UTI ASSET MANAGEMENT COMPANY PRIVATE LIMITED

DIRECTORS' REPORT

The Board of Directors have pleasure in presenting the first Annual Report alongwith the Audited Accounts of the Company for the period from 14th November, 2002 to 31st March 2004.

Financial Results:

The salient features of the Company’s financial results for the period ended March 31, 2004 are detailed below:

<table>
<thead>
<tr>
<th>Particulars</th>
<th>For the period from 14th November, 2002 to 31st March, 2004 (Rs. in crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Income</td>
<td>380.14</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>181.15</td>
</tr>
<tr>
<td>Profit Before Tax</td>
<td>198.99</td>
</tr>
<tr>
<td>Provision for tax</td>
<td></td>
</tr>
<tr>
<td>i) Current Tax</td>
<td>74.00</td>
</tr>
<tr>
<td>ii) Deferred Tax</td>
<td>0.05</td>
</tr>
<tr>
<td>Profit After Tax</td>
<td>124.94</td>
</tr>
<tr>
<td>Paid up Capital</td>
<td>10.00</td>
</tr>
<tr>
<td>Networth</td>
<td>134.94</td>
</tr>
</tbody>
</table>

DIVIDEND:

The Board of Directors does not recommend the declaration of dividend for the period ended March 31, 2004.

General Information:

The Unit Trust of India Act, 1963 has been repealed by the Government of India through "The Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002". UTI Mutual Fund was carved out of Unit Trust of India (UTI) as a SEBI registered mutual fund from February 1, 2003. Hence, February 1, 2003 gained significance in the annals of Indian Capital Market as the day on which UTI Mutual Fund came into existence. The NAV based schemes as listed in Schedule II of the UTI Repeal Act were transferred to UTI Mutual Fund. UTI Mutual Fund (UTI MF) is sponsored by State Bank of India, Life Insurance Corporation of India, Bank of Baroda and Punjab National Bank. UTI Trustee Company (P) Ltd, a company incorporated under the Companies Act, 1956, is the trustee to UTI Mutual Fund in terms of the Trust Deed made between Sponsors and UTI Trustee Company. UTI Asset Management Company (P) Ltd, was incorporated on November 14, 2002, under the Companies Act, 1956, to render the investment management services to the schemes of UTIMF.

Review of Operations:

Your directors are pleased to report that during the period under review UTI Mutual Fund have achieved a significant growth in its assets under management. The Assets under Management has grown to Rs.20,602 crore as at March 31, 2004 as compared to Rs.13,774 crore as at January 31 2003. UTI Asset Management Company Pvt. Ltd. has managed 49 schemes as of March 31, 2004.
UTI Mutual Fund is the largest mutual fund of the country. UTIAMC has 55 offices in India and 1 office overseas. UTI Asset Management Company Pvt. Ltd., a professionally managed asset management company has a full-fledged in-house research department including dedicated debt research and macro economic research cell, which facilitate the asset management functions.

During the period under review, UTI Mutual Fund widened its product range by launching 5 open-ended schemes/plans viz. UTI Liquid Fund – Short Term Plan (Regular), UTI Liquid Fund – Cash Plan (Regular), SUNDER, UTI G- Sec Short Term Plan, UTI Liquid Cash Plan (Institutional), UTI Liquid Short Term Plan (Institutional), UTI Children’s Career Bond Plan. Keeping in mind the investment requirement of its investors, UTI MF also launched six thematic funds – UTI Banking Sector Fund, UTI Auto Sector Fund, UTI Basic Industries Fund, UTI PSU Fund, UTI Mid Cap Fund and UTI Large Cap Fund.

During the period, five close-ended tax savings schemes viz. UTI-Master Equity Plan 93, UTI-Master Equity Plan 94, UTI-Master Equity Plan 95, UTI-Master Equity Plan 96 and UTI-Master Equity Plan 97 were merged with a new scheme namely UTI – MEPUS.

UTI MF has plans to launch products in overseas market, therefore it has tied-up with State Street Global Advisors (SSgA), the largest institutional asset management outfit in the world having Assets under Management of over US $1.3 trillion, to widen its product basket and encompass international market.

UTIAMC Pvt. Ltd. also has plans to widen its branch network, so as to increase the number of UTI Financial Centres to 110.

Your directors are also pleased to inform that during the period under review your Company has started the Portfolio Management Service (PMS) as a separate business unit under the brand ‘Axel’ to cater to the investment management needs of private clients. The PMS offers flexible Wealth Management solutions such as Discretionary Portfolio Management Service, Non-discretionary Portfolio Management Service, Advisory Support Service etc.

Your Company is also in the process of expanding its activities in the areas of Management of Pension Funds, Provident Funds, Management of insurance funds etc.

Your Company is also engaged in providing Support Services to the Specified undertaking of Unit Trust of India.

Awards:

Your Directors are pleased to inform that during the period under review, the schemes of UTI Mutual Fund won the following awards:

- **CNBC-TV18-BNP Paribas Mutual Fund of the year Award**: UTI G-Sec Fund (Growth) won the award for the year 2004. The fund has also been ranked by Moody’s Investors Services as the best performing Fund in Open-ended Gilt Fund (One Year).

- **ICRA online Mutual Fund Award**: UTI NIFTY INDEX FUND won the award for the year 2004: The scheme has been ranked MFR1 for the best performance in the category Open-ended Index Schemes (Nifty) for a one-year period ended 31st December 2003.

- **CNBC India Mutual Fund of the Year Award**: UTI-US 95 won the award for the year 2003. Moody’s Investors Services have ranked the fund as the best performing Fund in Open-ended Balanced Fund (Three Year).
Acquisition:

Directors are pleased to inform that UTI Mutual Fund has acquired the schemes of IL&FS Mutual Fund. In this regard an agreement was signed on 29th April, 2004 between (UTI Trustee Company Pvt. Ltd., UTI Asset Management Company Pvt. Ltd.) and (Infrastructure Leasing & Financial Services Ltd. - the Sponsor, IL&FS Trustee Company Ltd., IL&FS Asset Management Company Ltd.) for acquisition of the schemes of IL&FS Mutual by UTI Mutual Fund.

Subsequent to the Regulatory approvals and the compliance's of the relevant legal, regulatory and operational requirements, the schemes of IL&FS Mutual Fund have been transferred to UTI Mutual Fund and now form part of UTI Mutual Fund with effect from July 5, 2004. The process of transfer of schemes has been completed and the operations of the schemes acquired have been integrated with the existing operations of the schemes of UTI Mutual Fund. The schemes/Plans acquired from IL&FS MF have been renamed as under:

<table>
<thead>
<tr>
<th>Sr.No.</th>
<th>NAME OF THE SCHEME</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>UTI Bond Advantage Fund</td>
</tr>
<tr>
<td>2.</td>
<td>UTI Bond Advantage Fund- STP</td>
</tr>
<tr>
<td>3.</td>
<td>UTI Dynamic Equity Fund</td>
</tr>
<tr>
<td>4.</td>
<td>UTI India Advantage Equity Fund</td>
</tr>
<tr>
<td>5.</td>
<td>UTI Floating Rate Fund - STP</td>
</tr>
<tr>
<td>6.</td>
<td>UTI Fixed Maturity Plan- Yearly Series January 2004</td>
</tr>
<tr>
<td>7.</td>
<td>UTI Gift Advantage Fund – LTP</td>
</tr>
<tr>
<td>8.</td>
<td>UTI Gift Advantage Fund – STP</td>
</tr>
<tr>
<td>9.</td>
<td>UTI Growth &amp; Value Fund</td>
</tr>
<tr>
<td>10.</td>
<td>UTI Index Advantage Fund – BSE Sensex Plan</td>
</tr>
<tr>
<td>11.</td>
<td>UTI Index Advantage Fund – Nifty Plan</td>
</tr>
<tr>
<td>12.</td>
<td>UTI Liquid Advantage Fund – Call Plan</td>
</tr>
<tr>
<td>13.</td>
<td>UTI Liquid Advantage Fund</td>
</tr>
<tr>
<td>14.</td>
<td>UTI MIS Advantage Plan</td>
</tr>
</tbody>
</table>

Notes on Subsidiaries

Your directors are pleased to inform that during the period your Company has also acquired the following Companies:

(i) UTI Venture Funds Management Company Pvt. Ltd.

UTI Asset Management Company Pvt. Ltd. has acquired 100% ownership of UTI Venture Fund Management Company Pvt. Ltd. (UTIVF) from the Specified Undertaking of Unit Trust of India. The UTIVF is in the business of venture fund related activities and currently manages ‘India Technology Venture Unit Scheme’ a technology specific venture capital fund raised from Indian institutional investors. UTIVF is registered with SEBI as Venture Fund Management Company. The net profits of UTIVF for the year ended 31st March, 2004 have grown to Rs.2.95 crore as compared to Rs.0.77 crore as at March 31, 2003.

(ii) UTI International Ltd.:

UTI Asset Management Company Pvt. Ltd. has also acquired 100% ownership of UTI International Ltd. (UTIIL) from the Specified Undertaking of Unit Trust of India. UTIIL looks after the administration and marketing of offshore funds managed by UTIAMC and it also acts as Management Company for these funds as required
under Guernsey Law. It is also responsible for developing new products as well as new business opportunities for Company's offshore activities.

The audited statements of accounts of the subsidiaries together with the Reports of their Directors and Auditors for the period ended on 31st March, 2004 are attached. The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 and the same are enclosed.

BOARD OF DIRECTORS:

Shri S Natrajan and Dr Avtar Singh Khurana were the first directors of the Company. The Board of Directors of your company was formally constituted at the Board Meeting held on 28th January, 2003, comprising of Shri M Damodaran, Chairman and Managing Director, Shri S H Bhojani, Director, Shri B D Sumitra, Director and Shri J S Mathur, Director. During the period Shri S Natrajan, Dr Avtar Singh Khurana and Shri B D Sumitra resigned from the Board of Directors of the Company. The Board places on record its sincere appreciation for the valuable contributions made by them during their association with the Company. Shri U K Sinha, Joint Secretary, Ministry of Finance and Dr. Vinayshil Gautam, a well known management expert, were appointed as additional directors on 01/07/2003. All the Directors hold office till the conclusion of the 1st Annual General Meeting and are eligible for re-appointment.

The composition of the Board of Directors, number of meetings held, directors attendance and directorships held, remuneration of directors and the Board procedures are detailed in Annexure – I.

AUDIT COMMITTEE:

The Audit Committee of the Board was constituted by the Board of UTI Asset Management Company Pvt. Ltd. at its meeting held on 20th May 2003 comprising of Shri J S Mathur (Chairman of the Committee) and Shri S H Bhojani and Dr. Vinayshil Gautam (members of the Committee). The quorum of the Audit Committee meetings is two members.

The terms of reference of the Audit Committee include approving and implementing the audit procedures and techniques, reviewing the financial reporting system, internal control systems and procedures.

The Audit Committee also reviews the status of Non Performing Assets of UTI Mutual Fund, reports of the Internal Auditor and statutory auditors alongwith the comments and action taken report of the management. The Company Secretary acts as the Secretary to the committee. The Audit Committee met six times during the period under review.

The Audit Committee reviewed the reports of the Statutory Auditors of the company for the period from 14th November, 2002 to 31st March, 2004 submitted by M/s. Chandabhoy and Jassocbhoy, Chartered Accountants, Mumbai. The Audit Committee has also reviewed the comments of the supplementary audit conducted by the Comptroller and Auditor General of India.

The constitution of the Audit Committee of the Board and the functions of the Audit Committee are detailed in Annexure – II.

AUTOMATION:

Your company has endeavored to have a technology driven infrastructure for its operations. UTI Mutual Fund was the first Mutual Fund to have a front office software for automating the process of decision making, placing of orders, dealing and accounting of the transactions with risk control measures.
HUMAN RESOURCES:

The human resources of your company have continuously received focussed attention. Your company endeavors to strengthen organisation culture in order to attract and retain the best talent and bring out the best in people. Employees are rewarded with opportunities for learning and value addition, competitive remuneration and rapid career advancement. During the period, your company has imparted training to 178 employees (including 9 employees sent abroad for training) in areas connected with Finance, Business, Information Technology, Legal and Taxation, Marketing and HRD.

The Compensation structure of the employees is being rationalised with an emphasis on raising the motivation levels of the employees and improved performance of the operations. During the period under review the Company has hired a reputed firm engaged in HR consultancy to assist in introducing the various HR initiatives including Manpower Planning and Voluntary Separation Scheme, Performance Management System (Balance Score Card) and Compensation Restructuring as well as Variable Pay.

During the period, a Voluntary Separation scheme was introduced and 1166 employees opted for the scheme.

PARTICULARS OF EMPLOYEES:

Particulars of employees as required under Section 217 (2A) of the Companies Act read with the Companies (Particular of employees) Rules 1975 are set out in the annexure to the Directors’ Report.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

The Company has spent foreign exchange amounting to 69,925 US$ and 764,699 Dirhams during the period under review for undertaking business foreign tours, training of employees and administrative expenses of the foreign branch.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION:

Since the Company does not own any manufacturing facility, the above said particulars mentioned in the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 are not applicable.

DIRECTORS’ RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors Responsibility Statement, it is hereby confirmed:

(i) that in the preparation of the annual accounts for the period ended on 31st March, 2004, the applicable accounting standards have been followed.

(ii) that the management has selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of March 31, 2004 and of the profit or loss of the company for the period ended on that date;

(iii) That proper and sufficient care is taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities;

(iv) That the accounts for the period ended 31st March, 2004 are prepared on a ‘going concern’ basis.
AUDITORS:
M/s. Chandabhoy and Jassoobhoy, Chartered Accountants, Mumbai, will retire as Auditors of the Company at the conclusion of the First Annual General Meeting. The statutory auditors of the Company would be appointed by the Comptroller and Auditor General of India in accordance with the provisions of the Companies Act, 1956.

ACKNOWLEDGMENT:
Directors acknowledge the valuable assistance, co-operation and guidance received from Government of India, the Securities and Exchange Board of India, the Reserve Bank of India, the Sponsors and the Association of Mutual Funds. The Directors are also thankful to our unitholders, Auditors, Custodians, Registrar and Transfer Agents, Banks, Distributors and all other service providers for their valued support. The Directors would also like to thank the employees for their commitment, collaboration and partnership demonstrated by them for achieving the Company's goals.

For and on behalf on the
Board of Directors

Place: Mumbai
Date: October 29, 2004

M. DAMODARAN
Chairman & Managing Director
AUDITORS' REPORT

To the Members of
UTI Asset Management Company Private Limited.

We have audited the attached Balance Sheet of UTI Asset Management Company Private Limited as at 31st March 2004, the Profit and Loss Account and Cash Flow Statement of the Company for the period 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.

We 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

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 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, 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) In our opinion and to the best of our information and according to the explanations given to us, the said 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 Balance Sheet, of the state of affairs of the Company as at 31st March 2004;

b) in the case of Profit and Loss Account, of the profit for the period ended on that date; and

c) in the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

For and on behalf of
Chandabhoy & Jassoobhoy
Chartered Accountants

A. K. Kotwal
Partner
Membership No.37030

Place : Mumbai
Date : May 10, 2004
ANNEXURE TO AUDITOR’S REPORT

Annexure referred in our report of even date

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
   
   b) We are informed that the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies have been noticed in respect of assets so verified during the year.
   
   c) During the year the Company has not disposed off any substantial part of its fixed assets.

2. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets. During the course of our audit, no major weakness has been noticed in the internal controls.

3. In our opinion, the Company needs to extend the scope and coverage of its internal audit system to be commensurate with the size and nature of its business.

4. a) According to the information and explanations given to us and the records of the Company examined by us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, income tax, and other statutory dues applicable to it.

   b) According to the information and explanations given to us, no undisputed dues payable in respect of income-tax were outstanding as at March 31, 2004 for a period of more than six months from the date they became payable.

   c) According to the information and explanations given to us, there are no statutory dues that have not been deposited with the appropriate authorities on account of any dispute.

5. The Financial statements of the Company as on March 31, 2004 do not show accumulated losses and the Company has not incurred any cash losses during the financial year covered by our audit.

6. The Company has not taken any loans from any financial institutions or banks and has not issued any debentures.

7. The Company has not granted any loans or advances against security of pledge of shares, debentures and other securities.

8. In our opinion, the Company has maintained proper records of transactions and contracts in respect of dealing and trading in units of mutual funds. Timely entries have been made therein, so far as appears from our examination of the records maintained. The units of mutual funds are held by the Company in its own name.

9. According to the information and explanations given to us, the Company has not granted any guarantee for loans taken by others from banks or financial institutions.

10. According to the information and explanations given to us, the Company has not raised short-term funds during the year.

11. The Company has not made any preferential allotment of shares during the year.

12. The Company has not issued any debentures during the year.
13. The Company has not raised any money by way of public issues during the year.

14. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

In our opinion, the provisions of clauses (ii) (iii), (v), (vi), (viii) and (xvi) (xiii) of paragraph 4 of the Order are not applicable to the Company for the year under report.

For and on behalf of
Chandabhoy & Jassoobhoy
Chartered Accountants

Place : Mumbai
Date : May 10, 2004

A. K. Kotwal
Partner
Membership No.37030
To

The Chairman & Managing Director
UTI Asset Management Company Pvt. Ltd.
Mumbai.


Sir,


A copy of the proceedings of the Annual General Meeting adopting the certified accounts and Statutory Auditors' report may be forwarded to this office immediately after the conclusion of the Annual General Meeting. Ten copies of the printed Annual Reports may also be sent to this office.

Receipt of this letter and the enclosures may please be acknowledged.

Yours faithfully,

(Balvinder Singh)
Principal Director of Commercial Audit & EX-officio Member Audit Board-I, Mumbai.

Encl: As above

I have to state that the Comptroller & Auditor General of India has no comments upon or supplement to the Auditors’ Report under Section 619(4) of the Companies Act 1956, on the Accounts of UTI Asset Management Company Pvt. Ltd., Mumbai for the year ended 31st March, 2004.

(Basudev Singh)
Principal Director of Commercial Audit &
Ex-officio Member Audit Board-I, Mumbai.

Date: 27th September, 2004.
# BALANCE SHEET AS AT 31ST MARCH, 2004

<table>
<thead>
<tr>
<th>SCHEDULE</th>
<th>Rs.</th>
<th>As at 31.3.2004 Amount (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOURCES OF FUNDS:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SHAREHOLDER’S FUNDS:</td>
<td></td>
<td>1,349,392,366</td>
</tr>
<tr>
<td>(A) Share Capital</td>
<td>A</td>
<td>100,000,000</td>
</tr>
<tr>
<td>(B) Reserves and Surplus</td>
<td>B</td>
<td>1,249,392,366</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>1,349,392,366</td>
</tr>
<tr>
<td>APPLICATION OF FUNDS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(1) Fixed Assets</td>
<td>C</td>
<td>7,130,277</td>
</tr>
<tr>
<td>Gross Block</td>
<td></td>
<td>8,727,441</td>
</tr>
<tr>
<td>Less: Depreciation</td>
<td></td>
<td>1,597,164</td>
</tr>
<tr>
<td>Net Block</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) Investments</td>
<td>D</td>
<td>1,025,078,459</td>
</tr>
<tr>
<td>(3) Current Assets, Loans &amp; Advances</td>
<td></td>
<td>1,609,917,966</td>
</tr>
<tr>
<td>Interest accrued on Investments</td>
<td></td>
<td>13,417,704</td>
</tr>
<tr>
<td>Sundry Debtors</td>
<td>E</td>
<td>40,221,910</td>
</tr>
<tr>
<td>Cash &amp; Bank Balances</td>
<td>F</td>
<td>605,023,667</td>
</tr>
<tr>
<td>Loans &amp; Advances</td>
<td>G</td>
<td>951,254,685</td>
</tr>
<tr>
<td>Less: Current Liabilities &amp; Provisions</td>
<td></td>
<td>1,292,734,336</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>H</td>
<td>461,581,691</td>
</tr>
<tr>
<td>Provisions</td>
<td>I</td>
<td>830,022,645</td>
</tr>
<tr>
<td>Deferred Tax Liability</td>
<td></td>
<td>550,000</td>
</tr>
<tr>
<td>Net current Assets</td>
<td></td>
<td>317,183,630</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>1,349,392,366</td>
</tr>
</tbody>
</table>

## NOTES TO ACCOUNTS
Schedules annexed hereto forming part of the Balance Sheet and Profit and Loss Account.

A.K. Kotwal
Partner
For Chandabhai & Jassobhoy
Chartered Accountants

Mumbai
Date: 10 May 2004

For and on behalf of Board of the Directors
M. Damodaran
Chairman & Managing Director
S H Bhojani
Director
I. Rahman
Sr. Vice President & Company Secretary
Mumbai
Date: 10 May 2004
## UTI ASSET MANAGEMENT COMPANY PRIVATE LIMITED

### PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2004

<table>
<thead>
<tr>
<th>SCHEDULE</th>
<th>Period Ended 31.3.2004 Amount (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INCOME</strong></td>
<td></td>
</tr>
<tr>
<td>Investment Management Fees</td>
<td>J</td>
</tr>
<tr>
<td>Other Income</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
</tr>
<tr>
<td>Employee Cost</td>
<td>K</td>
</tr>
<tr>
<td>Administrative &amp; Other Expenses</td>
<td>L</td>
</tr>
<tr>
<td>Interest</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td></td>
</tr>
<tr>
<td>Less: - Provision for tax</td>
<td></td>
</tr>
<tr>
<td>Current year Tax</td>
<td></td>
</tr>
<tr>
<td>Deferred Tax</td>
<td></td>
</tr>
<tr>
<td><strong>Profit after tax</strong></td>
<td></td>
</tr>
<tr>
<td>Balance Carried to Balance Sheet</td>
<td></td>
</tr>
</tbody>
</table>

### NOTES FORMING PART OF THE ACCOUNTS

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

A.K. Kotwal  
Partner  
For Chandabhoy & Jassobhoy  
Chartered Accountants

Mumbai  
Date: 10 May 2004

For and on behalf of Board of the Directors

M. Damodaran  
Chairman & Managing Director

S H Bhojani  
Director

I. Rahman  
Sr. Vice President & Company Secretary  
Mumbai  
Date: 10 May 2004
## Schedules Forming Part of Balance Sheet

### SCHEDULE A

**SHARE CAPITAL**

1. **Authorised Share Capital**
   - 100,00,000 equity shares of Rs. 10/- each
   - Amount: 100,00,000

2. **Issued Subscribed & Paid up Capital**
   - 1,00,00,000 equity shares of Rs. 10/- each fully paid up
   - Amount: 100,00,000

### SCHEDULE B

**Reserve & Surplus**

- **Profit and Loss Account**
  - Amount: 1,249,392,366

### SCHEDULE C

**FIXED ASSETS**

- **Opening Balance as on 14/11/2002**
- **Addition during the year (Computer Hardware)**
- **Less Depreciation for the period**
- **Net Block as on 31/03/2004**
  - Amount: 7,130,277

### SCHEDULE D

**INVESTMENT**

1. **Long Term (Unquoted)**
   - **a) In wholly owned subsidiaries at cost**
     - UTI Venture Funds Mgt Co Ltd. (50,007 Equity Shares of Rs 10/- each) 97,900,000
     - UTI International Ltd (240,000 fully paid up shares of GBP 1/- each) 29,272,247
   - **b) Units of Mutual Fund- At Cost**
     - Investment in UTI Bond Fund 114,171,155
     - Investment in UTI G-Sec Short Term Plan 304,000,000

2. **Short Term Investment (Unquoted)-At Cost or NAV which ever is lower**
   - Investment in 6% NCD's of Syndicate Bank 50,000,000
   - **Units of Mutual Funds**
     - Investment in UTI Liquid Cash Plan (Rs 25,556,58/-) 2,521,837
     - Investment in UTI Liquid Short Term Plan- Income Institutional (Rs 96,832,69/-) 9,674,506
     - Investment in UTI Money Market Fund (Rs 96,324,329/-) 96,045,035
     - Investment in UTI Liquid Cash Plan- Institutional (Rs 302,725,190/-) 301,418,717
     - Investment in UTI Liquid Short Term Plan- Institutional (Rs 20,282,467) 20,074,962
     - **Total** 479,735,057

**Figures in ( ) indicates Market Value as on 31-03-2004**

- Total Investment: 1,025,078,459

---

**UTI ASSET MANAGEMENT COMPANY PRIVATE LIMITED**
### SCHEDULE E

**SUNDRY DEBTORS (Unsecured considered good)**

- Debts outstanding for more than six months
- Other debts  

<table>
<thead>
<tr>
<th>Amount (Rs.)</th>
<th>40,221,910</th>
</tr>
</thead>
</table>

### SCHEDULE F

**CASH AND BANK BALANCE**

- Cash in Hand  
- Cash at Bank
  - In Current Accounts  
  - In Deposit Accounts  

<table>
<thead>
<tr>
<th>Amount (Rs.)</th>
<th>490,792</th>
<th>31,532,875</th>
<th>573,000,000</th>
<th>605,023,667</th>
</tr>
</thead>
</table>

### SCHEDULE G

**LOANS AND ADVANCES**

- Advances recoverable in cash or in kind  
- Staff Advances  
- Deposits  
- Advance Income Tax  

<table>
<thead>
<tr>
<th>Amount (Rs.)</th>
<th>138,011,706</th>
<th>74,676,719</th>
<th>648,270</th>
<th>737,917,990</th>
</tr>
</thead>
</table>

**TOTAL**  

<table>
<thead>
<tr>
<th>Amount (Rs.)</th>
<th>951,254,685</th>
</tr>
</thead>
</table>

### SCHEDULE H

**CURRENT LIABILITIES**

- Sundry creditors  

<table>
<thead>
<tr>
<th>Amount (Rs.)</th>
<th>461,581,691</th>
</tr>
</thead>
</table>

### SCHEDULE I

**PROVISIONS**

- Provision for PF Interest  
- Provision for Gratuity  
- Provision for Leave Encashment  
- Provision for Income Tax  

<table>
<thead>
<tr>
<th>Amount (Rs.)</th>
<th>7,403,361</th>
<th>2,492,066</th>
<th>80,707,218</th>
<th>740,000,000</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Amount (Rs.)</th>
<th>830,602,645</th>
</tr>
</thead>
</table>
### SCHEDULE J
**Other Income**
- Dividend - Gross (TDS- Nil)  
  - Amount (Rs.): 5,067,909
- Interest Gross ( TDS- Rs3511044/-)  
  - Amount (Rs.): 37,583,897
- Interest on Staff Advances  
  - Amount (Rs.): 377,292
- Profit on Sale of Units  
  - Amount (Rs.): 6,547,695
- Miscellaneous Income  
  - Amount (Rs.): 714,763

**Total**  
- Amount (Rs.): 50,391,776

### SCHEDULE K
**EMPLOYEE COST**
- Salaries  
  - Amount (Rs.): 628,805,122
- Staff Welfare Expenses  
  - Amount (Rs.): 44,265,115
- Contribution to PF, Gratuity and Leave Encashment  
  - Amount (Rs.): 73,253,942

**Total**  
- Amount (Rs.): 746,324,179

### SCHEDULE L
**Administrative & Other Expenses**
- Advertisement  
  - Amount (Rs.): 204,193,340
- Auditors Remuneration  
  - Audit Fees  
    - Amount (Rs.): 330,000
  - Out of Pocket Expenses  
    - Amount (Rs.): 1,427,194
- Board Meeting Expenses  
  - Amount (Rs.): 9,662,391
- Books & Newspapers  
  - Amount (Rs.): 73,353,448
- Business Promotion  
  - Amount (Rs.): 1,350,733
- Computer Consumables  
  - Amount (Rs.): 627,196
- Directors Sitting Fees  
  - Amount (Rs.): 47,679,690
- Electricity Charges  
  - Amount (Rs.): 293,721
- Insurance  
  - Amount (Rs.): 275,996,177
- Legal & Professional Fees  
  - Amount (Rs.): 15,361,925
- Local Conveyance & Allowances  
  - Amount (Rs.): 3,344,880
- Membership Fees & Subscription  
  - Amount (Rs.): 23,573,772
- Miscellaneous Expenses  
  - Amount (Rs.): 12,282,427
- Postage & Courier  
  - Amount (Rs.): 13,344,614
- Printing & Stationery  
  - Amount (Rs.): 12,267,863
- Rates & Taxes  
  - Amount (Rs.): 764,723
- Rent  
  - Amount (Rs.): 54,322,056
- Repairs & Maintenance  
  - Amount (Rs.): 88,101,337
- Scheme Expenses  
  - Amount (Rs.): 144,347,062
- Security Charges  
  - Amount (Rs.): 13,058,796
- Taxes Duties  
  - Amount (Rs.): 19,694
- Telephone & Fax  
  - Amount (Rs.): 21,222,560
- Tour & Travels  
  - Amount (Rs.): 38,199,596
- Vehicle Expenses  
  - Amount (Rs.): 6,695,626

**Total**  
- Amount (Rs.): 1,063,417,809
## Cash Flow Statement for the Period ended 31 March, 2004

<table>
<thead>
<tr>
<th></th>
<th>Amount (Rs.)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOW FROM OPERATING ACTIVITIES</strong></td>
<td></td>
</tr>
<tr>
<td>Net profit &amp; Loss Before Taxation</td>
<td>1,989,942,366</td>
</tr>
<tr>
<td>Adjustment for</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,597,164</td>
</tr>
<tr>
<td>Provision for PF Interest</td>
<td>7,403,361</td>
</tr>
<tr>
<td>Provision for Gratuity</td>
<td>2,492,066</td>
</tr>
<tr>
<td>Provision for Leave Encashment</td>
<td>80,707,218</td>
</tr>
<tr>
<td>Operating Profit before working Capital Changes</td>
<td>2,082,142,175</td>
</tr>
<tr>
<td>Adjustment for changes in working capital</td>
<td></td>
</tr>
<tr>
<td>Increase in Loan &amp; Advances</td>
<td>(951,254,685)</td>
</tr>
<tr>
<td>Increase in Sundry Debtors</td>
<td>(40,221,910)</td>
</tr>
<tr>
<td>Increase in Interest accrued on deposits</td>
<td>(13,417,704)</td>
</tr>
<tr>
<td>Increase in Current Liabilities</td>
<td>461,581,691</td>
</tr>
<tr>
<td></td>
<td>(543,312,606)</td>
</tr>
<tr>
<td><strong>Cash Generated from Operations</strong></td>
<td>A 1,538,829,567</td>
</tr>
<tr>
<td><strong>CASH FLOW FROM INVESTING ACTIVITIES</strong></td>
<td></td>
</tr>
<tr>
<td>Purchase of Fixed Assets</td>
<td>(8,727,441)</td>
</tr>
<tr>
<td>Purchase of Investment</td>
<td>(1,025,078,450)</td>
</tr>
<tr>
<td><strong>Net Cash used in Investing Activities</strong></td>
<td>B (1,033,805,900)</td>
</tr>
<tr>
<td><strong>CASH FLOW FROM FINANCING ACTIVITIES</strong></td>
<td></td>
</tr>
<tr>
<td>Proceeds from issue of Share Capital</td>
<td>100,000,000</td>
</tr>
<tr>
<td><strong>Net cash generated from financing activities</strong></td>
<td>C 100,000,000</td>
</tr>
<tr>
<td><strong>Net Increase/ decrease in cash and cash equivalent (A+B+C)</strong></td>
<td>605,023,567</td>
</tr>
<tr>
<td>Cash and cash equivalent as on 14-11-2002</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalent as on 31-03-2004</td>
<td></td>
</tr>
</tbody>
</table>

This is the Cash flow statement referred to in our report on even date.

A.K. Kotwal  
Partner  
For Chandabhoy & Jassobhoy Chartered Accountants  
Mumbai  
Date: 10 May 2004

For and on behalf of the Board of Directors  
M. Damodaran  
Chairman & Managing Director  
S H Bhojani  
Director

I. Rahman  
Sr. Vice President & Company Secretary  
Mumbai  
Date: 10 May 2004
Schedule M

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2004

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Accounting Convention
The financial statements are prepared under the historical cost convention, on the accrual basis of accounting and in accordance with the standards of accounting issued by the Institute of Chartered Accountants of India (ICAI) and provisions of the Companies Act, 1956.

1.2 Income Recognition
Management fees is accounted for on accrual basis in accordance with the Investment Management and Advisory Agreement with Board of Directors of UTI Trustee Company Private Limited. It is based on the unaudited net asset value as recorded by the Schemes of UTI Mutual Fund and Specified Undertaking of Unit Trust of India of Dividend & Interest income is accounted on accrual basis.

1.3 Fixed Assets
Fixed Assets are stated at cost less accumulated depreciation.

1.4 Depreciation
Depreciation on Fixed Assets is provided on straight line basis at rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956. Depreciation has been provided at the following rates:

<table>
<thead>
<tr>
<th>CLASS OF THE FIXED ASSETS</th>
<th>RATE OF DEPRECIATION (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer Hardware</td>
<td>40.00%</td>
</tr>
</tbody>
</table>

1.5 Investments
Investments are classified into current investments and long-term investments. Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are stated at lower of cost or market/ fair value.

Long term investments are stated at cost unless there is a decline, other than temporary, in the value thereof in which case the recorded value is reduced to recognize the decline.

1.6 Transaction in Foreign Currency
Transactions in foreign currency are accounted for at the rates prevailing at the date of the transaction. Current assets and liabilities are translated at the ruling rate of exchange at year-end and the resultant exchange gains or losses are reflected in the profit and loss account.

1.7 Retirement Benefits
Liability on account of retirement benefits viz Provident Fund, Superannuation and Gratuity of all eligible employees is provided for. Company's contribution in the case of gratuity and superannuation is funded annually with the Life Insurance Corporation of India, under the Group Gratuity and Superannuation Schemes.

1.8 Leave encashment
Liability for leave encashment of employees, in accordance with the rules of the Company, is accrued for the un-availed leave balance standing to the credit of employees as at the balance sheet date, based on actuarial valuation.

1.9 Earning per Share
Basic and Diluted Earnings per share are reported in accordance with AS 20 'Earnings Per Share' issued by the ICAI. Basic and Diluted Earnings per equity share has been computed by dividing net profit after tax by weighted average number of equity shares outstanding for the year. The Company has not issued any potential equity shares and accordingly the basic earnings per share and diluted earnings per share are the same.

2. Sundry creditors do not include any amount payable to Small Scale Industrial Undertakings
UTI ASSET MANAGEMENT COMPANY PRIVATE LIMITED

3. Earnings per Share
Earnings per share has been computed as under:

<table>
<thead>
<tr>
<th>Profit after Taxation</th>
<th>Current Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>124,939,235.56</td>
</tr>
</tbody>
</table>

| Number of Equity Shares | 10,000,000 |

| Earning per share.     | Rs 124.93 |
| (Face Value of Rs 10/- per share) |       |
| (Basic and diluted)     |       |

4. Deferred Tax Liability
During the year the Company has accounted for deferred tax in accordance with Accounting Standard 22 - "Accounting for Taxes on Income" issued by the Council of the Institute of Chartered Accountants of India. Consequently the Company has recognised in the Profit & Loss Account the deferred tax liability aggregating to Rs. 5,50,000.

5. Expenditure in foreign currency.

<table>
<thead>
<tr>
<th>Particular</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traveling Expenses</td>
<td>Rs 3,252,260/- ($ 69,925)</td>
</tr>
<tr>
<td>Branch Expenses</td>
<td>Rs 10,22,651/- (Dirhams 76,649)</td>
</tr>
</tbody>
</table>

6. Managerial Remuneration
Remuneration to Managing Director

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Current Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary and Allowances (incl. perquisites)</td>
<td>Rs 83,790/-</td>
</tr>
<tr>
<td>Contribution to Retirement Benefits</td>
<td>Rs 30,400/-</td>
</tr>
</tbody>
</table>

Computation of net profits in accordance with Section 309(5) of the Companies Act, 1956 has not been given since no commission is payable.

7. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is Rs 28.39 Lakhs.


9. During the year, the company had a Voluntary Separation Scheme (VSS) 2003 which was funded by The Administrator of the Specified Undertaking of The Unit Trust of India to the extent of Rs. 111.26 Crores which is termed as sponsor amount in terms of the Transfer Agreement dated 15/01/2003 executed between Government of India and Sponsors, the VSS amount will be adjusted from the sale consideration payable by the Sponsors to the Government of India as per conditions stated in the said Transfer Agreement.

10. This being the first year of company operations, previous year figures are not given.

For Chandabhoj & Jassoobhoy
Chartered Accountants

A K Kotwal
Partner
Mumbai

Date: 10th May 2004

For and on behalf of the Board Directors

(M. Damodaran)
Chairman & Managing Director

(S H Bhojani)
Director

(I. Rahman)
Sr Vice President & Company Secretary
1. The Balance Sheet abstract and the Company's business profile as required by Part IV to Schedule VI to Companies Act, 1956 is attached herewith.

I. Registration Details
   Registration No. U 65991 MH 2002 PTG 137867
   State Code 11
   Balance Sheet Date 31-03-2004

II. Capital raised during the year (Amount in Rs.)
   Public Issue
   Right Issue
   Bonus Issue
   Private Issue 100000000

III. Position of mobilisation and deployment of Funds (Amount in Rs.)
   Total Liabilities 1349392366
   Total Assets 1349392366
   Paid-up Capital 100000000
   Reserves and Surplus 1249392366
   Secured Loans NIL
   Unsecured Loans NIL
   Net Fixed Assets 7130277
   Investment 1025078459
   Net Current Assets 317183630

IV. Performance of the Company (Amount in Rs.)
   Total Income 3801365357
   Total Expenditure 1811422991
   Profit Before Tax 1989942366
   Profit After Tax 1249392366
   Earnings per share (in Rs.) 124.93/-
   Dividend (%) NIL

V. Generic Names of Principal Services of the Company (as per monetary terms)
   Item code no. (ITC Code) N.A
   Product Description MUTUAL FUND
   Item Code no. (ITC Code)
   Product Description