

**UTI Mutual Fund****UTI Asset Management Company Private Limited****UTI-GOLD EXCHANGE TRADED FUND****Offer Document****New fund offer opens on: \_\_\_\_\_ \*\*\* New fund offer closes on: \_\_\_\_\_**

This offer document sets forth concisely the information about the scheme that a prospective investor ought to know before investing. The offer document should be retained for future reference. The offer document will remain effective for a period of not more than two years from the date of the offer document after which it shall be fully revised and updated. Till the time the offer document is revised and reprinted, for any changes of material nature made to the scheme, an addendum will be prepared and attached to the offer document. The addendum will also be circulated to the existing unitholders.

The statutory provisions included in this offer document are general and indicative in nature and are neither exhaustive nor any particular investor specific.

**The scheme particulars have been prepared in accordance with Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended till date, and filed with Securities Exchange Board of India (SEBI). The units offered for public subscription have not been approved or disapproved by the SEBI, nor has the SEBI certified on the accuracy or adequacy of the offer document.**

**Exchange Traded Funds (ETF)**

Exchange Traded Funds are passively managed funds tracking a benchmark index and reflect the performance of that index. They have the flexibility of trading like a share and offer the best features of open and close end funds. UTI-Gold ETF is an exchange traded fund, will passively track the performance of Gold Bullion.. The units issued under the scheme will be referred to as “UTI Goldshare” and represents the value of gold held in the scheme. The UTI Goldshare being offered will have a face value of Rs100/- each and will be issued at a premium equivalent to the difference between the allotment price and the face value of Rs100/-.

UTI Goldshare offer investors a new, innovative, relatively cost efficient and secure way to access the gold market. Gold Shares are intended to offer investors a means of participating in the gold bullion market without the necessity of taking physical delivery of gold, and to buy and sell that interest through the trading of a security on a regulated stock exchange. The introduction of UTI Goldshares is intended to lower many of the barriers, such as access, custody, and transaction costs, that have prevented some investors from investing in gold. ETFs are bought/sold in two markets:

- a. The primary market where large players also known as authorized participants swap creation units for gold in physical form or in the form of cash.
- b. The secondary markets where the ETFs are traded like units of common securities on the stock exchange(s) during the trading hours.

The advantages of the gold ETF over direct investment in gold is

1. Investors who want a cost effective and convenient way to invest in gold can get instantaneous exposure to a physical asset viz gold
2. Its units can be traded like a share and therefore it provides the ability to buy and sell them quickly at the ruling market price unlike gold that can be sold only for a discount and by a cumbersome process.
3. The expenses incurred in buying and selling UTI Goldshare and the schemes ongoing expenses will be less than the costs associated with buying and selling of gold and storing and insuring gold bullion a traditional gold bullion market.
4. Minimum investment in ETF in secondary markets is one unit representing one gram of gold in the beginning and the weight of gold representing 1 unit keeps reducing to the extent of expenses.
5. Helps investors to diversify across asset classes.

Units of UTI Goldshare in creation unit size will be issued (created) and repurchased (redeemed/cancelled) by the UTI AMC by swapping them with cash equivalent to the price of the gold on that particular day. In the secondary market, UTI Goldshare will be traded like any other equity shares on the National Stock Exchange and other exchanges on listing as may be decided.

### **Scheme Objective**

The objective of the scheme is to provide investment returns that, before expenses, closely correspond to the performance and yield of the gold prices or gold related instruments.

### I. Highlights of the scheme

1. UTI Gold-ETF is an open-ended fund listed on one or more of the Stock Exchanges in the form of Exchange Traded Fund (ETF) tracking the Gold bullion.
2. UTI Gold-ETF is a passively managed open ended exchange traded fund designed to track the performance and yield of the gold prices or gold related instruments .
3. Each UTI Goldshare unit will represent an undivided ownership interest in the Scheme.
4. Each UTI Goldshare unit represents units of fractional undivided beneficial interest in the ownership of the underlying assets of the scheme.
5. Allotment price will be on the basis of the closing value of the Gold Price on the closure of New Fund Offer Period. Subsequently the authorized participants can deposit cash for creation of units or they can redeem units. The prices of gold considered for the purchase of creation of units will be the prices on the day on which the bank is able to acquire gold from the market. The prices of gold taken for redemption of units will be the prices of gold on the next working day of redemption date. In the beginning each unit of UTI Goldshare will be equal to price of one gram of the value of gold.. Once the scheme reopens, issue and redemption of units will be linked to the prevailing NAV.
6. The new fund offer period will be for a period of five days from to or such extended period as may be decided but will not exceed a total period of 30 days. The scheme will reopen for purchase/redemption not later than 30 days from the closure of the New Fund Offer on a daily basis.
7. UTI AMC will issue and redeem the UTI Goldshare units only in creation unit size (1000 units in exchange for Gold or cash)
8. UTI Goldshare units will be listed on the NSE and any other stock exchange(s) as may be decided by the UTI AMC after the closure of the New Fund Offer period. Investors will be able to enter or exit the fund through transactions in the secondary market. Authorised Participants or Investors can purchase UTI Goldshare units directly with UTI AMC in exchange for cash or physical gold of defined purity. However during redemption, only the authorized participants will be given redemption in the form of physical gold and the investors will have to sell units only to the authorized participants in the secondary market.
9. Minimum trading lot for UTI Goldshare units in the markets will be 1 unit.
10. UTI AMC will appoint Authorised Participants who are expected to give two way quotes (buy and sell quotes) in the secondary market(s) for ensuring liquidity in UTI Goldshare units.
11. As UTI Goldshare can be bought/sold directly from UTI AMC in exchange for Gold, this mechanism provides efficient arbitrage between the traded prices and the NAV, thereby reducing the incidence of UTI Goldshare being traded in the markets at premium/discounts to NAV.
12. Initial expenses will be met from the entry load.
13. NAV of UTI Goldshare units would be declared on a daily basis and would be a function of the closing value of the underlying Gold Price, taking into account recurring expenses, etc.

**--Investors in the scheme are not being offered any guaranteed returns.  
 --Investors are advised to consult their Legal/Tax and other Professional Advisors in regard to tax/legal implications relating to their investments in the scheme and before making decision to invest in the scheme or redeem the units in the scheme.**

## II. DUE DILIGENCE CERTIFICATE

### **Due Diligence Certificate submitted to SEBI for UTI-Gold Exchange Traded Fund**

It is confirmed that:

- I. The Draft Offer Document forwarded to Securities And Exchange Board of India is in accordance with the SEBI (Mutual Funds) Regulations, 1996 and the guidelines and directives issued by SEBI from time to time.
- II. All legal requirements connected with the launching of the scheme as also the guidelines, instructions, etc. issued by the Government and any other competent authority in this behalf, have been duly complied with;
- III. The disclosures made in the offer document are true, fair and adequate to enable the investors to make a well informed decision regarding investment in the scheme;
- IV. All the intermediaries (except the custodian) named in the offer document are registered with SEBI and till date such registration is valid.

Date: 09-06-2006

Place : Mumbai

**Rajesh Verma**

Compliance Officer

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### III. DEFINITIONS

1. "Acceptance/Request/" or "date of acceptance/request/" with reference to an application made by an applicant to the UTI Asset Management Company (UTI AMC) for creation or redemption of units means the day before the cut off time on which the designated UTI Financial Centres /authorised collection centres of UTI AMC/any other place as designated by UTI MF after being satisfied that such application is complete in all respects.
2. "Applicable NAV" means NAV of Gold as declared by the Scheme at the close of previous day.
3. "Accounting Year" of UTI Mutual Fund is from April to March.
4. "Applicant" means an investor who is eligible to participate in the scheme and who is not a minor and shall include the alternate applicant mentioned in the application form.
5. "Alternate applicant" in case of a minor means the parent other than the parent who has made the application on behalf of the minor.
6. "AMFI" means Association of Mutual Funds in India.
7. "Asset Management Company/UTI AMC/AMC/Investment Manager" means the UTI Asset Management Company Private Limited incorporated under the Companies Act, 1956 and authorised by SEBI to act as the investment manager to the schemes of UTI Mutual Fund.
8. "Authorised Participants" means the Member of the National Stock Exchange or any other recognised stock exchange or any other person who is appointed by the AMC to act as Authorised Participant.
9. "Board of Trustees" means the Board of Directors of UTI Trustee Company Private Limited.
10. "Board" or "the Board" means the Board of Directors of UTI AMC.
11. "Cash" means payment by cheque or draft.
12. "Creation Date" or "date of creation" with reference to an application made by an amount by an applicant to the UTI Asset Management Company (UTI AMC) for creation of units means the day on which the bank is able to acquire gold from the market.
13. **Creation unit** is a fixed number of UTI Goldshare units which is exchanged for a physical gold kept with the custodian in lieu of which units are allotted to the authorized participants. In case of redemption a fixed number of "UTI Goldshare" units will be exchanged for either equivalent cash or delivering physical gold.
14. Creation unit size for the **Authorised Participants** both in the new fund offer Period and on subsequent creation and redemption of UTI Goldshare units is 1000 units and in multiples of 1 unit thereafter.

The AMC reserves the right from time to time, to vary the number of Goldhsare units per creation unit and such change may or may not be in conjunction with a change in transaction fee.

15. **Portfolio Deposit:** Portfolio deposit consists of physical gold which will be of predefined quantity and purity as announced by the AMC from time to time.
16. **Cash Component:** Cash component represents the difference between the applicable NAV of creation unit and the market value of physical gold. This difference will represent accrued interest, income earned by the scheme, accrued annual charges including management fees and residual cash in the scheme, transaction cost as charged by the custodian/DP and other incidental expenses for creating units.
17. **“Custodian”** means, which has been granted a certificate of registration by SEBI under SEBI (Custodian of Securities) Regulations 1996 and for the time being appointed by the Fund for rendering custodial services for the Scheme in accordance with the Regulations.
18. **“Depository”** means a body corporate as defined in the Depositories Act, 1996 (22 of 1996) and includes National Securities Depository Ltd (NSDL) and Central Depository Services Ltd (CDSL).
19. **"Eligible Trust"** means - (i) a trust created by or in pursuance of the provisions of any law which is for the time being in force in any State, or (ii) a trust, the properties of which are vested in a treasurer under the Charitable Endowments Act 1890 (Act 6 of 1890), or (iii) a religious or charitable trust which is administered or controlled or supervised by or under the provisions of any law, which is for the time being in force relating to religious or charitable trusts or, (iv) any other trust, being an irrevocable trust, which has been created for the purpose of or in connection with the endowment of any property or properties for the benefit or use of the public or any section thereof, or (v) a trust created by a will which is valid and has become effective, or (vi) any other trust, being an irrevocable trust, which has been created by an instrument in writing and includes 'depository' within the meaning of Cl.(e) of Sub-section (1) of Section 2 of The Depository Act, 1996.
20. **“Entry Load”** means load on sale of units.
21. **“Exit Load”** means load on repurchase/redemption of units.
22. **“Firm”, “partner” and “partnership”** have the meanings assigned to them in the Indian Partnership Act, 1932 (9 of 1932), but the expression partner shall also include any person who being a minor is admitted to the benefits of the partnership.
23. **"Fund Manager"** means the manager appointed for the day-to-day management and administration of the scheme.

24. "UTI Goldshare" means UTI-Gold Exchange Traded Scheme in the form of Exchange Traded fund to be listed in one or more of the stock exchanges.
25. "Investment Management Agreement or IMA" means the Investment Management Agreement (IMA) dated December 9, 2002, executed between UTI Trustee Company Private Limited and UTI Asset Management Company Private Limited.
26. Market means any recognised Stock Exchange(s) where UTI Goldshare units are listed and traded.
27. Mutual Fund" or "Fund" or "UTIMF" means UTI Mutual Fund, a Trust under the Indian Trust Act, 1882 registered with SEBI under registration number MF/048/03/01 dated January 14, 2003.
28. Non-Resident Indian (NRI)" shall have the meaning as defined under Foreign Exchange Management (Deposit) Regulations, 2000 (FEMA Regulation 2000) framed by Reserve Bank of India under Foreign Exchange Management Act, 1999 (42 of 1999). As per FEMA Regulation 2000, "Non-Resident Indian (NRI)" means a person resident outside India who is a citizen of India or is a person of Indian origin. A person shall be deemed to be a "person of Indian origin" if he is a citizen of any country other than Bangladesh or Pakistan and if (a) he at any time held Indian passport; or (b) he or either of his parents or any of his grand parents was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955 (57 of 1955); or (c) the person is a spouse of an Indian citizen or a person referred to in sub-clause (a) or (b) herein.
29. NSDL" - National Securities Depository Ltd.
30. "Registrars" means a person whose services may be retained by UTI AMC to act as the Registrar under the scheme, from time to time.
31. "Regulations" or "SEBI Regulations" mean the SEBI (Mutual Funds) Regulations, 1996 as amended or re-enacted from time to time.
32. "RBI" means the Reserve Bank of India, constituted under the Reserve Bank of India Act, 1934.
33. "Scheme" means the UTI - Gold Exchange Traded Fund
34. "SEBI" means the Securities and Exchange Board of India set up under the Securities and Exchange Board of India Act, 1992 (15 of 1992).
35. "UTI Goldshare unit" means the one undivided share/unit in the unit capital. Gold Share and Gold share unit in this document means the one and same thing and is used interchangeably.
36. "Society" means a society established under the Societies Registration Act of 1860 or any other society established under any State or Central law for the time being in force.



37. "Sponsors" are Bank of Baroda, Punjab National Bank, Life Insurance Corporation of India and State Bank of India;
38. "Time" referred to in the offer document stands for Indian Standard Time.
39. "Tracking Error" is defined as the standard deviation of the difference between daily returns of the underlying benchmark and the NAV of the scheme.
40. Trust Deed means the Trust Deed dated December 9, 2002 of UTI Mutual Fund.
41. "Trustee" means UTI Trustee Company Private Limited a company set up under the Companies Act, 1956 and approved by SEBI to act as the Trustee to the schemes of UTI Mutual Fund
42. "Unit Capital" means the aggregate of the face value of units issued under the scheme and outstanding for the time being.
43. "Unitholder" means a person holding units in the scheme in the depository mode.
44. "Business Day" means a day other than (i) Saturday and Sunday or (ii) a day on which the principal stock exchange with reference to which the valuation of securities under the scheme is done is closed, or the Reserve Bank of India or banks in Mumbai are closed for business, or (iii) a day on which the UTI AMC offices in Mumbai remain closed or (iv) a day on which sale and redemption/switching of unit is suspended by the Trustee.
45. Words importing singular shall include the plural and all reference to masculine gender shall include the feminine gender and vice-versa.

#### IV. RISK FACTORS

##### **General risk factors:**

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

1. Mutual Funds being vehicles of securities investments are subject to market and other risks and there can be no guarantee against loss resulting from investing in the Scheme. The various factors which impact the value of the Scheme's investment include, but not limited to, fluctuations in interest rates, prevailing political and economic environment, changes in government policies, tax laws, liquidity of the underlying instruments, settlement periods, trading volumes etc.
2. From time to time and subject to the Regulations, the Sponsors, the Mutual Funds and investment companies managed by them, their affiliates, their associate companies, subsidiaries of the Sponsors, and the AMC may invest either directly or indirectly in the Scheme. The funds managed by these affiliates, associates, the Sponsors, subsidiaries of the Sponsors and /or the AMC may acquire a substantial portion of the Scheme's units and collectively constitute a major investor in the scheme. Accordingly, redemption of units held by such funds, affiliates, associates, and Sponsors might have an adverse impact on the units of the Scheme because the timing of such redemption may impact the ability of other unitholders to redeem their units.
3. Past performance of other scheme(s)/plan(s) of "Mutual Fund" and the Sponsors is not necessarily an indication of future results. There can be no assurance or guarantee that the objective of the scheme will be achieved.
4. Investment decisions made by the AMC may not always be profitable.
5. The units may trade at a price, which is at, above or below the NAV per unit and any discount or premium in the trading price relative to the NAV per unit may widen.
6. There is no assurance that an active secondary market will develop or be maintained.
7. "Gold-ETF " is an Exchange Traded Fund. The concept of exchange traded funds is relatively new to Indian capital markets. Trading in Gold-ETF could therefore be restricted due to which market price may or may not reflect the true NAV of Gold-ETF at any point of time. Also there can be no assurance that an active secondary market will develop or be maintained for the " UTI Goldshare" units.
8. Trading of UTI Goldshare units in the market(s) may be halted because of market conditions or for reasons that in view of SEBI or market authorities trading in UTI Goldshare units is not advisable. In addition trading in UTI Goldshare units is subject to trading halts caused by extraordinary market volatility and pursuant to SEBI and stock exchange(s) "circuit filter" rules. There can be no assurance that the requirements of the Market necessary to maintain the listing of UTI Goldshare units will continue to be met or will remain unchanged.

9. UTI Goldshare units may trade at a premium/discount to the NAV due to demand/supply conditions in the market(s).
10. Although “UTI Goldshare” units are proposed to be listed on the Stock Exchange(s), the Trustee/AMC will not be liable for delay in listing of units of the Scheme on the stock exchange(s)/ or due to connectivity problems with the depositories due to the occurrence of any event beyond their control.
11. Any changes in the trading regulations by the Stock Exchanges(s) or SEBI or other applicable regulations may affect the ability of market participants to arbitrage resulting it to wider premium/discount to NAV.
12. Impact cost risk: The scheme may have to bear the impact cost arising from purchase and sale of Gold either when the scheme accepts/gives cash or cash equivalents in lieu of Gold.
13. UTI Gold ETF will be a passively managed scheme by providing exposure to Gold and gold related instruments and tracking its performance and yield as closely as possible. The scheme performance may be affected by a general decline in the price of gold. The scheme invests in the underlying asset, Gold regardless of such investment merit.
14. Tracking error may have an impact on the performance of the scheme. “Tracking Error” means the extent to which the NAV of the fund moves in a manner inconsistent with the movements of the benchmark Index ( price of gold ) on any given day or over any given period of time from any cause or reason whatsoever including but not limited to expenditure incurred by the scheme, dividend payouts if any, whole cash not invested at all times as it may keep a portion of funds in cash to meet redemption etc. However UTI AMC will endeavour to keep the tracking error as low as possible.

**Scheme specific risk factors :**

1. The value of the units relates directly to the value of the gold held by the scheme and fluctuations in the price of gold could adversely affect investment value of the units.
2. The units are designed to mirror as closely as possible the movement of the price of gold bullion and the value of units directly relate to the value of the Gold held by the Scheme less the Scheme's liabilities(including accrued but unpaid expenses). The price of gold may fluctuate due to various reasons which are:
  - a) Global gold supply and demand , which is influenced by factors such as forward selling by gold producers, purchases made by gold producers to unwind gold hedge positions, central bank purchases and sales, and productions and cost levels in major gold producing countries such as the South Africa, the United States and Australia.
  - b) Investors expectations with respect to the rate of inflation.
  - c) Indian and Foreign exchange rates.
  - d) Interest rates
  - e) Investment and trading activities of commodity funds/hedge funds.
  - f) Global or regional political, economic or financial events and situations.

In addition, there is no assurance that gold will maintain its long term value in terms of purchasing power in the future. In the event that the price of gold declines, the value of investment in units will decline proportionately.

3. The sale of gold by the AMC to pay expenses will reduce the amount of gold represented by each unit on an ongoing basis irrespective of whether the trading price of the units rises or falls in response to changes in the price of gold.
4. The sale of the scheme's gold to pay expenses at a time of low gold prices may adversely affect the value of the units.
5. Redemption orders may be subject to postponement, suspension or rejection by the Trustee under certain circumstances.
6. There may be certain circumstances that may motivate large-scale sales of gold which could decrease the price of gold and adversely affect an investment in the units.
7. The Scheme's gold may be subject to loss, damage, theft, or restriction on access. There is a risk that part or all of the Scheme's gold could be lost, damaged or stolen. Access to the Scheme's gold could also be restricted by natural events (such as earthquake) or human actions (such as terrorist attack). Any of these actions may adversely affect the operations of the scheme and consequently an investment in units.
8. UTI-Gold ETF is only the name of the scheme and does not in any manner indicate either the quality of the scheme or its future prospects and returns.
9. Statements/Observations made are subject to the laws of the land as they exist at any relevant point of time.
10. Conversion of underlying gold to "UTI Goldshare" units may attract capital gains tax depending on the acquisition cost and holding period of Gold to the investor. Redemption of "Gold ETF" by the AMC or sale of "Gold ETF" on the Stock Exchange(s) may attract short or long term capital gain tax depending upon the holding period of the units. Moreover, converting "Gold ETF" to Gold may also attract Wealth tax.

## V. INVESTMENT OBJECTIVES & POLICIES

### 1. Type of Scheme

A passively managed open ended exchange traded fund designed to track the performance and yield of the underlying security viz gold.

### 2. About the Index and the case for investing in Gold

The price of gold is the benchmark. All forms of investments carry some degree of risk. Holding gold directly also has risks. However, including gold in a well-balanced portfolio can help diversify risk.

Gold's ability to serve as a portfolio diversifier is due to its historically low-to-negative correlation with stocks and bonds. The economic forces that determine the price of gold are different from the forces that determine the prices of most financial assets. The price of gold depends upon on various factors, including the supply and demand for gold, the strength or weakness of major foreign currencies especially US dollar, the rate of inflation, and interest rates and the current political **environment. Gold is not a subject to the risk of default or bankruptcy.**

### Tracking Error

The performance of the scheme may not be commensurate with the performance of the benchmark index on any given day or over any given period. Such variation, referred to as tracking error may result from a variety of factors whatsoever including but not limited to expenditure incurred by the scheme.

The potential for trades to fail which may result in the Scheme not having acquired gold at a price necessary to track the benchmark index.

The Benchmark reflects the prices of gold at close of business hours. However the scheme may buy or offload gold at different points of time during the trading session at the then prevailing prices which may not correspond to the closing prices on the gold.

The holding of a cash position and accrued income prior to distribution and accrued expenses.

Disinvestments to meet redemptions, recurring expenses, dividend payouts etc.

### 3. Investment Objective:

Investment objective of the fund is to endeavour to provide returns that, before expenses, closely track the performance and yield of Gold.

If any part of the consideration is accepted in cash, pending deployment of such funds in gold and gold related instruments as per the investment objective as stated above, it may be invested in short term deposits with scheduled commercial banks and/or in other money market instruments.

### 4. Investment Pattern

The investment policies of the scheme shall be as per SEBI (Mutual Fund) Regulations, 1996 and within the following guideline. Under normal circumstances, the investment range would be as follows:

Instruments	Approx. Allocation (%)	Risk Profile
Gold bullion and instruments with gold as underlying asset*	Upto 100%	Medium to high
Money Market instruments and other debt securities	Upto 10%	Low

\* As mentioned by SEBI from time to time

### 5. “Fundamental attributes” mean the following.

- (a) **Type of scheme:** UTI Gold ETF is a passively managed open ended exchange traded fund designed to track the performance and yield of the underlying security viz gold.
- (b) **Investment objective:** Investment objective of the UTI Gold ETF is to provide returns that closely correspond to the returns and yield of the basket of securities consisting of Gold and gold related securities. However the performance of the scheme may differ from that of the benchmark index due to tracking error. There can be no assurance or guarantee that the investment objective of UTI Gold ETF will be achieved.
- (c) **Terms of issue:** provisions in this offer document in respect of repurchase, listing, fees and expenses of the scheme.

The Trustee shall ensure that no change in the fundamental attributes of the scheme or the trust or fees and expenses payable or any other change which would modify the scheme and affect the interest of the unitholders, will be carried out unless -

- (i) a written communication about the proposed change is sent to each unitholder and an advertisement is given in one English daily newspaper having nation-wide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated;
- (ii) and the unitholders are given an option to exit at the prevailing Net Asset Value without any exit load.

The Trustee may from time to time add to or otherwise amend this scheme. However, any change/amendment/modification of the fundamental attributes of the scheme will be made with the prior approval of the SEBI. In respect of other changes/amendments/modifications not being of fundamental nature and not affecting the interest of the unitholder adversely, SEBI will be kept informed. Such changes would be intimated to the unitholders i) as addendum ii) next earliest communication to the unitholders.

## 6. Investment Policies & Restrictions

- (a) The AMC uses a “passive” approach to try and achieve scheme investment objective. The scheme invests in gold as an asset regardless of such investment merit.
- (b) UTI Goldshare will invest at least 90% of its total assets in the Gold or gold related securities. It may hold upto 10% of their total assets in cash or money market securities.
- (c) The Fund Manager would monitor the tracking error of the scheme on an ongoing basis and would seek to minimise tracking error to the maximum extent possible. There is no assurance or guarantee that the scheme will achieve any particular level of tracking error relative to performance of the benchmark Index.
- (d) All the Investment decision will be taken by the designated Fund Manager under the supervision of Chief Investment Officer.
- (e) The scheme will not accept underwriting and sub underwriting obligations.
- (f) (i) This scheme may participate in the securities lending programme, in accordance with the terms of securities lending scheme announced by SEBI. The activity shall be carried out through approved intermediary.  
(ii) If mutual funds are permitted to borrow securities, the scheme may, in appropriate circumstances borrow securities in accordance with SEBI guidelines in that regard.
- (g) UTI Goldshare units will be held in dematerialised form. The rule of SEBI (Depositories and Participants) Regulations, 1996 would apply. The service charges payable to the depository participant will form part of annual recurring expenses.

- (h) The scheme shall not invest more than 10% of units NAV in debt instruments issued by a single issuer, which are rated not below investment grade by a credit rating agency authorised to carry out such activity by SEBI. Provided that this limit shall not be applicable to investments in money market instruments and Government Securities.
- (i) The scheme shall not invest more than 10% of its NAV in unrated debt instruments issued by a single issuer and the total investment in such instruments shall not exceed 10% of the NAV of the scheme. All such investments shall be made with the prior approval of the Board of Directors and Board of the AMC.

UTI Mutual Fund may constitute committees who can approve proposals for investments in unrated instruments. However, the detailed parameters for such investments shall be approved by the UTI AMC Boards and the Board of Trustees. The details of such investments shall be communicated by UTI AMC to the Trustees in their periodical reports. However, in case any security does not fall under the parameters, the prior approval of the Boards of AMC and Trustees shall be required.

- (j) Debentures, irrespective of any residual maturity period (above or below one year), shall attract the investment restrictions as applicable for debt instruments as specified under clause 6 (h) and (i) above. It is further clarified that the investment limits at 5 (h) and (i) above are applicable to all debt securities, which are issued by public bodies/institutions such as electricity boards, municipal corporations, state transport corporations etc. guaranteed by either state or central government. Government securities issued by Central/State government or on its behalf by RBI are exempt from the above investment limits.
- (k) No term loans will be advanced by this scheme for any purpose as per SEBI regulation 44(3) of SEBI (Mutual Funds) Regulations 1996.
- (l) Pending deployment of funds of the scheme in securities in accordance with the investment objective of the scheme as stated above, funds may be invested in short-term deposits of scheduled commercial banks.
- (m) The Scheme shall not make any investment in any fund of fund scheme.

**(n) Review by Boards of UTI AMC and UTI Trustee Company**

A detailed review of the scheme will be placed before the Board of Directors of UTI AMC and the UTI Trustee Company on a quarterly basis. The review will contain information about the inflow in the scheme, outflow from the scheme and rebalancing of portfolio due to corporate actions or change in index compositions.

**(o) Transfer of investments from /to the scheme to/from another scheme/s/plan/s of UTI Mutual Fund shall be done only if-**

- (i) such transfers are on spot basis and are at the prevailing market price for traded instruments.  
*Explanation:* "spot basis" shall have the same meaning as specified by the stock exchanges for spot transactions.
- (ii) the securities so transferred are in conformity with the investment objective of the scheme/s/ plan/s to which such transfers are made;
- (iii) Based upon the liquidity needs, the scheme may invest in Government of India Securities to the extent to which such investment can be made by the scheme.
- (iv) UTI AMC may in the interest of scheme consider buyback of the UTI Goldshare units from the market to enhance value of the scheme as permissible under the SEBI (MFs) Regulations. Units bought back will be cancelled as per procedure that may be laid down by the AMC from time to time.
- (v) **Benchmark:** UTI-Gold Exchange Traded Fund will be benchmarked against the price of gold. The benchmark may be changed in future, if a benchmark better suited to the investment objective of the scheme is available.

## VI. UNITS AND OFFER

1. New Fund Offer opens on

2. New Fund Offer closes on

### 3. Minimum target amount to be raised

- (a) During the New Fund Offer period 10 Lac units are targeted to be issued against receipt of cash.
- (b) Oversubscription above 10 Lac units will be retained in full.
- (c) If the said target of 10 Lac units is not achieved, the AMC shall return the gold & cash (if any) collected under the scheme immediately after the closure of the new fund offer period but not later than six weeks from the date of closure of the New Fund Offer period without any interest / compensation whatsoever.
- (d) In the event of the AMC's failure to return the gold /cash (if any) within the period stipulated above, the AMC shall be liable to pay to the applicants concerned interest @ 15% per annum from the 43<sup>rd</sup> day of the date of closure of the New Fund Offer to the date of return of securities/cash.

### 4. New Fund Offer and Allotment Price

- (a) The face value of each unit offered under the scheme shall be Rs 100 and will be issued at a premium/discount equivalent to the difference between allotment price and the face value of Rs 100.
- (b) Allotment price will be on the basis of the closing value of the gold prices on the allotment date. Each unit of UTI Goldshare will be approximately equal to 1 gram of gold.

Closing value of gold prices will be as determined in chapter XV. NAV Determination and Valuation of Assets as (London Bullion Market Association AM fixing in US\$/ounce X conversion factor for converting ounce into kg for 0.995 fineness X rate for US\$ into INR) + custom duty for import of gold + sales tax/octroi and other levies applicable.

### 5. New Fund Offer Period

The New Fund Offer period will be for from \_\_\_\_\_ to \_\_\_\_\_ or such extended period as may be decided but will not exceed a total period of 30 days.

### 6. Extension or Termination of New Fund Offer Period

The Trustee reserves the right to extend the closing date, subject to the condition that the subscription list shall not be kept open for more than 30 days. The Trustee reserves the right to close the subscription list earlier by giving at least one days prior notice in one daily newspaper.

### 7. Minimum amount for Application

- (a) For Authorised Participants: Application for issue of units shall be made for a minimum of Rs. 10,00,000/- of gold plus in multiples of Re 1.
- (b) For other Investors: Application for issue of units shall be made for a minimum of Rs 5000/- plus in multiples of Re 1.



**8. Consideration for Gold-ETF units during the New Fund Offer Period:**

- (a) In consideration for issue of UTI Goldshare, the applicants will be required to bring cash against which subject to realisation of the instrument, Gold share units will be credited to his de-mat account against the price of gold on the date of allotment.

**9. Declaration of Income Tax P.A.N**

In case of investment of Rs.50,000/- and above, SEBI has made it mandatory for all the applicants to furnish income Tax PAN. An application for Rs.50,000/- or more without PAN and where such number have been allotted to the applicants, will be rejected. Investors are required to provide the photocopy (self attested by the investor) of the PAN card along with the application form. In the absence of photocopy of the PAN card, copy of the refund order issued by the IT Department or any communication issued by IT Department, wherein PAN of the investor is stated will also be accepted. In case the PAN has not been allotted the same has to be mentioned in the application form and Form 60/61 has to be submitted by nonholders of PAN. Non residents are exempted from the requirement of PAN and therefore furnishing of Form 60 is not applicable for non-residents.

**10. Dematerialisation**

- (a) UTI Goldshare units will be available only in the dematerialised form.
- (b) Applicants under the scheme will be required to have a beneficiary account with a DP of NSDL/ CDSL and will be required to indicate in the application the DP's name, DP ID number and its beneficiary account number with the DP.
- (c) Since UTI Goldshare units are to be issued / repurchased and traded compulsorily in dematerialized form, no request for rematerialisation of UTI Goldshare units will be entertained.

**11. Listing of units**

UTI Goldshare units will be listed on the National Stock Exchange and on such other stock exchange(s) as may be decided from time to time after the closure of the New Fund Offer.

**12. Transfer / Pledge/ Assignment of units**

**(a) Transfer**

UTI Goldshare units are transferable.

Transfers should be only in favour of transferees who are capable of holding units. The AMC shall not be bound to recognize any other transfer.

The AMC will effect the transfer only in electronic form provided that the intended transferee is otherwise eligible to hold units under the scheme.

The delivery instructions for transfer of UTI Goldshare shares will have to be lodged with the DP in the requisite form as may be required from time to time and the transfer will be effected in accordance with such rules / regulations as maybe in force governing transfer of securities in dematerialised mode.

Under special circumstances, holding of units by a company or other body corporate with another company or body corporate or an individual/ individuals, none of whom is a minor, may be considered by the AMC.

**(b) Pledge/Assignment of units permitted only in favour of banks/other financial institutions:**

The unitholders may pledge/assign units in favour of banks/other financial institutions as a security for raising loans. Units can be pledged by completing the requisite forms/formalities as may be required by the Depository.

The pledger may not be allowed to redeem units so pledged until the bank/ financial institution to which the units are pledged provides a written authorization to the Depository that the pledge/charge/lien may be removed.

### 13. Option offered under the scheme

The scheme reserves the right to introduce/alter/extinguish options at a later date.

### 14. Application Procedure

#### (a) Who can subscribe

An application for issue of units may be made by any resident or non-resident Indian as well as non-individuals as indicated below:

- (i) a resident individual or a NRI or person of Indian origin residing abroad either singly or jointly with another or upto two other individuals on joint/anyone or survivor basis. An individual may make an application in his personal capacity or in his capacity as an officer of a Government or of a Court,
- (ii) a parent, step-parent or other lawful guardian on behalf of a resident or a NRI minor. An application cannot be made by an adult and minor jointly,
- (iii) an association of persons or body of individuals whether incorporated or not,
- (iv) a Hindu Undivided Family both resident and non-resident,
- (v) a body corporate including a company formed under the Companies Act, 1956 or established under State or Central Law for the time being in force,
- (vi) a bank including a scheduled bank, a regional rural bank, a co-operative bank etc,
- (vii) an eligible trust including Private Trust being irrevocable trust and created by an instrument in writing,
- (viii) a society as defined under the scheme,
- (ix) a Financial Institution,
- (x) an Army/Navy/Air Force/Paramilitary Fund,
- (xi) a partnership firm,  
(An application by a partnership firm shall be made by not more than three partners of the firm and the first named person shall be recognised by UTI AMC for all practical purposes as the unitholder. The first named person in the application form should either be authorised by all remaining partners to sign on behalf of them or the partnership deed submitted by the partnership firm should so provide.)
- (xii) FIIs registered with SEBI
- (xiii) Mutual Funds
- (xiv) Any other category of investors

**Note: The scheme is not an offer to any resident/citizen of United States of America. No person residing in the United States of America can apply for the units or acquire them.**

#### (b) How to subscribe

- (i) Application form will be available at designated UTI Financial Centres /authorised collection centres of UTI AMC/ any other place as designated by UTI AMC.
- (ii) The cash has to be transferred to the scheme's bank account/remitted by means of cheque/draft alongwith the application form to be submitted at the designated places of UTI AMC.
- (iii) On confirmation of the same by AMC, the AMC will endeavour to create and credit the equivalent number of UTI Goldshare into the investors DP Account **within five working days** from the date of receipt of such Cash.

**(16) Issuance of Units**

- (a) Subject to receipt of minimum subscription and the confirmation of the custodian, full allotment will be made to all valid applications received during the New Fund Offer Period. Allotment of units will be made not later than **30** days after the closure of the New Fund Offer Period.
- (b) The AMC will endeavour to create and credit the equivalent number of UTI Goldshare into the investors DP Account **within five working days** from the date of receipt of credit of the cash.

**(17) Advice for Allotment**

Units issued by the AMC under the scheme shall be credited to the unitholder's beneficiary account with a Depository Participant (DP) of CDSL or NSDL. The AMC will endeavour to credit the units to the beneficiary account of the unitholder **within five working days** (but not later than 30 days) from the date of receipt of credit of the Cash.

The AMC shall issue an intimation about the allotment of units to unitholders whose beneficiary accounts are credited on issuance of units. This advice though not transferable will be a valid evidence of admission of an applicant into the scheme.

**(18) Right of the AMC to accept or reject application:**

- (a) The AMC shall have the right, to accept and/or to reject applications for issue of units under the scheme at its sole discretion. An application for issue of units may be rejected in the following circumstances:
  - (i) if the application is for units lesser than the minimum number/ value prescribed for an application,
  - (ii) if the application has not been signed by the first applicant or the application is found to be incomplete,
  - (iii) if the applicant is not eligible to invest in the scheme,
  - (iv) if the bank account particulars of the first applicant are not furnished,
  - (v) if the Income Tax P.A.N./G.I.R. number and I.T. Circle address is not furnished
  - (vi) if the cash component/equivalent security(ies) tendered is less than as announced by the AMC.
- (b) Any decision of the AMC about the eligibility or otherwise of a person to make an application under the scheme shall be final.
- (c) Return of securities in case of rejected applications will be effected by the AMC after compliance of requisite operational and other procedural formalities without incurring any liability, whatsoever, for interest or other sum/s.
- (d) The prevention of Money Laundering (Amendment) Act, 2005, No.20 of 2005, and the Rules made thereunder have been made applicable from the 1<sup>st</sup> day of July 2005. The same are required to be complied for making disclosures by the investors, and for complying with the procedure etc. as required under the Act and the Rules made thereunder. The applicant / joint holder / alternate applicant shall be required to comply with procedures and make the disclosures as required for the purpose of the Act, Rules".

**(19) Nomination**

- (a) Nomination facility is available only for individuals applying on their own behalf i.e. singly or jointly.
- (b) Only one person resident or NRI, including minors, can be nominated.
- (c) Nomination of NRIs is subject to requirements of the RBI prescribed from time to time.
- (d) Nomination can be changed at any time during the currency of the investment by the same persons who have made the nomination.
- (e) Unitholder being either parent or lawful guardian on behalf of a minor; an eligible institution, societies, bodies corporate, HUF, AoPs, BoIs and partnership firms shall have no right to make nomination.
- (f) The nominee cannot be a trust, society, body corporate, partnership firm, karta of HUF or power of attorney holder.
- (g) On registration of nomination a suitable endorsement shall be made in the form of a separate letter.
- (h) The facility of nomination is available to a unitholder under SEBI (MFs) Regulations and guidelines issued by SEBI from time to time.
- (i) Nomination in respect of units stands rescinded, upon the transfer of units.
- (j) Where a nomination in respect of any unit has been made, the units shall, on the death of the unitholder(s), vest in the nominee and on compliance of necessary formalities the nominee shall be issued the units so vested subject to any charge or encumbrance over the said units.
- (k) Where there are two or more unitholders one of whom has expired the title to units shall vest in the surviving unitholder(s) who may retain the nomination or change or cancel the same. However, non-expression of desire to change or substitute the nominee by surviving unitholder shall be deemed to be the consent of surviving unitholder for the existing nomination.
- (l) Transmission made by the AMC as aforesaid, shall be a full discharge to the AMC from all liabilities in respect of the said units.

**(20) Bank account particulars of applicant / unitholder & Electronic Clearing Service (ECS):**

In order to avoid fraudulent encashment of cheques etc., SEBI has made it mandatory for unitholders, to furnish their bank account particulars i.e. nature of account, account number and name and address of the bank branch. The unitholders are also required to furnish the 9 digit bank and branch MICR code number in the application for payment to bank account of the unitholder through ECS as indicated under (b) below.

Income may be directly sent for credit to the unitholder's account preferably through ECS only. Request for Income Distribution in physical mode will be kept to the minimum, if any.

**(21) Book Closure Period/Record Date:**

The purchase and redemption of units shall remain open throughout the year except during book closure period/s not exceeding 15 days in a year. Besides, record date/s may be announced if income is distributed.

**(22) Suspension of Purchase/Redemption:**

The Trustee may decide to temporarily suspend determination of NAV of the Scheme offered in this Document, and consequently sale and repurchase of units, in any of the following events:

- a) When one or more stock exchanges or markets, which provide basis for valuation for a substantial portion of the assets of the Scheme are closed otherwise than for ordinary holidays.
- b) When, as a result of political, economic or monetary events or any circumstances outside the control of UTI AMC, the disposal of the assets of the Scheme is not reasonable, or would not reasonably be practicable without being detrimental to the interests of the unitholders.

- c) In the event of breakdown in the means of communication used for the valuation of investments of the Scheme, without which the value of the securities of the Scheme cannot be accurately calculated.
- d) During periods of extreme volatility of markets, which in the opinion of UTI AMC are prejudicial to the interests of the unitholders of the Scheme.
- e) In case of natural calamities, strikes, riots and bandhs.
- f) In the event of any force majeure or disaster that effects the normal functioning of the AMC or the Registrar.
- g) If so directed by SEBI.
- h) The sale of units may also be suspended if, in the AMC's view, increasing the Scheme's size any further may prove detrimental to the existing unitholders.

In the above eventualities the time limits indicated in the offer document for processing of requests for sale and repurchase of units will not be applicable.

The approval of the Board of the AMC and the Trustee giving details of circumstances and justification for the suspension of repurchases shall be informed to SEBI in advance.

### **(23) Termination of the scheme;**

- (a) UTI-Gold Exchange Traded Fund is an open-ended scheme. The Trustee may, however, terminate and initiate steps to wind it up under the following circumstances:
  - i) if the outstanding holding in the scheme falls below a limit to be decided by the Trustee.
  - ii) on the happening of any event which in the opinion of the Trustee requires the scheme to be wound up, or
  - iii) if 75% of the unitholders pass a resolution that the scheme be wound up; or
  - iv) if the SEBI so directs in the interest of the unitholders of the scheme.
- (b) When the scheme is wound up in pursuance of sub clause (a) above, the Trustee shall give notice of the circumstances leading to the winding up of the scheme to SEBI and in two daily newspapers having circulation all over India and also in a vernacular newspaper circulating in Mumbai before the effective date of termination as stipulated in SEBI (MFs) Regulations from time to time.
- (c) On and from the date of advertisement indicating the termination, the AMC shall cease to issue and repurchase units in the scheme and cease to carry on any business activities in respect of the scheme.
- (d) The Trustee shall call a meeting of the unitholders to consider and pass necessary resolution by simple majority of the unitholders present and voting at the meeting for authorising the Trustee or any other person to take steps for winding up of the scheme.
- (e) The Trustee or the person authorised under sub clause (d) may decide whether it would be in the best interest of the unitholders of the scheme to dispose of the assets of the scheme.
- (f) The proceeds of underlying gold and instruments with gold as underlying assets thereof if any shall, in the first instance be utilised towards discharge of such liabilities as are properly due under the scheme and after making appropriate provision for meeting the expenses connected with such winding up, the balance gold/instruments with gold as underlying assets/cash shall be distributed amongst the unitholders in proportion to their respective interest in the assets of the scheme as on the date fixed for that purpose.
- (g) The AMC shall pay the terminal proceeds and/or return gold/cash equivalent to the terminal value of units as early as possible but within 10 working days from the date on which the termination becomes effective or redemption request slip duly completed in the manner as may be prescribed from time to time, is received whichever is later and other procedural and operational formalities are complied with.
- (h) On completion of the winding up, the Trustee shall forward to the SEBI and the unitholders a report on the winding up containing particulars such as circumstances leading to the winding up, the steps taken for disposal of any of the assets of the scheme before winding

up, expenses of the scheme for winding up, net assets available for distribution among the unitholders together with a certificate from the auditors of the scheme.

- (i) To NRI investors terminal proceeds in terms of cash will be paid/returned in India. Gold in physical form will not be delivered to NRI's.
- (j) In case of FIIs, redemption proceeds will be only in terms of cash will be credited to their Special Non-Resident Rupee Account. No gold in physical form will be given to FIIs.
- (k) Notwithstanding anything contained hereinabove, the application of the provisions of SEBI (MFs) Regulations in respect of disclosures of half yearly and annual reports shall continue until the winding up is completed or the scheme ceases to exist.
- (l) After the receipt of the report referred to in sub clause (h) above, if the SEBI is satisfied that all measures for winding up of the scheme have been completed, the scheme shall cease to exist.

## VII. LOAD STRUCTURE

(a) The purchase and redemption prices will be arrived at which will be in line with SEBI formula as under:

Purchase Price = Applicable NAV \*(1 + Purchases Load, if any)

Redemption Price = Applicable NAV \*(1 - Exit Load, if any)

The scheme will offer purchase and redemption of units at NAV based prices on every business day on an on going basis commencing not later than 30 days from the closure of the new fund offer period.

The units will be sold and redeemed on an on-going basis at applicable NAV based prices. As per SEBI regulations, the maximum total transaction expenses of the Scheme that may be levied on the unitholder and expressed as a percentage of the amount of the Scheme's NAV, are estimated to be as follows:

Type of transaction	Load upto % of NAV
Maximum Purchases Load imposed on purchase	7
Purchases Load, if any, on issue of units in lieu of dividends	Nil
Contingent deferred redemption/purchases load	Nil
Maximum Redemption/Redemption load	7
Maximum Switchover/Exchange fee	At applicable entry-exit loads for respective schemes

The redemption price shall not be lower than 93% of NAV and the purchase price shall not be higher than 107% of the NAV and the difference between the redemption price and purchase price shall not exceed 7% of the purchase price.

The AMC reserves the right to change/modify entry/exit/switchover load, depending upon the circumstances prevailing at any given time. A load structure when introduced by the AMC may comprise of an entry load and/or exit load and/or switchover load as may be permissible under the SEBI Regulations. The load may also be changed from time to time and in the case of an exit/redemption load this may be linked to the period of holding, while in the case of entry load this may be linked to the amount of investment. The switchover load may be different for different plans and the switchover load may be different from the entry and/or exit load charged for purchase and /or redemption of units. The load charged could also be different as regards the amount/tenor of investment, etc. However, any such change in the load structure shall be applicable on prospective investment only.

(b) All loads for the scheme shall be maintained in a separate account and may be utilised towards meeting the selling and distribution expenses. Any surplus in this account may be credited to the scheme, whenever felt appropriate by the AMC.

(c) Any imposition or enhancement of load in future shall be applicable on prospective investments only. At the time of changing the load structure, the Mutual Fund shall consider the following measures to avoid complaints from investors about investment in the scheme without knowing the loads:

- (i) The addendum detailing the changes shall be attached to the offer documents and abridged offer documents. The addendum shall be circulated to all the distributors/brokers so that the same can be attached to all offer documents and abridged offer documents already in stock. The addendum shall be sent alongwith the communication sent to the unitholders immediately after the changes.
  - (ii) Arrangements shall be made to display the changes/modifications in the offer document in the form of a notice in all the official points of acceptance and distributors/brokers office.
  - (iii) The introduction of the exit load alongwith the details may be stamped in the acknowledgement slip issued to the investors on submission of the application form and shall also be disclosed in the statement of accounts issued after the introduction of such load.
  - (iv) Any other measures which the Mutual Fund may feel necessary.
- (d) Further, if a person becomes a holder of units under a scheme by operation of law or due to death, insolvency or winding up of the affairs of unitholder or survivors of a joint holder then subject to production of such evidence which in the opinion of UTI AMC is sufficient, UTI AMC may effect the transfer if the intended transferee is otherwise eligible to hold units. Transfer of units in such cases will be subject to compliance of operational requirements as may be specified by UTI AMC from time to time.
- (e) A transaction fee as may be prescribed by UTI AMC from time to time will be collected from every applicant for each request for subsequent creation/ repurchase of UTI Goldshare units by the fund, irrespective of the size of the application.

From time to time, and for such periods as the AMC decide, the transaction fee (as well as any additional amounts charged in connection with creation and/or redemption) may be increased, decreased or otherwise modified or waived in its entirety for certain number of creation of UTI Goldshare units or redeemed, or for creations and/or redemptions made under specified circumstances, in each case without the consent of Beneficial Owners, subject to certain conditions.



## VIII. EXPENSES

The investment objective of the scheme is for the units to reflect the performance of the prices of gold bullion, less the scheme's expenses. The units represent a cost-effective investment relative to traditional means of investing in gold.

### Initial issue expenses:

The initial issue expenses will be met from the entry load.

### Recurring expenses

- (a) The recurring expenses incurred by the scheme and as allowed under SEBI (MFs) Regulations shall be charged to the scheme from time to time.
- (b) The expenses are accrued daily and are reflected in the daily NAV of UTI Goldshare units.
- (c) The following estimated annual recurring expenses will be charged to the scheme on a recurring basis. The estimate is subject to change inter se as per actual expenses incurred.

Items	% of average daily net assets (estimated)
Investment Management and Advisory Fees	0.50
Cost relating to Investors communication	0.25
Custodial Fees	0.50
Registrars Fees & Processing Charges including stamp duty, if any	0.10
Licensing Fees	0.01
Listing Fees	0.01
Marketing & Sales Promotion	1.10
Miscellaneous and other charges	0.03
<b>Total</b>	<b>2.50</b>

The above table is provided to assist the investors in understanding the various costs and expenses that an investor of the scheme will bear.

The AMC will sell gold as needed to pay the expenses of the scheme. The schemes estimated ordinary operating expenses are accrued daily commencing after the first day of the trading of the units on the NSE/BSE and are reflected in the NAV of the scheme.

Fees are paid to the custodian for its custody services. The custodian is entitled to a fee that is accrued daily at an annual rate of the average daily aggregate value of the gold held in the scheme allocated account and the scheme unallocated account payable in monthly installments in arrears.

The AMC will sell gold held by the scheme on an as-needed basis to pay the scheme's expenses. As a result, the amount of gold to be sold will vary from time to time depending on the level of the scheme's expenses and the market price of gold.

### **Impact on Scheme Expenses**

Each time the scheme's gold is sold to pay the scheme's expenses, the amount of gold represented by each outstanding unit will be reduced.

The following table demonstrates the impact of the scheme's anticipated ordinary operating expenses on the NAV of the scheme over a five-year period based on the following assumptions

1. A beginning NAV of 95.78 crores based on 10 lakh units issued in exchange of 1000 Kgs of gold at a price of Rs. 957.80 per gram.
2. No creations or redemptions of baskets over the five-year period.
3. All expenses accrued during the periods presented below have been paid as of the end of such periods.

This pro forma information is not fact and should not be relied upon as being necessarily indicative of future results, and the fund manager is cautioned that he does not place undue reliance on this information.

### **Secondary Market Trading**

The units may trade in the market at prices that are higher or lower to the NAV per unit. The trading spreads and the resulting premium or discount on the units may widen because of higher volatility.

### **Calculation of NAV: Assuming a constant gold price**

	1	2	3	4	5
Gold price per gram	957.80	957.80	957.80	957.80	957.80
Units	1000000.00	1000000.00	1000000.00	1000000.00	1000000.00
Grams	1000000.00	996000.00	992016.00	988047.94	984095.74
grams/unit	1.0000	0.9960	0.9920	0.9880	0.9841
NAV	957800000.00	953968800.00	950152924.80	946352313.10	942566903.85
NAV per unit	957.80	953.97	950.15	946.35	942.57
Annual Expenses					
Ordinary operating expenses	3831200.00	3815875.20	3800611.70	3785409.25	3770267.62
% daily ANAV	0.40%	0.40%	0.40%	0.40%	0.40%
Grams of gold sold	4000.00	3984.00	3968.06	3952.19	3936.38

The AMC will endeavor to maintain a lower expense ratio than that allowed by SEBI Regulations.

It will, however, be ensured that the annual recurring expenses including the investment management & advisory fees payable to UTI AMC shall remain within the limits specified under Regulation 52 of SEBI (MFs) Regulations as indicated below:

- |   |       |
|---|-------|
| (i) On the first Rs.100 crores of the average daily net assets –  | 2.50% |
| (ii) On the next Rs.300 crores of the average daily net assets –  | 2.25% |
| (iii) On the next Rs.300 crores of the average daily net assets – | 2.00% |
| (iv) On the balance of the assets –                               | 1.75% |

- (d) The investment management & advisory fees will not exceed the limits specified under clause 2 of regulation 52 of SEBI (MFs) Regulations, 1996, namely:  
One and quarter of one percent of the daily average net assets outstanding in each accounting year for the scheme as long as the net assets do not exceed Rs.100 crores, and  
One percent of the excess amount over Rs.100 crores, where net assets so calculated exceed Rs.100 crores.

## **XI. HOW THE SCHEME WORKS**

### **(a) Investment on an ongoing basis in secondary markets.**

An investor can buy/sell units of UTI Goldshare on a continuous basis on the national stock exchange and other recognised stock exchanges where UTI Goldshare units are listed and traded like any other publicly traded securities at prices which may be close to the actual NAV of the scheme. There is no minimum investment. The trading lot is one unit of UTI Goldshare. Investors can purchase UTI Goldshare units at market prices, which may be at a premium/discount to the NAV of the scheme depending upon the demand and supply of UTI Goldshare units at the exchanges.

### **(b) Entry / Exit Load**

There will be no entry/exit load on UTI Goldshare units bought or sold through the secondary market. An investor may have to incur brokerage or commission as charged by his broker and may have to bear the impact cost while buying/selling the UTI Goldshare units.

### **(c) Settlement of purchase/sale of UTI Goldshare units on the stock exchange**

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

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

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

## X. THE ROLE OF CUSTODIAN

The Custodian is responsible for safekeeping for the Scheme gold deposited with it by Authorized Participants in connection with the creation of Baskets. The Custodian facilitates the transfer of gold in and out of the scheme through the unallocated gold accounts it maintains for the scheme. The Custodian is responsible for allocating specific bars of gold bullion to the scheme Allocated Account. The Custodian will provide the AMC with regular reports detailing the gold transfers in and out of the scheme Unallocated Account and the scheme Allocated Account and identifying the gold bars held in the scheme Allocated Account.

The Custodian may also from time to time act as Authorized Participants or purchase or sell gold or units for their own account, as agent for their customers and for accounts over which they exercise investment discretion.

### CUSTODY OF THE SCHEME'S GOLD

Custody of the gold bullion deposited with and held by the scheme is provided by the custodian at its, Mumbai Vaults.

The custodian, as instructed by the AMC, is authorized to accept , on behalf of the AMC, deposits of gold in unallocated form. On the instructions given by the AMC, the custodian allocates gold deposited in unallocated form with the AMC by selecting bars of gold bullion for deposit to the scheme's allocated account.

The AMC and the custodian enter into the custody agreements which establish the scheme unallocated account and the scheme allocated account. The scheme unallocated account is used to facilitate the transfer of gold deposits and gold redemption distributions between authorized participants and the scheme in connection with the creation and redemption of baskets and the sales of gold made by the AMC for the scheme. Except for when gold is transferred in and out of the scheme or for when a small amount of gold remains credited to the scheme unallocated account at the end of a business day, the gold deposited with the scheme is held in the scheme allocated account.

Under the agreement entered into by the AMC and the custodian, the custodian is responsible for the safekeeping of the gold held on behalf of the AMC. The custodian is responsible for any loss or damage suffered by the scheme as a direct result of any negligence, fraud or willful default in the performance of its duties. The custodian's liability is limited to the market value of the gold held in the scheme's allocated account at the time such negligence, fraud or willful default is discovered by the custodian, provided that the custodian promptly notifies the AMC of its discovery.

Under the unallocated bullion account agreement is further limited to the amount of the gold credited to the scheme unallocated account at the time such negligence, fraud or willful default is discovered by the custodian, provided that the custodian promptly notifies the AMC of its discovery.

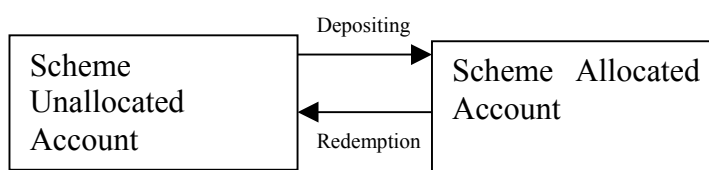
In the event of a loss caused by the failure of the custodian to exercise reasonable care, the AMC has the right to seek recovery with respect to the loss against the custodian in breach.

**Allocated Accounts:** An allocated account is an account with a bank, to which individually identified gold bars owned by the account holder are credited. The gold bars in an allocated gold account are

specific to that account and are identified by a list which shows, for each gold bar, the refiner, assay or fineness, serial number and fine weight. The account holder has full ownership of the gold bars and, except as instructed by the account holder, the bank may not trade, lease or lend the bars.

**Unallocated Accounts:** An unallocated account is an account with a bank, to which a fine weight amount of gold is credited. Transfers to or from an unallocated account are made by crediting or debiting the number of grams of gold being deposited or withdrawn. The scheme account has no ownership interest in any specific bars of gold that the bank holds or owns. The scheme account is an unsecured creditor of the banker and credits to an unallocated account are at risk of the banks insolvency, in which event it may not be possible for a liquidator to identify any gold held in an unallocated account as belonging to the account holder rather than to the bank. The scheme account is entitled to direct the bank to deliver an amount of physical gold equal to the amount of gold standing to the credit of the scheme account. When delivering gold, the bank allocates physical gold from its general stock to the scheme account with a corresponding debit being made to the amount of gold credited to the unallocated account. \_

**Transfer of Gold** Gold is transferred by debiting the schemes unallocated account by the banker. At the end of each business day gold is transferred from the schemes unallocated account to the schemes allocated account. The custodian allocates specific bars of gold from its gold stocks, so that allocated gold bars represent the amount of gold credited to the scheme’s allocated Account to the extent such amount is representable by whole bars. The bars of gold should be held directly by the Custodian. The custodian updates its records at the end of each business day to identify the specific bars of gold allocated to the scheme.



The withdrawal of gold from the scheme for the purpose of redemption will follow the same procedure in the reverse order.

The custodian will ensure that minimum amount of gold is held in the scheme’s unallocated account as of the close of each business day.

**DESCRIPTION OF THE CUSTODY AGREEMENTS**

**Reports:**

The custodian provides the AMC with reports for each business day, no later than the following business day, identifying the movements of gold in and out of the scheme’s allocated account.

The custodian also provides the AMC with the credits and debits of gold to the scheme unallocated account for each business day, no later than the following business day.

The custodians also provides the AMC with monthly statements of account for the scheme allocated account and the scheme unallocated account as of the last business day of each month.

The monthly statement contains sufficient information to identify each bar of gold held in the shceme allocated account and the custodian or subcustodian having possession of such bar.

**Subcustodians:**

The custodian may select Subcustodians to perform any of its duties, including holding gold for it. The subcustodians selected by the custodians will have to be informed by the custodians to the AMC. Any additions or stops of subcustodians will have to be reported to the AMC on a periodic basis.

**Location & Segregation of Gold; Access**

Gold held for scheme's allocated account by the custodian or subcustodians appointed by the custodians is held at the custodian's Valults in Mumbai.

The custodians books and records identify every bar of gold held in the scheme allocated account in its own vault by refiner, assay or fineness, serial number and gross and fine weight.

The AMC may upon reasonable notice, visit the custodian's premises and examine the scheme's gold held there and the custodian's records concerning the scheme's allocated account and the scheme's unallocated account. The AMC's independent auditors may also visit the custodians premises in connection with their audit of the financial statements of the scheme.

**Transfers into the Scheme's Unallocated Account**

The custodian credits to the scheme's Unallocated Account the amount of gold it receives from the scheme's allocated account, and authorized participants unallocated account or from other third party unallocated accounts for credit to the scheme's unallocated account.

**Insurance**

The custodian will maintain insurance for its bullion and custody business. The AMC and the sponsor may subject to confidentiality restrictions, review this insurance coverage from time to time.

**XI. PORTFOLIO OF THE SCHEME**

Since the objective of the Scheme is to provide investment results that, before expenses, generally correspond to the price and yield performance of the gold, the Portfolio at any time will consist of gold/ instruments with gold as underlying assets.

## XII. CREATION & REDEMPTION OF UNITS

The AMC will create and redeem units on a continuous basis, but only in one or more baskets (a basket equals 1000 units). The creation and redemption of baskets will only be made in exchange for the delivery to or by the scheme of the amount of gold and cash if any represented by the baskets being created or redeemed. The total amount of gold and cash if any required for such a delivery will be based on the prorata amount of the NAV of the scheme represented by the baskets being created or redeemed determined on the day the order to create or redeem is placed.

Authorized participants / Investors can invest in the new fund offer. Authorized participants must be registered broker-dealers or other securities market participants, such as banks and other financial institutions which are not required to register as broker-dealers to engage in securities transactions.

Authorized participants may act for their own accounts or as agents for broker-dealers, custodians and other securities market participants that wish to create or redeem baskets. An order of one or more baskets may be placed by an authorized participants on behalf of multiple clients. **Unitholders who are not authorized participants will only be able to redeem their units through an authorized participant.**

All gold will be delivered to the scheme's unallocated account. Then the custodian will allocate specific bars of gold representing the amount of gold credited from the scheme's unallocated account (to the extent such amount is representable by whole gold bars) to the scheme's allocated account. The movement of gold is reversed for the distribution of gold.

**All gold bullion represented by a credit to any scheme's unallocated account and all gold bullion held in the scheme's allocated account with the custodian must be of fineness (or purity) of 995 parts per 1000 (99.5%)**

### Creation & Redemption of Units

#### Creation Procedures

On any business day, an Authorized Participant or investors may place an order with the AMC.

Applications must be placed by 3:00 PM or the close of regular trading on the NSE, whichever is earlier. By submitting the application for purchase of units, an Authorized Participant agrees to deposit gold in the scheme account. The price at which the units will be allotted will be the date on which the bank is able to acquire gold from the market.

The Authorized participant has the option to deposit at least 1 kilogram of physical gold & in multiples of 1 kilogram thereof in order to create units of the scheme. The physical gold and cash components is defined as follows:-

(a) Portfolio Deposit consisting of physical gold which will be in predefined quantity and purity of physical gold and will be announced by the AMC from time to time.

(b) Cash Component for creation of units: Cash component represents the difference between the applicable NAV of creation unit and the market value of physical gold. This difference will represent accrued interest, income earned by the scheme, accrued annual charges including management fees and residual cash in the scheme. In addition the cash component will include transaction cost as charged by the custodian/DP and other incidental expenses for creating units. The cash component will vary from time to time and will be decided and announced by the AMC. Cash component for creation



will also include entry load, if applicable. The entry load will be declared by the AMC from time to time and will be within the limits specified under the regulations.

The AMC will allow cash purchases by accepting cash from the investors/Authorized participants in lieu of Gold in creation of units size by the investors. Purchase request for creation units shall be made by such investor to the AMC whereupon the AMC will arrange to buy gold. The AMC has the right to collect any cost incurred by the AMC in terms of the transaction charges, other incidental charges, the difference between the acquisition cost and closing prices of gold at the end of each business day. Such costs may be adjusted by allotting proportionately lesser number of units to the investor.

### **Determination of required deposits**

The total deposit required to create each basket will be an amount of gold or/and cash that is in the same proportion to the total assets of the scheme (net of accrued but unpaid fees, expenses and other liabilities) on the date the order to purchase is properly received as the number of units to be created in respect of the deposit bears to the total number of units outstanding on the date the order is received.

### **Delivery of required deposits**

An authorized participant submits an application along with the cheque for the process of creation of units. On realization of the cheque, the applications are processed and the funds will be transferred by the registrars to the banker to buy the gold and deposit the same to the scheme's unallocated account with the custodian. On having credited the scheme's unallocated account with the gold deposits in physical form, the custodian intimates the registrar the total number of units created. The price of gold for the purpose of creation of units will be the price at which the gold is brought by the banker. The registrar will then allocate the units in the proportion of the amount received from the authorized participant and will credit the units to the demat account of the respective authorized participants.

The custodian will transfer the gold deposit amount from the scheme's unallocated account to the scheme's allocated account at the end of each business day. For the quantity of gold which cannot be transferred to the schemes allocated account, the gold will stay in the unallocated account of the scheme.

Because gold is allocated only in multiples of whole bars, the amount of gold allocated from the scheme's unallocated account to the scheme's allocated account may be less than the total fine ounces of gold credited to the schemes unallocated account.

### **Redemption Procedures**

The procedures by which an authorized participant can redeem one or more baskets will mirror the procedures for the creation of units. On any business day, an authorized participant may send a redemption request to the AMC. The registrar will instruct the custodian to sell the number of units to be redeemed and the mode of redemption (physical gold or cash). The custodian will deliver the gold in physical form to the nearest Kilogram and the balance amount will be paid in cash.

**The redemption of gold will be made only in physical form to the authorized participants. The delivery of physical gold will be subject to Mumbai Jurisdiction. The redemption price will be the NAV of the next business day.**

These redemption procedures allow authorized participants to redeem baskets and do not entitle an individual unitholder to redeem any units in an amount less than a basket, or to redeem baskets other than through an authorized participants.

By placing a redemption order, an authorized participant agrees to deliver the units to be redeemed to the AMC not later than the third business day following the effective date of the redemption order.

**Determination of redemption distribution : The AMC will deliver physical gold of the specified quality and quantity only to the authorized participants within 5 working days from the date of receipt of redemption request.**

### **Delivery of redemption distribution**

Redemption of UTI Goldshare units will be open throughout the year except during the book closure period/s

1. Minimum number of units to be redeemed by the AMC shall be in creation unit size. (1000 units plus in multiples of 1,000 units in case of “Authorised Participants” )
2. Applications for redemption of UTI Goldshare units have to be submitted in the prescribed format duly completed and signed alongwith the delivery order duly receipted by the DP stating the number of UTI Goldshare units transferred to the scheme's DP account .
3. Application for redemption by non individuals should be accompanied by certified copy(ies) of the board/governing body resolution clearly authorizing the official concerned to redeem units and to receive/collect securities/cash after complying with operational procedure and formalities.
4. The application for repurchase on a form prescribed by the AMC will have to be submitted at the designated place before the cut off time.
5. The expenses associated with taking physical delivery of gold will have to be borne by the authorized participant.

### **Unclaimed Redemption/Dividend Amount:**

The unclaimed redemption amounts and dividend amounts may be deployed by the mutual fund in call money market or money market instruments and the investors who claim these amounts during a period of 3 years from the due date shall be paid at the prevailing net asset value. After a period of 3 years, this amount will be transferred to a pool account and the investors can claim the amount at the NAV prevailing at the end of the 3<sup>rd</sup> year. The income earned on such funds will be used for the purpose of investor education. The AMC will make continuous efforts to remind the investors through letters to take their unclaimed amounts. Further, the investment management fee charged by the AMC for managing unclaimed amounts shall not exceed 50 basis points.

**XIII. ASSOCIATE TRANSACTIONS & BORROWINGS****1. Associate Transactions:**

a) For the period February 1, 2003 to March 31, 2006 -

(i) Underwriting obligation taken by scheme in respect of issues of securities of associate companies – NIL

(ii) Devolvement – NIL

(iii) Subscription in issues lead managed by associate company.

For the period February 1, 2003 to March 31, 2004

Date	Name of Co.	Instruments	Type of issue	Amt. Invest. (Cr)	Lead Manager
10-09-03	UCO Bank	Equity	IPO	28.92	SBI Capital Mkt. Ltd.
13-09-03	I O B	Equity	IPO	26.73	SBI Capital Mkt. Ltd.
17-10-03	Vijaya Bank	Equity	IPO	55.38	SBI Capital Mkt. Ltd.
04-03-04	Bank of Maharashtra	Equity	IPO	7.99	SBI Capital Mkt. Ltd.
05-03-04	IPCL	Equity	IPO	9.22	SBI Capital Mkt. Ltd.
17-03-04	Power Trading Corp.	Equity	IPO	1.68	SBI Capital Mkt. Ltd.
18-03-04	LNG Petronet	Equity	IPO	10.5	SBI Capital Mkt. Ltd.

For the period April 1, 2004 to March 31, 2005:

Date	Name of Co.	Instruments	Type of issue	Amt. Invest. (Cr)	Lead Manager
16-12-04	Bharti Shipyard Ltd.	Equity	IPO	2.30	SBI Capital Mkt. Ltd.
29-01-05	Dena Bank	Equity	IPO	10.66	SBI Capital Mkt. Ltd.
04-03-05	Karnataka Bank	Equity	Rights Issue	0.83	SBI Capital Mkt. Ltd.

For the period April 1, 2005 to March 31, 2006:

Date	Name of Co.	Instruments	Type of issue	Amt. Invest. (Cr)	Lead Manager
25-04-05	Allahabad Bank	Equity	Public Issue	28.70	SBI Capital Mkt. Ltd.
28-06-05	Provogue (India) Ltd.	Equity	Public Issue	1.20	SBI Capital Mkt. Ltd.
22-07-05	Syndicate Bank	Equity	Public Issue	1.32	SBI Capital Mkt. Ltd.
03-08-05	IDFC	Equity	Public Issue	16.31	SBI Capital Mkt. Ltd.
20-09-05	Union Bank Tier-II	Unsecured Non Convertible Bonds	Private Placement	25	UTI Bank Ltd.
21-11-05	HDFC Ltd.	NCD	Private Placement	35	UTI Bank Ltd.
08-12-05	AIA Engineering Ltd.	Equity	Public Issue	1.53	SBI Capital Mkt. Ltd.
20-01-06	Bank of Baroda	Equity	Public Issue	10.39	SBI Capital Mkt. Ltd.
20-01-06	Andhra Bank	Equity	Public Issue	7.30	SBI Capital Mkt. Ltd.
21-02-06	Union Bank	Equity	Public Issue	8.89	SBI Capital Mkt. Ltd.
28-03-06	Solar Explosives	Equity	Public Issue	1.76	SBI Capital Mkt. Ltd.

(iv) Subscription to any issue of debt on private placement basis where the sponsor or its associate companies has acted as arranger or manager - NIL

b) All investments by the scheme in any of the sponsor companies or its associate companies would be made in accordance with the investment objectives and investment pattern as described in the offer

document. All such investments by the scheme would be made in accordance with the SEBI (Mutual Funds) Regulations, 1996. All such investment transactions will be at the prevailing market prices/yields and will be carried out as normal market operations.

c) Aggregate market value of investments in sponsors and group companies of the sponsors (as on March 31, 2006):

<b>Rs. in crores</b>	
Market Value of investment	1288.53
AUM of UTI MF	29519.08
Invt. as % to AUM	4.37

As on March 31, 2006, no scheme of UTI Mutual Fund has invested more than 25% of its net assets in group companies.

d) (i) Total business given to associate brokers and the percentage of brokerage paid to them for the period February 1, 2003 to March 31, 2004

<b>Broker Name</b>	<b>Business (Rs. in cr.)</b>	<b>Percentage to total business</b>	<b>Brokerage paid (Rs. in cr.)</b>	<b>Percentage to total brokerage</b>
SBI Capital Markets Ltd.	394.63	1.35	0.45	2.16

April 1, 2004 to March 31, 2005

<b>Broker Name</b>	<b>Business (Rs. in cr.)</b>	<b>Percentage to total business</b>	<b>Brokerage paid (Rs. in cr.)</b>	<b>Percentage to total brokerage</b>
SBI Capital Markets Ltd.	468.64	1.44	0.91	3.25

April 1, 2005 to March 31, 2006

<b>Broker Name</b>	<b>Business (Rs. in cr.)</b>	<b>Percentage to total business</b>	<b>Brokerage paid (Rs. in cr.)</b>	<b>Percentage to total brokerage</b>
SBI Capital Markets Ltd.	652.7	1.79	1.68	2.58

The rate of brokerage paid to them is in line with what is paid to non-associate brokers and the quantum of business shall be subject to the limits prescribed by SEBI.

(ii) Marketing, sale and distribution of the units of the Schemes of UTI Mutual Fund. Currently services of PNB Gilts Ltd., SBI Capital Markets Ltd. and UTI Technology Services Limited are used for marketing and distributing the schemes. The AMC shall also ensure that the commission paid to associate brokers for the purchase and distribution of units is at the same rates offered to the other distributors.

Commission paid to associates for the period February 2003 to March 2004

<b>Name of the Associate</b>	<b>Amt. of commission pd.</b>
P N B GILTS LTD	751804.10
S B I CAPITAL MARKETS LTD	2004025.88
U T I TECHNOLOGY SERVICES LTD	6259.84
<b>TOTAL</b>	<b>2762089.82</b>

Commission paid to associates for the period April 2004 to March 2005:

<b>Name of the Associate</b>	<b>Amt. of commission pd.</b>
P N B GILTS LTD	158509.41
S B I CAPITAL MARKETS LTD	3772110.27

U T I TECHNOLOGY SERVICES LTD	145515.32
<b>TOTAL</b>	<b>4076135.00</b>

Commission paid to associates for the period April 2005 to March 2006: (unaudited)

<b>Name of the Associate</b>	<b>Amt. of commission pd.</b>
PNB GILTS LTD.	449096.89
STATE BANK OF INDORE	8796.47
SBI CAPITAL MARKETS LIMITED	973168.88
UTI INTERNATIONAL LIMITED	356079.78
<b>TOTAL</b>	<b>1787142.02</b>

e) Subject to the Regulations, the Sponsors, the Mutual Funds managed by them, their associates and the AMC may acquire units of the scheme. The AMC shall not be entitled to charge any fees on its investments in the scheme.

## **2. Borrowings:**

(a) The scheme shall not borrow except to meet temporary liquidity needs of the scheme for the purpose of redemption of units or payment of interest or dividend to the unitholders.

Provided that the scheme shall not borrow more than 20% of the net assets of the scheme and the duration of such a borrowing shall not exceed a period of six months.

(b) There have been no borrowings by the schemes of UTI Mutual Fund since 1st February 2003.

#### XIV. CORPORATE INVESTMENTS IN SCHEMES OF UTI MUTUAL FUND AND INVESTMENTS BY SCHEMES OF THE MUTUAL FUND IN SUCH CORPORATES

The details of investments made in companies, which have invested more than 5% of the NAV of a scheme in terms of Regulation 25(11) of SEBI (MFs) Regulations, 1996 as on 31<sup>st</sup> March 2006 are given hereunder (unaudited)

Company which has invested more than 5% of the Net Assets	Scheme(s) in which companies have invested more than 5% of the net assets	Scheme(s) investment in the company	Aggregate cost of acquisition during the applicable period (Rs.Crores)	Holding as at 31st March 2006 at Fair/Market Value (Rs.Crores)
ASHOK LEYLAND LTD.	UTI Fixed Maturity Plan QFMP 0306 I	UTI-Mastershare Unit Scheme	11.11	0.00
		UTI-Monthly Income Scheme	0.00	1.69
		UTI-Unit Scheme 2002	0.10	8.06
		UTI-Auto Sector Fund	0.39	0.45
		UTI-Dividend Yield Fund	5.82	0.00
BAJAJ AUTOMOBILES LTD.	UTI-Growth Sector Fund - Services	UTI-Mastershare Unit Scheme	1.01	0.00
		UTI-Fixed Maturity Plan QFMP 0306 I	1.51	0.98
		UTI Fixed term income Plan Q4 series	1.07	0.77
		UTI-Variable Investment Scheme	0.84	0.17
		UTI-Sunder	0.05	0.44
		UTI-Auto Sector Fund	3.95	2.77
		UTI-Index Advantage Fund (NIFTY)	0.00	0.00
		UTI-Index Advantage Fund (SENSEX)	0.00	0.00
		UTI-C.R.T.S. 1981	3.26	0.00
BANK OF INDIA	UTI-Growth Sector Fund - Services	UTI-Balanced Fund	3.83	4.27
		UTI-Money Market Fund	75.00	75.00
		UTI-Bond Fund	12.00	12.00
		UTI-Master Value Fund	3.39	0.00
		UTI-Liquid Cash Plan	230.00	230.00
		UTI-Children Career Bond Plan	5.00	5.00
		UTI-Banking Sector Fund	6.11	4.88
		UTI-Bond Advantage Fund	3.00	3.00
		UTI-FMP Quarterly Jan06 Series-II	48.00	48.00
		UTI-FMP Quarterly Feb 06 - II	12.00	12.00
		UTI-FMP Quarterly March, 06 - I	83.00	83.00
		UTI-Money Market Fund	4.96	3.18
		UTI-Growth Sector Fund - Petro		
CHENNAI PETROLEUM CORP LTD	UTI Money Market Fund	UTI-Balanced Fund	0.30	0.00
		UTI-Mid Cap Fund	0.41	0.00
CMC LTD.		UTI-Mastershare Unit Scheme	0.00	8.63
FINOLEX CABLES LTD.	UTI-Growth Sector Fund - Services	UTI-Mastershare Unit Scheme	0.00	8.63
GRASIM INDUSTRIES LTD.	UTI-FMP Quaterly NOV05 Series II	UTI-Unit Scheme - 71	156.77	33.94
		UTI-C.R.T.S. 1981	14.07	0.00
		UTI Liquid Short term Fund	29.34	115.60
		UTI Money Market Fund	0.28	36.09
		UTI-Equity Fund	68.80	93.25
		UTI-Mastergrowth	3.63	0.00
		UTI-Senior Citizens Unit Plan	0.00	10.31
		UTI-Childrens Career Balanced Plan	23.84	81.19
		UTI-Retirement Benefit Pension Fund	14.62	14.49
		UTI-Balanced Fund	19.12	29.75
		UTI-Index Select Equity Fund	2.69	0.00
		UTI-Master Value Fund	24.63	27.76
		UTI-Master Index Fund	1.69	0.76
		UTI-Growth Sector Fund - Brand Valu	1.64	3.92
		UTI-Equity Tax Savings Plan	3.09	7.22
		UTI-Nifty Index Fund	0.90	0.52
		UTI-Mahila Unit scheme	0.00	1.90
		UTI-Monthly Income Scheme	1.32	10.00
		UTI-Variable Investment Scheme	1.02	0.13
UTI-Unit Scheme 2002	1.78	13.41		
UTI-Master Equity Plan Unit Scheme	64.98	103.12		
UTI-Sunder	0.03	0.30		
UTI-Large Cap Fund	0.00	1.96		

## UTI-Gold Exchange Traded Fund

		UTI-Basic Industries Fund	8.90	13.41
		UTI-Bond Advantage Fund	0.00	2.00
		UTI-Growth & Value Fund	9.26	10.37
		UTI-Index Advantage Fund (NIFTY)	0.00	0.00
		UTI-Index Advantage Fund (SENSEX)	0.01	0.00
		UTI-Dynamic Equity Fund	2.43	0.00
		UTI-Mis Advantage Plan	0.12	5.01
		UTI-Dividend Yield Fund	26.43	35.06
		UTI-Opportunities Fund	32.14	0.00
		UTI-Leadership Equity Fund	12.93	74.25
HCL TECHNOLOGIES LTD.	UTI Fixed maturity Plan YFMP/0905	UTI-C.R.T.S. 1981	0.97	0.00
	UTI Fixed term income Plan Q4 series	UTI-Mastershare Unit Scheme	92.48	79.71
		UTI-Index Select Equity Fund	0.84	0.00
		UTI-Growth Sector Fund - Software	9.30	6.87
		UTI-Nifty Index Fund	1.02	0.58
		UTI-Sunder	0.19	0.33
		UTI-Growth & Value Fund	9.65	10.01
		UTI-India Advantage Equity Fund	6.84	3.93
		UTI-Index Advantage Fund (NIFTY)	0.00	0.00
		UTI-Dynamic Equity Fund	9.31	7.76
HINDALCO INDUSTRIES LTD.	UTI-FMP Quaterly NOV05 Series II	UTI-Mastershare Unit Scheme	23.67	58.53
	UTI Fixed Maturity Plan QFMP 0306 I	UTI-Equity Fund	32.32	0.00
	UTI Fixed Maturity plan QFMP/0206/II	UTI-Senior Citizens Unit Plan	0.00	5.40
	UTI Fixed term income Plan Q4 series	UTI-Childrens Career Balanced Plan	71.48	97.39
		UTI-Retirement Benefit Pension Fund	26.45	28.57
		UTI-Balanced Fund	15.28	10.03
		UTI-Index Select Equity Fund	0.33	0.00
		UTI-Bond Fund	20.75	23.00
		UTI-Master Index Fund	1.67	0.72
		UTI-Nifty Index Fund	0.96	0.54
		UTI-Mahila Unit scheme	9.05	5.01
		UTI-Monthly Income Scheme	0.71	1.89
		UTI-Variable Investment Scheme	0.73	0.10
		UTI-Unit Scheme 2002	0.00	7.46
		UTI-Liquid Short Term Plan	4.01	0.00
		UTI-Sunder	0.04	0.30
		UTI-Children Career Bond Plan	3.42	2.41
		UTI-Large Cap Fund	0.00	0.88
		UTI-Basic Industries Fund	6.18	1.73
		UTI-Bond Advantage Fund	5.16	2.00
		UTI-Growth & Value Fund	9.57	8.72
		UTI-Index Advantage Fund (NIFTY)	0.00	0.00
		UTI-Index Advantage Fund (SENSEX)	0.00	0.00
		UTI-Dynamic Equity Fund	1.71	0.00
		UTI-Mis Advantage Plan	0.76	0.65
		UTI-Contra Fund	41.74	42.02
HINDUSTAN ZINC LTD.	UTI-FMP Quaterly NOV05 Series II	UTI-C.R.T.S. 1981	0.18	0.00
	UTI Fixed maturity Plan YFMP/0905			
	UTI Fixed Term Income Fund			
	UTI Fixed term income Plan Q4 series			
	UTI Money Market Fund			
ICI (INDIA) LTD.	UTI Fixed Term Income Fund	UTI-Unit Scheme - 71	12.41	0.00
		UTI-C.R.T.S. 1981	0.34	0.00
		UTI-MNC Fund	2.34	8.52
		UTI-Master Value Fund	4.29	17.25
		UTI-Growth Sector Fund - Brand Valu	1.36	3.69
		UTI-Basic Industries Fund	2.54	6.73
		UTI-Dividend Yield Fund	16.17	18.83
		UTI-Opportunities Fund	16.74	21.84
		UTI-Contra Fund	0.00	36.04
ICICI BANK LTD	UTI Floating rate short term Fund	UTI-Unit Scheme - 71	49.82	70.31
	UTI Floating rate short term Fund	UTI-Mastershare Unit Scheme	35.98	26.97
	UTI Liquid cash Plan	UTI-Master Plus Unit Scheme	7.84	9.11
		UTI-Childrens Career Balanced Plan	25.97	0.00
		UTI-Balanced Fund	10.17	0.00

UTI-Gold Exchange Traded Fund

		UTI-Index Select Equity Fund	4.83	2.79
		UTI-Bond Fund	0.00	9.34
		UTI-Master Index Fund	3.24	2.64
		UTI-Growth Sector Fund - Services	15.00	17.29
		UTI-Nifty Index Fund	2.70	1.45
		UTI-Mahila Unit scheme	7.41	4.89
		UTI-Monthly Income Scheme	0.00	4.59
		UTI-Variable Investment Scheme	2.69	0.46
		UTI-Unit Scheme 2002	0.00	5.05
		UTI-Liquid Cash Plan	82.81	138.93
		UTI-Liquid Short Term Plan	9.47	6.65
		UTI-Sunder	3.04	0.81
		UTI-Children Career Bond Plan	0.74	0.00
		UTI-Banking Sector Fund	23.49	14.96
		UTI-Growth & Value Fund	0.95	1.22
		UTI-Index Advantage Fund (NIFTY)	0.04	0.00
		UTI-Index Advantage Fund (SENSEX)	0.02	0.00
		UTI-Dynamic Equity Fund	2.64	0.00
		UTI-Floating Rate Fund Stp	90.45	210.54
		UTI-Mis Advantage Plan	4.94	2.01
		UTI-FMP Yearly Series Feb 05	1.47	0.00
		UTI-Opportunities Fund	8.72	0.00
		UTI-FMP Quaterly NOV05 Series II	49.25	0.00
		UTI-Leadership Equity Fund	70.72	72.46
		UTI-FMP Quarterly Feb 06 - II	73.55	74.14
		UTI-Fixed Term Income Fund (P18) Q4	45.99	48.76
INDIA INFRASTRUCTURE DEVELOPERS LTD (Subsidiary of LARSEN & TOUBRO LTD.)		UTI-Unit Scheme - 71	0.00	1.55
		UTI-Senior Citizens Unit Plan	0.00	1.55
		UTI-Bond Fund	0.00	4.53
		UTI-Mahila Unit scheme	0.00	1.68
		UTI-Unit Scheme 2002	0.00	1.94
INDIAN BANK	UTI-Nifty Index Fund	UTI-Liquid Cash Plan	24.61	0.00
INDUSTRIAL DEVELOPMENT BANK OF INDIA LIMITED.	UTI Money Market Fund	UTI-Unit Scheme - 71	9.97	51.36
		UTI-C.R.T.S. 1981	0.00	20.01
		UTI-Senior Citizens Unit Plan	0.00	10.00
		UTI-Childrens Career Balanced Plan	11.82	26.70
		UTI-Retirement Benefit Pension Fund	14.78	14.51
		UTI-Balanced Fund	9.97	9.96
		UTI-Money Market Fund	80.00	0.00
		UTI-Bond Fund	0.00	25.00
		UTI-Mahila Unit scheme	2.47	2.41
		UTI-Monthly Income Scheme	0.00	24.94
		UTI-Unit Scheme 2002	0.00	19.90
		UTI-Liquid Cash Plan	122.18	54.46
		UTI-Children Career Bond Plan	2.47	2.41
		UTI-Bond Advantage Fund	0.00	1.51
		UTI-Floating Rate Fund Stp	60.19	110.09
		UTI-Fixed Term Income Fund S-1(P18)	0.00	12.12
		UTI-Fixed Term Income Fund (P18) Q4	0.00	1.51
L&T FINANCE LTD. (Subsidiary of LARSEN & TOUBRO LTD.)		UTI-FMP Quarterly Dec 05 Series I	14.75	0.00
LARSEN & TOUBRO LTD.	UTI Money Market Fund	UTI-Unit Scheme - 71	0.00	3.07
	UTI-Mid Cap Fund	UTI-C.R.T.S. 1981	0.35	0.00
		UTI-Mastershare Unit Scheme	32.34	0.00
		UTI-Master Plus Unit Scheme	17.94	30.41
		UTI-Mastergrowth	9.91	9.87
		UTI-Childrens Career Balanced Plan	27.48	25.62
		UTI-Index Select Equity Fund	5.51	2.92
		UTI-Master Index Fund	0.62	1.50
		UTI-Growth Sector Fund - Brand Valu	1.15	0.00
		UTI-Equity Tax Savings Plan	0.30	0.00
		UTI-Nifty Index Fund	1.24	0.92
		UTI-Variable Investment Scheme	1.15	0.26
		UTI-Unit Scheme 2002	0.85	21.89
		UTI-Sunder	0.09	0.51
		UTI-Large Cap Fund	0.74	0.00
		UTI-Basic Industries Fund	10.06	11.99
		UTI-Index Advantage Fund (NIFTY)	0.00	0.00



## UTI-Gold Exchange Traded Fund

		UTI-Index Advantage Fund (SENSEX)	0.00	0.00
		UTI-Opportunities Fund	7.63	0.00
		UTI-Leadership Equity Fund	74.05	67.21
MARUTI UDYOG LTD.	UTI Fixed term income Plan Q4 series	UTI-C.R.T.S. 1981	5.00	0.00
	UTI Money Market Fund	UTI-Mastershare Unit Scheme	17.12	0.00
		UTI-Mastergrowth	17.30	17.00
		UTI-Index Select Equity Fund	1.27	1.31
		UTI-Master Index Fund	0.15	0.38
		UTI-Nifty Index Fund	0.79	0.70
		UTI-Variable Investment Scheme	0.28	0.07
		UTI-Sunder	0.05	0.40
		UTI-Auto Sector Fund	2.39	3.01
		UTI-Growth & Value Fund	2.57	0.00
		UTI-Index Advantage Fund (NIFTY)	0.00	0.00
		UTI-Index Advantage Fund (SENSEX)	0.00	0.00
		UTI-Opportunities Fund	15.15	0.00
PANATONE FINVEST LTD. (Subsidiary of TATA SONS LTD.)		UTI-Unit Scheme - 71	0.00	29.12
		UTI-C.R.T.S. 1981	0.00	9.71
		UTI-Childrens Career Balanced Plan	0.00	14.56
		UTI-Monthly Income Scheme	0.00	4.85
		UTI-Liquid Cash Plan	35.11	0.00
		UTI-Liquid Short Term Plan	5.02	0.00
PATNI COMPUTER SYSTEMS LTD.	UTI Fixed Maturity Plan QFMP/1205/1	UTI-Master Plus Unit Scheme	6.14	0.00
	UTI Fixed term income Plan Q4 series	UTI-Growth Sector Fund - Software	0.69	0.00
		UTI-Mid Cap Fund	0.68	0.00
		UTI-Growth & Value Fund	7.39	0.00
		UTI-Contra Fund	14.24	14.16
PUNJAB NATIONAL BANK	UTI-Mid Cap Fund	UTI-Unit Scheme - 71	297.16	176.27
	UTI-Banking Sector Fund	UTI-C.R.T.S. 1981	0.37	0.00
	UTI-Index Select Equity Fund	UTI-Mastershare Unit Scheme	100.23	52.71
		UTI-Master Plus Unit Scheme	18.43	21.17
		UTI-Equity Fund	199.75	85.92
		UTI-Mastergrowth	6.47	0.00
		UTI-Childrens Career Balanced Plan	169.09	30.06
		UTI-Retirement Benefit Pension Fund	3.01	0.00
		UTI-Money Market Fund	325.00	50.00
		UTI-Index Select Equity Fund	8.14	0.00
		UTI-Growth Sector Fund - Petro	0.54	0.00
		UTI-Growth Sector Fund - Services	8.13	0.00
		UTI-G-Sec-Investment Plan	112.25	0.00
		UTI-Equity Tax Savings Plan	4.79	5.17
		UTI-Nifty Index Fund	1.32	0.71
		UTI-Monthly Income Scheme	0.00	0.71
		UTI-Unit Scheme 2002	0.00	10.19
		UTI-Master Equity Plan Unit Scheme	40.00	0.00
		UTI-Liquid Cash Plan	975.33	0.00
		UTI-Sunder	0.42	0.23
		UTI-Large Cap Fund	1.05	1.18
		UTI-Banking Sector Fund	7.72	5.04
		UTI-Psu Fund	0.84	1.04
		UTI-Index Advantage Fund (NIFTY)	0.01	0.00
		UTI-Dynamic Equity Fund	5.58	0.00
		UTI-Floating Rate Fund Stp	75.00	0.00
		UTI-GVF-Bonus Plan (terminated)	23.73	0.00
		UTI-Dividend Yield Fund	50.00	0.00
		UTI-FMP Yearly Series Feb 05	0.00	2.00
		UTI-Opportunities Fund	25.23	35.60
		UTI-Contra Fund	24.08	53.65
RAYMOND LIMITED.	UTI Fixed maturity Plan YFMP/0905	UTI-Master Plus Unit Scheme	5.99	25.88
		UTI-Equity Fund	13.21	0.00
		UTI-Mastergrowth	4.02	0.00
		UTI-Master Value Fund	5.80	0.00
		UTI-Master Equity Plan Unit Scheme	1.71	0.00
		UTI-Basic Industries Fund	3.88	6.21
		UTI-India Advantage Equity Fund	1.83	2.64
RELIANCE ENERGY LTD.	UTI Fixed maturity Plan YFMP/0905	UTI-Unit Scheme - 71	80.26	78.77
		UTI-C.R.T.S. 1981	9.76	4.83
		UTI-Mastershare Unit Scheme	76.64	75.73
		UTI-Master Plus Unit Scheme	7.85	7.65

UTI-Gold Exchange Traded Fund

		UTI-Childrens Career Balanced Plan	12.88	0.00
		UTI-Index Select Equity Fund	6.51	1.53
		UTI-Master Value Fund	25.13	24.97
		UTI-Master Index Fund	1.08	0.31
		UTI-Growth Sector Fund - Services	8.42	6.12
		UTI-Nifty Index Fund	1.33	0.34
		UTI-Monthly Income Scheme	0.07	0.00
		UTI-Variable Investment Scheme	0.63	0.05
		UTI-Sunder	0.70	0.19
		UTI-Large Cap Fund	1.93	1.16
		UTI-Growth & Value Fund	10.21	10.04
		UTI-Index Advantage Fund (NIFTY)	0.02	0.00
		UTI-Index Advantage Fund (SENSEX)	0.00	0.00
		UTI-Dynamic Equity Fund	3.92	3.76
		UTI-Contra Fund	63.62	63.26
RELIANCE INDUSTRIES LTD.	UTI Liquid Cash plan	UTI-Unit Scheme - 71	0.00	136.45
	UTI Money Market Fund	UTI-C.R.T.S. 1981	1.08	29.44
		UTI-Mastershare Unit Scheme	24.30	0.00
		UTI-Master Plus Unit Scheme	29.49	39.78
		UTI-Equity Fund	49.65	0.00
		UTI-Mastergrowth	33.50	17.90
		UTI-Senior Citizens Unit Plan	0.00	15.98
		UTI-Childrens Career Balanced Plan	9.91	187.24
		UTI-Retirement Benefit Pension Fund	10.54	26.31
		UTI-Balanced Fund	20.39	29.59
		UTI-Index Select Equity Fund	4.60	3.31
		UTI-Bond Fund	0.00	7.25
		UTI-Master Index Fund	4.81	3.07
		UTI-Growth Sector Fund - Brand Valu	1.88	0.00
		UTI-Growth Sector Fund - Petro	31.12	41.86
		UTI-Equity Tax Savings Plan	9.16	6.36
		UTI-Nifty Index Fund	9.45	3.07
		UTI-Mahila Unit scheme	5.27	2.50
		UTI-Monthly Income Scheme	0.00	4.98
		UTI-Variable Investment Scheme	5.53	0.54
		UTI-Unit Scheme 2002	0.00	29.79
		UTI-Master Equity Plan Unit Scheme	22.56	0.00
		UTI-Liquid Short Term Plan	5.10	5.01
		UTI-Sunder	1.85	1.74
		UTI-Large Cap Fund	0.74	1.59
		UTI-Basic Industries Fund	13.95	7.95
		UTI-Bond Advantage Fund	0.00	1.99
		UTI-Growth & Value Fund	6.16	0.00
		UTI-Index Advantage Fund (NIFTY)	0.01	0.00
		UTI-Index Advantage Fund (SENSEX)	0.01	0.00
		UTI-Dynamic Equity Fund	3.45	0.00
		UTI-Mis Advantage Plan	0.00	5.16
		UTI-Dividend Yield Fund	6.48	0.00
SINTEX INDUSTRIES LTD.	UTI Fixed Maturity Plan QFMP/1205/I	UTI-Dynamic Equity Fund	2.22	6.84
STOCK HOLDING CORPORATION OF (I) LTD	UTI Money Market Fund	UTI-Unit Scheme - 71	0.03	0.00
SUN PHARMACEUTICALS INDUSTRIES LTD.	UTI Money Market Fund	UTI-Growth Sector Fund - Pharma &	0.27	0.00
		UTI-Nifty Index Fund	0.60	0.44
		UTI-Sunder	0.03	0.25
		UTI-Index Advantage Fund (NIFTY)	0.00	0.00
TATA COFFEE LTD (subsidiary of TATA TEA LTD.)		UTI-Unit Scheme - 71	0.00	4.48
		UTI-C.R.T.S. 1981	0.00	3.61
		UTI-Master Value Fund	4.41	5.07
TATA CONSULTANCY SERVICES LTD.	UTI Liquid cash plan	UTI-Mastershare Unit Scheme	39.26	61.83
	UTI Money Market Fund	UTI-Master Plus Unit Scheme	28.40	36.39
		UTI-Equity Fund	44.93	0.00
		UTI-Mastergrowth	11.38	14.68
		UTI-Grandmaster Unit Scheme	2.22	0.00
		UTI-Childrens Career Balanced Plan	37.84	0.00
		UTI-Retirement Benefit Pension Fund	1.47	0.00
		UTI-Balanced Fund	3.63	0.00
		UTI-Index Select Equity Fund	6.86	1.10
		UTI-Master Equity Plan 1998	0.13	0.00
		UTI-Master Index Fund	1.38	0.92
		UTI-Master Equity Plan 1999	0.09	0.00
		UTI-Growth Sector Fund - Brand Valu	1.61	0.00

UTI-Gold Exchange Traded Fund

		UTI-Growth Sector Fund - Software	21.74	16.76
		UTI-Growth Sector Fund - Services	12.69	13.78
		UTI-Equity Tax Savings Plan	1.35	0.00
		UTI-Nifty Index Fund	6.19	2.60
		UTI-Variable Investment Scheme	1.05	0.16
		UTI-Unit Scheme 2002	0.00	5.03
		UTI-Master Equity Plan Unit Scheme	35.26	0.00
		UTI-Sunder	14.01	1.44
		UTI-Large Cap Fund	2.08	1.15
		UTI-Growth & Value Fund	2.65	0.00
		UTI-India Advantage Equity Fund	2.58	4.53
		UTI-Index Advantage Fund (NIFTY)	0.29	0.00
		UTI-Index Advantage Fund (SENSEX)	0.02	0.00
		UTI-Dynamic Equity Fund	2.13	0.00
		UTI-Dividend Yield Fund	6.55	0.00
		UTI-Contra Fund	31.94	35.15
TATA MOTORS LTD.	UTI Money Market Fund	UTI-Unit Scheme - 71	45.13	0.00
		UTI-C.R.T.S. 1981	2.14	0.00
		UTI-Mastershare Unit Scheme	4.97	0.00
		UTI-Master Plus Unit Scheme	3.93	0.00
		UTI-Equity Fund	77.89	0.00
		UTI-Mastergrowth	4.46	0.00
		UTI-Senior Citizens Unit Plan	0.00	8.39
		UTI-Index Select Equity Fund	4.77	1.86
		UTI-Master Index Fund	0.40	1.06
		UTI-Growth Sector Fund - Brand Valu	3.59	0.00
		UTI-Equity Tax Savings Plan	0.61	0.00
		UTI-Nifty Index Fund	1.01	0.98
		UTI-Variable Investment Scheme	0.73	0.19
		UTI-Unit Scheme 2002	0.00	13.98
		UTI-Master Equity Plan Unit Scheme	45.69	0.00
		UTI-Liquid Cash Plan	0.00	85.29
		UTI-Sunder	0.08	0.55
		UTI-Large Cap Fund	0.38	0.00
		UTI-Auto Sector Fund	4.18	2.31
		UTI-Growth & Value Fund	2.58	0.00
		UTI-Index Advantage Fund (NIFTY)	0.00	0.00
		UTI-Index Advantage Fund (SENSEX)	0.00	0.00
		UTI-Floating Rate Fund Stp	0.00	45.80
		UTI-Opportunities Fund	34.69	0.00
TATA SONS LTD.	UTI Fixed Maturity plan QFMP/0106/II	UTI-Unit Scheme - 71	15.13	14.69
	UTI Fixed Maturity Plan QFMP/1205/I	UTI-Senior Citizens Unit Plan	0.00	4.90
	UTI Liquid Cash plan	UTI-Balanced Fund	9.84	9.65
		UTI-Bond Fund	0.00	14.47
		UTI-Mahila Unit scheme	5.21	5.03
TATA TEA LTD.	UTI-FMP Quaterly NOV05 Series II	UTI-Unit Scheme - 71	131.33	95.89
		UTI-C.R.T.S. 1981	9.32	5.56
		UTI-Mastershare Unit Scheme	35.79	40.31
		UTI-Equity Fund	53.83	58.16
		UTI-Index Select Equity Fund	3.02	1.10
		UTI-Bond Fund	0.00	22.24
		UTI-Growth Sector Fund - Brand Valu	5.25	3.90
		UTI-Nifty Index Fund	0.27	0.13
		UTI-Monthly Income Scheme	1.50	1.30
		UTI-Master Equity Plan Unit Scheme	37.84	41.18
		UTI-Sunder	0.01	0.08
		UTI-Large Cap Fund	0.86	0.87
		UTI-Growth & Value Fund	7.84	8.41
		UTI-India Advantage Equity Fund	2.59	2.77
		UTI-Index Advantage Fund (NIFTY)	0.00	0.00
		UTI-Mis Advantage Plan	1.34	0.65
		UTI-Opportunities Fund	26.44	32.16
		UTI-Contra Fund	12.73	13.00
ULTRA TECH CEMENT LTD. (Subsidiary of GRASIM INDUSTRIES LTD)		UTI-Unit Scheme - 71	6.69	14.11
		UTI-Childrens Career Balanced Plan	71.97	95.38
		UTI-Retirement Benefit Pension Fund	9.72	0.00
		UTI-Balanced Fund	16.23	17.08
		UTI-Master Value Fund	26.38	0.00
		UTI-Master Equity Plan 1999	0.09	0.00
		UTI-Growth Sector Fund - Brand Valu	1.00	0.00

UTI-Gold Exchange Traded Fund

		UTI-Equity Tax Savings Plan	0.80	0.00
		UTI-Monthly Income Scheme	0.00	9.41
		UTI-Large Cap Fund	0.18	0.72
		UTI-Mid Cap Fund	1.19	0.00
		UTI-Bond Advantage Fund	0.00	1.02
		UTI-Growth & Value Fund	1.02	0.00
		UTI-Opportunities Fund	1.88	0.00
UTI BANK LTD.	UTI Liquid cash Plan	UTI-Unit Scheme - 71	132.40	196.42
		UTI-C.R.T.S. 1981	3.73	9.35
		UTI-Mastershare Unit Scheme	17.10	25.15
		UTI-Master Plus Unit Scheme	11.43	17.45
		UTI-Equity Fund	68.66	89.01
		UTI-Senior Citizens Unit Plan	0.00	19.98
		UTI-Childrens Career Balanced Plan	6.91	19.88
		UTI-Balanced Fund	5.46	5.16
		UTI-Money Market Fund	375.00	50.00
		UTI-Bond Fund	0.00	30.01
		UTI-Growth Sector Fund - Brand Valu	2.65	3.66
		UTI-Growth Sector Fund - Services	4.33	5.37
		UTI-Equity Tax Savings Plan	1.83	2.46
		UTI-Unit Scheme 2002	0.00	4.97
		UTI-Master Equity Plan Unit Scheme	83.91	99.69
		UTI-Liquid Cash Plan	214.19	0.00
		UTI-Large Cap Fund	0.20	0.00
		UTI-Basic Industries Fund	1.50	0.00
		UTI-Banking Sector Fund	8.15	9.70
		UTI-Growth & Value Fund	2.08	0.00
		UTI-Floating Rate Fund Stp	200.32	86.11
		UTI-Mis Advantage Plan	0.35	0.00
		UTI-GVF-Bonus Plan (terminated)	90.15	7.84
		UTI-Dividend Yield Fund	29.75	35.07
		UTI-FMP Yearly Series Feb 05	25.00	25.00
		UTI-Opportunities Fund	24.79	35.47
		UTI-FMP Quaterly NOV05 Series II	113.00	0.00
		UTI-Fixed Term Income Fund (P18) Q4	54.00	54.00
VIDEOCON INDUSTRIES LTD.	UTI-Leadership Equity Fund	UTI-Senior Citizens Unit Plan	0.00	0.05
		UTI-Childrens Career Balanced Plan	0.00	0.10
VIDESH SANCHAR NIGAM LIMITED.	UTI-Liquid Cash Plan	UTI-Nifty Index Fund	0.62	0.37
	UTI Fixed Maturity plan QFMP/0206/II	UTI-Sunder	0.03	0.21
	UTI Fixed Maturity Plan QFMP/1205/I	UTI-Index Advantage Fund (NIFTY)	0.00	0.00
	UTI Liquid Cash plan			
	UTI Money Market Fund			
	UTI Money Market Fund			
	UTI-FMP Quaterly NOV05 Series II			
WIPRO LTD.	UTI Fixed Maturity Plan QFMP 0306 I	UTI-Index Select Equity Fund	2.02	0.00
	UTI Fixed Maturity plan QFMP/0106/II	UTI-Master Index Fund	0.36	0.80
	UTI Fixed Maturity plan QFMP/0206/II	UTI-Growth Sector Fund - Software	6.33	11.75
		UTI-Growth Sector Fund - Services	1.25	3.37
		UTI-Nifty Index Fund	2.89	2.21
		UTI-Variable Investment Scheme	0.67	0.14
		UTI-Sunder	0.15	1.24
		UTI-Index Advantage Fund (NIFTY)	0.00	0.00
		UTI-Index Advantage Fund (SENSEX)	0.00	0.00

**Justification:**

These investments were made in the normal course of day to day operations of the said scheme/s and after considering the fund specific investment objectives and liquidity needs/availability of the respective Scheme/s.



Investment in debentures and bonds are valued at the closing market rate as on the date of valuation and, in its absence, at the latest quote available during a period of fifteen days prior to the valuation date provided there is an individual trade in that security in marketable lot (presently Rs.5 Crore) on the Principal Stock Exchange or any other Stock Exchange.

**b. Non-traded / Thinly traded Securities:**

Investment in non traded / thinly traded securities is valued as under:

**i) Rated Debt Securities:**

**-Debt securities with residual maturity of greater than 182 days:**

Investment in securities with residual maturity period of greater than 182 days are valued at Yield to Maturity (YTM) based on the matrix provided by CRISIL. The yield to maturity is marked up or down for liquidity risk, which is determined by UTI AMC in accordance with SEBI Regulations.

**-Debt securities with residual maturity of up to 182 days:**

Investment in debt securities with residual maturity of up to 182 days are valued as on the valuation date on the basis of amortisation.

**ii) Unrated Debt Securities:**

Investments in unrated debt securities are valued at a discount of 25 percent to face value. Unrated Investments in deep discount bonds are valued at a discount of 25 percent to carrying cost.

**4. Government Securities:**

Investment in Government securities are valued as on the valuation date at the prices released by CRISIL as per SEBI Regulations.

**5. Money Market Instruments:**

Investments in call money, bills purchased under rediscounting scheme and short term deposits with banks are valued at cost plus accrual; other money market instruments are valued at the yield at which they are currently traded. For this purpose, non-traded instruments, that is instruments not traded for a period of seven days, are valued at cost plus interest accrued till the beginning of the day plus the difference between the redemption value and the cost spread uniformly over the remaining maturity period of the instruments.

In accordance with the Guidance Note on Accounting for Investments in the Financial Statement of Mutual Funds issued by the Institute of Chartered Accountants of India (pursuant to the eleventh schedule to the SEBI Regulations), the net unrealised gain or loss in the value of investments is determined separately for each category of investments.

## XVI. ACCOUNTING POLICIES

**A.** The method of accounting is on accrual basis.

**B.** Investments are accounted on trade dates. The holding cost and profit & loss on sale of investments is computed on 'weighted average cost' method.

**C. Income Recognition:**

(a) Interest on debenture, asset backed securities and other fixed income investments is recognised as income on accrual basis.

(b) Profit or loss on sale of investments is recognised on the trade dates on the basis of weighted average cost.

**D. Equalisation Account:**

When units are sold / repurchased, an amount equivalent to the distributable income attributable to the sale / repurchase of units is credited / debited to the Income Equalisation Account. The balance in equalisation account is transferred to revenue account at the end of the year.

**E. Unit Premium Reserve:**

Upon issue and redemption of units, the net premium or discount to the face value of units is adjusted against the unit premium reserves of the scheme / respective option/s, sub option/s after an appropriate portion of the issue proceeds and redemption pay out is credited or debited respectively to the Equalisation Account.

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

**F. Provisions:**

Provision is made in respect of outstanding interest income of the period prior to the date on which asset is classified as non-performing (NPA). An asset is classified as 'non-performing', if the interest and/or principal amount has not been received or has remained outstanding for one quarter, i.e., 90 days or more from the day such income/installment has fallen due. The interest and investment provision as above is made from the date the asset is classified as NPA.

Provision is made in respect of dividend, where it remains outstanding for more than 120 days from the ex-dividend date.

**G. Load Charges:**

Load collected at the time of repurchase of units is retained under a separate account in the schemes books and is utilised to meet the selling and distribution expenses of the schemes. The balance in load account is shown as current liability and not considered for arriving at the Net Assets Value of the scheme.

**H. Expenses:**

These are accounted for on accrual basis within the limit specified under regulation 52 of SEBI (Mutual Fund) Regulations.

**I. Custodian:**

During the period, Stock Holding Corporation of India (SHCIL), HDFC Bank and Citi Bank have provided custodial services and their fees are accounted for on accrual basis.

**J. Registrars & Transfer Agents:**

During the period, UTI Technology Services Limited, Datamatics Financial Services Ltd, M/s Karvy Consultants Ltd, M/s Computer Age Management Services Ltd have provided the Registrar & Transfer Agency services and their fees are accounted for on accrual basis.



## **XVII. TAX TREATMENT OF INVESTMENTS**

The disclosures in respect of tax benefits to the Mutual Fund and the unitholders is in accordance with the prevailing tax laws. The information stated below is based on UTI Mutual Fund's understanding of the tax laws and only for the purposes of providing general information to the investors of the Scheme. As in the case with any investment there can be no guarantee that the tax position prevailing at the time of investment in the Scheme will endure indefinitely.

Further statements with regard to tax benefits mentioned herein below are mere expressions of opinion and are not representations of the Mutual Fund to induce any investor to acquire units whether directly from the Mutual Fund or indirectly from any other person/s by the secondary market operations. Thus the prospective investors should not treat the contents of this section of the offer document as advice relating to legal, taxation, investment or any other matter and are advised to consult his or her own tax consultant with respect to the specific tax implications arising out of his or her participation in the Scheme.

### **1. Tax issues concerning Mutual Fund**

UTI Mutual Fund is a Mutual Fund registered with SEBI and as such is eligible for benefits under section 10 (23D) of the Income Tax Act, 1961 (hereinafter referred to as "the Act") to have its entire income exempt from income tax.

The Mutual Fund will receive income without any deduction of tax at source under the provisions of Section 196(iv) of the Act.

### **2. Tax issues concerning Unit holders**

#### **A. Tax on income in respect of units**

As per the section 10(35) of the Act, income received by investors under the schemes of UTI MF is exempt from income tax in the hands of the recipient unit holders.

W.e.f. June 1, 2006 : (a) by virtue of proviso to section 115 ( R ) (2) of the Act, equity oriented funds are exempt from income distribution tax,

(b) equity orient fund includes such fund where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty five percent of the total proceeds of such fund:

Provided that the percentage of equity share holding of the fund shall be computed with reference to the annual average of the monthly averages of the opening and closing figures.

#### **TDS on income of units**

As per the provisions of section 194K and section 196A of the Act where any income is credited or paid on or after 1st April 2003 by a Mutual Fund, no tax is required to be deducted at source.

### **B. Tax on capital gains**

#### **i) Long Term Capital Gains**

As per section 10(38) of the Act, any income arising from the transfer of a long term capital asset being a unit of an Equity Oriented Fund chargeable to securities transaction tax shall not form part of total income therefore, exempt from Income Tax.

With effect from June 01, 2006 equity oriented fund means a fund where the investible funds are invested by way of equity share in domestic companies to the extent of more than sixty five percent of the total proceeds of such fund: and which has been set up under a scheme of a Mutual Fund specified under section 10(23D) of the income tax act, 1961:

Provided that the percentage of equity share holding of the fund shall be computed with reference to the annual average of the monthly averages of the opening and closing figures.

**ii) Short term capital gains**

Units held for not more than twelve month's preceding the date of their transfer are short term capital assets. Capital gains arising from the transfer of short term capital assets being unit of an equity oriented fund which is chargeable to STT shall be liable to income tax @ 10% under section 111 A of the Act. The said tax rate would be increased by applicable surcharge i.e. @ 10% for Individuals, HUF, AOP, BOI having total income above Rs.10 Lakhs, @ 10% for firms and domestic company, @ 2.5% for non-domestic company and @ Nil for Co-operative Society or local authority. The tax and surcharge will be increased by education cess @ 2%.

**iii) Securities Transaction Tax (STT)**

As per Chapter VII of Finance (No. 2) Act, 2004 relating to Securities Transaction Tax (STT), the **STT of 0.25%** shall be payable by the seller, as mentioned hereunder on the sale of unit of an equity oriented fund to the UTI Mutual Fund. The STT shall be collected by the Mutual Fund at source.

As per section 88E of the Income Tax Act, 1961 where the total income of an assessee in a previous year includes any income, chargeable under the head "Profits and Gains of business or profession", arising from taxable securities transaction, the assessee, shall be entitled to a deduction, from the amount of income tax on such income arising from such transactions, computed in the manner as specified under section 88E, of an amount equal to the securities transaction tax paid by the assessee in respect of the taxable securities transactions entered into in the course of business during that previous year.

**C. TDS on Capital Gains**

**1(i) Resident Investors**

As per Central Board of Direct Taxes ('CBDT') circular No.715 dated 8th August 1995, in case of resident unitholders no tax is required to be deducted from capital gains arising at the time of redemption of the units.

**(ii) For Non Resident Investors**

**Long term capital gains**

No tax would be deducted from the proceeds payable to non resident investors from long term capital gains arising out of redemption of units of an equity oriented fund.

**Short term capital gains**

As per Part II of the First Schedule to the Finance Act, 2006 {Clause 1(b) (i) (C)}, the Mutual Fund is liable to deduct tax @ 10% on short term capital gains.

**The TDS will have to be increased by applicable surcharge and an education cess @ 2 per cent would be charged on amount of tax and surcharge.**

**2. In the case of a Company**

**Other than a Domestic Company:**

**Long term capital gains**

No tax would be deducted from the proceeds payable to non resident investors from long term capital gains arising out of redemption of units of an equity oriented fund.

### **Short term capital gains**

As per Part II of the First Schedule to the Finance Act, 2006 {Clause 2(b) (vii)}, the Mutual fund is liable to deduct tax @ 10% on short term capital gains.

**The TDS will have to be increased by applicable surcharge. Further an education cess @ 2 per cent would be charged on amount of tax and surcharge.**

### **3. FIIs :**

In the case of Foreign Institutional Investors (FIIs), no tax would be deductible at source from the capital gains arising on redemption of units in view of section 196 D (2) of the Act.

### **Double Taxation Avoidance Agreement (DTAA):**

As per Circular No. 728 dated October 30, 1995 issued by the CBDT, in the case of remittance to a country with which a DTAA is in force, the tax should be deducted at the rate provided in the Finance Act of the relevant year or at the rate provided in the DTAA, whichever is more beneficial to the assessee. In order for the unitholder to obtain the benefit of a lower rate available under a DTAA, the unit holder will be required to provide the Mutual Fund with a certificate obtained from his Assessing Officer stating his eligibility for the lower rate.

### **D. Short term capital losses:**

According to section 94(7) of the Act as amended by the Finance (No. 2) Act, 2004, if any person buys or acquires units within a period of three months prior to the record date fixed for declaration of dividend or distribution of income and sells or transfers the same within a period of nine months from such record date, then losses arising from such sale to the extent of income received or receivable on such units, which are exempt under the Act, will be ignored for the purpose of computing his income chargeable to tax.

Further, Finance (No. 2) Act, 2004 has inserted sub-section (8) in Section 94 which provides that, where additional units have been issued to any person without any payment, on the basis of existing units held by such person then the loss on sale of original units shall be ignored for the purpose of computing income chargeable to tax, if the original units were acquired within 3 months prior to the record date fixed for receipt of additional units and sold within 9 months from such record date. However, the loss so ignored shall be considered as cost of acquisition of such additional units held on the date of sale by such person.

Investment in units of the Mutual Fund will rank as eligible from of investment under section 11(5) and section 13 of the Act read with Rule 17C(i) of the Income Tax Rules, 1962 for Public Religious & Charitable Trust.

### **E. Wealth Tax :**

Value of investment in units under the scheme is completely exempt from Wealth Tax.

### **F. Gift Tax :**

The Gift Tax Act, 1958 has abolished the levy of Gift Tax in respect of gifts made on or after 1st October 1998. Thus, gifts of units on or after 1st October, 1998 are exempt from Gift Tax.

Further, subject to certain exceptions, gifts from persons exceeding Rs.25,000/- are taxable as income in the hands of donee on or after 1st September 2004 pursuant to section 2(24)(xiii) of the Act read with section 56(2)(v) of the Act.

### XVIII. UNITHOLDERS' RIGHTS & SERVICES

1. Unitholders under a plan have a proportionate right in the beneficial ownership of the assets of the respective plan and to the dividend declared by that plan.
2. The unitholders have a right to ask the Trustees any information, which may have an adverse bearing on their investments, and the Trustees shall be bound to disclose such information to the unitholders.
3. The unitholders have the right to have the SOA issued to them not later than 30 days from the date of acceptance of the application and unit certificates within 30 days from the date of receipt of request for issue of unit certificate in lieu of SOA or as may be decided by SEBI from time to time.
4. The unitholders have the right to have the redemption proceeds despatched to them within 10 business days (provided the application is in order) from the date of acceptance of the application at the office where the redemption requests are processed. In the event of delay in despatch of redemption proceeds beyond 10 business days from the date of acceptance of the redemption application at the processing centre, UTI AMC shall pay interest @ 15 % per annum (or such rate as may be specified by SEBI) from the 11<sup>th</sup> business day till the date of despatch.
5. The unitholders (under the dividend sub option) would have the right to have their dividend distribution warrants/ECS credit advice mailed to them within 30 days from the date of declaration of the dividend distribution
6. **E-mail communication:** Unitholders who have opted to receive documents/communication by e-mail will be required to download and print the documents/communication after receiving the e-mail from UTI AMC. Should the unitholder experience any difficulty in accessing the electronically delivered documents/communication, the unitholder should advise the Registrars immediately to enable UTI AMC to send the same through alternate means. In case of non-receipt of any such intimation of difficulty within 24 hours from receiving the e-mail, it will be regarded as receipt of e-mail by the unitholder.  
  
It is deemed that the unitholder is aware of all the security risks including possible third party interception of the documents/communications and contents of the same becoming known to third parties.
7. Before expiry of one month from the date of close of each half year that is as on 31<sup>st</sup> March and 30th September UTI Mutual Fund will publish unaudited financial results in prescribed format by SEBI in one national English daily and one Marathi daily. The same would also be made available on websites of UTI Mutual Fund & AMFI.
8. An abridged annual report in respect of a plan shall be mailed to the unitholders not later than six months from the date of closure of the relevant accounting year. The full annual report shall be made available for inspection at UTI Tower, Gn Block, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051. A copy thereof shall also be made available to the unitholders on request on payment of nominal fee, if any.

9. Full portfolio in the prescribed format shall also be disclosed either by publishing it in the newspapers or by sending to the unitholders within one month from the end of each half-year and it shall also be displayed on the web site of UTI Mutual Fund.
  
10. No change in the fundamental attributes of the scheme and the plans launched thereunder or the trust or fees and expenses payable or any other change which would modify the scheme and the plans launched thereunder and affect the interest of the unitholders, shall be carried out unless, (i) a written communication about the proposed change is sent to each unitholder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated; and (ii) the unitholders are given an option to exit at the prevailing Net Asset Value without any exit load.
  
11. Approval of unitholders in specified circumstances - The Trustees shall adopt any of the following alternative procedures as the Trustee considers appropriate in the circumstances:
  - i) Seeking approval of the unitholders through postal ballot. This would entail seeking positive consent of the Unitholders on the specific proposal(s) by sending to the Unitholders the necessary mailers and seeking their consent through return post/courier/fax as may be decided by the Trustee. The Trustee shall lay down detailed guidelines for the actual conduct and accomplishment of the postal ballot and announcement of its results;
  - ii) Seeking approval of the Unitholders present and voting at a meeting, to be specifically summoned by the Trustee at the appointed day, date, time and venue. A notice convening such meeting shall be sent to the Unitholders at least 21 days prior to the appointed date setting out the proposal(s) which would be voted on the sanctioned meeting. The Trustee shall lay down the detailed guidelines for the actual conduct and accomplishment of the voting at a meeting and announcement of its results; and
  - iii) Seeking approval of the Unitholders through such manner as may be determined by the Trustee from time to time.
  
12. The unitholders have the right to inspect the following documents at the UTI Tower, Gn Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051
  - i) Copy of the Trust Deed.
  - ii) Copy of the Investment Management Agreement.
  - iii) Memorandum and Articles of Association of Trustee.
  - iv) Memorandum and Articles of Association of the AMC.
  - v) Copy of the Custodian Agreement
  - vi) Copy of the MOU with the Registrar and Transfer Agent
  - vii) Copy of offer document of UTI – Gold Exchange Traded Fund
  - viii) Copy of SEBI Regulations.
  - ix) Copy of Indian Trusts Act, 1882

## **XIX. CONSTITUTION & MANAGEMENT OF UTI MUTUAL FUND**

### **A: UTI – The Division and Repeal of the Unit Trust of India Act, 1963 (UTI Act)**

In terms of The Unit Trust of India (Transfer of Undertaking and Repeal) Act 2002 (hereafter referred to as the Act) the assets and liabilities of erstwhile Unit Trust of India have been bifurcated into two parts the **specified undertaking** and the **specified company**. The Administrator of the Specified Undertaking of Unit Trust of India comprises of Unit Scheme 64 and assured return schemes (most of which have since been converted into tax free bonds, the principal and interest is guaranteed by the Govt. of India). The Specified Company has been set up as a Mutual Fund viz. UTI Mutual Fund, comprising of all net asset value based schemes including the scheme mentioned in this offer document. UTI Mutual Fund has been structured in accordance with SEBI (Mutual Funds) Regulations, 1996. The UTI Act has been repealed with effect from 1<sup>st</sup> February 2003.

### **B. CONSTITUTION AND OBJECTIVE OF UTI MUTUAL FUND**

The **UTI Mutual Fund** (the Mutual Fund) has been constituted as a Trust under the Indian Trust Act, 1882 (2 of 1882). The Mutual Fund was registered with SEBI on January 14, 2003 under Registration Code MF/048/03/01.

The main objective of the Mutual Fund is:

Pooling of capital from the public for collective investment by way of acquisition, holding, management, trading or disposal of securities or any other property whatsoever, for the purpose of providing facilities for the participation by persons as beneficiaries in such properties or investments and in the profits or income arising there from.

### **C. THE SPONSORS**

Three leading public sector banks – Bank of Baroda, Punjab National Bank and State Bank of India and Life Insurance Corporation of India (LIC), the largest public financial investment institution and life insurer in India have entered into an agreement with the Government of India as Sponsors of the Mutual Fund.

#### **a) Bank of Baroda:-**

Bank of Baroda is a commercial bank performing activities in terms of Banking Companies (Acquisition and Transfer of Undertakings Act 1970) under which the Undertaking of the Bank was taken over by the Central Government. During the period since inception, it has always maintained its practice of sound value based banking to emerge as one of the premier public sector Banks of the country today. It has a track record of uninterrupted profits since inception in 1908. The financial strength of the Bank and its long tradition of efficient customer service are drawn substantially from the extensive reach of its 2738 strong branch network (as of 31.03.2005) covering almost every State and Union Territory in the Country. The Bank is also one of the few Indian Banks with a formidable presence overseas with 38 branches. Thus, the total branch network is 2,738 as at 31.03.2005.

The financial performance of Bank of Baroda during the last 3 fiscal years is as under:

	(Rupees in crores)		
<b>Particulars</b>	<b>2002-2003</b>	<b>2003-2004</b>	<b>2004-2005</b>
Total Income	7359	7866	7736
Total Expenditure	5642	5381	5434
Operating Profit	1717	2485	2302
Profit After Tax	773	967	677
Deposits	66366	72967	81333
Advances	35348	35601	43400
Capital Adequacy Ratio	12.65	13.91	12.61

Paid-up Capital	294	294	294
Reserves & Surplus	4093	4836	5333
Networth	4387	5130	5627
Earning Per Share (in Rs.)	26.11	32.97	23.08
Book Value per Share (in Rs.)	139.36	166.46	183.33
Dividend Paid %	60	65	50

### b) Life Insurance Corporation of India

Life Insurance Corporation of India (LIC) is amongst the largest insurance companies in the world, with 2048 branches and having a Fund size of Rs.-385639.07 crore.

The financial performance of LIC during the last 3 fiscal years is as under:

#### Rs. in crores

	2002-2003	2003-2004	2004-2005
Total Income	80938.49	93088.91	112346.24
Free Reserve			81.93
<b>Net Worth</b>			
Capital	5.00	5.00	5.00
Free Reserve	116.75	120.43	----
General Reserve (Shareholders' Fund)			132.19
Insurance Reserves			2907.75
Fair Value Change			28226.35
TOTAL	121.75	125.43	31271.29
Profit after Tax	496.97	551.81	NA
% of dividend paid	9762%		

Note:

1. The entire capital of Rs.5 crore has been provided by the Central Government in terms of Section 5 of the LIC Act, 1956.
2. Earning per Share/Book Value per Share: Not applicable to the Corporation.
3. % of Dividend paid is equal to 5% of the Valuation Surplus and since the Government holds the entire capital of Rs.5 crore, the whole dividend is paid to the Government under Section 28 of the LIC Act, 1956.

### c) Punjab National Bank

Punjab National Bank is a commercial bank performing activities in terms of Banking Companies (Acquisition and Transfer of Undertakings Act 1970) under which the Undertaking of the Bank was taken over by the Central Government. The main object of the bank under the said Act is as below:-

An act to provide for the acquisition and transfer of the undertaking of certain banking companies, having regard to their size, resources coverage and organisation, in order to further to control the heights of the economy, to meet progressively and serve better, the needs of the development of the economy and to promote the welfare of the people, in conformity with the policy of the State towards securing the principles laid down in clause (b) and (c) of Article 39 of the Constitution of India and for matter connected therewith or incidental therein.

As on 31.03.2005 Punjab National Bank has 4022 branches, 3 subsidiaries and a deposit size of Rs.103166.89 crores.

The financial performance of the Punjab National Bank during the last 3 fiscal years is as under:

(Amount Rs. in crores)

Particulars	2002-2003	2003-2004	2004-2005
Total Income	9010.18	9646.57	10135.53
Profit after tax	842.20	1108.69	1410.12
Equity Capital	265.30	265.30	315.30
Share Application Money	-----	-----	-----
Free Reserves excluding revaluation reserve	3798.90	4425.47	7533.50**
Net worth	4064.20	4690.77	7848.80
Earning per share	35.79	41.79	52.93
Book value per share	139.63	176.80	248.93
Dividend paid to Govt.	35.00	40.00	30%*

\* Subject to RBI approval

\*\* Including Share Premium Reserves of Rs.2011.43 cr.

#### d) State Bank of India:

The State Bank of India is the largest public sector bank in India with 9102 branches in India and 54 offices in 28 countries worldwide. In addition to this, SBI also has 16 subsidiaries.

The financial performance of State Bank of India for the last three fiscal years is summarised below:

(Amount Rs. in crores)

Particulars	2002-2003	2003-2004	2004-2005
Total Income (Rs. Cr.)	36827	38073	39548
Profit after tax (Rs. Cr.)	3105	3681	4304.52
Equity Capital (Rs. Cr.)	526	526	526
Free Reserves (Rs. Cr.)	16677	19704	23545
Net Worth (Rs. Cr.)	17203	20231	24072
Deposits (Rs. Cr.)	296123	318619	367048
Earning per share (Rs.)	59	69.94	81.79
Book value per share (Rs.)	327	384.40	45.64
Capital Adequacy Ratio (%)	13.50	13.53	12.45
Dividend paid (%)	85%	110%	125%

The sponsors are not responsible nor liable for any loss resulting from the operation of the scheme beyond the contribution of an amount of Rs.10,000/- made by them towards setting up of the Mutual Fund.

#### D. THE TRUSTEE

a) **UTI Trustee Company Private Limited** a company incorporated under the Indian Companies Act, 1956 will be the first and sole trustee of the Mutual Fund under the Trust Deed dated December 9, 2002 executed between the Sponsors and the Trustee Company (the Trustee).

b) **Registered office:** UTI Tower, Gn Block, Bandra - Kurla Complex, Bandra (East) Mumbai 400 051.

c) **Board of Directors of UTI Trustee Company Private Limited**



Name and Address	Other Directorships
Shri Janki Ballabh, Chairman Former Chairman, SBI Flat No. 605, Versova Vinayak Co-op. Hsg. Soc., HSG Plot No. 8, Near Versova Telephone Exchange, Versova, Andheri (W), Mumbai - 400 053.	Chairman - Reserve Bank of India Services Board
Dr. P G Apte, Director, Indian Institute of Management, Bangalore, 415, IIMB Campus, Bannerghatta Road, Bangalore - 560 076.	(i) Member, Board of Directors - ING Vysya Bank Ltd., Bangalore, (ii) Member, Board of Directors – Bharat Earth Movers Ltd., (iii) Member, Board of Directors – GMR Infrastructure Ltd., (iv) Chairman – SEBI Secondary Market Advisory Committee, (v) Member of Governing Body – International Institute of Information Technology , Bangalore, (vi) Member of Advisory Board – Fixed Income Money Market and Derivatives Association of India (FIMMDA), Mumbai, (vii) Member of Governing Body of GMR Institute of Technology (GMRIT), Rajam, Andhra Pradesh, (viii) Member of the Academic Council of the University of Petroleum & Energy Studies, Dehradun, (ix) Member of the Governing Board of the Institute of Bioinformatics and Applied Biotechnology (IBAB), Bangalore, (x) Member – Governing Board, National Institute of Bank Management, Pune, (xi) Member – Governing Board of the Southern India Banks’ Staff Training College, Bangalore, (xii) Member – Governing Board of the Asian School of Business, Thiruvananthapuram, (xiii) Permanent Invitee – Central Zoo Authority, Government of India.
Shri S P Oswal Chairman & Managing Director - Mahavir Spinning Mills Ltd. Auro Mirra Bhawan, 2722, Gurdev Nagar, Pakhowal Road, Ludhiana.	(i) Chairman - Vardhman Acrylics Ltd., (ii) Director - VMT Spinning Co. Ltd., (iii) Chairman - Vardhman Threads Ltd., (iv) Director - Vardhman Yarns & Threads Ltd., (v) Director - Adinath Investment & Trading Co., (vi) Director - Devakar Investment & Trading Co. P. Ltd., (vii) Director - Santon Finance & Investment Co. Ltd., (viii) Director - Flamingo Finance & Investment Co. Ltd., (ix) Director - Ramaniya Finance & Investment Co. Ltd., (x) Director - Pradeep Mercantile Co. Pvt. Ltd., (xi) Director - Plaza Trading Co. Pvt. Ltd., (xii) Director - Anklesh Investments (P) Ltd.,

	<p>(xiii) Director - Marshall Investment &amp; Trading Co. P. Ltd.,  (xiv) Director - Srestha Holding Ltd.,  (xv) Director - Syracuse Investment &amp; Trading Co. P. Ltd.,  (xvi) Director - Vardhman Textile Processors (P) Ltd.,  (xvii) Director - The Ludhiana Industries Power Co. Ltd.,  (xviii) Chairman - Nimbua Greenfield (Punjab) Limited,  (xix) Non-Official Director - Export - Import Bank of India,  (xx) Trustee - Banarso Devi Oswal Public Charitable Turst,  (xxi) Trustee - Sri Aurobindo Socio Economic &amp; Mgt. Research Institute,  (xxii) Trustee - VSGM Ltd. Employees Gratuity Fund Trust,  (xxiii) Trustee - Mahavir Employees Gratuity Fund Trust,  (xxiv) Trustee - Vardhman Superannuation Scheme,  (xxv) Trustee- Mahavir Superannuation Scheme,  (xxvi) Chairman – Vardhman Spinning &amp; General Mills Ltd.,  (xxvii) Partner – Amber Syndicate,  (xxviii) Partner – Paras Syndicate,  (xxix) Partner – Adinath Syndicate,  (xxx) Partner – Northern Trading Company,  (xxxi) Partner – Eastern Trading Company,  (xxxii) Partner – Ajit Steel Rolling Mills,  (xxxiii) Trustee – Lala Rattan Chand Oswal Public Charitable Trust.</p>
<p>Shri Babasaheb Neelkanth Kalyani  Chairman &amp; Managing Director -  Bharat Forge Limited  'Amit'  221/A, Kalyani Nagar,  Yerawada,  Pune - 411 006</p>	<p>(i) Director, Kalyani Steels Limited,  (ii) Director, Automotive Axles Limited,  (iii) Director, The Ugar Sugar Works Limited,  (iv) Director, Hikal Limited,  (v) Director, Nandi Infrastructure Corridor Enterprises Limited,  (vi) Director, Nandi Economic Corridor Enterprises Limited,  (vii) Director, Kalyani Lemmerz Limited,  (viii) Director, Kalyani Carpenter Special Steels Limited,  (ix) Director, Kalyani Carpenter Metal Centres Limited,  (x) Director, Meritor HVS (India) Limited,  (xi) Director, BF Utilities Limited,  (xii) Director, CDP Bharat Forge GmbH, Germany,  (xiii) Director, Bharat Forge Aluminiumtechnik GmbH &amp; Co. K.G., Germany,  (xiv) Director, Bharat Forge America Inc., U.S.A.,  (xv) Director, Bharat Forge Kilsta AB, Sweden,</p>

	(xvi) Director, Bharat Forge Scottish Stampings Ltd., Scotland, (xvii) VP, Executive Committee – Maharatta Chamber of Commerce, Industries and Agriculture.
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**d) Duties and Responsibilities of the Trustee and substantial provisions of the Trust Deed**

Pursuant to the Trust Deed constituting the Mutual Fund and the SEBI (Mutual Funds) Regulations, 1996 the Trustees have several duties and responsibilities including the following:

- (1) The trustees and the Asset Management Company (AMC) shall with the prior approval of SEBI enter into an investment management agreement.
- (2) The investment management agreement shall contain such clauses as are mentioned in the Fourth Schedule and such other clauses as are necessary for the purpose of making investments.
- (3) The trustees shall have a right to obtain from the AMC such information as is considered necessary by the trustees.
- (4) The trustees shall ensure before the launch of any scheme that the AMC has: -
  - (a) systems in place for its back office, dealing room and accounting;
  - (b) appointed all key personnel including fund manager(s) for the scheme(s) and submitted their bio-data which shall contain the educational qualifications, past experience in the securities market with the trustees, within 15 days of their appointment;
  - (c) appointed auditors to audit its accounts;
  - (d) appointed a compliance officer who shall be responsible for monitoring the compliance of the Act, rules and regulations, notifications, guidelines instructions etc issued by SEBI or the Central Government and for redressal of investors' grievances;
  - (e) appointed registrars and laid down parameters for their supervision;
  - (f) prepared a compliance manual and designed internal control mechanisms including internal audit systems;
  - (g) specified norms for empanelment of brokers and marketing agents.
- (5) The trustees shall ensure that an AMC has been diligent in empanelling the brokers, in monitoring securities transactions with brokers and avoiding undue concentration of business with any broker.
- (6) The trustees shall ensure that the AMC has not given any undue or unfair advantage to any associates or dealt with any of the associates of the AMC in any manner detrimental to interest of the members.
- (7) The trustees shall ensure that the transactions entered into by the AMC are in accordance with the regulations and the scheme.
- (8) The trustees shall ensure that the AMC has been managing the mutual fund schemes independently of other activities and have taken adequate steps to ensure that the interest of investors of one scheme are not being compromised with those of any other scheme or of other activities of the AMC.
- (9) The trustees shall ensure that all the activities of the AMC are in accordance with the provisions of the regulations.
- (10) Where the trustees have reason to believe that the conduct of business of the mutual fund is not in accordance with the regulations and the scheme they shall forthwith take such remedial steps as are necessary by them and shall immediately inform SEBI of the violation and the action taken by them.
- (11) Each trustee shall file the details of his transactions of dealing in securities (above Rs.1 lac per transaction) with the Mutual Fund on a quarterly basis.
- (12) The trustees shall be accountable for, and be the custodian of, the funds and property of the respective schemes and shall hold the same in trust for the benefit of the members in accordance with the regulations and the provisions of trust deed.
- (13) The trustees shall take steps to ensure that the transactions of the mutual fund are in accordance with the provisions of the trust deed.

(14) The trustees shall be responsible for the calculation of any income due to be paid to the mutual fund and also of any income received in the mutual fund for the holders of the units of any scheme in accordance with the regulations and the trust deed.

(15) The trustees shall obtain the consent of the members -

(a) whenever required to do so by SEBI in the interest of the members; or

(b) whenever required to do so on the requisition made by three-fourths of the members of any scheme; or

(c) when the majority of the trustees decide to wind up or prematurely redeem the units.

(16) The trustees shall ensure that no change in the fundamental attributes of any scheme or the trust or fees and expenses payable or any other change which would modify the scheme and affects the interest of members, shall be carried out unless, -

(i) a written communication about the proposed change is sent to each member and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the mutual fund is situated; and

(ii) the members are given an option to exit at the prevailing Net Asset Value without any exit load.

(17) The trustees shall call for the details of transactions in securities by the key personnel of the AMC in his own name or on behalf of the AMC and shall report to SEBI, as and when required.

(18) The trustees shall quarterly review all transactions carried out between the mutual funds, AMC and its associates.

(19) The trustees shall quarterly review the networth of the AMC and in case of any shortfall, ensure that the AMC make up for the shortfall as per clause (f) of sub-regulation (1) of regulation 21 of SEBI (MFs) Regulations.

(20) The trustees shall periodically review all service contracts such as custody arrangements, transfer agency of the securities and satisfy itself that such contracts are executed in the interest of the members.

(21) The trustees shall ensure that there is no conflict of interest between the manner of deployment of its networth by the AMC and the interest of the members.

(22) The trustees shall periodically review the investor complaints received and the redressal of the same by the AMC.

(23) The trustees shall abide by the Code of Conduct as specified in the Fifth Schedule of the SEBI (Mutual Funds) Regulations.

(24) The trustees shall furnish to SEBI on a half yearly basis, -

(a) a report on the activities of the mutual fund;

(b) a certificate stating that the trustees have satisfied themselves that there have been no instances of self dealing or front running by any of the trustees, directors and key personnel of the AMC;

(c) a certificate to the effect that the AMC has been managing the schemes independently of any other activities and in case any activities of the nature referred to in sub-regulation (2) of regulation 24 have been undertaken by the AMC and has taken adequate steps to ensure that the interest of the members are protected.

(25) The independent trustees referred to in sub-regulation (5) of regulation 16 shall give their comments on the report received from the AMC regarding the investments by the mutual fund in the securities of group companies of the sponsors.

(26) Trustees shall exercise due diligence as under:

#### A. General Due Diligence:

(i) the Trustees shall be discerning in the appointment of the directors on the Board of the AMC.

(ii) Trustees shall review the desirability of continuance of the AMC if substantial irregularities are observed in any of the schemes and shall not allow the AMC to float new schemes.

(iii) The trustee shall ensure that the trust property is properly protected, held and administered by proper persons and by a proper number of such persons.

(iv) The trustee shall ensure that all service providers are holding appropriate registrations from SEBI or concerned regulatory authority.

(v) The Trustees shall arrange for test checks of service contracts.

(vi) Trustees shall immediately report to SEBI of any special developments in the mutual fund.

**B. Specific Due Diligence:**

The Trustees shall:

(i) obtain internal audit reports at regular intervals from independent auditors appointed by the Trustees.

(ii) obtain compliance certificates at regular intervals from the AMC.

(iii) hold meeting of trustees more frequently.

(iv) consider the reports of the independent auditor and compliance reports of AMC at the meetings of trustees for appropriate action.

(v) maintain records of the decisions of the Trustees at their meetings and of the minutes of the meetings.

(vi) prescribe and adhere to a code of ethics by the Trustees, AMC and its personnel.

(vii) communicate in writing to the AMC of the deficiencies and checking on the rectification of deficiencies.

(27) The trustees shall not be held liable for acts done in good faith if they have exercised adequate due diligence honestly.

(28) The independent directors of the trustees or AMC shall pay specific attention to the following, as may be applicable, namely:-

(i) the Investment Management Agreement and the compensation paid under the agreement.

(ii) service contracts with affiliates - whether the AMC has charged higher fees than outside contractors for the same services.

(iii) selection of the AMC's independent directors

(iv) securities transactions involving affiliates to the extent such transactions are permitted.

(v) selecting and nominating individuals to fill independent directors vacancies.

(vi) code of ethics must be designed to prevent fraudulent, deceptive or manipulative practices by insiders in connection with personal securities transactions.

(vii) the reasonableness of fees paid to sponsors, AMC and any others for services provided.

(viii) principal underwriting contracts and their renewals any service contract with the associates of the AMC.

(29) In carrying out their responsibilities, each member of the Board of Directors of Trustee Company shall maintain arms' length relationship with other companies, or institutions or financial intermediaries or any body corporate with which he may be associated in any capacity.

(30) No trustee shall participate in the meetings of the Board of Directors of the Trustee Company or in any decision making process for any investment in which he may be deemed to be interested.

(31) All members of the Board of Directors of the Trustee Company shall furnish to SEBI and Trustee Company the interest which they may have in any other company, or institution or financial intermediary or any body corporate by virtue of his position as director, partner or with which he may be associated in any other capacity.

(32) The Trustee shall at no time acquire any asset out of the Trust Property, which involves the assumption of any liability which is unlimited or results in encumbrance of the Trust Property in any way, except to the extent permitted by the SEBI Regulations.

(33) Except with the prior approval of the Trustee and SEBI in writing, the Mutual Fund shall not make or grant loans or guarantee loans nor shall they carry out at any time any activity in contravention of the SEBI Regulations.

Any addition/modification/deletion in the duties and responsibilities of the Trustee due to a change in the SEBI Regulations shall be applicable accordingly.

**e) Modifications, Amendments, etc. to the Trust Deed**

The Sponsors and the Trustee shall be entitled, by a deed supplemental to the Trust Deed, to modify or alter the provisions of the Trust Deed, in such manner and to such extent as they may consider in

the interest of and for the purpose of the Trust, but subject to the approval of SEBI, and members, if required.

**f) Meetings**

Ten meetings of the Board of Directors of the Trustee Company were held from 1<sup>st</sup> April 2005 upto 31<sup>st</sup> March, 2006. As per the Trust Deed the Board of Directors of the Trustee Company shall, subject to the requirements under the Regulations, meet at least once every two months and at least six such meetings shall be held every year. The Trustees shall review the information/reports submitted by the AMC in accordance with the SEBI (MFs) Regulations.

**g) Trusteeship Fees**

As per the Trust Deed the Trustee shall be paid a fee calculated on such basis and such intervals as set out in the prospectus/offer documents of the scheme(s) framed for the issue of units or as agreed between the parties.

**E. ASSET MANAGEMENT COMPANY (AMC)**

a) UTI Asset Management Company Private Limited is a company incorporated under the Companies Act, 1956.

b) **Registered office:** UTI Tower, Gn Block, Bandra - Kurla Complex, Bandra (East) Mumbai 400 051.

c) UTI Asset Management Company Private Limited has been appointed as the Asset Management Company of the Mutual Fund by the Trustee vide Investment Management Agreement dated December 9, 2002 executed between UTI Trustee Company Private Limited and UTI Asset Management Company Private Limited. The AMC was approved by SEBI to act as the asset management company for UTI Mutual Fund vide their letter no. MF/BC/PKN/03 dated January 14, 2003. Out of the AMC's total paid-up capital of Rs.10 crore, 25% is held by each of the Sponsors. The AMC will manage the schemes of the Mutual Fund including the scheme mentioned in this offer document, in accordance with the provisions of the Investment Management Agreement, the Trust Deed, the SEBI (Mutual Funds) Regulations and the objectives of the scheme. UTI AMC has entered into a service agreement with the Administrator of the Specified Undertaking of Unit Trust of India to provide back office support for business processes excluding fund management. UTI AMC has been registered as a portfolio manager under the SEBI (Portfolio Managers) Regulations, 1993 on February 3 2004, for undertaking portfolio management services. The registration code is PM/INP 000000860.

UTI International Ltd., a 100 % subsidiary of UTI AMC, registered in Guernsey, Channel Islands, acts as manager to offshore funds and markets these offshore funds abroad.

UTI Venture Funds Management Co. Ltd., a 100 % subsidiary of UTI AMC, acts as a venture capital manager to venture capital schemes.

Systems are in place to ensure that bank and securities accounts are segregated and there is no conflict of interest.

UTI AMC is not undertaking any other business activities other than those mentioned above.

**d) Names of Directors of UTI Asset Management Co. (P) Ltd.**

Name and Address	Other Directorships
*Shri U K Sinha, Chairman & Managing Director E-9 Bapu Dham, Central Govt. Officers Quarters, Chanakyapuri, New Delhi - 110 021.	(i) Part time member – PFRDA, (ii) Chairman – UTI - India Pharma Fund, (iii) Director – UTI - India IT Fund, (iv) Chairman – UTI – International Ltd.

<p>*Shri S C Bhargava                  Non Executive Chairman,                  OTC Exchange of India,                  Flat No.14, Queens Court,                  Maharshi Karve Road,                  Churchgate,                  Mumbai - 400 020.</p>	<p>(i) Director – Indian Rayon &amp; Industries Ltd.,                  (ii) Director – DCM Shriram Consolidated Ltd.,                  (iii) Director – Bank of Maharashtra,                  (iv) Director – Escorts Ltd.,                  (v) Director – J. P. Associates Ltd.,                  (vi) Director – J. P. Enterprises Ltd.,                  (vii) Non Executive Chairman – OTC Securities Ltd.,                  (viii) Non Executive Chairman – IL&amp;FS Academy for                  Insurance &amp; Finance Ltd.,                  (ix) Director – IL&amp;FS Academy for Insurance &amp; Risk                  Management Services Ltd.</p>
<p>Dr. K C Mishra                  Director,                  National Insurance Academy,                  Pune,                  B2-32, Elite Empire,                  Balewadi,                  Pune – 411 045</p>	<p>(i) Board Member – LPA Ltd.,                  (ii) Board Member – Insurance Institute of India,                  (iii) Member of Board of Governors –ICFAI’s CPMR,                  (iv) Member – IRDA Advisory Committee,                  (v) Member – SEBI Market Development Committee,                  (vi) Director – Maharashtra State Co-operative Deposit                  Guarantee Corporation.</p>
<p>Ms. Anita Ramachandran                  Director &amp; CEO,                  Cerebrus Consultants Pvt. Ltd.,                  13, Navroze Apts.,                  Bhulabhai Desai Road,                  Mumbai - 400 026.</p>	<p>Director – Connexus Consultants P. Ltd.,                  (ii) Director – HCL Infosystems Ltd.,                  (iii) Director – Geometric Software Solutions Co. Ltd.,                  (iv) Director – Force Motors Ltd.,                  (v) Director – Swadhar Finaccess.</p>
<p>Shri. Prithvi Haldea                  Managing Director,                  Praxis Consulting &amp; Information                  Services Pvt. Ltd.,                  C-101, Rishi Apartments,                  Alaknanda,                  New Delhi – 110 019.</p>	<p>(i) Director – Prime Investors Protection Association &amp;                  League,                  (ii) Managing Director – Venture Media Pvt. Ltd.,                  (iii) Director – primedatabase.com Pvt. Ltd.,                  (iv) Independent Director – Nucleus Software Exports Ltd.,                  (v) Independent Director – Protect Insurance Services                  (India) Pvt. Ltd.,                  (vi) Director – Prime Investors Protection Association &amp;                  League.</p>

<p>*Shri P R Khanna Chartered Accountant, 70, Sundar Nagar, New Delhi - 110 003.</p>	<p>(i) Director - DCM Shriram Industries Ltd., (ii) Director - Indag Rubber Ltd., (iii) Director - Ansal Properties &amp; Infrastructure Ltd., (iv) Director - Uniproducts Ltd., (v) Member of the Governing Body of Shri Ram College of Commerce, Delhi and Shriram Industrial and Scientific Research Foundation, (vi) Trustee of Nabha Foundation (a Charitable Trust for restoration of Nabha in Punjab), (vii) Director – Central &amp; Switchgears Contractors Ltd., (viii) Director – Daurala Foods &amp; Beverages Pvt. Ltd.</p>
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\* Associate Directors

e) Under the SEBI (Mutual Funds) Regulations, 1996, and the IMA executed in accordance with the Regulations, the Asset Management Company has the following obligations:

1. To take all reasonable steps and exercise due diligence to ensure that the investment of funds pertaining to any scheme is not contrary to the provisions of SEBI (Mutual Fund) Regulations, 1996 and the trust deed.

2. To exercise due diligence and care in all its investment decisions as would be exercised by other persons engaged in the same business.

3. To be responsible for the acts of commissions or omissions by its employees or the persons whose services the AMC has procured.

4. To submit to the trustees quarterly reports of each year on its activities and the compliance with SEBI (Mutual Fund) Regulations.

5. The trustees at the request of the AMC may terminate the assignment of the AMC at any time:

Provided that such termination shall become effective only after the trustees have accepted the termination of assignment and communicated their decision in writing to the AMC.

6. Notwithstanding anything contained in any contract or agreement or termination, the AMC or its directors or other officers shall not be absolved of liability to the mutual fund for their acts of commissions or omissions, while holding such position or office.

7. a) The AMC shall not through any broker associated with the sponsors, purchase or sell securities, which is average of 5% or more of the aggregate purchases and sale of securities made by the mutual fund in all its schemes.

Provided that for the purpose of this sub-regulation, aggregate purchase and sale of securities shall exclude sale and distribution of units issued by the mutual fund.

Provided further that the aforesaid limit of 5% shall apply for a block of any three months.

b) The AMC shall not purchase or sell securities through any broker (other than a broker referred to in clause (a) which is average of 5 % or more of the aggregate purchases and sale of securities made by the mutual fund in all its schemes, unless the AMC has recorded in writing the justification for exceeding the limit of 5% and reports of all such investments are sent to the trustees on a quarterly basis.

Provided that the aforesaid limit shall apply for a block of three months.

8. Not to utilise the services of the sponsors or any of its associates, employees or their relatives, for the purpose of any securities transaction and distribution and sale of securities:

Provided that the AMC may utilise such services if disclosure to that effect is made to the unit holders and the brokerage or commission paid is also disclosed in the half yearly annual accounts of the mutual fund.

9. To file with the trustees the details of transactions in securities by the key personnel of the AMC in their own name or on behalf of the AMC and to also report to the SEBI, as and when required by the SEBI.



10. In case the AMC enters into any securities transactions with any of its associates, a report to that effect to be sent to the trustees at its next meeting.

11. In case any company has invested more than 5 percent of the net asset value of a scheme, the investment made by that scheme or by any other scheme of the same mutual fund in that company or its subsidiaries to be brought to the notice of the trustees by the AMC and to be disclosed in the half yearly and annual accounts of the respective schemes with justification for such investment. Provided that the latter investment has been made within 1 year of the date of the former investment calculated on either side.

12. To file with the trustees and the SEBI -

a) Detailed bio-data of all its directors along with their interest in other companies within fifteen days of their appointment; and

b) Any change in the interests of the directors every six months.

c) quarterly report to the trustees giving details and adequate justification about the purchase and sale of the securities of the group companies of the sponsors or the asset management company as the case may be, by the mutual fund during the said quarter.

13. Each director of the AMC shall file the details of his transactions of dealing in securities with the trustees on a quarterly basis in accordance with the guidelines issued by SEBI.

14. Not to appoint any person as key personnel who has been found guilty of any economic offence or involved in violation of securities laws.

15. To appoint registrars and share transfer agents who are registered with the SEBI.

Provided if the work relating to the transfer of units, redemption etc is processed in-house, the charges at competitive market rates may be debited to the scheme and for rates higher than the competitive market rates, prior approval of the trustees shall be obtained and reasons of charging higher rates shall be disclosed in the annual accounts.

16. To abide by the Code of Conduct as specified in the Fifth Schedule of the SEBI Regulations.

The appointment of the AMC can be terminated by a majority of the trustees or by seventy five percent of members of the scheme.

However, any addition/modification/deletion in the duties and responsibilities of the AMC due to a change in the SEBI Regulations shall be applicable accordingly.

#### **f) AMC Fees**

UTI AMC shall subject to the ceiling as may be prescribed by the Regulations, be entitled to management and advisory fees at the rate of 1.25% per annum of the weekly average net assets outstanding for net assets of Rs.100 crore and at the rate of 1.00% per annum for the net assets in excess of Rs.100 crore. Payment of fees to the AMC may be made either on a weekly, fortnightly or monthly basis, unless otherwise agreed between the AMC and the Trustee.

#### **F. DETAILS OF KEY PERSONNEL OF UTI AMC**

<b>Sr. No.</b>	<b>Name and Designation of the Key Personnel</b>	<b>Age (in yrs)</b>	<b>Qualifications</b>	<b>Experience</b>
1.	Shri U K Sinha Chairman and Managing Director	5 4	M.Sc., LLB	02-06-2002 to 02-11-2005 Joint Secretary, Ministry of Finance, Department of Economic Affairs, North Block, New Delhi 30-10-2000 to 02-06-2002 Joint Secretary, Ministry of Finance, Banking Division 29-06-1998 to 28-10-2000 Secretary, Road Construction Department, (Bihar – Patna) 04-12-1997 to 07-06-1998 Commissioner, Patna Division, Bihar

2.	Shri D.S.R.Murthy Executive Director	56	B.Com, ACA, AMP (Harvard)	Over 22 years of experience in Investments, Dealing, Fund Accounting, Marketing, HRD, Investor Servicing and also functioned as Regional Head.
3.	Shri A K Sridhar Chief Investment Officer	45	BSc., ACA	Has around 17 years of experience in investments, equity research & credit ratings and fund management of equity and income schemes and treasury management.
4.	Shri F Q Kolman Head of Operations & Investor Service.	51	B.Com, CAIIB-I, Certificate Examination of IIB for the Employees of UTI	He has experience in the following departments since 1977 - Marketing, Investor Servicing, HRD, Administration, Estate and Data Processing Back Office.
5.	Shri K Madhava Kumar Chief Marketing Officer	51	M.Com, CAIIB-I, Certificate Examination of IIB for the Employees of UTI	He has experience in the following departments since 1977 - Marketing, Accounts & Resource Management, Policy Planning, Internal Audit and Risk Management.
6.	Shri Rajesh Verma President – Vigilance, Compliance and Risk Management	51	BSc, MBA, CAIIB	Over 23 years in Central Banking, Banking Regulation and Banking Supervision.
7.	Shri S C Dikshit, President – Chief Legal Advisor	53	M.A., B.Sc., L.L.B.	16 years of experience in the legal affairs of the Organisation.
8.	Shri Imtaiyazur Rahman Company Secretary, Chief Finance Officer & HRD	42	ICWA, ICSI	17 years of experience in the fields of Finance, Accounts, Taxation, Administration, IT, Operations and Secretarial functions. He is currently looking after the Investment accounts, AMC-Accounts, Information Technology & Secretarial functions. In addition, is also heading the Dept.of HRD
9.	Shri Amandeep Chopra Senior Vice President Head of Fixed Income	35	BSc, MBA	4 years in Equity Research and 7 years in Funds Management.
10.	Shri Ashish Ranawade Head-PMS Division	35	B.E.,MMS	11 years of experience in the fields of Research & Planning, Funds Management & International Finance.
11.	Shri Sanjay Dongre Vice President	37	BE, PGDM	Experience in Investments and Investment Monitoring from Aug 1994 - Apr.98 (4 years), 1year in Equity Research, 1 year in Dealing. In Department of Funds Management since July 2000.
12.	Shri Sanjeev Bhasin Vice President	36	B.Com. ACA	9 years experience in Funds Management, Portfolio Management and Investment Banking. (external)

				UTI AMC Fund Management since July 2005
13.	Ms. Swati Kulkarni Vice President	41	B Com. MFM, CAIIB-I, Certificate Examination of IIB for the Employees of UTI	In Department of International Finance and Funds Management from June 2001 till date. Prior experience includes Research and planning (6 Years) and Financial Planning Cell (1 Year).
14.	Shri Sidharth Dembi Vice President	35	BE , MMS	Joined UTI in June 1998 and has worked in the Securities Research Department till April 2005. In Department as Fund Management since July 2005
15.	Ms. Gautami Desai Assistant Vice President	31	B.E., MMS	Last 4 years in department of Fund Management. Involved in all microlevel fund activities as well as in equity research. Prior experience of 3 years - worked as an analyst in the credit rating cell.
16.	Chandraprakash Padiyar Assistant Vice President	28	B.Com, MBA	Joined UTI in May 2000 and has worked in Equity / Securities Research for over two years and Debt Fund Management for over one year. With Funds Management Equity since June 2004.
17.	Vineet Lakhotia	29	B.Com (Hons) C.A., C.S., M.S.(Finance), ICFAI	Joined UTI in Jan 2000 and has worked in Internal Audit for one and a half years, and with fund management experience for the last 5 years.
18.	Rajeev Gupta Vice President Head - Dealing	43	M Com., CAIIB-I, Certificate Examination of IIB for the Employees of UTI, Course in Cobol Language	12 years in Branch/Marketing 2 years in Fund Management (2001-2003) 2 years in Dealing (since 2003)
19.	Shri Harshad Patil, Assistant Vice President	32	B.E.(Mech.), MMS	6 years of experience in Funds Management, SU of UTI, Dealing & International Finance.
20.	Shri V Srivatsa, Assistant Vice President	32	B.Com., ICWA, ACA, PGDM	4 years of experience in Securities Research & Funds Management
<b>Management of UTI Gold ETF : Shri Vineet Lakhotia</b>				

## **XX. OTHER SERVICE PROVIDERS FOR THE SCHEME**

### **1. Custodians**

### **2. Auditor:**

M/s Haribhakti & Co., Chartered Accountants, 42, Free Press House, 4<sup>th</sup> Floor, 215, Nariman Point, Mumbai - 400 021 have been appointed as Auditors of UTI Mutual Fund for the Accounting year 1<sup>st</sup> April 2006 to 31<sup>st</sup> March 2007.

### **3. Registrar and transfer agent:**

M/s UTI TSL Ltd. (SEBI Registration no.INR000001211) have been appointed as the Registrars. Processing of applications and after sales services will be handled from the following branch of the Registrars:

UTI-TSL, Plot No.3, Sector 11, CBD Belapur, Navi  
Mumbai 400 614.

It has been ensured that the Registrar has adequate capacity to discharge its responsibilities with regard to processing of applications, transfer forms, despatch of allotment advice and income distribution warrants within the time frame prescribed in SEBI (MFs) Regulations and also handle investor complaints.

### **4. Collecting Banker/ Paying Banker:**

UTI-Bank Ltd, and or such other banks registered with SEBI may be appointed as the collecting banker(s)/paying banker(s) under the scheme on such terms and conditions as may be decided by UTI AMC from time to time.

#### **Principal Business Address of the Bank.**

UTI Bank Ltd.

(INB 100000017)

Central Office, Maker Tower-F, 13th floor

Cuffe Parade, Colaba, Mumbai - 400 005

**XXI. INVESTORS' GRIEVANCES REDRESSAL**

1. All investors could refer their grievances giving full particulars of investment at the following address:

Shri K P Ghosh  
 UTI AMC (P) Ltd.  
 UTI Tower, Gn Block,  
 Bandra - Kurla Complex,  
 Bandra (East), Mumbai 400 051  
 Tel:6678 6666

2. Investor Complaints redressal record:

(a) Complaints received, redressed and pending for UTI for 01-04-2003 to 31-03-2006 are:

Period	Received	No. of Complaints Redressed	Pending	Pending to Total Received
01-04-2003 to 31-03-2004	112798	112798	0	Nil
01-04-2004 to 31-03-2005	163782	163782	0	Nil
01-04-2005 to 31-03-2006	83213	83142	71	0.09%

(b) Schemewise details of complaints received, redressed and pending for the period 01/05/2005 to 30/04/2006 are given below:

SCHEME NAME	RECEIVED	REDRESSED	PENDING	%
UTI - BALANCE FUND (US95)	48	47	1	2.08%
UTI - BOND ADVANTAGE FUND	156	156	0	0.00%
UTI - BOND FUND	535	521	14	2.62%
UTI - CHILDREN CAREER PLAN (BOND)	124	120	4	3.23%
UTI - CHILDREN CAREER PLAN (BALANCE)	2964	2910	54	1.82%
UTI - CRTS	12	12	0	0.00%
UTI - DIVIDEND YIELD FUND	2782	2769	13	0.47%
UTI - DYNAMIC EQUITY FUND	610	595	15	2.46%
UTI - EQUITY FUND (MG'92)	42211	41784	427	1.01%
UTI - ETSP	74	71	3	4.05%
UTI - FIXED MATURITY PLAN	19	18	1	5.26%
UTI - FLOATING RATE FUND	80	80	0	0.00%
UTI - FTIF S1-P18	10	7	3	30.00%
UTI - G-SEC FUND	129	123	6	4.65%
UTI - GCGIP	12	12	0	0.00%
UTI - GILT ADVANTAGE FUND	22	22	0	0.00%
UTI - GRANDMASTER	42	41	1	2.38%
UTI - GROWTH & VALUE FUND	716	708	8	1.12%
UTI - GSEC-STP	138	134	4	2.90%
UTI - GSF SOFTWARE	284	268	16	5.63%
UTI - GSF - BRAND VALUE	131	123	8	6.11%
UTI - GSF - PETRO FUND	885	866	19	2.15%
UTI - GSF - PHARMA & HEALTH FUND	136	126	10	7.35%
UTI - GSF - SERVICE SECTOR	359	342	17	4.74%
UTI - GUP	39	39	0	0.00%
UTI - HUS	2	2	0	0.00%
UTI - INDEX ADVANTAGE FUND	10	10	0	0.00%
UTI - INDEX SELECT FUND	105	104	1	0.95%
UTI - INDIA ADVANTAGE EQUITY FUND	259	257	2	0.77%
UTI - LEADERSHIP FUND	413	291	122	29.54%
UTI - LIQUID ADVANTAGE FUND	8	6	2	25.00%

UTI - LIQUID FUND CASH PLAN	12	12	0	0.00%
UTI - LIQUID FUND SHORT TERM PLAN	10	10	0	0.00%
UTI - MASTER INDEX FUND	6	6	0	0.00%
UTI - MASTER PLUS	18612	18293	319	1.71%
UTI - MASTER VALUE FUND	225	217	8	3.56%
UTI - MASTERGROWTH	487	485	2	0.41%
UTI - MASTERSHARE	1854	1822	32	1.73%
UTI - MEPUS	930	921	9	0.97%
UTI - MIS ADVANTAGE PLAN	60	60	0	0.00%
UTI - MNC FUND	568	552	16	2.82%
UTI - MONEY MARKET FUND	28	28	0	0.00%
UTI - MONTHLY INCOME SCHEME	950	920	30	3.16%
UTI - MUS	20	20	0	0.00%
UTI - NIFTY INDEX FUND	19	18	1	5.26%
UTI - OPPORTUNITY FUND	240	235	5	2.08%
UTI - PEF UNIT SCHEME	54	54	0	0.00%
UTI - RBP	903	890	13	1.44%
UTI - SCUP	403	402	1	0.25%
UTI - THEMATIC - AUTO SECTOR FUND	4	4	0	0.00%
UTI - THEMATIC - BANKING SECTOR FUND	6	6	0	0.00%
UTI - THEMATIC - BASIC INDUSTRIES FUND	24	24	0	0.00%
UTI - THEMATIC - LARGE CAP FUND	9	9	0	0.00%
UTI - THEMATIC - MID CAP FUND	8	7	1	12.50%
UTI - THEMATIC - PSU FUND	1	1	0	0.00%
UTI - ULIP	3610	3575	35	0.97%
UTI - US 2002	1072	1057	15	1.40%
UTI - VARIABLE INVESTMENTS SCHEME	13	13	0	0.00%
<b>TOTAL</b>	<b>83443</b>	<b>82205</b>	<b>1238</b>	<b>1.48%</b>

Reasons for pending complaints are:

- (i) Non-receipt of application/funds from the collecting banks.
- (ii) Incomplete details of the investor in the application including address, name and signature of the investor.
- (iii) Change of address of investor not informed/not updated.
- (iv) Loss in transit.
- (v) Postal delay.
- (vi) Non-submission of required documents in case of transfer/death claims/Redemption.
- (vii) Incomplete details while forwarding the complaints.
- (viii) Non-receipt/ Delayed receipt of commission.
- (ix) Letters/Documents sent to the wrong office/Registrars.

**XXII. PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTIONS OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR IS IN THE PROCESS OF BEING TAKEN BY ANY REGULATORY AUTHORITY**

1. All cases of penalties awarded by SEBI under the SEBI Act or any of its regulations against the Sponsor of the Mutual Fund or any company associated with the Sponsor in any capacity including the Asset Management Company, Trustee Company/Board of Trustee or any of the directors or key personnel (specifically the fund managers) of the Asset Management Company and Trustee Company. The nature of penalty must be disclosed. For Sponsor and its associates, other than the penalties as mentioned above, the penalties awarded by any financial regulatory body, including stock exchanges, for defaults in respect of shareholders, debenture holders and depositors should be disclosed. Additionally, penalties if any awarded for any economic offence and violation of any securities laws need to be disclosed.

(a) On December 20, 2001, Bank of Baroda, New York paid US\$13,500 to the U.S. Department of Treasury, Office of Foreign Assets Control (OFAC) towards settlement to resolve the allegations set forth in OFAC's Prepenalty Notice dated August 21, 2001. Out of this amount, US\$4,500 was contributed by Indo-Zambia Bank Ltd., and the remaining amount was borne by the branch.

The properties which were the subject matters of the Prepenalty Notice were disposed off as under:

- (i) On November 27, 2001, Bank of Baroda, New York received US\$44,945.17 from JP Morgan Chase Bank, New York, being the amount blocked plus interest. Out of this amount \$4,500 was retained by the branch towards the portion of the settlement amount and \$40,495.17 was returned to Indo Zambia Bank Limited.
- (ii) The amount of US\$9,107.41 was returned to Bank of Baroda, Zaveri Bazar Branch, Mumbai, in accordance with the authorization received from the office of Foreign Assets Control, and confirmed to OFAC vide letter dtd. August 10, 1999.
- (iii) The amount of US\$21,628 was returned to Bank of Baroda, Mumbai Main Office, Mumbai, in accordance with authorization received from the office of Foreign Assets Control, and confirmed to OFAC vide letter dtd. December 6, 1999.

(b) Penalties imposed against Life Insurance Corporation of India (Amount in Rs.):-

	1999-2000	2000-2001	2001-2002	2002-2003
1. Penalties under various statutes	---	45847	85275	578878
2. Penalty and Interest under IT Act	414309	151741	22157	74273

For 2003-2004 (Rs. in crore) - Litigation pending before IT authorities:

Income-tax	Rs.6.78
Interest tax	Rs.17.02
Tax on Profit	Rs.260.12

(c) A penalty of Rs. 1 lac each has been imposed on LIC Mutual Fund and Jeevan Bima Sahyog Asset Management Co. Ltd. for violation of investment norms as per SEBI (Mutual Funds) Regulations, 1996 vide adjudication order dated 31/12/2002. The same has been paid of by both LIC Mutual Fund and Jeevan Bima Sahyog Asset Management Co. Ltd.

(d) Punjab National Bank had gone public in March 2002 and since then no penalty has been imposed by SEBI except in three cases of public issue as under:

- (i) In public issue of M/s Elvis India Ltd. SEBI imposed a penalty of warning to the bank to be more careful in future vide its letter dated 03.09.2002 because the branch office at

Ahmedabad, Navrangpura had accepted 40 applications with stock invest after closure of the issue in January 1995

- (ii) In public issue of M/s Dhanlakshmi Lease Finance Ltd. SEBI vide letter-dated 19.10.2002 imposed a penalty of debar to the branch office at Ahmedabad, Relief Road, for six months for undertaking any bankers to issue business because the branch had accepted applications after closing date of issue in November -December 1995 and failed to maintain proper records pertaining to the issue.
- (iii) In public issue of M/s. Maha Chemicals Ltd., SEBI imposed 2 months de-authorization of the Ahmedabad, Shahibaug branch office vide order dated 10.09.03 effective for 3 weeks from the date of the order.

(e) PNB Asset Management Company

SEBI on 29.03.01 imposed a penalty of Rs.2 (two) lacs for violating clause 10 of Regulation 44 (1) of VII schedule of SEBI (MFs) Regulations, 1996.

(f) State Bank of India

(i) Securities and Exchange Commission of USA has concluded that SBI violated Sections 5 (a) and (c) of the Securities Act, by offering and selling securities i.e. Resurgent India Bonds, that were not registered with the commission. Hence, it ordered that SBI cease and desist, pursuant to Section 8A of the Securities Act, from committing or causing any violation and any future violation of Sections 5 (a) and (c) of the Securities Act. SBI accepted this Order without admitting or denying the findings contained in this Order. No monetary penalty was involved.

(ii) Bank's US operations were subjected to a C&D Order and a Civil Money Penalty of USD 3.75 mio to Federal Reserve Bank and Federal Deposit Insurance Corporation and a Civil Monetary Payment of USD 3.75 mio to New York State Banking Department without admitting to any of the allegations in the C&D Order.

(iii) In INMB Bank, a subsidiary in Nigeria, Central Bank of Nigeria imposed a penalty of Naira 1,100,000 (USD 8730 only) for procedural irregularities pointed out by them.

(iv) A settlement amount of Euro 163,028.12 was paid by Frankfurt Branch in the year 2002 in full satisfaction of a notification received from the German Regulators alleging exceeding of exposure norms, which was purely technical in nature and there was no deliberate violation of any regulatory provisions.

(v) Bijzondere Opsporing Brigade (BOB), Belgium registered a case in 1997 against key personnel of SBI, Antwerp branch for alleged violation of the tax laws of the Belgium Commission for Banking and Finance. The case is presently sub-judice.

(vi) A C & D Order issued against SBI and its US operations by the US Regulators on 13/11/2001 was terminated on 13/10/2004

(vii) INBL, the Bank's partly owned subsidiary in Nigeria, was required to pay N2.5 mio. (Rs.8.25 lacs) to National Accounting Standard Board, Nigeria for certain omission in the Annual Report for the year ending March 2005.

(g) State Bank of Indore



- (i) SEBI has warned the Bank to exercise more care and diligence as a Merchant Banker vide their letter No. IES/ID3/UN/AJS/9404/2002. dt. 29.5.2002 in case of M/s. Saket Extrusions Ltd.
- (ii) Due to default in maintenance of adequate CRR during 1990-91, RBI had levied net penalty of Rs.95 lacs on the Bank which was paid in September 2000 / April 2001.

(h) State Bank of Saurashtra

SEBI had undertaken an inquiry on the public issue of M/s. Tirupati Finlease Ltd., Ahmedabad, brought out during 8.1.96 to 10.1.96, wherein the Bank acted as one of the Bankers to the issue. The subject of inquiry was suspected acceptance of applications by the Bank's Shahibaug, (Ahmedabad) branch after the closure date of the issue. Pursuant to the inquiry, a penalty for suspension of Shahibaug (Ahmedabad) branch from undertaking any Banker to the Issue activity for a period of three months was imposed, vide SEBI judgement dt. 31.1.2000. The case has since been closed.

(i) State Bank of Travancore

- (i) A penalty of Rs.5 lacs was imposed by RBI on account of certain irregularities with respect to opening of accounts and non-monitoring of large value cash transactions by the Bank's Chavakad and Mumbai branches and the same was paid on 19.9.2002.
- (ii) Pursuant to a complaint made by Consumer Research and Education Centre (CREC), Ahmedabad that Ahmedabad branch of the Bank accepted share applications even after the stipulated date of closure of the public issue of M/s. Kengold India Ltd. in 1994, RBI conducted a detailed investigation and directed the Bank not to conduct the business of accepting share applications at Ahmedabad branch till 31<sup>st</sup> December 1996. Later, on consideration of the remedial measures taken by the Bank, RBI permitted resumption of the business w.e.f. 1<sup>st</sup> January 1997.

In April 1996, SEBI called for the explanation of the Bank for the inordinate delay in realisation of cheques collected for the captioned issue. The Bank furnished its explanation which was accepted by SEBI. A petition filed by CREC before the Delhi High Court in the matter was dismissed in Sept. 1999.

(j) SBI Commercial & International Bank Ltd.

- (i) RBI, vide letter No. DBOD No.1722/12.07.059/99 dt. 15.02.99, had observed that the Bank has defaulted in maintenance of CRR for four fortnights during the quarter ended March 1998. RBI advised the Bank to pay a penalty of Rs.10,230/-, which was paid by the Bank on 08.03.99.
- (ii) RBI, vide letter No. DBOD No.1725/12.07.059/99 dt. 15.02.99, had observed that the Bank has defaulted in maintenance of CRR for four fortnights during the quarter ended June 1998. RBI advised the Bank to pay a penalty of Rs.3,11,664/-, which was paid by the Bank on 08.03.99.  
Further, RBI did not pay the interest on eligible CRR balances for the above mentioned two quarters, to the Bank.
- (iii) The Enforcement Directorate had issued a Show Cause Notice in March 2000 to one of the Bank's customers as well as to its group companies and an addendum in November 2002 to various banks and their respective officers, including SBICI Bank Ltd. The Office of the Special Director of Enforcement, Govt. of India, Ministry of Finance, Deptt. of Revenue, Mumbai imposed a penalty of Rs.3.5 lacs in September 2003 on the Bank for contravention of the provisions of Exchange Control Manual / Foreign Exchange Regulation Act, 1973. The Bank preferred an appeal before the Appellate Tribunal for Foreign Exchange, New Delhi,

against the aforesaid order, who waived the pre-deposit of the penalty amount (in January 2004).

(k) SBI Capital Markets Ltd.

Penalties levied by Stock Exchange for delay in submission of Margin Certificates, late / non-submission of client data Rs.44,800/- from May, 2002 to March, 2005.

2. Any pending material litigation proceedings incidental to the business of the Mutual Fund to which the Sponsor of the Mutual Fund or any company associated with the Sponsor in any capacity including the AMC, Board of Trustees/Trustee Company or any of the directors or key personnel is a party. Any pending criminal cases against the Sponsor or any company associated with the sponsor in any capacity including the AMC, Board of Trustees/Trustee Company or any of the directors or key personnel.

(i) A Special Leave Petition was filed by the Income Tax Department before the Hon'ble Supreme Court of India against the Judgements and Orders of Hon'ble High Court of Bombay in the matter of applicability of Interest Tax, which is pending.

(ii) There are 23 criminal cases pending against the UTI MF or key personnel relating to normal operation of UTI MF such as non-transfer of units, non-receipt of unit certificates, non-receipt of redemption proceeds, closure of the scheme/plan or income distribution. These cases are not maintainable and judging from our experience such cases are either dismissed by Courts or withdrawn by the complainant. In most of the cases stay has been obtained from the High Courts.

(iii) There are two writ petitions pending before the Honourable Bombay High Court against the SEBI, UTI MF, UTI Trustee Company Private Limited and UTI Asset Management Company Private Limited arising out of the winding up of UTI Growth & Value Fund – Bonus Plan with effect from 01.02.2005 in pursuance to circular dated 12.12.2004 of SEBI seeking prayers inter alia, to declare the circular 12.12.2003 illegal, unenforceable in law, to issue directions to set aside the decisions to wind up the UTI Growth & Value Fund – Bonus Plan. The matters are pending for hearing before the Honourable Court.

(iv) On the basis of their investigation in the matter of investment in The Cyberspace Ltd. made by the erstwhile UTI, the Central Bureau of Investigation has initiated appropriate proceedings in the competent court against Shri P.S.Subramanyam (Ex-Chairman), Shri S.K. Basu and Smt. Prema Madhuprasad (officials of UTI AMC) and promoter directors of The Cyberspace Ltd.

(v) There are 2 criminal cases, 3 suits and 2 writ petitions pending against SBI Capital Markets Ltd. during the last 3 years.

3. Any deficiency in the systems and operations of the Sponsor of the Mutual Fund or any company associated with the sponsor in any capacity including the AMC or the Trustee Company which SEBI has specifically advised to be disclosed in the offer document, or which has been notified by any other regulatory agency. **-NIL**

4. Any enquiry/adjudication proceedings under the SEBI Act and the Regulations made thereunder, that are in progress against the Sponsor of the Mutual Fund or any company associated with the Sponsor in any capacity including the AMC, Board of Trustees/Trustee company or any of the Directors or key personnel of the Asset Management Company.

(a) SEBI has directed Bank of Baroda to refund a sum of Rs. 40,31,018/- together with interest @ 15% p.a. from 25.03.1996 i.e. the day bank allowed withdrawal of the funds by Jaltarang Motels

Ltd. in respect of funds collected from Public Issue in terms of order dated 19.01.2000 issued under Section 11B of SEBI Act. Detailed instructions on the method and manner of refund to the investors in the public issue are to be advised by SEBI separately in consultation with the intermediaries concerned. Bank of Baroda had preferred an appeal against the said order to the Appellate Authority. The Appellate Authority namely Securities Appellate Tribunal has considered and rejected the Bank's appeal by order dated 27.07.2000. The Bank has challenged the order of the Appellate Authority in the Mumbai High Court by filing Appeal No. 2 of 2000 under provisions of Section 152 of the SEBI Act, 1992. Later, on 13.11.2000 the single judge of the Mumbai High Court Mr. Justice F. I. Rebello has granted interim relief of stay of the operation of the orders dated 27.07.2000 of Securities Appellate Tribunal and 19.01.2000 passed by SEBI and further directed that the matter be placed on board for final hearing.

- (b) At the time of sanctioning credit facilities to Trident Steels Ltd. in the year 1987/89, Bank of Baroda, had obtained undertaking from the promoters/ directors/ major shareholders that they would not dispose off the shares unless permission is obtained from the Bank. Public issue of the Company was lead managed by Bank of Baroda in November 1993. SEBI has alleged non disclosure of undertaking of 1987/89 given by promoters/ directors/ major shareholders in the Prospectus by the Lead Manager to the issue. Bank has replied to the notice of SEBI. Inquiry is pending.
- (c) Public issue of Kraft Industries Ltd., which came in May 1995, was lead managed by Bank of Baroda. It is alleged that the Managing Director and Promoter of the Company did not possess the qualifications as mentioned in the Prospectus. SEBI has asked for qualification certificates/ copies from Bank. The Managing Director of the Company has reported having lost the certificates in transit. Bank has replied accordingly to SEBI. Inquiry is pending with SEBI.
- (d) In the public issue of M/s. Majestic Industries Ltd. at the Sector 17 B Chandigarh branch office of Punjab National Bank SEBI has alleged that issue had not been fully subscribed on the day of closure (10.04.96). There was a delay of 10-12 days in clearance of cheques enclosed with application. SEBI was pleaded that delay in clearance was due to rush of closing work at the controlling branch. Staff side is initiated and SEBI is requested to close the file. SEBI issued a show cause notice dated 15.12.04 which was replied vide out letter dated 31.12.04.
- (e) In Public issue of M/s. Growmore Solvent Ltd. at BO: Navrangpura, Ahmedabad, SEBI alleged that branch not only issued stock invests but also accepted applications subscribing to IPO (1994) and these were also used for another company M/s. Saket Extrusions Ltd. SEBI was informed that bank had already taken appropriate action against the officer. SEBI vide letter dated 12.03.04 recommended a penalty of debaring the branch from carrying out activities of Bankers to the Issue for a period of 1 month. The branch is already deauthorised by the Bank to conduct Merchant Banking Business.
- (f) In respect of PNB Capital Services Ltd. (since merged with Punjab National Bank), SEBI alleged that in the issue of M/s. Mefcom Markets Ltd., erstwhile PNB Caps as lead Manager did not independently verify the claims of the issuer company for charging Rs.60/- per share for a share of Rs.10/- but instead relied upon the statement of the company. SEBI proposed warning to erstwhile PNB Caps for the violation. SEBI has been requested to take lenient view as erstwhile PNB Caps acted diligently and in compliance with the then existing guidelines of SEBI. Moreover, erstwhile PNB Capital Services stands merged with PNB. SEBI vide orders dated 18.2.05 has censured the bank.
- (g) State Bank of Patiala

An investigation by SEBI regarding alleged irregularities in connection with Rights issue of M/s. Majestic Industries Ltd. against one of the branches which was designated to collect applications is under process at present.

(h) SBI Mutual Fund

Apart from the ordinary routine litigation incidental to the business of the Fund, the following petition / summary suit against the Fund is pending in Courts.

- (i) A summary Suit filed by M/s. Morarka Finance Limited in 1996 is pending in the High Court of Judicature at Mumbai. The Plaintiff has filed the suit for recovery of Rs.8.44 lakhs together with interest being the excess price paid by them in equity buyback transaction relating to the shares of M/s. Pumpsar Distilleries Ltd.
- (ii) A writ petition was filed in 1997 in the High Court of Karnataka at Bangalore by an investor, alleging debit of higher expenses resulting in suppression of returns. The Court has directed SEBI to examine the accounts and direct the sponsor and the asset management company to take necessary remedial action, if needed.

(i) SBI Capital Markets Ltd.

SBI CAP had received a show cause notice dated 19.9.02 from SEBI regarding method of acceptance of open offer in Hindustan Zinc Limited. Pursuant to SBICAP explaining the position to SEBI, a meeting was held with SEBI Chairman on 20.11.02. No response has been received from SEBI.

### XXIII CONDENSED FINANCIAL INFORMATION

The condensed financial information for the years 2002-2003, 2003-2004, 2004-2005 and 2005-2006 for all the schemes launched during the last three years is annexed.

Notwithstanding anything contained in the offer document the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the Guidelines thereunder shall be applicable.

The Board of Directors of UTI Trustees Company Pvt. Ltd. Vide in its meeting held on May, 27<sup>th</sup> 2006 approved the scheme under this offer document.

For and behalf of the Board of Directors of  
UTI Asset Management Company Private Limited

(A.K.Sridhar)  
Chief Investment Officer  
Place: Mumbai  
Date:

**Note:** The investors may also like to ascertain about any further changes after the date of the offer document from UTI Financial Centres/ Franchise offices /Authorised collection centres/Chief Representatives or Agents.

**XXIII. CONDENSED FINANCIAL INFORMATION**
**(i) HISTORICAL PER UNIT STATISTICS**

Scheme	UTI MIS \$(12.09.2002)			UTI VIS \$(07.11.2002)			Large Cap Fund \$(09.03.04)	Mid Cap Fund \$(09.03.04)	Basic Industries Fund \$(09.03.04)	Auto Sector Fund \$(09.03.04)	Banking Sector Fund \$(09.03.04)	PSU Fund \$(09.03.04)
	31.01.03	01.02.03- 31.03.04	31.03.05	31.01.03	01.02.03- 31.03.04	31.03.05	31.03.05	31.03.05	31.03.05	31.03.05	31.03.05	31.03.05
NAV at the beginning of the year												
Income Option	-	10.2537	10.4531	10.0000	10.0391	12.3498	10	10	10	10	10	10
Growth Option	10.0000	10.3170	11.5074									
Net income per unit	0.25	0.66	0.48	0.02	2.96	2.16	1.42	1.86	0.59	0.90	1.91	0.05
Income Distribution: (%)	0.65	8.9	5.050	--	12.00	12.00	-	10	12	-	-	-
Transfer to reserves per unit	-	-	-	--	-	-	-	-	-	-	-	-
NAV at the end of the year												
Income Option	10.2537	10.4531	10.1644	10.04	12.3498	12.3411	11.40	13.15	12.20	11.80	12.74	11.23
Growth Option	10.3170	11.5074	11.8013									
Annualised return (%) (since inception)	3.17	9.48	6.71	0.40	25.47%	18.58	14	44.21	33.58	18	27.40	12.30
Net assets at the end of the period (Rs. Crs)	197.56	309.33	375.72	104.03	60.63	54.55	24.19	48.70	147.18	38.10	49.91	27.83
Ratio of recurring exp. to net assets (%)	1.52	1.57	1.18	1.93	1.61	2.50	2.20	1.96	2.37	2.14	2.07	2.11
CAGR of benchmark index (%)	4.55	14.79	9.75	9.42++ 2.36▲▲	25.54++ 8.80▲▲	36.09++ 4.71▲▲	11.65	66.74	12.62	11.65	26.53	4.22

SCHEME	UTI-US 2002 \$(15.11.2002)			UTI LIQUID FUND STP \$(23.06.03)		☆UTI LIQUID FUND CASH PLAN \$(23.06.03)		SUNDER \$(11.07.03)		CCP Bond \$(19.01.04)		UTI-G-SEC STP \$(24.11.03)	
	31.01.2003	01.02.03- 31.03.04	31.03.05	01.02.03- 31.03.04	31.03.05	01.02.03- 31.03.04	31.03.05	01.02.03- 31.03.04	31.03.05	01.02.03- 31.03.04	31.03.05	01.02.03- 31.03.04	30.03.05
NAV at the beginning of the period								116.1650	178.7931				
Income Option	-	5.7600	8.33	10.00	10.0625	10.00	10.0532			10.00	10.0355	10.00	10.1566
Growth Option	5.5500	5.7600	8.33	10.00	10.4062	10.00	10.3599			10.00	10.0355	10.00	10.1567
Monthly Option							10.0709						
Income Institutional							10.0624						
Growth Institutional							10.3622						
Monthly Institutional							10.1015						
Weekly Institutional							10.0620						
Net income per unit	0.09	1.60	1.20	0.40	-0.09	0.11	37.05	103.01	21.59	0.00	0.09	0.17	0.25
Income distribution (%) p.a.	-	-	-	3.05	3.25	2.72		-	2.50	-	-	-	2.25
Divid Plan							3.9845						
Qtly Divid Plan							-						
Mthly Divid Plan							4.00						
Weekly Divid Instt							3.875						
Monthly Divid. Instn.							4.00						
Daily Divid. Instn.							3.9885						
Transfer to reserves (if any)	-	-	-	-	-	-	-	-	-	-	-	-	-
NAV at the end of the period								178.7931	207.1588				
Income Option	-	8.33	9.35	10.0625	10.1774	10.0532	1011.556			10.0355	10.0646	10.1566	10.265
Growth Option	5.76	8.33	9.35	10.4062	10.8857	10.3599	1085.3634			10.0355	10.0646	10.1567	10.4952
Monthly Option							10.0709						
Income Option (Instn)				10.0904			10.0624						
Growth Option (Instn)				10.4094			10.3622						
Monthly dividend (Instn)							10.1015						
Weekly dividend (Instn)							10.0620						
Annualised return (%) (since inception)	3.78	34.27	24.52	4.06	4.91	3.60	4.74	53.91	41.03	0.36	0.54	1.57	3.64
Net assets end of the period (Rs. Crs)	467.19	499.87	477.75	672.52	59.90	3202.77	2572.05	247.25	200.43	2.99	28.12	95.42	76.76
Ratio of recurring exp. to net assets (%)	2.19	1.40	2.25	0.44	0.60	0.38	0.40	0.50	0.45	0.45	1.75	0.20	0.41
CAGR of Benchmark index (%) (since inception)	5.16	37.30	24.24	3.16	4.06	3.16	4.14	52.07	41.29	0.85	0.86	2.02	4.02

Amt. in Rs.

\$ Date of launch, ++ BSE SENSEX ▲▲ Composite Bond Index.

Absolute return given where schemes have not completed one year. ☆ face value changed to Rs1000/-

SCHEMES	UTI-GAF-LTP			UTI-DEF		UTI-FRF-STP		UTI-MIS-AP	
Date of Allotment	21.01.02			10.09.03		29.08.03		16.12.03	
	'05	'04	'03	'05	'04	'05	'04	'05	'04
Dividend Option	10.6401	11.2112	10.3250	11.48	-	10.0185	-	-	-
Monthly Dividend Option	-	-	-	-	-	-	-	10.1337	-
Growth Option	13.8955	12.2170	10.3250	14.04	-	10.2814	-	10.1337	-
Flexi Dividend Option	-	-	-	-	-	-	-	10.1337	-
Monthly Payment Option	-	-	-	-	-	-	-	10.1337	-
PF-Dividend Option	10.3401	-	-	-	-	-	-	-	-
PF-Growth Option	10.3409	-	-	-	-	-	-	-	-
PF-Prescribed Date Auto Redemption Option	10.3395	-	-	-	-	-	-	-	-
PF-Prescribed Appreciation Auto Redemption Option	10.3424	-	-	-	-	-	-	-	-
Net Income per unit (Rs / Unit)	0.10	0.3952	1.6809	2.03	1.91	0.23	0.3306	0.65	0.1482
Dividend per unit (Rs.)	2.75	1.75	0.90	25.00	2.50	4.335	0.2465	3.90	-
Transfer to Reserves	-	1.40	3.65	-	1.44	-	0.33	-	0.09
Annualised Returns % (Since inception)	10.64	16.19	18.34	70.45	40.40	4.93	2.81	6.71	1.33
Benchmark Returns %	NA	-	16.22	26.64	33.30	4.12	2.29	3.80	2.49
Net Assets at the end of period (Rs. Cr.)	89.83	60.71	5.50	103.54	69.25	1027.25	9.31	32.62	139.07
NAV at the end of the year (Rs./Unit)									
Dividend Option	10.2853	10.6401	11.211	16.26	11.48	10.0599	10.0185	-	-
Monthly Dividend (Reinvestment) Option (MDRP)	-	-	-	-	-	-	-	-	-
Growth Option	13.8084	13.8955	12.2170	22.93	14.04	10.7944	10.2814	10.8745	10.1325
PF-Dividend Option	10.2758	10.3401	-	-	-	-	-	-	-
PF-Growth Option	10.2759	10.3409	-	-	-	-	-	-	-
PF-Prescribed Date Auto Redemption Option	10.2749	10.3395	-	-	-	-	-	-	-
PF-Prescribed Appreciation Auto Redemption Option	10.2857	10.3424	-	-	-	-	-	-	-
Monthly Dividend Option	-	-	-	-	-	-	-	10.4463	10.1325
Flexi Dividend Option	-	-	-	-	-	-	-	10.8748	10.1325
Monthly Payment Option	-	-	-	-	-	-	-	10.8664	10.1325
Ratio of recurring expense to net assets (%)	1.33	1.50	1.57	2.50	2.50	0.66	0.75	1.90	1.73

# schemes launched during the year





**HISTORICAL PER UNIT STATISTICS**

<b>Schemes</b>	<b>NAV as of 15/05/2006</b>	<b>Annualised return since inception (%)</b>
UTI-Mahila Unit Scheme	25.4723	19.74
UTI-Monthly Income Scheme	13.2609	7.98
UTI-Variable Investment Scheme	15.5122	19.64
UTI-Unit Scheme 2002	13.65	29.33
UTI-Liquid Cash Plan	1154.6895	5.09
UTI-Liquid Cash Plan –Institutional	1158.5181	5.28
UTI-Liquid Short Term Plan	11.6447	5.40
SUNDER	354.6799	49.02
UTI-G-SEC-STP	11.1663	4.56
UTI-Children’s Career Bond Plan	10.6803	2.88
UTI-Large Cap Fund	18.36	32.08
UTI-Mid Cap Fund	25.18	59.24
UTI-Basic Industries Fund	24.97	58.49
UTI-Auto Sector Fund	20.05	37.52
UTI-Banking Sector Fund	16.32	25.15
UTI-PSU Fund	16.35	25.25
UTI-Gilt Advantage Fund-LTP	14.6256	9.21
UTI-Dynamic Equity Fund	36.58	62.26
UTI-Floating Rate Fund-STP	1151.7931	5.35
UTI-MIS-Advantage Plan	13.2956	12.53
UTI-Dividend Yield Fund #	14.7900	47.90
UTI-Opportunities Fund #	14.9000	49.00
UTI-Leadership Equity Fund #	10.7000	7.00
UTI-FMP – Yearly Series July 05 #	10.4314	4.31
UTI-FMP-Yearly Series September 05#	10.3748	3.75
UTI-Fixed Term Income Fund Series I (Plan 18) #	10.1941	1.94
UTI-FMP Quarterly Feb 06 –II#	10.1693	1.69
UTI-FMP Quarterly March 06 - I #	10.1219	1.22
UTI-Contra Fund #	10.1600	1.60
UTI-Fixed Term Income Fund (Plan 18) Q4 #	10.1520	1.52

# Simple Avg. Return