

Directors' Report

The Directors present their annual report and the audited financial statements of the Company for the year ended March 31, 2007.

Principal Activity and Business Review

The Company is a broker dealing primarily in Depository Receipts issued by Indian corporates. The Company also arranges deals in investments in Indian markets. The Company is authorized and regulated by the Financial Services Authority and is a member of the LSE.

During the year, the Company received authorization from the Monetary Authority of Singapore under the CMS license to set up a branch in Singapore. The branch commenced operations in March 2007 and would essentially be a marketing office.

During the year under review, the Company was appointed as an Investment Manager by several India focused offshore funds. As at the balance sheet date the Company manages/advises funds aggregating to Rs. 6,246 Crores (2006: Rs. 5,045 Crores). The investment management activity is carried out by the Dubai branch which is regulated by the Dubai Financial Services Authority. A significant achievement during the year was the investment management mandate of the Indian Equities Fund Limited, an Australian Stock Exchange listed fund. In order to give greater focus to the asset management business, the Company is strengthening the fund management team in Dubai. It is the intention of the Company to add further members to this team during the course of the coming year.

The Company also acted as lead manager to overseas issuance by 2 companies.

CHANGE IN CONTROLLER

During the year Goldman Sachs sold its holding in one of the corporate controllers of the Company to Kotak Securities Limited, Indian broking affiliate of the Company. Thereafter, the Company became a first level subsidiary of Kotak Mahindra Bank Limited consequent to a further issue of shares.

Change in Share Capital

The Company issued 489,200 shares at GBP 1 each to Kotak Mahindra Bank Limited. As at March 31, 2007, the revised share capital of the Company stood at Rs. 70,078,422 (2006 : Rs. 26,287,575).

Political and Charitable Donations

The Company has made no political or charitable donations in the period. (2006 : NIL)

Future Outlook

Buoyancy in the Indian capital markets led to an increased activity level during the year. The Company has increased staff levels in Dubai and foresees significant increase in fund flows.

It is expected that sustained investment activity into the Indian Equity markets will result in a substantial increase in the assets under management and this will provide a significant boost to the revenues of the Company.

RESULTS AND DIVIDENDS

The Profit and Loss Account is annexed. The profit on ordinary activities after taxation for the year ended 31st March, 2007 is Rs. 140,616,030 (2006 : Rs. 32,212,001).

The Directors do not recommend payment of any dividend.

Key Risks

The activity profile of the Company is focused on India and hence the Company is significantly exposed to an emerging market economy risk. The services rendered as a Foreign Institutional Investor are dependent on continued registration with the Indian Securities Regulator.

The reporting currency of the Company is the US Dollar and the Company is consequently exposed to the currency risk posed by adverse movements in US Dollar vis-à-vis Pound Sterling.

Directors and Directors' Interests

The Directors as at the date of this Report and who served during the period are Mr. Viswanathan Varadarajan, Mr. Paul Verghese Parambi, Mr. S. Shyam Kumar, Mr. Abhishek Bhalotia and Mr. C. Jayaram (appointed 29th August 2006). None of the Directors has, or had during the period, any interest in the shares of the Company. As the Company is a subsidiary of an ultimate parent company incorporated outside of Great Britain, the Directors are not required to notify the Company of interests in shares of that or any other body corporate incorporated outside of Great Britain.

Fixed Assets

Information on the tangible fixed assets of the Company is given in Note 8 to the financial statements.

Directors Declaration

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The Directors state as an averment of their responsibility that:

- (i) the Company has, in the preparation of the annual accounts for the year ended 31st March, 2007, followed the applicable accounting standards along with proper explanations relating to material departures, if any;

- (ii) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2007 and of the profit/loss of the Company for the financial year ended 31st March, 2007.
- (iii) the Directors have taken proper and sufficient care to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the Directors have prepared the annual accounts on a going concern basis.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution to reappoint KPMG Audit Plc as auditor of the Company will be proposed at the next Annual General Meeting.

By Order of the Board of Directors,
S. Shyam Kumar
Director and CEO

Registered Office :
Farringdon Place
20 Farringdon Road
London EC1M 3AP
Dated: 4th May, 2007

Statements of Directors' Responsibilities in Respect of the Directors' Report and the Financial Statements

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK Accounting Standards

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the Profit or Loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act, 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law the Directors are also responsible for preparing a Directors' Report that complies with that law.

By Order of the Board of Directors,
S. Shyam Kumar
Director and CEO

Registered Office :
Farringdon Place
20 Farringdon Road
London EC1M 3AP
Dated: 4th May, 2007

Auditors' Report

To The Members of
Kotak Mahindra (UK) Limited

The financial statements of Kotak Mahindra (UK) Limited as at 31st March 2007, being a company registered in the United Kingdom, are audited by KPMG Audit Plc, Chartered Accountants and Registered Auditor, London, and we have been furnished with their audit report dated 20th April, 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 Kotak Mahindra (UK) Limited, as at 31st March, 2007, and also the Profit and Loss account and also the Cash Flow Statement 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, Profit and Loss Account and Cash Flow Statement 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 and Cash Flow Statement 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;
 - (b) in the case of the Profit and Loss Account of the Profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For V. C. Shah & Co.
Chartered Accountants

A. N. Shah
Partner
Membership Number: 42649

Mumbai
Dated: 4th May, 2007.

Annexure to the Auditors' Report

(Referred to in paragraph 3 of the Auditors' Report of even date to the Members of Kotak Mahindra (UK) Limited on the financial statements for the year ended 31st March, 2007)

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;
- (b) The fixed assets of the Company have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification;
- (c) The Company has not disposed off any fixed assets during the year under report;
2. (a) The Company has not granted any loans, secured or unsecured to fellow subsidiaries and hence sub-clause (a), (b), (c) and (d) are not applicable.
- (b) The Company had taken unsecured loans from a fellow subsidiary company. The year end balance of such amount is Rs. 42,88,820/- which is also the maximum amount involved during the year.
- (c) The rate of interest and other terms and conditions on which these loans have been taken from the said company are not, prima facie, prejudicial to the interest of the Company.
- (d) The Company is regular in repaying the principal amount as stipulated and there is not overdue amount.
3. In our opinion and according to the information and explanations given to us, there are an adequate internal control system commensurate with the size of the Company and the nature of its business for purchase of fixed assets and for services. There are no purchase of inventory and sale of goods.
4. As informed to us, the Company does not have an internal audit system.
5. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under report.
6. The Company is a foreign company rendering services. In our opinion clauses (ii), (v), (vi), (viii), (ix), (x), (xi), (xii), (xiii), (xiv), (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 Number: 42649

Mumbai
Dated: 4th May, 2007.

Balance Sheet as at 31st March, 2007

	Schedule	31st March 2007 Rupees	31st March 2006 Rupees
Sources of funds			
Shareholders' Funds:			
Share Capital	1	70,078,422	26,287,575
Reserves and Surplus	2	210,976,902	81,320,172
Unsecured Loans	3	4,288,820	3,878,840
Total		285,344,144	111,486,587
Application of Funds			
Fixed Assets:			
Gross Block	4	18,063,693	16,506,341
Less: Depreciation		13,743,937	11,442,560
Net Block		4,319,756	5,063,781
Current Assets, Loans and Advances:			
Sundry Debtors	5	65,320,158	39,442,117
Cash and Bank Balances	6	462,424,645	158,533,826
Loans and Advances	7	42,815,879	14,122,118
		570,560,682	212,098,061
Less: Current Liabilities and Provisions:			
Liabilities	8	231,045,945	92,031,849
Provisions	9	58,490,349	13,643,406
		289,536,294	105,675,255
Net Current Assets		281,024,388	106,422,806
Total		285,344,144	111,486,587
Significant Accounting Policies and Notes to Financial Statements	13		
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, 4th May, 2007

For and on behalf of the Board of Directors

S. Shyam Kumar
Director

Abhishek Bhalotia
Director

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

	Schedule	For the year ended 31st March, 2007 Rupees	For the year ended 31st March, 2006 Rupees
Income			
Service Income		505,148,510	222,384,653
Interest		3,035,675	1,108,809
Other Income		9,460,189	64,120,105
Total Income		517,644,374	287,613,567
Expenditure			
Personnel	10	172,191,665	119,047,704
Interest and Other Financial Charges	11	246,901	379,426
Establishment and Other Expenses	12	141,628,303	120,759,364
Total Expenditure		314,066,869	240,186,495
Profit/(Loss) before Depreciation and Taxation		203,577,505	47,427,072
Depreciation		2,301,377	1,323,648
Profit/(Loss) Before Taxation		201,276,128	46,103,424
Provision for Taxation			
Current Tax		60,660,098	13,891,423
Profit/(Loss) After Taxation		140,616,030	32,212,001
Add: Balance brought forward from Previous Year		76,001,613	43,789,612
Profit carried to Balance Sheet		216,617,643	76,001,613

Significant Accounting Policies and Notes to Financial Statements 13

Schedules referred to above form an integral part of the Profit and Loss Account

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

A. N. Shah
Partner

Mumbai, 4th May, 2007

For and on behalf of the Board of Directors

S. Shyam Kumar
Director

Abhishek Bhalotia
Director

Cash Flow Statement for the Year Ended 31st March, 2007

	2006-2007 Rupees	2005-2006 Rupees
Net Profit before taxation	201,276,128	46,103,424
Adjustments for:		
– Interest	(3,035,675)	(1,108,809)
– Translation Reserve	(10,959,300)	1,691,560
– Depreciation	2,301,377	1,323,648
Operating Profit Before Working Capital Changes	189,582,530	48,009,822
Adjustments for:		
(Increase)/Decrease in loans and advances	(11,324,317)	(5,208,096)
(Increase)/Decrease in Sundry Debtors	(25,878,042)	(17,928,302)
Increase/(Decrease) in current liabilities	139,014,096	77,130,462
Cash (Used in)/Generated from Operations	291,394,267	102,003,886
Direct Taxes Paid	(33,182,598)	(19,059,306)
Net Cash Flow from Operating Activities (A)	258,211,668	82,944,581
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(1,557,352)	(5,226,926)
Interest	3,035,675	1,108,809
Net Cash Flow (Used in)/from Investing Activities (B)	1,478,324	(4,118,117)
Cash Flow from Financing Activities		
Proceeds/(Repayment) of Term Borrowings	409,981	(256,629)
Issue Of Equity Shares	43,790,847	—
Net Cash Flow (Used in)/from Financing Activities (C)	44,200,827	(256,629)
Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)	303,890,819	78,569,835
Cash and Cash Equivalents at the beginning of the year	158,533,826	79,963,991
Cash and Cash Equivalents at the end of the Year	462,424,645	158,533,826
	303,890,819	78,569,835

1. The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard -3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.
2. Figures in brackets indicate cash outflow.
3. The previous year's figures have been re-grouped, wherever necessary in order to conform to this year's presentation.

This is the Cash Flow Statement referred to in our report of even date.

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

A. N. Shah
Partner

For and on behalf of the Board of Directors

S. Shyam Kumar
Director

Abhishek Bhalotia
Director

Mumbai, 4th May, 2007

Schedules forming part of the Balance Sheet

	31st March 2007 (Rupees)	31st March 2006 (Rupees)
Schedule 1 – Share Capital		
Authorised		
1,000,000 Ordinary shares of Sterling Pound 1 each		
Issued and Subscribed and fully paid up		
959,200 (Previous year 470,000) Equity shares of Sterling Pound 1 each fully paid up (Of the above 489,200 shares are held by Kotak Mahindra Bank Limited, the holding company) (Previous year 470,000 equity shares were held by Kotak Mahindra International Limited, the holding company)	70,078,422	26,287,575
Note: During the year 489,200 shares of Sterling Pound 1 each were issued at par as to Kotak Mahindra Bank Limited		
Total	70,078,422	26,287,575

Schedule 2 – Reserves and Surplus

Profit and Loss Account	216,617,643	76,001,613
Translation Reserve	(5,640,741)	5,318,559
Total	210,976,902	81,320,172

Schedule 3 – Unsecured Loans

Loan from Others (Refer note 6, Schedule 13)	4,288,820	3,878,840
Total	4,288,820	3,878,840

Schedule 4 – Fixed Assets (At Cost)

Description	Gross Block			Depreciation				Net Block		
	As at 1st April, 2006	Additions	Deduction	As at 31st March, 2007	As at 1st April, 2006	For the year	Withdrawn	As at 31st March, 2007	As at 31st March, 2007	As at 31st March, 2006
Assets										
Office Equipments	4,537,775	—	—	4,537,775	3,314,094	281,884	—	3,595,979	941,796	1,223,680
Fixtures and fittings	2,663,412	271,613	—	2,935,025	2,537,062	146,526	—	2,683,588	251,437	126,350
Computers	6,145,463	1,285,739	—	7,431,202	4,661,833	924,015	—	5,585,848	1,845,354	1,483,630
Motor Vehicle	930,127	—	—	930,127	561,246	307,963	—	869,209	60,918	368,882
Leasehold improvements	2,229,563	—	—	2,229,563	368,324	640,988	—	1,009,312	1,220,251	1,861,239
Total	16,506,341	1,557,352	—	18,063,693	11,442,560	2,301,377	—	13,743,937	4,319,756	5,063,781
Previous Year	11,279,415	5,226,926	—	16,506,341	10,118,912	1,323,648	—	11,442,560	5,063,781	1,160,503

Note: Fixed asset includes translation reserve of Rs. 1,523,006 (Previous year Rs. 1,448,961)
Depreciation for the year includes translation reserve of Rs. 236,504 (Previous year Rs. 212,469)

Schedule 5 – Sundry Debtors (Unsecured)

Considered good		
Over six months	—	—
Others	65,320,158	39,442,117
Total	65,320,158	39,442,117

Schedules forming part of the Balance Sheet (Contd.)

	31st March 2007 (Rupees)	31st March 2006 (Rupees)
Schedule 6 – Cash and Bank Balances		
Cash on hand	—	—
Bank balances abroad	462,424,645	158,533,826
Total	462,424,645	158,533,826
Schedule 7 – Loans and advances (Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	17,498,202	6,173,885
Advance Tax paid	25,317,677	7,948,233
Total	42,815,879	14,122,118
Schedule 8 – Liabilities		
Sundry creditors	148,054,656	29,329,723
Other liabilities	82,991,289	62,702,126
Total	231,045,945	92,031,849
Schedule 9 – Provisions		
Provision for Taxation	58,490,349	13,643,406
Total	58,490,349	13,643,406

Schedules Forming Part of the Profit and Loss Account

	For the year ended 31st March 2007 (Rupees)	For the year ended 31st March 2006 (Rupees)
Schedule 10 – Personnel		
Salaries and Allowances	160,931,884	108,976,504
Social Security Costs	11,259,780	10,071,200
Total	172,191,665	119,047,704
Schedule 11 – Interest and Other Financial Charges		
Interest Expenses	246,901	197,609
Bank Charges	—	181,817
Total	246,901	379,426
Schedule 12 – Establishment and Other Expenses		
Travelling Expenses	18,908,137	16,059,177
Foreign Auditors' Remuneration	4,693,963	2,364,792
Directors Remuneration	51,391,445	49,695,619
Legal And Professional Expenses	24,973,857	32,593,270
Communication Expenses	19,058,408	6,735,262
Rent	11,089,762	6,726,811
Donation	—	20,304
Foreign Exchange Loss	3,172,604	—
Lease Rentals	—	363,437
Other Expenses	8,340,128	6,200,692
Total	141,628,303	120,759,364

Schedules forming part of the Balance Sheet and Profit and Loss Account

Schedule 13 – Significant Accounting Policies and Notes to the Accounts

1. Significant Accounting Policies:

(i) Method of Accounting

The accounts are prepared in accordance with accounting principles generally accepted in India. The Company follows accrual method of accounting.

(ii) 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 period. All assets and liabilities are translated at the closing rate as on the Balance Sheet date. The exchange difference arising out of the period-end translation is debited or credited to Translation Reserve.

The Share Capital is carried forward at the rate of exchange prevailing on the transaction date. The resulting exchange difference on account of translation at the period end are transferred to Translation Reserve Account and the said account is being treated as "Reserve and Surplus".

(iii) Revenue Recognition

Turnover represents commission, fees and other revenue is invoiced and recognised on an accrual basis. Interest income is recognised in the income statement as accrued.

(iv) Taxes

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognized, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

(v) Securities Lending and Borrowings

Securities borrowing and lending transactions are recorded at the amount of cash collateral advanced or received. Securities borrowing transactions require the borrower to provide collateral in the form of cash/other acceptable securities and cash/other acceptable securities is received for securities lending transactions. The fee income on these transactions is recognised over the period of contract.

(vi) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on a straight-line basis over the expected useful lives of such assets as estimated by the Management. Additions during the year bear a due proportion of the annual depreciation charge. The annual depreciation rates are as under:

Furniture and Fittings	33 1/3%
Computers	33 1/3%
Other Equipment	20%
Motor Vehicles	33 1/3%

(vii) Operating Leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

2. Notes to the Accounts:

1. During the year ended March 31, 2007, the Company increased the paid up shares from 470,000 to 959,200 and issued 489,200 shares to Kotak Mahindra Bank Limited (KMBL). Prior to the issuance, the company was wholly owned subsidiary of Kotak Mahindra Capital Company Limited ("KMCC"). As a result of this issuance, as of March 31, 2007, KMBL owns 51% of the company and KMCC owns 49% of the Company.

During the year the Company has become the first level subsidiary of Kotak Mahindra Bank Limited consequent to the further fresh issue of shares.

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.

2. The transactions are in local currency, which have been converted into Indian Currency for reporting and the rate applied is as per para (ii) of the significant accounting policies.

Schedules forming part of the Balance Sheet and Profit and Loss Account (Contd.)

3. Leases:

The total annual commitments of the Company under non-cancelable operating leases are as under:

	Land and Buildings		Other Operating Leases	
	31st March 2007 (Rs.)	31st March, 2006 (Rs.)	31st March 2007 (Rs.)	31st March, 2006 (Rs.)
Operating leases which expire				
Within One year	6,602,280	5,353,200	—	312,270
Between One to Five years	4,773,270	14,765,910	—	669,150

4. Details of Bank Balances *

	As on 31st March, 2007	As on 31st March, 2006
Scheduled Banks	14,834,521	2,139,604
Others		
Morgan Guaranty Trust Company of New York – Euroclear Operations Centre, Belgium	—	60,407,707
Standard Chartered Bank, London	—	90,918,544
Barclays Bank Plc	—	—
HSBC, Dubai	1,828,798	882,715
HSBC London	822,654	4,185,256
HSBC Singapore	36,479,220	—
Euroclear Bank, Brussels	136,871,052	—
Standard Chartered Bank, London	51,902,490	—
	227,904,214	156,394,222
Total	462,424,645	158,533,826

* Includes client money deposits aggregating Rs. 24,577,294 (Previous year Rs. 25,383,090) earmarked in a separate bank account held in the name of the Company.

- Deferred tax assets in respect of accelerated capital allowances aggregating Rs. Nil (Previous year Rs. 174,648) have not been recognized in respect of tax losses carried forward as the Directors consider it prudent not to recognize these assets based on current trading levels.
- Unsecured loan from "Others" represents a long term subordinated loan of 4,288,820 (Previous Year 3,878,840) from fellow subsidiary company, Kotak Mahindra (International) Limited. The loan is unsecured and interest free and constitutes regulatory capital as approved by the Regulatory Authority – The Financial Service Authority. It is repayable upon giving or receiving two years notice to or from the fellow subsidiary company. No such notice had been given or received as at 31st March, 2007.
- The Company has taken advantage of the exemptions in International Financial Reporting Standard No. 8 "Related Party transactions, not to disclose transactions with Kotak Mahindra Bank Limited and other group companies as it is a subsidiary of Kotak Mahindra Bank Limited" (see note 10 below)
- The following amounts are due from directors as at 31st March, 2007:

Mr. S. Shyam Kumar	Rs. 32,080	(Previous Year Rs. Nil)
Mr. Paul Parambi	Rs. Nil	(Previous Year Rs. 101,986)
Mr. Viswanathan Varadarajan	Rs. Nil	(Previous Year Rs. 1,904)

Maximum balance due from Mr. S. Shyam Kumar during the year is Rs. 146,196.
- For the purpose of comparison, figures for the previous year have been given, which have been regrouped/reclassified wherever necessary.
- The Company's immediate parent company is Kotak Mahindra Bank Limited which is a banking Company incorporated in India.

Signatures to Schedules 1 to 13

Per our report attached

For V. C. Shah and Co.
Chartered Accountants

A. N. Shah
Partner
Mumbai, 4th May, 2007

For and on behalf of the Board of Directors

S. Shyam Kumar
Director

Abhishek Bhalotia
Director