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&  
COMPANY**

**CHARTERED ACCOUNTANTS**

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Ref. No. ....

Date .....

**AUDITORS' REPORT**

**The Administrator,  
Specified Undertaking of  
Unit Trust of India (SUUTI),  
Mumbai**

We have audited the attached Balance Sheets of Schemes/Funds, i.e. 1. US 64 Bonds, 2. ARS Bonds, 3. MAT NAV MIP, 4. MAT FV MIP, 5. DIP 91, and 6. MIP 96 IV, of Specified Undertaking of Unit Trust of India (SUUTI) as on 31<sup>st</sup> March 2007 and also the related Revenue Accounts for the year ended on that date, annexed thereto. These financial statements are the responsibility of the management and have been prepared by the management, which are centralized at the corporate office, Mumbai, on the basis of financial data/information of various branches and main offices (including those of the erstwhile UTI, since converted into UTI Financial Centers). Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.



On the basis of the audit indicated herein, and as required by The Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002, and subject to the limitations of disclosure required therein, we report that;

1. The Unit Trust of India Act, 1963 was repealed by the Government of India viz. "The Unit Trust of India (Transfer of Undertaking and repeal) Act 2002. In exercise of the powers conferred under the Act, the Central Government vide its notification dated 15<sup>th</sup> January 2003 had notified 1<sup>st</sup> February 2003 as the "Appointed Day" for the purpose of transfer and vesting the undertaking of the erstwhile UTI into two entities viz. Specified Undertaking of Unit Trust of India (SUUTI) and UTI Mutual Fund. The accounts of SUUTI, therefore, relating to the above mentioned Schemes/Funds have been drawn up pursuant to the said Repeal Act.
2. SUUTI has various matured/terminated schemes and live schemes/funds. The residual amounts in the matured schemes are deployed in money market instruments. At the year end on 31<sup>st</sup> March 2007 SUUTI has merged scheme MIP 95 and MIP 2001 into MATNAV MIP scheme and 12 Post Redemption Funds were merged into one fund named "Post Redemption Fund" for administrative convenience to have their consolidated accounts. As a result thereof, the figures of the current year in respect of certain merged schemes are not comparable with those of the previous year. (Refer Note No. 2 in Schedule 'M')
3. The Government of India announced limited repurchase facility at the specified assured prices for US 64 and financial package for assured return schemes which was approved last year. The difference between the net asset value (NAV) and the applicable repurchase / assured price has been compensated by the Government. This deficit has been accounted for as "Inflow from GOI Special Packages" under the Unit Premium Reserve and the amount received in advance in respect of short fall is accounted under the head "Sundry Creditors" in the case of US 64 and for other schemes the deficit shown under "General Reserve" has been made up by the DRF which has accounted for all Government grant received as "Grant Received from Government of India." (Refer Note Nos. 3 in Schedule 'M')

4. a) The accounts of 'US 64 Bonds' would consist of all the Assets and Liabilities of terminated US 64 Scheme as well as current transactions under US 64 Bonds. The initial capital amounting to 5 crore and General Reserve of Rs.3.55 crore shown as Sundry Creditors last year has been repaid to the Initial Capital holders in August 2006. US 64 Bond total capital includes of Rs.1.74 crore as objected cases and coming even from erstwhile UTI.
- b) The accounts of "ARS Bonds" consists of all the Assets and Liabilities of foreclosed seven schemes CGGF 86, RUP 94, CGGF 99, RUP 99, BGVMIP, MIP 98 (V), MIP 99 and current transactions under ARS Bonds. ARS Bond includes Rs. 0.049 crore as objected cases. In case of CGGF 86 an amount of Rs. 38.51 crore have been accounted as 'repurchase payable to unit holders' representing respective units. Though these units were matured till the foreclosure date but not claimed by the unit holder.
- c) The application money of various schemes amounting to Rs. 02.34 crore received from the investors, whose available whereabouts are in vague, in the previous years has not been fully capitalized.  
(Refer Note No.4 (a), (b) & (c) in Schedule 'M')
5. The Unlisted / non-traded preference shares costing Rs. 32.99 crore would have been valued as per accounting policy No. VII but not, however, in the opinion of the Valuation Committee the value of these shares are nominal / residual and as such these have been valued and taken as 'NIL'.
6. Reconciliation of investments as per Trust records with the Custodian of investments has revealed certain differences, out of which few are very old and need rectification / adjustments. The efforts has been made to determine the differences, however, they are still persisting and detail of which is given as under;
- (i) Out of Rs. 0.71 crore (cost) in equity shares, shares Rs.0.70 crore have been submitted to the company under open offer.

- (ii) Out of Rs. 1.11 crore(cost) in preference shares, the redemption proceeds are yet to be received for Rs. 0.94 crore.
- (iii) Out of difference of Rs. 868.18 crore of face value in Debentures and Bonds, legal action has been taken for recovery of dues for Rs. 541.02 crore and the confirmation / letter evidencing servicing of dues from company is available for Rs. 84.72 crore. Further the company has not issued security subsequent to restructuring for Rs. 144.15 crore and the redemption amount has not been received for Rs. 14.09 crore. Also the other difference of Rs. 84.20 crore was on account of redemption proceeds which were accounted subsequently in books or the companies are sick/liquidated etc.  
(Refer Note No. 5(b) in Schedule 'M')

7. Investments in Debentures and Bonds including term loans (relating to debt portfolio) include a large number of cases sanctioned during the past many years, where complete security has not been created, although the stipulated period has since elapsed. As per the information made available (a): Out of the 76 cases totaling Rs.533.09 crore security was not created at all, 70 cases involving Rs.502.23 crore are under Recovery/BIFR/Liquidation and (b): Out of 57 cases totaling Rs.246.63 crore security was not fully created, 53 cases involving Rs.207.13 crore are under Recovery/BIFR/Liquidation. In the absence of complete data & information, the reliability of the debt portfolio cannot be commented.
8. Out of the total amount of investments in equity shares costing Rs.3.23 crore written off during the previous years, it could only restore transfer of equity shares costing Rs.1.26 crores so far (Previous year 1.05 crores). The remaining equity shares costing Rs.1.97 (previous year 2.18 crores) required to transfer are still pending with the Stock Exchange / Office of the Custodian, appointed under the Special court (TORTS), Act, 1992.  
(Refer Note No. 6(i) in Schedule 'M')



9. Reconciliation of Bank accounts revealed different entries / items involving large amounts relating to previous years which have remained unadjusted / unidentified, for want of full details / particulars from the concerned bankers. During the year efforts have been made to adjustment of the old entries / items, however, difference is still persisting and sum-up as under:-

Description	Amount (Rs. In crores)
General Ledger balance	185.11
Bank balance	169.16
Difference between GL and Bank balance	15.95

10. In the case of re-scheduling of loans, SUUTI has exhibited the entire existing provision as write-back, simultaneously, making a charge against the revenue, based on agreed parameters of re-scheduling. The correct practice should have been to show the net addition/write back provisions in the Revenue Accounts. And as such the provisions written back and provisions charged have been shown at higher values in the Revenue Accounts without affecting the net excess of income over expenditure. However, a necessary exercise in this regard is required to be carried out on an individual case-to-case.
11. The work relating to management and maintenance of properties belonging to SUUTI and related matters has been outsourced to 'UTI infrastructure and Service Limited' (UTI-IASL), a wholly owned subsidiary of SUUTI. The arrangement as such together with its available documents and records has revealed the following inadequacies / deficiencies;
- Agreement relating to the scope of work and the services rendered by UTI IASL, and the terms with regard to commission, service charges, incomes, expenses etc. to be charged for has not yet been executed between SUUTI & UTI IASL.
  - Documentation / conveyance of the title of various properties under the ownership/possession of SUUTI has still to be completed, the amount of which is not ascertainable.

- c. SUUTI has given certain properties on lease to various companies, the necessary agreements with lessees specifying the period of lease, rent to be charged, other terms etc. have not been entered.
- d. SUUTI has sold various properties during the financial year 2005-06 whereas formalities relating to transfer of properties sold as such have been completed during the financial year 2006-07. We have not gone into the procedure of selling the properties since it relates to the period prior to our appointment and it was informed by the management that the procedures of selling these properties have been properly followed and necessary approvals wherever required have been obtained from the competent authority in the year of sale itself. However, these properties have been transferred during the period under audit and execution of transfer/documents for the properties already sold as such was/were an obligation which has/have only viewed.
12. The SUUTI has been generally maintaining proper records, showing full particulars including quantitative details and situation/location of fixed assets. Physical verification of the fixed assets has not been carried out fully and the reconciliation of physically verified assets with book records is still in progress. Obsolete/discarded/dead items of fixed assets are yet to be determined. And as such discrepancy found, if any, cannot be commented.
13. The erstwhile UTI has received notices under the Wealth Tax Act relating to past years and raised demand for RS.3.84 crore for which an appeal with Commissioner of Wealth Tax was preferred that was allowed by him. Subsequent appeal by the department with Income Tax Appellate Tribunal was dismissed as Income Tax Authorities has filed the appeal without obtaining mandatory permission of the department. Subsequently, the Wealth Tax Authorities have got the necessary permission for restoration of Appeal and fresh notice of fixation of hearing is pending. No provision has been made on account of above and reported to be considered as and when the same will arise.



14. Under the provision of Interest Tax Act 1974, the Trust received notices under section 10A in respect of chargeable interest tax for the assessment years 1992-93 and for subsequent assessment years up to 1999-2000. The Trust filed a WRIT petition against the levy of interest tax before the Hon'ble Bombay High Court. The Hon'ble High Court under its order dated set aside the same. Subsequently, the Central Board of Direct Taxes filed Special Leave Petition before the Hon'ble Supreme Court of India against the orders of the Hon'ble High Court of Bombay. Although Special Leave Petition was admitted, but no interim relief was granted to CBDT. Since the matter is still pending before the Hon'ble Supreme Court, therefore, the liability, if any, arising in this regard cannot be determined and as such if required shall be considered on the verdict of Hon'ble Supreme Court.  
(Refer Note No. 10 in Schedule 'M')

15. A fire had accured in the premises of Zonal and Branch offices at Kolkatta on 07/11/1998 resulting in total damage of property, furniture, fixtures etc. Against this loss UTI preferred a total claim of Rs.10.75 crore against National Insurance Company Ltd. by filling a suit for decree before the Hon'ble High Court in Kolkatta in the year 2001. The insurer has paid a sum of Rs.03.03 crore in full and final settlement of the claim on the basis of the interim order.

Though the final adjudication of the matter by the Hon'ble High Court of Kolkatta is pending but necessary adjustment entries for the outstanding amount of Rs.08.12 crore shown in suspense account and depreciation already charged on dead stock damaged in fire for Rs.5.41 crore, has been written off by setting off / netting of figures thereto. And the insured (SUUTI) get any further award by the court shall be written back in the year of its receipt.

(Refer Note No.11 in Schedule 'M')

16. In our opinion, the overall internal control system & procedures, particularly in areas of Unit application remaining unprocessed, Investors servicing Registrar's services, Utilization of properties, Income tax deducted at source, Unpaid dividend, monitoring of investments, legal affairs etc. need to be further improved and strengthened.

**Ashok Bhartia & Company**  
**Chartered Accountants**

We are unable to express our opinion on the quantum and financial impact thereof on the accounts in respect of the items referred in the foregoing paras.

17. Subject to our observations referred hereinabove, we further report that:

a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b. The Balance Sheet and related Revenue Accounts are in agreement with the books of account.

c. In our opinion and to the best of our knowledge and according to the information and explanations given to us and read with the Notes as per Schedule 'M' and the statement of significant accounting policies:

i. the said Balance Sheets are full and fair containing all the necessary particulars and are properly drawn up in accordance with The Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 so as to exhibit a true and fair view of affairs of the various Schemes/funds of SUUTI as on 31<sup>st</sup> March 2007.

ii. The said Revenue Accounts of the Schemes / Funds i.e. 1. US 64 Bonds, 2. ARS Bonds, 3. MAT NAV MIP, 4. MAT FV MIP, 5. DIP 91, and 6. MIP 96 IV show true and fair view of the Excess of Income over Expenditure.

**FOR ASHOK BHARTIA & CO.**

**Chartered Accountants**



**(Ashok Bhartia)**

Place : Mumbai

Dated : 17.12.2007



# SPECIFIED UNDERTAKING OF UNIT TRUST OF INDIA

## SIGNIFICANT ACCOUNTING POLICIES

### A. Income Recognition:

I. Dividend income is recognised on the following basis:

- a. In respect of listed equity shares, dividend income is accrued on the "ex-dividend" date.
- b. In respect of unlisted equity shares, dividend income is accrued on date of declaration.
- c. In respect of preference shares, dividend income is accrued on the date of receipt.

II. Interest on debenture and other fixed income investments is recognised as income on accrual basis.

Income is not recognised once an asset is classified as non-performing (NPA) and income accrued on such assets is provided for.

III. Profit or loss on sale of investments is recognised on the trade dates on the basis of weighted average cost. Profit or loss and premium receivable on redemption of debentures/bonds are recognized on the due dates.

IV. The difference between carrying cost and the maturity value in respect of the investments in Zero Coupon Bond, Deep Discount Bond and other long-term discounted securities is amortized over remaining life of the instrument on YTM basis.

V. Unit Scheme 1964 Bonds, which owns the fixed assets, recovers service charges on mutually agreed basis approved by the Board of Advisors, from UTI AMC Pvt. Ltd. for the usage of the said assets.

### B. Unit Premium Reserve:

In respect of US64, where units are repurchased at a premium over the face value under the special package announced by Government of India, the premium is charged to Unit Premium Reserve. Wherever US 64 units are repurchased under



the net asset value (NAV) related prices, the discount is credited to unit premium reserve.

### **C. Expenses:**

These are accounted for on accrual basis.

### **D. Deferred Revenue Expenditure:**

- i. Initial issue expenses incurred and commission payable to agents are written off over the period as per the scheme provisions.
- ii. When the units are repurchased, the deferred revenue expenditure to be charged in that year, as also for the unexpired period, is suitably adjusted.

### **E. Investments**

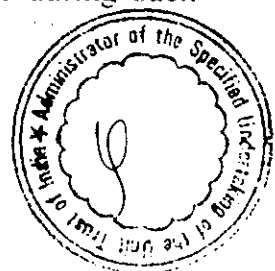
- i. Investments are stated at cost or written down cost.
- ii. Purchase and Sale of Securities in Secondary market are accounted on trade dates.
- iii. The cost of investment includes brokerage, service tax and stamp charges
- iv. Subscription in primary market is accounted as Investments, upon allotment.
- v. Right entitlements are recognised as Investment on "ex-right" dates.
- vi. Bonus entitlements are recognised as Investment on "ex-bonus" dates.
- vii. Investments in debenture / bonds , loans and deposits are treated and disclosed as current assets from the redemption/due date.

### **F. Valuation for Performing Investments**

#### **I. Equity and Equity related Securities:**

##### **a. Traded Securities**

When a security is traded on any stock exchange within a period of 30 days (including the valuation date) and the aggregate volume of trade during such



period is more than 50,000 or if the trade value is greater than Rs.5,00,000 the security is treated as traded security. These are valued at the closing prices on BSE in absence of which closing price of NSE is taken.

**b. Non traded / Thinly traded / Unlisted securities:**

Investments in securities, which have not been traded on any stock exchange in the aforesaid manner, are stated at fair value as determined in accordance with SEBI Regulations.

**II. Debentures , bonds, term loans and transferable notes - Debt Securities:**

**a. Traded Securities:**

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:

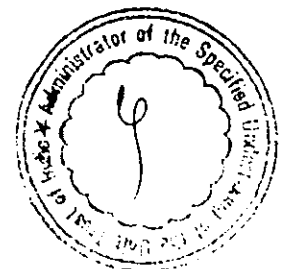
**i) Rated Debt Securities:**

**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 illiquidity risk, 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.



**Debt security with put/call options:**

Securities with call options are valued at the worst (lowest) of the call and securities with put options are valued at best (highest) of the put. Securities with both put and call options on the day are deemed to mature on the put/call day and are valued accordingly.

**Fully / Partly / Optionally Fully Convertible Debentures:**

i. Convertible portion of debentures, where the terms of conversion are available, is valued as equity at the closing market price or fair value applicable for, traded and thinly / non traded equity respectively less a discount of 10% towards liquidity.

ii. Non Convertible portion of Convertible debentures and the entire amount of convertible debentures where the terms of conversion are not available, are valued as per the norms applicable for non-convertible debentures as per para F(II)

**ii) Unrated/ non investment grade Debt Securities:**

Investments in unrated / non investment grade debt securities are valued at a discount of 25 percent to face value while deep discount bonds are valued at a discount of 25 percent to carrying cost.

**III. Government Securities:**

Investment in Government securities are valued as on the valuation date at the prices released by CRISIL an agency notified by AMFI. For the securities whose prices are not provided by CRISIL the yield curve is used.

**IV. Unquoted warrants:**

Unquoted warrants are valued at the market rate of the underlying equity shares discounted for dividend element, if any, and reduced by the exercise price payable. In cases where the exercise price payable is higher than the



value so derived, the value of warrants is taken as nil and where the exercise price is not available or the underlying equity is non traded unlisted, such warrants are valued at cost.

**V. Rights entitlements:**

Rights entitlements for the shares are valued at the market price of the share, reduced by the exercise price payable, further discounted for dividend element, whenever applicable.

**VI. Money Market Instruments:**

Investments in Money Market Instruments are valued at cost plus accrued interest up to the valuation date.

**VII. Unquoted / thinly traded Preference shares:**

- i. In the absence of rating for Preference share, the ratings available for the debt instruments of a company is used for valuation.
- ii. Investment grade which are BBB – and above, are valued on Yield to Maturity (YTM) as per the rated given in CRISIL matrix / other rating agencies, with appropriate mark-up.
- iii. 'Unrated' and 'Below investment grade', preference shares are valued at a discount of 25% to the face value.
- iv. The cumulative convertible preference shares are valued as per the norms applicable for valuation of fully convertible debentures. If the details of conversion are not available, they are considered as ordinary preference shares and are valued accordingly.
- v. In case, dividend on preference is not received within 90 days, a discount of 15% is applied in the valuation. If the arrears continue for more than 1 year, the discount applied is 20%.
- vi. If the redemption value is not received within 90 days, 100% provision of the redemption receivable is made. If the redemption is in parts and proceeds are not received within 90 days, in addition to



the provision for redemption receivable, the discount as given above is applied on the balance.

- vii. If there exists provision against a preference share and any other asset issued by the company is NPA such preference shares are valued at zero.

## **G. Provision and Depreciation :**

### **I. Provisions against the income considered doubtful :**

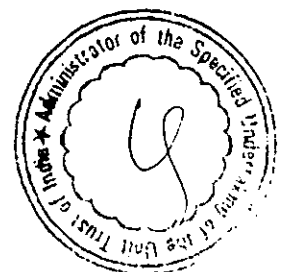
- i. Provision is made in respect of outstanding interest income of the period prior to the date on which asset is classified as non-performing (NPA).
- ii. Income is not recognised once an asset is classified as non-performing (NPA) and income accrued on such assets is provided for.
- iii. Provision is made in respect of dividend, where it remains outstanding for more than 120 days from the ex-dividend date.

### **II. Depreciation in the value of investments:**

The aggregate value of investments as computed in accordance with norms above is compared to the aggregate cost of such investments and the resultant depreciation, if any is charged to revenue account. In case such aggregate value exceeds the aggregate cost or the aggregate value as at the end of the previous year, the appreciation is credited to revenue account to the extent depreciation was previously adjusted.

### **III. Provisions for non performing asset: (NPA)**

- i. An "asset" is classified as non-performing, if the interest and/or principal amount have not been received or remained outstanding for one quarter, i.e. 90 days or more from the day such income/ installment has fallen due. Provision for such assets is made individually as stated in the table below from the date the asset is classified as NPA. Such provisions are not made for other performing assets of the same company.



<u>Asset remains NPA for More than or equal to</u>	<u>Percentage of Provision on cost</u>
90 days	10%
180 days	30%
270 days	50%
360 days	75%
450 days	100%

- ii. Principal repayment remaining outstanding on NPA is provided in full.
- iii. Provision for NPA is charged to Revenue Account
- iv. Provision made under Accounting Policy under G(I) is written back on receipt. Investment Provision made due to interest default and on first re-schedulement is written back after a period of two quarters. Investment provision made due to interest and principal default and on first re-schedulement is written back after a period of four quarters even though the asset is serviced regularly. Investment Provision on subsequent re-schedulement or restructuring (issue of a new paper) is written back after a period of eight quarters though asset is serviced regularly.

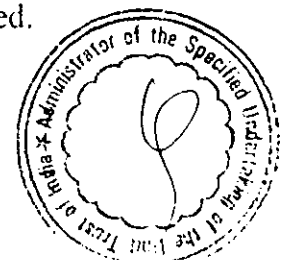
**H. Inter scheme transactions (ISTs):**

i. **Traded equity shares:** ISTs of traded securities are effected at the intra-day (spot price) as on the IST date and in its absence, at the latest closing market price available during the last 30 days.

ii. **Non-traded/Thinly traded/unlisted equity shares:**

ISTs in respect of these securities in case of a maturing scheme (i.e., scheme maturing within a period of 45 days from the date of IST) are effected at the transfer price arrived at by the following methods:

a) If market quote is available in any recognised stock exchange for such equity, during a period of past 90 days as on IST date, the latest such market quote, discounted by 25% for illiquidity, is considered.



- b) Unquoted equity is valued at the fair value as per the methodology approved by the erstwhile Board of Trustees. The IST of unquoted equity is done at the fair value less discount of 50%.
- c) By calling for bids from other schemes and the IST is effected at the highest bid.
- d) If no scheme is willing to take, then the security is transferred to DRF at Re.0.01 per share.  
Transfer of these securities in case of a non-maturing scheme are effected at Re.0.01 to DRF per share.

iii. **Debentures/bonds:**

- a) ISTs of traded debentures and bonds are effected as per Policy F II (a).
  - b) ISTs of thinly traded/non-traded debentures, bonds, term loans and transferable notes are effected as per Policy F II (b).
  - c) Transfer of NPA securities to DRF are effected at Rs.1.00 per security.
- iv. ISTs of Government securities are effected as per policy F (III).
- v. Other investments- ISTs of other investments/assets are effected at the carrying cost of such investment.
- vi. Schemes borrowing funds, if any, internally pay interest at the approved rate.

**I. Custodian:**

Stock Holding Corporation of India (SHCIL) provides custodial services and their fees are accounted for on accrual basis.

**J. Fixed Assets :**

- i. Fixed Assets are stated at historical cost less accumulated depreciation, except in respect of land, buildings, premises and building improvements which are stated at revalued cost less accumulated depreciation. In the event of revaluation, the resultant surplus on revaluation is shown as revaluation reserve. Depreciation on the appreciated amount on account of revaluation is charged to Revaluation Reserve.





ii. Depreciation is provided on the written down value method at the under mentioned rates except on those assets held for less than six months in the accounting year, where depreciation is provided at half the said rates:-

Building and ownership premises	5%
Furniture and Fixtures	10%
Office equipments, Building Improvements, Software, Computers & Motor Vehicles	33.33%

Leasehold land and premises are amortised equally over the period of lease.

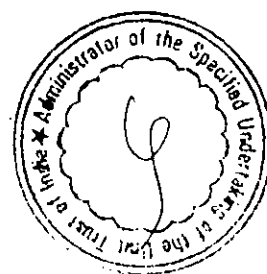
iii. Building improvements in leased premises are depreciated at 33.33% in case the lease period exceeds eight years. However, in case the lease period does not exceed eight years, the same is amortised over the period of lease and in case the lease is not renewed within the period of eight years, the balance unamortised amount is charged in the last year of lease.

iv. Fixed assets, which are installed and put to use, pending final settlement of liabilities are stated on an estimated basis. On final settlement depreciation is adjusted, from the date the asset is put to use.

v. On sale of Fixed Assets, the profit / loss arrived at after reducing the written down value of cost and appreciation of fixed asset on revaluation has been accounted in the Revenue account. The balance outstanding in revaluation reserve for assets sold has been transferred to General Reserve.

**K. Reserve funds:**

In accordance with the provisions of Section 25 B (1) of the erstwhile Unit Trust of India Act, 1963 the following funds had been created, which, though belonging to the ASUUTI, are accounted under the Unit Scheme 1964 Bonds as a matter of administrative convenience.



## Development Reserve Fund (DRF) :

### A. Constitution:

The Fund was set up for developmental, research, promotional and any other activities of the Trust. The fund provides guarantee in respect of return capital under certain schemes.

The Fund is built up by: -

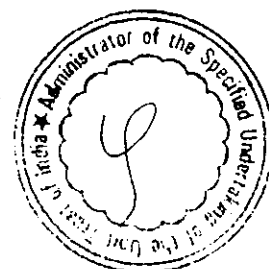
#### i. Contributions from

- schemes launched from 1st July, 1994 onwards, as per the respective scheme provisions.
- for all other schemes, at the rates approved by the Board of Trustees of erstwhile UTI.

#### ii. Management fees received from VECAUS III and accounted as income.

### B. Operation:

- i. Income and expenses of the fund are accounted for on accrual basis.
  - ii. Investments are stated as per policy stated in E above.
  - iii. The fund mainly invest in the equity shares of companies promoted co-promoted by the Trust.
  - iv. Two Years after closure of a scheme, at the end of the accounting year the residual assets are valued on the basis of market price, if available, otherwise as per the approved rates. The value so arrived at is adjusted against liabilities/provisions and the resultant net surplus/deficit is transferred to DRF. In case of pooled schemes this practice is followed two years after closure of the last scheme. Any claims in future against these schemes are charged to DRF. This policy is followed till 30/06/2002.
- C. The balances of Post redemption schemes where strategic equity is held on behalf of Government Of India, are shown under DRF, duly matched assets and liabilities.



**D. Other Funds:-**

Over the years, the Trust has established the following funds through contribution from the Development Reserve Fund:-

- i. Rajlakshmi Womens' Welfare Fund,
- ii. Senior Citizens' Welfare Fund,
- iii. Childrens' Welfare Fund,
- iv. Investors' Protection Fund.
- v. Asset Reconstruction Fund
- vi. General Fund
- vii. Staff Welfare Fund

**M. Income Distribution :**

- i. Provision for income distribution on unit capital is made at rates approved by the Scheme Provisions/ Administrator.



## SPECIFIED UNDERTAKING OF UNIT TRUST OF INDIA

### NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2007

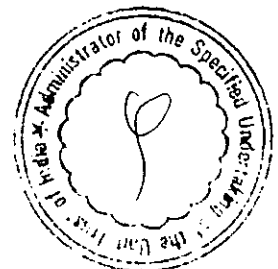
#### Schedule "M"

1. The Unit Trust of India Act, 1963 has been repealed by the Government of India viz. "The Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002". In exercise of the powers conferred under the Repeal Act, the Central Government vide its notification dated 15th January 2003 had notified 1st February 2003 as the "Appointed day" for the purpose of transfer and vesting the undertaking of the erstwhile UTI into two entities viz Specified Undertaking of Unit Trust Of India (SUUTI) and UTI Mutual Fund. These financial statements are drawn up for SUUTI, pursuant to the said Repeal Act.
2. The Books of Accounts of matured scheme MIP 95 and MIP 2001 have been merged into MANAV MIP scheme. The books of 12 Post Redemption Funds were merged into one fund named 'Post Redemption Fund'. This merger has been done for administrative convenience.
3. The Government of India announced limited repurchase facility at the specified assured prices for US 64 and financial package for assured return schemes. The difference between the net asset value (NAV) and the applicable repurchase assured price has been compensated by the Government. This deficit has been accounted for as 'Inflow from GOI Special Packages' under the Unit Premium Reserve and the amount received in advance in respect of short fall is accounted under the head 'Sundry Creditors' in the case of US 64 and for other schemes the deficit shown under 'General Reserve' has been made up by the DRF which has accounted for all Govt. grant received as 'Grant Received from GOI'.
4. a. The accounts of 'US 64 Bonds' would consist of all the Assets and Liabilities of terminated US64 scheme as well as current transactions under US 64 Bonds. The Initial capital amounting to Rs. 5 crore and General Reserve of Rs. 3.55 crore shown in Sundry Creditors has been repaid to the Initial capital holders in August 2006. US 64 Bond capital includes Rs. 1.74 crore of objection cases.  
b. The accounts of 'ARS Bonds' consists of all the Assets, Liabilities of foreclosed seven schemes CGGF 86, RUP 94, CGGF 99, RUP 99, BGV MIP.



MIP 98 (V) , MIP 99 and current transactions under ARS Bonds. ARS Bond includes Rs. 0.049 crore of objection cases. In case of CGGF -86 an amount of Rs. 38.51 crore has been accounted as 'repurchase payable to unitholders' representing the units, which though matured till the foreclosure date but not claimed by the unit holder.

- c. The application money received from the investors under various schemes amounting to Rs. 2.34 crore is yet to be capitalized. The application money is pertaining to previous years and is pending capitalization for want of investor details. During the year no fresh sales were open in any of the schemes.
- d. The Trust has provided collateral securities towards initial margin for trading in index future & option segment of NSE to National Securities Clearing Corporation Limited (NSCCL) comprised of equity shares of Rs. Nil crore (market value of Rs. NIL crore) as on 31.03.07. ( previous year market value Rs. 43.86 crore ).
5. a. The unlisted /non traded preference shares costing Rs.32.99 crore have been valued at NIL which is not exactly in conformity with the accounting policy no. VII as in the opinion of the 'valuation committee' the said preference shares have very negligible residual value.
- b. The reconciliation of our Books of Accounts with the custodian (SHCIL) has revealed the following difference:-
- (i) Rs. 0.71 crore(cost) in equity shares, out of which for Rs.0.70 crore the share have been submitted to the company under open offer.
  - (ii) Rs. 1.11 crore(cost) in preference shares, out of which for Rs. 0.94 crore, the redemption proceeds are yet to be received.
  - (iii) Difference of Rs. 868.18 crore of face value in debentures and Bonds. Out of this for Rs. 541.02 crore the legal action is taken for recovery of dues and for Rs. 84.72 crore the confirmation/letter evidencing servicing of dues from company is available. Further for Rs. 144.15 crore, the companies have not issued security subsequent to restructuring and for Rs. 14.09 crore the redemption amount is not received. Other differences of Rs. 84.20 crore are on account of redemption proceeds not received, redemption receipts accounted subsequently in books or the companies are sick/liquidated etc.



6. Investments include.:

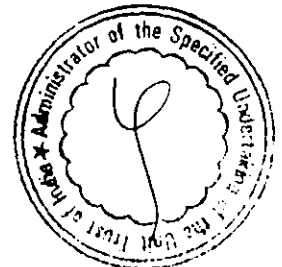
- i) Shares costing Rs.1.97 crore (previous year Rs.2.18 crore) which were notified by the custodian appointed under the Special Court (TORTS) Act, 1992. Though the necessary formalities required for transfer of these shares have been completed by the Trust, the matter is still pending with the Stock Exchange/Office of the custodian; however petition has been filed in Special Court Mumbai for all the cases.
- ii) Unsecured advances and loans extended from time to time as provided under sub section (3) of section 19 of the erstwhile UTI Act 1963;
- iii) Equities and debts where the certificates are yet to be issued by the companies;
- iv) Debt exposure in respect of which security creation is in process.

7. Audit fees of Statutory Auditors amounting to Rs. 22,47,200/- ( Audit fees Rs.20,00,000/- plus Service tax of Rs. 2,47,200/-) for the financial year 2005-06 has been accounted in Financial year 2006-07. Out of pocket expenses of Statutory Auditors amounting to Rs. 11,31,304.10 for the audit of year 2005-06 has been accounted in financial year 2006-07 as the same was not charged in the earlier year.

8. Following are the companies where SUUTI has substantial holding.

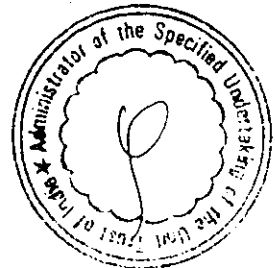
Name of the Company	% holding of SUUTI
UTI Technology Services Ltd.	100%
UTI Investment Advisory Services Ltd.	78.70%
UTI Bank Ltd.	27.33%
ASREIC (India) Ltd.	38.50%
UTI Infrastructure And Services Ltd.	100%

9. The Trust had received notices under the Wealth Tax Act relating to past years and raised demand for Rs. 3.84 crore for which the erstwhile Trust preferred an appeal with Commissioner of wealth Tax that was allowed by him. Subsequent appeal by the department with Income Tax Appellate Tribunal was dismissed as the appeals had been filed by the Wealth Tax Authorities without obtaining permission of their department ( which is mandatory). Subsequently, the Wealth



Tax Authorities have got the permission, however, no fresh notice for restoration of Appeals has either been received by us or by Advocate.

10. Under the provisions of Interest Tax Act 1974, the Trust received notices under section 10A in respect of chargeable interest tax for the assessment years 1992-93 and for subsequent assessment years up to 1999-2000. The Trust filed a Writ Petition against the levy of interest tax before the Hon'ble Bombay High Court. The Hon'ble High Court under its order dated 19<sup>th</sup> April 2001 held these notices as invalid and accordingly set aside the same. Subsequently, the central Board of Direct taxes filed Special Leave Petition before the Hon'ble Supreme Court of India against the orders of the Hon'ble High Court of Bombay. Although Special Leave Petition was admitted, but no interim relief was granted to CBDT. Since the matter is still pending before the Hon'ble supreme Court the liability arising on account of chargeable interest tax can not be determined.
11. A fire had occurred in the premises of Zonal and Branch offices of Erstwhile UTI at Calcutta on 07/11/1998, resulting in total damage of property, furniture, fixtures etc. Against this loss UTI preferred a total claim of Rs. 10.75 crore against National Insurance Company Ltd. by filing a suit for decree before the Hon'ble High Court of Calcutta in the year 2001. The insurer paid a sum of Rs. 3.03 crore indicating full and final settlement on the basis of the interim order. The matter is still pending final adjudication before the Hon'ble High Court. The outstanding amount of Rs. 8.12 crore is shown under Suspense a/c 'Dead stock damaged in fire and Rs.5.41 crore representing the depreciation on the above is lying under 'Sundry deposit a/c depreciation on dead stock damaged in fire'. The net amount of Rs. 2.71 cr is written off during the year.
12. The work relating to management and maintenance of property belonging to SUUTI and related matters has been outsourced to UTI Infrastructure and Services Limited (Company), a 100% subsidiary of SUUTI. The company is yet to enter into formal agreement with SUUTI relating to the scope of work and related services.
  - a. The formalities relating to documentation for various properties under the ownership/ possession of SUUTI are being completed as the sale is a continuous process.
  - b. SUUTI has given the properties on lease to various companies, however the formal agreements with lessees are yet to be entered, and accrue & recover



rent/ other expenses from various associates/ subsidiaries and other parties for which details are being compiled.

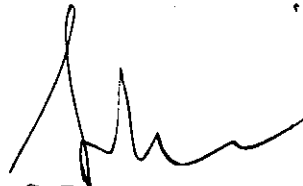
c. During the year, SUUTI has sold various properties, formalities relating to transfer/ sale of properties in few cases, are under process as the sale is a continuous process.

13. Contingent Liabilities not provided for cases pending with Consumer Forum is Rs.7.72 crore.

14. The figures are regrouped / reclassified wherever necessary.

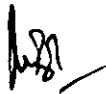


**IMTAIAZUR RAHMAN**  
Chief Finance Officer

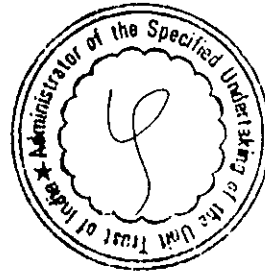


**S. B. MATHUR**  
Administrator

For and on behalf of  
**ASHOK BHARATIA & Co.**  
CHARTERED ACCOUNTANTS



**ASHOK BHARATIA**  
Partner



MUMBAI  
DATED : 17 DEC 2007



ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA  
BALANCE SHEETS AS AT 31ST MARCH, 2007

Figures in Lakhs

	31.03.2007	31.03.2006
UNIT SCHEME 64 BONDS		
LIABILITIES		
CAPITAL.....A	828,599.66	848,702.09
RESERVES AND SURPLUS.....B	258,612.20	250,333.93
CURRENT LIABILITIES AND PROVISIONS.....C	73,042.56	70,018.04
SIZE OF DEVELOPMENT RESERVE FUND	379,692.64	292,659.90
CURRENT LIABILITIES AND PROVISIONS OF DRF	7,806.08	8,673.61
LIABILITIES OF POST REDEMPTION SCHEMES UNDER DRF	69,176.46	6,847.33
DEVELOPMENT RESERVE FUND.....D	456,675.18	308,180.04
SIZE OF OTHER FUNDS	129,300.20	70,101.19
CURRENT LIABILITIES AND PROVISIONS OF OTHER FUNDS	2,459.36	3,477.59
OTHER FUNDS.....E	131,759.56	73,578.78
TOTAL LIABILITIES	1,748,689.16	1,550,814.48
ASSETS		
INVESTMENTS.....F	509,837.90	438,340.64
DEPOSITS.....G	398,232.69	467,751.73
CURRENT ASSETS.....H	223,977.45	217,536.46
FIXED ASSETS.....I	28,206.38	45,426.03
ASSETS OF DEVELOPMENT RESERVE FUND	187,498.72	301,333.51
ASSETS OF POST REDEMPTION SCHEMES UNDER DRF	69,176.46	6,847.33
TOTAL ASSETS OF DEVELOPMENT RESERVE FUND.....J	456,675.18	308,180.84
ASSETS OF OTHER FUNDS.....K	131,759.56	73,578.78
DEFERRED REVENUE EXPENDITURE.....L		
TOTAL ASSETS	1,748,689.16	1,550,814.48

NOTES TO ACCOUNTS

Statement of Significant Accounting Policies forms an integral part of the Accounts.

As per our attached report of even date

For and on behalf of  
ASHOK BHARTIA & CO.  
Chartered Accountants

*ASHOK BHARTIA*

ASHOK BHARTIA  
Partner



*M. TAYAZUR RAHMAN*  
M. TAYAZUR RAHMAN  
Chief Finance Officer

S. B. MATHUR  
Administrator



Month  
Date  
17 DEC 2007

**ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA  
REVENUE ACCOUNTS FOR THE PERIOD 1ST APRIL, 2006 TO 31ST MARCH, 2007**

INCOME	UNIT SCHEME 64 BONDS	
	CURRENT YEAR	PREVIOUS YEAR
DIVIDEND	14,024.50	9,390.01
INTEREST	51,726.65	75,815.49
PROFIT ON INTER SCHEME SALE OF INVESTMENTS		128,876.30
PROFIT ON SALE/REDEM OF INVT OTHER THAN 1ST OTHER INCOME	7,197.59	
PRIOR PERIOD ADJUSTMENTS - INCOME:	4,288.44	
PROV FOR DOUBTFUL INCOME PR YR WRITTEN BACK	1,292.85	5,909.68
PROV TOWARDS DOUBTFUL INVT & DEP WRITTEN BACK	55.54	586.14
COST OF INVESTMENTS WRITTEN BACK DURING YR	97.66	4.17
PROV FOR DEPR IN VALUE OF INV WRITTEN BACK	18.52	189.40
PROV FOR O/S ITEM RECO WRITTEN BACK		73.24
PROV TOWARDS DOUBTFUL INV & DEP WRITTEN BACK	2,143.76	
	<b>SUB TOTAL (A)</b>	<b>102.74</b>
LESS PROV FOR INVT CONSIDERED DOUBTFUL	80,845.51	
LESS PROV TOWARDS DOUBTFUL INVT & DEP	21.41	
LESS COST OF INVT'S WRITTEN DOWN DURING YR	844.40	162.74
LESS PROV FOR DEPR IN THE VALUE OF INVESTMENT		216.71
	<b>SUB TOTAL (B)</b>	<b>0.11</b>
	<b>TOTAL (A-B)</b>	<b>379.56</b>
		<b>220,567.61</b>

Rupees in Lakhs



ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA  
REVENUE ACCOUNTS FOR THE PERIOD 1ST APRIL, 2006 TO 31ST MARCH, 2007 (Contd.)

Rupees in Lakhs

	UNIT SCHEME 64 BONDS	
	CURRENT YEAR	PREVIOUS YEAR
EXPENDITURE		
INCOME DISTRIBUTION FOR THE YEAR	57,009.68	57,294.83
INCOME DISTRIBUTION FOR PRIOR YEARS	0.34	0.01
SALARIES/ALLOWANCES CONTR TO PF & GRATUITY	2,919.88	4.91
OFFICE EXPENSES	6.53	166.56
PUBLICITY EXPENSES		(5.06)
COMMISSION TO AGENTS	2,494.36	1,870.10
STAMP FEES, CUSTODIAL, REGISTRAR & BANK CHGS	28.79	25.24
AUDITORS' FEES (ALLOCATED)		
DEFERRED REVENUE EXPENSES WRITENOFF		
CONTRIBUTION TO DEVELOPMENT RESERVE FUND		
CONTRIBUTION FOR STAFF WELFARE FUND		
CONTRIBUTION TO GENERAL FUND		
AMC FEES	4,394.25	9,093.11
DEPRECIATION ON FIXED ASSETS	902.68	1,232.93
PRIOR PERIOD ADJUSTMENTS - EXPENSES		(120.44)
SUB TOTAL (A)	87,754.51	75,452.26
LESS SERVICE CHARGES RECOVERED	891.81	1,220.19
SUB TOTAL (B)	691.83	1,320.18
ADD INTEREST PAID	0.41	1,735.97
ADD LOSS ON INTER SCHEME SALE OF INVTs	2,476.75	4,777.97
ADD LOSS ON SALE OF DEM OF INVT OTHER THAN LIST	1,339.63	2,403.08
ADD PROVISION FOR OUTSTANDING ITEMS IN RECUS	1,816.79	1,118.80
SUB TOTAL (C)	70,878.47	125,550.97
TOTAL (A+B+C)	9,508.03	56,016.64
EXCESS OF INCOME OVER EXPENDITURE	90,385.50	220,567.61

FORM 10/23/04/SE/11



ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA  
**REVENUE APPROPRIATION ACCOUNTS FOR THE PERIOD 1ST APRIL, 2006 TO 31ST MARCH, 2007**  
 Rupees in Lakhs

	UNIT SCHEME 64 BONDS	
	CURRENT YEAR	PREVIOUS YEAR
<b>REVENUE APPROPRIATION ACCOUNT</b>		
BALANCE AS PER LAST BALANCE SHEET	9,506.03	95,016.64
EXCESS OF INCOME OVER EXPENDITURE		2.06
ADD/(LESS) PRIOR PERIOD PREMIUM/ ADJUSTMENTS	9,506.03	95,018.70
<b>TOTAL</b>		
APPRECIATION PAID ON PREMATURE WITHDRAWAL		
PREMIUM COLLECTED/PAID ON SALE/REPURCHASE		
BALANCE TRANSFERRED TO G RESERVE/ CAPITAL	9,506.03	95,018.70
BALANCE TRANSFERRED TO GENERAL RESERVE		
<b>TOTAL</b>	9,506.03	95,018.70

Statement of Significant Accounting Policies forms an integral part of the Accounts.

As per our attached report of even date  
 For and on behalf of  
**ASHOK BHARTIA & CO.**  
 Chartered Accountants

*ASH*



**ASHOK BHARTIA**  
 Partner

Mumbai  
 Dated

**17 DEC 2007**

*Imtiazur*  
**IMTAIAZUR RAHMAN**  
 Chief Finance Officer

*S.B. Mathur*  
**S.B. MATHUR**  
 Administrator



ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA  
 SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007  
 Rupees in Lakhs

	31.03.2007	31.03.2006
<b>SCHEDULE 'A'</b>		
<b>CAPITAL</b>		
INITIAL CAPITAL (1000 CERTIFICATE OF RS 50000)	828,599.66	848,702.09
BOND CAPITAL	828,599.66	848,702.09
APPLICATION MONEY ON SALE OF UNITS	-	-
<b>TOTAL</b>	<b>828,599.66</b>	<b>848,702.09</b>
<b>SCHEDULE 'B'</b>		
<b>RESERVES AND SURPLUS</b>		
UNIT PREMIUM RESERVE	(279,475.69)	(279,478.25)
BALANCE AS PER THE LAST BALANCE SHEET (UPR)	2.63	78.75
PREM COLLECTED (PAID) DURING THE YEAR (NET)	-	(74.19)
INFLOW FROM GOI SPECIAL PACKAGES	(279,473.06)	(279,475.69)
<b>SUB TOTAL (A)</b>	<b>(279,473.06)</b>	<b>(279,475.69)</b>
LESS TRANSFERRED TO US 2002	-	-
<b>SUB TOTAL (B)</b>	<b>(279,473.06)</b>	<b>(279,475.69)</b>
<b>TOTAL (A - B)</b>	<b>(279,473.06)</b>	<b>(279,475.69)</b>
<b>FIXED ASSETS REVALUATION RESERVE</b>		
BAL AS PER LAST B SHEET (REVALUATION RESERVE)	13,186.90	41,102.36
LESS TRANSFERRED TO DEPRECIATION ON FIXED ASSETS	1,120.55	1,374.48
LESS TRANSFERRED TO RESERVE OF PROFIT	-	6,735.28
ADD PRIOR YEARS ADJUSTMENT	20,836.05	194.39
<b>TOTAL</b>	<b>20,836.05</b>	<b>33,186.99</b>



ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA  
 SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007 (Contd.)  
 Rupees in Lakhs

	31.03.2007	31.03.2006
<b>SCHEDULE 'B' (Contd.)</b>		
<b>GENERAL RESERVE</b>		
<b>GENERAL RESERVE RELATING TO INITIAL CAPITAL</b>		
BALANCE AS PER LAST BALANCE SHEET (G.B.-1(CAP))		
TRANSFERRED FROM REVENUE APPROPRIATION ACT		
<b>TOTAL (A)</b>		
<b>GENERAL RESERVE ON UNIT CAPITAL</b>		
BALANCE AS PER LAST BALANCE SHEET	496,622.63	394,868.65
TRANSFERRED FROM REVENUE APPROPRIATION ACT	9,506.03	95,018.70
PREMIUM COLLECTED/PAYD DURING THE YEAR (NET)	11,120.55	6,725.28
TRANSFERRED FROM FIXED ASSET REVALUATION RES.	517,249.21	496,622.63
<b>SUB TOTAL (B)</b>		
LESS ADJUSTMENT/ALLOTMENT OF BONUS UNITS		
<b>SUB TOTAL (B)</b>	517,249.21	496,622.63
<b>TOTAL (B) = (A + B)</b>	517,249.21	496,622.63
<b>TOTAL (A+B)</b>	258,612.20	250,333.93
<b>GRAND TOTAL</b>		
<b>SCHEDULE 'C'</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
<b>CURRENT LIABILITIES</b>		
SUNDRY CREDITORS OTHERS	17,773.87	16,189.74
SUCRIFAIL AMOUNT PAYABLE TO UNITHOLDERS	61.17	61.17
APPLICATION MONEY PENDING SCRUTINY	314.85	197.59
CONTRACTS FOR PURCHASE OF INVESTMENTS	8,831.65	14.43
PAYABLE BALANCES		
BANK BORROWING		
UNCLAIMED INCOME/INTEREST DISTRIBUTION		
DIFFERENCE IN INTER OFFICE BALANCE (NET)		
DUES TO OTHER SCHEMES (NET)		
PAYABLE TO DEVELOPMENT RESERVE FUND		
<b>TOTAL (A)</b>	26,981.54	25,380.04



ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007 (Contd.)  
Rupees in Lakhs

	31.03.2007	31.03.2006
UNIT SCHEME 64 BONDS		
<b>SCHEDULE 'C' (Contd.)</b>		
<b>PROVISIONS</b>		
PROV FOR LOS & ACC INCOME CONSIDERED DOUBTFUL	340.11	324.24
PROV FOR DOUBTFUL INVESTMENTS & DEPOSITS	3,719.49	3,428.55
PROV FOR DEPRN IN THE VALUE OF INVESTMENTS	12,142.36	13,211.64
PROVISION FOR OUTSTANDING ITEMS IN RECONCILIATION	29,859.06	27,674.37
PROVISION FOR INCOME DISTRIBUTION	48,061.02	44,638.80
<b>TOTAL (B)</b>	<b>73,042.56</b>	<b>70,018.84</b>
<b>SCHEDULE 'D'</b>		
DEVELOPMENT RESERVE FUND	292,659.90	94,319.27
BALANCE AS PER LAST BALANCE SHEET	28.94	244.48
CONTRIBUTION / ADJUSTMENT DURING THE YEAR	249.05	68.10
MANAGEMENT / PERFORMANCE FEES RECEIVED FROM VEC/CAUS		1,98,916.28
MANAGEMENT FEES RECEIVED FROM OFFSHORE FUNDS	89,207.31	293,548.13
INCOME/INTEREST RECEIVED DURING THE YEAR	<b>3,82,145.20</b>	<b>888.23</b>
<b>SUB TOTAL 'A'</b>	<b>2,452.56</b>	<b>888.23</b>
LESS UTILISATION DURING THE YEAR	2,452.56	292,659.90
<b>SUB TOTAL 'B'</b>	<b>379,692.64</b>	<b>292,659.90</b>
SIZE OF DEVELOPMENT RESERVE FUND SUB TOTAL C+A+B		
CURRENT LIABILITIES & PROVISIONS	5,602.56	6,481.49
CURRENT LIABILITIES	0.61	0.61
BANK BALANCES		2,174.97
PAYABLE TO SCHEMES FOR SHOHILHALL ACCOUNT		
BANK BORROWING		
GRANT RECEIVED FROM GOI		
GOI SPECIAL BONDS	27.94	16.54
DUES TO OTHER SCHEMES		
PROVISION FOR OUTSTANDING ITEMS IN RECO	7,806.08	8,673.81
<b>CURRENT LIAB. AND PROVN. OF DRF-SUB TOTAL 'D'</b>	<b>387,498.72</b>	<b>301,333.51</b>
<b>TOTAL X = (C+D)</b>		



ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007 (Contd.)  
Rupees in Lakhs

	31.03.2007	31.03.2006
UNIT SCHEME 64 BONDS		
<b>SCHEDULE 'D' (Contd.)</b>		
<b>LIABILITIES OF POST REDEMPTION SCHEMES UNDER DRP</b>		
<b>(1) POST REDEMPTION FUND</b>		
GENERAL RESERVE AS PER LAST BALANCE SHEET	15,377.98	
GENERAL RESERVE TRANSFER - MERGED SCHEME	4,410.99	
INCOME/INTEREST RECEIVED DURING THE YEAR	(335.73)	
UTILISATION OF FUND	19,453.24	
<b>SUB TOTAL (a)</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>	8.65	
SUNDRY CREDITORS-OTHERS		
DUES TO OTHER SCHEMES	43,743.18	
PAYABLE TO GOVERNMENT OF INDIA	245.52	
PROV FOR DOUBTFUL INVESTMENTS & DEPOSITS	43,997.35	
<b>SUB TOTAL (b)</b>		
<b>TOTAL '1' = (a+b)</b>	63,450.59	714.48
<b>(2) POST REDEMPTION MIP 96 IV</b>		
GENERAL RESERVE AS PER LAST BALANCE SHEET	816.39	109.58
GENERAL RESERVE TRANSFER - PARENT SCHEME	142.63	(7.67)
INCOME/INTEREST RECEIVED DURING THE YEAR	(7.33)	616.39
UTILISATION OF FUND	951.69	
<b>SUB TOTAL (a)</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>	0.56	0.23
SUNDRY CREDITORS-OTHERS	133.51	193.45
PROV FOR OS & ACC. INCOME - DOUBTFUL		0.04
PROV FOR DEPN IN THE VALUE OF INVESTMENTS	2,700.56	2,805.82
PROV FOR DOUBTFUL INVESTMENTS & DEPOSITS	2,894.71	2,752.31
<b>SUB TOTAL (b)</b>		
<b>TOTAL '2' = (a+b)</b>	3,846.40	6,363.10

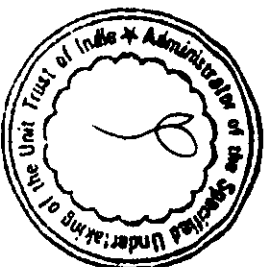




ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007 (Contd.)  
Rupees in Lakhs

	31.03.2007	31.03.2006
<b>SCHEDULE 'D' (Contd.)</b>		
<b>(3) POST REDEMPTION DIP 91</b>		
GENERAL RESERVE AS PER LAST BALANCE SHEET	1,977.09	2,176.16
GENERAL RESERVE TRANSFER PARENT SCHEME	(691.87)	(1,095.28)
INCOME/INTEREST RECEIVED DURING THE YEAR	(11.54)	916.27
		(20.06)
UTILISATION OF FUND	1,273.68	1,977.09
<b>SUB TOTAL (B)</b>		
CURRENT LIABILITIES & PROVISIONS	4.28	0.03
SUNDRY CREDITORS-OTHERS	53.08	53.08
PROV FOR OS & ACC INCOME CONSIDERED DOUBTFUL	0.08	0.08
PROV FOR OUTSTANDING ITEMS IN RECONCILIATIONS	0.01	
PROV FOR DEPN IN THE VALUE OF INVESTMENTS	548.31	1,064.74
PROV FOR DOUBTFUL INVESTMENTS & DEPOSITS	605.79	1,117.93
<b>SUB TOTAL (D)</b>	1,879.47	3,095.02
<b>TOTAL 'C' = (B+D)</b>	69,176.46	6,847.33
LIAB OF POST REDEM SCHEMES UNDER DIP 'A', TOTAL 1 TO 3		308,180.84
DEVELOPMENT RESERVE FUND	2,82.17	
	156,673.18	



ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007 (Contd.)

Rupees in Lakhs

	UNIT SCHEME 64 BONDS	
	31.03.2007	31.03.2006
<b>SCHEDULE 'E'</b>		
<b>OTHER FUNDS</b>		
(A) BALAKSHMI WOMEN'S WELFARE FUND(RWFF)		
BALANCE AS PER LAST BALANCE SHEET	557.72	500.95
TRANSFERRED FROM DRIF	25.00	25.00
INCOME EARNED DURING THE YEAR	44.16	31.77
UTILISATION OF FUND	(3.91)	
<b>SIZE OF THE FUND - SUB TOTAL (A)</b>	<b>622.97</b>	<b>557.72</b>
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
SUNDRY CREDITORS-OTHERS	0.80	
PROV FOR O/S & ACC INCOME CONSIDERED DOUBTFUL		9.34
PROV FOR DOUBTFUL INVESTMENTS & DEPOSITS	10.64	
<b>SUB TOTAL (B)</b>	<b>11.44</b>	<b>9.34</b>
<b>TOTAL 'A' = (A+B)</b>	<b>634.41</b>	<b>567.06</b>
(B) SENIOR CITIZENS' WELFARE FUND (SCWF)		
BALANCE AS PER LAST BALANCE SHEET	411.10	447.70
TRANSFERRED FROM DRIF	25.00	25.00
INCOME EARNED DURING THE YEAR	40.47	29.90
UTILISATION OF FUND	(3.59)	
<b>SIZE OF THE FUND - SUB TOTAL (B)</b>	<b>572.98</b>	<b>511.10</b>
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
SUNDRY CREDITORS-OTHERS	0.73	
PROV FOR O/S & ACC INCOME CONSIDERED DOUBTFUL		8.33
PROV FOR DOUBTFUL INVESTMENTS & DEPOSITS	9.48	
<b>SUB TOTAL (B)</b>	<b>10.21</b>	<b>8.33</b>
<b>TOTAL 'B' = (A+B)</b>	<b>583.19</b>	<b>519.43</b>



ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007 (Contd.)

Rupees in Lakhs

	UNIT SCHEME 64 BONDS	
	31.03.2007	31.03.2006
<b>SCHEDULE 'E' (Contd.)</b>		
(C) CHILDREN'S WELFARE FUND (CWF)		
BALANCE AS PER LAST BALANCE SHEET	478.93	397.26
TRANSFERRED FROM DRF	25.00	25.00
INCOME EARNED DURING THE YEAR	37.92	56.67
UTILISATION OF FUND	(3.36)	
	<b>538.49</b>	<b>478.93</b>
<b>SIZE OF THE FUND - SUB TOTAL (a)</b>		
CURRENT LIABILITIES & PROVISIONS		
SUNDRY CREDITORS/OTHERS	0.67	
PROV FOR O/S & ACC INCOME CONSIDERED DOUBTFUL	8.72	7.65
PROV FOR DOUBTFUL INVESTMENTS & DEPOSITS	9.39	7.65
	<b>18.78</b>	<b>15.30</b>
<b>SUB TOTAL (b)</b>		
(D) INVESTORS' PROTECTION FUND (IPF)		
BALANCE AS PER LAST BALANCE SHEET	547.88	486.58
TRANSFERRED FROM DRF	241.15	254.66
INCOME EARNED DURING THE YEAR	18.34	15.99
UTILISATION OF FUND	(20.11)	(29.50)
	<b>238.78</b>	<b>241.15</b>
<b>SIZE OF THE FUND - SUB TOTAL (d)</b>		
CURRENT LIABILITIES & PROVISIONS		
SUNDRY CREDITORS/OTHERS	0.31	
PROV FOR O/S & ACC INCOME CONSIDERED DOUBTFUL		
PROV FOR DOUBTFUL INVESTMENTS & DEPOSITS		
	<b>0.31</b>	
<b>SUB TOTAL (e)</b>		
<b>TOTAL 'E' = (a+b)</b>	<b>239.09</b>	<b>241.15</b>



ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007 (Contd.)

Rupees in Lakhs

	UNIT SCHEME 84 BONDS	
	31.03.2007	31.03.2006
<b>SCHEDULE 'E' (Contd.)</b>		
(E) STAFF WELFARE FUND (SWF)		
BALANCE AS PER LAST BALANCE SHEET	18,210.50	18,018.16
CONTRIBUTION RECEIVED DURING THE YEAR	2,446.30	293.67
NET INCOME DURING THE YEAR	101.94	101.33
UTILISATION DURING THE YEAR		
<b>SIZE OF THE FUND - SUB TOTAL (A)</b>	<b>20,554.86</b>	<b>18,210.50</b>
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
SUNDRY CREDITORS	6.13	109.20
BANK BALANCES		1,156.27
PROV FOR DEPRN IN THE VALUE OF INVESTMENTS		1,285.47
<b>SUB TOTAL (B)</b>	<b>6.13</b>	<b>1,947.59</b>
<b>TOTAL 'E' = (A+B)</b>	<b>20,561.01</b>	<b>19,475.97</b>
(F) ASSET RECONSTRUCTION FUND (ARF)		
BALANCE AS PER LAST BALANCE SHEET	50,101.79	51,578.40
INCOME EARNED DURING THE YEAR	5,702.71	11,297.09
TRANSFERRED TO DRP		
UTILISATION OF FUND	(382.40)	(179.96)
<b>SIZE OF THE FUND - SUB TOTAL (A)</b>	<b>106,772.12</b>	<b>50,101.79</b>
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
SUNDRY CREDITORS/OTHERS	2,315.37	1,907.33
PROV FOR DOUBTFUL INVESTMENTS & DEPOSITS		94.48
PROVISION FOR OUTSTANDING ITEMS IN RECONCILIATIONS	101.14	101.14
<b>SUB TOTAL (B)</b>	<b>2,416.61</b>	<b>2,102.95</b>
<b>TOTAL 'F' = (A+B)</b>	<b>109,188.73</b>	<b>52,204.74</b>

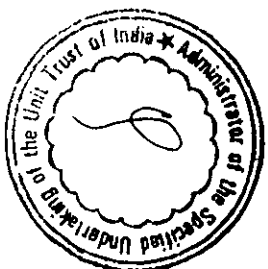


ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007 (Contd.)

Rupees in Lakhs

		UNIT SCHEME 04 BONDS	
		31.03.2007	31.03.2006
<b>SCHEDULE 'E' (Contd.)</b>			
<b>(G) GENERAL FUND</b>			
BALANCE AS PER LAST BALANCE SHEET			
CONTRIBUTION RECEIVED DURING THE YEAR			
INCOME INTEREST RECEIVED DURING THE YEAR		(4.69)	(79.04)
UTILISATION OF FUND		(0.11)	0.46
EXPENSES CHARGED TO STAFF WELFARE FUND		4.80	78.58
<b>SIZE OF THE FUND - SUB TOTAL (g)</b>			
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>			
BANK BALANCES			
DUES TO OTHER SCHEMES		4.94	65.94
SUNDRY CREDITORS OTHERS		0.11	17.17
EMPLOYEES VOLUNTARY HEALTH SCHEME			0.78
DIFFERENTIAL IN INTER OFFICE BALANCES			
PROVISION FOR GRATUITY			
PROVISION FOR LEAVE ENCASHMENT			
PROVISION FOR PENSION			
<b>SUB TOTAL (h)</b>		5.25	83.95
<b>TOTAL G = (a+b)</b>		5.25	83.95
<b>SIZE OF OTHER FUNDS - TOTAL I</b>		129,390.20	70,101.19
<b>CURRENT LIAB. &amp; PROVN. OF OTHER FUNDS-TOTAL II</b>		2,459.36	3,477.59
<b>OTHER FUNDS TOTAL (A+B+C+D+E+F+G)</b>		131,799.56	73,578.78



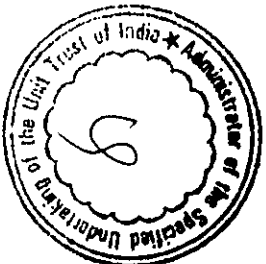
ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007 (Contd.)

Rupees in Lakhs

		UNIT SCHEME 64 BONDS	
		31.03.2007	31.03.2006
<b>SCHEDULE F:</b>			
<b>INVESTMENTS</b>			
CENTRAL & STATE GOVT SECURITIES CERTIFICATES			
DEBENTURES AND BONDS			
PREFERENCE SHARES			
EQUITY SHARES			
TERM LOANS			
<b>TOTAL</b>		<b>509,837.90</b>	<b>438,340.64</b>
QUOTED (AT COST)		292,146.09	284,748.29
UNQUOTED (AT COST)	A	217,691.81	153,592.35
QUOTED MARKET VALUE		509,837.90	438,340.64
UNQUOTED (AT VALUATION)	B	830,263.25	898,248.31
		185,982.43	99,730.75
		996,245.68	997,979.06
<b>TOTAL (B - A)</b>		<b>486,407.78</b>	<b>559,638.42</b>

AS PER LAST AVAILABLE INFORMATION IN VALUE OF SECURITIES

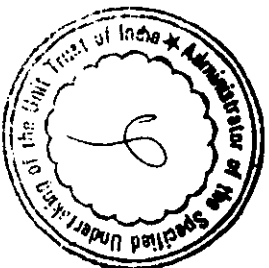


ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007 (Contd.)

Rupees in Lakhs

	31.03.2007	31.03.2006
UNIT SCHEME 64 BONDS		
<b>SCHEDULE 'G'</b>		
DEPOSITS		
MONEY MARKET OBLIGATIONS	1,699.43	22,296.73
DEPOSITS WITH COMPANIES, INSTITUTIONS	396,533.26	445,453.00
<b>TOTAL</b>	<b>398,232.69</b>	<b>467,751.73</b>
<b>SCHEDULE 'H'</b>		
CURRENT ASSETS		
BALANCE WITH BANKS IN CURRENT ACCOUNTS	8,620.91	5,553.15
CASH ON HAND		
SUNDRY DEBTORS	4,593.77	5,694.31
CONTRACTS FOR SALE OF INVESTMENTS	58.21	3,026.52
RECEIVABLE FROM DRP FOR SHORTFALL AMOUNT		
OUTSTANDING AND ACCRUED INCOME	29,339.75	26,404.21
ADVANCES, DEPOSITS, ETC.	954.26	294.26
SHARES, DEBENTURES APPLICATION MONEY		
DUES FROM OTHER SHAREHOLDERS	5,410.55	422.39
REMITTANCE TO GOVERNMENT OF INDIA	175,000.00	175,000.00
<b>TOTAL</b>	<b>223,977.45</b>	<b>217,536.46</b>



ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007 (CONTD. )

U S 64 BONDS

SCHEDULE 1  
FIXED ASSETS

	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK			
	AS ON 31st MARCH, 2006	ADDITIONS/ADJUSTMENTS	DEDUCTIONS/ADJUSTMENTS	TOTAL AS ON 31st MARCH, 2007	AS ON 31st MARCH, 2006	DEDUCTIONS/ADJUSTMENTS	DEP ON COST FOR 1.06.10.31.3.2007	DEP ON REVALUED COST 1.06.10.31.3.07	TRANSFERRED FROM REVALUATION RESERVE	TOTAL AS ON 31st MARCH, 2007	AS ON 31st MARCH, 2007	AS ON 31st MARCH, 2006
LAND LEASEHOLD	4760.74		44,12.86	1927.88	777.46	427.00	4.14	62.76	54.62	261.21	1984.67	5983.28
LAND (FREEHOLD)	2621.70	6.83	318.06	2310.47	4615.29	3751.54	98.67	529.57	431.00	1593.32	2310.47	2821.70
BUILDINGS	17226.81		10692.54	4514.27	2516.18	3751.54	37.46	292.82	245.46	2729.00	7647.10	10591.52
OFFICE PREMISES (LEASEHOLD)	10446.10			10446.10	2516.18	1549.61	306.96	806.37	429.41	8451.20	12697.06	16222.78
OWNERSHIP PREMISES	29417.22	1.58	4270.54	21148.26	9194.44	1549.61	306.96	806.37	429.41	8451.20	12697.06	16222.78
BUILDING IMPROVEMENTS	847.32	29.27	4870.04	576.55	758.35	246.47	39.14	39.18		551.04	25.49	88.97
FURNITURE & FIXTURE	4379.83	0.00	793.17	2592.66	2163.67	900.17	127.95	127.95		1291.45	401.21	1216.16
OFFICE EQUIPMENTS	3135.06	0.38	1445.37	3720.37	4815.46	1448.72	137.97	137.87		3674.61	115.76	319.90
MOTOR VEHICLES	42.57		42.56	0.02	76.48	76.48	0.51	0.51		0.02	0.00	6.09
COMPUTERS	3621.94	7.27	441.46	6174.91	4406.41	410.12	44.36	291.74		4614.27	153.44	2811.11
ADVANCE TOWARDS PURCHASE OF CAPITAL ASSETS	2479.19	40.14	2464.03	50911.49	29455.74	4461.12	445.84	2076.22	1240.41	22620.84	2464.03	45064.55
TOTAL	16258	30.54	2939	16373	29455.74	4461.12	445.84	2076.22	1240.39	22620.84	2464.03	45426.03
	74881.77	20.87	24875.42	51077.22	29455.74	4461.12	445.84	2076.22	1240.39	22620.84	2464.03	45426.03

\* Certified by Chartered Accountants in accordance with the provisions of the Companies Act, 1956.





ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007 (Contd.)

Rupees in Lakhs

		31.03.2007	31.03.2006
UNIT SCHEME 84 BONDS			
<b>SCHEDULE 'J'</b>			
<b>ASSETS OF DEVELOPMENT RESERVE FUND</b>			
EQUITY SHARES		89,779.88	119,463.87
DEBENTURES AND BONDS		1,719.26	3,729.88
DEPOSITS, COMPANIES, BANKS, TERM LOANS		276,278.35	168,224.90
GOV. SPECIAL BONDS		300.00	300.00
	<b>INVESTMENT AT COST</b>	<b>368,077.49</b>	<b>291,718.65</b>
<b>CURRENT ASSETS</b>			
SUNDRY DEBTORS		7,950.98	6,563.19
OUTSTANDING AND ACCRUED INCOME		9,938.25	1,651.13
SHARES, DEBENTURES APPLICATION MONEY		144.64	
RECEIVABLE FROM USAI			
RECEIVABLE FROM POST REDEMPTION SCHEMES		23.60	28.50
BANK BALANCES			
CONTRACT FOR SALE OF INVESTMENTS			
INVESTMENT IN EQUITY SHARES		1,613.77	
	<b>SUB TOTAL (B)</b>	<b>19,421.23</b>	<b>9,615.06</b>
<b>ASSETS OF DEVELOPMENT RESERVE FUND TOTAL P-A-B</b>		<b>387,498.72</b>	<b>301,333.51</b>



**ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA**

**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007 (Contd.)**

Rupees in Lakhs

	UNIT SCHEME ₹4 BONDS	
	31.03.2007	31.03.2006
<b>SCHEDULE 'J' (Contd.)</b>		
<b>ASSETS OF POST REDEMPTION SCHEMES UNDER DRP</b>		
(1) POST REDEMPTION FUND		
EQUITY SHARES	51 660.09	
DEPOSITS WITH COMPANIES / INSTITUTIONS	10,500.00	
MONEY MARKET OBLIGATIONS	77.04	
	<b>INVESTMENT AT COST</b>	<b>SUB TOTAL (A)</b>
		62,237.13
<b>CURRENT ASSETS</b>		
SUNDRY DEBTORS	472.21	
OUTSTANDING AND ACQUIRED INCOME	495.97	
DUES FROM OTHER SCHEMES	285.28	
	<b>SUB TOTAL (B)</b>	<b>1,213.46</b>
	<b>TOTAL 'J' (A+B)</b>	<b>63,450.59</b>



ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007 (Contd.)

Rupees in Lakhs

		31.03.2007	31.03.2006
		UNIT SCHEME 64 BONDS	
<b>SCHEDULE 'J' (Contd.)</b>			
<b>(2) POST REDEMPTION MIP 96 IV</b>			
DEBENTURES AND BONDS		389.94	584.91
EQUITY SHARES		0.04	0.04
DEPOSITS WITH COMPANIES / INSTITUTIONS		850.00	
MONEY MARKET OBLIGATIONS		10.01	772.76
	<b>INVESTMENT AT COST</b>	<b>1,249.99</b>	<b>1,357.71</b>
<b>CURRENT ASSETS</b>			
SUNDRY DEBTORS		2,310.73	2,172.63
OUTSTANDING AND ACCRUED INCOME		45,131	19,135
DUES FROM OTHER SCHEMES		31.87	28.52
	<b>SUB TOTAL (B)</b>	<b>2,598.41</b>	<b>2,394.80</b>
	<b>TOTAL 'J' = (a+b)</b>	<b>3,846.40</b>	<b>3,752.31</b>
<b>(3) POST REDEMPTION DIP 91</b>			
DEBENTURES AND BONDS		30.00	24.66
EQUITY SHARES		0.01	0.01
PREFERENCE SHARES			
MONEY MARKET OBLIGATIONS		209.85	1,493.41
	<b>INVESTMENT AT COST</b>	<b>239.84</b>	<b>1,537.08</b>
<b>CURRENT ASSETS</b>			
SUNDRY DEBTORS		318.70	1,130.08
OUTSTANDING AND ACCRUED INCOME		52.93	52.88
DUES FROM OTHER SCHEMES		658.11	55.08
	<b>SUB TOTAL (B)</b>	<b>1,639.53</b>	<b>1,557.94</b>
	<b>TOTAL 'J' = (a+b)</b>	<b>1,879.47</b>	<b>2,095.02</b>
	<b>ASSETS OF POST REDEM. SCHEMES UNDER DIV. Q. TOTAL 1 TO 3</b>	<b>69,178.46</b>	<b>6,847.33</b>
	<b>TOTAL ASSETS OF DEVELOPMENT RESERVE FUND - M.P.-O</b>	<b>456,675.18</b>	<b>306,180.84</b>



ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA  
SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007 (Contd.)

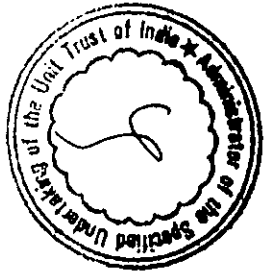
Rupees in Lakhs

		UNIT SCHEME 64 BONDS	
		31.03.2007	31.03.2008
<b>SCHEDULE 'K'</b>			
<b>ASSETS OF OTHER FUNDS</b>			
<b>(A) ASSETS OF RAJLAKSHMI WOMEN'S WELFARE FUND</b>			
TERM LOANS		5.45	9.24
CENTRAL GOVERNMENT SECURITIES		149.09	527.77
MONEY MARKET OBLIGATIONS		154.54	537.11
	<b>SUB TOTAL (A)</b>		
CURRENT ASSETS			
REDEMPTION RECEIVABLE			
SUNDRY DEBTORS		5.19	10.47
OUTSTANDING AND ACCRUED INCOME			
DUES FROM OTHER SCHEMES		474.68	19.48
	<b>SUB TOTAL (B)</b>	479.87	29.95
	<b>TOTAL A = (A+B)</b>	634.41	567.06
<b>(B) ASSETS OF SENIOR CITIZENS WELFARE FUND</b>			
TERM LOANS			
CENTRAL GOVERNMENT SECURITIES		4.85	8.32
MONEY MARKET OBLIGATIONS		137.13	483.66
	<b>SUB TOTAL (B)</b>	141.98	491.98
CURRENT ASSETS			
REDEMPTION RECEIVABLE			
SUNDRY DEBTORS		4.04	7.21
OUTSTANDING AND ACCRUED INCOME			
DUES FROM OTHER SCHEMES		436.59	17.85
	<b>SUB TOTAL (B)</b>	441.21	27.45
	<b>TOTAL B = (B+B)</b>	583.19	519.43



ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA  
 SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007 (Contd.)  
 Rupees in Lakhs

		31.03.2007	31.03.2006
<b>SCHEDULE 'K' (Contd.)</b>		<b>UNIT SCHEME 64 BONDS</b>	
<b>(C) ASSETS OF CHILDREN'S WELFARE FUND</b>			
TERM LOANS		4.46	7.65
CENTRAL GOVERNMENT SECURITIES		128.87	453.21
MONEY MARKET OBLIGATIONS	INVESTMENT AT COST	133.33	460.86
	<b>SUB TOTAL (a)</b>		
<b>CURRENT ASSETS</b>			
REDEMPTION RECEIVABLE			
SUNDRY DEBTORS		4.25	8.99
OUTSTANDING AND ACCRUED INCOME		410.30	16.73
DUES FROM OTHER SCHEMES		414.55	25.72
	<b>SUB TOTAL (b)</b>	829.10	496.50
	<b>TOTAL C = (a+b)</b>	829.10	496.50
<b>(D) ASSETS OF INVESTORS' PROTECTION FUND (IPF)</b>			
TERM LOANS		57.15	228.20
MONEY MARKET OBLIGATIONS	INVESTMENT AT COST	57.15	228.20
	<b>SUB TOTAL (a)</b>		
<b>CURRENT ASSETS</b>			
REDEMPTION RECEIVABLE			
BANK BALANCES		181.94	8.42
SUNDRY DEBTORS		181.94	12.95
OUTSTANDING AND ACCRUED INCOME			
DUES FROM OTHER SCHEMES		181.94	8.42
	<b>SUB TOTAL (b)</b>	363.88	21.79
	<b>TOTAL D = (a+b)</b>	363.88	21.79

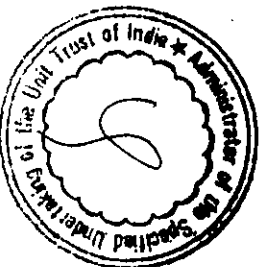


ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007 (Contd.)

Rupees in Lakhs

	UNIT SCHEME 64 BONDS	
	31.03.2007	31.03.2008
<b>SCHEDULE 'K' (Contd.)</b>		
<b>(E) ASSETS OF STAFF WELFARE FUND (SWF)</b>		
CENTRAL & STATE GOVT SECURITIES/CERTIFICATES	7,936.90	7,936.90
EQUITY SHARES	3,328.91	3,791.68
DEBENTURES AND BONDS	6,125.09	6,152.35
DEPOSITS WITH COMPANIES/INSTITUTIONS	2,000.00	
MONEY MARKET OBLIGATIONS	59.18	1,210.96
INVESTMENT AT COST	20,047.08	19,090.89
SUB TOTAL (a)		
CURRENT ASSETS		
OUTSTANDING AND ACCRUED INCOME	308.76	284.94
BANK BALANCES		0.34
SUNDRY DEBTORS	16.77	40.81
DUES FROM OTHER SCHEMES	188.40	44.69
ADVANCES/DEPOSITS ETC.		14.30
SUB TOTAL (b)	513.93	385.08
TOTAL E = (a+b)	20,561.01	19,475.97
<b>(F) ASSETS OF ASSET RECONSTRUCTION FUND (ARF)</b>		
DEBENTURES AND BONDS	1,049.78	2,176.68
EQUITY SHARES	31,757.44	14,247.54
TERM LOANS	69.72	
MONEY MARKET OBLIGATIONS	460.26	12,438.04
DEPOSITS WITH COMPANIES/INSTITUTIONS	64,300.00	22,340.00
INVESTMENT AT COST	97,636.80	51,182.26
SUB TOTAL (a)		
CURRENT ASSETS		
REDEMPTION RECEIVABLE	7,214.56	19.74
OUTSTANDING AND ACCRUED INCOME	2,770.88	462.20
DUES FROM OTHER SCHEMES	1,465.35	459.06
SUNDRY DEBTORS	101.14	101.48
SUB TOTAL (b)	11,551.93	1,042.48
TOTAL F = (a+b)	109,188.73	52,204.74

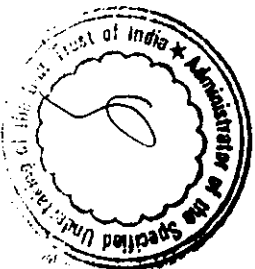


ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007 (Contd.)

Rupees in Lakhs

		UNIT SCHEME 64 BONDS	
		31.03.2007	31.03.2006
<b>SCHEDULE 'K' (Contd.)</b>			
<b>(G) ASSETS OF GENERAL FUND</b>			
MONEY MARKET OBLIGATIONS			
	INVESTMENT AT COST		
	<b>SUB TOTAL (g)</b>		
CURRENT ASSETS			
	SUNDRY DEBTORS	5.15	78.89
	BANK BALANCES	0.10	4.96
	DIFFERENCE IN INTER OFFICE BALANCE (NET)		
	CASH ON HAND		
	OUTSTANDING AND ACCRUED INCOME		
	ADVANCES, DEPOSITS, ETC.		
	DUES FROM OTHER SCHEMES		
	<b>SUB TOTAL (h)</b>	5.25	83.85
	<b>TOTAL G = (g+h)</b>	5.25	83.85
<b>ASSETS OF OTHER FUNDS TOTAL (A+B+C+D+E+F+G)</b>		131,759.56	73,578.78
<b>SCHEDULE 'L'</b>			
DEFERRED REVENUE EXPENDITURE			
BALANCE AS PER LAST BALANCE SHEET			
LESS AMOUNT WRITTEN OFF DURING THE YEAR			
<b>TOTAL</b>			



ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA  
BALANCE SHEETS AS AT 31ST MARCH, 2007

Rupees in Lakhs

	UNIT SCHEME 64 BONDS	
	31.03.2007	31.03.2006
LIABILITIES		
CAPITAL..... 'A'	828,599.66	848,702.09
RESERVES AND SURPLUS..... 'B'	258,812.20	250,333.93
CURRENT LIABILITIES AND PROVISIONS..... 'C'	73,042.56	70,018.84
SIZE OF DEVELOPMENT RESERVE FUND	379,692.64	292,659.90
CURRENT LIABILITIES AND PROVISIONS OF DRP	7,806.08	8,673.61
LIABILITIES OF POST REDEMPTION SCHEMES UNDER DRP	69,176.46	6,847.33
DEVELOPMENT RESERVE FUND..... 'D'	456,675.18	308,180.84
SIZE OF OTHER FUNDS	129,300.20	70,101.19
CURRENT LIABILITIES AND PROVISIONS OF OTHER FUNDS	2,459.36	3,477.59
OTHER FUNDS..... 'E'	131,759.56	73,578.78
TOTAL LIABILITIES	1,748,689.16	1,550,814.48
ASSETS		
INVESTMENTS..... 'F'	509,837.90	438,340.64
DEPOSITS..... 'G'	398,232.89	467,751.73
CURRENT ASSETS..... 'H'	223,977.45	217,536.46
FIXED ASSETS..... 'I'	28,206.38	45,426.03
ASSETS OF DEVELOPMENT RESERVE FUND	387,498.72	301,333.51
ASSETS OF POST REDEMPTION SCHEMES UNDER DRP	69,176.46	6,847.33
TOTAL ASSETS OF DEVELOPMENT RESERVE FUND..... 'J'	456,675.18	308,180.84
ASSETS OF OTHER FUNDS..... 'K'	131,759.56	73,578.78
DEFERRED REVENUE EXPENDITURE..... 'L'		
TOTAL ASSETS	1,748,689.16	1,550,814.48

NOTES TO ACCOUNTS M

Statement of Significant Accounting Policies forms an integral part of the Accounts.

As per our attached report of given date  
For and on behalf of  
ASHOK BHARTIA & CO.  
Chartered Accountants

*ASHOK BHARTIA*

ASHOK BHARTIA  
Partner



*M. T. YAZUR RAHMAN*  
M. T. YAZUR RAHMAN  
Chief Finance Officer

S. B. MATHUR  
Administrator

*S. B. MATHUR*

Mumbai

Dated 17 DEC 2007

Page 1 of 23 sheets





ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA  
 REVENUE ACCOUNTS FOR THE PERIOD 1ST APRIL, 2006 TO 31ST MARCH, 2007

Rupees in Lakhs

	UNIT SCHEME 64 BONDS	
	CURRENT YEAR	PREVIOUS YEAR
<b>INCOME</b>		
DIVIDEND	14,024.50	9,390.01
INTEREST	51,726.65	75,815.49
PROFIT ON INTER SCHEME SALE OF INVESTMENTS		128,876.30
PROFIT ON SALE/REDEM. OF INV'T OTHER THAN LIST		
OTHER INCOME	7,197.59	
PRIOR PERIOD ADJUSTMENTS - INCOME	4,288.44	5,909.68
PROV FOR DOUBTFUL INCOME PR YR WRITTEN BACK	1,292.85	586.14
PROV TOWARDS DOUBTFUL INV'T & DEP WRITTEN BACK	55.54	4.17
COST OF INVESTMENTS WRITTEN BACK DURING YR	97.66	189.40
PROV FOR DEPR IN VALUE OF INV WRITTEN BACK	18.52	73.24
PROV FOR O/S ITEM RECO WRITTEN BACK		
PROV TOWARDS DOUBTFUL INV & DEP WRITTEN BACK	2,143.70	102.74
<b>SUB TOTAL (A)</b>	<b>80,945.51</b>	<b>220,947.17</b>
LESS PROV FOR INT. INCOME INSIDE RECD DOUBTFUL	11.41	162.74
LESS PROV TOWARDS DOUBTFUL INV'T & DEP	348.40	216.71
LESS COST OF INV'TS WRITTEN DURING YR		0.11
LESS PROV FOR DEPR IN THE VALUE OF INVESTMENT		
<b>SUB TOTAL (B)</b>	<b>360.01</b>	<b>379.56</b>
<b>TOTAL (A-B)</b>	<b>80,585.50</b>	<b>220,567.61</b>



ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA  
 REVENUE ACCOUNTS FOR THE PERIOD 1ST APRIL, 2006 TO 31ST MARCH, 2007 (Contd.)

Figures in Lakhs

EXPENDITURE	UNIT SCHEME 64 BONDS	
	CURRENT YEAR	PREVIOUS YEAR
INCOME DISTRIBUTION FOR THE YEAR	57,009.68	57,284.83
INCOME DISTRIBUTION FOR PRIOR YEARS	0.34	0.01
SALARIES/ALLOWANCES CONTR TO PF & GRATUITY	2,919.88	4.91
OFFICE EXPENSES	6.53	5,900.17
COMMISSION TO AGENTS	2,494.36	1,86.56
STAMP FEES CUSTODIAL REGISTRAR & BANK CHGS	26.79	(5.06)
AUDITORS' FEES (ALLOCATED)		1,870.10
DEFERRED REVENUE EXPENSES WRITTEN OFF		25.24
CONTRIBUTION TO DEVELOPMENT RESERVE FUND	4,394.25	9,093.11
CONTRIBUTION FOR STAFF WELFARE FUND	902.68	1,232.93
CONTRIBUTION TO GENERAL FUND		(120.24)
AMC FEES		75,452.36
DEPRECIATION ON FIXED ASSETS		1,220.19
PRIOR PERIOD ADJUSTMENTS EXPENSES		1,320.18
	<b>SUB TOTAL (A)</b>	
	67,754.51	69,183
	691.83	1,320.18
LESS SERVICE CHARGES RECOVERED	<b>SUB TOTAL (B)</b>	
	681.83	1,320.18
	0.41	1,320.18
ADD INTEREST PAID		4,119.75
ADD LOSS ON INTER SCHEME SALE OF INVTS	2,476.75	2,403.08
ADD LOSS ON SALE/REDEM OF INVTS OTHER THAN 1ST	1,339.63	
ADD PROVISION FOR OUTSTANDING ITEMS IN RECORDS	1,816.79	1,118.80
	<b>SUB TOTAL (C)</b>	
	70,879.47	125,550.97
	<b>TOTAL (A)+(B)+(C)</b>	
	9,508.03	86,016.84
EXCESS OF INCOME OVER EXPENDITURE	<b>TOTAL</b>	
	80,385.50	220,567.61



ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA  
**REVENUE APPROPRIATION ACCOUNTS FOR THE PERIOD 1ST APRIL, 2006 TO 31ST MARCH, 2007**  
 Rupees in Lakhs

	UNIT SCHEME 64 BONDS	
	CURRENT YEAR	PREVIOUS YEAR
<b>REVENUE APPROPRIATION ACCOUNT</b>		
BALANCE AS PER LAST BALANCE SHEET	9,506.03	95,016.64
EXCESS OF INCOME OVER EXPENDITURE		2.06
ADD/LESS) PRIOR PERIOD PREMIUM / ADJUSTMENTS	9,506.03	95,018.70
<b>TOTAL</b>		
APPRECIATION PAID ON PREMATURE WITHDRAWAL		
PREMIUM COLLECTED PAID ON SALE/REPURCHASE		
BALANCE TRANSFERRED TO G RESERVE / CAPITAL	9,506.03	95,018.70
BALANCE TRANSFERRED TO GENERAL RESERVE		
<b>TOTAL</b>	9,506.03	95,018.70

Statement of Significant Accounting Policies forms an integral part of the Accounts.

As per our attached report of even date  
 For and on behalf of  
**ASHOK BHARTIA & CO.**  
 Chartered Accountants

**ASHOK BHARTIA**  
 Partner



*Phn V,*  
**INITIAZUR RAHMAN**  
 Chief Finance Officer

*[Signature]*  
**S.B. MATHUR**  
 Administrator

Mumbai  
 Dated: **17 DEC 2007**



ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA  
 SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007  
 Rupees in Lakhs

	31.03.2007	31.03.2006
UNIT SCHEME 84 BONDS		
<b>SCHEDULE 'A'</b>		
CAPITAL		
INITIAL CAPITAL (1000 CERTIFICATE OF RS 50000)	828,599.66	848,702.09
BOND CAPITAL		
APPLICATION MONEY ON SALE OF UNITS	828,599.66	848,702.09
<b>TOTAL</b>		
<b>SCHEDULE 'B'</b>		
RESERVES AND SURPLUS		
UNIT PREMIUM RESERVE	(279,475.69)	(279,478.25)
BALANCE AS PER THE LAST BALANCE SHEET (UPRI)	2.63	76.75
PREM COLLECTED/(PAID) DURING THE YEAR (NET)		(74.19)
INFLOW FROM GOI SPECIAL PACKAGES	(279,473.06)	(279,475.69)
<b>SUB TOTAL (A)</b>		
LESS TRANSFERRED TO US 2002		
<b>SUB TOTAL (B)</b>	(279,473.06)	(279,475.69)
<b>TOTAL (A - B)</b>		
FIXED ASSETS REVALUATION RESERVE	33,186.94	41,102.36
BAL AS PER LAST B.SHEET (REVALUATION RESERVE)	1,730.16	1,374.48
LESS TRANSFERRED TO SPECIAL RA OF SEPT	11,120.55	6,735.28
ADD PRIOR YEARS ADJUSTMENT	20,836.05	194.38
<b>TOTAL</b>		
	20,836.05	33,186.99



ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007 (Contd.)  
Rupees in Lakhs

	31.03.2007	31.03.2006
UNIT SCHEME 64 BONDS		
SCHEDULE 'B' (Contd.)		
GENERAL RESERVE		
GENERAL RESERVE RELATING TO INITIAL CAPITAL		
BALANCE AS PER LAST BALANCE SHEET (G.R.-I(CAP))		
TRANSFERRED FROM REVENUE APPROPRIATION ACT		
TOTAL(A)		
GENERAL RESERVE ON UNIT CAPITAL		
BALANCE AS PER LAST BALANCE SHEET	496,622.63	394,868.65
TRANSFERRED FROM REVENUE APPROPRIATION ACT	9,506.03	95,018.70
PREMIUM COLLECTED/(PAID) DURING THE YEAR(IN/ET)	11,120.55	6,735.28
TRANSFERRED FROM FIXED ASSET REVALUATION RES	317,249.21	496,622.63
SUB TOTAL (B)		
LESS ADJUSTMENT/ALLOTMENT OF BONUS UNITS		
SUB TOTAL (b)	517,249.21	496,622.63
TOTAL (B) = (a + b)	517,249.21	496,622.63
TOTAL (A)+(B)	258,812.20	250,333.93
GRAND TOTAL		
SCHEDULE 'C'		
CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
SUNDRY CREDITORS OTHERS	17,773.87	16,189.74
SHORTFALL AMOUNT PAYABLE TO UNITHOLDERS	61.17	61.17
APPLICATION MONEY PENDING SCRUTINY	314.85	197.29
CONTRACTS FOR PURCHASE OF INVESTMENTS		14.43
PAYABLES		
BANK BORROWING	8,831.65	
UNCLAIMED INCOME/INTEREST DISTRIBUTION		
DIFFERENCE IN INTER OFFICE BALANCE(NET)		
DUES TO OTHER SCHEME(S)(NET)		
PAYABLE TO DEVELOPMENT RESERVE FUND		
TOTAL (A)	28,981.54	25,380.04



ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA  
 SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007 (Contd.)  
 Rupees in Lakhs

	31.03.2007	31.03.2006
UNIT SCHEME 64 BONDS		
<b>SCHEDULE 'C' (Contd.)</b>		
<b>PROVISIONS</b>		
PROV FOR LOS & ACC INCOME CONSIDERED DOUBTFUL	340.11	324.24
PROV FOR DOUBTFUL INVESTMENTS & DEPOSITS	3,719.49	3,428.55
PROV FOR DEPRN IN THE VALUE OF INVESTMENTS	12,142.36	13,211.64
PROVISION FOR OUTSTANDING ITEMS IN RECONCILIATION	29,859.06	27,674.37
PROVISION FOR INCOME DISTRIBUTION	46,061.02	44,638.80
<b>TOTAL (B)</b>	<b>73,042.56</b>	<b>70,018.64</b>
<b>SCHEDULE 'D'</b>		
<b>DEVELOPMENT RESERVE FUND</b>		
BALANCE AS PER LAST BALANCE SHEET	292,659.90	94,319.27
CONTRIBUTION / ADJUSTMENT DURING THE YEAR	28.94	244.48
MANAGEMENT / PERFORMANCE FEES RECEIVED FROM VECANS	249.05	68.10
MANAGEMENT FEES RECEIVED FROM OFFSHORE FUNDS	89,207.31	198,916.28
INCOME/INTEREST RECEIVED DURING THE YEAR	382,145.20	293,548.13
<b>SUB TOTAL 'A'</b>	<b>2,452.56</b>	<b>888.23</b>
LESS UTILISATION DURING THE YEAR	2,452.56	888.23
<b>SUB TOTAL 'B'</b>	<b>379,692.64</b>	<b>292,659.90</b>
<b>SIZE OF DEVELOPMENT RESERVE FUND SUB TOTAL C=A-B</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
CURRENT LIABILITIES	5,602.56	6,481.49
BANK BALANCES	0.61	0.61
PAYABLE TO SCHEMES FOR SHORTFALL ACCOUNT	21,437	2,174.97
BANK BORROWING		
GRANT RECEIVED FROM GOI	27.94	16.54
GOI SPECIAL BONDS		
DUES TO OTHER SCHEMES	7,806.06	8,673.61
PROVISION FOR OUTSTANDING ITEMS IN RECO	387,498.72	301,333.51
<b>CURRENT LIAB. AND PROV. OF DRF SUB TOTAL 'D'</b>		
<b>TOTAL X = (C+D)</b>		



**ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA  
BALANCE SHEETS AS AT 31ST MARCH, 2007**

Rupees in Lakhs

	ARS BONDS		MAT NAV MIP		MAT FV MIP		DIP 91		MIP 96 IV	
	31.03.2007	31.03.2006	31.03.2007	31.03.2006	31.03.2007	31.03.2006	31.03.2007	31.03.2006	31.03.2007	31.03.2006
<b>LIABILITIES</b>										
CAPITAL..... A	573,659.97	592,856.37								
RESERVES AND SURPLUS..... B	(146,362.63)	(147,067.94)	6,942.62	6,177.76	16,798.67	15,330.97	842.03	756.72	1,612.31	1,432.09
CURRENT LIABILITIES AND PROVISIONS..... C	58,533.38	47,378.77	16,352.01	15,810.80	15,211.39	<del>16,078.93</del>	<del>385.28</del>	<del>802.12</del>	1,508.84	1,576.24
<b>TOTAL LIABILITIES</b>	<b>485,830.72</b>	<b>493,167.20</b>	<b>23,294.63</b>	<b>21,988.56</b>	<b>32,010.06</b>	<b>31,409.90</b>	<b>1,429.79</b>	<b>1,358.84</b>	<b>3,119.15</b>	<b>3,008.33</b>
<b>ASSETS</b>										
INVESTMENTS..... D	397,811.73	371,213.10	21,400.00		26,403.49	20,102.69			2,662.49	2,615.30
DEPOSITS..... E	60,178.10	87,346.02	51.51	19,808.14	3,500.00	7,557.16	1,174.32	1,194.43	456.66	393.03
CURRENT ASSETS..... F	27,840.89	34,608.08	1,843.12	2,180.42	2,106.57	3,750.05	255.47	164.41		
DEFERRED REVENUE EXPENDITURE..... G										
<b>TOTAL ASSETS</b>	<b>485,830.72</b>	<b>493,167.20</b>	<b>23,294.63</b>	<b>21,988.56</b>	<b>32,010.06</b>	<b>31,409.90</b>	<b>1,429.79</b>	<b>1,358.84</b>	<b>3,119.15</b>	<b>3,008.33</b>

NOTES TO ACCOUNTS..... M

Statement of Significant Accounting Policies forms an integral part of the Accounts.

As per our attached report of even date  
For and on behalf of  
**ASHOK BHARTIA & CO.**  
Chartered Accountants

**ASHOK BHARTIA**  
Partner



**INTANAZUR RAHMAN**  
Chief Finance Officer

**S.B. MATHUR**  
Administrator

Mumbai  
Dated: **17 DEC 2007**



ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA  
REVENUE ACCOUNTS FOR THE PERIOD 1ST APRIL, 2006 TO 31ST MARCH, 2007

Rupees in Lakhs

	ARS BONDS		MAT NAV MIP		MAT PV MIP		DIP 91		MIP 96 IV	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
INCOME	2,885.90	1,942.15	-	71.56	-	-	-	-	-	-
DIVIDEND	39,712.72	74,720.57	1,565.59	4,211.35	285.14	535.83	96.89	78.29	210.03	173.75
INTEREST	2,449.39	20,887.41	6,316.89	2,891.79	1,300.89	2.80	-	93.50	-	-
PROFIT ON INTER SCHEME SALE OF INVESTMENTS	6.12	56.87	68.81	757.17	8.97	243.66	1.24	0.07	(1.19)	135.76
PROFIT ON SALE/REDEM. OF INVT OTHER THAN IST	73.95	(0.76)	5.36	387.82	(17.56)	38.99	0.26	0.07	1.81	(0.04)
OTHER INCOME	27.03	49.03	4.33	111.19	0.77	50.00	-	-	-	-
PRIOR PERIOD ADJUSTMENTS - INCOME	1,219.80	98.02	1,064.64	3,479.85	-	-	-	-	-	-
PROV FOR DOUBTFUL INCOME PR YR WRITTEN BACK	-	-	35.04	-	-	-	-	-	-	-
PROV TOWARDS DOUBTFUL INV & DEP WRITTEN BACK	-	-	-	-	-	-	-	-	-	-
PROV FOR DEPR IN VALUE OF INV WRITTEN BACK	-	-	-	-	-	-	-	-	-	-
PROV FOR O/S ITEM RECO WRITTEN BACK	98.01	21.76	4.03	-	-	-	-	-	-	-
<b>SUB TOTAL (A)</b>	<b>46,472.92</b>	<b>97,775.05</b>	<b>9,148.59</b>	<b>11,696.92</b>	<b>1,578.21</b>	<b>871.08</b>	<b>98.39</b>	<b>171.86</b>	<b>210.65</b>	<b>309.47</b>
LESS PROV FOR INCOME CONSIDERED DOUBTFUL	5.96	103.45	2.12	166.01	0.56	0.03	-	0.07	-	-
LESS PROVISION TOWARDS DOUBTFUL INV & DEP	1,601.50	3,263.34	141.08	1,766.18	0.56	16.70	-	0.07	-	-
<b>SUB TOTAL (B)</b>	<b>1,607.46</b>	<b>3,366.79</b>	<b>143.20</b>	<b>1,932.19</b>	<b>0.56</b>	<b>16.73</b>	<b>98.39</b>	<b>171.79</b>	<b>210.65</b>	<b>309.47</b>
<b>TOTAL (A-B)</b>	<b>44,865.46</b>	<b>94,408.26</b>	<b>9,005.39</b>	<b>9,764.73</b>	<b>1,577.65</b>	<b>854.35</b>	<b>98.39</b>	<b>171.79</b>	<b>210.65</b>	<b>309.47</b>





**ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA**  
**REVENUE ACCOUNTS FOR THE PERIOD 1ST APRIL, 2006 TO 31ST MARCH, 2007 (Contd.)**

Rupees in Lakhs

	ARS BONDS		MAT NAV MIP		MAT FV MIP		DIP 91		MIP 98 IV	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
<b>EXPENDITURE</b>										
INCOME DISTRIBUTION FOR THE YEAR	38,762.68	39,130.10								
INCOME DISTRIBUTION FOR PRIOR YEARS	18.80	0.70								
OFFICE EXPENSES	768.84	627.67	93.89	69.36	33.41	12.22	1.26	0.97	2.37	1.37
COMMISSION TO AGENTS			69.39	67.10	16.43	16.15				
STAMP FEES, CUSTODIAL REGISTRAR & BANK CHGS	946.80	777.16	71.79	178.64	43.52	60.65	1.83	1.70	4.01	3.77
AUDITORS FEES (ALLOCATED)	10.51	15.25	2.63	3.37	0.62	7.02	0.06	0.10	0.07	0.10
DEFERRED REVENUE EXPENSES WITTENOFF										
CONTRIBUTION TO DEVELOPMENT RESERVE FUND			28.94	90.54	20.75	58.75		4.38		
AMC FEES	2,506.30	3,693.56	110.35	344.55	(4.90)	(687.62)	7.77		16.92	9.60
PRIOR PERIOD ADJUSTMENTS - EXPENSES	(97.16)	(32.59)	(0.02)	9.89				(11.90)		(3.10)
<b>SUB TOTAL (A)</b>	<b>42,926.37</b>	<b>44,211.85</b>	<b>376.97</b>	<b>885.76</b>	<b>109.83</b>	<b>(532.83)</b>	<b>10.92</b>	<b>(4.65)</b>	<b>23.37</b>	<b>11.44</b>
ADD: INTEREST PAID		0.20		0.01		26.37				
ADD: LOSS ON INTER SCHEME SALE OF INVTS			1,227.10	558.58						
ADD: LOSS ON SALE REDEM OF INVTS OTHER THAN IST	1,212.75	2,755.60	6.83	524.60		1.86				
ADD: PROVISION FOR OLD ITEMS IN RECOS	43.40	149.78								
<b>SUB TOTAL (B)</b>	<b>1,256.15</b>	<b>2,905.58</b>	<b>1,233.93</b>	<b>1,083.19</b>	<b>-</b>	<b>28.23</b>	<b>-</b>	<b>(4.65)</b>	<b>23.37</b>	<b>11.44</b>
<b>TOTAL (A) + (B)</b>	<b>44,182.52</b>	<b>47,117.43</b>	<b>1,610.90</b>	<b>1,968.95</b>	<b>109.83</b>	<b>(504.60)</b>	<b>10.92</b>	<b>(4.65)</b>	<b>23.37</b>	<b>11.44</b>
EXCESS OF INCOME OVER EXPENDITURE	682.94	47,290.83	7,394.49	7,795.78	1,467.82	1,358.95	87.47	176.44	187.28	298.03
<b>TOTAL</b>	<b>44,865.46</b>	<b>94,408.26</b>	<b>9,005.39</b>	<b>9,784.73</b>	<b>1,577.65</b>	<b>854.35</b>	<b>98.39</b>	<b>171.79</b>	<b>210.65</b>	<b>309.47</b>



**ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA**  
**REVENUE APPROPRIATION ACCOUNTS FOR THE PERIOD 1ST APRIL, 2006 TO 31ST MARCH, 2007**

Rupees in Lakhs

	ARS BONDS		MAT NAV MIP		MAT FV MIP		Dip 91		MIP 95 IV	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
<b>REVENUE APPROPRIATION ACCOUNT</b>										
BALANCE AS PER LAST BALANCE SHEET										
EXCESS OF INCOME OVER EXPENDITURE	682.94	47,290.83	7,394.49	7,795.78	1,467.82	1,358.95	87.47	176.44	187.28	298.03
ADD/(LESS) PRIOR PERIOD PREMIUM / ADJUSTMENTS		(0.05)								
<b>TOTAL</b>	<b>682.94</b>	<b>47,290.78</b>	<b>7,394.49</b>	<b>7,795.78</b>	<b>1,467.82</b>	<b>1,358.95</b>	<b>87.47</b>	<b>176.44</b>	<b>187.28</b>	<b>298.03</b>
INCOME DISTRIBUTION FOR THE YEAR			633.04	1,967.92		12.14				
INCOME DISTRIBUTION FOR PRIOR YEARS				3.10		(0.01)				
TAX ON INCOME DISTRIBUTION										
APPRECIATION PAID ON PREMATURE WITHDRAWAL		0.28								
BALANCE TRANSFERRED TO GENERAL RESERVE	682.94	47,290.50	6,761.45	5,824.76	1,467.82	1,346.82	87.47	176.44	187.28	298.03
<b>TOTAL</b>	<b>682.94</b>	<b>47,290.78</b>	<b>7,394.49</b>	<b>7,795.78</b>	<b>1,467.82</b>	<b>1,358.95</b>	<b>87.47</b>	<b>176.44</b>	<b>187.28</b>	<b>298.03</b>

Statement of Significant Accounting Policies forms an integral part of the Accounts.

As per our attached report of even date  
 For and on behalf of  
**ASHOK BHARTIA & CO.**  
 Chartered Accountants

*ASHOK BHARTIA*  
 Partner



*IMTAIYAZUR RAHMAN*  
 Chief Finance Officer

*S.B. MATHUR*  
 Administrator

Mumbai  
 Dated :

**17 DEC 2007**



ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007

Figures in Lakhs

	ARS BONDS		MAT NAV MIP		MAT FV MIP		DIP 91		MIP 96 IV	
	31.03.2007	31.03.2006	31.03.2007	31.03.2006	31.03.2007	31.03.2006	31.03.2007	31.03.2006	31.03.2007	31.03.2006
<b>SCHEDULE 'A'</b>										
CAPITAL										
BOND CAPITAL	573,659.97	592,856.37								
APPLICATION MONEY ON SALE OF UNITS										
<b>TOTAL</b>	<b>573,659.97</b>	<b>592,856.37</b>								
<b>SCHEDULE 'B'</b>										
<b>RESERVES AND SURPLUS</b>										
GENERAL RESERVE	(147,067.94)	(194,402.76)	6,177.76	2,351.54	15,390.97	10,652.38	756.72	583.78	1,432.09	1,143.97
BALANCE AS PER LAST BALANCE SHEET										
TRANSFER OF GENERAL RESERVE OF MERGED SCHEMES	682.94	47,290.50	10,400.37	5,824.76	1,467.82	1,346.82	87.47	176.44	187.28	298.03
BALANCE TRANSFERRED FROM REVENUE A/C										
INFLOW FROM DEVELOPMENT RESERVE FUND		(2.01)				3,334.17				
PREM COLLECTED (PAID) DURING THE YEAR (NET)	22.37	46.33	(16,396.96)	(1,998.54)	(0.12)	(2.40)	(2.16)	(3.50)	(7.06)	(9.91)
PREMIUM ON SALE & PURCHASE REDEMPTION										
<b>TOTAL</b>	<b>(146,362.63)</b>	<b>(147,067.94)</b>	<b>6,942.62</b>	<b>6,177.76</b>	<b>16,796.67</b>	<b>15,390.97</b>	<b>842.03</b>	<b>756.72</b>	<b>1,612.31</b>	<b>1,432.09</b>



ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007 (Contd.)

Rupees in Lakhs

SCHEDULE 'C' CURRENT LIABILITIES AND PROVISIONS	ARS BONDS		MAT NAV MIP		MAT FV MIP		DIP 91		MIP 96 IV	
	31.03.2007	31.03.2006	31.03.2007	31.03.2006	31.03.2007	31.03.2006	31.03.2007	31.03.2006	31.03.2007	31.03.2006
CURRENT LIABILITIES										
SUNDRY CREDITORS-OTHERS	5,954.71	5,892.85	14,709.01	14,233.50	11,386.49	12,376.64	524.60	538.29	1,370.50	1,437.86
BANK BALANCES	283.09	1,428.78	167.86	200.69	213.01	1,612.23	0.01	0.01	0.22	0.22
UNCLAIMED INCOME/INTEREST DISTRIBUTION	349.60	282.32	341.77	257.76	1,573.49	1,685.76	52.15	52.57	106.58	107.03
PAYABLE TO GOVT. OF INDIA					(0.09)	(0.09)				
DIFFERENCE IN INTER OFFICE BALANCE										
DUES TO OTHER SCHEMES	9,589.59	2,021.60			1,634.36				1,477.30	1,544.89
	16,176.99	9,623.55	15,218.64	14,691.95	14,807.26	15,674.54	576.76	590.86	1,477.30	1,544.89
SUB TOTAL (A)										
PROVISIONS										
PROV FOR O/S & ACC INCOME CONSIDERED DOUBTFUL	100.12	121.19	0.03	3.88		0.21		0.26		1.81
PROV FOR DOUBTFUL INVESTMENTS & DEPOSITS	4,907.80	4,526.10			0.01	0.01				
PROV FOR DEPN IN THE VALUE OF INVESTMENTS	582.72	640.90	1,133.34	1,114.97	404.12	404.17	11.00	11.00	29.54	29.54
PROVISION FOR OLD ITEMS IN RECONCILIATIONS	36,765.75	32,467.03								
PROVISION FOR INCOME DISTRIBUTION										
	42,356.39	37,755.22	1,133.37	1,118.85	404.13	404.29	11.00	11.26	29.54	31.35
SUB TOTAL (B)										
TOTAL (A + B)	58,533.38	47,378.77	16,352.01	15,810.80	15,211.39	16,078.93	587.76	602.12	1,506.84	1,576.24



ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA  
**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007 (Contd.)**

Rupees in Lakhs

SCHEDULE 'D' INVESTMENTS INVESTMENTS (AT OR WRITTEN DOWN COST) CENTRAL & STATE GOVT SECURITIES/CERTIFICATES DEBENTURES AND BONDS PREFERENCE SHARES EQUITY SHARES	ARS BONDS		MAT NAV MIP		MAT FV MIP		DMP 91		MIP 96 IV	
	31.03.2007	31.03.2006	31.03.2007	31.03.2006	31.03.2007	31.03.2006	31.03.2007	31.03.2006	31.03.2007	31.03.2006
TOTAL	397,811.73	371,213.10	21,400.00	21,400.00	26,403.49	20,102.69	-	-	-	-
QUOTED (AT COST)	42,192.10	43,171.14	-	-	26,403.49	20,102.69	-	-	-	-
UNQUOTED (AT COST)	355,619.63	328,041.96	21,400.00	-	26,403.49	20,102.69	-	-	-	-
A	397,811.73	371,213.10	21,400.00	-	26,403.49	20,102.69	-	-	-	-
QUOTED (MARKET VALUE)	138,548.21	161,385.23	22,572.80	-	28,414.38	21,601.43	-	-	-	-
UNQUOTED (AT VALUATION)	335,062.49	315,441.09	-	-	28,414.38	21,601.43	-	-	-	-
B	473,610.70	476,826.32	22,572.80	-	28,414.38	21,601.43	-	-	-	-
APPRECIATION/(DEPRECIATION) IN VALUE OF INVT. (B-A)	75,798.97	105,613.22	1,172.80	-	2,010.89	1,498.74	-	-	-	-



ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007 (Contd.)

Rupees In Lakhs

	ARS BONDS		MAT NAV MIP		MAT FV MIP		DIP 91		MIP 98 IV	
	31.03.2007	31.03.2006	31.03.2007	31.03.2006	31.03.2007	31.03.2006	31.03.2007	31.03.2006	31.03.2007	31.03.2006
<b>SCHEDULE 'E'</b>										
DEPOSITS										
DEPOSITS WITH COMPANIES/INSTITUTIONS	60,178.10	66,908.12	51.51	19,808.14	3,500.00	7,557.16	1,150.00	24.32	1,194.43	2,650.00
MONEY MARKET OBLIGATIONS										
TOTAL	60,178.10	66,908.12	51.51	19,808.14	3,500.00	7,557.16	1,174.32	1,194.43	2,662.49	2,615.30
<b>SCHEDULE 'F'</b>										
CURRENT ASSETS										
BALANCE WITH BANKS IN CURRENT ACCOUNTS	11,617.53	21,840.68	1,662.32	987.68	1,676.48	2,890.81	96.29	0.07	96.29	228.72
SUNDRY DEBTORS	8,174.34	4,444.09	15.40	64.69	397.16	427.36	0.07	0.07	0.07	14.05
CONTRACTS FOR SALE OF INVESTMENTS										
OUTSTANDING AND ACCRUED INCOME	8,049.02	8,323.31	0.03	396.98	32.93	152.96	81.67	23.97	188.19	53.72
DUES FROM OTHER SCHEMES(NET)										
TOTAL	27,840.89	34,608.08	1,843.12	731.07	2,106.57	2,789.92	255.47	44.08	164.41	397.52
<b>SCHEDULE 'G'</b>										
DEFERRED REVENUE EXPENDITURE										
BALANCE AS PER LAST BALANCE SHEET										
LESS AMOUNT WRITTEN OFF DURING THE YEAR										
TOTAL										



Ref. No. ....

Date .....

## **AUDITORS' REPORT**

**The Administrator,  
Specified Undertaking of  
Unit Trust of India (SUUTI),  
Mumbai**

We have audited the attached Balance Sheets of 3 Schemes viz. VENTURE CAPITAL UNIT SCHEME 1989 (VECAUS I), VENTURE CAPITAL UNIT SCHEME 1990 (VECAUS II) and VENTURE CAPITAL UNIT SCHEME 1991 (VECAUS III) of Specified Undertaking of Unit Trust of India (SUUTI) as at 31<sup>st</sup> March 2007 and also the related Revenue Accounts for the year ended on that date annexed thereto. These financial statements are the responsibility of the management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standard generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

On the basis of the Audit indicated herein, and as required by the 'The Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002', and subject to the limitations of disclosure required therein, we report that :



1. The Unit Trust of India Act, 1963 has been repealed by the Government of India viz. "The Unit Trust of India (Transfer of Undertaking and Repeal) Act 2002. In exercise of the powers conferred under the Act, the Central Government vide its notification dated 15<sup>th</sup> January 2003 has notified 1<sup>st</sup> February 2003 as the "Appointed Day" for the purpose of transfer and vesting the undertaking of the erstwhile UTI into two entities viz. Specified Undertaking of Unit Trust of India (SUUTI) and UTI mutual Fund.

(Refer Note 1 & 2 in Schedule H).

2. The investments are stated "At Valuation" basis. The valuation of the investments has been made by ICICI Venture Funds Management Company Limited /IFCI Venture Funds Management Company Limited as managers and this has been carried out on the basis of Valuation indicated in the statement of Significant Accounting Policies. We have reviewed the procedures applied in valuing such investments, and have inspected the underlying documentation. While the procedures appear to be reasonable and the documentation is appropriate, however the valuation involve subjective judgment, which are not susceptible to substantiation by auditing procedures.
3. The post balance sheet events, including the application of appropriate price earning multiple, have been considered and factored up to the date on which these statements have been prepared in assessing the fair value of the unquoted investments as at 31<sup>st</sup> March, 2007. Consequently the valuation of the investment in this report may not reflect the valuation of investment as on 31<sup>st</sup> March 2007 but such valuation has been undertaken as or near to 31<sup>st</sup> March 2007.
4. The procedure of sale/disposal of unquoted investment for funds that are to be closed needs to be strengthened.
5. VECAUS-I has been holding of 200000 shares of Freshrop Fruits Ltd. which were fully written off in the earlier years but now sold out as per detailed below and reflected in the books appropriately.



<b>Data</b>	<b>No. of Share sold</b>	<b>Price per share</b>
7-4-2006	100000	101.76
24-4-2006	25000	143.07
2-03-2007	75000	89.71

6. Claims for refund of Rs.2.24 lacs pertaining to Tax Deducted at Source on Interest/Dividend received, in our opinion, appears to be unrecoverable, as the same have become time barred.
7. VECAUS III has exercised its option for conversion of Cumulative Convertible Debentures (CCDs) of Rs.100 lakhs into equity and had opted for conversion of minimum portion of CCDs i.e. Rs.0.01 per debenture aggregating of Rs.1,000/- into equity shares of company. The unconverted portion of debentures together with interest up to 30<sup>th</sup> September, 2004 i.e..Rs.16524886/- thereon was converted into loan payable as per terms of investment. 4Cplus had however, unilaterally decided to convert debenture into equity and allotted 379320 shares of the company at a price of Rs.34.60 per share. IVCF has filed legal suit against 4C Plus in the High Court of Delhi for maintaining status quo and position as existed prior to conversion of debentures and the matter was pending in the High Court. As per latest development, the company proposed to fund manager for buy back of share or arrange the sale on private placement basis or a combination of both.
8. The Auditors of ICICI Venture Funds, Bangalore (VECAUS-1) in their report dated 8.6.2007 have drawn reference to note 6.b.ii of the Summary of Significant Accounting Policies of the Fund, wherein it is stated that the post balance sheet events, including the application of appropriate price earning multiple, have been considered and factored up to the date on which these statement have been prepared in assessing the fair value of the unquoted investments as on 31<sup>st</sup> March, 2007. Consequently, the valuation of the investments of VECAUS-1 may not reflect the valuation of investments as at 31<sup>st</sup> March, 2007 and such valuations have been undertaken on or near to March 31<sup>st</sup>, 2007.
9. Subject to our observations referred to in paragraph 1 to 8 above and consequential effect on the accounts of Venture Funds stated in paragraphs 5, 6,7, & 8 above, we further report that:

- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. The Balance Sheets and related Revenue Accounts are in agreement with the books of accounts;
- c. In our opinion and to the best of our knowledge and according to the information and explanations given to us and read with the notes as per Schedule 'H' and the statement of Significant Accounting policies:
  - i. the said Balance Sheets are full and fair containing all the necessary particulars and are properly drawn up in accordance with 'The Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002', so as to exhibit a true and fair view of affairs of the Scheme as on 31<sup>st</sup> March 2007.
  - ii. The said Revenue Accounts of the Schemes show a true and fair view of the Excess of Income over Expenditure in case of VECAUS-II & III and excess of expenditure over income in case of VECAUS-I for the year ended on that date.

**FOR ASHOK BHARTIA & CO.**  
**Chartered Accountants**

  
**(Ashok Bhartia)**



Place : Mumbai  
Dated : 17.12.2007

SPECIFIED UNDERTAKING OF UNIT TRUST OF INDIA  
VENTURE CAPITAL UNIT SCHEMES

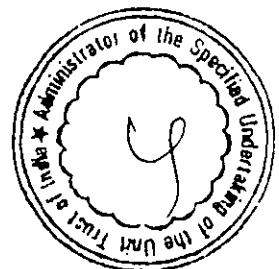
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES FORMING PART  
OF THE ACCOUNTS FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2007

1. BASIS OF PRESENTATION:

The accounts have been prepared under the historical cost convention as adjusted where appropriate for the revaluation of investments. The accrual method of accounting is followed, except where otherwise stated.

2. INCOME RECOGNITION:

- (a) Dividend on equity shares is recognised on ex-dividend dates in respect of quoted companies and on the respective dates of the shareholders' resolution in the case of unquoted companies. Dividend on preference shares is recognised on receipt basis.
- (b) Interest is recognised on accrual basis except where collectibility is in doubt. Charge on sales is recognised on accrual basis to the extent it can be ascertained and considered recoverable with reasonable certainty. Revenue recognition on loans placed in non-accrual status may be resumed and suspended income recognised when investments becomes contractually current or collection of suspended incomes is assured. Premiums on loan prepayment are recognised as income when received.
- (c) Interest Income on debenture is not accrued/ accounted once an asset is classified as Non Performing (NPA). However, for administrative purpose and better control the interest amount is calculated and the same is provided for as memoranda entries in the system without impacting the profit and loss account.
- (d) Appraisal fee is recorded as income on accrual basis.
- (e) Front-End fees relating to loans are recognised as Revenue in the year of first disbursement. The Front End Fees relating to other investments are reduced from the cost of such investments.



- (f) Realised gains and losses (including permanent impairment) on investments are dealt with in the Revenue Account. The cost of long-term investments sold is determined on an average basis for the purpose of calculating gains or losses on sale. The cost of short term investments sold is determined on FIFO basis for the purpose determining gains or loss on sale.
- (g) Provisions are made in respect of accrued income on Investments considered doubtful by the Fund Manager. Such Provisions as well as any subsequent recoveries are accounted through the Revenue Account.

3. EXPENSES :

All expenses are accounted for on accrual basis.

4. INVESTMENTS:

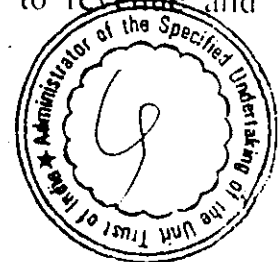
- a) Investments are stated at their aggregate fair value category-wise as determined by the Fund Manager.
- b) Money paid towards equity subscription and awaiting allotment, which is reasonably certain are accounted for as investments.
- c) The fair value of investments is determined as follows:
- (i) Quoted investments are valued at the closing market price as on date of valuation and in the absence at the latest available quote within a period of two months prior to the valuation date. An appropriate discount is applied where the fund manager considers it necessary to reflect restrictions on disposal. Quoted investments not traded in the two months' prior to the valuation day are treated as unquoted.
- (ii) Unquoted equity investments in respect of which third party transactions at arm's length have taken place or terms for which have been agreed to are valued on the basis of such transactions less discount where applicable to reflect their illiquidity:

In the absence of such third party transactions:

- Equity investments in start-up or development stage companies are generally valued at cost. If in the Fund Manager's opinion there is a diminution in the value of any such investment, the investment is written down to its estimated net realisable value.



- Equity investments in profitable companies are generally valued by reference to a price based on the maintainable earnings by applying an appropriate price earnings multiple less discount to reflect their illiquidity.
  - Equity investments in other companies are generally valued at cost. If in the Fund Manager's opinion there is a diminution in the value of any such investment, the investment is written down to its estimated net realisable value.
  - The post balance sheet events, including the application of appropriate price earning multiples, have been considered and factored upto the date of on which these statements have been prepared in assessing the fair value of the unquoted investments as at 31<sup>st</sup> March 2007.
- (iii) Preference shares are valued at the lower of cost or recoverable amount.
- (iv) Investments, which are listed as at Balance sheet date and are fully written off in the books during earlier periods, will be carried at written down value. Gains, if any, will be recognized upon sale of investments.
- (v) Fully convertible Bonds (FCB) are generally carried at the principal amounts outstanding and are written down where in the Fund Manager's opinion there is diminution in value.
- (vi) Normal loans, Bridge loans, Conditional loans and Convertible loans are generally carried at the principal amounts outstanding and are written down where in the Fund Manager's opinion there is diminution in value. Where the principal component of conditional loans are substantially recovered, the present values of expected future charge on sales are included in the valuation, Premium, if any, payable on conversion of loans is included in the valuation if the collectibility of these premiums is reasonable certain.
- (vii) Fully Convertible Debentures are valued either at cost or on the basis adopted for the underlying equity share.
- (viii) Investments in units of Mutual Funds, which are available for sale, are valued at Net Asset Value (NAV) as on Balance sheet data. Realised gains / losses have been taken to revenue and



unrealized gains and temporary losses are recognized as components of Investor's equity and are dealt with under Unrealised Investment reserve.

5. UNREALISED INVESTMENT RESERVE:

Unrealised gains and temporary losses are recognized as components of Investors' equity and are dealt with under Unrealised Investment Reserve.

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**SPECIFIED UNDERTAKING OF UNIT TRUST OF INDIA**  
**VENTURE CAPITAL UNIT SCHEMES**

**SCHEDULE II**

**NOTES FORMING PART OF THE ACCOUNTS**  
**FOR THE PERIOD ENDED 31ST MARCH, 2007**

1. The Unit Trust of India Act, 1963 has been repealed by the Government of India viz. "The Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002". In exercise of the powers conferred under the Repeal Act, the Central Government vide its notification dated 15th January 2003 had notified 1st February 2003 as the "Appointed day" for the purpose of transfer and vesting the undertaking of the erstwhile UTI into two entities viz. Specified Undertaking of Unit Trust of India (SUUTI) and UTI Mutual Fund.
2. Investments under VECAUS schemes are held either jointly in the names of the Unit Trust of India (UTI) and ICICI Venture Funds Management Company Limited / IFCI Venture Capital Funds Limited or singly in the name of the Unit Trust of India.
3. VECAUS-I scheme was launched in 1994. The scheme was to be closed terminated in October 2004. However extension has been granted and it has not so far been terminated.
4. Amounts received in advance comprise amounts received from promoters of companies in which the Fund has invested/potential investors in such companies. The amount is towards the part consideration for acquiring the investment of the Fund in such companies and these amounts have not been set off against the carrying value of the investments since the consideration has not been received in full and the investments have not been transferred to such parties.
5. In March 2002, IVCF had restructured the terms for repayment of Optionally Convertible Debentures (OCDs) held in M/s Nitya Laboratories Limited (NLL) by interalia reducing the rate of interest w.e.f 1<sup>st</sup> April, 2002 and rate of



penal interest from date of disbursement i.e. 29<sup>th</sup> October 1998. Upon restructuring the terms of repayment of OCD's, an amount of Rs. 55,18,137 - was determined towards interest dues till 31<sup>st</sup> December, 2001. The revised interest as per restructured terms was envisaged to be paid by down payment of Rs. 4,78,137/- and balance in 12 quarterly instalments of Rs. 4.20 lakhs each starting from May, 2002 to April, 2003. IVCF had, since then been treating the amount of OCD's and funded amount of interest of Rs. 55,18,137/- as company's debt obligation.

NLL could not remit the dues of OCD's as per restructured terms and requested for fresh settlement of OCD's. After examining NLL's request, the outstanding OCD's subscribed in NLL were settled at Rs. 119 lakhs. The amount was to be repaid by upfront payment of Rs. 30 lakhs within one month i.e. by 28<sup>th</sup> January, 2005 and payment of balance Rs. 89 lakhs in 8 quarterly instalments commencing from 28<sup>th</sup> February, 2005 and ending on 30<sup>th</sup> November, 2006 together with interest @ 9% p.a. payable quarterly w.e.f. 1<sup>st</sup> January, 2005. NLL did not repay by 31<sup>st</sup> March 2007. The obligation towards repayment of OCDs and interest thereon by NLL stand restored as per original terms of legal agreements executed by company for availing subscription towards OCDs under VECAUS-III. The realization of Rs. 2460301 from NLL during intervening period were adjusted towards repayment of OCDs (Rs. 954303/-) and interest (Rs. 1505998/-). Notwithstanding above, the OCDs have been carried at valuation of Rs. 93.45 lakhs.

- IVCF had exercised its option for conversion of Cumulative Convertible Debentures (CCDs) of Rs. 100 lakhs subscribed by IVCF under VECAUS-III into equity and had opted for conversion minimum portion of CCDs i.e. Re. 0.01 per debenture aggregating Rs 1,000/- into equity shares of company. The unconverted portion of debentures together with interest upto 30<sup>th</sup> September, 2004 i.e. Rs. 165,24,886/- thereon was converted into loan payable in 6 quarterly installments from November, 2004 to February, 2006 as per terms of investment. IVCF is, accordingly treating investment in 4C Plus on company's debt obligation.


4C Plus had however, unilaterally decided to convert debenture into equity and allotted 379320 shares of the company at a price of Rs. 34.60 per share, including premium of Rs. 24.60 per share.





As 4C Plus had acted unilaterally in the matter disregarding IVCF's conversion option, IVCF had filed legal suit against 4C Plus in the High Court of Delhi for maintaining status quo ante position as existed prior to conversion of debentures. The matter was pending in the High Court. In March 2007, 4C Plus had submitted offer for settlement of investment held in company at Rs. 100 lakhs. The amount has since been realized after March 2007 and would be adjusted towards entire outstanding investment held in 4C Plus.

  
**IMTAIAZUR RAHMAN**  
**CHIEF FINANCE OFFICER**

  
**S. B. MATHUR**  
**ADMINISTRATOR**

**For and on behalf of**  
**ASHOK BHARTIA & CO.**  
**CHARTERED ACCOUNTANTS**

  
**ASHOK BHARTIA**  
**PARTNER**

**MUMBAI**  
**DATED: 17 DEC 2007**



ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA

BALANCE SHEETS AS AT 31ST MARCH, 2007

Rupees in Lakhs

	31.03.2007	31.03.2006	31.03.2007	31.03.2006	31.03.2007	31.03.2006
	VECAUS I		VECAUS II		VECAUS III	
<b>ASSETS</b>						
INVESTMENTS..... A	83.02	1,063.81		12.16	1,928.42	2,148.24
DEPOSITS..... B	5.39	7.54	85.99	68.76	7.98	42.35
OTHER CURRENT ASSETS..... C	0.54	1.42		1.73	18.63	9.15
<b>TOTAL</b>	<b>88.95</b>	<b>1,072.77</b>	<b>85.99</b>	<b>82.65</b>	<b>1,955.03</b>	<b>2,199.74</b>
LESS: CURRENT LIABILITIES & PROVISIONS..... D	2.55	98.15	21.49	23.64	62.00	62.44
<b>NET ASSETS</b>	<b>86.40</b>	<b>974.62</b>	<b>64.50</b>	<b>59.01</b>	<b>1,893.03</b>	<b>2,137.30</b>
<b>REPRESENTED BY LIABILITIES</b>						
CAPITAL..... E	1.00	1.00			2,000.00	2,400.00
RESERVES & SURPLUS..... F	85.38	924.05	64.50	58.91	(1,069.97)	(262.70)
UNREALISED INVESTMENT RESERVE..... G	0.02	49.57		0.10		
<b>TOTAL</b>	<b>86.40</b>	<b>974.62</b>	<b>64.50</b>	<b>59.01</b>	<b>1,893.03</b>	<b>2,137.30</b>

NOTES TO ACCOUNTS

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Statement of Significant Accounting Policies forms an integral part of the Accounts.

As per our attached report of even date  
For and on behalf of  
ASHOK BHARTIA & CO.  
Chartered Accountants

*ASH*



ASHOK BHARTIA  
Partner



*Imtiazur Rahman*  
IMTAIAZUR RAHMAN  
Chief Finance Officer

*S.B. Mathur*  
S. B. MATHUR  
Administrator

ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA  
REVENUE ACCOUNTS FOR THE PERIOD 1ST APRIL, 2006 TO 31ST MARCH, 2007

Rupees in Lakhs

	VECAUS I		VECAUS II		VECAUS III	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
<b>I N C O M E</b>						
DIVIDEND	7.95	39.45	-	-	12.50	12.52
INTEREST	200.61	415.83	7.25	4.39	33.21	48.39
PROFIT ON SALE OF INVESTMENTS	235.81	5,178.67	1.00	2.13	89.52	398.57
PROV FOR DOUBTFUL INCOME PR YR WRITTEN BACK					125.28	
PROV FOR DEPR IN VALUE OF INV WRITTEN BACK						
<b>SUB TOTAL (A)</b>	<b>444.37</b>	<b>5,633.95</b>	<b>8.25</b>	<b>6.52</b>	<b>260.51</b>	<b>459.48</b>
LESS INVESTMENT LOSSES					3.34	2.38
LESS PROV FOR INCOME CONSIDERED DOUBTFUL					29.13	235.48
LESS PROV FOR DEPRECIATION IN VALUE OF INVT					32.47	247.86
<b>SUB TOTAL (B)</b>					<b>228.04</b>	<b>211.62</b>
<b>TOTAL (A-B)</b>	<b>444.37</b>	<b>5,633.95</b>	<b>8.25</b>	<b>6.52</b>	<b>228.04</b>	<b>211.62</b>
<b>EXPENDITURE</b>						
MANAGEMENT PERFORMANCE FEES	572.15				67.34	115.71
LEGAL AND PROFESSIONAL CHARGES	9.68	119.00			4.72	2.65
OTHER EXPENDITURE	1.21	1.42	0.39	0.13	0.25	0.43
	583.04	120.41	0.39	0.13	72.31	118.79
	(138.67)	5,513.54	7.86	6.39	155.73	92.83
<b>EXCESS OF INCOME OVER EXPENDITURE</b>	<b>444.37</b>	<b>5,633.95</b>	<b>8.25</b>	<b>6.52</b>	<b>228.04</b>	<b>211.62</b>



**ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA**  
**REVENUE APPROPRIATION ACCOUNTS FOR THE PERIOD 1ST APRIL, 2006 TO 31ST MARCH, 2007**

Rupees in Lakhs

	VECAUS I		VECAUS II		VECAUS III	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
BALANCE AS PER LAST BALANCE SHEET	924.05	(1,135.08)	58.91	57.20	(262.70)	(355.53)
BALANCE TRANSFERRED FROM REVENUE ACCOUNT	(138.67)	5,513.54	7.86	6.39	155.73	92.83
ADD/(LESS): PRIOR PERIOD ADJUSTMENTS						
<b>TOTAL</b>	<b>785.38</b>	<b>4,378.46</b>	<b>66.77</b>	<b>63.59</b>	<b>(106.97)</b>	<b>(262.70)</b>
PREMIUM PAID ON REDEMPTION	700.00	3,454.41	2.27	4.88		
BALANCE CARRIED TO BALANCE SHEET	85.38	924.05	64.50	58.91	(106.97)	(262.70)
<b>TOTAL</b>	<b>785.38</b>	<b>4,378.46</b>	<b>66.77</b>	<b>63.59</b>	<b>(106.97)</b>	<b>(262.70)</b>

Statement of Significant Accounting Policies forms an integral part of the Accounts.

As per our attached report of even date  
 For and on behalf of  
**ASHOK BHARTIA & CO.**  
 Chartered Accountants



**ASHOK BHARTIA**  
 Partner

Mumbai  
 Dated

**17 DEC 2007**



**IMTAIYAZUR RAHMAN**  
 Chief Finance Officer

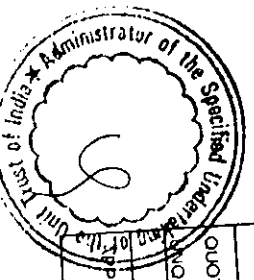
**S.B. MATHUR**  
 Administrator

ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007

Rupees in Lakhs

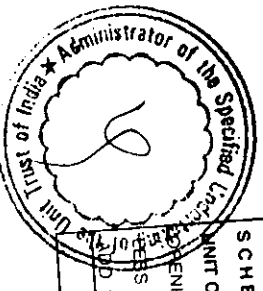
	VECAUS I		VECAUS II		VECAUS III	
	31.03.2007	31.03.2006	31.03.2007	31.03.2006	31.03.2007	31.03.2006
<b>SCHEDULE 'A'</b>						
<b>INVESTMENTS AT VALUATION</b>						
EQUITY SHARES		96.00			1,648.90	1,808.78
PREFERENCE SHARES					93.45	146.21
DEBENTURES AND BONDS					152.67	159.25
CONDITIONAL LOANS					34.00	34.00
NORMAL LOANS						
BRIDGE LOANS						
CONVERTIBLE LOANS						
FUNDED INTEREST	83.02	967.81			12.16	1,928.42
MUTUAL FUND UNITS					12.16	
<b>TOTAL</b>	<b>83.02</b>	<b>1,063.81</b>			<b>1,928.42</b>	<b>2,148.24</b>
<b>INVESTMENTS AT COST</b>						
QUOTED					24.72	89.35
EQUITY SHARES		74.65			3,607.93	3,861.64
UNQUOTED					410.33	472.21
EQUITY SHARES					386.06	515.89
PREFERENCE SHARES					151.18	96.00
DEBENTURES AND BONDS						
CONDITIONAL LOANS						
NORMAL LOANS						55.18
BRIDGE LOANS						
CONVERTIBLE LOANS						
FUNDED INTEREST	83.00	1,014.24			12.06	4,582.22
MUTUAL FUND UNITS	83.02	967.81			12.16	131.05
<b>TOTAL COST 'A'</b>	<b>166.02</b>	<b>2,012.05</b>			<b>12.16</b>	<b>4,713.27</b>
QUOTED(MARKET VALUE)						
UNQUOTED(AT VALUATION)						
<b>FAIR VALUE 'B'</b>	<b>83.02</b>	<b>1,063.81</b>			<b>0.10</b>	<b>(2,653.80)</b>
<b>TOTAL (B-'A')</b>	<b>0.02</b>	<b>49.57</b>			<b>(2,643.70)</b>	<b>(2,942.03)</b>



ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA  
 SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007 (Contd.)

Rupees in Lakhs

	VECAUS I		VECAUS II		VECAUS III	
	31.03.2007	31.03.2006	31.03.2007	31.03.2006	31.03.2007	31.03.2006
<b>SCHEDULE 'B'</b>						
DEPOSITS	5.39	7.54	85.99	68.76	7.98	42.35
MONEY MARKET OBLIGATIONS						
DEPOSITS WITH COMPANIES/INSTITUTION	5.39	7.54	85.99	68.76	7.98	42.35
<b>TOTAL</b>	<b>5.39</b>	<b>7.54</b>	<b>85.99</b>	<b>68.76</b>	<b>7.98</b>	<b>42.35</b>
<b>SCHEDULE 'C'</b>						
OTHER CURRENT ASSETS	0.54	1.28		0.41	16.24	5.23
BALANCE WITH BANKS IN CURRENT ACCOUNTS		0.14		1.32	2.26	2.26
SUNDRY DEBTORS					0.13	1.66
OUTSTANDING AND ACCRUED INCOME	0.54	1.42		1.73	18.63	9.15
<b>TOTAL</b>	<b>0.54</b>	<b>1.42</b>		<b>1.73</b>	<b>18.63</b>	<b>9.15</b>
<b>SCHEDULE 'D'</b>						
CURRENT LIABILITIES AND PROVISIONS	2.55	2.15	21.49	23.64	62.00	62.44
CURRENT LIABILITIES		2.15				
SUNDRY CREDITORS		96.00				
INCOME RECEIVED IN ADVANCE			21.49	23.64	62.00	62.44
DUES TO OTHER SCHEMES/NETI	2.55	98.15	21.49	23.64	62.00	62.44
<b>SUB TOTAL (A)</b>	<b>2.55</b>	<b>98.15</b>	<b>21.49</b>	<b>23.64</b>	<b>62.00</b>	<b>62.44</b>
PROVISIONS						
PROVISION FOR DOUBTFUL INVESTMENTS			21.49	23.64	62.00	62.44
<b>SUB TOTAL (B)</b>	<b>2.55</b>	<b>98.15</b>	<b>21.49</b>	<b>23.64</b>	<b>62.00</b>	<b>62.44</b>
<b>TOTAL (A+B)</b>	<b>2.55</b>	<b>98.15</b>	<b>21.49</b>	<b>23.64</b>	<b>62.00</b>	<b>62.44</b>
<b>SCHEDULE 'E'</b>						
OPENING BALANCE	1.00	1.91212			2.40000	4.20000
ISSUES REDEEMED DURING THE YEAR		1.91112			400.00	1.80000
ISSUES DURING THE YEAR						
<b>TOTAL</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>2.00000</b>	<b>2.40000</b>



ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007 (Contd.)

Rupees in Lakhs

	VECAUS I		VECAUS II		VECAUS III	
	31.03.2007	31.03.2006	31.03.2007	31.03.2006	31.03.2007	31.03.2006
<b>SCHEDULE 'F'</b>						
RESERVES AND SURPLUS						
REVENUE APPROPRIATION ACCOUNT	85.38	924.05	64.50	58.91	(106.97)	(262.70)
BALANCE AS PER ACCOUNT	85.38	924.05	64.50	58.91	(106.97)	(262.70)
<b>SCHEDULE 'G'</b>						
UNREALISED INVESTMENT RESERVE	49.57	5,213.94	0.10	0.98		
UNREALISED GAINS AS PER LAST BALANCE SHEET	(49.55)	(5,164.37)	(0.10)	(0.78)		
APPRECIATION (DEPRECIATION) DURING THE PERIOD	0.02	49.57		0.10		
<b>TOTAL</b>						

