



Global Investment Opportunities Fund Ltd.

ANNUAL REPORT 2006-2007

Directors' Report

COMMENTARY OF THE DIRECTORS TO THE SHAREHOLDERS OF GLOBAL INVESTMENT OPPORTUNITIES FUND LIMITED.

The directors present their report and the audited financial statements of Global Investment Opportunities Fund Limited (the "company") for the year ended March 31, 2007.

PRINCIPAL OBJECTIVE

The principal objective of the company is to seek capital appreciation by investing in portfolio of securities comprising principally of convertible bonds, debt and shares of companies incorporated in India and elsewhere.

RESULTS AND DIVIDEND

The results for the year are annexed.

The directors do not recommend the payment of a dividend for the year under review.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial period which present fairly the financial position, financial performance and cash flows of the company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statement; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2001. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS' INTERESTS

- (a) There are no service contracts in existence between the company and any of its directors, nor are any such contracts proposed.
- (b) None of the directors has any interests either beneficial or non-beneficial, in the share capital of the company.
- (c) There are no existing or proposed contracts of service between any of its directors and the company.
- (d) Uday Kumar Gujadhur and Yuvraj Kumar Juwaheer are directors of Multiconsult Limited. Shyam Kumar is the director of Kotak Mahindra (International) Limited and Kotak Mahindra (UK) Limited. Ravilochan Pola, is a director of Kotak Mahindra Inc. and Kotak Mahindra (International) Limited.
- (e) Paul Parambi resigned as a Director of GIOFL on the 15th of May, 2006. Didier Merle and Sow Man Ah Yuk Shing were appointed as Directors as at the 6th of April, 2006.

By Order of the Board

CORPORATE SECRETARY

Multiconsult Limited
10, Frère Félix de Valois Street
Port Louis

Date : 7th May, 2007

Auditors' Report

TO THE MEMBERS OF GLOBAL INVESTMENT OPPORTUNITIES FUND LIMITED

The financial statements of Global Investment Opportunities Fund Limited as at 31st March, 2007, being a company registered in the Mauritius, are audited by KPMG, Public Accountants, Mauritius and we have been furnished with their audit report dated 2nd May, 2007.

We are presented with the accounts in Indian Rupees prepared on the basis of aforesaid accounts to comply with requirements of Section 212 of Companies Act 1956. We give our report hereunder:

1. We have audited the attached Balance Sheet of Global Investment Opportunities Fund Limited as at 31st March, 2007 and also the Profit and Loss account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) The Balance Sheet and also Profit and Loss account dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet and Profit and Loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors, we report that none of the directors is disqualified as on 31st March, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) In our opinion, on the basis of information and explanations given to us and relying upon the above referred financial statements and auditor's report thereon, the accounts read with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - (a) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2007; and
 - (b) in the case of the Profit and Loss account of the Profit for the year ended on that date.

For V. C. SHAH & CO.
Chartered Accountants

A. N. Shah
Partner
Membership No.: 42649

Place : Mumbai
Date : 7th May, 2007

Annexure to Auditors' Report

Annexure referred to in paragraph 3 of the Auditors Report of even date to the members of Global Investment Opportunities Fund Limited on the financial statements for the year ended 31st March, 2007.

- (1) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for services. There are no purchase of inventory, fixed assets and sale of goods.
- (2) As informed to us, the Company does not have an internal audit system.
- (3) According to the information and explanation given to us, proper records have been maintained in respect of the transaction and contracts in shares, securities, debentures and other investments, and timely entries have been made therein. The investments are held by the company in its own name.
- (4) According to information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.
- (5) The Company is a foreign company rendering services. In our opinion clauses (i), (ii), (iii), (v), (vi), (viii), (ix), (x), (xi), (xii), (xiii), (xv), (xvi), (xvii), (xviii), (xix), (xx) of the order are not applicable to the company for the year ended under report.

For V. C. SHAH & CO.
Chartered Accountants

A. N. Shah
Partner
Membership No.: 42649

Place : Mumbai
Date : 7th May, 2007

Balance Sheet as at March 31, 2007

	Schedule	March 31, 2007			March, 31 2006		
		Management Shares Rupees	Consolidated Class Accounts Rupees	Total Rupees	Management Shares Rupees	Consolidated Class Accounts Rupees	Total Rupees
Sources of Funds							
Shareholders' Funds:							
Share Capital	1	9,594	759,622	769,216	4,818	2,634,103	2,638,921
Reserves and Surplus	2	(658)	6,078,406,351	6,078,405,693	(357)	7,489,743,161	7,489,742,804
Total		8,936	6,079,165,973	6,079,174,909	4,461	7,492,377,264	7,492,381,725
Application of Funds							
Investments	3	—	5,260,662,681	5,260,662,681	—	6,777,078,486	6,777,078,486
Current Assets, Loans and Advances:							
Sundry Debtors	4	—	83,425,157	83,425,157	—	106,842,690	106,842,690
Cash and Bank Balances	5	8,936	829,425,682	829,434,617	4,461	763,542,217	763,546,678
Loans and Advances	6	—	17,593,927	17,593,927	—	6,375,840	6,375,840
		8,936	930,444,765	930,453,701	4,461	876,760,747	876,765,208
Less:							
Current Liabilities and Provisions:							
Liabilities	7	—	111,941,474	111,941,474	—	161,461,969	161,461,969
Net Current Assets		8,936	818,503,292	818,512,228	4,461	715,298,778	715,303,239
Total		8,936	6,079,165,973	6,079,174,909	4,461	7,492,377,264	7,492,381,725
Significant Accounting Policies and Notes to Financial Statements	8						
Schedules referred to above form an integral part of the Balance Sheet							

In terms of our report of even date
For V. C. Shah and Co.
Chartered Accountants

A. N. Shah
Partner

Mumbai
Dated : 7th May, 2007

For and on behalf of the Board of Directors

Yuvraj Kumar Juwaheer
Director

Ravi Lochan Pola
Director

Profit and Loss Account for the year ended March 31, 2007

	For the year ended March 31, 2007			For the year ended March 31, 2006		
	Management Shares Rupees	Consolidated Class Accounts Rupees	Total Rupees	Management Shares Rupees	Consolidated Class Accounts Rupees	Total Rupees
Income						
Dividends	—	106,055,054	106,055,054	—	32,519,345	32,519,345
Interest	—	30,729,161	30,729,161	—	10,853,677	10,853,677
Service Income	—	853,663	853,663	—	7,270,915	7,270,915
Profit on Sale of Investments(Net)	—	2,158,163,118	2,158,163,118	—	822,885,170	822,885,170
Exchange gain	—	17,314,150	17,314,150	—	—	—
Total Income	—	2,313,115,146	2,313,115,145	—	873,529,107	873,529,107
Expenditure						
Transaction and Custody Charges	—	3,700,443	3,700,443	—	1,867,112	1,867,112
Other Operating Expenses	—	12,754,437	12,754,437	—	8,121,253	8,121,253
Foreign Auditors Remuneration	—	904,400	904,400	—	639,028	639,028
Legal fees	—	1,474,353	1,474,353	—	2,793,115	2,793,115
Investment Advisory and facilitator fees	—	245,893,744	245,893,744	—	154,153,279	154,153,279
Exchange Loss	—	—	—	—	5,696,316	5,696,316
Total Expenditure	—	264,727,376	264,727,376	—	173,270,103	173,270,103
Profit Before Taxation	—	2,048,387,769	2,048,387,769	—	700,259,004	700,259,004
Provision for Taxation	—	—	—	—	—	—
Profit After Taxation	—	2,048,387,769	2,048,387,769	—	700,259,004	700,259,004
Add: Balance Brought Forward From Previous Year	—	883,601,853	883,601,853	—	183,342,849	183,342,849
Less: Redemption proceeds	—	(1,230,588,230)	—	—	—	—
Balance Carried Forward	—	1,701,401,393	2,931,989,622	—	883,601,853	883,601,853

Significant Accounting Policies and Notes to Financial Statements 8

Schedules referred to above form an integral part of the Balance Sheet

In terms of our report of even date
For V. C. Shah and Co.
Chartered Accountants

For and on behalf of the Board of Directors

A. N. Shah
Partner

Yuvraj Kumar Juwaheer
Director

Ravi Lochan Pola
Director

Mumbai
Dated : 7th May, 2007

Schedules forming part of the Balance Sheet

	March 31, 2007			March 31, 2006		
	Management Shares Rupees	Consolidated Class Accounts Rupees	Total Rupees	Management Shares Rupees	Consolidated Class Accounts Rupees	Total Rupees
Schedule 1 — Share Capital						
Issued, Subscribed and paid up						
205 (Previous year 100) Management shares of USD 0.01 each (Of the above 105 shares are held by Kotak Mahindra Bank Limited the holding company). (previous year 100 shares were held by Kotak Mahindra International Limited)	9,594	—	9,594	4,818	—	4,818
142,717 (Previous year 134,676) Class A Participating shares of USD 0.01 each	—	64,727	64,727	—	60,518	60,518
7,470 (Previous year 43,472) Class B Participating shares of USD 0.01 each	—	3,737	3,737	—	19,851	19,851
295,475 (Previous year 293,071) Class C Participating shares of USD 0.01 each	—	131,198	131,198	—	130,348	130,348
8,174 (Previous year 8,174) Class D Participating shares of USD 0.01 each	—	3,657	3,657	—	3,666	3,666
Nil (Previous year 38,897) Class E Participating shares of USD 0.01 each	—	0	0	—	18,219	18,219
779,115 (Previous year 584,681) Class F Participating shares of USD 0.01 each	—	346,886	346,886	—	259,012	259,012
Nil (Previous year 3,996,110) Class G Participating shares of USD 0.01 each	—	—	—	—	1,770,275	1,770,275
105,818 (Previous year 840,220) Class H Participating shares of USD 0.01 each	—	40,159	40,159	—	372,215	372,215
374,293 (Previous year Nil) Class I Participating shares of USD 0.01 each (Refer note 3(c), Schedule 8)	—	169,258	169,258	—	—	—
Total	9,594	759,622	769,216	4,818	2,634,104	2,638,922

Schedule 2 — Reserves and Surplus

Share Premium

As per last Balance sheet	—	6,498,316,297	6,498,316,297	—	1,436,865,072	1,436,865,072
Add: Received during the year	—	5,038,958,929	5,038,958,929	—	6,853,415,065	6,853,415,065
Less: Paid on redemption	—	(7,110,020,320)	(7,110,020,320)	—	(1,791,963,839)	(1,791,963,839)
(Refer note 3(c) of Schedule 8)	—	4,427,254,905	4,427,254,905	—	6,498,316,298	6,498,316,298
Profit and Loss Account	—	1,701,401,393	1,701,401,393	—	883,601,853	883,601,853
Translation Reserve	(658)	(50,249,947)	(50,250,605)	(357)	107,825,010	107,824,653
Total	(658)	6,078,406,351	6,078,405,693	(357)	7,489,743,161	7,489,742,804

Schedule 3 — Investments

As per list in note 3(d) of schedule 8	—	5,260,662,681	5,260,662,681	—	6,777,078,486	6,777,078,486
Total	—	5,260,662,681	5,260,662,681	—	6,777,078,486	6,777,078,486

Schedules forming part of the Balance Sheet (Contd.)

	March 31, 2007			March 31, 2006		
	Management Shares Rupees	Consolidated Class Accounts Rupees	Total Rupees	Management Shares Rupees	Consolidated Class Accounts Rupees	Total Rupees
Schedule 4 — Sundry Debtors (Unsecured)						
Considered good						
Over six months	—	—	—	—	—	—
Others	—	83,425,157	83,425,157	—	106,842,690	106,842,690
Total	—	83,425,157	83,425,157	—	106,842,690	106,842,690
Schedule 5 — Cash and Bank Balances						
Bank balances	8,936	829,425,682	829,434,618	4,461	763,542,217	763,546,678
Total	8,936	829,425,682	829,434,618	4,461	763,542,217	763,546,678
Schedule 6 — Loans and Advances						
(Unsecured, considered good unless otherwise stated)						
Advances recoverable in cash or in kind or for value to be received	—	17,593,927	17,593,927	—	6,375,840	6,375,840
Total	—	17,593,927	17,593,927	—	6,375,840	6,375,840
Schedule 7 — Liabilities						
Sundry Creditors	—	111,941,474	111,941,474	—	161,461,969	161,461,969
Total	—	111,941,474	111,941,474	—	161,461,969	161,461,969

Schedule 8 — Significant Accounting Policies and Notes to the Accounts

1. General information

Global Investment Opportunities Fund Limited (the "company") was incorporated on 31st January 2001 and is domiciled in Mauritius as a private company limited by shares.

2. Significant Accounting policies

The following accounting policies have been consistently applied in dealing with items which are considered material in relation to the company's financial statements.

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention on accrual basis

(b) Conversion to Indian Rupees

For the purpose of accounts, all income and expense items are converted at the average rate of exchange applicable for the year. All assets and liabilities are translated at the closing rate as on the Balance Sheet date. The exchange difference arising out of the year-end translation is debited or credited to Translation Reserve and the said account is being treated as "Reserves and Surplus".

The Share Capital is carried forward at the rate of exchange prevailing on the transaction date.

(c) Revenue recognition

Interest income is recognised in the income statement as accrued. Dividend income relating to listed long equity securities are recognized in the income statement on the ex-dividend date.

(d) Share capital

On issue of participating shares, the difference between the issue price and the nominal value is credited to the share premium account. On redemption, the nominal value is debited to the share capital account and any excess to share premium and retained earnings account.

Schedules forming part of the Balance Sheet (Contd.)

(e) Investments

The company classified its investments in equity securities/futures and options as available for sale. Investments are initially recognised at cost, including transaction costs are subsequently carried at cost or market value, whichever is lower on an overall category basis, based on the quoted bid and offer prices, respectively. When current bid and offer prices are unavailable, the price of the most recent transaction is used.

All investment transactions are recorded on a trade date basis and costs of investments are determined on an average cost basis.

3. Notes to the accounts

- During the year ended 31st March 2007, the Company issued 105 management shares to Kotak Mahindra Bank Limited. As a result of the issuance, the company became a first level subsidiary of Kotak Mahindra Bank Limited. Prior to the issuance, the company was a wholly owned subsidiary of Kotak Mahindra International Limited. The accounts have been prepared and audited for the purpose of attachment to the accounts of the Holding Company to comply with the provisions of the Indian Companies Act, 1956.
- The transactions are in local currency, which have been converted into Indian Currency for reporting and the rate applied is as per para 2(b) of the significant accounting policies.
- Share Capital and Share premium

Participating shares	Class A	Class B	Class C	Class D	Class E	Class F	Class G	Class H	Class I	Total
Number of shares										
At 1 April 2006	134,676	43,472	293,071	8,174	38,897	584,681	3,996,110	840,220	0	5,939,301
Issued during the period	107,626	2,910	213,721	0	18,233	194,434	24,996	321,889	731,626	1,615,435
Redeemed during the period	(99,585)	(38,912)	(211,317)	0	(57,130)	0	(4,021,106)	(1,056,291)	(3,57,333)	(5,841,674)
At 31 March 2007	142,717	7,470	295,475	8,174	0	779,115	0	105,818	374,293	1,713,062
Share capital										
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
At 1 April 2006	61,109	20,016	130,113	3,657	17,750	258,978	1,770,272	372,209	0	2,634,104
Issued during the period	48,657	1,311	96,635	0	8,230	87,908	11,305	145,608	330,830	730,484
Redeemed during the period	(45,039)	(17,591)	(95,550)	0	(25,980)	0	(1,781,577)	(477,659)	(161,571)	(2,604,966)
At 31 March 2007	64,727	3,737	131,198	3,657	0	346,886	0	40,159	169,258	759,622
Share premium										
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
At 1 April 2006	967,265,710	234,356,169	2,720,395,331	45,635,269	126,740,975	263,120,780	1,769,055,158	371,746,905	0	6,498,316,297
Issued during the period	1,501,825,839	25,988,793	2,727,579,870	0	17,245,709	116,623,194	14,190,353	142,532,038	3,37,761,746	5,038,958,929
Redeemed during the period	(1,390,757,153)	(257,587,138)	(2,720,705,887)	0	(299,198,072)	0	(1,783,245,510)	(495,542,918)	(162,983,642)	(7,110,020,320)
At 31 March 2007	1,078,334,396	2,757,824	2,727,269,314	45,635,269	(0)	379,743,974	0	18,736,025	174,778,104	4,427,254,905
Retained Earnings										
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Redemption proceeds taken out of retained earnings account	0	(68,969,906)	0	0	(234,659,151)	0	(926,959,173)	0	0	(1,230,588,230)
Net Asset Value per share										
At 31 March 2007	14,851	8,261	13,176	9539	0	747	0	467	448	
At 31 March 2006	13,256	8,986	1,2546	9,146	9,040	570	560	487	0	
Management shares										
At 31 March 2006	4,818									
Issued during the period	4,776									9,594
Total share capital	9,594									769,216

Schedules forming part of the Balance Sheet (Contd.)

c. Share Capital and Share premium (Contd.)

Management shares

Management shares shall only be issued at par value and shall not be redeemed.

The Management shares shall not be class shares. All proceeds of allotment of Management shares shall be kept separately identifiable from class portfolio.

Management shares shall confer on the holders thereof:

- (a) voting rights in any members meeting other than class meetings of holders of class shares.

Each Management share shall carry one vote.

- (b) the right to participate in so much only of the profits and assets of the company as are attributable to the Management shares; and

- (c) in a winding up the right set out in Article 52 of the Constitution.

No Management shares shall at any time be held otherwise than by the subscribers set out in the first schedule to the Constitution or such person as may be approved by an unanimous resolution of the Board of Directors. The Management shares are currently held by Kotak Mahindra Bank Limited (51%) and Kotak Mahindra International Limited (49%).

The par value of management share is USD 1 each.

Participating shares

The Participating shares consist of class A to I shares and shares:

- (a) be issued in respect of a specifically designated class, at a price not below the nominal value of the shares or at such higher price as the Directors may determine from time to time;

- (b) carry a right to class dividend; and

- (c) confer upon the holders thereof in a winding up to the rights set out in Article 52 of the Constitution.

The Participating shares shall be divided into such number of classes as the Board may from time to time determine. On or before the issue or allotment of a Participating share, the Directors shall determine to which class it shall be attributable and each Participating share shall be issued or allotted as a Participating share or a designated class.

The Directors shall at their sole discretion determine the voting rights for Participating shares of a designated class. Each Participating share of a class will confer upon the holder thereof the same voting rights as every other share of that class. The Directors at their sole discretion may determine that all Participating shares of a class, but not some, may be issued with no voting rights.

The par value of participating share is USD 0.01 each.

d. List of Investments

Scrip name	Quantity	Rupees	Quantity	Rupees
	As At	As At	As At	As At
	31st March, 2007	31st March, 2007	31st March, 2006	31st March, 2006
3I Infotech Limited	728,200	133,601,558	234,300	39,836,058
Aditya Birla Nuvo Limited	91,022	69,939,518	246,728	150,383,417
Alembic Limited	24,206	1,394,947	310,952	95,890,283
Alfa Laval India Ltd.	—	—	20,069	22,160,729
Allahabad Bank	1,081,270	90,531,633	1,822,569	156,835,443
Allcargo Global Logistics Limited	114,027	88,854,655	—	—
Amar Raja Batteries	122,453	46,946,903	—	—
Amtek Auto Limited	351,196	107,957,082	345,288	108,779,367
Amtek India Ltd.	—	—	345,243	36,300,317

Schedules forming part of the Balance Sheet (Contd.)

Scrip name	Quantity	Rupees	Quantity	Rupees
	As At 31st March, 2007	As At 31st March, 2007	As At 31st March, 2006	As At 31st March, 2006
Apollo Hospitals Enterprise Ltd.	44,760	20,792,529	—	—
Asian Hotels Ltd.	—	—	48,233	28,795,184
Asian Paints	56,149	33,555,721	—	—
Automotive Axles Ltd.	—	—	76,096	39,638,434
Avantel Softech Limited	—	—	227,775	27,820,687
Aventis Pharma Limited	2,898	3,883,624	38,584	56,826,860
Bajaj Hindustan Ltd.	90,000	16,376,515	—	—
Balmer Lawrie And Co. Ltd.	—	—	73,696	40,776,201
Bank of India	355,000	51,965,169	—	—
BEML	88,000	98,429,367	40,817	63,303,668
Bharat Bijlee Ltd.	73,065	53,283,152	212,086	121,433,840
Bharat Electronics Ltd.	80,000	84,074,823	120,304	123,172,421
Bharat Forge Co. Ltd.	—	—	37,900	10,657,570
Bharti Shipyard Ltd.	242,746	82,107,519	—	—
Bharti Tele-Ventures Ltd.	56,915	45,128,010	195,336	55,315,134
BHEL	23,490	51,969,898	—	—
Bilcare Ltd.	—	—	48,162	23,087,785
Biocon Limited	21,857	9,300,103	—	—
Birla Corporation Ltd.	184,753	49,191,350	1,066,983	252,365,933
Blue Dart Express Ltd.	—	—	20,284	11,918,958
Boc Ltd.	—	—	71,183	12,166,874
Bses Ltd.	—	—	69,700	40,673,199
Cadila Healthcare Limited	256,341	67,869,004	188,275	94,441,673
Carborundum Universal Ltd.	179,433	26,095,508	320,024	50,447,006
Ceat Ltd.	495,524	62,049,268	—	—
Centurion Bank of Punjab Limited	150,000	5,556,451	—	—
Century Textiles	—	—	181,000	69,989,510
Chettinad Cements Ltd.	—	—	50,802	17,799,208
Cipla Ltd.	5,000	1,132,331	58,906	19,104,300
Container Corporation of India Limited	840	1,454,581	10,031	14,020,280
Crompton Greaves Ltd.	—	—	112,249	70,931,278
Dabur India Ltd.	1,136,701	86,648,307	98,000	11,894,083
Dena Bank	—	—	847,640	29,123,036
Dishman Pharmaceuticals and Chemicals Limited	3,853	818,462	—	—
Divis Laboratories Limited	800	2,434,492	2,211	2,690,305
Dr. Reddys Laboratories Limited	6,000	4,233,524	—	—
Dynamatic Technologies Ltd.	19,749	19,422,791	102,940	101,941,914
Eid Parry India Ltd.	626,928	115,952,537	261,303	47,799,433

Schedules forming part of the Balance Sheet (Contd.)

Scrip name	Quantity	Rupees	Quantity	Rupees
	As At 31st March, 2007	As At 31st March, 2007	As At 31st March, 2006	As At 31st March, 2006
Elder Pharmaceuticals Limited	—	—	43,300	10,230,049
Elecon Engineering Co. Ltd.	117,244	43,114,217	—	—
Emco Ltd.	—	—	53,907	29,430,319
Esab India Ltd.	—	—	194,745	66,762,818
Everest Kanto Cylinder Limited	—	—	458,032	122,224,083
Fag Bearings India Limited	—	—	26,687	11,420,793
Finolex Cables Ltd.	1,144,000	57,322,904	206,388	56,640,046
Gas Authority Of India Limited	7,300	1,869,023	41,100	11,768,747
Geodesic Information Systems Ltd.	230,000	42,846,961	286,296	60,711,172
Gitanjali Gems Limited	285,602	61,679,727	—	—
Glaxosmithkline Pharmaceuticals Limited	2,500	2,409,194	8,783	6,476,338
Glenmark Pharmaceuticals Ltd.	50,000	15,703,556	706,394	232,703,624
Godrej Consumer Products Limited	327,715	31,446,580	52,961	34,981,409
Goetze (India) Ltd.	—	—	206,182	48,556,279
Grasim Industries Ltd.	18,100	33,902,164	46,050	82,609,274
Great Eastern Shipping Co. Ltd.	—	—	381,530	87,057,452
Gujarat Narmada Valley Fertilizer Co. Ltd.	—	—	357,174	43,750,511
HCL Technologies Ltd.	9,300	2,792,630	—	—
HDFC Bank Ltd	—	—	81,975	52,915,858
Hero Honda Motors Ltd.	1,723	1,351,654	13,750	12,140,769
Hinduja TMT	50,000	30,089,703	—	—
Hindustan Construction Co. Ltd.	—	—	491,043	73,397,809
Hindustan Lever Ltd.	96,000	18,908,882	—	—
Hindustan Motors Ltd.	787,863	28,223,700	1,343,752	48,924,984
Housing Development Finance Corporation Ltd.	33,000	30,248,803	62,170	54,586,310
HOV Services Ltd.	235,897	43,517,708	—	—
HT Media Limited	670,125	71,530,271	20,887	9,652,384
ICI India Ltd.	175,774	55,698,846	265,374	85,115,864
ICICI Bank Ltd.	112,700	83,552,548	—	—
Idea Cellular Ltd.	350,000	31,614,599	—	—
IL&FS Investsmart Limited	—	—	281,357	57,693,736
India Bulls	70,000	16,272,536	891,837	202,745,520
India Bulls Real Estate Ltd.	75,000	11,305,740	—	—
India Infoline	299,318	88,409,079	—	—
Indian Hotels Co. Ltd.	710,000	74,423,906	54,316	51,018,286
Indian Oil Corporation	94,597	45,906,696	—	—
Indian Overseas Bank	215,335	25,047,441	—	—
Indoco Remedies Limited	252,547	81,958,029	241,469	81,252,492

Schedules forming part of the Balance Sheet (Contd.)

Scrip name	Quantity	Rupees	Quantity	Rupees
	As At 31st March, 2007	As At 31st March, 2007	As At 31st March, 2006	As At 31st March, 2006
Ind-Swift Laboratories Ltd.	—	—	46,122	8,771,867
Infosys Technologies Ltd.	67,000	93,050,157	49,036	118,844,398
Infotech Enterprises Ltd	—	—	22,785	12,468,546
IPCA Laboratories Ltd.	—	—	32,504	13,460,243
ISMT Limited	867,512	79,035,520	—	—
ITC Ltd.	450,500	56,103,429	687,095	72,478,417
IVRCL Infrastructures and Projects Ltd.	296,880	74,792,933	—	—
Jaiprakash Associates Ltd.	201,572	77,991,270	357,526	126,335,464
Jindal Saw Limited	321,280	110,554,667	207,332	75,063,796
Jindal Steel and Power Ltd.	13,183	27,515,864	—	—
JK Cements Ltd.	505,000	93,879,486	—	—
JSW Steel Limited	205,000	72,709,945	164,762	44,355,668
Jubilant Organosys Ltd.	10,000	2,450,859	—	—
Jupiter Biosciences Limited	—	—	62,101	9,791,796
Kalpataru Power Transmission Ltd.	79,000	50,255,991	32,455	36,418,026
Kesoram Industries Ltd.	118,681	39,999,178	—	—
Kirloskar Brothers Limited	—	—	108,315	15,290,489
Kirloskar Oil Engines Ltd.	139,755	35,209,913	45,000	11,339,520
Kotak Fund of Funds Mutual Growth Option	3,263,311	46,026,895	3,285,721	47,427,393
Kpit Cummins Infosystems Limited	18,300	2,486,207	278,027	97,312,283
Larsen And Toubro Ltd.	56,000	79,072,816	51,284	63,871,179
Lupin Limited	129,372	60,699,680	15,691	12,024,003
Madras Cements Ltd.	—	—	35,020	58,943,852
Mahindra And Mahindra Ltd.	90,000	57,805,600	83,700	45,625,878
Maruti Udyog Limited	37,100	26,097,811	74,900	50,044,660
Matrix Labs	—	3,935,426	33,200	5,877,072
Mawana Sugar Ltd.	—	—	72,017	8,499,183
Mcleod Russel India Limited	—	—	1,603,087	132,948,890
Motherson Sumi Systems Ltd.	288,677	23,315,044	772,996	63,439,328
Motor Industries Co. Ltd.	9,694	24,241,944	—	—
Nahar Capital and Financial Services Limited	184,819	23,838,273	—	—
Nahar Spinning Mills Ltd.	180,352	27,279,121	—	—
Natco Pharma Limited	14,803	1,899,602	93,803	12,356,630
National Aluminium Company Limited	—	—	43,000	11,771,782
National Thermal Power Corporation Limited	140,670	17,681,366	88,000	12,071,769
Navin Fluorine International Ltd.	129,313	39,351,134	450,893	154,136,770
Nestle India Limited	—	—	10,269	10,913,521
Nicholas Piramal India Ltd.	5,500	959,520	—	—

Schedules forming part of the Balance Sheet (Contd.)

Scrip name	Quantity	Rupees	Quantity	Rupees
	As At 31st March, 2007	As At 31st March, 2007	As At 31st March, 2006	As At 31st March, 2006
NIIT Technologies Ltd.	—	—	61,200	12,179,181
Novartis India Ltd.	7,076	4,048,070	33,081	19,110,630
Oil and Natural Gas Corpn. Ltd.	127,420	98,819,001	92,275	96,600,140
Orchid Chemicals and Pharmaceuticals Ltd.	—	—	42,335	11,262,190
Panacea Biotec Ltd.	9,492	2,254,659	30,834	7,263,252
Pantaloon Retail (India) Ltd.	65,200	19,572,462	117,240	197,886,696
Patel Engineering Ltd.	316,707	102,700,629	—	—
Pfizer Ltd.	4,000	3,002,620	14,459	11,295,323
Pidlite Industries Ltd.	—	—	117,288	10,918,653
Power Finance Corporation Limited	176,338	18,448,964	—	—
Prajay Engineers Syndicate Ltd.	198,720	44,448,299	—	—
Pratibha Industries Limited	—	—	681,042	114,117,454
Proctor and Gamble India Ltd.	—	—	67,872	53,267,040
Ranbaxy Laboratories Ltd.	124,236	48,753,750	120,067	55,229,693
Raymond Ltd.	141,863	58,646,180	217,933	88,537,028
Reliance Capital Limited	57,630	34,388,420	244,454	106,077,164
Reliance Communication Limited	174,500	58,559,530	—	—
Reliance Industries Ltd.	117,925	106,907,529	114,300	86,694,281
Royal Orchid Hotels Ltd.	322,932	60,123,409	—	—
Rpg Life Sciences Limited	—	—	42,912	7,336,043
Satyam Computer Services Ltd.	110,000	27,346,863	76,606	31,423,004
Shree Cements Ltd.	27,270	29,128,250	—	—
Siemens Ltd.	—	—	22,433	34,981,431
Sobha Developers	4,233	4,551,953	—	—
Solar Explosive Limited	—	—	37,607	7,137,330
Srei International Finance Ltd.	686,611	37,248,395	—	—
Steel Authority Of India Ltd.	—	—	617,700	42,105,167
Sterlite Industries (India) Ltd.	66,948	32,118,980	26,032	21,189,027
Subex Azure Ltd.	57,133	33,098,660	—	—
Sun Pharmaceuticals Industries Ltd	33,363	32,159,477	20,713	11,204,470
Su-Raj Diamonds (India) Ltd.	—	—	145,010	10,292,817
Tamil Nadu Newsprint and Papers Ltd.	—	—	314,020	35,251,689
Tanla Solutions Ltd.	72,823	24,695,214	—	—

Schedules forming part of the Balance Sheet (Contd.)

Scrip name	Quantity	Rupees	Quantity	Rupees
	As At	As At	As At	As At
	31st March, 2007	31st March, 2007	31st March, 2006	31st March, 2006
Tata Consultancy Services Limited	71,050	62,117,184	39,550	60,198,074
Tata Iron and Steel Co. Ltd.	5,600	2,496,865	—	—
Tata Motors Limited	—	—	70,400	42,974,242
Tata Tea Ltd.	—	—	13,500	11,858,551
Tech Mahindra Ltd.	60,750	60,328,951	—	—
Texmaco Limited	—	—	122,716	81,148,337
The Andhra Sugars Ltd.	—	—	257,365	55,442,450
The Federal Bank Ltd.	—	—	209,036	38,330,597
The Jammu and Kashmir Bank Ltd.	100,653	50,936,006	—	—
Thermax Ltd.	—	—	247,155	60,136,867
Tube Investments of India Ltd.	1,207,263	108,355,660	—	—
TVS Motor Company Limited	8,799	964,005	—	—
United Spirits Ltd.	21,200	15,147,592	—	—
Unichem Laboratories Ltd.	10,000	2,374,982	377,428	104,492,406
United Breweries Holdings Limited	180,550	48,671,744	—	—
United Phosphorous Ltd.	243,000	53,336,249	352,844	69,399,571
UTI Bank Ltd.	185,341	83,635,191	—	—
UTV Software Ltd.	140,000	24,511,711	671,457	116,251,322
Wanbury Limited	—	—	69,746	11,068,944
Wipro Ltd.	5,954	3,442,123	22,500	11,896,658
Wockhardt Limited	—	—	22,500	11,081,503
Wyeth Lederle Ltd.	5,800	3,676,403	17,734	11,647,934
Zee Entertainment Enterprises Ltd.	182,268	46,201,445	—	—
Zenotech Laboratories Limited	—	—	39,453	4,821,588
	26,370,158	5,259,555,503	29,320,566	6,777,078,486
Derivative financial instruments		1,107,178		—
Total		5,260,662,681		6,777,078,486
Aggregate value of Quoted Investments				
— At Book Value		5,260,662,681		6,729,651,093
— At Market Value		6,152,671,187		8,485,835,879
Aggregate value of Unquoted Investments		—		47,427,393

e. Taxation

The company is subject to income tax in Mauritius at the rate of 15%. However, it is entitled to a tax credit equivalent to the higher of the actual foreign tax suffered and 80% of the Mauritian tax on its foreign source income resulting. No tax provision has been made for the year ended 31st March, 2006 as the company has no chargeable income. At 31st March, 2007, the company had accumulated tax losses of Rs. 226,194,307 (Previous year Rs. 9,488,190). No deferred tax asset has been recognised in respect of tax losses under the company's accounting policy for recognising deferred tax assets.

Schedules forming part of the Balance Sheet (Contd.)

f. Related party transactions

During the year ended 31st March, 2007, the company's transactions with related party are as follows:

(all figures in Rs.)

Related Parties	Nature of Relationship	Nature of Transactions	Volume of transaction for the period ended		Debit/Credit balance at	
			31st March, 2007	31st March, 2006	31st March, 2007	31st March, 2006
Kotak Mahindra International Limited	Fellow subsidiary	Investment Advisory fees	15,863,900	85,536,699		(26,351,885)
Kotak Mahindra (UK) Limited	Fellow subsidiary	Investment Advisory fees	155,602,110	—	11,318,710	—
		Investment Facilitator fees	74,427,734	68,616,580	—	3,743,002

Kotak Securities acts as the Company's broker and brokerage fees are included as investment facilitator fees.

All related party transactions entered during the year by the Company are priced on commercial terms and conditions.

g. Current year figures have been regrouped and reclassified wherever necessary.

Signatures to Schedules 1 to 8

Per our report attached
For V . C. Shah and Co.
Chartered Accountants

For and on behalf of the Board of Directors

A. N. Shah
Partner

Yuvraj Kumar Juwaheer
Director

Ravi Lochan Pola
Director

Mumbai
Dated : 7th May, 2007