</u>	<u>100.00</u>
	Face Value (Rs. Lacs)			
<b>DEBENTURES AND BONDS (15.14%)</b>				
<b>Diversified Financial Services</b>				
7.65% Indian Railway Finance Corporation Ltd. *	500.00		533.71	100.00
(Cost Rs.531.77 Lacs)			<u>533.71</u>	<u>100.00</u>
<b>GOVERNMENT DATED SECURITIES (12.30%)</b>				
7.27% Government Stock 2013	375.00		433.80	100.00
(Cost Rs.436.50 Lacs)			<u>433.80</u>	<u>100.00</u>
Total Investment at Market Value			<b>3,526.15</b>	
(Total Cost Rs.3,391.68 Lacs)				

\* Fair valued as per procedures determined by Kotak Mahindra Asset Management Company Limited and approved by the Trustee in accordance with the guidelines for valuation of securities for mutual funds issued by the Securities and Exchange Board of India from time to time.  
Aggregate fair value of non-traded investments as at March 31, 2004 is Rs. 533.71 Lacs.

## Statement of Portfolio Holding as at March 31, 2004 (Contd.)

(Referred to in Schedule 1 to the Balance Sheet as at March 31, 2004)

### KOTAK MAHINDRA TECHNOLOGY SCHEME

Company's Name	Quantity	Market/Fair Value (Rs. Lacs)	Market/Fair Value (Rs. Lacs)	Percentage
<b>EQUITY SHARES (100%)</b>				
<b>IT Consulting and Services</b>				
Infosys Technologies Ltd. ^	16,000	790.11		
Wipro Ltd.	34,500	469.61		
e-Serve International Ltd.	47,668	288.94		
Satyam Computers Services Ltd. ^^	85,000	249.60		
Hughes Software Systems Ltd.	35,000	181.46		
Mphasis BFL Ltd.	32,140	174.70		
I-Flex Solutions Ltd.	28,240	161.88		
Visualsoft Technologies Ltd.	1,00,000	145.35		
HCL Technologies Ltd.	54,104	134.02		
Geometric Software Solutions Company Ltd.	20,000	98.99		
NIIT Ltd.	53,000	95.40		
Infotech Enterprises Ltd.	51,500	57.37		
Four Soft Ltd.	1,81,400	41.72		
Federal Technologies Ltd. *	48,000	5.01		
SRM Radiant Infotech Ltd. # @ \$ *	2,00,000	0.00		
Virtual Dynamics Software Ltd. @ \$ *	2,00,000	0.00	2,894.16	88.70
<b>Computer Hardware</b>				
CMC Ltd.	41,345	204.26		
HCL Infosystems Ltd.	24,800	164.61	368.87	11.30
Total Investment at Market Value			3,263.03	100.00
(Total Cost Rs.2,958.19 Lacs)				
<b>EQUITY DERIVATIVES</b>				
<b>Written Options</b>				
Infosys Technologies Ltd. - 5200.00 - Call Option - April 2004			(5.72)	68.10
Satyam Computer Services Ltd. - 320.00 - Call Option - April 2004			(1.57)	18.69
Satyam Computer Services Ltd. - 310.00 - Call Option - April 2004			(0.75)	8.93
Satyam Computer Services Ltd. - 330.00 - Call Option - April 2004			(0.36)	4.28
(Premium Rs.9.82 Lacs)			(8.40)	100.00

@ Privately Placed Securities

# Unlisted Security

\$ Illiquid Securities

\* Fair valued as per procedures determined by Kotak Mahindra Asset Management Company Limited and approved by the Trustee in accordance with the guidelines for valuation of securities for mutual funds issued by the Securities and Exchange Board of India from time to time.

Aggregate fair value of non-traded investments as at March 31, 2004 is Rs. 5.01 Lacs.

^ Of the above 4,000 shares have been held as underlying against open written options.

^^ Of the above 34,800 shares have been held as underlying against open written options.

## Statement of Portfolio Holding as at March 31, 2004 (Contd.)

(Referred to in Schedule 1 to the Balance Sheet as at March 31, 2004)

### KOTAK MAHINDRA MNC SCHEME

Company's Name	Quantity	Market Value (Rs. Lacs)	Market Value (Rs. Lacs)	Percentage
<b>EQUITY SHARES (100%)</b>				
<b>Pharmaceuticals</b>				
Aventis Pharma Ltd.	48,000	343.80		
Glaxosmithkline Pharma Ltd.	36,000	218.43		
Novartis India Ltd.	49,790	188.43		
Burrough Wellcome (India) Ltd.	14,090	113.45		
Pfizer Ltd.	24,034	109.51	973.62	33.18
<b>Auto Parts and Equipment</b>				
Motor Industries Co Ltd.	1,817	244.14		
Ucal Fuel Systems Ltd.	39,550	106.49	350.63	11.95
<b>Heavy Electrical Equipment</b>				
Asea Brown Boveri Ltd.	33,492	266.98		
Igarashi Motors India Ltd.	78,169	51.12	318.10	10.84
<b>Electrical Components and Equipment</b>				
Siemens Ltd.	31,000		304.62	10.38
<b>Automobile Manufacturers</b>				
Maruti Udyog Ltd.	35,400		176.10	6.00
<b>Personal Products</b>				
Procter and Gamble Hygiene and Health Care Ltd.	39,982		163.91	5.59
<b>Motorcycle Manufacturers</b>				
Hero Honda Motors Ltd.	27,650		135.65	4.62
<b>Industrial Machinery</b>				
Fag Bearings India Ltd.	80,407	84.47		
Alfa Laval (India) Ltd.	5,400	27.57	112.04	3.82
<b>Hotels</b>				
Thomas Cook (India) Ltd.	19,567		90.79	3.09
<b>Fertilizers and Agricultural Chemical</b>				
Monsanto India Ltd.	6,514		83.59	2.85
<b>IT Consulting and Services</b>				
e-Serve International Ltd.	12,997		78.77	2.69
<b>Footwear</b>				
Bata India Ltd.	1,40,000		74.34	2.53
<b>Trading Companies and Distributors</b>				
Birla 3M Ltd.	17,500		72.10	2.46
Total Investment at Market Value (Total Cost Rs.2,161.09 Lacs)			2,934.26	100.00

## Statement of Portfolio Holding as at March 31, 2004 (Contd.)

(Referred to in Schedule 1 to the Balance Sheet as at March 31, 2004)

### KOTAK MAHINDRA INCOME PLUS SCHEME

Company's Name	Quantity	Market/Fair Value (Rs. Lacs)	Market/Fair Value (Rs. Lacs)	Percentage
<b>EQUITY SHARES (16.61%)</b>				
<b>Banks</b>				
State Bank of India	50,000	302.92		
Oriental Bank of Commerce	75,000	226.01	528.93	12.80
<b>Oil and Gas Exploration and Production</b>				
Oil and Natural Gas Corporation Ltd.	35,000	294.24		
Indian Oil Corporation Ltd.	26,500	131.47		
Dredging Corporation of India Ltd.	20,000	102.03	527.74	12.77
<b>Commodity Chemicals</b>				
Reliance Industries Ltd.	50,000	269.02		
Indian Petrochemical Corporation Ltd.	1,15,000	209.30	478.32	11.57
<b>Pharmaceuticals</b>				
IPCA Laboratories Ltd.	26,272	170.86		
Glaxosmithkline Pharma Ltd.	20,000	121.35		
Aventis Pharma Ltd.	16,920	121.19	413.40	10.00
<b>Construction Materials</b>				
Gujarat Ambuja Cements Ltd.	90,789	268.28		
Shree Cement Ltd.	68,475	96.14	364.42	8.82
<b>Heavy Electrical Equipment</b>				
Bharat Heavy Electricals Ltd.	49,699		300.36	7.27
<b>Oil and Gas Refining and Marketing</b>				
Hindustan Petroleum Corporation Ltd.	55,000		278.93	6.75
<b>Automobile Manufacturers</b>				
Mahindra and Mahindra Ltd.	60,000		278.76	6.74
<b>Tobacco</b>				
ITC Ltd.	25,000		260.78	6.31
<b>Fertilizers and Agricultural Chemical</b>				
EID Parry (India) Ltd.	85,311		170.62	4.13
<b>Packaged Foods</b>				
Nestle India Ltd.	24,600		155.60	3.76
<b>IT Consulting and Services</b>				
Infosys Technologies Ltd.	3,000		148.15	3.58
<b>Personal Products</b>				
Procter and Gamble Hygiene and Health Care Ltd.	19,210		78.75	1.91
<b>Agricultural Products</b>				
Balrampur Chini Mills Ltd.	25,000		75.99	1.84
<b>Gas Utilities</b>				
GAIL (India) Ltd.	33,975		72.43	1.75
(Cost Rs.4,029.58 Lacs)			4,133.18	100.00

## Statement of Portfolio Holding as at March 31, 2004 (Contd.)

(Referred to in Schedule 1 to the Balance Sheet as at March 31, 2004)

### KOTAK MAHINDRA INCOME PLUS SCHEME (Contd.)

Company's Name	Face Value (Rs. Lacs)	Market/Fair Value (Rs. Lacs)	Market/Fair Value (Rs. Lacs)	Percentage
<b>DEBENTURES AND BONDS (61.22%)</b>				
<b>Diversified Financial Services</b>				
14.25% Industrial Development Bank of India. *	1,000	1,112.12		
7.65% Indian Railway Finance Corporation Ltd. *	1,000	1,067.42		
10.05% Ashok Leyland Finance Ltd. *	1,000	1,048.60		
8.40% Rabo India Finance Pvt Ltd. *	1,000	1,036.13		
6.72% Citifinancial Consumer Finance India Ltd. *	1,000	1,020.25		
6.10% Industrial Development Bank of India. *	1,000	1,007.53		
14.00% Industrial Development Bank of India. *	500	561.08		
11.10% Indian Railway Finance Corporation Ltd. *	500	548.97		
7.63% Indian Railway Finance Corporation Ltd. *	500	517.57	7,919.67	51.97
<b>Consumer Finance</b>				
5.82% HDFC Ltd. *	1,000	1,006.76		
9.00% LIC Housing Finance Ltd. *	500	543.95		
6.30% HDFC Ltd. *	500	510.54	2,061.25	13.53
<b>Commodity Chemicals</b>				
12.75% Reliance Industries Ltd. *	1,000	1,262.70		
10.00% Reliance Industries Ltd. *	500	548.43	1,811.13	11.88
<b>Construction Materials</b>				
Madras Cements Ltd. FRD	800	800.00		
8.70% Gujarat Ambuja Cements Ltd. *	500	532.55	1,332.55	8.74
<b>Electric Utilities</b>				
11.35% Nuclear Power Corporation of India Ltd. *	1,000		1,095.31	7.19
<b>Pharmaceuticals</b>				
7.00% Nicholas Piramal India Ltd. *	1,000		1,020.04	6.69
(Cost Rs.15,240.63 Lacs)			15,239.95	100.00
<b>GOVERNMENT DATED SECURITIES (22.17%)</b>				
<b>GOVERNMENT</b>				
10.47% Government Stock 2015	1,700	2,389.35		
10.95% Government Stock 2011	1,500	2,018.70		
4.77% Government Stock 2017	1,000	1,000.92		
7.27% Government Stock 2013	95	110.01	5,518.98	100.00
(Cost Rs.5,513.20 Lacs)			5,518.98	100.00
Total Investment at Market Value			<b>24,892.11</b>	
(Total Cost Rs.24,783.41 Lacs)				

1 FRD Indicates Floating Rate Debentures

 2 \*Fair valued as per procedures determined by Kotak Mahindra Asset Management Company Limited and approved by the Trustee in accordance with the guidelines for valuation of securities for mutual funds issued by the Securities and Exchange Board of India from time to time.  
 Aggregate fair value of non-traded investments as at March 31, 2004 is Rs. 14,439.95 Lacs.

## Statement of Portfolio Holding as at March 31, 2004 (Contd.)

(Referred to in Schedule 1 to the Balance Sheet as at March 31, 2004)

### KOTAK MAHINDRA GLOBAL INDIA SCHEME

Company's Name	Quantity	Market/Fair Value (Rs. Lacs)	Market/Fair Value (Rs. Lacs)	Percentage
<b>EQUITY SHARES (95.82%)</b>				
<b>Pharmaceuticals</b>				
Lupin Ltd.	2,19,716	1,428.04		
Sun Pharmaceuticals Industries Ltd.	2,17,348	1,416.02		
Cadila Healthcare Ltd.	3,02,560	1,373.92		
Ranbaxy Laboratories Ltd.	1,05,000	986.74		
Matrix Laboratories Ltd.	50,926	720.48		
Dr. Reddys Laboratories Ltd.	15,800	153.95	6,079.15	25.77
<b>Industrial Machinery</b>				
Bharat Forge Ltd.	1,57,588	1,156.14		
Cummins India Ltd.	11,70,760	1,150.86		
Thermax Ltd.	2,47,127	912.02		
ELGI Equipments Ltd.	1,72,000	51.43	3,270.45	13.87
<b>IT Consulting and Services</b>				
e-Serve International Ltd.	1,84,072	1,115.75		
Satyam Computers Services Ltd.	2,71,550	797.41		
Infosys Technologies Ltd.	10,656	526.21		
Mphasis BFL Ltd.	90,648	492.72	2,932.09	12.43
<b>Auto Parts and Equipment</b>				
Motor Industries Company Ltd.	9,815	1,318.78		
Sundaram Fasteners Ltd.	10,83,770	943.42		
Sundaram Clayton Ltd.	41,075	184.51	2,446.71	10.37
<b>Electrical Components and Equipment</b>				
Siemens Ltd.	1,51,386		1,487.60	6.31
<b>Construction and Engineering</b>				
Larsen and Toubro Ltd.	2,20,000		1,263.57	5.36
<b>Computer Hardware</b>				
CMC Ltd.	2,26,144		1,117.26	4.74
<b>Specialty Chemicals</b>				
Micro Inks	1,26,808		742.97	3.15
<b>Motorcycle Manufacturers</b>				
Bajaj Auto Ltd.	72,900		664.01	2.82
<b>Automobile Manufacturers</b>				
Maruti Udyog Ltd.	1,30,000		646.69	2.74
<b>Steel</b>				
Sesa Goa Ltd.	1,31,226		627.92	2.66
<b>Textile</b>				
Raymonds Ltd.	1,67,666	300.79		
Arvind Mills Ltd.	3,75,000	170.81	471.60	2.00
<b>Packaged Foods</b>				
Tata Tea Ltd.	1,24,736		413.56	1.75
<b>Printing and Stationary</b>				
Macmillan India Ltd.	1,53,200		399.70	1.69
<b>Oil and Gas Exploration and Production</b>				
Oil and Natural Gas Corporation Ltd.	40,000		336.28	1.43
<b>Aluminum</b>				
National Aluminium Company Ltd.	1,50,869		279.94	1.19
<b>Fertilizers and Agricultural Chemical</b>				
United Phosphorus Ltd.	52,436		240.89	1.02
<b>Heavy Electrical Equipment</b>				
Asea Brown Boveri Ltd.	17,000		135.52	0.57
<b>Biotechnology</b>				
Biocon Ltd. \$	10,000		31.50	0.13
(Cost Rs. 24,766.34 Lacs)			23,587.41	100.00
	Face Value (Rs. Lacs)			
<b>DEBENTURES AND BONDS (4.18%)</b>				
<b>Telecommunications Equipment</b>				
8.15% Finolex Cables Ltd.*	1,000		1,029.48	100.00
(Cost Rs. 1,029.54 Lacs)			1,029.48	100.00
Total Investment at Market Value			<b>24,616.89</b>	
(Cost Rs. 25,795.88 Lacs)				

\* Fair valued as per procedures determined by Kotak Mahindra Asset Management Company Limited and approved by the Trustee in accordance with the guidelines for valuation of securities for mutual funds issued by the Securities and Exchange Board of India from time to time.  
Aggregate fair value of non-traded investments as at March 31, 2004 is Rs.1,029.48 Lacs.

\$ Valued at Issue price pending listing as at March 31, 2004.



## Auditors' Report

To the Trustee of

### Kotak Mahindra Mutual Fund

1. We have audited the Balance Sheet of **Kotak Mahindra Mutual Fund – Kotak Mahindra Gilt Unit Scheme'98** (the "Scheme") as at March 31, 2004, and the related Revenue Account for the year ended on that date, both of which we have signed under reference to this report. These financial statements are the responsibility of the Trustee of Kotak Mahindra Mutual Fund and the Management of Kotak Mahindra Asset Management Company Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us:
  - 4.1 The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable and also give respectively, a true and fair view of the state of affairs of Kotak Mahindra Mutual Fund – Kotak Mahindra Gilt Unit Scheme'98 as at March 31, 2004 and its net surplus for the year ended on that date.
  - 4.2 The Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended on that date, together with the notes thereon, have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable.

**K. H. Vachha**  
*Partner*

For and on behalf of  
**PRICE WATERHOUSE**  
*Chartered Accountants*

Mumbai  
April 28, 2004

## Balance Sheet

		31.03.2004 31.03.2003		
		Savings Plan	Investment Plan	Serial Plan 2003
Schedule		(Rs. Lacs)	(Rs. Lacs)	(Rs. Lacs)
<b>ASSETS</b>				
Investments	1	3,421.02	25,793.89	—
		1,204.32	29,056.97	211.73
Deposits	2	—	160.50	—
		—	25.00	—
Other Current Assets	3	1,368.40	3,534.44	1.37
		390.71	4,346.60	14.98
<b>TOTAL</b>		<b>4,789.42</b>	<b>29,488.83</b>	<b>1.37</b>
		1,595.03	33,428.57	226.71
<b>LIABILITIES</b>				
Unit Capital	4	4,067.76	15,115.16	—
		1,111.67	17,443.08	206.27
Reserves and Surplus	5	684.91	12,134.69	—
		480.55	10,509.62	19.61
Current Liabilities and Provisions	6	36.75	2,238.98	1.37
		2.81	5,475.87	0.83
<b>TOTAL</b>		<b>4,789.42</b>	<b>29,488.83</b>	<b>1.37</b>
		1,595.03	33,428.57	226.71
<b>NET ASSET VALUE</b>				
		<b>Savings Plan</b>		
		<b>Growth Option</b>	<b>Monthly Dividend Option</b>	<b>Annual Dividend Option</b>
		(Rs. Lacs)	(Rs. Lacs)	(Rs. Lacs)
Net Assets as per Balance Sheet (Note 2.5)		1,528.11	105.65	3,118.91
(Total Assets Less Current Liabilities and Provisions)		1,434.31	157.91	
Number of Units in Issue		9,788,201.411	1,015,791.839	29,873,629.292
		9,616,051.252	1,500,629.204	
Net Asset Value per Unit (Rs.)		15.6118	10.4014	10.4403
		14.9158	10.5237	
		<b>Serial Plan 2005</b>		<b>Serial Plan 2007</b>
		<b>Growth Option</b>	<b>Dividend Option</b>	<b>Growth Option</b>
		(Rs.)	(Rs.)	(Rs.)
Net Assets as per Balance Sheet (Note 2.5)		1,198,074	270,062	2,692,504
(Total Assets Less Current Liabilities and Provisions)		1,960,339	261,477	3,988,457
Number of Units in Issue		81,885.614	24,311.148	155,291.957
		142,924.271	23,308.833	18,216.863
Net Asset Value per Unit (Rs.)		14.6311	11.1085	17.3383
		13.7159	11.2179	16.0668
Notes to the Financial Statements	9			12.1794

Note: Figures are shown in Rs. Lacs for Savings Plan, Investment Plan, Serial Plan 2003 and the Scheme total. Figures are shown in Rupees for Serial Plan 2005, Serial Plan 2007, Serial Plan 2011, Serial Plan 2013 and Serial Plan 2019.

The schedules referred to herein form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our report of even date.

**K. H. VACHHA**

Partner

For and on behalf of

**PRICE WATERHOUSE**

Chartered Accountants

Mumbai

Date: April 28, 2004

For Kotak Mahindra Trustee Company Ltd.

**Girish Sharedalal**

Director

**Chandrashekhhar Sathe**

Director

Date: April 28, 2004

## as at March 31, 2004

31.03.2004 31.03.2003					
Serial Plan 2005	Serial Plan 2007	Serial Plan 2011	Serial Plan 2013	Serial Plan 2019	Total
(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs. Lacs)
1,417,000	2,786,450	132,862	3,458,832	4,426,111	29,337.12
2,173,657	4,091,514	409,499	3,414,637	6,900,351	30,642.92
—	—	—	—	—	160.50
—	—	—	—	—	25.00
52,089	129,644	7,704	171,429	373,346	4,911.55
49,658	137,067	34,996	93,502	85,910	4,756.31
<b>1,469,089</b>	<b>2,916,094</b>	<b>140,566</b>	<b>3,630,261</b>	<b>4,799,457</b>	<b>34,409.17</b>
2,223,315	4,228,581	444,495	3,508,139	6,986,261	35,424.23
<b>1,061,967</b>	<b>1,735,088</b>	<b>84,644</b>	<b>2,193,234</b>	<b>2,919,413</b>	<b>19,262.86</b>
1,662,331	2,676,666	299,964	2,326,605	4,778,547	18,878.47
406,170	1,177,716	55,739	1,432,885	1,872,619	12,869.05
559,485	1,548,375	144,185	1,173,398	2,173,150	11,065.77
952	3,290	183	4,142	7,425	2,277.26
1,499	3,540	346	8,136	34,564	5,479.99
<b>1,469,089</b>	<b>2,916,094</b>	<b>140,566</b>	<b>3,630,261</b>	<b>4,799,457</b>	<b>34,409.17</b>
2,223,315	4,228,581	444,495	3,508,139	6,986,261	35,424.23
<b>Investment Regular Plan</b>		<b>Investment Provident Fund and Trust Plan</b>		<b>Serial Plan 2003</b>	
<b>Growth Option</b>	<b>Dividend Option</b>	<b>Growth Option</b>	<b>Dividend Option</b>	<b>Growth Option</b>	<b>Dividend Option</b>
(Rs. Lacs)	(Rs. Lacs)	(Rs. Lacs)	(Rs. Lacs)	(Rs. Lacs)	(Rs. Lacs)
18,830.43	5,270.47	2,975.70	173.25	44.05	181.83
20,680.27	7,272.43	13,569,470.916	1,605,317.238	—	—
<b>85,957,515.842</b>	<b>50,019,174.746</b>	<b>21.9293</b>	<b>10.7922</b>	313,065.667	1,749,653.088
106,459,546.564	67,971,242.150			14.0696	10.3921
21.9067	10.5369				
19.4255	10.6993				
<b>Serial Plan 2011</b>		<b>Serial Plan 2013</b>		<b>Serial Plan 2019</b>	
<b>Growth Option</b>	<b>Growth Option</b>	<b>Dividend Option</b>	<b>Growth Option</b>	<b>Dividend Option</b>	<b>Total</b>
(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs. Lacs)
140,383	3,095,740	530,379	4,546,713	245,319	32,131.91
444,149	2,938,325	561,678	6,332,021	619,676	29,944.22
<b>8,464.390</b>	<b>174,942.744</b>	<b>44,380.694</b>	<b>267,985.089</b>	<b>23,956.257</b>	
29,996.370	184,649.734	48,010.809	418,383.435	59,471.267	
16.5852	17.6957	11.9507	16.9663	10.2403	
14.8068	15.9130	11.6990	15.1345	10.4197	

For Kotak Mahindra Asset Management Company Ltd.

Uday S. Kotak  
ChairmanRamesh C. Khanna  
DirectorSandesh Kirkire  
Fund Manager

Date: April 28, 2004

## Revenue Account for the

Schedule	01.04.03 to 31.03.04 01.04.02 to 31.03.03		
	Savings Plan	Investment Regular and Provident Fund and Trust Plan	Serial Plan 2003
	(Rs. Lacs)	(Rs. Lacs)	(Rs. Lacs)
<b>Income and Gains</b>			
Interest	7	570.44 196.24	1,865.75 2,319.74
Net Profit on Sale/Redemption of Investments (Note 2.3)		— —	2,172.21 1,912.08
Net Profit on Inter-scheme Sale/Redemption of investments (Note 2.3)		— —	36.41 47.16
Other Income		— 0.01	0.04 —
<b>TOTAL</b>		<b>570.44</b> 196.25	<b>4,074.41</b> 4,278.98
<b>Expenses and Losses</b>			
Net Loss on Sale/Redemption of Investments (Note 2.3)		82.32 1.27	— —
Net Loss on Inter-scheme Sale/Redemption of Investments (Note 2.3)		62.37 5.53	— 6.27
Investment Management Fees (Note 4)		69.69 14.52	276.54 259.26
Trusteeship Fees (Note 5)		4.20 2.22	14.54 24.07
Registrar/Transfer Agent Fees		8.06 2.67	26.39 39.24
Marketing Expenses		42.35 7.55	148.38 152.19
Audit Fees		0.89 0.31	3.08 3.59
Other Operating Expenses		7.71 1.01	33.17 12.89
		<b>277.59</b> 35.08	<b>502.10</b> 491.24
Less: Expenses to be Re-imbursed by the Investment Manager (Note 12)		— (2.67)	(23.23) —
<b>TOTAL</b>		<b>277.59</b> 32.41	<b>478.87</b> 491.24
Net Surplus for the year / period		292.85 163.84	3,595.54 3,787.74
Net Change in Unrealised Appreciation/ (Depreciation) in Value of Investments	8	10.16 (28.14)	(129.86) 43.93
		<b>303.01</b> 135.70	<b>3,465.68</b> 3,831.67

# Less than Rs. 0.01 Lacs

Note: Figures are shown in Rs. Lacs for Savings Plan, Investment Plan, Serial Plan 2003 and the Scheme total. Figures are shown in Rupees for Serial Plan 2005, Serial Plan 2007, Serial Plan 2011, Serial Plan 2013 and Serial Plan 2019.

## year/period ended March 31, 2004

01.04.03 to 31.03.04 01.04.02 to 31.03.03					
Serial Plan 2005	Serial Plan 2007	Serial Plan 2011	Serial Plan 2013	Serial Plan 2019	Total
(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs. Lacs)
174,380	385,167	23,426	243,008	522,108	2,451.86
307,502	406,932	37,217	410,300	507,488	2,598.21
—	—	—	213,763	—	2,174.35
—	—	—	—	—	1,912.08
—	292,604	52,802	1,480	733,318	47.21
3,351	17,266	10,420	567,780	440,239	57.55
—	—	—	—	—	0.05
—	—	—	—	—	0.01
<b>174,380</b>	<b>677,771</b>	<b>76,228</b>	<b>458,251</b>	<b>1,255,426</b>	<b>4,673.47</b>
310,853	424,198	47,637	978,080	947,727	4,567.85
—	—	—	—	—	86.34
—	—	—	—	—	1.27
59,135	—	—	—	—	62.96
—	—	—	—	—	11.80
5,683	13,692	933	11,006	23,270	346.89
9,749	13,036	1,355	15,081	19,763	276.24
947	2,281	159	1,833	3,879	18.85
2,643	3,449	374	4,072	4,879	26.94
1,220	2,869	225	2,149	4,670	34.58
2,072	2,771	281	3,223	4,192	42.43
269	8,663	316	5,128	12,748	191.03
3,239	4,500	560	8,356	8,936	160.29
201	484	33	389	823	4.00
391	523	54	605	792	4.00
1,350	2,958	314	2,303	4,538	41.01
2,249	2,308	371	2,097	4,366	14.15
<b>68,805</b>	<b>30,947</b>	<b>1,980</b>	<b>22,808</b>	<b>49,928</b>	<b>785.66</b>
20,343	26,587	2,995	33,434	42,928	537.12
—	(3,580)	(109)	(794)	(3,381)	(23.30)
(583)	(199)	(280)	(3,010)	(2,896)	(2.73)
<b>68,805</b>	<b>27,367</b>	<b>1,871</b>	<b>22,014</b>	<b>46,547</b>	<b>762.36</b>
19,760	26,388	2,715	30,424	40,032	534.39
105,575	650,404	74,357	436,237	1,208,879	3,911.11
291,093	397,810	44,922	947,656	907,695	4,033.46
20,392	(308,905)	(33,007)	(51,426)	(214,776)	(121.77)
(67,671)	(48,734)	2,023	(250,908)	162,306	(8.00)
<b>125,967</b>	<b>341,499</b>	<b>41,350</b>	<b>384,811</b>	<b>994,103</b>	<b>3,789.34</b>
223,422	349,076	46,945	696,748	1,070,001	4,025.46

## Revenue Account for the

Schedule	01.04.2003 to 31.03.2004 01.04.2002 to 31.03.2003				
	Savings Plan			Investment Regular Plan	
	Growth Option (Rs. Lacs)	Monthly Dividend Option (Rs. Lacs)	Annual Dividend Option	Growth Option (Rs. Lacs)	Dividend Option (Rs. Lacs)
Net Surplus for the year / period including Net Change in Unrealised Appreciation / (Depreciation) in Value of Investments	48.99 (103.26)	6.99 (32.44)	247.03	2,520.15 (2,728.74)	921.74 (1,102.93)
Balance Transferred from Unit Premium Reserve (Note 2.6)	—	—	—	—	—
Balance Transferred from Income Equalisation Reserve (Note 2.7)	32.14 (461.52)	(2.35) (92.49)	10,150.72	(2,284.50) (1,238.33)	59.86 (388.04)
Dividend Distribution (31.03.2003 : subject to deduction of tax at source)		(7.46) (40.03)	(9,096.22)		(1,025.39) (1,173.62)
Dividend Tax Thereon		(0.96)	(1,165.45)		(131.38)
Balance transferred to Revenue Reserve	81.13 (358.26)	(3.78) (100.08)	136.08	235.65 (1,490.41)	(175.17) (458.73)

Schedule	01.04.2003 to 31.03.2004 01.04.2002 to 31.03.2003	
	Serial Plan 2007	
	Growth Option (Rs.)	Dividend Option (Rs.)
Net Surplus for the year / period including Net Change in Unrealised Appreciation / (Depreciation) in Value of Investments	283,631 (327,654)	57,868 (21,422)
Balance Transferred from Unit Premium Reserve (Note 2.6)	—	—
Balance Transferred from Income Equalisation Reserve (Note 2.7)	(542,157) (67,115)	1,659 (21,137)
Dividend Distribution (31.03.2003 : subject to deduction of tax at source)		(80,113)
Dividend Tax Thereon		(10,264)
Balance transferred to Revenue Reserve	(258,526) (260,539)	(30,850) (285)

Notes to the Financial Statements

9

Note: Figures are shown in Rs. Lacs for Savings Plan, Investment Plan, Serial Plan 2003 and the Scheme total. Figures are shown in Rupees for Serial Plan 2005, Serial Plan 2007, Serial Plan 2011, Serial Plan 2013 and Serial Plan 2019.

The schedules referred to herein form an integral part of the Revenue Account.

This is the Revenue Account referred to in our report of even date.

For Kotak Mahindra Trustee Company Ltd.

**K. H. VACHHA**  
Partner  
For and on behalf of  
**PRICE WATERHOUSE**  
Chartered Accountants  
Mumbai  
Date: April 28, 2004

**Girish Sharedalal**  
Director

**Chandrashekhhar Sathe**  
Director

Date: April 28, 2004

## year/period ended March 31, 2004 (Contd.)

11.11.2003 to 31.03.2004		01.04.2003 to 31.03.2004 01.04.2002 to 31.03.2003			
Investment Provident Fund and Trust Plan		Serial Plan 2003		Serial Plan 2005	
Growth Option (Rs. Lacs)	Dividend Option (Rs. Lacs)	Growth Option (Rs. Lacs)	Dividend Option (Rs. Lacs)	Growth Option (Rs.)	Dividend Option (Rs.)
20.61	3.18	1.34	0.42	108,619	17,348
		2.35	31.88	140,410	83,012
—	—	—	—	—	—
		—	—	—	—
1,558.45	8.77	(12.51)	(7.09)	(251,884)	1,838
		0.26	(14.23)	(88,355)	(203,889)
	(1.54)		(0.18)		(17,694)
			(30.96)		(79,562)
	(0.20)		(0.02)		(2,267)
			—		—
1,579.06	10.21	(11.17)	(6.87)	(143,265)	(775)
		2.61	(13.31)	52,055	(200,439)

Serial Plan 2011		Serial Plan 2013		Serial Plan 2019		Total
Growth Option (Rs.)	Dividend Option (Rs.)	Growth Option (Rs.)	Dividend Option (Rs.)	Growth Option (Rs.)	Dividend Option (Rs.)	(Rs. Lacs)
41,350	—	320,004	64,807	873,291	120,812	3,789.34
47,817	(872)	618,489	78,259	973,508	96,493	4,025.45
—	—	—	—	—	—	—
—	—	—	—	—	—	—
(88,581)	—	(77,704)	(14,385)	(776,009)	(13,125)	9,485.89
(20,907)	(2,375)	(254,013)	(62,561)	209,184	(75,220)	(2,200.21)
	—		(45,464)		(110,968)	(10,133.33)
	—		(47,451)		(102,375)	(1,246.90)
	—		(5,824)		(14,217)	(1,298.33)
	—		—		—	—
(47,231)	—	242,300	(866)	97,282	(17,498)	1,843.54
26,910	(3,247)	364,476	(31,753)	1,182,692	(81,102)	578.35

For Kotak Mahindra Asset Management Company Ltd.

Uday S. Kotak  
Chairman

Romesh C. Khanna  
Director

Sandesh Kirkire  
Fund Manager

Date: April 28, 2004

## Schedules forming part of the Balance Sheet as at March 31, 2004 and

### Schedule 1

31.03.2004

31.03.2003

Investments (Notes 2.2, 2.3, 8, 10 and 13)

(Refer to the attached Statement of Portfolio Holding as at March 31, 2004)

Government Dated Securities

Treasury Bills

	Savings Plan		Investment Plan		Serial Plan 2003		Serial Plan 2005	
	Cost (Rs. Lacs)	Market/ Fair Value (Rs. Lacs)	Cost (Rs. Lacs)	Market/ Fair Value (Rs. Lacs)	Cost (Rs. Lacs)	Market/ Fair Value (Rs. Lacs)	Cost (Rs.)	Market/ Fair Value (Rs.)
Government Dated Securities	925.76	921.30	25,583.93	25,793.89	—	—	1,417,000	1,417,000
	1,033.86	1,019.24	28,717.15	29,056.97	215.53	211.73	2,194,049	2,173,657
Treasury Bills	2,499.72	2,499.72	—	—	—	—	—	—
	185.08	185.08	—	—	—	—	—	—
	<b>3,425.48</b>	<b>3,421.02</b>	<b>25,583.93</b>	<b>25,793.89</b>	<b>—</b>	<b>—</b>	<b>1,417,000</b>	<b>1,417,000</b>
	1,218.94	1,204.32	28,717.15	29,056.97	215.53	211.73	2,194,049	2,173,657

### Schedule 2

31.03.2004

31.03.2003

#### Deposits

Money at Call with Scheduled Banks

Deposits with The Clearing Corporation of India Limited towards Settlement Guarantee Fund and Collateral Holding

	Savings Plan (Rs. Lacs)	Investment Plan (Rs. Lacs)	Serial Plan 2003 (Rs. Lacs)	Serial Plan 2005 (Rs.)
Money at Call with Scheduled Banks	—	10.00	—	—
	—	—	—	—
Deposits with The Clearing Corporation of India Limited towards Settlement Guarantee Fund and Collateral Holding	—	150.50	—	—
	—	25.00	—	—
	—	<b>160.50</b>	—	—
	—	25.00	—	—

### Schedule 3

#### Other Current Assets

Balances with Banks and Reserve Bank of India in Current Account

Balances with Banks and Deposits against: (Note 11)

– Unclaimed Dividends

– Unclaimed Redemption Proceeds

Unit Subscription Receivable

Inter/ Intra-Scheme Receivables

Sales Contracts Awaiting Completion

– Government Dated Securities

Reverse Repos with Reserve Bank of India

Interest receivable on

– Government Dated Securities

– Money at Call

Recoverable from Investment Manager

Other Receivables

Balances with Banks and Reserve Bank of India in Current Account	13.36	1,273.66	0.01	32,289
	138.52	142.74	3.63	19,515
Balances with Banks and Deposits against: (Note 11)				
– Unclaimed Dividends	0.04	0.62	1.36	—
	0.25	0.04	—	—
– Unclaimed Redemption Proceeds	0.11	0.53	—	—
	0.10	0.50	—	—
Unit Subscription Receivable	—	—	—	—
	1.00	115.46	—	—
Inter/ Intra-Scheme Receivables	—	39.13	—	—
	212.65	—	—	—
Sales Contracts Awaiting Completion				
– Government Dated Securities	710.07	1,715.01	—	—
	—	3,507.22	—	—
Reverse Repos with Reserve Bank of India	633.31	90.57	—	—
	—	—	—	—
Interest receivable on				
– Government Dated Securities	11.41	391.34	—	19,800
	38.10	560.36	11.35	29,586
– Money at Call	—	#	—	—
	—	—	—	—
Recoverable from Investment Manager	—	23.25	—	—
	—	17.50	#	557
Other Receivables	0.10	0.33	—	—
	0.09	2.78	#	—
	<b>1,368.40</b>	<b>3,534.44</b>	<b>1.37</b>	<b>52,089</b>
	390.71	4,346.60	14.98	49,658

# Less than Rs. 0.01 Lacs

Note: Figures are shown in Rs. Lacs for Savings Plan, Investment Plan, Serial Plan 2003 and the Scheme total. Figures are shown in Rupees for Serial Plan 2005, Serial Plan 2007, Serial Plan 2011, Serial Plan 2013 and Serial Plan 2019.



## the Revenue Account for the year/period ended March 31, 2004.

31.03.2004 31.03.2003									
Serial Plan 2007		Serial Plan 2011		Serial Plan 2013		Serial Plan 2019		Total	
Cost (Rs.)	Market/ Fair Value (Rs.)	Cost (Rs.)	Market/ Fair Value (Rs.)	Cost (Rs.)	Market/ Fair Value (Rs.)	Cost (Rs.)	Market/ Fair Value (Rs.)	Cost (Rs. Lacs)	Market/ Fair Value (Rs. Lacs)
2,786,450	2,786,450	109,982	132,862	3,484,845	3,458,832	4,228,419	4,426,111	26,629.95	26,837.40
3,782,609	4,091,514	353,612	409,499	3,389,224	3,414,637	6,487,883	6,900,351	30,128.62	30,457.84
—	—	—	—	—	—	—	—	2,499.72	2,499.72
—	—	—	—	—	—	—	—	185.08	185.08
<b>2,786,450</b>	<b>2,786,450</b>	<b>109,982</b>	<b>132,862</b>	<b>3,484,845</b>	<b>3,458,832</b>	<b>4,228,419</b>	<b>4,426,111</b>	<b>29,129.67</b>	<b>29,337.12</b>
3,782,609	4,091,514	353,612	409,499	3,389,224	3,414,637	6,487,883	6,900,351	30,313.70	30,642.92

31.03.2004 31.03.2003				
Serial Plan 2007 (Rs.)	Serial Plan 2011 (Rs.)	Serial Plan 2013 (Rs.)	Serial Plan 2019 (Rs.)	Total (Rs. Lacs)
—	—	—	—	10.00
—	—	—	—	—
—	—	—	—	150.50
—	—	—	—	25.00
—	—	—	—	160.50
—	—	—	—	25.00
<b>36,130</b>	<b>3,858</b>	<b>154,522</b>	<b>324,640</b>	<b>1,292.54</b>
711	22,630	4,170	10,885	285.49
—	—	—	—	2.02
—	—	—	—	0.29
—	—	—	—	0.64
—	—	—	—	0.60
—	—	—	—	—
—	—	—	—	116.46
—	—	—	—	39.13
—	—	—	—	212.65
—	—	—	—	2,425.08
—	—	—	—	3,507.22
—	—	—	—	723.88
—	—	—	—	—
<b>93,514</b>	<b>3,846</b>	<b>16,907</b>	<b>45,325</b>	<b>404.55</b>
136,356	12,366	88,202	75,025	613.22
—	—	—	—	#
—	—	—	—	—
—	—	—	3,381	23.28
—	—	1,130	—	17.52
—	—	—	—	0.43
—	—	—	—	2.87
<b>129,644</b>	<b>7,704</b>	<b>171,429</b>	<b>373,346</b>	<b>4,911.55</b>
137,067	34,996	93,502	85,910	4,756.31

## Schedules forming part of the Balance Sheet as at March 31, 2004 and

Schedule 4	31.03.2004 31.03.2003				31.03.2004	
Unit Capital	Savings Plan		Investment Regular Plan		Investment Provident Fund and Trust Plan	
	No. of Units	(Rs. Lacs)	No. of Units	(Rs. Lacs)	No. of Units	(Rs. Lacs)
<b>Growth Option</b>						
Outstanding (Units of Rs. 10 each)						
At the beginning of the year / period	9,616,051.252	961.61	106,459,546.564	10,645.96		
	<i>20,747,912.071</i>	<i>2,074.79</i>	<i>123,936,285.314</i>	<i>12,393.63</i>		
Issued during the year / period	38,208,370.087	3,820.84	102,484,908.598	10,248.49	14,200,419.479	1,420.04
	<i>30,623,044.802</i>	<i>3,062.31</i>	<i>225,762,490.013</i>	<i>22,576.25</i>		
	<b>47,824,421.339</b>	<b>4,782.45</b>	<b>208,944,455.162</b>	<b>20,894.45</b>	<b>14,200,419.479</b>	<b>1,420.04</b>
	<i>51,370,956.873</i>	<i>5,137.10</i>	<i>349,698,775.327</i>	<i>34,969.88</i>		
Redeemed during the year / period	<b>(38,036,219.928)</b>	<b>(3,803.63)</b>	<b>(122,986,939.320)</b>	<b>(12,298.69)</b>	<b>(630,948.563)</b>	<b>(63.09)</b>
	<i>(41,754,905.621)</i>	<i>(4,175.49)</i>	<i>(243,239,228.763)</i>	<i>(24,323.92)</i>		
At the end of the year / period	<b>9,788,201.411</b>	<b>978.82</b>	<b>85,957,515.842</b>	<b>8,595.76</b>	<b>13,569,470.916</b>	<b>1,356.95</b>
	<i>9,616,051.252</i>	<i>961.61</i>	<i>106,459,546.564</i>	<i>10,645.96</i>		
<b>Dividend Option @</b>						
Outstanding (Units of Rs. 10 each)						
At the beginning of the year / period	1,500,629.204	150.06	67,971,242.150	6,797.12		
	<i>24,800,766.164</i>	<i>2,480.08</i>	<i>145,479,922.929</i>	<i>14,547.98</i>		
Issued during the year / period	5,906,037.191	590.61	87,868,078.829	8,786.81	1,911,533.427*	191.15
	<i>197,859.505</i>	<i>19.78</i>	<i>20,694,493.988</i>	<i>2,069.46</i>		
	<b>7,406,666.395</b>	<b>740.67</b>	<b>155,839,320.979</b>	<b>15,583.93</b>	<b>1,911,533.427</b>	<b>191.15</b>
	<i>24,998,625.669</i>	<i>2,499.86</i>	<i>166,174,416.917</i>	<i>16,617.44</i>		
Redeemed during the year / period	<b>(6,390,874.556)</b>	<b>(639.09)</b>	<b>(105,820,146.233)</b>	<b>(10,582.01)</b>	<b>(306,216.189)</b>	<b>(30.62)</b>
	<i>(23,497,996.465)</i>	<i>(2,349.80)</i>	<i>(98,203,174.767)</i>	<i>(9,820.32)</i>		
At the end of the year / period	<b>1,015,791.839</b>	<b>101.58</b>	<b>50,019,174.746</b>	<b>5,001.92</b>	<b>1,605,317.238</b>	<b>160.53</b>
	<i>1,500,629.204</i>	<i>150.06</i>	<i>67,971,242.150</i>	<i>6,797.12</i>		
<b>Annual Dividend Option</b>						
Outstanding (Units of Rs. 10 each)						
At the beginning of the year / period						
Issued during the year / period	<b>207,887,342.853</b>	<b>20,788.73</b>				
	<b>207,887,342.853</b>	<b>20,788.73</b>				
Redeemed during the year / period	<b>(178,013,713.561)</b>	<b>(17,801.37)</b>				
At the end of the year / period	<b>29,873,629.292</b>	<b>2,987.36</b>				
<b>Total for the Plan</b>		<b>4,067.76</b>				<b>15,115.16</b>
<i>Total for the Plan</i>		<i>1,111.67</i>				<i>17,443.08</i>
<b>Total for the Scheme (Rs. Lacs)</b>						
<i>Total for the Scheme (Rs. Lacs)</i>						

Note: Figures are shown in Rs. Lacs for Savings Plan, Investment Plan, Serial Plan 2003 and the Scheme total. Figures are shown in Rupees for Serial Plan 2005, Serial Plan 2007, Serial Plan 2011, Serial Plan 2013 and Serial Plan 2019.

@ Monthly Dividend Option in case of Savings Plan.

\* includes 862,761.990 units of Kotak Gilt Investment Provident Fund and Trust Plan Dividend Option on initial issue and subscription.

# Less than Rs. 0.01 Lacs

## the Revenue Account for the year/period ended March 31, 2004 (Contd.)

31.03.2004 31.03.2003											
Serial Plan 2003		Serial Plan 2005		Serial Plan 2007		Serial Plan 2011		Serial Plan 2013		Serial Plan 2019	
No. of Units	(Rs. Lacs)	No. of Units	(Rs.)	No. of Units	(Rs.)	No. of Units	(Rs.)	No. of Units	(Rs.)	No. of Units	(Rs.)
313,065.667	31.31	142,924.271	1,429,242	248,241.692	2,482,417	29,996.370	299,964	184,649.734	1,846,497	418,383.435	4,183,833
299,910.060	29.99	170,812.767	1,708,127	261,305.236	2,613,052	38,900.970	389,010	207,186.346	2,071,863	277,744.091	2,777,440
—	—	358.539	3,585	—	—	65,628.389	656,284	—	—	603,482.153	6,034,822
76,208.682	7.62	583.865	5,839	10,415.667	104,157	3,625.272	36,253	388,101.377	3,881,014	1,144,516.519	11,445,165
313,065.667	31.31	143,282.810	1,432,827	248,241.692	2,482,417	95,624.759	956,248	184,649.734	1,846,497	1,021,865.588	10,218,655
376,118.742	37.61	171,396.632	1,713,966	271,720.903	2,717,209	42,526.242	425,263	595,287.723	5,952,877	1,422,260.610	14,222,605
(313,065.667)	(31.31)	(61,397.196)	(613,972)	(92,949.735)	(929,498)	(87,160.369)	(871,604)	(9,706.990)	(97,070)	(753,880.499)	(7,538,805)
(63,053.075)	(6.30)	(28,472.361)	(284,724)	(23,479.211)	(234,792)	(12,529.872)	(125,299)	(410,637.989)	(4,106,380)	(1,003,877.175)	(10,038,772)
—	—	81,885.614	818,855	155,291.957	1,552,919	8,464.390	84,644	174,942.744	1,749,427	267,985.089	2,679,850
313,065.667	31.31	142,924.271	1,429,242	248,241.692	2,482,417	29,996.370	299,964	184,649.734	1,846,497	418,383.435	4,183,833
1,749,653.088	174.96	23,308.833	233,089	19,424.856	194,249	—	—	48,010.809	480,108	59,471.267	594,714
5,732,509.759	573.25	141,068.228	1,410,683	46,304.002	463,040	3,463.693	34,637	85,184.642	851,847	245,859.832	2,458,599
20.546	#	1,002.315	10,023	81,264.663	812,647	—	—	4,299.866	43,000	216,397.660	2,163,977
148.357	0.01	64.103	641	—	—	—	—	7,672.008	76,720	7,729.180	77,292
1,749,673.634	174.96	24,311.148	243,112	100,689.519	1,006,896	—	—	52,310.675	523,108	275,868.927	2,758,691
5,732,658.116	573.26	141,132.331	1,411,324	46,304.002	463,040	3,463.693	34,637	92,856.650	928,567	253,589.012	2,535,891
(1,749,673.634)	(174.96)	—	—	(82,472.656)	(824,727)	—	—	(7,929.981)	(79,301)	(251,912.670)	(2,519,128)
(3,983,005.028)	(398.30)	(117,823.498)	(1,178,235)	(26,879.146)	(268,791)	(3,463.693)	(34,637)	(44,845.841)	(448,459)	(194,117.745)	(1,941,177)
—	—	24,311.148	243,112	18,216.863	182,169	—	—	44,380.694	443,807	23,956.257	239,563
1,749,653.088	174.96	23,308.833	233,089	19,424.856	194,249	—	—	48,010.809	480,108	59,471.267	594,714
—	—	1,061,967	1,735,088	84,644	2,193,234	2,919,413	4,778,547	19,262.86	18,878.47	—	—
206.27	—	1,662,331	2,676,666	299,964	2,326,605	—	—	—	—	—	—

## Schedules forming part of the Balance Sheet as at March 31, 2004 and

Schedule 5	31.03.2004			31.03.2004			
	31.03.2003			Investment Regular Plan		Investment Provident Fund and Trust Plan	
Reserves and Surplus	Savings Plan		Investment Regular Plan		Investment Provident Fund and Trust Plan		
	Monthly Dividend Option	Annual Dividend Option	Growth Option	Dividend Option	Growth Option	Dividend Option	
	(Rs. Lacs)	(Rs. Lacs)	(Rs. Lacs)	(Rs. Lacs)	(Rs. Lacs)	(Rs. Lacs)	
<b>Unit Premium Reserve (Note 2.6)</b>							
At the beginning of the year / period	(23.41) (34.66)	#	—	68.66 205.37	(101.19) (9.01)		
Added during the year / period	(4.54) 11.25	#	(4.53)	(35.29) (136.71)	(31.59) (92.18)	39.69 2.51	
Transferred to Revenue Account	—	—	—	—	—	—	
At the end of the year / period	(27.95) (23.41)	#	(4.53)	33.37 68.66	(132.78) (101.19)	39.69 2.51	
<b>Income Equalisation Reserve (Note 2.7)</b>							
At the beginning of the year / period	—	—	—	—	—	—	
Added during the year / period	32.14 (461.52)	(2.35) (92.49)	10,150.72	(2,284.50) (1,238.33)	59.86 (388.04)	1,558.45 8.77	
Transferred to Revenue Account	(32.14) 461.52	2.35 92.49	(10,150.72)	2,284.50 1,238.33	(59.86) 388.04	(1,558.45) (8.77)	
At the end of the year / period	—	—	—	—	—	—	
<b>Revenue Reserve</b>							
At the beginning of the year / period	496.11 854.37	7.85 107.93		9,965.65 8,475.24	576.50 1,035.23		
Balance transferred from Revenue Account	81.13 (358.26)	(3.78) (100.08)	136.08	235.65 1,490.41	(175.17) (458.73)	1,579.06 10.21	
At the end of the year / period *	577.24 496.11	4.07 7.85	136.08	10,201.30 9,965.65	401.33 576.50	1,579.06 10.21	
	549.29 472.70	4.07 7.85	131.55	10,234.67 10,034.31	268.55 475.31	1,618.75 12.72	
<b>Total for the Plan/Scheme</b>			684.91			12,134.69	
Total for the Plan/Scheme			480.55			10,509.62	

# Less than Rs. 0.01 Lacs.

\* Including unrealised appreciation/(depreciation) of Rs. (4.46 Lacs), Rs. 209.96 Lacs, Rs. 22,880, (Rs. 26,013), Rs. 1,97,692 for Savings Plan, Investment Plan, Serial Plan 2011, Serial Plan 2013 and Serial Plan 2019 respectively.

Note: Figures are shown in Rs. Lacs for Savings Plan, Investment Plan, Serial Plan 2003 and the Scheme total. Figures are shown in Rupees for Serial Plan 2005, Serial Plan 2007, Serial Plan 2011, Serial Plan 2013 and Serial Plan 2019.

## the Revenue Account for the year / period ended March 31, 2004 (Contd.)

													31.03.2004		31.03.2003														
Serial Plan 2003		Serial Plan 2005		Serial Plan 2007		Serial Plan 2011		Serial Plan 2013		Serial Plan 2019		Total																	
Growth Option (Rs. Lacs)	Dividend Option (Rs. Lacs)	Growth Option (Rs.)	Dividend Option (Rs.)	Growth Option (Rs.)	Dividend Option (Rs.)	Growth Option (Rs.)	Dividend Option (Rs.)	Growth Option (Rs.)	Dividend Option (Rs.)	Growth Option (Rs.)	Dividend Option (Rs.)	Growth Option (Rs.)	Dividend Option (Rs.)											(Rs. Lacs)					
0.66	0.04	20,168	(91,760)	157,782	(188,382)	(8,374)	(2,708)	(236,666)	(136,874)	402,075	1,058											(56.08)							
0.60	0.51	24,102	(158,721)	175,127	(171,400)	(1,106)	(2,258)	(133,691)	(148,949)	248,854	1,144.00											161.14							
(1.53)	(0.04)	(8,612)	(663)	(107,929)	26,646	(41,215)	—	12,185	5,868	(378,607)	(1,708)											(40.26)							
0.06	(0.47)	(3,934)	66,961	(17,345)	(16,982)	(7,268)	(450)	(102,975)	12,075	153,221	(86)											(217.22)							
—	—	—	—	—	—	—	—	—	—	—	—											—							
—	—	—	—	—	—	—	—	—	—	—	—											—							
(0.87)	—	11,556	(92,423)	49,853	(161,736)	(49,589)	(2,708)	(224,481)	(131,006)	23,468	(650)											(96.34)							
0.66	0.04	20,168	(91,760)	157,782	(188,382)	(8,374)	(2,708)	(236,666)	(136,874)	402,075	1,058											(56.08)							
—	—	—	—	—	—	—	—	—	—	—	—											—							
—	—	—	—	—	—	—	—	—	—	—	—											—							
(12.51)	(7.09)	(251,884)	1,838	(542,157)	1,659	(88,581)	—	(77,704)	(14,385)	(776,009)	(13,125)											9,485.89							
0.26	(14.23)	(88,355)	(203,889)	(67,115)	(21,137)	(20,907)	(2,375)	(254,013)	(62,561)	209,184	(75,220)											(2,200.21)							
12.51	7.09	251,884	(1,838)	542,157	(1,659)	88,581	—	77,704	14,385	776,009	13,125											(9,485.89)							
(0.26)	14.23	88,355	203,889	67,115	21,137	20,907	2,375	254,013	62,561	(209,184)	75,220											2,200.21							
—	—	—	—	—	—	—	—	—	—	—	—											—							
—	—	—	—	—	—	—	—	—	—	—	—											—							
12.08	6.83	510,929	120,148	1,348,258	230,717	152,559	2,708	1,328,494	218,444	1,746,113	23,904											11,121.85							
9.47	20.14	458,874	320,587	1,087,719	230,432	125,649	5,955	964,018	250,197	563,421	105,006											10,543.50							
(11.17)	(6.87)	(143,265)	(775)	(258,526)	(30,850)	(47,231)	—	242,300	(866)	97,282	(17,498)											1,843.54							
2.61	(13.31)	52,055	(200,439)	260,539	285	26,910	(3,247)	364,476	(31,753)	1,182,692	(81,102)											578.35							
0.91	(0.04)	367,664	119,373	1,089,732	199,867	105,328	2,708	1,570,794	217,578	1,843,395	6,406											12,965.39							
12.08	6.83	510,929	120,148	1,348,258	230,717	152,559	2,708	1,328,494	218,444	1,746,113	23,904											11,121.85							
0.04	(0.04)	379,220	26,950	1,139,585	38,131	55,739	—	1,346,313	86,572	1,866,863	5,756											12,869.05							
12.74	6.87	531,097	28,388	1,506,040	42,335	144,185	—	1,091,828	81,570	2,148,188	24,962											11,065.77							
(0.00)			406,170	1,177,716		55,739		1,432,885		1,872,619												12,869.05							
19.61		559,485		1,548,375		144,185		1,173,398		2,173,150												11,065.77							

## Schedules forming part of the Balance Sheet as at March 31, 2004 and

Schedule 6	31.03.2004 31.03.2003		
	Savings Plan (Rs. Lacs)	Investment Plan (Rs. Lacs)	Serial Plan 2003 (Rs. Lacs)
<b>Current Liabilities and Provisions</b>			
Purchase Contracts Awaiting Completion - Government Dated Securities	—	2,044.67	—
	—	2,832.92	—
Repos with Reserve Bank of India	—	—	—
		2,513.26	—
Payable to Investment Manager			
– Investment Management Fees	4.62	17.63	—
	0.60	21.47	0.15
– Expenses	—	—	—
	0.02	—	—
Trusteeship Fees	0.23	1.12	—
	0.06	1.13	0.02
Registrar/Transfer Agent Fees	0.44	2.44	—
	0.15	3.53	0.04
Audit Fees	0.85	2.93	0.01
	0.29	3.41	0.07
Marketing Expenses	7.27	31.26	—
	0.94	29.57	0.01
Inter/ Intra-Scheme Payables	0.78	41.51	—
	—	14.39	—
Redemption of Units	21.46	74.23	—
	0.30	39.86	—
Load Charges (Note 2.8)	—	#	—
	—	#	#
Unclaimed Dividend (Note 11)	0.04	0.62	1.36
	0.25	0.04	—
Unclaimed Redemption (Note 11)	0.11	0.53	—
	0.10	0.50	—
Dividend Payable	0.05	15.91	—
	—	—	—
Sundry Payables	0.90	6.13	#
	0.10	15.79	0.54
	<b>36.75</b>	<b>2,238.98</b>	<b>1.37</b>
	2.81	5,475.87	0.83

# Less than Rs. 0.01 Lacs.

Note: Figures are shown in Rs. Lacs for Savings Plan, Investment Plan, Serial Plan 2003 and the Scheme total. Figures are shown in Rupees for Serial Plan 2005, Serial Plan 2007, Serial Plan 2011, Serial Plan 2013 and Serial Plan 2019.

## the Revenue Account for the year ended March 31, 2004 (Contd.)

31.03.2004						Total (Rs. Lacs)
31.03.2003						
Serial Plan 2005 (Rs.)	Serial Plan 2007 (Rs.)	Serial Plan 2011 (Rs.)	Serial Plan 2013 (Rs.)	Serial Plan 2019 (Rs.)		
—	—	—	—	—	2,044.67	
—	—	—	—	—	2,832.92	
—	—	—	—	—	—	
—	—	—	—	—	2,513.26	
<b>381</b>	<b>763</b>	<b>31</b>	<b>952</b>	<b>1,239</b>	<b>22.28</b>	
611	1,116	171	1,009	2,070	22.27	
—	<b>1,220</b>	<b>41</b>	<b>2,206</b>	—	<b>0.03</b>	
—	641	52	—	25,314	0.28	
<b>64</b>	<b>126</b>	<b>6</b>	<b>159</b>	<b>207</b>	<b>1.36</b>	
97	177	26	160	326	1.22	
<b>159</b>	<b>297</b>	<b>50</b>	<b>261</b>	<b>420</b>	<b>2.89</b>	
182	305	29	301	545	3.73	
<b>191</b>	<b>459</b>	<b>31</b>	<b>369</b>	<b>781</b>	<b>3.81</b>	
370	496	51	573	750	3.79	
<b>46</b>	<b>184</b>	—	<b>26</b>	<b>1,939</b>	<b>38.55</b>	
171	706	—	1,375	2,870	30.57	
—	—	—	—	—	<b>42.29</b>	
—	—	—	—	—	14.39	
—	—	—	—	—	<b>95.69</b>	
—	—	—	—	—	40.16	
<b>5</b>	<b>9</b>	<b>8</b>	—	<b>2,543</b>	<b>0.03</b>	
5	9	8	—	2,542	0.03	
—	—	—	—	—	<b>2.02</b>	
—	—	—	—	—	0.29	
—	—	—	—	—	<b>0.64</b>	
—	—	—	—	—	0.60	
—	<b>15</b>	—	—	—	<b>15.96</b>	
—	—	—	—	—	—	
<b>106</b>	<b>217</b>	<b>16</b>	<b>169</b>	<b>296</b>	<b>7.04</b>	
63	90	9	4,718	147	16.48	
<b>952</b>	<b>3,290</b>	<b>183</b>	<b>4,142</b>	<b>7,425</b>	<b>2,277.26</b>	
1,499	3,540	346	8,136	34,564	5,479.99	

## Schedules forming part of the Balance Sheet as at March 31, 2004 and

01.04.2003 to 31.03.2004  
01.04.2002 to 31.03.2003

Schedule 7	01.04.2003 to 31.03.2004 01.04.2002 to 31.03.2003		
	Savings Plan (Rs. Lacs)	Investment Plan (Rs. Lacs)	Serial Plan 2003 (Rs. Lacs)
<b>Interest (Note 2.4)</b>			
Government Dated Securities	333.75 102.08	1,767.70 2,106.27	0.40 65.16
Treasury Bills and Zero Coupon Bonds	196.81 41.41	6.83 10.77	1.53 —
Collateralised Borrowing and Lending Obligation	— —	0.01 —	— —
Reverse Repos	31.83 30.93	66.78 99.31	0.23 0.06
Amortisation of Repos	— —	(3.44) (0.43)	— —
Money at Call	8.05 21.82	27.87 103.82	0.04 0.32
	<b>570.44</b> 196.24	<b>1,865.75</b> 2,319.74	<b>2.20</b> 65.54

### Schedule 8

#### Net Change in Unrealised Appreciation/ (Depreciation) in Value of Investments

##### Government Dated Securities

At the beginning of the year / period	(14.62) 13.52	339.82 295.89	(3.80) 17.96
At the end of the year / period	(4.46) (14.62)	209.96 339.82	— (3.80)
Net change in unrealised appreciation / (depreciation) in value of investments during the year / period	<b>10.16</b> (28.14)	<b>(129.86)</b> 43.93	<b>3.80</b> (21.76)

Note: Figures are shown in Rs. Lacs for Savings Plan, Investment Plan, Serial Plan 2003 and the Scheme total. Figures are shown in Rupees for Serial Plan 2005, Serial Plan 2007, Serial Plan 2011, Serial Plan 2013 and Serial Plan 2019.



## the Revenue Account for the year / period ended March 31, 2004 (Contd.)

01.04.2003 to 31.03.2004 01.04.2002 to 31.03.2003					
Serial Plan 2005 (Rs.)	Serial Plan 2007 (Rs.)	Serial Plan 2011 (Rs.)	Serial Plan 2013 (Rs.)	Serial Plan 2019 (Rs.)	Total (Rs. Lacs)
171,254	363,391	22,435	242,790	511,979	2,114.96
307,423	406,283	37,212	405,355	499,821	2,290.06
830	3,045	—	—	138	205.21
—	—	—	—	—	52.18
—	—	—	—	—	0.01
—	—	—	—	—	—
1,194	6,262	122	118	2,994	98.94
22	92	5	1,309	513	130.32
—	—	—	—	—	(3.44)
—	—	—	—	—	(0.43)
1,102	12,469	869	100	6,997	36.18
57	557	—	3,636	7,154	126.08
<b>174,380</b>	<b>385,167</b>	<b>23,426</b>	<b>243,008</b>	<b>522,108</b>	<b>2,451.86</b>
307,502	406,932	37,217	410,300	507,488	2,598.21
<b>(20,392)</b>	<b>308,905</b>	<b>55,887</b>	<b>25,413</b>	<b>412,468</b>	<b>329.22</b>
47,279	357,639	53,864	276,321	250,162	337.22
—	—	22,880	(26,013)	197,692	207.45
(20,392)	308,905	55,887	25,413	412,468	329.22
<b>20,392</b>	<b>(308,905)</b>	<b>(33,007)</b>	<b>(51,426)</b>	<b>(214,776)</b>	<b>(121.77)</b>
(67,671)	(48,734)	2,023	250,908	162,306	(8.00)

## Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004 (Contd.)

### Schedule 9

#### Notes to the Financial Statements

##### 1. Organisation

Kotak Mahindra Gilt Unit Scheme 98 ("the Scheme") (formerly known as Kotak Mahindra K Gilt Unit Scheme 98) was launched on December 11, 1998 as an open-ended dedicated Gilt Scheme of Kotak Mahindra Mutual Fund ("KMMF").

The Scheme has the following plans –

- (i) Savings Plan (invests in Government securities with the weighted average maturity of the portfolio being upto two years) which has a Growth and Dividend Option,

Effective September 15, 2003, a new option called "Annual Dividend Option" was introduced and Unit holders under the Growth Option of the Savings Plan could switch all or part of their investments to the Annual Dividend Option, and subsequently, units thereunder were made available for purchase/redemption by all investors.

- (ii) Investment Plan (which invests in Government securities with no restriction on maturity).

Effective November 11, 2003, the existing Investment Plan was renamed as Kotak Gilt Investment – Regular Plan ("Regular Plan"). The Regular Plan has a Growth and Dividend Option.

Also, on November 11, 2003, a new Plan, viz. Kotak Gilt Investment – Provident Fund and Trust Plan ("PF Plan"), with separate Growth and Dividend Options was introduced to facilitate investments by Provident Funds and other Trusts and unit holders of Growth and Dividend Option of the Regular Plan could switch all or part of their investments in the respective Options under the PF Plan, and subsequently, units thereunder were made available for purchase by all investors.

The Asset Portfolio of the Regular Plan and PF Plan is un-segregated.

- (iii) Serial Plans (which invest in Government securities maturing in specific two year periods), which have the same investment objective as those of the Savings and Investment Plan and each Plan matures in the ensuing odd year from 2001 to 2019.

The Serial Plans have a Growth and Dividend Option.

KMMF has been established as a Trust in accordance with the Indian Trusts Act, 1882, and is sponsored by Kotak Mahindra Bank Limited ("KMBL") Kotak Mahindra Trustee Company Limited ("KMTC"), a company incorporated under the Companies Act, 1956, is the Trustee to KMMF by the Trust Deed made between KMBL and KMTC. Kotak Mahindra Asset Management Company Limited ("KMAMC"), a company incorporated under the Companies Act, 1956, as a wholly owned subsidiary of KMBL, has been appointed as the asset management company ("Investment Manager").

##### 2. Significant Accounting Policies

###### 2.1. Basis of Accounting

The Scheme maintains its books of account on an accrual basis. These financial statements have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, (the "Regulation"), and amendments thereto, as applicable.

###### 2.2. Portfolio Valuation

Investments are stated at market / fair value at the Balance Sheet date/ date of determination. In valuing the Scheme's investments:

- (i) Government securities are valued at prices obtained from The Credit Rating Information Services of India Limited, in accordance with the guidelines for valuation of securities for mutual funds, issued by the Securities and Exchange Board of India (SEBI).

- (ii) Instruments bought on 'repo' basis are valued at the resale price after deduction of applicable interest up to the date of resale. Instruments sold on a 'repo' basis are adjusted for the difference between the repurchase price (after deduction of applicable interest up to the date of repurchase) and the value of the instrument.

- (iii) Treasury bills and Collateralised Borrowing and Lending Obligation are valued at cost plus accrued interest.

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 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 the revenue account including net change in unrealised appreciation / depreciation in value of investments is transferred to the revenue reserve.

###### 2.3. Securities Transactions

Transactions for purchase and sale of investments are recognised as of the trade date. In determining the holding cost of investments and the gain or loss on sale of investments, the "average cost" method is followed

## Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004 (Contd.)

### 2.4. *Investment Income*

Interest income is recorded on an accrual basis.

### 2.5. *Net Asset Value*

The net asset value of the units of the various Plans under the Scheme is determined separately for units issued under the Growth and Dividend Option. For reporting the net asset value for various options, daily income earned, including realised and unrealised gain or loss in the value of investments and expenses incurred by the Scheme / Plan are allocated to the options in proportion to the value of the net assets.

### 2.6. *Unit Premium Reserve*

Upon issue and redemption of units, the net premium or discount to the face value of units is adjusted against the unit premium reserve of the respective Options, after an appropriate portion of the issue proceeds and redemption payout is credited or debited respectively to the income equalisation reserve.

The unit premium reserve is available for dividend distribution except to the extent it is represented by unrealised net appreciation in value of investments.

### 2.7. *Income Equalisation Reserve*

Income equalisation reserve is maintained by crediting (or debiting) the income equalisation reserve account in respect of purchase of units (or redemption of units) by an appropriate amount which represents the distributable income at the time of purchase (or redemption). The balance in the income equalisation reserve account is transferred to the revenue account at the end of the year.

### 2.8. *Load Charges*

Load collected is retained under a separate account in the Scheme and is used to meet the selling and distribution expenses of the Scheme.

## 3. **Income Taxes**

No provision for Income-tax has been made since the income of the Scheme is exempt under section 10(23D) of the Income tax Act, 1961.

## 4. **Investment Management Fees**

The Scheme has paid / provided for investment management fees payable to KMAMC for managing the Scheme at an average annual rate of 0.83% in case of the Savings Plan, 0.95% in case of the Investment Regular Plan, 0.69% in case of the Investment PF -Plan, and 0.30% in case of the Serial Plans, of the average daily net assets (excluding the investment made in units by KMAMC) recorded by the respective Plans of the Scheme.

## 5. **Trusteeship Fees**

In accordance with the Trust Deed dated May 20, 1996 between KMBL and KMTC and amendments thereto, the Trustee is entitled to annual remuneration of 0.05% per annum of the average daily net assets of KMMF or Rs. 1,500,000, whichever is higher. Such fee is allocated between the Schemes of KMMF considering the period of existence and the Scheme-wise proportion of average daily net assets.

## 6. **Initial Issue Expenses**

Initial issue expenses comprising costs directly associated with the issue of units in the Scheme have been borne by KMAMC.

## 7. **Initial Contribution**

The initial contribution of Rs. 100,000 made by KMBL is recorded in the books of account of KMTC.

## 8. **Aggregate Appreciation and Depreciation in the Value of Government Dated Securities:**

Plan	March 31, 2004		March 31, 2003	
	Appreciation	Depreciation	Appreciation	Depreciation
Savings Plan (Rs. Lacs)	1.17	5.63	1.61	16.23
Investment Plan (Rs. Lacs)	211.20	1.24	340.62	0.80
Serial Plan 2003 (Rs. Lacs)	—	—	—	3.80
Serial Plan 2005 (Rs.)	—	—	—	20,392
Serial Plan 2007 (Rs.)	—	—	308,905	—
Serial Plan 2011 (Rs.)	22,880	—	55,887	—
Serial Plan 2013 (Rs.)	—	26,013	25,413	—
Serial Plan 2019 (Rs.)	197,692	—	412,468	—

## Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004 (Contd.)

### 9. Disclosure Under Regulation 25(8) of the Securities and- Exchange Board of India (Mutual Funds) Regulations, 1996, as amended

Kotak Securities Limited and Kotak Mahindra Capital Company Limited, associate companies of KMAMC and Kotak Mahindra Bank Limited, the holding company of KMAMC were paid commission for procuring unit subscriptions for the Schemes, brokerage on purchase and sale of investments and / or charges on banking operations. The commission, brokerage and bank charges paid were at rates similar to those offered to other distributors / brokers/ banks.

Associate Company	Savings Plan Rs. Lacs	Investment Plan Rs. Lacs	Serial Plan 2019 Rs. Lacs
Kotak Securities Limited Commission on unit subscriptions	5.03	51.31	0.01
Kotak Mahindra Capital Company Limited Commission on unit subscriptions	0.84	0.02	—
Kotak Mahindra Bank Ltd. Commission on unit subscriptions	1.16	0.83	—

### 10. Disclosure Under Regulation 25(11) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended

Kotak Mahindra Mutual Fund has made the following investments in companies, which hold / have held units in excess of 5% of the net asset value of any scheme of Kotak Mahindra Mutual Fund.

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. Lacs)
Bajaj Auto Ltd.	Kotak Gilt Savings Plan	Kotak Global India Kotak Income Plus	1,165.13 266.96
Bharti Tele-Ventures Ltd.	Kotak Bond Short Term Plan	Kotak 30	75.64
Cummins India Ltd.	FMP (1)	Kotak Global India Kotak MNC	1,258.18 10.16
Dr.Reddy's Laboratories Ltd.	Kotak FMP(8)	Kotak Balance Kotak Global India Kotak 30	70.47 161.46 135.19
Export-Import Bank of India.	Kotak Bond Short Term Plan	Kotak Bond Kotak Bond Short Term Plan Kotak Liquid	10,685.43 9,709.55 11,367.03
Finolex Cables Ltd.	Kotak Floater	Kotak Bond Short Term Plan Kotak Liquid	2,500.00 9,000.00
Finolex Industries Ltd.	Kotak Floater	Kotak Bond Short Term Plan Kotak Liquid	500.00 2,000.00
Global Trade Finance Private Ltd.	Kotak Dyanamic Income	Kotak Liquid	5,200.00
HCL Technologies Ltd.	Kotak Bond Short Term Plan	Kotak 30 Kotak Tech	129.42 221.56
HDFC Bank Ltd.	Kotak Gilt Savings Plan	Kotak 30 Kotak Liquid	295.69 19,960.96
HDFC Ltd.	Kotak Floater	Kotak Bond Kotak Bond Short Term Plan Kotak Dyanamic Income Kotak Liquid	6,153.73 10,663.15 1,020.14 11,964.92
Hindalco Industries Ltd.	Kotak Floater	Kotak Balance Kotak Bond Kotak 30	65.28 994.45 340.08
ICICI Bank Ltd.	Kotak Liquid	Kotak Bond Short Term Plan Kotak Floater Kotak 30 Kotak Liquid	4,442.39 812.90 558.45 32,171.15
ICICI Securities and Finance Company Ltd.	Kotak Bond Short Term Plan	Kotak Bond Short Term Plan Kotak Liquid	4,389.31 7,000.00
Idea Cellular Ltd.	Kotak Bond Short Term Plan	Kotak Bond Short Term Plan Kotak Liquid	1,003.49 2,008.40

## Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004 (Contd.)

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. Lacs)
Indian Aluminium Company Ltd.	Kotak Liquid	Kotak Bond	1,500.00
		Kotak Liquid	4,500.00
Indo Gulf Fertiliser Ltd.	Kotak Floater	Kotak Balance	58.78
		Kotak 30	60.57
Industrial Development Bank of India.	Kotak Bond Short Term Plan Kotak Liquid	Kotak Bond	10,349.01
		Kotak Bond Short Term Plan	12,311.62
		Kotak Floater	3,406.98
		Kotak 30	81.29
		Kotak Income Plus Kotak Liquid	1,527.10 15,045.58
Infosys Technologies Ltd.	Kotak Liquid	Kotak Balance	73.90
		Kotak Global India	677.97
		Kotak 30	697.68
		Kotak Income Plus	304.92
		Kotak Tech	931.39
Infrastructure Development Finance Company Ltd	Kotak Dyanamic Income	Kotak Bond	4,490.06
		Kotak Liquid	6,426.95
ITC Ltd.	Kotak Liquid	Kotak Balance	21.05
		Kotak 30	1,028.71
		Kotak Income Plus	258.18
		Kotak MNC	519.23
Kotak Mahindra Bank Ltd.	Kotak Liquid	Kotak Liquid	2,495.12
Larsen and Toubro Ltd.	Kotak MNC	Kotak Bond	566.51
		Kotak Bond Short Term Plan	3,536.00
		Kotak Global India	1,288.54
		Kotak 30	809.76
		Kotak Liquid	9,434.13
LIC Housing Finance Ltd.	Kotak Floater	Kotak Bond	12,268.85
		Kotak Bond Short Term Plan	1,642.00
		Kotak Dyanamic Income	545.77
Mahindra and Mahindra Ltd.	Kotak Dyanamic Income	Kotak Bond	1,854.62
		Kotak 30	534.40
		Kotak Income Plus	784.97
		Kotak Liquid	1,300.00
Maruti Udyog Ltd.	Kotak Bond Short Term Plan	Kotak Global India	817.04
		Kotak 30	536.83
		Kotak Income Plus	219.90
		Kotak MNC	680.00
Power Trading Corporation of India Ltd.	Kotak FMP(8)	Kotak 30	88.80
Raymond Ltd.	Kotak Dyanamic Income	Kotak Bond	1,000.00
		Kotak Liquid	500.00
		Kotak Global India	333.66
Sun Pharmaceuticals Industries Ltd.	Kotak FMP(8)	Kotak Global India	1,300.86
		Kotak 30	154.48
Tata Motors Ltd.	Kotak Floater	Kotak Bond Short Term Plan	1,487.84
		Kotak 30	772.74
TVS Motor Company Ltd.	Kotak Floater	Kotak 30	330.12
UCO Bank	Kotak Dyanamic Income	Kotak Balance	1.40
		Kotak 30	1.40
Union Bank of India	Kotak Floater	Kotak Bond Short Term Plan	1,018.51
UTI Bank Ltd.	Kotak Floater	Kotak Bond	555.85
		Kotak Bond Short Term Plan	929.81
		Kotak Liquid	13,341.97
Wipro Ltd.	Kotak Bond Short Term Plan	Kotak Tech	438.78

## Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004 (Contd.)

Kotak Bond : Kotak Bond Wholesale, Deposit & Institutional Plans

Kotak Liquid: Kotak Mahindra Liquid Scheme

Kotak Floater: Kotak Mahindra Floating Rate Scheme

Kotak Dynamic Income: Kotak Mahindra Dynamic Income Scheme

Kotak 30: Kotak Mahindra 30 Unit Scheme

Kotak Balance: Kotak Mahindra Balance Unit Scheme 99

Kotak Tech: Kotak Mahindra Technology Scheme

Kotak MNC: Kotak Mahindra MNC Scheme

Kotak Income Plus: Kotak Mahindra Income Plus Scheme

Kotak Global India: Kotak Mahindra Global India Scheme

FMP(1) : Kotak Mahindra Fixed Maturity Plans - FMP(1)

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

### 11. Unclaimed Dividends and Redemption Proceeds.

As at March 31, 2004, unclaimed dividends are payable to 1, 13 and 1 investor/s in case of the Savings, Investment and Serial Plan 2003 respectively and unclaimed redemption proceeds are payable to 1 investor each in case of the Savings and Investment Plan respectively.

### 12. Income / Expenditure

The total income (including net profit/ loss on sale/ redemption of investments and net change in unrealised appreciation/ (depreciation) in value of investments) and total expenses during the year are:

Scheme	Total Income	Percentage of average daily net assets	Total Expenses	Percentage of average daily net assets
Savings Plan (Rs. Lacs )	435.91	5.21	132.90	1.59
Investment Plan (Rs. Lacs)	3,944.55	13.60	478.87	1.65
Serial Plan 2003 (Rs. Lacs)	1.98	#5.32	0.22	#0.59
Serial Plan 2005 (Rs.)	135,637	7.18	9,670	0.51
Serial Plan 2007 (Rs.)	368,866	8.11	27,367	0.60
Serial Plan 2011 (Rs.)	43,221	13.87	1,871	0.60
Serial Plan 2013 (Rs.)	406,825	11.12	22,014	0.60
Serial Plan 2019 (Rs.)	1,040,650	13.45	46,547	0.60

# Annualised.

Actual expenses aggregating Rs. 23.23 Lacs, Rs. 3,580, Rs.109, Rs.794 and Rs.3,381 of Investment Plan, Serial Plan 2007, Serial Plan 2011, Serial Plan 2013 and Serial Plan 2019 respectively being the excess over the above mentioned percentages of the average daily net assets of the respective Plans have been borne by the Investment Manager.

### 13. Aggregate Value of Purchases and Sales of Investments

The aggregate value of investments purchased (including amortisation) and sold (including redemptions) during the year are:

Scheme	Purchases	Percentage of average daily net assets	Sales	Percentage of average daily net assets
Savings Plan (Rs. Lacs )	62,093.49	741.46%	59,742.26	713.38%
Investment Plan (Rs. Lacs )	555,066.22	1,913.76%	560,408.06	1,932.18%
Serial Plan 2003 (Rs. Lacs )	222.72	597.93%	434.23	1,165.72%
Serial Plan 2005 (Rs.)	5330,760	282.10%	6,048,674	320.09%
Serial Plan 2007 (Rs.)	3,886,450	85.41%	5,175,213	113.73%
Serial Plan 2011 (Rs.)	—	—	296,432	95.16%
Serial Plan 2013 (Rs.)	3,496,501	95.55%	3,616,123	98.82%
Serial Plan 2019 (Rs.)	9,316,303	120.42%	12,309,085	159.10%

## Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004 (Contd.)

### 14. Details of Large Holdings (over 25% of the Net Asset Value of the Respective Plans) as at March 31, 2004:

Particulars	Serial Plan 2005	Serial Plan 2007	Serial Plan 2011	Serial Plan 2013	Serial Plan 2019	Savings Plan
No of Investors	1	1	3	1	1	1
Holding %	57.17	63.09	31.22 % & 29.51% & 28.52%	66.48	67.99	58.43

### 15. Historical Per Unit Statistics: Please see pages 56 and 57.

### 16. Previous Year's Figures

Previous year figures have been shown in italics below the current year figures and have been re-grouped / rearranged wherever appropriate.

Signatures to Schedules 1 to 9 forming part of the Balance Sheet and Revenue Account

K.H. Vachha  
Partner  
For and on behalf of  
PRICE WATERHOUSE  
Chartered Accountants

**For Kotak Mahindra Trustee Company Ltd**

Girish Shredalal  
Director  
Chandrashekhar Sathe  
Director

Place : Mumbai  
Date: April 28, 2004

Date: April 28, 2004

**For Kotak Mahindra Asset Management Company Ltd**

Uday S. Kotak  
Chairman  
Ramesh C. Khanna  
Director

Date: April 28, 2004

Sandesh Kirkire  
Fund Manager

## Schedules forming part of the Balance Sheet as at March 31, 2004 and

### 15. Historical Per Unit Statistics\*

Kotak Gilt Unit Scheme '98									
Scheme	Savings Plan			Investment Plan			Serial Plan 2003		
Period	01.04.03 31.03.04	01.04.02 31.03.03	01.04.01 31.03.02	01.04.03 31.03.04	01.04.02 31.03.03	01.04.01 31.03.02	01.04.03 31.12.03 @	01.04.02 31.03.03	01.04.01 31.03.02
a) Net Asset Value per unit									
Growth Option \$	15.6118	14.9158	13.951	21.9067	19.4255	17.004		14.0696	13.357
Dividend Option \$\$		10.5237	10.435	10.5369	10.6993	10.705		10.3921	10.360
Monthly Dividend Option	10.4014								
Annual Dividend Option	10.4403								
Provident Fund and Trust Growth Option				21.9293					
Provident Fund and Trust Dividend Option				10.7922					
b) Gross Income Per unit									
1) Income other than profit on sale of investments	1.4023	1.7654	1.637	1.2344	1.3299	1.177	0.5536	3.1771	1.096
2) Income (net) from profit on inter-scheme sale / transfer of investments	(0.1533)	(0.0497)	0.019	0.0241	0.0270	0.003	#	(0.3042)	0.058
3) Income (net) from profit on sale of investments to third parties	0.2024	(0.0114)	0.357	1.4371	1.0962	2.010	(1.0119)	—	—
4) Transfer to revenue account from past year's reserve	—	—	—	—	—	—	—	—	—
c) Aggregate expenses, amortisation and charges per unit	0.3268	0.2300	0.196	0.3168	0.2820	0.209	0.0543	0.1590	0.059
d) Net income per unit (b - c)	1.1246	1.4743	1.817	2.3788	2.1711	2.981	(0.5126)	2.7139	1.095
e) Net change in unrealised appreciation/ (depreciation) in the value of investments per unit	0.0250	(0.2531)	0.024	(0.0859)	0.0252	0.034	0.9554	(1.0548)	0.055
f) Repurchase prices during the year/period									
<b>Highest :</b>									
Growth Option \$	15.6108	14.9158	13.951	21.9067	19.7141	17.004	14.67249836 ^	14.0402	13.295
Dividend Option \$\$		10.5237	10.540	11.2757	11.3859	11.573	10.5602	10.5518	10.643
Monthly Dividend Option	10.6002								
Annual Dividend Option	15.3239								
Provident Fund and Trust Growth Option				21.9293					
Provident Fund and Trust Dividend Option				10.8271					
<b>Lowest :</b>									
Growth Option \$	14.9313	13.9170	12.632	19.5080	16.1630	13.279	14.0455	13.3000	11.946
Dividend Option \$\$		10.3500	10.245	10.3874	10.1750	10.408	10.3676	10.3540	10.274
Monthly Dividend Option	10.3879								
Annual Dividend Option	10.2485								
Provident Fund and Trust Growth Option				21.2640					
Provident Fund and Trust Dividend Option				10.5536					
g) Resale prices during the year/period									
<b>Highest :</b>									
Growth Option \$	15.6108	14.9158	13.951	21.9067	19.7141	17.004	14.67249836 ^	14.0402	13.295
Dividend Option \$\$		10.5237	10.540	11.2757	11.3859	11.573	10.5602	10.5518	10.643
Monthly Dividend Option	10.6002								
Annual Dividend Option	15.3239								
Provident Fund and Trust Growth Option				21.9293					
Provident Fund and Trust Dividend Option				10.8271					
<b>Lowest :</b>									
Growth Option \$	14.9313	13.9170	12.632	19.5080	16.1630	13.279	14.0455	13.3000	11.946
Dividend Option \$\$		10.3500	10.245	10.3874	10.1750	10.408	10.3676	10.3540	10.274
Monthly Dividend Option	10.3879								
Annual Dividend Option	10.2485								
Provident Fund and Trust Growth Option				21.2640					
Provident Fund and Trust Dividend Option				10.5536					
h) Price earnings ratio	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
i) Ratio of expenses to average net assets (percentage)	1.59%	1.00%	1.02%				**0.59%	0.53%	0.55%
Regular Plan				1.65%	1.64%	1.64%			
Provident Fund and Trust Plan				**1.30%					
j) Ratio of gross income to average net assets -	5.21%	6.33%	10.54%	13.60%	14.46%	25.33%	**5.32%	6.02%	11.34%

All figures are in Rs. per unit

\* The above per unit calculations are based on the number of units outstanding at the end of the year/period.

\*\* Annualised.

\$ Regular Growth Option in case of Kotak Gilt Investment Plan for the year ended March 31, 2004.

\$\$ Regular Dividend Option in case of Kotak Gilt Investment Plan for the year ended March 31, 2004.

^ As on maturity date.

# Below 0.0001 per unit.

@ As there are no units outstanding as at March 31, 2004 (Scheme has matured during the year), the above per unit statistics are based on the average units outstanding during the period.

- Including net profit / (loss) on sale/redemption of investments and net change in unrealised appreciation/ (depreciation) in value of investments.



## the Revenue Account for the year / period ended March 31, 2004 (Contd.)

Kotak Gilt Unit Scheme '98															
Serial Plan 2005			Serial Plan 2007			Serial Plan 2011			Serial Plan 2013			Serial Plan 2019			
01.04.03 31.03.04	01.04.02 31.03.03	01.04.01 31.03.02	01.04.03 31.03.04	01.04.02 31.03.03	01.04.01 31.03.02	01.04.03 31.03.04	01.04.02 31.03.03	01.04.01 31.03.02	01.04.03 31.03.04	01.04.02 31.03.03	01.04.01 31.03.02	01.04.03 31.03.04	01.04.02 31.03.03	01.04.01 31.03.02	
14.6311 11.1085	13.7159 11.2179	12.828 11.147	17.3383 12.0932	16.0668 12.1794	14.833 11.275	16.5852 N.A	14.8068 N.A	13.202 11.067	17.6957 11.9507	15.9130 11.6990	14.008 11.189	16.9663 10.2403	15.1345 10.4197	12.925 10.432	
1.6420 (0.5568)	1.8498 0.0202	1.312 0.952	2.2199 1.6864	1.5203 0.0645	1.816 1.031	2.7673 6.2382	1.2407 0.3474	0.999 0.840	1.1080 0.0067	1.7635 2.4404	1.818 3.096	1.7884 2.5119	1.0620 0.9213	0.412 (0.009)	
—	—	—	—	—	—	—	—	—	0.9746	—	—	—	—	0.464	
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
0.0911 0.9941	0.1190 1.7510	0.083 2.181	0.1577 3.7486	0.0990 1.4858	0.115 2.732	0.2210 8.7845	0.0900 1.4981	0.079 1.760	0.1004 1.9889	0.1310 4.0729	0.120 4.794	0.1594 4.1409	0.0840 1.8993	0.030 0.837	
0.1920	(0.4071)	(0.102)	(1.7803)	(0.1821)	1.033	(3.8995)	0.0674	1.219	(0.2345)	(1.0784)	0.931	(0.7357)	0.3397	0.478	
14.6141 11.4724	13.7159 11.5417	12.828 11.640	17.3383 12.5434	16.0697 12.1854	14.833 11.782	16.5852	15.0141 11.1660	13.202 11.905	17.6957 12.2443	16.2223 12.9541	14.008 12.887	17.1154 11.1163	15.5495 11.4352	13.095 11.643	
13.7493 11.0883	12.5780 10.9300	11.093 11.004	16.0911 12.0702	14.3930 10.9230	12.132 10.996	14.8435	12.6680 10.6200	10.424 10.826	15.9616 11.6498	13.4560 10.7480	10.562 10.938	15.2227 10.0706	11.8290 9.5520	9.904 9.904	
14.6141 11.4724	13.7159 11.5417	12.828 11.640	17.3383 12.5434	16.0697 12.1854	14.833 11.782	16.5852	15.0141 11.1660	13.202 11.905	17.6957 12.2443	16.2223 12.9541	14.008 12.887	17.1154 11.1163	15.5495 11.4352	13.095 11.643	
13.7493 11.0883	12.5780 10.9300	11.093 11.004	16.0911 12.0702	14.3930 10.9230	12.132 10.996	14.8435	12.6680 10.6200	10.424 10.826	15.9616 11.6498	13.4560 10.7480	10.562 10.938	15.2227 10.0706	11.8290 9.5520	9.904 9.904	
N.A. 0.51%	N.A. 0.61%	N.A. 0.61%	N.A. 0.60%	N.A. 0.61%	N.A. 0.62%	N.A. 0.60%	N.A. 0.60%	N.A. 0.62%	N.A. 0.60%	N.A. 0.61%	N.A. 0.61%	N.A. 0.60%	N.A. 0.61%	N.A. **0.58%	
7.18%	7.48%	15.82%	8.11%	8.64%	21.00%	13.87%	10.99%	24.08%	11.12%	14.46%	29.90%	13.45%	16.85%	**25.98%	

## KOTAK MAHINDRA GILT UNIT SCHEME '98

### Statement of Portfolio Holding as at March 31, 2004

(Referred to in Schedule 1 to the Balance Sheet as at March 31, 2004)

Company's Name / Security	Face Value (Rs.Lacs)	Market/Fair Value (Rs.Lacs)	Market/Fair Value (Rs.Lacs)	Percentage
<b>SAVINGS PLAN</b>				
<b>GOVERNMENT DATED SECURITIES (26.93%)</b>				
<b>Maturity More than 1 year</b>				
10.47 % Government Stock - 2015	400.00	562.20		
11.19 % Government Stock - 2005	276.00	300.84		
11.90 % Government Stock - 2007	33.00	39.98		
11 % Government Stock - 2006	16.00	18.28	921.30	100.00
(Cost Rs.925.76 Lacs)			921.30	100.00
<b>TREASURY BILLS (73.07%)</b>				
364 Day Treasury Bill 02/04/2004	2,500.00		2,499.72	100.00
(Cost Rs.2499.72 Lacs)			2,499.72	100.00
Total Investments at Market Value			<b>3,421.02</b>	
(Total Cost Rs.3,425.48 Lacs)				
<b>INVESTMENT PLAN</b>				
<b>GOVERNMENT DATED SECURITIES (100.00%)</b>				
<b>Maturity More than 1 year</b>				
7.46 % Government Stock - 2017 *	4,150.00	4,950.94		
8.07 % Government Stock - 2017	3,900.00	4,850.43		
7.49 % Government Stock - 2017	3,350.00	3,977.46		
6.35 % Government Stock - 2020	3,400.00	3,632.90		
11.43 % Government Stock - 2015	2,250.00	3,354.22		
6.05 % Government Stock - 2019	1,750.00	1,834.00		
10.25 % Government Stock - 2021	1,000.00	1,469.50		
10.47 % Government Stock - 2015	950.00	1,335.23		
7.37 % Government Stock - 2014 **	250.00	293.13		
10.03 % Government Stock - 2019	67.92	96.08	25,793.89	100.00
Total Investments at Market Value			25,793.89	100.00
(Total Cost Rs.25,583.93 Lacs)				
<b>SERIAL PLAN 2005</b>				
11.19 % Government Stock - 2005	13.00		14.17	100.00
Total Investments at Market Value			14.17	100.00
(Total Cost Rs.14.17 Lacs)				
<b>SERIAL PLAN 2007</b>				
11.90 % Government Stock - 2007	23.00		27.86	100.00
Total Investments at Market Value			27.86	100.00
(Total Cost Rs.27.86 Lacs)				
<b>SERIAL PLAN 2011</b>				
11.50 % Government Stock - 2011	0.95		1.33	100.00
Total Investments at Market Value			1.33	100.00
(Total Cost Rs.1.10 Lacs)				
<b>SERIAL PLAN 2013</b>				
7.27 % Government Stock - 2013	29.90		34.59	100.00
Total Investments at Market Value			34.59	100.00
(Total Cost Rs.34.85 Lacs)				
<b>SERIAL PLAN 2019</b>				
10.03 % Government Stock - 2019	31.29		44.26	100.00
Total Investments at Market Value			44.26	100.00
(Total Cost Rs.42.28 Lacs)				

\* includes face value of Rs.1,675 lacs held by The Clearing Corporation of India Ltd. towards Settlement Guarantee fund

\*\* includes face value of Rs.250 lacs held by The Clearing Corporation of India Ltd. towards Collateral Holding

## Auditors' Report

To the Trustee of

### Kotak Mahindra Mutual Fund

1. We have audited the Balance Sheet of **Kotak Mahindra Mutual Fund – Kotak Mahindra Bond Unit Scheme'99** (the "Scheme") as at March 31, 2004, and the related Revenue Account for the year ended on that date, both of which we have signed under reference to this report. These financial statements are the responsibility of the Trustee of Kotak Mahindra Mutual Fund and the Management of Kotak Mahindra Asset Management Company Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned at March 31, 2004 by correspondence with the custodian and others. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us:
  - 4.1 The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable and also give respectively, a true and fair view of the state of affairs of Kotak Mahindra Mutual Fund – Kotak Mahindra Bond Unit Scheme'99 as at March 31, 2004 and its net surplus for the year ended on that date.
  - 4.2 The Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended on that date, together with the notes thereon, have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable.
  - 4.3 The methods used to value non-traded and thinly traded securities as at March 31, 2004 as determined by Kotak Mahindra Asset Management Company Limited under procedures approved by the Trustee of Kotak Mahindra Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds, issued by the Securities and Exchange Board of India, are fair and reasonable.

K. H. Vachha  
 Partner

For and on behalf of  
**PRICE WATERHOUSE**  
 Chartered Accountants

Mumbai  
 April 28, 2004

## Auditors' Report

To the Trustee of

### Kotak Mahindra Mutual Fund

1. We have audited the Balance Sheet of **Kotak Mahindra Mutual Fund – Kotak Mahindra Floating Rate Scheme** (the "Scheme") as at March 31, 2004, and the related Revenue Account for the period July 3, 2003 to March 31, 2004, both of which we have signed under reference to this report. These financial statements are the responsibility of the Trustee of Kotak Mahindra Mutual Fund and the Management of Kotak Mahindra Asset Management Company Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned at March 31, 2004 by correspondence with the custodian and others. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us:
  - 4.1 The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable and also give respectively, a true and fair view of the state of affairs of Kotak Mahindra Mutual Fund – Kotak Mahindra Floating Rate Scheme as at March 31, 2004 and its net surplus for the period July 3, 2003 to March 31, 2004.
  - 4.2 The Balance Sheet as at March 31, 2004 and the Revenue Account for the period July 3, 2003 to March 31, 2004, together with the notes thereon, have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable.
  - 4.3 The methods used to value non-traded and thinly traded securities as at March 31, 2004 as determined by Kotak Mahindra Asset Management Company Limited under procedures approved by the Trustee of Kotak Mahindra Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds, issued by the Securities and Exchange Board of India, are fair and reasonable.

K. H. Vachha  
 Partner

For and on behalf of  
**PRICE WATERHOUSE**  
 Chartered Accountants

Mumbai  
 April 28, 2004

## Auditors' Report

To the Trustee of

### **Kotak Mahindra Mutual Fund**

1. We have audited the Balance Sheet of **Kotak Mahindra Mutual Fund – Kotak Mahindra Dynamic Income Scheme** (the "Scheme") as at March 31, 2004, and the related Revenue Account for the period December 15, 2003 to March 31, 2004, both of which we have signed under reference to this report. These financial statements are the responsibility of the Trustee of Kotak Mahindra Mutual Fund and the Management of Kotak Mahindra Asset Management Company Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned at March 31, 2004 by correspondence with the custodian and others. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us:
  - 4.1 The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable and also give respectively, a true and fair view of the state of affairs of Kotak Mahindra Mutual Fund – Kotak Mahindra Dynamic Income Scheme as at March 31, 2004 and its net surplus for the period December 15, 2003 to March 31, 2004.
  - 4.2 The Balance Sheet as at March 31, 2004 and the Revenue Account for the period December 15, 2003 to March 31, 2004, together with the notes thereon, have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable.
5. We draw reference to Note 18 – Schedule 9 on non-compliance with SEBI circular dated December 12, 2003 regarding unit holders in excess of 25% of the corpus of the Scheme.

**K. H. Vachha**  
*Partner*

For and on behalf of  
**PRICE WATERHOUSE**  
*Chartered Accountants*

Mumbai  
April 28, 2004

## Balance Sheet as at March 31, 2004

(Rs. Lacs)

Schedule	31.03.2004 31.03.2003			31.03.2004	
	Kotak Bond Wholesale, Deposit & Institutional Plan	Kotak Bond Short Term Plan	Total	Kotak Floater	Kotak Dynamic Income
<b>ASSETS</b>					
Investments	1	66,436.75 115,207.77	26,007.67 20,347.47	92,444.42 135,555.24	25,799.70 4,055.44
Deposits	2	250.50 125.00	— 5,000.00	250.50 5,125.00	8,200.00 —
Other Current Assets	3	3,662.06 15,131.08	15,785.85 919.82	19,447.91 16,050.90	1,296.81 233.62
<b>TOTAL</b>		<b>70,349.31</b> 130,463.85	<b>41,793.52</b> 26,267.29	<b>112,142.83</b> 156,731.14	<b>35,296.51</b> 4,289.06
<b>LIABILITIES</b>					
Unit Capital	4	47,979.05 85,610.48	37,925.59 23,979.75	85,904.64 109,590.23	33,082.02 4,201.67
Reserves and Surplus	5	21,134.13 31,970.49	3,031.30 1,491.06	24,165.43 33,461.55	693.97 67.46
Current Liabilities and Provisions	6	1,236.13 12,882.88	836.63 796.48	2,072.76 13,679.36	1,520.52 19.93
<b>TOTAL</b>		<b>70,349.31</b> 130,463.85	<b>41,793.52</b> 26,267.29	<b>112,142.83</b> 156,731.14	<b>35,296.51</b> 4,289.06

### NET ASSET VALUE

	31.03.2004 31.03.2003							
	Kotak Bond Wholesale Plan			Kotak Bond Deposit Plan			Kotak Bond Institutional Plan	
	Growth Option	Quarterly Dividend Option	Annual Dividend Option	Bonus Option	Growth Option	Dividend Option	Growth Option	Dividend Option
Net Assets as per Balance Sheet (Note 2.6) (Total Assets Less Current Liabilities and Provisions)	25,736.89 59,668.19	8,711.51 6,083.54	2,151.75 3,411.00	6,284.07 19,591.02	4,947.34 9,975.49	2,461.95 1,957.27	15,214.36 14,065.39	3,605.31 2,829.07
Number of Units in Issue	149,161,331.229 380,740,357.155	83,025,932.851 57,506,863.273	18,659,708.741 30,492,238.637	54,646,315.337 187,575,413.790	29,450,052.081 65,003,362.905	23,001,420.202 18,172,908.680	87,669,382.380 89,840,871.406	34,176,178.462 26,772,666.582
Net Asset Value per Unit (Rs.)	17.2544 15.6716	10.4925 10.5788	11.5315 11.1865	11.4996 10.4443	16.7991 15.3461	10.7034 10.7703	17.3543 15.6559	10.5491 10.5670

	31.03.2004 31.03.2003			31.03.2004				
	Kotak Bond Short Term Plan		Total	Kotak Floater			Kotak Dynamic Income	
	Growth Option	Dividend Option		Growth Option	Weekly Dividend Option	Monthly Dividend Option	Growth Option	Dividend Option
Net Assets as per Balance Sheet (Note 2.6) (Total Assets Less Current Liabilities and Provisions)	23,449.68 21,177.99	17,507.21 4,292.82	110,070.07 143,051.78	18,479.67	6,213.71	9,082.61	3,148.37	1,120.76
Number of Units in Issue	205,652,216.809 197,550,748.763	173,603,805.901 42,246,790.872		178,095,380.658	62,119,375.517	90,605,345.535	30,874,877.064	11,141,720.628
Net Asset Value per Unit (Rs.)	11.4026 10.7203	10.0846 10.1613		10.3763	10.0029	10.0244	10.1972	10.0591

Notes to the Financial Statements 9

The schedules referred to herein form an integral part of the Balance Sheet  
This is the Balance Sheet referred to in our report of even date

### K.H. VACHHA

Partner

For and on behalf of  
**PRICE WATERHOUSE**  
Chartered Accountants

Mumbai  
Date: April 28, 2004

For Kotak Mahindra Trustee Company Ltd.

**Girish Sheredalal**  
Director

**Chandrashekhar Sathe**  
Director

Date: April 28, 2004

For Kotak Mahindra Asset Management Company Ltd.

**Uday S. Kotak**  
Chairman

**Romesh C Khanna**  
Director

**Sandesh Kirkire**  
Fund Manager

Date: April 28, 2004

**Revenue Account for the year/period ended March 31, 2004**

(Rs. Lacs)

Schedule	01.04.2003 to 31.03.2004 <i>01.04.2002 to 31.03.2003</i>			03.07.2003 to 31.03.2004	15.12.2003 to 31.03.2004	
	Kotak Bond Wholesale, Deposit & Institutional Plan	Kotak Bond Short Term Plan	Total	Kotak Floater	Kotak Dynamic Income	
<b>INCOME AND GAINS</b>						
Interest	7	8,465.15 7,914.45	4,191.70 3,327.34	12,656.85 11,241.79	372.22	83.58
Net Profit on Sale/Redemption of Investments (Note 2.3)		4,983.41 2,679.70	93.33 267.12	5,076.74 2,946.82	12.09	12.51
Net Profit on Inter-scheme Sale/Redemption of Investments (Note 2.3)		193.55 17.23	— 0.41	193.55 17.64	—	3.50
Other Income		0.04 0.29	# —	0.04 0.29	—	—
<b>TOTAL</b>		<b>13,642.15</b> 10,611.67	<b>4,285.03</b> 3,594.87	<b>17,927.18</b> 14,206.54	<b>384.31</b>	<b>99.59</b>
<b>EXPENSES AND LOSSES</b>						
Net Loss on Sale/Redemption of Investments (Note 2.3)		—	—	—	—	—
Net Loss on Inter-scheme Sale/ Redemption of Investments (Note 2.3)		—	111.27	111.27	14.44	—
Investment Management Fees (Note 4)		733.74 618.45	150.64 123.27	884.38 741.72	27.30	12.00
Trusteeship Fees (Note 5)		59.46 73.46	30.65 29.78	90.11 103.24	3.09	0.71
Custodian Fees (Note 6)		27.13 31.21	21.42 20.98	48.55 52.19	2.25	0.02
Registrar/Transfer Agent Fees		98.58 73.61	47.66 26.67	146.24 100.28	5.61	1.42
Marketing Expenses (Note 12(i))		863.94 824.14	253.72 193.77	1,117.66 1,017.91	22.68	11.17
Audit Fees		3.00 2.25	1.50 1.25	4.50 3.50	1.50	1.50
Other Operating Expenses		85.56 40.70	21.16 8.95	106.72 49.65	3.11	1.43
		<b>1,871.41</b> 1,663.82	<b>638.02</b> 404.67	<b>2,509.43</b> 2,068.49	<b>79.98</b>	<b>28.25</b>
Less: Expenses to be Re-imbursed by the Investment Manager (Note 15)		(5.04) (34.98)	— (3.12)	(5.04) (38.10)	(0.56)	(4.77)
<b>TOTAL</b>		<b>1,866.37</b> 1,628.84	<b>638.02</b> 401.55	<b>2,504.39</b> 2,030.39	<b>79.42</b>	<b>23.48</b>
Net Surplus for the year / period		11,775.78 8,982.83	3,647.01 3,193.32	15,422.79 12,176.15	304.89	76.11
Net Change in Unrealised Appreciation/ (Depreciation) in Value of Investments	8	(183.63) 395.45	(126.04) 25.99	(309.67) 421.44	(14.95)	21.21
Net Change in Unrealised Appreciation / (Depreciation) in Value of Interest Rate Swaps (Note 2.5 and 16)		(30.37) —	(4.32) 4.32	(34.69) 4.32	—	—
		<b>11,561.78</b> 9,378.28	<b>3,516.65</b> 3223.63	<b>15,078.43</b> 12,601.91	<b>289.94</b>	<b>97.32</b>

# less than Rs. 0.01 Lacs

**Revenue Account for the year/period ended March 31, 2004 (Contd.)**

(Rs. Lacs)

	01.04.2003 to 31.03.2004							
	01.04.2002 to 31.03.2003							
	Kotak Bond Wholesale Plan			Kotak Bond Deposit Plan		Kotak Bond Institutional Plan		
	Growth Option	Quarterly Dividend Option	Annual Dividend Option	Bonus Option	Growth Option	Dividend Option	Growth Option	Dividend Option
Net Surplus for the year / period including Net Change in Unrealised Appreciation / Depreciation) in Value of Investments and Interest Rate Swaps	5,181.40	1,135.16	340.08	1,662.12	766.11	216.71	1,753.00	507.20
Balance Transferred from Unit Premium Reserve (Note 2.7)	—	—	—	—	—	—	—	—
Balance Transferred from Income Equalisation Reserve (Note 2.8)	(14,633.68)	258.49	(263.15)	(1,029.17)	(1,949.40)	23.46	(391.85)	(75.14)
Dividend Distribution (31.03.2003: subject — to deduction of tax at source)	—	(1,322.69)	(124.57)	—	—	(220.34)	—	(344.38)
Dividend Tax Thereon	—	(169.47)	(15.96)	—	—	(28.23)	—	(44.12)
Bonus Distribution	—	—	—	—	—	—	—	—
Balance transferred to Revenue Reserve	(9,452.28)	(98.51)	(63.60)	632.95	(1,183.29)	(8.40)	1,361.15	43.56
	11,518.17	107.04	(1,483.38)	(79.50)	1,844.63	49.08	4,625.02	81.17

	01.04.2003 to 31.03.2004			03.07.2003 to 31.03.2004			15.12.2003 to 31.03.2004	
	01.04.2002 to 31.03.2003							
	Kotak Bond Short Term Plan		Total	Kotak Floater			Kotak Dynamic Income	
	Growth Option	Dividend Option		Growth Option	Weekly Dividend Option	Monthly Dividend Option	Growth Option	Dividend Option
Net Surplus for the year / period including Net Change in Unrealised Appreciation / (Depreciation) in Value of Investments and Interest Rate Swaps	1,897.19	1,619.46	15,078.43	125.72	27.53	136.69	72.39	24.93
Balance Transferred from Unit Premium Reserve (Note 2.7)	—	—	—	—	—	—	—	—
Balance Transferred from Income Equalisation Reserve (Note 2.8)	(477.68)	174.60	(18,363.52)	543.87	3.47	31.12	(7.31)	0.26
Dividend Distribution (31.03.2003 : subject to deduction of tax at source)	—	(1,583.10)	(3,595.08)	—	(25.91)	(129.31)	—	(15.91)
Dividend Tax Thereon	—	(202.84)	(460.62)	—	(3.32)	(16.57)	—	(2.04)
Bonus Distribution	—	—	—	—	—	—	—	—
Balance transferred to Revenue Reserve	1,419.51	8.12	(7,340.79)	669.59	1.77	21.93	65.08	7.24
	1,425.37	71.47	18,159.07					

Notes to the Financial Statements 9

The schedules referred to herein form an integral part of the Balance Sheet  
This is the Balance Sheet referred to in our report of even date

**K.H. VACHHA**

Partner

 For and on behalf of  
**PRICE WATERHOUSE**  
Chartered Accountants

 Mumbai  
Date: April 28, 2004

For Kotak Mahindra Trustee Company Ltd.

**Girish Sharedalal**  
Director

**Chandrashekhar Sathe**  
Director

Date: April 28, 2004

For Kotak Mahindra Asset Management Company Ltd.

**Uday S. Kotak**  
Chairman

**Romesh C Khanna**  
Director

**Sandesh Kirkire**  
Fund Manager

Date: April 28, 2004

## Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004.

(Rs. Lacs)

	31.03.2004 31.03.2003									
	Kotak Bond Wholesale, Deposit & Institutional Plan		Kotak Bond Short Term Plan		Total		Kotak Floater		Kotak Dynamic Income	
	Cost	Market/ Fair value	Cost	Market/ Fair value	Cost	Market/ Fair value	Cost	Market/ Fair value	Cost	Market value
<b>Schedule 1</b>										
<b>Investments</b>										
(Notes 2.2, 2.3, 7, 9, 12, 13 and 14)										
(Refer to the attached Statement of Portfolio Holding as at March 31, 2004)										
Debentures and Bonds	36,324.32	36,954.82	24,165.84	24,059.28	60,490.16	61,014.10	23,855.35	23,840.40	—	—
	63,397.07	63,807.79	19,643.18	19,664.45	83,040.25	83,472.24				
Government Dated Securities	29,239.11	29,481.93	1,662.87	1,669.38	30,901.98	31,151.31	—	—	4,034.23	4,055.44
	47,407.66	48,053.89	633.53	638.25	48,041.19	48,692.14				
Treasury Bills	—	—	279.01	279.01	279.01	279.01	—	—	—	—
	2,398.17	2,398.17	—	—	2,398.17	2,398.17				
Commercial Paper / Certificates of Deposit	—	—	—	—	—	—	1,959.30	1,959.30	—	—
	947.92	947.92	44.77	44.77	992.69	992.69				
	<b>65,563.43</b>	<b>66,436.75</b>	<b>26,107.72</b>	<b>26,007.67</b>	<b>91,671.15</b>	<b>92,444.42</b>	<b>25,814.65</b>	<b>25,799.70</b>	<b>4,034.23</b>	<b>4,055.44</b>
	114,150.82	115,207.77	20,321.48	20,347.47	134,472.30	135,555.24				

	31.03.2004 31.03.2003								
	Kotak Bond Wholesale, Deposit & Institutional Plan		Kotak Bond Short Term Plan		Total	Kotak Floater		Kotak Dynamic Income	
	<b>Schedule 2</b>								
<b>Deposits</b>									
Money at Call with Scheduled Bank	—	—	—	—	—	1,200.00	—	—	—
Deposits:									
— with Scheduled Banks	—	—	—	—	—	7,000.00	—	—	—
	—	—	5,000.00	—	5,000.00				
— with The Clearing Corporation of India Limited towards Settlement Guarantee Fund and Collateral Holding	250.50	—	—	—	250.50	—	—	—	—
	125.00	—	—	—	125.00				
	<b>250.50</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>250.50</b>	<b>8,200.00</b>	<b>—</b>	<b>—</b>	<b>—</b>
	125.00	—	5,000.00	—	5,125.00				



## Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004. (Contd.)

(Rs. Lacs)

	31.03.2004 31.03.2003				
	Kotak Bond Wholesale, Deposit & Institutional Plan	Kotak Bond Short Term Plan	Total	Kotak Floater	Kotak Dynamic Income
<b>Schedule 3</b>					
<b>OTHER CURRENT ASSETS</b>					
Balances with Banks and Reserve Bank of India in Current Account	1,110.18 483.66	9,349.85 7.96	10,460.03 491.62	93.46	5.53
Balances with Banks and Deposits Against: (Note 10)					
— Unclaimed Dividends	0.90 0.80	—	0.90 0.80	—	—
— Unclaimed Redemption Proceeds	1.07 1.07	—	1.07 1.07	—	—
Unit Subscription Receivable	—	—	—	—	—
	9,678.59	271.95	9,950.54		
Inter-Scheme Receivable	11.05	1,331.35	1,342.40	349.12	—
	—	—	—		
Sales Contracts Awaiting Completion					
— Government Dated Securities	542.43 1,640.34	212.61	755.04 1,640.34	212.59	106.31
— Reverse Repo with Reserve Bank of India	227.17	4,219.77	4,446.94	27.54	27.54
	—	—	—		
Unrealised Appreciation in Value of Interest Rate Swaps (Note 2.5 and 16)	—	—	—	—	—
	—	4.32	4.32		
Interest receivable on					
— Debentures and Bonds	1,273.11 2,242.37	637.37 488.72	1,910.48 2,731.09	584.06	—
— Government Dated Securities	488.89 1,067.65	34.75 16.75	523.64 1,084.40	—	89.04
— Money at Call	—	—	—	0.13	—
	—	—	—		
— Deposits	—	—	—	26.87	—
	0.10	127.00	127.10		
— Application Money	—	—	—	2.05	—
	—	—	—		
— Interest Rate Swaps	—	—	—	—	—
	—	0.07	0.07		
Recoverable from Investment Manager	6.57 15.75	—	6.57 18.44	0.56	4.77
Other Receivables	0.69 0.75	0.15 0.36	0.84 1.11	0.43	0.43
	3,662.06 15,131.08	15,785.85 919.82	19,447.91 16,050.90	1,296.81	233.62

## Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004. (Contd.)

	31.03.2004 31.03.2003					
	Kotak Bond Wholesale Plan					
	Growth Option		Quarterly Dividend Option		Annual Dividend Option	
	No. of Units	(Rs. Lacs)	No. of Units	(Rs. Lacs)	No. of Units	(Rs. Lacs)
<b>Schedule 4</b>						
<b>Unit Capital</b>						
Outstanding (Units of Rs. 10 each)						
At the beginning of the year/ period	380,740,357.155	38,074.04	57,506,863.273	5,750.69	30,492,238.637	3,049.22
	232,132,357.552	23,213.23	89,438,131.462	8,943.81	322,453,501.824	32,245.35
Issued during the year/ period	224,152,473.338	22,415.24	219,929,302.347	21,992.93	28,248,868.964	2,824.89
	950,122,257.364	95,012.23	68,283,568.624	6,828.36	16,001,713.008	1,600.17
	604,892,830.493	60,489.28	277,436,165.620	27,743.62	58,741,107.601	5,874.11
	1,182,254,614.916	118,225.46	157,721,700.086	15,772.17	338,455,214.832	33,845.52
Redeemed during the year/ period	(455,731,499.264)	(45,573.14)	(194,410,232.769)	(19,441.02)	(40,081,398.860)	(4,008.14)
	(801,514,257.761)	(80,151.42)	(100,214,836.813)	(10,021.48)	(307,962,976.195)	(30,796.30)
At the end of the year/period	149,161,331.229	14,916.14	83,025,932.851	8,302.60	18,659,708.741	1,865.97
	380,740,357.155	38,074.04	57,506,863.273	5,750.69	30,492,238.637	3,049.22

	31.03.2004 31.03.2003					
	Kotak Bond Wholesale Plan			Kotak Bond Deposit Plan		
	Bonus Option		Growth Option		Dividend Option	
	No. of Units	(Rs. Lacs)	No. of Units	(Rs. Lacs)	No. of Units	(Rs. Lacs)
<b>Schedule 4 (Continued)</b>						
<b>Unit Capital</b>						
Outstanding (Units of Rs. 10 each)						
At the beginning of the year/ period	187,575,413.790	18,757.54	65,003,362.905	6,500.34	18,172,908.680	1,817.29
	—	—	39,884,890.696	3,988.49	53,963,707.803	5,396.37
Issued during the year/ period	195,578.519	19.56	11,750,344.312	1,175.03	18,452,654.757	1,845.27
	469,921,475.096	46,992.15	51,287,303.538	5,128.73	4,359,626.499	435.96
	187,770,992.309	18,777.10	76,753,707.217	7,675.37	36,625,563.437	3,662.56
	469,921,475.096	46,992.15	91,172,194.234	9,117.22	58,323,334.302	5,832.33
Redeemed during the year/ period	(133,124,676.972)	(13,312.47)	(47,303,655.136)	(4,730.37)	(13,624,143.235)	(1,362.41)
	(282,346,061.306)	(28,234.61)	(26,168,831.329)	(2,616.88)	(40,150,425.622)	(4,015.04)
At the end of the year/period	54,646,315.337	5,464.63	29,450,052.081	2,945.00	23,001,420.202	2,300.15
	187,575,413.790	18,757.54	65,003,362.905	6,500.34	18,172,908.680	1,817.29
<b>Total for the Plan</b>	30,549.34				5,245.15	
<i>Total for the Plan</i>	65,631.49				8,317.63	

	31.03.2004 31.03.2003					
	Kotak Bond Institutional Plan				Kotak Bond Short Term Plan	
	Growth Option		Dividend Option		Growth Option	
	No. of Units	(Rs. Lacs)	No. of Units	(Rs. Lacs)	No. of Units	(Rs. Lacs)
<b>Schedule 4 (Continued)</b>						
<b>Unit Capital</b>						
Outstanding (Units of Rs. 10 each)						
At the beginning of the year/ period	89,840,871.406	8,984.09	26,772,666.582	2,677.27	197,550,748.763	19,755.07
	—	—	—	—	—	—
Issued during the year/ period	412,101,741.885	41,210.17	233,819,707.272	23,381.97	1,694,481,641.457	169,448.16
	89,840,871.406	8,984.09	26,772,666.582	2,677.27	2,985,309,399.023	298,530.94
	501,942,613.291	50,194.26	260,592,373.854	26,059.24	1,892,032,390.220	189,203.23
	89,840,871.406	8,984.09	26,772,666.582	2,677.27	2,985,309,399.023	298,530.94
Redeemed during the year/ period	(414,273,230.911)	(41,427.32)	(226,416,195.392)	(22,641.62)	(1,686,380,173.411)	(168,638.02)
	—	—	—	—	(2,787,758,650.260)	(278,775.87)
At the end of the year/period	87,669,382.380	8,766.94	34,176,178.462	3,417.62	205,652,216.809	20,565.21
	89,840,871.406	8,984.09	26,772,666.582	2,677.27	197,550,748.763	19,755.07
<b>Total for the Plan</b>			12,184.56			
<i>Total for the Plan</i>			11,661.36			

## Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004. (Contd.)

	31.03.2004 31.03.2003					
	Kotak Bond Short Term Plan		Kotak Floater			
	Dividend Option		Growth Option		Weekly Dividend Option	
	No. of Units	(Rs. Lacs)	No. of Units	(Rs. Lacs)	No. of Units	(Rs. Lacs)
<b>Schedule 4 (Continued)</b>						
<b>Unit Capital</b>						
Outstanding (Units of Rs 10 each)						
At the beginning of the year/ period	42,246,790.872	4,224.68				
Issued during the year/ period	1,202,159,009.343 <i>65,512,676.294</i>	120,215.90 <i>6,551.27</i>	*440,158,806.426	44,015.88	*120,131,753.959	12,013.18
	1,244,405,800.215 <i>65,512,676.294</i>	124,440.58 <i>6,551.27</i>	440,158,806.426	44,015.88	120,131,753.959	12,013.18
Redeemed during the year/ period	(1,070,801,994.314) <i>(23,265,885.422)</i>	(107,080.20) <i>(2,326.59)</i>	(262,063,425.768)	(26,206.34)	(58,012,378.442)	(5,801.24)
At the end of the year/ period	173,603,805.901 <i>42,246,790.872</i>	17,360.38 <i>4,224.68</i>	178,095,380.658	17,809.54	62,119,375.517	6,211.94
<b>Total for the Plan</b>		<b>37,925.59</b> <i>23,979.75</i>				
<b>Total for the Scheme</b>		<b>47,979.05</b> <i>85,610.48</i>				

	31.03.2004 31.03.2003					
	Kotak Floater		Kotak Dynamic Income			
	Monthly Dividend Option		Growth Option		Dividend Option	
	No. of Units	(Rs. Lacs)	No. of Units	(Rs. Lacs)	No. of Units	(Rs. Lacs)
<b>Schedule 4 (Continued)</b>						
<b>Unit Capital</b>						
Outstanding (Units of Rs. 10 each)						
At the beginning of the year/ period						
Issued during the year/period *	266,037,971.590	26,603.80	80,117,196.705	8,011.72	19,336,058.535	1,933.61
	266,037,971.590	26,603.80	80,117,196.705	8,011.72	19,336,058.535	1,933.61
Redeemed during the year/ period	(175,432,626.055)	(17,543.26)	(49,242,319.641)	(4,924.23)	(8,194,337.907)	(819.43)
At the end of the year/period	90,605,345.535	9,060.54	30,874,877.064	3,087.49	11,141,720.628	1,114.18
<b>Total for the Scheme</b>		<b>33,082.02</b>				<b>4,201.67</b>

Kotak Mahindra Asset Management Company Limited, the investment manager, holds 2,289,468.115 units, 1,293,300.944 units, 4,932,328.453 units in Kotak Floating Rate Scheme (Weekly Dividend Option), Kotak Floating Rate Scheme (Monthly Dividend Option) and Kotak Dynamic Income Scheme (Growth Option) respectively as at March 31, 2004.

\* Includes 25,670,550.000 units of Kotak Floating Rate Scheme (Growth Option), 660,000.000 units of Kotak Floating Rate Scheme (Weekly Dividend Option), 7,640,500.000 units of Kotak Floating Rate Scheme (Monthly Dividend Option), 29,493,500.000 units of Kotak Dynamic Income Scheme (Growth Option) and 5,655,000.000 units of Kotak Dynamic Income Scheme (Dividend Option) on initial issue and subscription.

^ Includes 156,478,568.790 units issued as fully paid up bonus units of Rs.10 each.

## Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004. (Contd.)

(Rs. Lacs)

	31.03.2004				31.03.2003	
	Kotak Bond Wholesale Plan			Kotak Bond Deposit Plan		
	Growth Option	Quarterly Dividend Option	Annual Dividend Option	Bonus Option	Growth Option	Dividend Option
<b>Schedule 5</b>						
<b>Reserves and Surplus</b>						
<b>UNIT PREMIUM RESERVE (Note 2.7)</b>						
At the beginning of the year/ period	1,149.02 367.07	44.98 (5.62)	(294.03) (1.79)	912.98 —	227.44 105.90	(35.50) 23.52
Added during the year/ period	(1,321.12) 781.95	174.57 50.60	(12.40) (292.24)	(646.99) 1,088.55	(289.52) 121.54	30.22 (59.02)
Transferred to Revenue Account	— —	— —	— —	— (175.57)	— —	— —
At the end of the year/ period	(172.10) 1,149.02	219.55 44.98	(306.43) (294.03)	265.99 912.98	(62.08) 227.44	(5.28) (35.50)
<b>INCOME EQUALISATION RESERVE (Note 2.8)</b>						
At the beginning of the year/ period	— —	— —	— —	— —	— —	— —
Added during the year/ period	(14,633.68) 5,353.15	258.49 (59.43)	(263.15) (3,009.37)	(1,029.17) 15,608.18	(1,949.40) 862.18	23.46 (66.21)
	(14,633.68) 5,353.15	258.49 (59.43)	(263.15) (3,009.37)	(1,029.17) 15,608.18	(1,949.40) 862.18	23.46 (66.21)
Transferred to Revenue Account	14,633.68 (5,353.15)	(258.49) 59.43	263.15 3,009.37	1,029.17 (15,608.18)	1,949.40 (862.18)	(23.46) 66.21
	— —	— —	— —	— —	— —	— —
<b>REVENUE RESERVE</b>						
At the beginning of the year/ period	20,445.13 8,926.96	287.87 180.83	655.81 2,139.19	(79.50) —	3,247.71 1,403.08	175.48 126.40
Balance Transferred from Revenue Account	(9,452.28) 11,518.17	(98.51) 107.04	(63.60) (1,483.38)	632.95 (79.50)	(1,183.29) 1,844.63	(8.40) 49.08
At the end of the year/ period	10,992.85 20,445.13	189.36 287.87	592.21 655.81	553.45 (79.50)	2,064.42 3,247.71	167.08 175.48
	10,820.75 21,594.15	408.91 332.85	285.78 361.78	819.44 833.48	2,002.34 3,475.15	161.80 139.98

**Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004. (Contd.)**

(Rs. Lacs)

	31.03.2004				Total
	31.03.2003				
	Kotak Bond Institutional Plan		Kotak Bond short Term Plan		
	Growth Option	Dividend Option	Growth Option	Dividend Option	
<b>Schedule 5 (Continued)</b>					
<b>Reserves and Surplus</b>					
<b>UNIT PREMIUM RESERVE (Note 2.7)</b>					
At the beginning of the year/ period	456.28	70.63	(2.45)	(3.33)	2,526.02
Added during the year/ period	4.97	(7.67)	42.04	70.57	(1,955.33)
Transferred to Revenue Account	—	—	—	—	—
At the end of the year/ period	461.25	62.96	39.59	67.24	570.69
	456.28	70.63	(2.45)	(3.33)	2,526.02
<b>INCOME EQUALISATION RESERVE (Note 2.8)</b>					
At the beginning of the year/ period	—	—	—	—	—
Added during the year/ period	(391.85)	(75.14)	(477.68)	174.60	(18,363.52)
	4,609.74	79.98	(1,736.58)	57.70	21,699.34
Transferred to Revenue Account	391.85	75.14	477.68	(174.60)	18,363.52
	(4,609.74)	(79.98)	1,736.58	(57.70)	(21,699.34)
	—	—	—	—	—
	—	—	—	—	—
<b>REVENUE RESERVE</b>					
At the beginning of the year/ period	4,625.02	81.17	1,425.37	71.47	30,935.53
Balance Transferred from Revenue Account	1,361.15	43.56	1,419.51	8.12	(7,340.79)
	4,625.02	81.17	1,425.37	71.47	18,159.07
At the end of the year/ period	5,986.17	124.73	2,844.88	79.59	23,594.74
	4,625.02	81.17	1,425.37	71.47	30,935.53
	6,447.42	187.69	2,884.47	146.83	24,165.43
	5,081.30	151.80	1,422.92	68.14	33,461.55
<b>TOTAL FOR SCHEME / PLAN *</b>		21,134.13		3,031.30	24,165.43
		31,970.49		1,491.06	33,461.55

	31.03.2004					
	Kotak Floater			Kotak Dynamic Income		
	Growth Option	Weekly Dividend Option	Monthly Dividend Option	Growth Option	Dividend Option	
<b>Schedule 5 (Continued)</b>						
<b>Reserves and Surplus</b>						
<b>Unit Premium Reserve (Note 2.7)</b>						
At the beginning of the year/period	—	—	—	—	—	—
Added during the year/period	0.54	—	0.14	(4.20)	(0.66)	—
Transferred to Revenue Account	—	—	—	—	—	—
At the end of the year/period	0.54	—	0.14	(4.20)	(0.66)	—
<b>INCOME EQUALISATION RESERVE (Note 2.8)</b>						
At the beginning of the year/period	—	—	—	—	—	—
Added during the year/period	543.87	3.47	31.12	(7.31)	0.26	—
	543.87	3.47	31.12	(7.31)	0.26	—
Transferred to Revenue Account	(543.87)	(3.47)	(31.12)	7.31	(0.26)	—
At the end of the year/period	—	—	—	—	—	—
<b>REVENUE RESERVE</b>						
At the beginning of the year/period	—	—	—	—	—	—
Balance Transferred from Revenue Account	669.59	1.77	21.93	65.08	7.24	—
At the end of the year/period	669.59	1.77	21.93	65.08	7.24	—
	670.13	1.77	22.07	60.88	6.58	—
<b>TOTAL FOR SCHEME / PLAN *</b>			693.97			67.46

\* Including unrealised appreciation/(depreciation) in value of investments of Rs. 873.32 Lacs, (Rs. 100.05 Lacs), (Rs 14.95) Lacs and Rs 21.21 Lacs for Kotak Bond, Kotak Bond Short Term Plan, Kotak Floating Rate Scheme and Kotak Dynamic Income Scheme respectively.

**Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004. (Contd.)**

(Rs. Lacs)

			31.03.2004		
			31.03.2003		
	Kotak Bond Wholesale, Deposit & Institutional Plan	Kotak Bond Short Term Plan	Total	Kotak Floater	Kotak Dynamic Income
<b>Schedule 6</b>					
<b>Current Liabilities and Provisions</b>					
Purchase Contracts Awaiting Completion					
— Government Dated Securities	751.37	—	751.37	—	—
	12,253.47	650.26	12,903.73		
Payable to Investment Manager					
— Investment Management Fees	40.80	12.87	53.67	14.43	4.17
	66.48	3.75	70.23		
— Expenses	—	—	—	—	—
	—	—	—		
Trusteeship Fees	3.29	1.61	4.90	1.66	0.25
	5.00	1.18	6.18		
Custodian Fees	1.38	0.95	2.33	1.23	0.01
	3.29	1.21	4.50		
Registrar/Transfer Agent Fees	7.41	3.17	10.58	2.51	0.45
	8.99	2.89	11.88		
Audit Fees	2.85	1.42	4.27	1.42	1.42
	2.13	1.18	3.31		
Marketing Expenses	129.26	47.40	176.66	17.98	10.24
	228.61	56.79	285.40		
Inter-Scheme Payable	73.78	649.34	723.12	1,478.51	—
	86.78	75.31	162.09		
Redemption of Units	82.35	116.08	198.43	0.65	—
	166.98	2.21	169.19		
Load Charges (Note 2.9)	37.32	—	37.32	—	0.01
	34.14	—	34.14		
Dividend Payable	62.30	—	62.30	—	0.93
	—	—	—		
Unclaimed Dividend (Note 10)	0.90	—	0.90	—	—
	0.80	—	0.80		
Unclaimed Redemption (Note 10)	1.07	—	1.07	—	—
	1.07	—	1.07		
Interest Payable on Interest Rate Swaps	1.34	—	1.34	—	—
	—	—	—		
Unrealised Depreciation in Value of Interest Rate Swaps (Note 2.5 and 16)	30.37	—	30.37	—	—
	—	—	—		
Sundry Payables	10.34	3.79	14.13	2.13	2.45
	25.14	1.70	26.84		
	<b>1,236.13</b>	<b>836.63</b>	<b>2,072.76</b>	<b>1,520.52</b>	<b>19.93</b>
	12,882.88	796.48	13,679.36		

**Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004. (Contd.)**

(Rs. Lacs)

	01.04.2003 to 31.03.2004 <i>01.04.2002 to 31.03.2003</i>			03.07.2003 to 31.03.2004	15.12.2003 to 31.03.2004
	Kotak Bond Wholesale, Deposit & Institutional Plan	Kotak Bond Short Term Plan	Total	Kotak Floater	Kotak Dynamic Income
<b>Schedule 7</b>					
<b>Interest (Note 2.4)</b>					
Debentures and Bonds	4,554.10 <i>4,605.68</i>	3,284.09 <i>2,477.60</i>	7,838.19 <i>7,083.28</i>	295.24	2.96
Government Dated Securities	3,650.40 <i>2,879.13</i>	279.28 <i>36.41</i>	3,929.68 <i>2,915.54</i>	6.79	64.23
Treasury Bills and Zero Coupon Bonds	36.89 <i>84.20</i>	59.97 <i>34.03</i>	96.86 <i>118.23</i>	—	—
Commercial Paper/Certificates of Deposit	50.03 <i>162.95</i>	164.22 <i>401.38</i>	214.25 <i>564.33</i>	15.76	—
Collateralised Borrowing and Lending Obligation	0.08 <i>—</i>	0.22 <i>—</i>	0.30 <i>—</i>	0.54	—
Money at Call (Note 17)	21.54 <i>45.38</i>	41.98 <i>67.30</i>	63.52 <i>112.68</i>	6.74	0.41
Deposits	4.73 <i>7.48</i>	250.81 <i>216.10</i>	255.54 <i>223.58</i>	26.87	—
Application Money	7.60 <i>10.43</i>	12.22 <i>33.00</i>	19.82 <i>43.43</i>	6.97	—
Reverse Repos	141.12 <i>119.20</i>	92.53 <i>61.45</i>	233.65 <i>180.65</i>	13.31	15.98
Interest Rate Swaps (Note 2.5)	(1.34) <i>—</i>	6.38 <i>0.07</i>	5.04 <i>0.07</i>	—	—
	<b>8,465.15</b> <i>7,914.45</i>	<b>4,191.70</b> <i>3,327.34</i>	<b>12,656.85</b> <i>11,241.79</i>	<b>372.22</b>	<b>83.58</b>

**Schedule 8**
**Net Change in Unrealised Appreciation/ (Depreciation) in Value of Investments**
**Debentures and Bonds**

At the beginning of the year/period	410.72 <i>245.09</i>	21.27 <i>—</i>	431.99 <i>245.09</i>		
At the end of the year/period	630.50 <i>410.72</i>	(106.56) <i>21.27</i>	523.94 <i>431.99</i>	(14.95)	—
Net Change in Unrealised Appreciation/(Depreciation) during the year/period	219.78 <i>165.63</i>	(127.83) <i>21.27</i>	91.95 <i>186.90</i>	(14.95)	—

**Government Dated Securities**

At the beginning of the year / period	646.23 <i>416.41</i>	4.72 <i>—</i>	650.95 <i>416.41</i>		
At the end of the year / period	242.82 <i>646.23</i>	6.51 <i>4.72</i>	249.33 <i>650.95</i>	—	21.21
Net Change in Unrealised Appreciation/(Depreciation) during the year / period	(403.41) <i>229.82</i>	1.79 <i>4.72</i>	(401.62) <i>234.54</i>	—	21.21
Net Change in Unrealised Appreciation/ (Depreciation) in Value of Investments during the year/period	(183.63) <i>395.45</i>	(126.04) <i>25.99</i>	(309.67) <i>421.44</i>	(14.95)	21.21

## Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004. (Contd.)

### Schedule 9

#### Notes to the Financial Statements

##### 1. Organisation

Kotak Mahindra Bond Unit Scheme 99 (formerly known as Kotak Mahindra K Bond Unit Scheme 99) was launched on October 18, 1999 as an open-ended debt Scheme of Kotak Mahindra Mutual Fund ("KMMF"). The Scheme has the following plans -.

- (i) Wholesale Plan:  
This Plan, suitable for investors having relatively large investible surpluses, has Growth, Quarterly Dividend, Annual Dividend and Bonus Options.
- (ii) Deposit Plan:  
This Plan, suitable for investors having relatively small investible surpluses, has a Growth and Dividend Option.
- (iii) Institutional Plan:  
This Plan, suitable for institutional investors having large investible surpluses, has a Growth and Dividend Option.

The Wholesale, Deposit and Institutional Plans ("Kotak Bond") have a common portfolio.

- (iv) Short Term Plan:  
Kotak Bond Short Term Plan, has a separate portfolio of investments in debt and money market securities and has a Growth and Dividend Option.
- (v) Serial Plans:  
Each Serial Plan relates to a calendar year beginning from 2001 onwards and has two sub-plans, i.e., Sub-Plan A (maturing on April 7<sup>th</sup> of the respective year) and Sub-Plan B (maturing on December 31<sup>st</sup> of the respective year). Each Sub-Plan has a separate portfolio and invests in instruments maturing before the maturity date of that Sub-Plan.  
Each Sub-Plan has a Growth and Dividend Option.

Kotak Mahindra Floating Rate Scheme ("Kotak Floater") was launched on July 3, 2003, as an open-ended debt Scheme of KMMF, predominantly investing in debt securities and money market instruments suitable for investors who want to reduce interest rate risk associated with fixed rate investments. Kotak Floater has Growth, Weekly Dividend and Monthly Dividend Option.

Kotak Mahindra Dynamic Income Scheme ("Kotak Dynamic Income") was launched on December 15, 2003, as an open-ended debt Scheme of KMMF, investing in debt securities and money market instruments suitable for investors who want to invest in an actively managed debt portfolio. Kotak Dynamic Income has a Growth and Dividend Option.

KMMF has been established as a Trust in accordance with the Indian Trusts Act, 1882, and is sponsored by Kotak Mahindra Bank Limited ("KMBL"). Kotak Mahindra Trustee Company Limited ("KMTC"), a company incorporated under the Companies Act, 1956, is the Trustee to KMMF by the Trust Deed made between KMBL and KMTC. Kotak Mahindra Asset Management Company Limited ("KMAMC"), a company incorporated under the Companies Act, 1956, is a wholly owned subsidiary of KMBL and has been appointed as the asset management company ("Investment Manager").

##### 2. Significant Accounting Policies

###### 2.1. Basis of Accounting

The Schemes maintain their books of account on an accrual basis. These financial statements have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, (the "Regulation"), and amendments thereto, as applicable.

###### 2.2. Portfolio Valuation

Investments are stated at market/fair value at the Balance Sheet date/date of determination. In valuing Scheme's investments:

- (i) Traded debt securities are valued at the last quoted closing price on the principal exchange on which the security is traded. If no sale is reported at that time, the last quoted closing price is used, when it is not more than fifteen days prior to the valuation date.
- (ii) Non-traded/thinly traded debt securities including those not traded within fifteen days are valued at fair value as per procedures determined by KMAMC and approved by the Trustee in accordance with the guidelines for valuation of securities for mutual funds, issued by the Securities and Exchange Board of India (SEBI), from time to time.
- (iii) Government securities are valued at prices obtained from The Credit Rating Information Services of India Limited, in accordance with the guidelines for valuation of securities for mutual funds, issued by SEBI.
- (iv) Instruments bought on 'repo' basis are valued at the resale price after deduction of applicable interest up to the date of resale. Instruments sold on a 'repo' basis are adjusted for the difference between the repurchase price (after deduction of applicable interest up to the date of repurchase) and the value of the instrument.
- (v) Treasury bills, commercial paper, certificates of deposits, collateralised borrowing and lending obligation and rediscounted bills are valued at cost plus accrued interest.

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 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 the revenue account including net change in unrealised appreciation / depreciation in value of investments is transferred to the revenue reserve.

###### 2.3. Securities Transactions

Transactions for purchase and sale of investments are recognised as of the trade date. In determining the holding cost of investments and the gain or loss on sale of investments, the "average cost" method is followed.



## Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004. (Contd.)

### 2.4. Investment Income

Interest income is recorded on an accrual basis.

### 2.5 Interest Rate Swaps

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

### 2.6 Net Asset Value

The net asset value of the units of the Schemes is determined separately for units issued under the different Plans/Options. For reporting the net asset value for various Plans / Options, daily income earned, including realised and unrealised gain or loss in the value of investments and expenses incurred by the Scheme / Plans / Sub-Plans are allocated to the Options in proportion to the value of the net assets.

### 2.7 Unit Premium Reserve

Upon issue and redemption of units, the net premium or discount to the face value of units is adjusted against the unit premium reserve of the Options, after an appropriate portion of the issue proceeds and redemption payout is credited or debited respectively to the income equalisation reserve.

The unit premium reserve is available for dividend distribution except to the extent it is represented by unrealised net appreciation in value of investments.

### 2.8 Income Equalisation Reserve

Income equalisation reserve is maintained by crediting (or debiting) the income equalisation reserve account in respect of purchase of units (or redemption of units) by an appropriate amount, which represents the distributable income at the time of purchase (or redemption). The balance in the income equalisation reserve account is transferred to the revenue account at the end of the year.

### 2.9 Load Charges

Load collected is retained under a separate account in the respective Schemes and is used to meet the selling and distribution expenses of the Schemes of KMMF.

## 3. Income Taxes

No provision for Income tax has been made since the income of the Schemes is exempt under section 10(23D) of the Income tax Act, 1961.

## 4. Investment Management Fees

The Schemes have paid / provided for investment management fees payable to KAMMC for managing the Scheme at an average annual rate of 0.62% in case of the Wholesale Plan, 1.06% in case of the Deposit Plan, 0.41% in case of the Institutional Plan, 0.25% in case of Short Term Plan, 0.44% in case of Kotak Floater and 0.84% in case of Kotak Dynamic Income Scheme of the average daily net assets (excluding the investment made in units by KAMMC) recorded by the respective Plans/ Options of the Schemes.

## 5. Trusteeship Fees

In accordance with the Trust Deed dated May 20, 1996 between KMBL and KMTC and amendments thereto, the Trustee is entitled to annual remuneration of 0.05% per annum of the average daily net assets of KMMF or Rs. 1,500,000, whichever is higher. Such fee is allocated between the Schemes of KMMF considering the period of existence and the Scheme-wise proportion of average daily net assets.

## 6. Custodian Fees

Deutsche Bank AG provides custodial services to the Schemes, for which it receives custody fees including transaction and registration fees.

## 7. Custodian Confirmation

Confirmation has been received from Deutsche Bank AG at the end of the year/ period for the investments held by them.

## 8. Initial Contribution

The initial contribution of Rs. 100,000 made by KMBL is recorded in the books of account of KMTC.

## 9. Aggregate Appreciation and Depreciation in the Value of Investments:

Scheme / Plan /Category of Investments	March 31, 2004		March 31, 2003	
	Appreciation (Rs. Lacs)	Depreciation (Rs. Lacs)	Appreciation (Rs. Lacs)	Depreciation (Rs. Lacs)
<b>Kotak Bond</b>				
Debentures and Bonds	651.46	(20.96)	900.25	489.53
Government Dated Securities	242.82	—	647.16	0.93
<b>Kotak Bond Short Term Plan</b>				
Debentures and Bonds	50.74	(157.30)	95.15	73.88
Government Dated Securities	6.51	—	4.72	—
<b>Kotak Floater</b>				
Debentures and Bonds	0.43	(15.38)		
<b>Kotak Dynamic Income</b>				
Government Dated Securities	21.21	—		

## Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004. (Contd.)

### 10. Unclaimed Dividend and Redemption Proceeds.

As at March 31, 2004, unclaimed dividends and unclaimed redemption proceeds for Kotak Bond are payable to 105 investors and 4 investors respectively.

### 11. Initial Issue Expenses.

Initial issue expenses comprise of costs directly associated with the issue of units in the Schemes and have been borne by KMAMC.

### 12. Disclosure Under Regulation 25(8) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended

- (i) Kotak Securities Limited and Kotak Mahindra Capital Company Limited, associate companies of KMAMC and Kotak Mahindra Bank Limited, the holding company of KMAMC were paid commission for procuring unit subscriptions for the Schemes, brokerage on purchase and sale of investments and/or charges on banking operations. The commission, brokerage and bank charges paid were at rates similar to those offered to other distributors/ brokers.

(Rs. Lacs)

	Kotak Bond	Kotak Bond Short Term Plan	Kotak Floater	Kotak Dynamic Income
<u>Kotak Securities Limited</u>				
Commission on unit subscriptions	90.32	22.83	0.46	0.21
<u>Kotak Mahindra Capital Company Limited</u>				
Commission on unit subscriptions	0.05	0.70	—	—
<u>Kotak Mahindra Bank Ltd</u>				
Commission on unit subscriptions	4.84	5.43	3.42	5.25
Charges on Banking Services	—	—	#	0.1

# Less than 0.01 Lacs

- (ii) During the year Kotak Bond Short Term Plan has subscribed to the following issue of debentures and bonds where Kotak Mahindra Capital Company Limited, an associate of KMAMC, was the lead manager / arranger to the issue.

Security	Amount subscribed (Rs. Lacs)
Pass Through Certificate - BHPC Auto Securitisation Trust (Series A1) June 2003	1,487.84

The investment was made solely on the basis of sound fundamentals of the company.

### 13. Disclosure Under Regulation 25(11) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended

Kotak Mahindra Mutual Fund has made the following investments in companies which hold /have held units in excess of 5% of the net asset value of any scheme of Kotak Mahindra Mutual Fund.

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. Lacs)
Bajaj Auto Ltd.	Kotak Gilt Savings Plan	Kotak Global India Kotak Income Plus	1,165.13 266.96
Bharti Tele-Ventures Ltd.	Kotak Bond Short Term Plan	Kotak 30	75.64
Cummins India Ltd.	FMP (1)	Kotak Global India Kotak MNC	1,258.18 10.16
Dr. Reddy's Laboratories Ltd.	Kotak FMP (8)	Kotak Balance Kotak Global India Kotak 30	70.47 161.46 135.19
Export-Import Bank of India.	Kotak Bond Short Term Plan	Kotak Bond Kotak Bond Short Term Plan Kotak Liquid	10,685.43 9,709.55 11,367.03
Finolex Cables Ltd.	Kotak Floater	Kotak Bond Short Term Plan Kotak Liquid	2,500.00 9,000.00
Finolex Industries Ltd.	Kotak Floater	Kotak Bond Short Term Plan Kotak Liquid	500.00 2,000.00
Global Trade Finance Private Ltd.	Kotak Dyanamic Income	Kotak Liquid	5,200.00
HCL Technologies Ltd.	Kotak Bond Short Term Plan	Kotak 30 Kotak Tech	129.42 221.56

**Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004. (Contd.)**

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. Lacs)
HDFC Bank Ltd.	Kotak Gilt Savings Plan	Kotak 30 Kotak Liquid	295.69 19,960.96
HDFC Ltd.	Kotak Floater	Kotak Bond Kotak Bond Short Term Plan Kotak Dyanamic Income Kotak Liquid	6,153.73 10,663.15 1,020.14 11,964.92
Hindalco Industries Ltd.	Kotak Floater	Kotak Balance Kotak Bond Kotak 30	65.28 994.45 340.08
ICICI Bank Ltd.	Kotak Liquid	Kotak Bond Short Term Plan Kotak Floater Kotak 30 Kotak Liquid	4,442.39 812.90 558.45 32,171.15
ICICI Securities and Finance Company Ltd.	Kotak Bond Short Term Plan	Kotak Bond Short Term Plan Kotak Liquid	4,389.31 7,000.00
Idea Cellular Ltd.	Kotak Bond Short Term Plan	Kotak Bond Short Term Plan Kotak Liquid	1,003.49 2,008.40
Indian Aluminium Company Ltd.	Kotak Liquid	Kotak Bond Kotak Liquid	1,500.00 4,500.00
Indo Gulf Fertiliser Ltd.	Kotak Floater	Kotak Balance Kotak 30	58.78 60.57
Industrial Development Bank of India.	Kotak Bond Short Term Plan Kotak Liquid	Kotak Bond Kotak Bond Short Term Plan Kotak Floater Kotak 30 Kotak Income Plus Kotak Liquid	10,349.01 12,311.62 3,406.98 81.29 1,527.10 15,045.58
Infosys Technologies Ltd.	Kotak Liquid	Kotak Balance Kotak Global India Kotak 30 Kotak Income Plus Kotak Tech	73.90 677.97 697.68 304.92 931.39
Infrastructure Development Finance Company Ltd	Kotak Dyanamic Income	Kotak Bond Kotak Liquid	4,490.06 6,426.95
ITC Ltd.	Kotak Liquid	Kotak Balance Kotak 30 Kotak Income Plus Kotak MNC	21.05 1,028.71 258.18 519.23
Kotak Mahindra Bank Ltd.	Kotak Liquid	Kotak Liquid	2,495.12
Larsen and Toubro Ltd.	Kotak MNC	Kotak Bond Kotak Bond Short Term Plan Kotak Global India Kotak 30 Kotak Liquid	566.51 3,536.00 1,288.54 809.76 9,434.13
LIC Housing Finance Ltd.	Kotak Floater	Kotak Bond Kotak Bond Short Term Plan Kotak Dyanamic Income	12,268.85 1,642.00 545.77

## Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004. (Contd.)

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. Lacs)
Mahindra and Mahindra Ltd.	Kotak Dyanamic Income	Kotak Bond Kotak 30 Kotak Income Plus Kotak Liquid	1,854.62 534.40 784.97 1,300.00
Maruti Udyog Ltd.	Kotak Bond Short Term Plan	Kotak Global India Kotak 30 Kotak Income Plus Kotak MNC	817.04 536.83 219.90 680.00
Power Trading Corporation of India Ltd.	Kotak FMP(8)	Kotak 30	88.80
Raymond Ltd.	Kotak Dyanamic Income	Kotak Bond Kotak Liquid Kotak Global India	1,000.00 500.00 333.66
Sun Pharmaceuticals Industries Ltd.	Kotak FMP(8)	Kotak Global India Kotak 30	1,300.86 154.48
Tata Motors Ltd.	Kotak Floater	Kotak Bond Short Term Plan Kotak 30	1,487.84 772.74
TVS Motor Company Ltd.	Kotak Floater	Kotak 30	330.12
UCO Bank	Kotak Dyanamic Income	Kotak Balance Kotak 30	1.40 1.40
Union Bank of India	Kotak Floater	Kotak Bond Short Term Plan	1,018.51
UTI Bank Ltd.	Kotak Floater	Kotak Bond Kotak Bond Short Term Plan Kotak Liquid	555.85 929.81 13,341.97
Wipro Ltd.	Kotak Bond Short Term Plan	Kotak Tech	438.78

Kotak Gilt: Kotak Mahindra Gilt Unit Scheme '98

Kotak Bond : Kotak Bond Wholesale, Deposit & Institutional Plans

Kotak Liquid: Kotak Mahindra Liquid Scheme

Kotak 30: Kotak Mahindra 30 Unit Scheme

Kotak Balance: Kotak Mahindra Balance Unit Scheme 99

Kotak Tech: Kotak Mahindra Technology Scheme

Kotak MNC: Kotak Mahindra MNC Scheme

Kotak Income Plus: Kotak Mahindra Income Plus Scheme

Kotak Global India: Kotak Mahindra Global India Scheme

FMP(1) : Kotak Mahindra Fixed Maturity Plans - FMP(1)

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

### 14. Aggregate Value of Purchases and Sales of Investments

The aggregate value of investments purchased (including amortisation) and sold (including redemptions) during the year/period and their percentage of respective average daily net assets are as follows:

	Purchases (Rs. Lacs)	Percentage of average daily net assets	Sales (Rs. Lacs)	Percentage of average daily net assets
Kotak Bond	835,559.02	704.55%	889,323.37	749.88%
Kotak Bond Short Term Plan	402,222.29	657.97%	396,418.11	648.47%
Kotak Floater	78,598.74	911.69%	52,781.74	612.23%
Kotak Dynamic Income	54,934.99	1,025.74%	50,916.77	950.71%

## Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004. (Contd.)

### 15. Income/Expenditure

The total income (including net loss on sale/redemption of investments and net change in unrealised appreciation / (depreciation) in value of investments and interest rate swaps) and total expenses during the year/period are:

Scheme	Total Income (Rs. Lacs)	Percentage of average daily net assets	Total Expenses (Rs. Lacs)	Percentage of average daily net assets
Kotak Bond	13,428.15	11.32	1,866.37	1.57
Kotak Bond Short Term Plan	4,043.40	6.60	526.75	0.86
Kotak Floater *	354.92	5.75	64.98	1.05
Kotak Dynamic Income *	120.80	8.51	23.48	1.65

\* Annualised.

Actual expenses aggregating Rs. 5.04 Lacs, Rs. 0.56 Lacs and Rs. 4.77 Lacs of Kotak Bond, Kotak Floater and Kotak Dynamic Income respectively being the excess over the above mentioned percentages of the average daily net assets of the respective Plans / Schemes have been borne by the Investment Manager.

### 16. Interest Rate Swap

The notional value of interest rate swaps outstanding as at March 31, 2004 in Kotak Bond aggregates Rs 2,500 Lacs.

### 17. Interest on 'Money at Call'

Interest on 'Money at Call' in case of Kotak Bond includes amount aggregating Rs. 2.22 Lacs (net) paid to, and in case of Kotak Bond Short Term Plan includes amounts aggregating Rs. 3.66 Lacs, received from other schemes/Investment Manager on account of delay in recording/realization of unit subscriptions from purchase/switch transactions

### 18. Investor holding in excess of 25% of Scheme's corpus

SEBI circular dated December 12, 2003, inter alia, states that if a single investor in a scheme holds more than 25% of the scheme's corpus and the number of investors is less than twenty, the scheme should rebalance within three months from the close of the initial offer to ensure compliance. Since Kotak Dynamic Income Scheme, which was launched on December 15, 2003, had a unit holder in excess of 25% of the corpus in the initial offer, it needed to re-balance before March 18, 2004. Efforts were made by KMAMC to re-balance the Scheme and the number of investors grew from 99 (during initial offer) to 571 (as on March 18, 2004). However, from March 18, 2004 through March 22, 2004, the holdings of a unit holder exceeded the limit by 0.209% points and the re-balancing was subsequently effected on March 23, 2004. KMAMC has written to SEBI requesting grant of approval for continuing the Scheme in the interest of the existing unit holders. The response from SEBI is awaited.

### 19. Historical Per Unit Statistics: Please see page 78.

### 20. Previous Year's/Period's Figures

Previous year/period figures have been shown in italics below the current year/period figures and have been re-grouped / rearranged wherever appropriate. As these are the first financial statements for Kotak Floater and Kotak Dynamic Income since the date of commencement, there are no comparative figures for the previous year for these Schemes.

Signatures to Schedules 1 to 9 forming part of the Balance Sheet and Revenue Account

#### K.H. VACHHA

Partner

For and on behalf of  
**PRICE WATERHOUSE**  
Chartered Accountants

Mumbai

Date: April 28, 2004

For Kotak Mahindra Trustee Company Ltd.

**Girish Sharedalal**  
Director

**Chandrashekhar Sathe**  
Director

Date: April 28, 2004

For Kotak Mahindra Asset Management Company Ltd

**Uday S. Kotak**  
Chairman

**Romesh C. Khanna**  
Director

**Sandesh Kirkire**  
Fund Manager

Date: April 28, 2004

## Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004. (Contd.)

### 19. Historical Per Unit Statistics\*

Scheme	Kotak Bond			Kotak Bond Short Term		Kotak Floater	Kotak Dynamic Income
	01.04.03 31.03.04	01.04.02 31.03.03	01.04.01 31.03.02	01.04.03 31.03.04	22.04.02 31.03.03		
<b>Period</b>						03.07.03 31.03.04	15.12.03 31.03.04
a) Net Asset Value per unit							
Growth Option				11.4026	10.7203	10.3763	10.1972
Dividend Option				10.0846	10.1613		10.0591
Weekly Dividend Option						10.0029	
Monthly Dividend Option						10.0244	
Wholesale Growth Option	17.2544	15.6716	14.004				
Wholesale Quarterly Dividend Option	10.4925	10.5788	10.196				
Wholesale Annual Dividend Option	11.5315	11.1865	10.663				
Wholesale Bonus Option	11.4996	10.4443					
Deposit Growth Option	16.7991	15.3461	13.783				
Deposit Dividend Option	10.7034	10.7703	10.278				
Institutional Growth Option	17.3543	15.6559					
Institutional Dividend Option	10.5491	10.5670					
b) Gross Income Per unit							
1) Income other than profit on sale of investments	1.7644	0.9245	0.574	1.1052	1.3876	0.1125	0.1989
2) Income (net) from profit on inter-scheme sale/transfer of investments	0.0403	0.0020	0.010	(0.0293)	0.0002	(0.0044)	0.0083
3) Income (net) from profit on sale of investments to third parties	1.0387	0.3130	0.394	0.0246	0.1114	0.0037	0.0298
4) Transfer to revenue account from past year's reserve	—	—	—	—	—	—	—
c) Aggregate expenses, amortisation and charges per unit	0.3890	0.1900	0.097	0.1389	0.1675	0.0196	0.0559
d) Net income per unit (b-c)	2.4544	1.0495	0.881	0.9616	1.3317	0.0922	0.1811
e) Net change in unrealised appreciation/ (depreciation) in the value of investments per unit	(0.0446)	0.0462	0.077	(0.0344)	0.0108	(0.0045)	0.0505
f) Repurchase prices during the year/period							
<b>Highest :</b>							
Growth Option				11.4007	10.7203	10.3763	10.1462
Dividend Option				10.2294	10.1613		10.1051
Weekly Dividend Option						10.0091	
Monthly Dividend Option						10.3763	
Wholesale Growth Option	17.2544	15.9151	14.004				
Wholesale Quarterly Dividend Option	11.0102	10.9376	10.687				
Wholesale Annual Dividend Option	12.2306	12.0421	13.967				
Wholesale Bonus Option	11.4996	15.7645					
Deposit Growth Option	16.7146	15.4479	13.783				
Deposit Dividend Option	11.0835	10.9233	10.779				
Institutional Growth Option	17.3542	15.6724					
Institutional Dividend Option	10.9836	10.5670					
<b>Lowest :</b>							
Growth Option				10.7246	10.0160	10.0000	9.9572
Dividend Option				10.0448	10.0160		9.9572
Weekly Dividend Option						10.0000	
Monthly Dividend Option						10.0000	
Wholesale Growth Option	15.7031	13.8820	11.882				
Wholesale Quarterly Dividend Option	10.4501	10.1100	10.032				
Wholesale Annual Dividend Option	11.2090	10.4669	10.544				
Wholesale Bonus Option	10.4653	10.1810					
Deposit Growth Option	15.2227	13.5860	11.748				
Deposit Dividend Option	10.5465	10.1310	10.122				
Institutional Growth Option	15.6879	15.5618					
Institutional Dividend Option	10.5098	10.5047					
g) Resale prices during the year/period							
<b>Highest :</b>							
Growth Option				11.4007	10.7203	10.3763	10.1972
Dividend Option				10.2294	10.1613		10.1559
Weekly Dividend Option						10.0091	
Monthly Dividend Option						10.3763	
Wholesale Growth Option	17.2544	15.9151	14.004				
Wholesale Quarterly Dividend Option	11.0102	10.9376	10.687				
Wholesale Annual Dividend Option	12.2306	12.1331	13.967				
Wholesale Bonus Option	11.4996	15.8040					
Deposit Growth Option	16.7986	15.6040	13.783				
Deposit Dividend Option	11.1955	10.9974	10.779				
Institutional Growth Option	17.3542	15.6724					
Institutional Dividend Option	10.9836	10.5670					
<b>Lowest :</b>							
Growth Option				10.7246	10.0160	10.0000	10.0000
Dividend Option				10.0448	10.0160		10.0000
Weekly Dividend Option						10.0000	
Monthly Dividend Option						10.0000	
Wholesale Growth Option	15.7031	13.8820	11.882				
Wholesale Quarterly Dividend Option	10.4501	10.1100	10.032				
Wholesale Annual Dividend Option	11.2090	10.5460	10.544				
Wholesale Bonus Option	10.4653	10.2065					
Deposit Growth Option	15.3765	13.6550	11.748				
Deposit Dividend Option	10.6530	10.1820	10.122				
Institutional Growth Option	15.6879	15.5618					
Institutional Dividend Option	10.5098	10.5047					
h) Price earnings ratio	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
i) Ratio of expenses to average net assets							
Wholesale Plan	1.65%	1.60%	1.49%	0.86%	**0.90%	**1.05%	**1.65%
Deposit Plan	2.23%	2.14%	2.04%				
Institutional Plan	1.00%	**1.00%					
j) Ratio of gross income to average net assets -	11.32%	11.24%	17.66%	6.60%	**8.16%	**5.75%	**8.51%

All figures are in Rs. per unit

\*The above per unit calculations are based on the number of units outstanding at the end of the year/period

\*\*Annualised

- Including net profit/(loss) on sale/redemption of investments and net change in unrealised appreciation/ (depreciation) in value of investments

## Statement of Portfolio Holding as at March 31, 2004

(Referred to in Schedule 1 to the Balance Sheet as at March 31, 2004)

### KOTAK MAHINDRA BOND UNIT SCHEME '99

Company's Name/Security	Face Value (Rs. Lacs)	Market/Fair Value (Rs. Lacs)	Market/Fair Value (Rs. Lacs)	Percentage
<b>Kotak Bond Wholesale, Deposit and Institutional Plans</b>				
<b>DEBENTURES AND BONDS (55.62%)</b>				
<b>Commodity Chemicals</b>				
9.90 % Indian Petrochemical Corporation Ltd. **	3,000.00	3,359.72		
13.50 % Reliance Industries Ltd. **	1,500.00	1,893.18		
9.60 % Indian Petrochemical Corporation Ltd. **	1,000.00	1,113.33		
12.10 % Reliance Industries Ltd. **	500.00	546.05	6,912.28	18.70
<b>Diversified Financial Services</b>				
Corporate Loan Securitisation Series IV Trust 2004 SO **	90.37	2,290.33		
7.65 % Indian Railway Finance Corporation Ltd. **	1,500.00	1,601.13		
6.50 % Industrial Development Bank of India. ** @	1,500.00	1,508.05		
6.75 % Industrial Development Bank of India. **	500.00	510.83		
6.40 % Industrial Development Bank of India. **	500.00	499.20	6,409.54	17.34
<b>Consumer Finance</b>				
5.85 % HDFC Ltd. **	3,500.00	3,522.57		
7.40 % HDFC Ltd. **	500.00	543.14	4,065.71	11.00
<b>Construction Materials</b>				
7.95 % Associated Cement Companies Ltd. **	1,000.00	1,046.21		
7.30 % Associated Cement Companies Ltd. **	1,000.00	1,035.36		
8.40 % Gujarat Ambuja Cements Ltd. **	1,000.00	1,033.19		
9.25 % Gujarat Ambuja Cements Ltd. **	500.00	516.84	3,631.60	9.83
<b>Chemicals</b>				
8.70 % Indo Gulf Corporation Ltd. **	2,000.00	2,187.56		
8.10 % Indo Gulf Corporation Ltd. **	1,000.00	1,079.96	3,267.52	8.84
<b>Steel</b>				
6.10 % Electrosteel Castings Ltd. **	1,500.00	1,509.13		
9.45 % Tata Iron and Steel Company Ltd. **	500.00	543.43		
7.95 % The Tinplate Company of India Ltd. **	500.00	520.92	2,573.48	6.96
<b>Aluminum</b>				
8.60 % National Aluminium Company Ltd. **	1,500.00	1,548.82		
5.95 % Hindalco Industries Ltd. **	500.00	507.47		
13.20 % Hindalco Industries Ltd. **	200.00	62.19	2,118.48	5.74
<b>Oil and Gas Refining and Marketing</b>				
9.95 % Bharat Petroleum Corporation Ltd. **	1,500.00		1,641.13	4.44
<b>Diversified Metals and Mining</b>				
8.90 % Neyveli Lignite Corporation Ltd. **	1,500.00		1,635.69	4.43
<b>Electric Utilities</b>				
7.70 % National Hydroelectric Corporation Ltd. ** @	1,500.00		1,629.47	4.41
<b>Industrial Conglomerates</b>				
10.75 % Grasim Industries Ltd. **	900.00	958.70		
6.08 % Grasim Industries Ltd. **	500.00	510.13	1,468.83	3.97
<b>Banks</b>				
9.30 % UTI Bank Ltd. **	500.00		542.22	1.47
<b>Integrated Telecommunication Services</b>				
10.55 % Bharti Mobile Ltd. **	500.00		533.85	1.45
<b>Oil and Gas Exploration and Production</b>				
10.85 % Indian Oil Corporation Ltd. **	500.00		525.02	1.42
(Cost Rs.36,324.32 Lacs)			<u>36,954.82</u>	<u>100.00</u>
<b>GOVERNMENT DATED SECURITIES (44.38%)</b>				
6.35 % Government Stock - 2020	5,600.00	5,983.60		
7.46 % Government Stock - 2017 ^	3,350.00	3,996.55		
7.49 % Government Stock - 2017	3,000.00	3,561.90		
11.43 % Government Stock - 2015	2,250.00	3,354.22		
6.05 % Government Stock - 2019	2,750.00	2,882.00		
10.47 % Government Stock - 2015	2,000.00	2,811.00		
8.07 % Government Stock - 2017	1,900.00	2,363.03		
10.25 % Government Stock - 2021	1,500.00	2,204.25		
10.71 % Government Stock - 2016	1,000.00	1,446.00		
7.37 % Government Stock - 2014 ^^	750.00	879.38	29,481.93	100.00
(Cost Rs.29,239.11 Lacs)			<u>29,481.93</u>	<u>100.00</u>
Total Investments at Market Value			<b>66,436.75</b>	
(Total Cost Rs.65,563.43 Lacs)				

^SO^ indicates Structured Obligations

\*\* Fair valued as per procedures determined by Kotak Mahindra Asset Management Company Limited and approved by the Trustee in accordance with the guidelines for valuation of securities for mutual funds issued by the Securities and Exchange Board of India from time to time.

Aggregate fair value of non-traded investments as at March 31, 2004 is Rs. 36,954.82 Lacs.

^ includes face value of Rs.1,675 lacs held by The Clearing Corporation of India Ltd. towards Settlement Guarantee fund

^^ includes face value of Rs. 250 lacs held by The Clearing Corporation of India Ltd. towards Collateral Holding

@ indicates securities marked as underlying for Interest Rate Swaps.

## Statement of Portfolio Holding as at March 31, 2004 (Contd.)

(Referred to in Schedule 1 to the Balance Sheet as at March 31, 2004)

### KOTAK MAHINDRA BOND UNIT SCHEME '99

Company's Name/Security	Face Value (Rs. Lacs)	Market/Fair Value (Rs. Lacs)	Market/Fair Value (Rs. Lacs)	Percentage
<b>Kotak Bond Short Term Plan</b>				
<b>DEBENTURES AND BONDS (92.51%)</b>				
<b>Diversified Financial Services</b>				
7.75 % Citicorp Finance (India) Ltd. **	1,000.00	1,030.29		
6.75 % Citicorp Finance (India) Ltd. **	1,000.00	1,017.82		
5.58 % GE Countrywide Consumer Financial Services Ltd. **	1,000.00	999.28		
6.00 % Industrial Development Bank Of India. **	1,000.00	990.99		
13.50 % Industrial Development Bank Of India. **	500.00	559.49		
14.00 % Industrial Development Bank Of India. **	500.00	548.80		
12.80 % Indian Railway Finance Corporation Ltd. **	500.00	545.42		
Peoples Financial Services Ltd. SO **	64.79	525.79		
9.75 % Citifinancial Consumer Finance India Ltd. **	500.00	523.85		
9.75 % Citifinancial Consumer Finance India Ltd. **	500.00	523.06		
7.60 % Cholamandalam Investment and Finance Co Ltd. **	500.00	513.41		
Indian Oil Corporation Ltd. SO **	517.72	510.12		
6.60 % Sundaram Finance Ltd. **	500.00	504.80		
6.10 % Industrial Development Bank Of India. **	500.00	503.76		
5.93 % Citifinancial Consumer Finance India Ltd. **	500.00	501.70		
6.35 % Industrial Development Bank Of India. **	500.00	501.67		
Indian Retail ABS Trust Series XI SO **	90.37	458.07		
BHPC Auto Loan Securitisation Trust June 2003 SO **	29.85	448.00		
Peoples Financial Services Ltd. SO **	42.79	431.03		
Auto Pool Securitisation Trust (Series VI) SO **	33.40	236.71		
Ashok Leyland Finance Ltd. SO **	26.90	135.31		
Indian MBS 2002 Certificates Series I Trust SO **	21.55	108.14		
Peoples Financial Services Ltd. SO **	19.49	98.02		
Secured Loan Receivable Securitisation Trust (Series II) SO **	14.23	70.36		
Auto Loan Trust SO **	36.49	36.56	12,322.45	51.22
<b>Construction Materials</b>				
9.25 % Gujarat Ambuja Cements Ltd. **	2,000.00	2,067.35		
7.30 % Associated Cement Companies Ltd. **	500.00	517.68		
6.00 % Gujarat Ambuja Cements Ltd. **	500.00	505.32	3,090.35	12.85
<b>Banks</b>				
11.55 % State Bank Of India. **	1,000.00	1,115.51		
5.95 % Export-Import Bank of India. **	1,000.00	1,005.50		
13.50 % ICICI Bank Ltd. **	500.00	556.91	2,677.92	11.13
<b>Steel</b>				
9.50 % Tata Iron & Steel Company Ltd. **	1,000.00	1,025.63		
10.05 % Tata Iron & Steel Company Ltd. **	500.00	503.77		
9.25 % Tata Iron & Steel Company Ltd. **	400.00	414.72	1,944.12	8.08
<b>Commodity Chemicals</b>				
11.10 % Reliance Industries Ltd. **	500.00	554.27		
12.10 % Reliance Industries Ltd. **	500.00	546.05		
13.35 % Indian Petrochemical Corporation Ltd. **	500.00	358.25	1,458.57	6.06
<b>Consumer Finance</b>				
6.00 % HDFC Ltd. **	1,000.00		1,010.67	4.20
<b>Finance &amp; Investments</b>				
6.20 % Citifinancial Retail Services India Ltd. **	1,000.00		1,008.12	4.19
<b>Oil &amp; Gas Refining &amp; Marketing</b>				
9.90 % Bharat Petroleum Corporation Ltd. **	500.00		547.08	2.27
(Cost Rs.24,165.84 Lacs)			24,059.28	100.00
<b>TREASURY BILLS (1.07%)</b>				
364 Day Treasury Bills 30/04/2004	280.00		279.01	100.00
(Cost Rs.279.01 Lacs)			279.01	100.00
<b>GOVERNMENT DATED SECURITIES (6.42%)</b>				
10.47 % Government Stock - 2015	550.00	773.02		
10.45 % Government Stock - 2018	500.00	722.50		
11.50 % Government Stock - 2011	124.05	173.86	1,669.38	100.00
(Cost Rs.1,662.87 Lacs)			1,669.38	100.00
Total Investments at Market Value			<b>26,007.67</b>	
(Total Cost Rs.26,107.72 Lacs)				

\*SO\* indicates Structured Obligations

\*\* Fair valued as per procedures determined by Kotak Mahindra Asset Management Company Limited and approved by the Trustee in accordance with the guidelines for valuation of securities for mutual funds issued by the Securities and Exchange Board of India from time to time.  
Aggregate fair value of non-traded investments as at March 31, 2004 is Rs. 24,059.28 Lacs.



## Statement of Portfolio Holding as at March 31, 2004 (Contd.)

(Referred to in Schedule 1 to the Balance Sheet as at March 31, 2004)

### KOTAK MAHINDRA FLOATING RATE SCHEME

Company's Name/Security	Face Value (Rs. Lacs)	Market/Fair Value (Rs. Lacs)	Market/Fair Value (Rs. Lacs)	Percentage
<b>DEBENTURES AND BONDS (92.41% )</b>				
<b>Diversified Financial Services</b>				
7.25 % Tata Industries Ltd **	2,000	2,025.98		
GE Capital Services India. FRD	2,000	2,000.00		
Rabo India Finance Pvt Ltd. FRD	2,000	2,000.00		
5.00 % Citifinancial Consumer Finance India Ltd. **	1,000	1,000.26		
Citicorp Finance (India) Ltd. FRD	1,000	1,000.00		
Citifinancial Consumer Finance India Ltd. FRD	1,000	1,000.00		
Industrial Development Bank Of India. FRD	1,000	1,000.00		
Sundaram Finance Ltd. FRD	1,000	1,000.00		
Sundaram Finance Ltd. FRD	1,000	1,000.00		
Citicorp Finance (India) Ltd. FRD	900	900.00		
Lakshmi General Finance Ltd. FRD	800	800.00		
14.50 % Industrial Development Bank Of India. **	500	543.79		
12.75 % Industrial Development Bank Of India. **	500	523.52		
8.75 % Citifinancial Consumer Finance India Ltd. **	500	505.07		
Cholamandalam Investment and Finance Co Ltd. FRD	500	500.00		
Citifinancial Consumer Finance India Ltd. FRD	500	500.00	16,298.62	68.37
<b>Finance &amp; Investments</b>				
Housing & Urban Development Corporation Ltd. FRD	3,000		3,000.00	12.58
<b>Marine</b>				
11.75 % The Great Eastern Shipping Company Ltd. **	500	521.11		
10.25 % The Great Eastern Shipping Company Ltd. **	500	503.38	1,024.49	4.30
<b>Construction Materials</b>				
Madras Cements Ltd. FRD	1,000		1,000.00	4.19
<b>Household Appliances</b>				
Whirlpool of India Ltd. FRD	1,000		1,000.00	4.19
<b>Commodity Chemicals</b>				
13.00 % Reliance Industries Ltd. **	500		517.29	2.17
<b>Automobile Manufacturers</b>				
Mahindra & Mahindra Ltd. FRD	500		500.00	2.10
<b>Paper Packaging</b>				
Essel Propack Ltd. FRD	400		400.00	1.68
<b>Construction &amp; Engineering</b>				
Larsen and Toubro Ltd. FRD	100		100.00	0.42
(Cost Rs.23,855.35 Lacs)			23,840.40	100.00
<b>COMMERCIAL PAPER / CERTIFICATE OF DEPOSITS (7.59 % )</b>				
<b>Banks</b>				
Development Credit Bank Ltd. CD - 16/11/2004	1,000		963.93	49.20
<b>Consumer Finance</b>				
HDFC Ltd. CP - 07/05/2004	1,000		995.37	50.80
(Cost Rs.1,959.30 Lacs)			1,959.30	100.00
Total Investments at Market Value			<b>25,799.70</b>	
(Total Cost Rs.25,814.65 Lacs)				

### KOTAK MAHINDRA DYNAMIC INCOME SCHEME

#### GOVERNMENT DATED SECURITIES (100%)

7.49 % Government Stock - 2017	1,150	1,365.40		
8.07 % Government Stock - 2017	700	870.59		
10.71 % Government Stock - 2016	500	723.00		
10.47 % Government Stock - 2015	400	562.20		
6.35 % Government Stock - 2020	500	534.25	4,055.44	100.00
Total Investments at Market Value			4,055.44	100.00
(Total Cost Rs.4,034.23 Lacs)				

'FRD' indicates Floating Rate Debentures, 'CP' indicates Commercial Paper, 'CD' indicates Certificate of Deposits.

\*\* Fair valued as per procedures determined by Kotak Mahindra Asset Management Company Limited and approved by the Trustee in accordance with the guidelines for valuation of securities for mutual funds issued by the Securities and Exchange Board of India from time to time.

Aggregate fair value of non-traded investments as at March 31, 2004 is Rs. 6,140.40 Lacs for Kotak Mahindra Floating Rate Scheme.

## Auditors' Report

To the Trustee of

### Kotak Mahindra Mutual Fund

1. We have audited the Balance Sheet of **Kotak Mahindra Mutual Fund – Kotak Mahindra Liquid Scheme** (the "Scheme") as at March 31, 2004, and the related Revenue Account for the year ended on that date, both of which we have signed under reference to this report. These financial statements are the responsibility of the Trustee of Kotak Mahindra Mutual Fund and the Management of Kotak Mahindra Asset Management Company Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned at March 31, 2004 by correspondence with the custodian. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us:
  - 4.1 The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable and also give respectively, a true and fair view of the state of affairs of Kotak Mahindra Mutual Fund – Kotak Mahindra Liquid Scheme as at March 31, 2004 and its net surplus for the year ended on that date.
  - 4.2 The Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended on that date, together with the notes thereon, have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable.
  - 4.3 The methods used to value non-traded and thinly traded securities as at March 31, 2004 as determined by Kotak Mahindra Asset Management Company Limited under procedures approved by the Trustee of Kotak Mahindra Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds, issued by the Securities and Exchange Board of India, are fair and reasonable.

K. H. Vachha  
Partner

For and on behalf of  
**PRICE WATERHOUSE**  
Chartered Accountants

Mumbai  
April 28, 2004

## Auditors' Report

To the Trustee of

### Kotak Mahindra Mutual Fund

1. We have audited the Balance Sheet of **Kotak Mahindra Mutual Fund – Kotak Mahindra Fixed Maturity Plans** (the "Scheme") as at March 31, 2004, and the related Revenue Account for the year/period ended March 31, 2004, both of which we have signed under reference to this report. These financial statements are the responsibility of the Trustee of Kotak Mahindra Mutual Fund and the Management of Kotak Mahindra Asset Management Company Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned at March 31, 2004 by correspondence with the custodian. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us:
  - 4.1 The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable and also give respectively, a true and fair view of the state of affairs of Kotak Mahindra Mutual Fund – Kotak Mahindra Fixed Maturity Plans as at March 31, 2004 and its net surplus for the year/period ended March 31, 2004.
  - 4.2 The Balance Sheet as at March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004, together with the notes thereon, have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable.
  - 4.3 The methods used to value non-traded and thinly traded securities as at March 31, 2004 as determined by Kotak Mahindra Asset Management Company Limited under procedures approved by the Trustee of Kotak Mahindra Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds, issued by the Securities and Exchange Board of India, are fair and reasonable.

K. H. Vachha  
Partner

For and on behalf of  
**PRICE WATERHOUSE**  
Chartered Accountants

Mumbai  
April 28, 2004

## Auditors' Report

To the Trustee of

### Kotak Mahindra Mutual Fund

1. We have audited the Balance Sheet of **Kotak Mahindra Mutual Fund – Kotak FMP Scheme** (the "Scheme") as at March 31, 2004, and the related Revenue Account for the period March 15, 2004 to March 31, 2004, both of which we have signed under reference to this report. These financial statements are the responsibility of the Trustee of Kotak Mahindra Mutual Fund and the Management of Kotak Mahindra Asset Management Company Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned at March 31, 2004 by correspondence with the custodian. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us:
  - 4.1 The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable and also give respectively, a true and fair view of the state of affairs of Kotak Mahindra Mutual Fund – Kotak FMP Scheme as at March 31, 2004 and its net surplus for the period March 15, 2004 to March 31, 2004.
  - 4.2 The Balance Sheet as at March 31, 2004 and the Revenue Account for the period March 15, 2004 to March 31, 2004, together with the notes thereon, have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable.
  - 4.3 The methods used to value non-traded and thinly traded securities as at March 31, 2004 as determined by Kotak Mahindra Asset Management Company Limited under procedures approved by the Trustee of Kotak Mahindra Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds, issued by the Securities and Exchange Board of India, are fair and reasonable.

**K. H. Vachha**

*Partner*

For and on behalf of  
**PRICE WATERHOUSE**  
*Chartered Accountants*

Mumbai  
April 28, 2004

## Balance Sheet as at March 31, 2004

(Rs. Lacs)

		31.03.2004 31.03.2003							31.03.2004
Schedule		Kotak Liquid Scheme	Kotak Mahindra Fixed Maturity Plans					Total	Kotak FMP (8)
			FMP (1)	FMP (2)	FMP (3)	FMP (6)	FMP (7)		
<b>ASSETS</b>									
Investments	1	<b>143,699.83</b> 64,756.22	— 1,282.78	— 2,281.53	— —	<b>880.03</b> 1,278.71	<b>2,310.15</b> 1,605.02	<b>3,190.18</b> 6,448.04	<b>10,921.59</b>
Deposits	2	<b>102,040.00</b> 3,000.00	— —	— —	— —	— —	— —	— —	—
Other Current Assets	3	<b>11,837.54</b> 36,479.12	<b>0.02</b> 72.91	<b>0.04</b> 129.59	<b>#</b> 0.07	<b>237.00</b> 10.72	<b>320.63</b> 932.68	<b>557.69</b> 1,145.97	<b>135.44</b>
<b>TOTAL</b>		<b>257,577.37</b> 104,235.34	<b>0.02</b> 1,355.69	<b>0.04</b> 2,411.12	<b>#</b> 0.07	<b>1,117.03</b> 1,289.43	<b>2,630.78</b> 2,537.70	<b>3,747.87</b> 7,594.01	<b>11,057.03</b>
<b>LIABILITIES</b>									
Unit Capital	4	<b>213,174.39</b> 87,061.89	— 1,260.33	— 2,255.56	— —	<b>1,046.69</b> 1,286.69	<b>2,470.37</b> 2,536.34	<b>3,517.06</b> 7,338.92	<b>11,040.64</b>
Reserves and Surplus	5	<b>37,193.28</b> 16,974.77	— 92.40	— 153.95	— —	<b>67.24</b> 2.66	<b>150.16</b> 1.29	<b>217.40</b> 250.30	<b>16.02</b>
Current Liabilities and Provisions	6	<b>7,209.70</b> 198.68	<b>0.02</b> 2.96	<b>0.04</b> 1.61	<b>#</b> 0.07	<b>3.10</b> 0.08	<b>10.25</b> 0.07	<b>13.41</b> 4.79	<b>0.37</b>
<b>TOTAL</b>		<b>257,577.37</b> 104,235.34	<b>0.02</b> 1,355.69	<b>0.04</b> 2,411.12	<b>#</b> 0.07	<b>1,117.03</b> 1,289.43	<b>2,630.78</b> 2,537.70	<b>3,747.87</b> 7,594.01	<b>11,057.03</b>

# less than Rs. 0.01 Lacs

	Kotak Liquid Scheme								Total
	Regular Plan		Institutional Plan			Institutional Premium Plan			
	Growth Option	Dividend Option	Growth Option	Daily Dividend Option	Weekly Dividend Option	Growth Option	Daily Dividend Option	Weekly Dividend Option	
<b>NET ASSET VALUE</b>									
Net Assets as per Balance Sheet (Note 2.6)(Total Assets Less Current Liabilities and Provisions)	20,530.54 49,022.25	6,994.10 1,463.71	15,985.64 49,118.34	6,690.73	18,945.54 4,432.36	70,156.54	71,993.88	39,070.70	250,367.67 104,036.66
Number of Units in Issue	162,058,392.9594 405,500,028.7019	69,813,312.6540 14,620,293.0468	125,809,083.6369 406,229,646.4110	54,715,807.2724	189,085,913.4523 44,268,944.7957	551,841,088.5468	588,755,049.0735	389,665,264.0735	
Net Asset Value per Unit (Rs.)	12.6686 12.0893	10.0182 10.0113	12.7063 12.0913	12.2281	10.0195 10.0123	12.7132	12.2281	10.0267	

## Balance Sheet as at March 31, 2004 (Contd.)

(Rs. Lacs)

Schedule	Kotak Mahindra Fixed Maturity Plans						Kotak FMP (8)	
	FMP (1)	FMP (2)	FMP (3)	FMP (6)	FMP (7)		Total	
	Growth Option	Growth Option	Growth Option	Growth Option	Growth Option	Dividend Option	Growth Option	
<b>NET ASSET VALUE</b>								
Net Assets as per Balance Sheet (Note 2.6) (Total Assets Less Current Liabilities and Provisions)	—	—	—	1,113.93	2,554.55	65.98	3,734.46	11,056.66
	1,352.73	2,409.51	—	1,289.350	2,475.400	62.23	7,589.22	
Number of Units in Issue	—	—	—	10,466,854.836	24,081,671.416	622,000.000		110,406,398.912
	12,603,280.487	22,555,633.150		12,866,854.836	24,741,389.400	622,000.000		
Net Asset Value per Unit (Rs.)	—	—	—	10.6424	10.6078	10.6078		10.0145
	10.7331	10.6825	—	10.0207	10.0051	10.0051		
Notes to the Financial Statements	9							

The schedules referred to herein form an integral part of the Balance Sheet  
This is the Balance Sheet referred to in our report of even date

**K.H. VACHHA**  
Partner

For and on behalf of  
**PRICE WATERHOUSE**  
Chartered Accountants

Mumbai  
Date: April 28, 2004.

For Kotak Mahindra Trustee Company Ltd.

**Girish Sharedalal**  
Director

**Chandrashekhhar Sathe**  
Director

Date: April 28, 2004.

For Kotak Mahindra Asset Management Company Ltd.

**Uday S. Kotak**  
Chairman

**Romesh C. Khanna**  
Director

**Sandesh Kirkire**  
Fund Manager

Date: April 28, 2004.

## Revenue Account for the year/period ended March 31, 2004

(Rs. Lacs)

Schedule	01.04.2003 to 31.03.2004	01.04.2003 to 11.06.2003	01.04.2003 to 01.07.2003		01.04.2003 to 31.03.2004	01.04.2003 to 31.03.2004		15.03.2004 to 31.03.2004	
	01.04.2002 to 31.03.2003	29.05.2002 to 31.03.2003	12.06.2002 to 31.03.2003	24.06.2002 to 02.10.2002	19.03.2003 to 31.03.2003	25.03.2003 to 31.03.2003			
	Kotak Liquid Scheme		Kotak Mahindra Fixed Maturity Plans					Kotak FMP (8)	
	FMP (1)	FMP (2)	FMP (3)	FMP (6)	FMP (7)	Total			
<b>INCOME AND GAINS</b>									
Interest	7	8,227.52 4,162.16	17.22 97.50	38.36 150.52	— 71.23	78.50 2.45	161.89 0.70	295.97 322.40	16.92
Net Profit on Sale/Redemption of Investments (Note 2.3)		235.34 161.40	9.70 —	13.25 —	— 0.18	0.16 —	4.18 —	27.29 0.18	—
Net Profit on Inter-scheme Sale/Redemption of Investments (Note 2.3)		19.92 24.70	— 0.15	# 0.21	— —	— #	0.01 —	0.01 0.36	—
Other Income		0.45 0.87	1.65 —	0.38 —	— —	— —	0.36 —	2.39 —	—
<b>TOTAL</b>		8,483.23 4,349.13	28.57 97.65	51.99 150.73	— 71.41	78.66 2.45	166.44 0.70	325.66 322.94	16.92
<b>Expenses and Losses</b>									
Net Loss on Sale/Redemption of Investments (Note 2.3)		— —	— —	— —	— —	— 0.01	— —	— 0.01	—
Net Loss on Inter-scheme Sale/Redemption of Investments (Note 2.3)		— —	# —	— —	— 0.25	# —	— 0.01	— 0.26	—
Investment Management Fees (Note 4)		535.17 206.14	0.40 1.74	1.81 5.44	— 0.83	3.66 0.04	6.12 0.04	11.99 8.09	0.15
Trusteeship Fees (Note 5)		76.14 45.72	0.13 0.88	0.30 1.32	— 0.83	0.61 0.01	1.30 #	2.34 3.04	0.03
Custodian Fees (Note 6)		63.55 29.47	0.08 0.35	0.17 0.55	— 0.25	0.38 #	0.81 #	1.44 1.15	0.02
Registrar/Transfer Agent Fees		85.24 51.15	0.09 0.49	0.21 0.73	— 0.36	0.41 0.02	0.90 #	1.61 1.60	0.02
Marketing Expenses (Note 12)		297.75 196.72	0.58 3.95	# 0.59	— 0.51	0.01 #	10.38 0.03	10.97 5.08	0.10
Audit Fees		3.25 1.25	0.02 0.08	0.04 0.12	— 0.05	0.14 #	0.05 #	0.25 0.25	0.01
Other Operating Expenses		62.78 11.97	0.07 0.15	0.16 0.35	— 0.09	0.39 —	0.70 #	1.32 0.59	0.02
		1,123.88 542.42	1.37 7.64	2.69 9.10	— 3.17	5.60 0.08	20.26 0.08	29.92 19.91	0.35
Less: Expenses to be Re-imbursed by the Investment Manager (Note 15)		(39.13) (10.34)	— (1.24)	— —	— (0.84)	— (0.01)	(0.75) (0.02)	(0.75) (2.11)	(0.04)
<b>TOTAL</b>		1,084.75 532.08	1.37 6.40	2.69 9.10	— 2.33	5.60 0.07	19.51 0.06	29.17 17.96	0.31
Net Surplus for the year / period		7,398.48 3,817.05	27.20 91.25	49.30 141.63	— 69.08	73.06 2.38	146.93 0.64	296.49 304.98	16.61
Net Change in Unrealised Appreciation/ (Depreciation) in Value of Investments	8	(44.77) 28.66	(9.70) 9.70	(13.25) 13.25	— —	0.51 0.29	4.61 0.65	(17.83) 23.89	(0.59)
Net Surplus for the year/period including Net Change in Unrealised Appreciation/ (Depreciation) in Value of Investments		7,353.71 3,845.71	17.50 100.95	36.05 154.88	— 69.08	73.57 2.67	151.54 1.29	278.66 328.87	16.02

## Revenue Account for the year/period ended March 31, 2004 (Contd.)

(Rs. Lacs)

Schedule	Kotak Liquid Scheme								Total
	Regular Plan		Institutional Plan			Institutional Premium Plan			
	Growth Option	Dividend Option	Growth Option	Daily Dividend Option	Weekly Dividend Option	Growth Option	Daily Dividend Option	Weekly Dividend Option	
Net Surplus for the year/period including Net Change in Unrealised Appreciation/(Depreciation) in Value of Investments	861.76 3,540.97	326.39 231.35	2,180.56 70.94	653.03	1,049.18 2.45	824.23	847.40	611.16	7,353.71 3,845.71
Balance Transferred from Income Equalisation Reserve (Note 2.8)	(5,006.00) 1,548.35	10.84 (12.58)	(7,266.57) 8,417.52	1,220.39	29.13 8.33	14,136.18	13,103.82	146.29	16,374.08 9,961.62
Dividend Distribution		(288.43) (229.02)		(578.84)	(927.41) (4.65)		(750.87)	(579.09)	(3,124.64) (233.67)
Dividend Tax Thereon		(36.96)		(74.16)	(118.75)		(96.21)	(74.20)	(400.28)
Balance transferred to Revenue Reserve	(4,144.24) 5,089.32	11.84 (10.25)	(5,086.01) 8,488.46	1,220.42	32.15 6.13	14,960.41	13,104.14	104.16	20,202.87 13,573.66

	Kotak Mahindra Fixed Maturity Plans							Kotak FMP (8)
	FMP (1)	FMP (2)	FMP (3)	FMP (6)	FMP (7)		Total	
	Growth Option	Growth Option	Growth Option	Growth Option	Growth Option	Dividend Option	Growth Option	
Net Surplus for the year/period including Net Change in Unrealised Appreciation/(Depreciation) in Value of Investments	17.50 100.95	6.05 154.88	— 69.08	73..57 2.67	147.79 1.26	3.75 0.03	278.66 328.87	16.02
Balance transferred to Revenue Reserve	17.50	36.05 100.95	— 154.88	73.57 69.08	147.79 2.67	3.75 1.26	278.66 0.03	16.02 328.87

# Less than Rs. 0.01 Lacs.

The schedules referred to herein form an integral part of the Balance Sheet  
This is the Balance Sheet referred to in our report of even date

**K.H. VACHHA**  
Partner

For and on behalf of  
**PRICE WATERHOUSE**  
Chartered Accountants

Mumbai  
Date: April 28, 2004.

For Kotak Mahindra Trustee Company Ltd.

**Girish Sharedalal**  
Director

**Chandrashekhar Sathe**  
Director

Date: April 28, 2004.

For Kotak Mahindra Asset Management Company Ltd.

**Uday S. Kotak**  
Chairman

**Romesh C. Khanna**  
Director

**Sandesh Kirkire**  
Fund Manager

Date: April 28, 2004.

## Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004 (Contd.)

(Rs. Lacs)

	31.03.2004 31.03.2003		31.03.2004 31.03.2003					
	Kotak Liquid Scheme		Kotak Mahindra Fixed Maturity Plans					
	Cost	Market/ Fair Value	FMP (1)		FMP (2)		FMP (3)	
Cost			Market/ Fair Value	Cost	Market/ Fair Value	Cost	Market/ Fair Value	
<b>Schedule 1</b>								
<b>Investments</b>								
(Notes 2.2, 2.3, 7, 8, 10, 13, and 14)								
(Refer to the attached Statement of Portfolio Holding as at March 31, 2004)								
Debentures and Bonds	<b>86,082.69</b> 40,763.21	<b>86,048.09</b> 40,773.38	— 1,273.08	— 1,282.78	— 2,268.28	— 2,281.53	— —	— —
Treasury Bills	— 4,393.69	— 4,393.69	— —	— —	— —	— —	— —	— —
Collateralised Borrowing and Lending Obligation	<b>9,099.06</b> —	<b>9,099.06</b> —	— —	— —	— —	— —	— —	— —
Commercial Paper / Certificates of Deposits	<b>48,552.68</b> 19,589.15	<b>48,552.68</b> 19,589.15	— —	— —	— —	— —	— —	— —
	<b>143,734.43</b> 64,746.05	<b>143,699.83</b> 64,756.22	— 1,273.08	— 1,282.78	— 2,268.28	— 2,281.53	— —	— —

	31.03.2004 31.03.2003		31.03.2004				
	Kotak Mahindra Fixed Maturity Plans		Kotak FMP (8)				
	FMP (6)		FMP (7)		Total		Cost
Cost	Market/ Fair Value	Cost	Market/ Fair Value	Cost	Market/ Fair Value		

### Schedule 1 (Continued)

#### Investments

(Notes 2.2, 2.3, 7, 8, 10, 13, and 14)

(Refer to the attached Statement of Portfolio Holding as at March 31, 2004)

Debentures and Bonds	<b>879.23</b> 394.41	<b>880.03</b> 394.70	<b>2,304.89</b> 625.36	<b>2,310.15</b> 626.01	<b>3,184.12</b> 4,561.13	<b>3,190.18</b> 4,585.02	<b>9,131.76</b>	<b>9,131.17</b>
Treasury Bills	— —	— —	— —	— —	— —	— —	—	—
Collateralised Borrowing and Lending Obligation	— —	— —	— —	— —	— —	— —	—	—
Commercial Paper / Certificates of Deposits	— 884.01	— 884.01	— 979.01	— 979.01	— 1,863.02	— 1,863.02	<b>1,790.42</b>	<b>1,790.42</b>
	<b>879.23</b> 1,278.42	<b>880.03</b> 1,278.71	<b>2,304.89</b> 1,604.37	<b>2,310.15</b> 1,605.02	<b>3,184.12</b> 6,424.15	<b>3,190.18</b> 6,448.04	<b>10,922.18</b>	<b>10,921.59</b>



## Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004 (Contd.)

(Rs. Lacs)

	31.03.2004 31.03.2003						31.03.2004	
	Kotak Liquid Scheme	Kotak Mahindra Fixed Maturity Plans					Kotak FMP (8)	
		FMP (1)	FMP (2)	FMP (3)	FMP (6)	FMP (7)		Total
<b>Schedule 2</b>								
<b>Deposits</b>								
Money at Call with Scheduled Bank	10,540.00 1,500.00	—	—	—	—	—	—	
Deposits:								
— with Scheduled Banks	91,500.00 1,500.00	—	—	—	—	—	—	
	<b>102,040.00</b> 3,000.00	—	—	—	—	—	—	
<b>Schedule 3</b>								
<b>Other Current Assets</b>								
Balances with Banks and Reserve Bank of India in Current Account	383.16 1,599.88	0.02 0.81	0.04 1.03	# 0.05	2.12 4.51	3.21 1.29	5.39 7.69	0.32
Unit Subscription Receivable	— 32,406.98	—	—	—	—	— 922.35	— 922.35	—
Inter-Scheme Receivable	589.58 —	—	—	—	—	—	—	—
Reverse Repos with Reserve Bank of India	7,535.61 —	—	—	—	213.40 —	247.82 —	461.22 —	—
Application Money Pending Allotment - Debentures	1,500.00 1,000.00	—	—	—	—	—	—	—
Interest receivable on								
— Debentures and Bonds	1,526.07 1,432.93	— 71.65	— 128.56	—	21.48 6.20	69.60 9.02	91.08 215.43	134.84
— Money at Call	1.35 0.12	—	—	—	—	—	—	—
— Deposits	249.43 36.34	—	—	—	—	—	—	—
— Application Money	12.64 1.79	—	—	—	—	—	—	0.24
— Interest Rate Swaps	0.14 —	—	—	—	—	—	—	—
Recoverable from Investment Manager	39.13 —	— 0.45	—	— 0.02	— 0.01	— 0.02	— 0.50	0.04
Other Receivables	0.43 1.08	—	—	—	—	—	—	—
	<b>11,837.54</b> 36,479.12	<b>0.02</b> 72.91	<b>0.04</b> 129.59	<b>#</b> 0.07	<b>237.00</b> 10.72	<b>320.63</b> 932.68	<b>557.69</b> 1,145.97	<b>135.44</b>

# Less than Rs. 0.01 Lacs

## Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004 (Contd.)

Kotak Liquid Scheme								
31.03.2004 31.03.2003								
Regular Plan Growth Option		Regular Plan Dividend Option		Institutional Plan Growth Option		Institutional Plan Daily Dividend Option ^		
No. of Units	(Rs. Lacs)	No. of Units	(Rs. Lacs)	No. of Units	(Rs. Lacs)	No. of Units	(Rs. Lacs)	
<b>Schedule 4</b>								
<b>Unit Capital</b>								
Outstanding (Units of Rs 10 each)								
At the beginning of the year/ period	405,500,028.7019	40,550.00	14,620,293.0468	1,462.03	406,229,646.4110	40,622.97	—	—
	255,295,051.7468	25,529.51	106,301,843.9814	10,630.19	—	—	—	—
Issued during the year/ period	2,358,352,153.8962	235,835.22	723,670,653.8366	72,367.07	9,528,925,551.6990	952,892.56	3,974,491,617.2764	397,449.16
	11,865,530,173.5785	1,186,553.01	180,682,575.9836	18,068.25	764,416,250.1702	76,441.63	—	—
	2,763,852,182.5981	276,385.22	738,290,946.8834	73,829.10	9,935,155,198.1100	993,515.53	3,974,491,617.2764	397,449.16
	12,120,825,225.3253	1,212,082.52	286,984,419.9650	28,698.44	764,416,250.1702	76,441.63	—	—
Redeemed during the year/ period	(2,601,793,789.6387)	(260,179.38)	(668,477,634.2294)	(66,847.76)	(9,809,346,114.4731)	(980,934.61)	(3,919,775,810.0040)	(391,977.58)
	(11,715,325,196.6234)	(1,171,532.52)	(272,364,126.9182)	(27,236.41)	(358,186,603.7592)	(35,818.66)	—	—
At the end of the year/ period	162,058,392.9594	16,205.84	69,813,312.6540	6,981.34	125,809,083.6369	12,580.92	54,715,807.2724	5,471.58
	405,500,028.7019	40,550.00	14,620,293.0468	1,462.03	406,229,646.4110	40,622.970	—	—
<b>Total For Plan (Rs Lacs)</b>				23,187.18				42,012.03

Kotak Liquid Scheme								
31.03.2004 31.03.2003								
Institutional Plan ^ Weekly Dividend Option		Institutional Premium Plan Growth Option		Institutional Premium Plan ^ Daily Dividend Option		Institutional Premium Plan ^ Weekly Dividend Option		
No. of Units	(Rs. Lacs)	No. of Units	(Rs. Lacs)	No. of Units	(Rs. Lacs)	No. of Units	(Rs. Lacs)	
<b>Schedule 4 (Continued)</b>								
<b>Unit Capital</b>								
Outstanding (Units of Rs 10 each)								
At the beginning of the year/ period	44,268,944.7957	4,426.89	—	—	—	—	—	—
Issued during the year/ period	3,261,335,448.9960	326,133.54	2,702,349,427.2298	270,234.94	3,828,711,429.8857	382,871.14	1,798,847,388.8875	179,884.74
	44,268,944.7957	4,426.89	—	—	—	—	—	—
	3,305,604,393.7917	330,560.43	2,702,349,427.2298	270,234.94	3,828,711,429.8857	382,871.14	1,798,847,388.8875	179,884.74
	44,268,944.7957	4,426.89	—	—	—	—	—	—
Redeemed during the year/ period	(3,116,518,480.3394)	(311,651.85)	(2,150,508,338.6830)	(215,050.83)	(3,239,956,380.6190)	(323,995.64)	(1,409,182,124.8140)	(140,918.22)
	—	—	—	—	—	—	—	—
At the end of the year/ period	189,085,913.4523	18,908.58	551,841,088.5468	55,184.11	588,755,049.2667	58,875.50	389,665,264.0735	38,966.52
	44,268,944.7957	4,426.89	—	—	—	—	—	—
<b>Total For Plan (Rs. Lacs)</b>		36,961.08						153,026.13
		45,049.86						—
<b>Total For Scheme (Rs. Lacs)</b>								213,174.39
								87,061.89

## Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004 (Contd.)

Kotak Mahindra Fixed Maturity Plan								
31.03.2004 31.03.2003								
FMP (1) Growth Option		FMP (2) Growth Option		FMP (3) Growth Option		FMP (6) Growth Option		
No. of Units	(Rs. Lacs)	No. of Units	(Rs. Lacs)	No. of Units	(Rs. Lacs)	No. of Units	(Rs. Lacs)	
<b>Schedule 4 (Continued)</b>								
<b>Unit Capital</b>								
Outstanding (Units of Rs 10 each)								
At the beginning of the year/ period	12,603,280.487	1,260.33	22,555,633.150	2,255.56	—	—	12,866,854.836	1,286.69
Issued during the year/ period	14,153,280.487 *	1,415.33	22,819,408.531 *	2,281.94	33,227,642.414 *	3,322.76	12,866,854.836*	1,286.69
	12,603,280.487	1,260.33	22,555,633.150	2,255.56	—	—	12,866,854.836	1,286.69
	14,153,280.487	1,415.33	22,819,408.531	2,281.94	33,227,642.414	3,322.76	12,866,854.836	1,286.69
Redeemed during the year/ period	(12,603,280.487)	(1,260.33)	(22,555,633.150)	(2,255.56)	—	—	(2,400,000.000)	(240.00)
	(1,550,000.000)	(155.00)	(263,775.381)	(26.38)	(33,227,642.414)	(3,322.76)	—	—
At the end of the year/ period	12,603,280.487	1,260.33	22,555,633.150	2,255.56	—	—	10,466,854.836	1,046.69
	12,603,280.487	1,260.33	22,555,633.150	2,255.56	—	—	12,866,854.836	1,286.69
<b>Total For Plan (Rs Lacs)</b>		1,260.33		2,255.56		—		1,046.69
						—		1,286.69

Kotak Mahindra Fixed Maturity Plans				Kotak FMP (8)	
31.03.2004 31.03.2003				31.03.2004	
FMP (7)					
Growth Option		Dividend Option		Growth Option	
No. of Units	(Rs. Lacs)	No. of Units	(Rs. Lacs)	No. of Units	(Rs. Lacs)
<b>Schedule 4 (Continued)</b>					
<b>Unit Capital</b>					
Outstanding (Units of Rs. 10 each)					
At the beginning of the year/ period	24,741,389.400	2,474.14	622,000.000	62.20	—
Issued during the year/ period	(10,000.000)	(1.00)	—	—	110,406,398.912*
	24,741,389.400 *	2,474.14	622,000.000 *	62.20	110,406,398.912
	24,731,389.400	2,473.14	622,000.000	62.20	110,406,398.912
	24,741,389.400	2,474.14	622,000.000	62.20	110,406,398.912
Redeemed during the year/ period	(649,717.984)	(64.97)	—	—	—
	—	—	—	—	—
At the end of the year/ period	24,081,671.416	2,408.17	622,000.000	62.20	110,406,398.912
	24,741,389.400	2,474.14	622,000.000	62.20	110,406,398.912
<b>Total For Plan (Rs Lacs)</b>				2,470.37	
				2,536.34	
<b>Total For Scheme (Rs Lacs)</b>				3,517.06	11,040.64
				7,338.92	

Kotak Mahindra Asset Management Company Limited, the investment manager, holds Nil (2003: 6,059,715.8074) units in the Kotak Liquid — Institutional Plan Growth Option as at March 31, 2004.

\* initial issue and subscription.

\$ includes 817,902.2440 units of Kotak Liquid Institutional Daily Dividend Option and 188,348,755.3530 units of Kotak Liquid Institutional Premium Growth Option on initial issue and subscription.

^ Dividend Re-investment Option for Kotak Liquid Regular Plan, Kotak Liquid Institutional Plan and Kotak Liquid Institutional Premium Plan.

## Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004 (Contd.)

(Rs. Lacs)

	31.03.2004								Total
	31.03.2003								
	Kotak Mahindra Liquid Scheme								
Regular Plan		Institutional Plan			Institutional Premium Plan				
Growth Option	Dividend Option	Growth Option	Daily Dividend Option	Weekly Dividend Option	Growth Option	Daily Dividend Option	Weekly Dividend Option		
<b>Schedule 5</b>									
<b>Reserves and Surplus</b>									
<b>Unit Premium Reserve (Note 2.7)</b>									
At the beginning of the year/ period	(1.07) 2.04	(0.22) (0.37)	6.91 —	— —	(0.66) —	— —	— —	— —	4.96 1.67
Added during the year/period	(3.31) (3.11)	(0.76) 0.15	(4.64) 6.91	(1.27) —	(0.66) (0.66)	12.02 —	14.24 —	0.02 —	15.64 3.29
Transferred to Revenue Account	— —	— —	— —	— —	— —	— —	— —	— —	— —
At the end of the year/ period	(4.38) (1.07)	(0.98) (0.22)	2.27 6.91	(1.27) —	(1.32) (0.66)	12.02 —	14.24 —	0.02 —	20.60 4.96
<b>Income Equalisation Reserve (Note 2.8)</b>									
At the beginning of the year/period	— —	— —	— —	— —	— —	— —	— —	— —	— —
Added during the year/ period	(5,006.00) 1,548.35	10.84 (12.58)	(7,266.57) 8,417.52	1,220.39 —	29.13 8.33	14,136.18 —	13,103.82 —	146.29 —	16,374.08 9,961.62
	(5,006.00) 1,548.35	10.84 (12.58)	(7,266.57) 8,417.52	1,220.39 —	29.13 8.33	14,136.18 —	13,103.82 —	146.29 —	16,374.08 9,961.62
Transferred to Revenue Account	5,006.00 (1,548.35)	(10.84) 12.58	7,266.57 (8,417.52)	(1,220.39) —	(29.13) (8.33)	(14,136.18) —	(13,103.82) —	(146.29) —	(16,374.08) (9,961.62)
At the end of the year/period	— —	— —	— —	— —	— —	— —	— —	— —	— —
<b>Revenue Reserve</b>									
At the beginning of the year/period	8,473.32 3,384.00	1.90 12.15	8,488.46 —	— —	6.13 —	— —	— —	— —	16,969.81 3,396.15
Balance Transferred from Revenue Account	(4,144.24) 5,089.32	11.84 (10.25)	(5,086.01) 8,488.46	1,220.42 —	32.15 6.13	14,960.41 —	13,104.14 —	104.16 —	20,202.87 13,573.66
At the end of the year/period*	4,329.08 8,473.32	13.74 1.90	3,402.45 8,488.46	1,220.42 —	38.28 6.13	14,960.41 —	13,104.14 —	104.16 —	37,172.68 16,969.81
	4,324.70 8,472.25	12.76 1.68	3,404.72 8,495.37	1,219.15 —	36.96 5.47	14,972.43 —	13,118.38 —	104.18 —	37,193.28 16,974.77
Total For Scheme/Plan	4,337.46 8,473.93				4,660.83 8,500.84		28,194.99		37,193.28 16,974.77

## Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004 (Contd.)

(Rs. Lacs)

	31.03.2004 31.03.2003							
	Kotak Mahindra Fixed Maturity Plans						Total	Kotak FMP (8)
	FMP (1)	FMP (2)	FMP (3)	FMP (6)	FMP (7)			
	Growth Option	Growth Option	Growth Option	Growth Option	Growth Option	Dividend Option		Growth Option
<b>Schedule 5 (Continued)</b>								
<b>Reserves and Surplus</b>								
<b>Unit Premium Reserve (Note 2.7)</b>								
At the beginning of the year/ period	(8.55)	(0.93)	(69.08)	—	—	—	(78.56)	—
	—	—	—	—	—	—	—	—
Added during the year/ period	(109.90)	(190.00)	—	(8.99)	(2.67)	—	(311.56)	—
	(8.55)	(0.93)	(69.08)	—	—	—	(78.56)	—
Transferred to Revenue Account	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
At the end of the year/ period	(118.45)	(190.93)	(69.08)	(8.99)	(2.67)	—	(390.12)	—
	(8.55)	(0.93)	(69.08)	—	—	—	(78.56)	—
<b>Revenue Reserve</b>								
At the beginning of the year/ period	100.95	154.88	69.08	2.66	1.26	0.03	328.86	—
	—	—	—	—	—	—	—	—
Balance Transferred from Revenue Account	17.50	36.05	—	73.57	147.79	3.75	278.66	16.02
	100.95	154.88	69.08	2.66	1.26	0.03	328.86	—
At the end of the year/ period *	118.45	190.93	69.08	76.23	149.05	3.78	607.52	16.02
	100.95	154.88	69.08	2.66	1.26	0.03	328.86	—
	—	—	—	67.24	146.38	3.78	217.40	16.02
	92.40	153.95	—	2.66	1.26	0.03	250.30	—
Total For Scheme / Plan	—	—	—	67.24	—	150.16	—	16.02
	92.40	153.95	—	2.66	—	1.29	—	—

\* Including unrealised appreciation / (depreciation) in value of investments of (Rs 34.60) Lacs for Kotak Liquid Scheme, Rs. 6.06 Lacs for Kotak Fixed Maturity Plans and (Rs. 0.59) Lacs for Kotak FMP (8).

**Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004 (Contd.)**

(Rs. Lacs)

	31.03.2004						31.03.2004	
	31.03.2003							
	Kotak Liquid Scheme	Kotak Mahindra Fixed Maturity Plans					Kotak FMP (8)	
	FMP (1)	FMP (2)	FMP (3)	FMP (6)	FMP (7)	Total		
<b>Schedule 6</b>								
<b>Current Liabilities and Provisions</b>								
Payable to Investment Manager								
— Investment Management Fees	67.73	—	—	—	0.29	0.68	0.97	0.16
	10.60	0.18	0.64	—	0.04	0.04	0.90	
— Expenses	—	—	—	—	—	0.10	0.10	—
	0.04	—	—	—	—	—	—	
Trusteeship Fees	10.96	—	—	—	0.05	0.11	0.16	0.03
	4.09	0.06	0.10	—	0.01	#	0.17	
Custodian Fees	8.45	—	—	—	0.03	0.07	0.10	0.02
	3.53	0.03	0.06	—	#	#	0.09	
Registrar/Transfer Agent Fees	11.52	—	—	—	0.04	0.10	0.14	0.02
	8.16	0.08	0.13	0.02	0.01	#	0.24	
Audit Fees	3.08	0.02	0.04	—	0.13	0.05	0.24	0.01
	1.18	0.07	0.12	0.05	#	#	0.24	
Marketing Expenses	86.44	—	—	—	—	—	—	—
	54.91	0.72	#	—	0.01	0.03	0.76	
Inter-Scheme Payable	610.69	—	—	—	—	—	—	—
	41.46	—	—	—	—	—	—	
Redemption of Units	6,400.74	—	—	—	—	5.83	5.83	—
	65.43	—	—	—	—	—	—	
Load Charges (Note 2.9)	—	—	—	—	2.49	0.62	3.11	—
	—	1.64	0.28	—	—	—	1.92	
Dividend Payable	—	—	—	—	—	—	—	—
	6.49	—	—	—	—	—	—	
Sundry Payables	10.09	#	#	#	0.07	2.69	2.76	0.13
	2.79	0.18	0.28	#	0.01	#	0.47	
	<b>7,209.70</b>	<b>0.02</b>	<b>0.04</b>	<b>—</b>	<b>3.10</b>	<b>10.25</b>	<b>13.41</b>	<b>0.37</b>
	198.68	2.96	1.61	0.07	0.08	0.07	4.79	

# Less than Rs. 0.01 Lacs

## Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004 (Contd.)

(Rs. Lacs)

	01.04.2003 to 31.03.2004	01.04.2003 to 11.06.2003	01.04.2003 to 01.07.2003	24.06.2002 to 02.10.2002	01.04.2003 to 31.03.2004	01.04.2003 to 31.03.2004	15.03.2004 to 31.03.2004	
	01.04.2002 to 31.03.2003	29.05.2002 to 31.03.2003	12.06.2002 to 31.03.2003	19.03.2003 to 31.03.2003	25.03.2003 to 31.03.2003			
	Kotak Mahindra Fixed Maturity Plans							Kotak FMP (8)
	Kotak Liquid Scheme							
	FMP (1)	FMP (2)	FMP (3)	FMP (6)	FMP (7)	Total		
Debentures and Bonds	3,531.12 1,952.76	15.92 97.32	35.36 150.15	— 21.02	22.35 0.68	69.02 0.41	142.65 269.58	13.58
Government Dated Securities	31.27 14.79	— —	— —	— —	0.04 —	0.04 —	0.08 —	—
Commercial Paper / Certificates of Deposits / Rediscounted Bills	2,455.92 1,411.07	0.68 —	0.91 —	— 47.48	54.74 1.01	90.52 0.28	146.85 48.77	1.79
Treasury Bills and Zero Coupon Bonds	96.25 96.33	— —	— —	— —	# —	0.01 —	0.01 —	—
Collateralised Borrowing and Lending Obligation	6.11 —	— —	— —	— —	— —	— —	— —	—
Money at Call (Note 17)	191.35 245.83	0.58 0.06	1.72 0.36	— 1.81	0.27 0.76	0.54 0.01	3.11 3.00	—
Application Money	46.13 31.62	— —	— —	— —	— —	— —	— —	0.24
Reverse Repos	263.91 123.13	0.04 0.12	0.37 0.01	— 0.92	0.89 —	1.76 —	3.06 1.05	1.31
Deposits	1,605.32 286.63	— —	— —	— —	0.21 —	— —	0.21 —	—
Interest Rate Swaps (Note 2.5)	0.14 —	— —	— —	— —	— —	— —	— —	—
	8,227.52 4,162.16	17.22 97.50	38.36 150.52	— 71.23	78.50 2.45	161.89 0.70	295.97 322.40	16.92

### Schedule 8

#### Net Change in Unrealised Appreciation/ (Depreciation) in Value of Investments

##### Debentures and Bonds

At the beginning of the year/period	10.17 (18.49)	9.70 —	13.25 —	— —	0.29 —	0.65 —	23.89 —	—
At the end of the year/period	(34.60) 10.17	— 9.70	— 13.25	— —	0.80 0.29	5.26 0.65	6.06 23.89	(0.59)
Net Change in Unrealised Appreciation/ (Depreciation) in Value of Investments during the year/period	(44.77) 28.66	(9.70) 9.70	(13.25) 13.25	— —	0.51 0.29	4.61 0.65	(17.83) 23.89	(0.59)

# Less than Rs. 0.01 Lacs

## Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004 (Contd.)

### Schedule 9

#### Notes to the Financial Statements

##### 1. Organisation

- a. Kotak Mahindra Liquid Scheme ("Kotak Liquid Scheme") was launched on October 4, 2000 as an open-ended debt Scheme of Kotak Mahindra Mutual Fund ("KMMF"), investing predominantly in short term debt and money market securities.

Effective June 12, 2003, a new option called Daily Dividend Re-investment Option was introduced in Kotak Liquid Institutional Plan. Unit holders of Growth Option of Kotak Liquid Institutional Plan could switch all or part of their investments to the Daily Dividend Re-investment Option on June 12, 2003 and subsequently, units thereunder were made available for purchase by all investors.

Effective November 4, 2003, a new plan, viz., Kotak Liquid Institutional Premium Plan with three options viz., Growth Option, Daily Dividend Re-investment Option and Weekly Dividend Option, was introduced suitable for institutional investors who have much larger investible surpluses. Unit holders of Growth, Daily Dividend Re-investment and Weekly Dividend Option of Kotak Liquid Institutional Plan could switch all or part of their investments to the respective Options under the Kotak Liquid Institutional Premium Plan on November 4, 2003 and subsequently, units thereunder were made available for purchase by all investors.

Also effective November 4, 2003, the existing Kotak Liquid was renamed as Kotak Liquid Regular Plan.

The asset portfolio of Kotak Liquid Regular Plan, Kotak Liquid Institutional Plan and Kotak Liquid Institutional Premium Plan is un-segregated.

- b. Kotak Mahindra Fixed Maturity Plans was launched on May 29, 2002 as a close-ended debt Scheme comprising of several fixed maturity plans (FMP) investing in debt / money market and government securities. Each such Plan that is launched under Kotak Mahindra Fixed Maturity Plans is identified by a number suffixed to the name. The number so assigned to a Plan is in the order of their announcement and launch. FMP (7) was the last plan to be launched under this scheme. Each of the above Plans has a Growth and Dividend Option. The following are the details of Plans launched under Kotak Mahindra Fixed Maturity Plans:

Plan	Date of Launch	Duration from date of allotment (in days)
FMP (1)	May 29, 2002	370
FMP (2)	June 12, 2002	370
FMP (3)	June 24, 2002	90
FMP (4)*	July 8, 2002	90
FMP (5)*	July 22, 2002	370
FMP (6)	March 19, 2003	385
FMP (7)	March 25, 2003	370

\* No units were allotted under these Plans.

- c. Kotak FMP, a close-ended debt Scheme, was launched on March 15, 2004 comprising of various fixed maturity plans investing in debt / money market and government securities. Each such Plan that is launched under Kotak FMP is identified by a number suffixed to the name "Kotak FMP". The number so assigned to a Plan is in the order of their announcement and launch. Kotak FMP (8) was the first plan to be launched on March 15, 2004 having a tenure of 406 days and has a Growth Option.

KMMF has been established as a Trust in accordance with the Indian Trusts Act, 1882, and is sponsored by Kotak Mahindra Bank Limited ("KMBL"). Kotak Mahindra Trustee Company Limited ("KMTC"), a company incorporated under the Companies Act, 1956, is the Trustee to KMMF by the Trust Deed made between KMBL and KMTC. Kotak Mahindra Asset Management Company Limited ("KMAMC"), a company incorporated under the Companies Act, 1956, is a wholly owned subsidiary of KMBL and has been appointed as the asset management company ("Investment Manager").

##### 2. Significant Accounting Policies

###### 2.1. Basis of Accounting

The Schemes maintain their books of account on an accrual basis. These financial statements have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, (the "Regulation"), and amendments thereto, as applicable.

###### 2.2. Portfolio Valuation

Investments are stated at market/fair value at the Balance Sheet date / date of determination. In valuing the Scheme's investments:

- (i) Traded debt securities are valued at the last quoted closing price on the principal exchange on which the security is traded. If no sale is reported at that time, the last quoted closing price is used, when it is not more than fifteen days prior to the valuation date.
- (ii) Non-traded / thinly traded debt securities including those not traded within fifteen days are valued at fair value as per procedures determined by KMAMC and approved by the Trustee in accordance with the guidelines for valuation of securities for mutual funds, issued by the Securities and Exchange Board of India (SEBI), from time to time.



## Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004 (Contd.)

- (iii) Government securities are valued at prices obtained from The Credit Rating Information Services of India Limited, in accordance with the guidelines for valuation of securities for mutual funds, issued by SEBI.
- (iv) Instruments bought on 'repo' basis are valued at the resale price after deduction of applicable interest up to the date of resale. Instruments sold on a 'repo' basis are adjusted for the difference between the repurchase price (after deduction of applicable interest up to the date of repurchase) and the value of the instrument.
- (v) Treasury bills, commercial paper, certificates of deposits, collateralised borrowing and lending obligation and rediscounted bills are valued at cost plus accrued interest.

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 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 the revenue account including net change in unrealised appreciation/depreciation in value of investments is transferred to the revenue reserve.

### 2.3. Securities Transactions

Transactions for purchase and sale of investments are recognised as of the trade date. In determining the holding cost of investments and the gain or loss on sale of investments, the "average cost" method is followed.

### 2.4. Investment Income

Interest income is recorded on an accrual basis.

### 2.5. Interest Rate Swaps

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

### 2.6. Net Asset Value

The net asset value of the units of the various Plans under the Schemes is determined separately for units issued under the Growth and Dividend Option. For reporting the net asset value for various options, daily income earned, including realised and unrealised gain or loss in the value of investments and expenses incurred by the Scheme / Plan are allocated to the options in proportion to the value of the net assets.

### 2.7. Unit Premium Reserve

Upon issue and redemption of units, the net premium or discount to the face value of units is adjusted against the unit premium reserve of the Options, after an appropriate portion of the issue proceeds and redemption payout is credited or debited respectively to the income equalisation reserve, where applicable.

The unit premium reserve is available for dividend distribution except to the extent it is represented by unrealised net appreciation in value of investments.

### 2.8. Income Equalisation Reserve

Income equalisation reserve is maintained by crediting (or debiting) the income equalisation reserve account in respect of purchase of units (or redemption of units) by an appropriate amount, which represents the distributable income at the time of purchase (or redemption). The balance in the income equalisation reserve account is transferred to the revenue account at the end of the year.

### 2.9. Load Charges

Load collected is retained under a separate account in the respective Schemes and is used to meet the selling and distribution expenses of the schemes of KMMF.

## 3. Income Taxes

No provision for Income tax has been made since the income of the Scheme is exempt under section 10(23D) of the Income tax Act, 1961.

## 4. Investment Management Fees

The Schemes have paid /provided for investment management fees payable to KMAMC for managing the Schemes at an average annual rate of 0.42% in case of Kotak Liquid Regular Plan, 0.36% in case of Kotak Liquid Institutional Plan, 0.30% in case of Kotak Liquid Institutional Premium Plan, 0.15% in case of the FMP (1), 0.30% in case of the FMP (2), 0.30% in case of the FMP (6), 0.24% in case of FMP (7) and 0.25% in case of the Kotak FMP (8) of the average daily net assets (excluding the investment made in units by KMAMC) recorded by the respective Plans.

## 5. Trusteeship Fees

In accordance with the Trust Deed dated May 20, 1996 between KMBL and KMTC and amendments thereto, the Trustee is entitled to annual remuneration of 0.05% per annum of the average daily net assets of KMMF or Rs. 1,500,000, whichever is higher. Such fee is allocated between the Schemes of KMMF considering the period of existence and the Scheme-wise proportion of average daily net assets.

## Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004 (Contd.)

### 6. Custodian Fees

Deutsche Bank AG provides custodial services to the Schemes, for which it receives custody fees including transaction and registration fees.

### 7. Custodian Confirmation

Confirmation has been received from Deutsche Bank AG at the end of the year/ period for the investments held by them.

### 8. Unregistered Securities

As at March 31, 2004, FMP(6) and FMP(7) held unregistered securities aggregating to Rs. 250 Lacs and Rs. 650 Lacs respectively.

### 9. Initial Contribution

The initial contribution of Rs. 100,000 made by KMBL is recorded in the books of account of KMTC.

### 10. Aggregate Appreciation and Depreciation in the Value of Debentures and Bonds:

Scheme /Plan	March 31, 2004		March 31, 2003	
	Appreciation (Rs. Lacs)	Depreciation (Rs. Lacs)	Appreciation (Rs. Lacs)	Depreciation (Rs. Lacs)
Kotak Liquid Scheme	18.19	52.79	27.26	17.09
FMP (1)	—	—	9.74	0.04
FMP (2)	—	—	13.87	0.62
FMP (6)	0.80	—	0.38	0.09
FMP (7)	5.26	—	0.65	—
Kotak FMP (8)	1.38	1.97		

### 11. Initial Issue Expenses

Initial issue expenses comprise of costs directly associated with the issue of units in the Schemes and have been borne by KMAMC.

### 12. Disclosure Under Regulation 25(8) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended

Kotak Securities Limited and Kotak Mahindra Capital Company Limited, associate companies of KMAMC and Kotak Mahindra Bank Limited, the holding company of KMAMC were paid commission for procuring unit subscriptions for the Schemes, brokerage on purchase and sale of investments and / or charges on banking operations. The commission, brokerage and bank charges paid were at rates similar to those offered to other distributors / brokers/ banks.

(Rs. Lacs)

	Kotak Liquid	FMP (7)
<u>Kotak Securities Limited</u> Commission on unit subscriptions	51.06	1.24
<u>Kotak Mahindra Capital Company Limited</u> Commission on unit subscriptions	0.54	—
<u>Kotak Mahindra Bank Ltd</u> Commission on unit subscriptions	10.65	—

(ii) During the year the Schemes have subscribed to the following issues of debentures and bonds where Kotak Mahindra Capital Company Limited, an associate of KMAMC, was the lead manager / arranger to the issue.

Security	Amount subscribed (Rs.Lacs)	
	Kotak Liquid	Kotak FMP (8)
Corporate Loan Securitisation Series II Trust 2004	1,499.17	1,499.17
Corporate Loan Securitisation Series IV Trust 2004	1,011.90	—

The investments were made solely on the basis of sound fundamentals of these companies.

## Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004 (Contd.)

### 13. Disclosure Under Regulation 25(11) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended

Kotak Mahindra Mutual Fund has made the following investments in companies which hold / have held units in excess of 5% of the net asset value of any scheme of Kotak Mahindra Mutual Fund.

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. Lacs)
Bajaj Auto Ltd.	Kotak Gilt Savings Plan	Kotak Global India Kotak Income Plus	1,165.13 266.96
Bharti Tele-Ventures Ltd.	Kotak Bond Short Term Plan	Kotak 30	75.64
Cummins India Ltd.	FMP (1)	Kotak Global India Kotak MNC	1,258.18 10.16
Dr. Reddy's Laboratories Ltd.	Kotak FMP(8)	Kotak Balance Kotak Global India Kotak 30	70.47 161.46 135.19
Export-Import Bank of India	Kotak Bond Short Term Plan	Kotak Bond Kotak Bond Short Term Plan Kotak Liquid	10,685.43 9,709.55 11,367.03
Finolex Cables Ltd.	Kotak Floater	Kotak Bond Short Term Plan Kotak Liquid	2,500.00 9,000.00
Finolex Industries Ltd.	Kotak Floater	Kotak Bond Short Term Plan Kotak Liquid	500.00 2,000.00
Global Trade Finance Private Ltd.	Kotak Dynamic Income	Kotak Liquid	5,200.00
HCL Technologies Ltd.	Kotak Bond Short Term Plan	Kotak 30 Kotak Tech	129.42 221.56
HDFC Bank Ltd.	Kotak Gilt Savings Plan	Kotak 30 Kotak Liquid	295.69 19,960.96
HDFC Ltd.	Kotak Floater	Kotak Bond Kotak Bond Short Term Plan Kotak Dynamic Income Kotak Liquid	6,153.73 10,663.15 1,020.14 11,964.92
Hindalco Industries Ltd.	Kotak Floater	Kotak Balance Kotak Bond Kotak 30	65.28 994.45 340.08
ICICI Bank Ltd.	Kotak Liquid	Kotak Bond Short Term Plan Kotak Floater Kotak 30 Kotak Liquid	4,442.39 812.90 558.45 32,171.15
ICICI Securities and Finance Company Ltd.	Kotak Bond Short Term Plan	Kotak Bond Short Term Plan Kotak Liquid	4,389.31 7,000.00
Idea Cellular Ltd.	Kotak Bond Short Term Plan	Kotak Bond Short Term Plan Kotak Liquid	1,003.49 2,008.40
Indian Aluminium Company Ltd.	Kotak Liquid	Kotak Bond Kotak Liquid	1,500.00 4,500.00
Indo Gulf Fertiliser Ltd.	Kotak Floater	Kotak Balance Kotak 30	58.78 60.57
Industrial Development Bank of India	Kotak Bond Short Term Plan Kotak Liquid	Kotak Bond Kotak Bond Short Term Plan Kotak Floater Kotak 30 Kotak Income Plus Kotak Liquid	10,349.01 12,311.62 3,406.98 81.29 1,527.10 15,045.58
Infosys Technologies Ltd.	Kotak Liquid	Kotak Balance Kotak Global India Kotak 30 Kotak Income Plus Kotak Tech	73.90 677.97 697.68 304.92 931.39

## Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004 (Contd.)

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. Lacs)
Infrastructure Development Finance Company Ltd.	Kotak Dynamic Income	Kotak Bond	4,490.06
		Kotak Liquid	6,426.95
ITC Ltd.	Kotak Liquid	Kotak Balance	21.05
		Kotak 30	1,028.71
		Kotak Income Plus	258.18
		Kotak MNC	519.23
Kotak Mahindra Bank Ltd.	Kotak Liquid	Kotak Liquid	2,495.12
Larsen and Toubro Ltd.	Kotak MNC	Kotak Bond	566.51
		Kotak Bond Short Term Plan	3,536.00
		Kotak Global India	1,288.54
		Kotak 30	809.76
		Kotak Liquid	9,434.13
LIC Housing Finance Ltd.	Kotak Floater	Kotak Bond	12,268.85
		Kotak Bond Short Term Plan	1,642.00
		Kotak Dynamic Income	545.77
Mahindra and Mahindra Ltd.	Kotak Dynamic Income	Kotak Bond	1,854.62
		Kotak 30	534.40
		Kotak Income Plus	784.97
		Kotak Liquid	1,300.00
Maruti Udyog Ltd.	Kotak Bond Short Term Plan	Kotak Global India	817.04
		Kotak 30	536.83
		Kotak Income Plus	219.90
		Kotak MNC	680.00
Power Trading Corporation of India Ltd.	Kotak FMP(8)	Kotak 30	88.80
Raymond Ltd.	Kotak Dynamic Income	Kotak Bond	1,000.00
		Kotak Liquid	500.00
		Kotak Global India	333.66
Sun Pharmaceuticals Industries Ltd.	Kotak FMP(8)	Kotak Global India	1,300.86
		Kotak 30	154.48
Tata Motors Ltd.	Kotak Floater	Kotak Bond Short Term Plan	1,487.84
		Kotak 30	772.74
TVS Motor Company Ltd.	Kotak Floater	Kotak 30	330.12
UCO Bank	Kotak Dynamic Income	Kotak Balance	1.40
		Kotak 30	1.40
Union Bank of India	Kotak Floater	Kotak Bond Short Term Plan	1,018.51
UTI Bank Ltd.	Kotak Floater	Kotak Bond	555.85
		Kotak Bond Short Term Plan	929.81
		Kotak Liquid	13,341.97
Wipro Ltd.	Kotak Bond Short Term Plan	Kotak Tech	438.78

Kotak Gilt : Kotak Mahindra Gilt Unit Scheme '98

Kotak Bond : Kotak Bond Wholesale, Deposit &amp; Institutional Plans

Kotak Floater : Kotak Mahindra Floating Rate Scheme

Kotak Dynamic Income : Kotak Mahindra Dynamic Income Scheme

Kotak 30 : Kotak Mahindra 30 Unit Scheme

Kotak Balance : Kotak Mahindra Balance Unit Scheme 99

Kotak Tech : Kotak Mahindra Technology Scheme

Kotak MNC : Kotak Mahindra MNC Scheme

Kotak Income Plus : Kotak Mahindra Income Plus Scheme

Kotak Global India : Kotak Mahindra Global India Scheme

FMP(1) : Kotak Mahindra Fixed Maturity Plans - FMP(1)

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

## Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004 (Contd.)

### 14. Aggregate Value of Purchases and Sales of Investments

The aggregate value of investments purchased (including amortisation) and sold (including redemptions) during the year/period and their percentage of respective average daily net assets are as follows:

Scheme	Purchases (Rs. Lacs)	Percentage of average daily net assets	Sales (Rs. Lacs)	Percentage of average daily net assets
Kotak Liquid Scheme	780,200.43	513.72%	701,467.31	461.88%
FMP (1)	1,017.34	74.76%	2,300.12	169.04%
FMP (2)	3,013.91	124.55%	5,295.44	218.83%
FMP (6)	2,356.89	193.63%	2,756.24	226.43%
FMP (7)	4,817.27	185.67%	4,120.94	158.83%
Kotak FMP (8)	11,922.18	107.84%	1,000.00	9.05%

### 15. Income/Expenditure

The total income (including net loss on sale/redemption of investments and net change in unrealised appreciation / (depreciation) in value of investments) and total expenses during the year/period are:

Scheme	Total Income (Rs. Lacs)	Percentage of average daily net assets	Total Expenses (Rs. Lacs)	Percentage of average daily net assets
Kotak Liquid Scheme	8,438.46	5.56	1,084.75	0.71
FMP (1)	18.87	6.95*	1.37	0.50*
FMP (2)	38.74	6.37*	2.69	0.44*
FMP (6)	79.17	6.50	5.60	0.46
FMP (7)	171.05	6.59	19.51	0.75
Kotak FMP (8)	16.33	27.03*	0.31	0.51*

\* Annualised.

Actual expenses aggregating Rs. 39.13 Lacs, Rs. 0.75 Lacs and Rs. 0.04 Lacs of Kotak Liquid Scheme, FMP (7) and Kotak FMP (8) respectively being the excess over the above mentioned percentages of the average daily net assets of the Schemes / Plans have been borne by the Investment Manager.

### 16. Unitholdings in Excess of 25% of the Net Assets of the Plan

As at March 31, 2004, 1 investor held units in FMP (6), which constitutes 76.43% of the net asset value of FMP (6).

### 17. Interest on Money at Call

Interest on 'Money at Call' in case of Kotak Liquid Scheme, includes amounts aggregating Rs. 17.69 Lacs received from other schemes / Investment Manager on account of delay in recording / realization of unit subscriptions from purchase / switch transactions

### 18. Interest Rate Swap

The notional value of interest rate swaps outstanding as at March 31, 2004 aggregates Rs 1,000 Lacs in Kotak Liquid Scheme.

### 19. Historical Per Unit Statistics : Please see page 102.

### 20. Previous Year's Figures

Previous year's figures have been shown in italics below the current year figures and have been re-grouped / rearranged wherever appropriate. As these are the first financial statements for Kotak FMP(8), since the date of commencement, there are no comparative figures for the previous year for this Plan.

Signatures to Schedules 1 to 9 forming part of the Balance Sheet and Revenue Account

**K.H. VACHHA**

*Partner*

For and on behalf of

**PRICE WATERHOUSE**

*Chartered Accountants*

Mumbai

Date: April 28, 2004.

**For Kotak Mahindra Trustee Company Ltd.**

**Girish Sharedalal**

*Director*

**Chandrashekhar Sathe**

*Director*

**For Kotak Mahindra Asset Management Company Ltd.**

**Uday S. Kotak**

*Chairman*

**Romesh C. Khanna**

*Director*

**Sandesh Kirkire**

*Fund Manager*

Date: April 28, 2004.

## Schedules forming part of the Balance Sheet as at March 31, 2004 and the Revenue Account for the year/period ended March 31, 2004 (Contd.)

### 19. Historical Per Unit Statistics\*

Scheme	Kotak Liquid Scheme			Kotak Mahindra Fixed Maturity Plans								Kotak FMP (8)
				FMP (1)		FMP (2)		FMP (6)		FMP (7)		
	01.04.03 31.03.04	01.04.02 31.03.03	01.04.01 31.03.02	01.04.03 11.06.03	29.05.02 31.03.03	01.04.03 01.07.03	12.06.02 31.03.03	01.04.03 31.03.04	19.03.03 31.03.03	01.04.03 31.03.04	25.03.03 31.03.03	
<b>Period</b>				@		@						
a) Net Asset Value per unit												
Growth Option \$	12.6686	12.0893	11.3263	—	10.7331	—	10.6825	10.6424	10.0207	10.6078	10.0051	10.0145
Dividend Option \$\$	10.0182	10.0113	10.0111							10.6078	10.0051	
Institutional Growth Option	12.7063	12.0913										
Institutional Weekly Dividend Option	10.0195	10.0123										
Institutional Daily Dividend Option	12.2281											
Institutional Premium Growth Option	12.7132											
Institutional Premium Weekly Dividend Option	10.0267											
Institutional Premium Daily Dividend Option	12.2281											
b) Gross Income Per unit												
1) Income other than profit on sale of investments	0.3860	0.4782	0.9106	0.1497	0.7736	0.1723	0.6673	0.7500	0.0191	0.6568	0.0027	0.0153
2) Income (net) from profit on inter-scheme sale / transfer of investments	0.0009	0.0028	0.0025	(#)	0.0012	#	0.0009	(#)	#	#	(#)	—
3) Income (net) from profit on sale of investments to third parties	0.0110	0.0185	0.0067	0.0770	—	0.0589	—	0.0015	(0.0001)	0.0169	—	—
4) Transfer to revenue account from past year's reserve	—	—	—	—	—	—	—	—	—	—	—	—
c) Aggregate expenses, amortisation and charges per unit	0.0509	0.0611	0.1051	0.0109	0.0507	0.0120	0.0403	0.0535	0.0005	0.0790	0.0002	0.0003
d) Net income per unit (b - c)	0.3470	0.4384	0.8147	0.2158	0.7241	0.2192	0.6279	0.6980	0.0185	0.5947	0.0025	0.0150
e) Net change in unrealised appreciation/ (depreciation) in the value of investments per unit	(0.0021)	0.0033	(0.0049)	(0.0770)	0.0770	(0.0589)	0.0587	0.0049	0.0022	0.0187	0.0026	(0.0005)
f) Repurchase prices during the year/period												
<b>Highest :</b>												
Growth Option \$	12.6686	12.0893	11.3263	10.76332139 ^	10.6258	10.73440362 ^	10.5719	10.5312	9.9205	10.5018	N.A.	9.9144
Dividend Option \$\$	10.0259	10.0254	10.0015							10.5017	N.A.	
Institutional Growth Option	12.7063											
Institutional Weekly Dividend Option	10.0282											
Institutional Daily Dividend Option	12.2281											
Institutional Premium Growth Option	12.7132											
Institutional Premium Weekly Dividend Option	10.0340											
Institutional Premium Daily Dividend Option	12.2281											
<b>Lowest :</b>												
Growth Option \$	12.0931	11.3290	10.4814	10.6292	9.9207	10.5753	9.9149	9.9238	9.9155	9.9086	N.A.	9.9144
Dividend Option \$\$	10.0125	10.0033	10.0215							9.9086	N.A.	
Institutional Growth Option	12.0952											
Institutional Weekly Dividend Option	10.0145											
Institutional Daily Dividend Option	12.2281											
Institutional Premium Growth Option	12.4786											
Institutional Premium Weekly Dividend Option	10.0176											
Institutional Premium Daily Dividend Option	12.2281											
g) Resale prices during the year/period												
<b>Highest :</b>												
Growth Option \$	12.6686	12.0893	11.3263	10.87204181 ^	10.7331	10.84283178 ^	10.6787	10.6376	10.0207	10.6079	N.A.	10.0145
Dividend Option \$\$	10.0259	10.0254	10.0015							10.6078	N.A.	
Institutional Growth Option	12.7063											
Institutional Weekly Dividend Option	10.0282											
Institutional Daily Dividend Option	12.2281											
Institutional Premium Growth Option	12.7132											
Institutional Premium Weekly Dividend Option	10.0340											
Institutional Premium Daily Dividend Option	12.2281											
<b>Lowest :</b>												
Growth Option \$	12.0931	11.3290	10.4814	10.7366	10.0210	10.6821	10.0150	10.0240	10.0157	10.0087	N.A.	10.0000
Dividend Option \$\$	10.0125	10.0033	10.0215							10.0087	N.A.	
Institutional Growth Option	12.0952											
Institutional Weekly Dividend Option	10.0145											
Institutional Daily Dividend Option	12.2281											
Institutional Premium Growth Option	12.4786											
Institutional Premium Weekly Dividend Option	10.0176											
Institutional Premium Daily Dividend Option	12.2281											
h) Price earnings ratio	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
i) Ratio of expenses to average net assets				**0.50%	**0.55%	**0.44%	**0.50%	0.46%	**0.50%	0.75%	**0.75%	**0.51%
Regular Plan	1.00%	0.89%	1.00%									
Institutional Plan	0.72%	**0.75%										
Institutional Premium Plan	**0.56%											
j) Ratio of gross income to average net assets -	5.56%	7.27%	8.70%	**6.95%	**9.24%	**6.37%	**9.04%	6.50%	**19.33%	6.59%	**19.28%	**27.03%

All figures are in Rs. per unit.

\*The above per unit calculations are based on the number of units outstanding at the end of the year/period.

\*\*Annualised.

# Below 0.0001 per unit.

\$ Regular Growth Option in case of Kotak Liquid Scheme for the year ended March 31, 2004.

\$\$ Regular Dividend Option in case of Kotak Liquid Scheme for the year ended March 31, 2004.

^ As on maturity date.

@ As there are no units outstanding as at March 31, 2004 (scheme has matured during the year), the above per unit statistics are based on the average units outstanding during the period.

- Including net profit / (loss) on sale/redemption of investments and net change in unrealised appreciation/ (depreciation) in value of investments

## Statement of Portfolio Holding as at March 31, 2004

(Referred to in Schedule 1 to the Balance Sheet as at March 31, 2004)

### KOTAK MAHINDRA LIQUID SCHEME

Company's Name/Security	Face Value (Rs. Lacs)	Market/Fair Value (Rs. Lacs)	Market/Fair Value (Rs. Lacs)	Percentage
<b>DEBENTURES AND BONDS (59.88%)</b>				
<b>Diversified Financial Services</b>				
Industrial Development Bank of India. FRD	4,000.00	4,000.00		
Indian Oil Corporation Ltd. SO **	517.72	3,574.23		
Sundaram Finance Ltd. FRD	3,500.00	3,500.00		
GE Capital Services India. FRD @	2,500.00	2,500.00		
Infrastruture Leasing Financial Services Ltd. FRD	2,500.00	2,500.00		
Infrastruture Leasing Financial Services Ltd. FRD	2,500.00	2,500.00		
Indian Retail ABS Trust Series VI SO **	77.50	2,328.96		
15.50% Industrial Development Bank Of India	1,500.00	1,624.64		
Indian Retail ABS Trust Series VI SO **	77.50	1,552.50		
8.71% Indian Railway Finance Corporation Ltd. **	1,500.00	1,548.79		
Indian Oil Corporation Ltd. SO **	517.72	1,530.17		
7.25% Tata Industries Ltd **	1,500.00	1,519.49		
Loan Securitisation Trust (Series X) SO **	136.98	1,510.47		
6.85% Industrial Development Bank Of India **	1,500.00	1,503.59		
5.76% Citifinancial Consumer Finance India Ltd. **	1,500.00	1,501.49		
Cholamandalam Investment and Finance Co Ltd. FRD	1,500.00	1,500.00		
Citifinancial Consumer Finance India Ltd. FRD	1,500.00	1,500.00		
Sundaram Finance Ltd. FRD	1,500.00	1,500.00		
Sundaram Finance Ltd. FRD	1,500.00	1,500.00		
Corporate Loan Securitisation Series II Trust SO **	99.94	1,499.40		
Mahindra and Mahindra Fin Services Ltd. SO **	79.32	1,189.85		
Citicorp Finance (India) Ltd. FRD	1,100.00	1,100.00		
6.90% GE Capital Services India **	1,040.00	1,040.18		
Corporate Loan Securitisation Series IV Trust SO **	101.19	1,011.90		
7.75% Citifinancial Consumer Finance India Ltd. **	1,000.00	1,009.70		
6.60% Sundaram Finance Ltd. **	1,000.00	1,008.69		
Loan Securitisation Trust (Series X) SO **	136.98	1,008.10		
5.35% Infrastruture Leasing Financial Services Ltd. **	1,000.00	1,002.40		
6.10% Indian Railway Finance Corporation Ltd. **	1,000.00	1,001.26		
Cholamandalam Investment and Finance Co Ltd. FRD	1,000.00	1,000.10		
Cholamandalam Investment and Finance Co Ltd. FRD	1,000.00	1,000.10		
Citicorp Finance (India) Ltd. FRD	1,000.00	1,000.00		
Infrastruture Leasing Financial Services Ltd. FRD	1,000.00	1,000.00		
Ashok Leyland Finance Ltd. Zero Coupon Bonds **	1,000.00	996.47		
Citicorp Maruti Finance Ltd. Zero Coupon Bonds **	1,000.00	982.70		
UTI Bank Ltd. (SPV) SO **	100.00	944.31		
Global Trade Finance Pvt. Ltd. FRD	800.00	800.00		
Auto Loan Trust SO **	33.18	630.37		
Auto Loan Trust SO **	102.64	616.61		
Mahindra and Mahindra Fin Services Ltd. FRD	500.00	500.00		
Mahindra and Mahindra Fin Services Ltd. FRD	500.00	500.00		
Mahindra and Mahindra Fin Services Ltd. FRD	500.00	500.00		
Sundaram Finance Ltd. FRD	470.00	470.00		
UTI Bank Ltd. (SPV) SO **	247.05	241.26		
7.25% Mahindra and Mahindra Fin Services Ltd. **	200.00	200.06		
Indian Retail ABS Trust Series VI SO **	77.50	77.63	61,525.42	71.50
<b>Oil and Gas Refining and Marketing</b>				
12.00% Bharat Petroleum Corporation Ltd. **	2,800.00	2,924.54		
8.50% Hindustan Petroleum Corporation Ltd. **	1,500.00	1,543.01	4,467.55	5.19

## Statement of Portfolio Holding as at March 31, 2004 (Contd.)

(Referred to in Schedule 1 to the Balance Sheet as at March 31, 2004)

### KOTAK MAHINDRA LIQUID SCHEME (Contd.)

Company's Name/Security	Face Value (Rs. Lacs)	Market/Fair Value (Rs. Lacs)	Market/Fair Value (Rs. Lacs)	Percentage
<b>Commodity Chemicals</b>				
Reliance Industries Ltd. Zero Coupon Bonds **	2,700.00	2,678.03		
12.35% Reliance Industries Ltd. **	1,000.00	<u>1,028.78</u>	3,706.81	4.31
<b>Banks</b>				
11.90% Export-Import Bank of India. **	1,500.00	1,566.73		
5.95% Export-Import Bank of India. **	1,000.00	1,005.50		
15.25% ICICI Bank Ltd. **	300.00	<u>324.38</u>	2,896.61	3.37
<b>Household Products</b>				
9.00% Hindustan Lever Ltd. **	0.00 #		2,552.30	2.97
<b>Consumer Finance</b>				
8.75% HDFC Ltd. **	1,500.00	1,524.41		
5.40% HDFC Ltd. **	1,000.00	<u>1,000.53</u>	2,524.94	2.93
<b>Finance and Investments</b>				
Housing and Urban Development Corporation Ltd. FRD	2,000.00		2,000.00	2.32
<b>Household Appliances</b>				
Whirlpool of India Ltd. FRD	2,000.00		2,000.00	2.32
<b>Banking and Finance</b>				
11.00% National Bank for Agriculture and Rural Development **	1,000.00		1,045.72	1.22
<b>Steel</b>				
10.05% Tata Iron and Steel Company Ltd. **	500.00	503.77		
Electrosteel Castings Ltd. FRD	500.00	<u>500.00</u>	1,003.77	1.17
<b>Port</b>				
5.40% Jawaharlal Nehru Port Trust **	1,000.00		1,000.39	1.16
<b>Aluminum</b>				
14.50% National Aluminium Company Ltd. **	2,000.00	728.66		
13.20% Hindalco Industries Ltd. **	300.00	<u>93.28</u>	821.94	0.96
<b>Construction and Engineering</b>				
13.00% Larsen and Toubro Ltd. **	500.00		<u>502.64</u>	<u>0.58</u>
(Cost Rs.86,082.69 Lacs)			<u>86,048.09</u>	<u>100.00</u>
<b>COLLATERALISED BORROWING AND LENDING OBLIGATION (6.33%)</b>				
CBLO 02/04/2004	9,100.00		<u>9,099.06</u>	<u>100.00</u>
Cost Rs.9,099.06 Lacs)			<u>9,099.06</u>	<u>100.00</u>
<b>COMMERCIAL PAPER / CERTIFICATE OF DEPOSITS (33.79%)</b>				
<b>Diversified Financial Services</b>				
Power Finance Corporation Ltd. CP - 21/06/2004	4,000.00	3,957.64		
Citicorp Finance (India) Ltd. CP - 14/06/2004	2,500.00	2,475.52		
Infrastructure Leasing Financial Services Ltd. CP - 31/08/2004	2,500.00	2,450.32		
Industrial Development Bank Of India. CP - 02/03/2005	2,500.00	2,387.91		
Cholamandalam Investment and Finance Co Ltd. CP - 14/06/2004	1,500.00	1,484.87		
GE Countrywide Consumer Financial Services Ltd. CP - 15/11/2004	1,500.00	1,452.91		
Ashok Leyland Finance Ltd. CP - 14/05/2004	1,000.00	994.12		
Power Finance Corporation Ltd. CP - 11/06/2004	1,000.00	990.63		
Ashok Leyland Finance Ltd. CP - 18/06/2004	1,000.00	989.16		
Ashok Leyland Finance Ltd. CP - 21/06/2004	1,000.00	988.75		
Citicorp Finance (India) Ltd. CP - 01/09/2004	1,000.00	979.27		
GE Countrywide Consumer Financial Services Ltd. CP - 20/09/2004	1,000.00	976.40		
Infrastructure Development Finance Co. Ltd. CP - 02/06/2004	500.00	<u>496.03</u>	20,623.53	42.48



## Statement of Portfolio Holding as at March 31, 2004 (Contd.)

(Referred to in Schedule 1 to the Balance Sheet as at March 31, 2004)

### KOTAK MAHINDRA LIQUID SCHEME (Contd.)

Company's Name/Security	Face Value (Rs. Lacs)	Market/Fair Value (Rs. Lacs)	Market/Fair Value (Rs. Lacs)	Percentage
<b>Banks</b>				
ICICI Bank Ltd. CD - 15/12/2004	3,000.00	2,894.78		
Development Credit Bank Ltd. CD - 12/01/2005	3,000.00	2,864.74		
Development Credit Bank Ltd. CD - 15/11/2004	2,500.00	2,410.20		
Development Credit Bank Ltd. CD - 19/11/2004	1,500.00	1,445.18		
ICICI Bank Ltd. CD - 15/07/2004	1,000.00	986.05		
ICICI Bank Ltd. CD - 28/09/2004	1,000.00	976.26	11,577.21	23.84
<b>Consumer Finance</b>				
HDFC Ltd. CP - 07/05/2004	3,500.00	3,483.81		
HDFC Ltd. CP - 21/05/2004	1,000.00	993.56		
HDFC Ltd. CP - 26/11/2004	1,000.00	969.02	5,446.39	11.22
<b>Finance and Investments</b>				
Standard Chartered Investment and Loan India Ltd. CP - 21/06/2004	3,000.00		2,969.06	6.12
<b>Paper And Paper Products</b>				
Ballarpur Industries Ltd. CP - 16/03/2005	2,120.00		2,019.10	4.16
<b>Commodity Chemicals</b>				
Indian Petrochemical Corporation Ltd. CP - 27/09/2004	1,000.00	976.30		
Indian Petrochemical Corporation Ltd. CP - 15/11/2004	1,000.00	970.26	1,946.56	4.01
<b>Construction Materials</b>				
Shree Cement Ltd. CP - 17/05/2004	1,000.00	993.69		
Skansa Cementation CP - 23/06/2004	500.00	494.38	1,488.07	3.06
<b>Hotels</b>				
The Indian Hotels Company Ltd. CP - 26/04/2004	1,000.00		996.86	2.05
<b>Fertilizers and Agricultural Chemical</b>				
United Phosphorus Ltd. CP - 04/06/2004	1,000.00		991.12	2.04
<b>IT Consulting and Services</b>				
Ramco Systems Ltd. CP - 16/06/2004	500.00		494.78	1.02
(Cost Rs.48,552.68 Lacs)			48,552.68	100.00
Total Investment at Market Value			<b>143,699.83</b>	
(Total Cost Rs.1,43,734.43 Lacs)				

'SO' indicates Structured Obligations, 'FRD' indicates Floating Rate Debentures, 'CP' indicates Commercial Paper, 'CD' indicates Certificate of Deposits, 'CBLO' indicates Collateralised Borrowing and Lending Obligation.

\*\* Fair valued as per procedures determined by Kotak Mahindra Asset Management Company Limited and approved by the Trustee in accordance with the guidelines for valuation of securities for mutual funds issued by the Securities and Exchange Board of India from time to time.

Aggregate fair value of non-traded investments as at March 31, 2004 is Rs. 51,053.25 Lacs.

# Face Value is Rs. 6.00

@ indicates security marked as underlying for Interest Rate Swaps of Rs. 1,000 Lacs.

## Statement of Portfolio Holding as at March 31, 2004 (Contd.)

(Referred to in Schedule 1 to the Balance Sheet as at March 31, 2004)

### KOTAK MAHINDRA FIXED MATURITY PLANS

Company's Name/Security	Face Value (Rs. Lacs)	Market/Fair Value (Rs. Lacs)	Market/Fair Value (Rs. Lacs)	Percentage
<b>FMP (6)</b>				
<b>DEBENTURES AND BONDS (100%)</b>				
<b>Diversified Financial Services</b>				
6.90% GE Capital Services India. **	160.00	160.03		
Sundaram Finance Ltd. FRD	150.00	150.00		
Global Trade Finance Pvt. Ltd. FRD	100.00	<u>100.00</u>	410.03	46.59
<b>Steel</b>				
Electrosteel Castings Ltd. FRD	150.00		150.00	17.04
<b>Construction Materials</b>				
Madras Cements Ltd. FRD	120.00		120.00	13.65
<b>Construction &amp; Engineering</b>				
Larsen and Toubro Ltd. FRD	100.00		100.00	11.36
<b>Paper Packaging</b>				
Essel Propack Ltd. FRD	100.00		<u>100.00</u>	<u>11.36</u>
Total Investment at Market Value			<u>880.03</u>	<u>100.00</u>
(Cost Rs.879.23 Lacs)				
<b>FMP (7)</b>				
<b>DEBENTURES AND BONDS (100%)</b>				
<b>Diversified Financial Services</b>				
Sundaram Finance Ltd. FRD	380.00	380.00		
7.25% Mahindra & Mahindra Fin Services Ltd. **	300.00	300.10		
6.90% GE Capital Services India. **	300.00	300.05		
Global Trade Finance Pvt. Ltd. FRD	300.00	<u>300.00</u>	1,280.15	55.41
<b>Construction Materials</b>				
Madras Cements Ltd. FRD	380.00		380.00	16.45
<b>Steel</b>				
Electrosteel Castings Ltd. FRD	350.00		350.00	15.15
<b>Construction &amp; Engineering</b>				
Larsen and Toubro Ltd. FRD	300.00		<u>300.00</u>	<u>12.99</u>
Total Investment at Market Value			<u>2,310.15</u>	<u>100.00</u>
(Cost Rs.2,304.89 Lacs)				

'FRD' indicates Floating Rate Debentures

\*\* Fair valued as per procedures determined by Kotak Mahindra Asset Management Company Limited and approved by the Trustee in accordance with the guidelines for valuation of securities for mutual funds issued by the Securities and Exchange Board of India from time to time.

Aggregate fair value of non-traded investments as at March 31, 2004 is Rs. 760.18 Lacs.

## Statement of Portfolio Holding as at March 31, 2004 (Contd.)

(Referred to in Schedule 1 to the Balance Sheet as at March 31, 2004)

### KOTAK FMP SCHEME

Company's Name/Security	Face Value (Rs. Lacs)	Market/Fair Value (Rs. Lacs)	Market/Fair Value (Rs. Lacs)	Percentage
<b>KOTAK FMP (8)</b>				
<b>DEBENTURES AND BONDS (83.61%)</b>				
<b>Diversified Financial Services</b>				
7.25% Tata Industries Ltd **	1,500.00	1,519.49		
5.35% Citifinancial Consumer Finance India Ltd. **	1,500.00	1,501.29		
Corporate Loan Securitisation Series II Trust SO **	99.94	1,499.40		
Indian Retail ABS Trust Series VI SO **	77.50	1,474.95		
14.00% Industrial Development Bank Of India. **	1,000.00	1,086.15		
5.50% Mahindra & Mahindra Fin Services Ltd. **	1,000.00	1,000.78		
14.50% Industrial Development Bank Of India. **	500.00	542.59		
6.65% Citicorp Finance (India) Ltd. **	500.00	506.52	9,131.17	100.00
(Cost Rs. 9,131.76 Lacs)			<u>9,131.17</u>	<u>100.00</u>
<b>COMMERCIAL PAPER / CERTIFICATE OF DEPOSITS (16.39%)</b>				
<b>Paper and Paper Products</b>				
Ballarpur Industries Ltd. CP - 16/03/2005	1,880.00		1,790.42	100.00
(Cost Rs. 1,790.42 Lacs)			<u>1,790.42</u>	<u>100.00</u>
Total Investment at Market Value (Total Cost Rs. 10,922.18 Lacs)			<u>10,921.59</u>	

'SO' indicates Structured Obligations, 'CP' indicates Commercial Paper.

\*\* Fair valued as per procedures determined by Kotak Mahindra Asset Management Company Limited and approved by the Trustee in accordance with the guidelines for valuation of securities for mutual funds issued by the Securities and Exchange Board of India from time to time.

Aggregate fair value of non-traded investments as at March 31, 2004 is Rs. 9131.17 Lacs.

## COMBINED RISK FACTORS

- Mutual Funds and securities investments are subject to market risks and there is no assurance or guarantee that the objectives of the Schemes will be achieved.
- As with any securities investment, the NAV of the Units issued under the Schemes can go up or down depending on the factors and forces affecting the capital and money markets.
- Past performance of the Sponsor or that of existing Schemes of the Fund does not indicate the future performance of the Schemes.
- Kotak Gilt, Kotak Mahindra Fixed Maturity Plans, Kotak FMP, Kotak Bond, Kotak Liquid, Kotak Floater, Kotak Dynamic Income, Kotak 30, Kotak Balance, Kotak Income Plus, Kotak Global India, Kotak Tech and Kotak MNC are only the names of the Schemes and do not in any manner indicate the quality of the Schemes, future prospects or returns.
- Appreciation of the value of the Units issued under Kotak 30, Kotak Tech and Kotak MNC can be restricted in the event of a high asset allocation to cash, when stock appreciates.
- Investments by Kotak Tech in the Information Technology Sector will constrict the diversification of the Scheme due to which the NAV of the Units issued under the Scheme runs the risk of high volatility.
- Technology stocks particularly run the risk of high volatility, high valuation and obsolescence.
- The NAV of the Units issued under the Schemes may be affected, inter alia, by changes in the market, interest rates, performance of individual stocks, changes in credit rating, trading volumes, settlement periods and transfer procedures; the NAV is also exposed to Price / Interest-Rate Risk and Credit Risk and may be affected inter alia, by Government policy, volatility and liquidity in the money markets and pressure on the exchange rate of the rupee, Basis Risk, Spread Risk and Re-investment Risk.
- Tax laws may change, affecting the return on investment in Units.
- In the event of receipt of a very large number of redemption requests or very large value redemption requests or of a restructuring of the Schemes' portfolios, there may be delays in the redemption of Units. Please refer to the paragraph on "Right to limit Redemption" in the Offer Documents.
- Kotak FMP: As per SEBI Circular No. SEBI/IMD/CIR No.10/22701/03 dated December 12, 2003, the Scheme and individual plan(s) under the Scheme shall have a minimum of 20 investors and no single investor shall account for more than 25% of the corpus of the Scheme / Plan(s). In case of non-fulfillment with either of the above two conditions, the investor's money would be refunded, in full, immediately after the close of the Initial Public Offering of the Scheme / Plan(s).

## INVESTMENT OBJECTIVES

- **Kotak 30:** To generate capital appreciation from a portfolio of predominantly equity and equity related securities with investment in, generally, not more than 30 stocks.
- **Kotak Balance:** To achieve growth by investing in equity and equity related instruments, balanced with income generation by investing in debt and money market instruments.
- **Kotak Tech:** To generate capital appreciation from a portfolio of predominantly equity and equity related securities in the information technology sector.
- **Kotak MNC:** To generate capital appreciation from a portfolio of predominantly equity and equity related securities issued by Multinational Companies.
- **Kotak Income Plus:** To enhance returns over a portfolio of debt instruments with a moderate exposure in equity and equity related instruments.
- **Kotak Global India:** To generate capital appreciation from a diversified portfolio of predominantly equity and equity related securities issued by Globally Competitive Indian Companies.
- **Kotak Gilt:** To generate risk-free returns through investments in sovereign securities issued by the Central Government and/or a State Government (s) and/or reverse repos in such securities.
- **Kotak Mahindra Fixed Maturity Plans:** To generate regular returns by investing in debt/money market and Government securities in such a way that the average maturity of the asset portfolio of a Plan does not exceed the maturity period of the Plan.
- **Kotak Bond:** To create a portfolio of debt and money market instruments of different maturities so as to spread the risk across a wide maturity horizon and different kinds of issuers in the debt markets.
- **Kotak Bond Short Term Plan:** To provide reasonable returns and high level of liquidity by investing in debt and money market instruments of different maturities, so as to spread the risk across different kinds of issuers in the debt market.
- **Kotak Liquid:** To provide reasonable returns and high level of liquidity by investing in debt and money market instruments of different maturities, so as to spread the risk across different kinds of issuers in the debt market.
- **Kotak Floater:** To reduce the interest rate risk associated with investments in fixed rate instruments by investing predominantly in floating rate securities, money market instruments and using appropriate derivatives.
- **Kotak Dynamic Income:** To maximise returns through an active management of a portfolio of debt and money market securities.
- **Kotak FMP (8):** To nearly eliminate interest rate risk, associated with investment in fixed rate debt instruments, for investors who remain invested in the Plan till its maturity.

## STATUTORY INFORMATION

- Kotak Mahindra Mutual Fund has been established as a trust under the Indian Trusts Act, 1882, by Kotak Mahindra Bank Limited (liability Rs. NIL) with Kotak Mahindra Trustee Company Limited as the Trustee and with Kotak Mahindra Asset Management Company Limited as the Investment Manager.
- On written request, present and prospective Unit-holders/investors can obtain a copy of the Trust Deed, supplemental trust deed, the Annual Report at a price and the text of the relevant scheme.
- For Unit-holders of a Scheme, full Annual Report shall be available for inspection at 5A, 5th Floor, Bakhtawar, Nariman Point, Mumbai-400 021 i.e. the Head Office of Kotak Mahindra Mutual Fund.
- **Before investing, please read the Offer Documents.**