



**ASHOK
BHARTIA
&
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 31st March 2008 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.



Ashok Bhartia & Company
Chartered Accountants

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 and subject to our observations referred in annexure attached hereto and Notes to account referred in Schedule 'M', we 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 31st March 2008.
 - 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 except DIP 91 where the expenditure was in excess and above the income.

FOR ASHOK BHARTIA & CO.
Chartered Accountants

[Ashok Bhartia]



Place : Mumbai
Dated : 15.01.2009

AUDITORS REPORT

(annexure, to & forming part of said Report)

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 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. The accounts of SUUTI, therefore, relating to the above mentioned Schemes/Funds have been drawn up pursuant to the said Repeal Act.
2. Investments in Debentures and Bonds including term loans (relating to debt portfolio) include a large number of cases sanctioned in earlier years, although the stipulated period has since elapsed but complete security has not been created so far. As per the information made available (a): In 46 cases involving Rs. 227.15 crore where security was not created at all, and out of which 39 cases involving Rs.220.82 crore were under Recovery/BIFR /Liquidation and (b): and in 45 cases involving Rs.140.80 crore where security was not fully created, and out of which 38 cases involving Rs.135.27 crore were under Recovery /BIFR/Liquidation. In the absence of complete data & information, the reliability of the debt portfolio cannot be commented.
3. 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	138.27
Bank balance	109.08
Difference between GL and Bank balance	29.19

4. 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.
5. 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.
6. Certain provisions for outstanding items made in earlier years are still appearing in the Balance Sheet which in our opinion are in excess of required amount and should be written back.
7. SUUTI has sold various properties during the financial year 2007-08 by giving advertisements in the different newspapers through UTI Infrastructure and Service Limited. In our opinion, considering the current market conditions, the policy needs to be revisited, to expedite the selling process, comply with the prescribed guidelines for selling the properties and to get the best price, which may have impact on the Financial Statements.

Further in our opinion the procedure followed to sell these properties have been restricted but not open. For example; placing the drop box for tender only at the place of location of the property, and fixation of

particular time only on the last day of closing of the tender, which may deprive the person(s) who live far away but want to participate. Consequently few prime properties have been sold against receipt of single tender only at almost reserve price. And the fixation of reserve prices as such itself required to be reconsidered and improved.

Further the selling procedure of these properties could have been improved keeping in view of the exact thrust of the policies as laid down by the board so as to realize of best price, which we cannot comment.

FOR ASHOK BHARTIA & CO.
Chartered Accountants


[Ashok Bhartia]



Place: Mumbai
Dated: 15.01.2009

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.

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

IV. 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. 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.

E. 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 E(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:

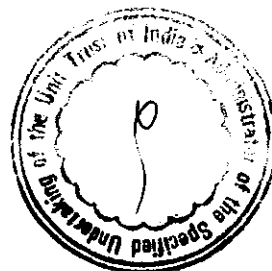
Unquoted warrants are valued at the market rate of the underlying equity shares discounted for dividend element, if any, and reduced by the exercise price payable. In cases where the exercise price payable is higher than the value so derived, the value of warrants is taken as nil and where the exercise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

F. Depreciation and Provision:

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. Provision is made in respect of outstanding interest income of the period prior to the date on which asset is classified as non-performing (NPA). An "asset" is classified as non-performing, if the interest and/or principal amount 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. The interest and investment provision is made from the date the asset is classified as NPA.
- ii. Provision for NPA is charged to Revenue Account
- iii. Provision made as above is written back on receipt of dues, in phased manner.
- iv. Provision is made in respect of dividend, where it remains outstanding for more than 120 days from the ex-dividend date.

G. 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 E II (a).
 - b) ISTs of thinly traded/non-traded debentures, bonds, term loans and transferable notes are effected as per Policy E 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 E (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.

H. Custodian:

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

I. 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.

J. 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.



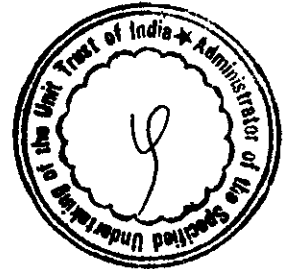
- C. The balances of Post redemption schemes where strategic equity is held on behalf of Government Of India , are shown under DRF, duly matched assets and liabilities.

D. Other Funds:-

Currently we are having two Funds namely Asset Reconstruction Fund and Staff Welfare Fund, established through contribution from the Development Reserve Fund.

K. Income Distribution :

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

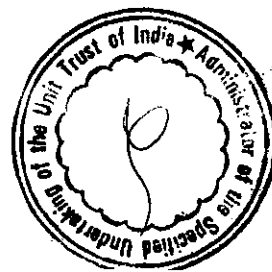


SPECIFIED UNDERTAKING OF UNIT TRUST OF INDIA

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2008

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. a. The Books of 5 Funds namely Rajalakshmi Women's Welfare Fund, Senior Citizen's Welfare Fund, Children's welfare Fund, Investors Protection Fund and General Fund have been merged into Development Reserve Fund. In the previous years, these Funds were shown under US 64 Bonds.
b. The books of 2 Post Redemption Funds were merged into a fund named 'Post Redemption Fund'. In the previous years, these funds were shown under US 64 Bond.
c. The books of VECAUS II are merged into DRF after final distribution.
d. The Books of VECAUS III are taken over from IFCI.
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 had been compensated by the Government. This deficit have 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' have been made up by the DRF which has been 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. US 64 Bond capital includes Rs. 1.70 crore of objection cases (previous year 1.74 crore.)
- b. The accounts of 'ARS Bonds' consists of all the Assets and Liabilities of seven foreclosed 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. 0.037 crore of objection cases (previous year 0.049 crore). In case of CGGF -86 an amount of Rs. 36.24 crore (previous year 38.51 crore) has been accounted as 'repurchase payable to unit holders' representing the units, which though matured till the foreclosure date but not claimed by the unit holder. The amounts are reduced due to claims submitted by unit holders.
- c. The application money received from the investors under various schemes amounting to Rs. 2.34 crore (previous year 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. As a prudent measure, application money not capitalized is kept separately for claims to be received from unit holders.
5. a. The unlisted /non traded preference shares costing Rs.17.57 crore (previous year 32.99 crore) have been valued at NIL which is not as per the accounting policy no. VII as in the opinion of the 'valuation committee' the said preference shares have very negligible residual value. The reduction in cost of preference shares is due to transfer to redemption receivable account.
- b. The reconciliation of our Books of Accounts with the custodian (SHCIL) has revealed the following difference:-
- (i)Rs. 0.25 crore(cost) in equity shares for which the excess shares lying with the custodian are to be returned to the company/promoter whose contact details are not available.
- (ii)Rs. 0.38 crore(cost) in preference shares, out of which for Rs. 0.30 crore, the shares have been received in May-2008.
- (iii)Difference of Rs. 706.23 crore of face value in debentures and Bonds. Out of this for Rs. 466.37 crore the legal action is taken for recovery of dues and for Rs. 81.22 crore the confirmation/letter evidencing servicing of dues from company is available. Further for Rs. 106.83 crore, the companies have not issued security subsequent to restructuring and for Rs. 38.38 crore the redemption amount is not received. Other differences of Rs. 13.43 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.1.70 crore (previous year Rs.1.97 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. 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%
ASREC (India) Ltd.	39.29%
UTI Infrastructure And Services Ltd.	100%

8. 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.
9. The erstwhile Unit Trust of India (Trust) had 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 19th 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. The Hon'ble Court directed the counsel of IT Dept. to amicably sort out the matter as the dispute is between the two entities under the control of the same Ministry. Income Tax department withdrew the petition and accordingly Hon'ble Court

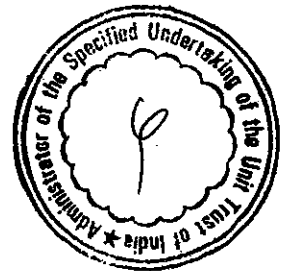


permitted the withdrawal vide its order dated 23rd September, 2008. The matter has come to an end on withdrawal of petition by the Income Tax Department.

10. 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.
11. Contingent Liabilities not provided for cases pending with Consumer Forum is Rs.4.80 crore.
12. The figures are regrouped / reclassified wherever necessary.


IMTAIYAZUR RAHMAN
Chief Finance Officer


K N PRITHVIRAJ
Administrator



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


ASHOK BHARATIA
Partner



MUMBAI
DATED : 18th October, 2008

ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE TRUST OF INDIA

BALANCE SHEETS AS AT 31ST MARCH, 2008

Rupees in Lakhs

	31.03.2008	31.03.2007
UNIT SCHEME 64 BONDS		
LIABILITIES		
CAPITAL.....'A'	774,714.20	828,599.66
RESERVES AND SURPLUS.....'B'	305,728.27	258,612.20
CURRENT LIABILITIES AND PROVISIONS.....'C'	72,391.25	73,042.56
SIZE OF DEVELOPMENT RESERVE FUND	463,823.25	379,692.64
CURRENT LIABILITIES AND PROVISIONS OF DRF	6,453.50	7,806.08
LIABILITIES OF POST REDEMPTION SCHEMES UNDER DRF	67,425.41	63,450.59
DEVELOPMENT RESERVE FUND.....'D'	537,702.16	450,949.31
SIZE OF OTHER FUNDS	97,885.63	127,326.98
CURRENT LIABILITIES AND PROVISIONS OF OTHER FUNDS	5,273.17	2,422.76
OTHER FUNDS.....'E'	103,158.80	129,749.74
TOTAL LIABILITIES	1,793,694.68	1,740,953.47
ASSETS		
INVESTMENTS.....'F'	451,945.82	509,837.90
DEPOSITS.....'G'	450,592.04	398,232.69
CURRENT ASSETS.....'H'	229,663.66	223,977.45
FIXED ASSETS.....'I'	20,632.20	28,206.38
ASSETS OF DEVELOPMENT RESERVE FUND	470,276.75	387,498.72
ASSETS OF POST REDEMPTION SCHEMES UNDER DRF	67,425.41	63,450.59
TOTAL ASSETS OF DEVELOPMENT RESERVE FUND.....'J'	537,702.16	450,949.31
ASSETS OF OTHER FUNDS.....'K'	103,158.80	129,749.74
TOTAL ASSETS	1,793,694.68	1,740,953.47

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

IMTAIVAZUR RAHMAN
Chief Finance Officer

K.N. PRITHVIRAJ
Administrator



ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA
REVENUE ACCOUNTS FOR THE PERIOD 1ST APRIL, 2007 TO 31ST MARCH, 2008 (Contd.)
 Rupees in Lakhs

	UNIT SCHEME 64 BONDS	
	CURRENT YEAR	PREVIOUS YEAR
INCOME		
DIVIDEND	11,715.64	14,024.50
INTEREST	76,420.00	51,726.65
PROFIT ON SALE/REDEM. OF INVLT OTHER THAN IST	16,595.76	7,197.59
OTHER INCOME	8,613.77	4,288.44
PRIOR PERIOD ADJUSTMENTS - INCOME	44.98	1,292.85
PROV FOR DOUBTFUL INCOME PR YR WRITTEN BACK	48.48	55.54
PROV TOWARDS DOUBTFUL INVLT & DEP WRITTEN BACK	745.26	97.66
COST OF INVESTMENTS WRITTEN BACK DURING YR	21.81	18.52
PROV FOR O/S ITEM RECO WRITTEN BACK	2,158.67	2,143.76
SUB TOTAL (A)	116,364.37	80,845.51
LESS: PROV FOR INCOME CONSIDERED DOUBTFUL	97.82	71.41
LESS: PROV TOWARDS DOUBTFUL INVLT & DEP.	325.33	388.60
LESS : PROVISION FOR OUTSTANDING ITEMS IN RECOS.	3,715.41	1,339.63
SUB TOTAL (B)	4,138.56	1,799.64
TOTAL (A-B)	112,225.81	79,045.87



ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA
REVENUE ACCOUNTS FOR THE PERIOD 1ST APRIL, 2007 TO 31ST MARCH, 2008 (Contd.)
 Rupees in Lakhs

	UNIT SCHEME 64 BONDS	
	CURRENT YEAR	PREVIOUS YEAR
EXPENDITURE		
INTEREST PAID TO BONDHOLDERS FOR THE YEAR	54,424.60	57,009.68
INTEREST PAID TO BONDHOLDERS FOR PRIOR YEARS	-	0.34
OFFICE EXPENSES	2,884.87	2,919.88
PUBLICITY EXPENSES	121.86	6.53
CUSTODIAL, REGISTRAR & BANK CHGS	2,856.35	2,494.36
AUDITORS' FEES	16.14	26.79
AMC FEES	2,901.22	4,394.25
DEPRECIATION ON FIXED ASSETS	280.29	902.68
SUB TOTAL (A)	63,485.33	67,754.51
LESS: SERVICE CHARGES RECOVERED	151.15	691.83
SUB TOTAL (B)	151.15	691.83
ADD : INTEREST PAID		0.41
ADD: LOSS ON SALE/REDEM OF INVT OTHER THAN IST	1,051.64	2,476.75
SUB TOTAL (C)	1,051.64	2,477.16
TOTAL (A)-(B)+(C)	64,385.82	69,539.84
EXCESS OF INCOME OVER EXPENDITURE	47,839.99	9,506.03
TOTAL	112,225.81	79,045.87



ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA
REVENUE APPROPRIATION ACCOUNTS FOR THE PERIOD 1ST APRIL, 2007 TO 31ST MARCH, 2008
 Rupees In Lakhs

		UNIT SCHEME 64 BONDS	
		CURRENT YEAR	PREVIOUS YEAR
REVENUE APPROPRIATION ACCOUNT			
EXCESS OF INCOME OVER EXPENDITURE		47,839.99	9,506.03
ADD/(LESS): PRIOR PERIOD PREMIUM / ADJUSTMENTS		0.03	
TOTAL		47,840.02	9,506.03
BALANCE TRANSFERRED TO GENERAL RESERVE		47,840.02	9,506.03
TOTAL		47,840.02	9,506.03

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

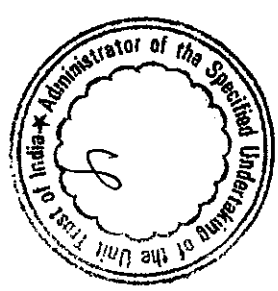


ASHOK BHARTIA
Partner

Imtiyazur Rahman
IMTIYAZUR RAHMAN
 Chief Finance Officer

Mumbai
 Dated : 18th October 2008

K.N. Prithviraj
K.N. PRITHVIRAJ
 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, 2008

Rupees in Lakhs

		UNIT SCHEME 64 BONDS	
		31.03.2008	31.03.2007
SCHEDULE 'A'			
CAPITAL			
BOND CAPITAL		774,714.20	828,599.66
	TOTAL	774,714.20	828,599.66
SCHEDULE 'B'			
RESERVES AND SURPLUS			
UNIT PREMIUM RESERVE			
BALANCE AS PER THE LAST BALANCE SHEET (UPR)		(279,473.06)	(279,475.69)
PREM COLLECTED/(PAID) DURING THE YEAR(NET)		0.35	2.63
	TOTAL	(279,472.71)	(279,473.06)
FIXED ASSETS REVALUATION RESERVE			
BAL AS PER LAST B.SHEET(REVALUATION RESERVE)		20,836.05	33,186.99
LESS: TRANFD TO DEPRECIATION ON FIXED ASSETS		724.30	1,230.39
LESS: TRANSFERRED TO GENERAL RESERVE		3,600.44	11,120.55
	TOTAL	16,511.31	20,836.05



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, 2008 (Contd.)

Rupees in Lakhs

		UNIT SCHEME 64 BONDS	
		31.03.2008	31.03.2007
SCHEDULE 'B' (Contd.)			
GENERAL RESERVE			
GENERAL RESERVE ON UNIT CAPITAL			
BALANCE AS PER LAST BALANCE SHEET.			
TRANSFERRED FROM REVENUE APPROPRIATION ACCOUNT		517,249.21	496,622.63
TRANSFERRED FROM FIXED ASSET REVALUATION RESERVE		47,840.02	9,506.03
		3,600.44	11,120.55
SUB TOTAL (a)		568,689.67	517,249.21
GRAND TOTAL		305,728.27	258,612.20
SCHEDULE 'C'			
CURRENT LIABILITIES AND PROVISIONS			
CURRENT LIABILITIES			
SUNDRY CREDITORS		15,406.23	17,773.87
APPLICATION MONEY PENDING SCRUTINY		61.17	61.17
BANK BALANCES		8,789.12	314.85
UNCLAIMED INCOME/INTEREST DISTRIBUTION			8,831.65
TOTAL (A)		24,256.52	26,981.54



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, 2008 (Contd.)

Rupees in Lakhs

		31.03.2008	31.03.2007
UNIT SCHEME 64 BONDS			
SCHEDULE 'C' (Contd.)			
PROVISIONS			
PROV FOR OUTSTANDING & ACCRUED INCOME CONSIDERED D		389.46	340.11
PROV FOR DOUBTFUL INVESTMENTS & DEPOSITS		3,299.55	3,719.49
PROVISION FOR OUTSTANDING ITEMS IN RECONCILIATION		13,025.16	12,142.36
PROVISION FOR INCOME DISTRIBUTION		31,420.56	29,859.06
	TOTAL (B)	48,134.73	46,061.02
	TOTAL (A)+(B)	72,391.25	73,042.56
SCHEDULE 'D'			
DEVELOPMENT RESERVE FUND			
BALANCE AS PER LAST BALANCE SHEET		379,692.64	292,659.90
TRANSFER OF BALANCES OF MERGED FUNDS		1,973.22	-
CONTRIBUTION / ADJUSTMENT DURING THE YEAR		-	28.94
MANAGEMENT / PERFORMANCE FEES RECEIVED FROM VEGAUS		-	249.05
INCOME/INTEREST RECEIVED DURING THE YEAR		84,256.88	89,207.31
	SUB TOTAL 'A'	465,922.74	382,145.20
LESS: UTILISATION DURING THE YEAR		2,099.49	2,452.56
	SUB TOTAL 'B'	2,099.49	2,452.56
SIZE OF DEVELOPMENT RESERVE FUND SUB TOTAL C=A-B		463,823.25	379,692.64
CURRENT LIABILITIES & PROVISIONS			
SUNDRY CREDITORS		4,248.73	5,602.56
BANK BALANCES		-	0.61
GRANT RECEIVED FROM GOI		2,174.97	2,174.97
PROVISION FOR OUTSTANDING ITEMS IN RECO		29.80	27.94
	CURRENT LIAB. AND PROVA. OF DRF-SUB TOTAL 'D'	6,453.50	7,806.08
	TOTAL X = (C+D)	470,276.75	387,498.72



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, 2008 (Contd.)

Rupees in Lakhs

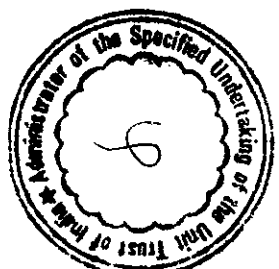
	UNIT SCHEME 64 BONDS	
	31.03.2008	31.03.2007
SCHEDULE 'D' (Contd.)		
LIABILITIES OF POST REDEMPTION SCHEMES UNDER DRP		
POST REDEMPTION FUND		
GENERAL RESERVE AS PER LAST BALANCE SHEET	19,453.24	-
GENERAL RESERVE TRANSFER - MERGED SCHEME	-	15,377.98
INCOME/INTEREST RECEIVED DURING THE YEAR	3,998.39	4,410.99
UTILISATION OF FUND	249.21	(335.73)
SUB TOTAL (a)	23,202.42	19,453.24
CURRENT LIABILITIES & PROVISIONS		
SUNDRY CREDITORS	7.60	8.65
PAYABLE TO GOVERNMENT OF INDIA	43,743.18	43,743.18
PROV FOR DOUBTFUL INVESTMENTS & DEPOSITS	472.21	245.52
SUB TOTAL (b)	44,222.99	43,997.35
LAB. OF POST REDEM. SCHEMES UNDER DRP TOTAL Y= A+B	67,425.41	63,450.59
DEVELOPMENT RESERVE FUND Z= X+Y	537,702.16	450,949.31



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, 2008 (Contd.)
Rupees in Lakhs

	UNIT SCHEME 64 BONDS	
	31.03.2008	31.03.2007
SCHEDULE 'E'		
OTHER FUNDS		
(A) STAFF WELFARE FUND (SWF)	20,554.86	18,210.50
BALANCE AS PER LAST BALANCE SHEET	1,083.36	2,446.30
NET INCOME DURING THE YEAR	79.16	101.94
UTILISATION DURING THE YEAR	21,559.06	20,554.86
SIZE OF THE FUND - SUB TOTAL (a)		
CURRENT LIABILITIES & PROVISIONS		
SUNDRY CREDITORS	464.76	6.15
SUB TOTAL (b)	464.76	6.15
TOTAL 'A' = (a+b)	22,023.82	20,561.01
(B) ASSET RECONSTRUCTION FUND (ARF)		
BALANCE AS PER LAST BALANCE SHEET	106,772.12	50,101.79
INCOME EARNED DURING THE YEAR	(30,149.10)	57,032.73
UTILISATION OF FUND	296.45	(362.40)
SIZE OF THE FUND - SUB TOTAL (a)	76,326.57	106,772.12
CURRENT LIABILITIES & PROVISIONS		
SUNDRY CREDITORS	4,707.27	2,315.47
PROVISION FOR OUTSTANDING ITEMS IN RECONCILIATIONS	101.14	101.14
SUB TOTAL (b)	4,808.41	2,416.61
TOTAL 'B' = (a+b)	81,134.98	109,188.73
SIZE OF OTHER FUNDS - TOTAL I	97,886.63	127,326.98
CURRENT LIAB. & PROVN. OF OTHER FUNDS - TOTAL II	6,273.17	2,422.76
OTHER FUNDS TOTAL (A+B)	103,158.80	129,749.74

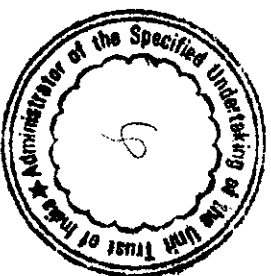


ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008 (Contd.)

Rupees in Lakhs

		UNIT SCHEME 64 BONDS	
		31.03.2008	31.03.2007
SCHEDULE 'F' INVESTMENTS CENTRAL&STATE GOVT SECURITIES/CERTIFICATES DEBENTURES AND BONDS PREFERENCE SHARES EQUITY SHARES MUTUAL FUND UNITS			
	TOTAL	451,945.82	509,837.90
	QUOTED (AT COST)	291,718.58	292,146.09
	UNQUOTED (AT COST)	160,227.24	217,691.81
	QUOTED (MARKET VALUE)	461,945.82	509,837.90
	UNQUOTED (AT VALUATION)	1,295,706.80	830,263.25
		110,933.35	165,982.43
		1,406,640.15	996,245.68
	APPRECIATION/(DEPRECIATION) IN VALUE OF INVESTMENT		
	TOTAL ('B' - 'A')	954,694.33	486,407.78

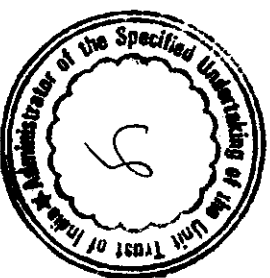


ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008 (Contd.)

Rupees in Lakhs

		UNIT SCHEME 64 BONDS	
		31.03.2008	31.03.2007
SCHEDULE 'G'			
DEPOSITS			
DEPOSITS WITH BANKS		431,019.98	396,533.26
OTHER DEPOSITS		19,572.06	1,699.43
TOTAL		450,592.04	398,232.69
SCHEDULE 'H'			
CURRENT ASSETS			
BALANCE WITH BANKS IN CURRENT ACCOUNTS		6,585.43	8,620.91
SUNDRY DEBTORS		6,787.58	4,593.77
CONTRACTS FOR SALE OF INVESTMENTS		5.03	58.21
OUTSTANDING AND ACCRUED INCOME		40,880.27	29,338.75
ADVANCES, DEPOSITS, ETC		318.40	954.26
SHARES/DEBENTURES APPLICATION MONEY		86.95	-
DUES FROM OTHER SCHEMES(NET)			5,410.55
REMITTANCE TO GOVERNMENT OF INDIA		175,000.00	175,000.00
TOTAL		229,563.66	223,977.45



SCHEDULE 1
FIXED ASSETS

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, 2008 (CONTD....)
U S 64 BONDS

	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK			
	AS ON 31st MARCH, 2007	ADDITIONS/ADJUSTMENTS	DEDUCTIONS/ADJUSTMENTS	TOTAL AS ON 31st MARCH, 2008	AS ON 31st MARCH, 2007	DEDUCTIONS/ADJUSTMENTS	DEP. ON COST FOR 1.4.07 to 31.3.2008	DEP. ON REVALUED COST 1.4.07 TO 31.3.08	TRANSFERRED FROM REVALUATION RESERVE	TOTAL AS ON 31st MARCH, 2008	AS ON 31st MARCH, 2008	AS ON 31st MARCH, 2007
LAND (LEASEHOLD)	1627.88	-	0.00	1627.88	263.21	0.00	8.13	23.91	15.78	287.12	1340.76	1364.67
LAND (FREEHOLD)	2310.46	100.71	920.85	1490.35	-	-	-	145.51	-	-	1490.35	2310.46
BUILDINGS	4514.27	-	501.45	4012.82	1593.35	215.95	31.20	273.99	114.31	1522.92	2489.91	2920.92
OFFICE PREMISES (LEASEHOLD)	10446.09	-	-	10446.09	2799.00	1.46	37.46	576.10	357.67	5027.23	7374.56	7647.09
OWNERSHIP PREMISES	21148.25	46.58	9046.25	12148.57	8451.17	4000.01	218.43	17.31	-	5027.23	7121.34	12697.08
BUILDING IMPROVEMENTS	576.57	2.55	74.69	504.44	551.05	87.50	17.31	77.49	-	480.85	23.58	25.52
FURNITURE & FIXTURE	2592.65	0.26	442.38	2150.54	1791.45	333.40	77.49	40.16	-	1535.55	615.00	801.20
OFFICE EQUIPMENTS	3720.36	4.53	409.09	3315.81	3604.61	404.25	40.16	0.00	-	3240.51	75.29	115.75
MOTOR VEHICLES	0.02	-	0.00	0.02	0.02	0.00	0.00	0.00	-	0.02	0.02	0.00
COMPUTERS	3676.94	0.40	3021.69	955.65	3616.98	2841.10	52.87	52.87	-	928.75	26.88	159.96
ADVANCE TOWARDS PURCHASE OF CAPITAL ASSETS	50913.49	155.03	14416.40	36552.17	22870.84	7983.67	483.05	1207.34	724.29	16094.48	20557.67	28042.65
TOTAL	51077.22	69.63	14420.16	36726.74	22870.84	7983.67	483.05	1207.34	724.29	16094.48	20592.24	28206.38

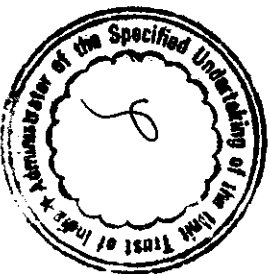
(RUPEES IN LAKHS)



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, 2008 (Contd.)
Rupees in Lakhs

	UNIT SCHEME 64 BONDS	
	31.03.2008	31.03.2007
SCHEDULE 'J'		
ASSETS OF DEVELOPMENT RESERVE FUND		
EQUITY SHARES/PREF SHARES	150,789.31	89,779.88
DEBENTURES AND BONDS	389.32	1,719.26
MUTUAL FUND UNITS	46,693.47	-
DEPOSITS WITH BANKS	249,636.87	276,278.35
OTHER DEPOSITS	12,703.56	-
GOI SPECIAL BONDS	300.00	300.00
INVESTMENT AT COST	460,512.53	368,077.49
CURRENT ASSETS		
SUNDRY DEBTORS	1,392.02	7,950.98
OUTSTANDING AND ACCRUED INCOME	8,180.06	9,938.25
SHARES / DEBENTURES APPLICATION MONEY	187.67	144.64
BANK BALANCES	2.77	23.60
CONTRACT FOR SALE OF INVESTMENTS	1.70	-
DUES FROM OTHER SCHEMES	-	1,363.76
SUB TOTAL (B)	9,764.22	19,421.23
ASSETS OF DEVELOPMENT RESERVE FUND TOTAL P=A+B	470,276.75	387,498.72



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, 2008 (Contd.)

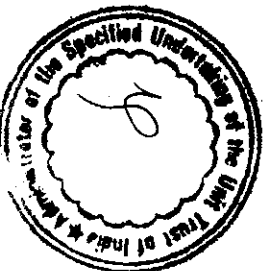
Rupees in Lakhs

		UNIT SCHEME 64 BONDS	
		31.03.2008	31.03.2007
* SCHEDULE 'J' (Contd.)			
ASSETS OF POST REDEMPTION SCHEMES UNDER DRP			
POST REDEMPTION FUND			
EQUITY SHARES		34,290.48	34,360.09
MUTUAL FUND UNITS		24,800.00	17,300.00
DEPOSITS WITH BANKS		7,500.00	10,500.00
OTHER DEPOSITS		49.99	77.04
INVESTMENT AT COST	SUB TOTAL (A)	66,640.47	62,237.13
CURRENT ASSETS			
SUNDRY DEBTORS		477.60	472.21
OUTSTANDING AND ACCURED INCOME		307.34	495.97
DUES FROM OTHER SCHEMES		-	245.28
	SUB TOTAL (B)	784.94	1,213.46
ASSETS OF POST REDEM. SCHEMES UNDER DRP Q=A+B		67,425.41	63,450.59
TOTAL ASSETS OF DEVELOPMENT RESERVE FUND R = P + Q		637,702.16	450,949.31



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, 2008 (Contd.)
 Rupees in Lakhs

		31.03.2008	31.03.2007
SCHEDULE 'K'		UNIT SCHEME 64 BONDS	
ASSETS OF OTHER FUNDS			
(A) ASSETS OF STAFF WELFARE FUND (SWF)			
CENTRAL & STATE GOVT SECURITIES/CERTIFICATES		5,660.30	7,935.90
EQUITY SHARES		500.00	500.00
DEBENTURES AND BONDS		5,059.42	6,125.09
MUTUAL FUND UNITS		9,556.93	3,426.91
DEPOSITS WITH BANKS		1,000.00	2,000.00
OTHER DEPOSITS			59.18
	SUB TOTAL (a)	21,796.65	20,047.08
INVESTMENT AT COST			
CURRENT ASSETS		210.40	308.76
OUTSTANDING AND ACCRUED INCOME		16.77	16.77
SUNDRY DEBTORS			188.40
DUES FROM OTHER SCHEMES		227.17	513.93
	SUB TOTAL (b)	22,023.82	20,561.01
	TOTAL A = (a+b)		
(B) ASSETS OF ASSET RECONSTRUCTION FUND (ARF)			
DEBENTURES AND BONDS		28.21	1,049.78
EQUITY SHARES		11.31	11.88
MUTUAL FUND UNITS		32,264.22	31,745.56
TERM LOANS		16.88	69.32
DEPOSITS WITH BANKS		45,000.00	64,300.00
OTHER DEPOSITS			460.26
	SUB TOTAL (a)	77,320.62	97,636.80
INVESTMENT AT COST			
CURRENT ASSETS			7,214.56
REDEMPTION RECEIVABLE		3,122.45	2,770.88
OUTSTANDING AND ACCRUED INCOME			1,465.35
DUES FROM OTHER SCHEMES		691.91	101.14
SUNDRY DEBTORS		3,814.36	11,551.93
	SUB TOTAL (b)	81,134.98	109,188.73
	TOTAL B = (a+b)		
	ASSETS OF OTHER FUNDS TOTAL (A+B)	103,158.80	129,749.74



**ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA
BALANCE SHEETS AS AT 31ST MARCH, 2008**

Rupees in Lakhs

	ARS BONDS		MAT NAV MIP		MAT FV MIP		DIP 91		MIP 96 IV	
	31.03.2008	31.03.2007	31.03.2008	31.03.2007	31.03.2008	31.03.2007	31.03.2008	31.03.2007	31.03.2008	31.03.2007
LIABILITIES										
CAPITAL.....'A'	536,237.11	573,659.97	-	-	-	-	-	-	-	-
RESERVES AND SURPLUS.....'B'	(126,586.19)	(146,362.63)	9,170.45	6,942.62	19,029.95	16,798.67	2,074.27	842.03	3,865.49	1,612.31
CURRENT LIABILITIES AND PROVISIONS.....'C'	48,555.34	58,533.38	16,117.05	16,352.01	13,389.39	15,211.39	1,547.33	587.76	3,537.64	1,506.84
TOTAL LIABILITIES	458,206.26	485,830.72	25,287.50	23,294.63	32,419.34	32,010.06	3,621.60	1,429.79	7,403.13	3,119.15
ASSETS										
INVESTMENTS.....'D'	373,641.54	397,811.73	18,900.00	21,400.00	27,534.22	26,403.49	15.38	-	195.00	-
DEPOSITS.....'E'	68,760.73	60,178.10	4,974.43	51.51	3,722.63	3,500.00	2,243.73	1,174.32	4,433.74	2,662.49
CURRENT ASSETS.....'F'	15,803.99	27,840.89	1,413.07	1,843.12	1,162.49	2,106.57	1,362.49	255.47	2,774.39	456.66
TOTAL ASSETS	458,206.26	485,830.72	25,287.50	23,294.63	32,419.34	32,010.06	3,621.60	1,429.79	7,403.13	3,119.15

NOTES TO ACCOUNTS.....'M'

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

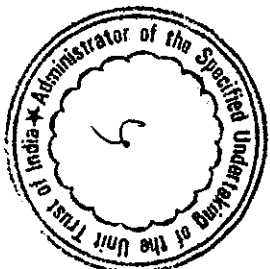
As per our attached report of even date
For and on behalf of
ASHOK BHARTIA & CO.
Chartered Accountants



ASHOK BHARTIA
Partner

[Signature]
IMTAJIAZUR RAHMAN
Chief Finance Officer

[Signature]
K.N. PRITHIRAJ
Administrator



Mumbai
Dated : 18th October 2008

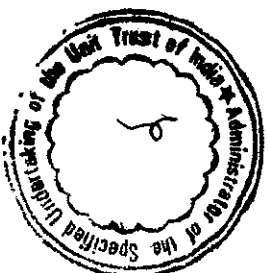
ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA
REVENUE ACCOUNTS FOR THE PERIOD 1ST APRIL, 2007 TO 31ST MARCH, 2008

	ARS BONDS		MAT NAV MIP		MAT FV MIP		DIP 91		MIP 96 IV		Rupees in Lakhs
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	
INCOME											
DIVIDEND	2,232.18	2,885.90	-	-	-	-	-	-	-	-	-
INTEREST	52,973.30	39,712.72	781.50	1,565.59	407.75	285.14	308.23	96.89	737.93	210.03	
PROFIT ON INTER SCHEME SALE OF INVESTMENTS	-	-	-	6,316.89	-	-	-	-	-	-	-
PROFIT ON SALE/REDEM. OF INV/ OTHER THAN IST	1,218.98	2,449.39	1,628.02	68.61	1,925.84	1,300.89	41.40	-	-	-	
OTHER INCOME	0.33	6.12	14.04	5.36	0.98	8.97	-	-	0.01	-	
PRIOR PERIOD ADJUSTMENTS - INCOME	63.53	73.96	1.99	34.10	0.21	(17.56)	-	1.24	(97.02)	(1.19)	
PROV FOR DOUBTFUL INCOME PR YR WRITTEN BACK	57.73	27.03	-	4.33	-	0.77	8.46	0.26	38.75	1.81	
PROV TOWARDS DOUBTFUL INV & DEP WRITTEN BACK	3,064.68	1,219.80	-	1,064.64	-	-	75.21	-	873.75	-	
PROV FOR DEPR IN VALUE OF INV WRITTEN BACK	-	-	-	85.04	-	-	-	-	-	-	
PROV FOR O/S ITEM RECO WRITTEN BACK	70.35	98.01	-	4.03	-	-	-	-	-	-	
SUB TOTAL (A)	59,681.06	46,472.92	2,425.55	9,148.59	2,334.78	1,578.21	433.30	98.39	1,553.42	210.65	
LESS: PROV FOR INCOME CONSIDERED DOUBTFUL	4.76	5.96	-	2.12	-	0.56	4.02	-	83.63	-	
LESS: PROVISION TOWARDS DOUBTFUL INV & DEP	370.70	1,601.50	-	141.08	-	-	456.14	-	-	-	
ADD: PROVISION FOR OLD ITEMS IN RECOS.	73.18	43.40	0.03	-	-	-	-	-	-	-	
SUB TOTAL (B)	448.64	1,650.86	0.03	143.20	-	0.56	460.16	-	83.63	-	
TOTAL (A-B)	59,232.42	44,822.06	2,425.52	9,005.39	2,334.78	1,577.65	(26.86)	98.39	1,469.79	210.65	



**ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA
REVENUE ACCOUNTS FOR THE PERIOD 1ST APRIL, 2007 TO 31ST MARCH, 2008 (Contd.)**

	ARS BONDS		MAT NAV MIP		MAT FV MIP		DIP 91		MIP 96 IV		Rupees in Lakhs
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR	
EXPENDITURE											
INCOME DISTRIBUTION FOR THE YEAR	36,708.08	38,762.68	-	-	-	-	-	-	-	-	-
INCOME DISTRIBUTION FOR PRIOR YEARS	-	18.80	-	-	-	-	-	-	-	-	-
OFFICE EXPENSES	593.62	768.64	21.31	93.98	44.18	33.41	1.18	1.26	1.03	2.37	
COMMISSION TO AGENTS	-	-	-	69.39	-	16.43	-	-	-	-	
CUSTODIAL, REGISTRAR & BANK CHGS	995.58	946.80	34.72	71.79	46.45	43.52	2.44	1.83	15.31	4.01	
AUDITORS FEES	5.14	10.51	0.22	2.83	0.30	0.62	0.02	0.06	0.04	0.07	
CONTRIBUTION TO DEVELOPMENT RESERVE FUND	-	-	-	28.94	-	-	-	-	-	-	
AMC FEES	1,384.80	2,506.30	29.06	110.35	12.38	20.75	7.60	7.77	13.68	16.92	
PRIOR PERIOD ADJUSTMENTS - EXPENSES	-	(87.16)	-	(0.02)	0.19	(4.90)	-	-	-	-	
SUB TOTAL (A)	39,685.22	42,926.37	85.31	376.97	103.50	109.83	11.24	10.92	30.06	23.37	
ADD : LOSS ON INTER SCHEME SALE OF INVTs	-	-	-	1,227.10	-	-	0.07	-	-	-	
ADD: LOSS ON SALE/REDEM OF INVT OTHER THAN IST	1,785.60	1,212.75	-	6.83	-	-	-	-	-	-	
SUB TOTAL (B)	1,785.60	1,212.75	-	1,233.93	-	-	0.07	-	132.90	-	
TOTAL (A) + (B)	41,470.82	44,139.12	85.31	1,610.90	103.50	109.83	11.31	10.92	182.96	23.37	
EXCESS OF INCOME OVER EXPENDITURE	17,761.60	682.94	2,340.21	7,394.49	2,231.28	1,467.82	(38.17)	87.47	1,306.83	187.28	
TOTAL	59,232.42	44,822.06	2,425.52	9,005.39	2,334.78	1,577.65	(26.86)	98.39	1,469.79	210.65	



ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA
REVENUE APPROPRIATION ACCOUNTS FOR THE PERIOD 1ST APRIL, 2007 TO 31ST MARCH, 2008

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
REVENUE APPROPRIATION ACCOUNT										
EXCESS OF INCOME OVER EXPENDITURE	17,761.60	682.94	2,340.21	7,394.49	2,231.28	1,467.82	(38.17)	87.47	1,306.83	187.28
TOTAL	17,761.60	682.94	2,340.21	7,394.49	2,231.28	1,467.82	(38.17)	87.47	1,306.83	187.28
INCOME DISTRIBUTION FOR THE YEAR				633.04						
BALANCE TRANSFERRED TO GENERAL RESERVE	17,761.60	682.94	2,340.21	6,761.45	2,231.28	1,467.82	(38.17)	87.47	1,306.83	187.28
TOTAL	17,761.60	682.94	2,340.21	7,394.49	2,231.28	1,467.82	(38.17)	87.47	1,306.83	187.28

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

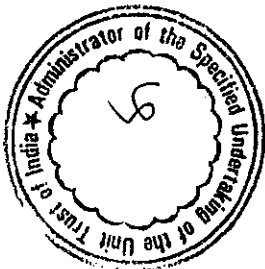
As per our attached report of even date
 For and on behalf of
ASHOK BHARTIA & CO.
 Chartered Accountants



ASHOK BHARTIA
 Partner

IMTAYAZUR RAHMAN
 Chief Finance Officer

K.N. PRITHVIRAJ
 Administrator



Mumbai
 Dated : 18th October 2008

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, 2008

	ARS BONDS		MAT NAV MIP		MAT FV MIP		DIP 91		MIP 96 IV		Rupees in Lakhs
	31.03.2008	31.03.2007	31.03.2008	31.03.2007	31.03.2008	31.03.2007	31.03.2008	31.03.2007	31.03.2008	31.03.2007	
SCHEDULE 'A'											
CAPITAL											
BOND CAPITAL	538,237.11	573,659.97	-	-	-	-	-	-	-	-	-
TOTAL	538,237.11	573,659.97									
SCHEDULE 'B'											
RESERVES AND SURPLUS											
GENERAL RESERVE											
BALANCE AS PER LAST BALANCE SHEET.	(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	
TRANSFER OF GENERAL RESERVE OF MERGED SCHEMES	-	-	-	10,400.37	-	-	1,273.67	-	951.70	-	
BALANCE TRANSFERRED FROM REVENUE ACCOUNT	17,781.60	882.94	2,340.21	6,761.45	2,231.28	1,467.82	(38.17)	87.47	1,306.83	187.28	
PREMIUM ON SALE/REPURCHASE/REDEMPTION	14.84	22.37	(112.39)	(16,396.96)	-	(0.12)	(3.26)	(2.16)	(5.35)	(7.06)	
TOTAL	(128,586.19)	(146,362.63)	9,170.45	6,942.62	19,029.95	16,798.67	2,074.27	842.03	3,866.49	1,612.31	



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, 2008 (Contd.)

Rupees in Lakhs

SCHEDULE 'C' CURRENT LIABILITIES AND PROVISIONS	ARS BONDS		MAT NAV MIP		MAT FV MIP		DIP 91		MIP 96 IV	
	31.03.2008	31.03.2007	31.03.2008	31.03.2007	31.03.2008	31.03.2007	31.03.2008	31.03.2007	31.03.2008	31.03.2007
CURRENT LIABILITIES										
SUNDRY CREDITORS	5,352.15	5,954.71	14,681.70	14,709.01	11,423.81	11,386.49	506.34	524.60	1,337.07	1,370.50
BANK BALANCES	-	283.09	-	167.86	-	213.01	-	0.01	-	0.22
UNCLAIMED INCOME/INTEREST DISTRIBUTION	348.21	349.60	301.98	341.77	1,561.54	1,573.49	52.01	52.15	105.76	106.58
PAYABLE TO GOVT. OF INDIA	-	-	-	-	(0.09)	(0.09)	-	-	-	-
DUES TO OTHER SCHEMES	-	9,589.59	-	-	-	1,634.36	-	-	-	-
SUB TOTAL (A)	5,700.36	16,176.99	14,983.68	15,218.64	12,985.26	14,807.26	558.35	576.76	1,442.83	1,477.30
PROVISIONS										
PROV FOR O/S & ACC INCOME CONSIDERED DOUBTFUL	47.15	100.12	0.03	0.03	-	-	48.64	-	154.70	-
PROV FOR DOUBTFUL INVESTMENTS & DEPOSITS	2,213.84	4,907.90	-	-	0.01	0.01	929.25	-	1,910.53	-
PROV FOR DEPN IN THE VALUE OF INVESTMENTS	-	-	-	-	-	-	0.01	-	0.04	-
PROVISION FOR OLD ITEMS IN RECONCILIATIONS	585.55	582.72	1,133.34	1,133.34	404.12	404.12	11.08	11.00	29.54	29.54
PROVISION FOR INCOME DISTRIBUTION	40,008.44	38,765.75	-	-	-	-	-	-	-	-
SUB TOTAL (B)	42,854.98	42,356.39	1,133.37	1,133.37	404.13	404.13	988.98	11.00	2,094.81	29.54
TOTAL (A + B)	48,555.34	58,533.38	16,117.05	16,352.01	13,389.39	15,211.39	1,547.33	587.76	3,537.64	1,506.84

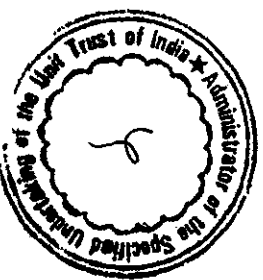


ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008 (Contd.)

Rupees In Lakhs

	ARS BONDS		MAT NAV MIP		MAT FV MIP		DIP 91		MIP 96 IV	
	31.03.2008	31.03.2007	31.03.2008	31.03.2007	31.03.2008	31.03.2007	31.03.2008	31.03.2007	31.03.2008	31.03.2007
SCHEDULE 'D'										
INVESTMENTS										
INVESTMENTS (AT OR WRITTEN DOWN COST)										
CENTRAL & STATE GOVT SECURITIES/CERTIFICATES	185,026.24	185,714.73	-	-	-	-	-	-	-	-
DEBENTURES AND BONDS	109,970.12	135,123.91	-	-	-	-	15.37	-	194.96	-
PREFERENCE SHARES	240.79	838.12	-	-	-	-	-	-	-	-
EQUITY SHARES	46,776.72	47,090.33	-	-	-	-	0.01	-	0.04	-
MUTUAL FUND UNITS	31,627.67	29,044.64	18,900.00	21,400.00	27,534.22	26,403.49	-	-	-	-
	TOTAL	373,641.54	397,811.73	18,900.00	21,400.00	27,534.22	26,403.49	15.38	195.00	-
QUOTED (AT COST)	41,881.31	42,192.10	-	-	-	-	-	-	-	-
UNQUOTED (AT COST)	331,760.23	355,619.63	18,900.00	21,400.00	27,534.22	26,403.49	15.38	-	195.00	-
	A'	373,641.54	397,811.73	18,900.00	21,400.00	27,534.22	26,403.49	15.38	195.00	-
QUOTED (MARKET VALUE)	207,294.15	138,548.21	-	-	-	-	-	-	-	-
UNQUOTED (AT VALUATION)	315,508.53	335,062.49	19,606.99	22,572.80	28,604.90	28,414.38	15.37	-	194.96	-
	B'	522,802.68	473,610.70	19,606.99	22,572.80	29,604.90	28,414.38	15.37	194.96	-
APPRECIATION/(DEPRECIATION) IN VALUE OF INVT. (B-A)	149,161.14	75,798.97	706.99	1,172.80	2,070.68	2,010.89	(0.01)	-	(0.04)	-



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, 2008 (Contd.)

Rupees in Lakhs

	ARS BONDS		MAT NAV MIP		MAT FV MIP		DIP 91		MIP 96 IV	
	31.03.2008	31.03.2007	31.03.2008	31.03.2007	31.03.2008	31.03.2007	31.03.2008	31.03.2007	31.03.2008	31.03.2007
SCHEDULE 'E'										
DEPOSITS										
DEPOSITS WITH BANKS	64,260.00	60,178.10	2,000.00	-	3,500.00	3,500.00	1,700.00	1,150.00	3,700.00	2,650.00
OTHER DEPOSITS	4,500.73	-	2,974.43	51.51	222.63	-	543.73	24.32	733.74	12.49
TOTAL	68,760.73	60,178.10	4,974.43	51.51	3,722.63	3,500.00	2,243.73	1,174.32	4,433.74	2,662.49
SCHEDULE 'F'										
CURRENT ASSETS										
BALANCE WITH BANKS IN CURRENT ACCOUNTS	5,598.88	11,617.53	911.49	1,662.32	513.36	1,676.48	83.81	96.29	223.94	228.72
SUNDRY DEBTORS	2,931.15	8,174.34	423.39	15.40	618.99	397.16	986.43	0.07	1,799.85	-
CONTRACTS FOR SALE OF INVESTMENTS	39.23	-	-	0.03	-	32.93	292.25	81.67	-	188.19
OUTSTANDING AND ACCRUED INCOME	7,234.73	8,049.02	78.19	165.37	30.14	-	292.25	77.44	750.60	39.75
DUES FROM OTHER SCHEMES(NET)	-	-	-	-	-	-	-	-	-	-
TOTAL	15,803.99	27,840.89	1,413.07	1,843.12	1,162.49	2,106.57	1,362.49	255.47	2,774.39	456.66



**ASHOK
BHARTIA
&
COMPANY**

CHARTERED ACCOUNTANTS

116, Durga Chamber, 1334,
D.B. Gupta Road, Karol Bagh,
New Delhi - 110 005

Phone : 28755572
45415083
Fax : 45415083

Ref. No.

Date

AUDITORS' REPORT

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

We have audited the attached Balance Sheets of 2 Schemes viz. VENTURE CAPITAL UNIT SCHEME 1989 (VECAUS I) and VENTURE CAPITAL UNIT SCHEME 1991 (VECAUS III) of Specified Undertaking of Unit Trust of India (SUUTI) as at 31st March 2008 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 test basis, evidence supporting the amounts and disclosure 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 15th January 2003 has 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. In our opinion the claims for refund of Rs.2.24 lacs on account of Tax Deducted at Source on Interest/Dividend received appear to be unrecoverable, as the same have become time barred.

Subject to our observations referred herein 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 31st March 2008.
 - 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-I and excess of expenditure over income in case of VECAUS-III for the year ended on that date.

FOR ASHOK BHARTIA & CO.
Chartered Accountants

[Ashok Bhartia]
Place: Mumbai
Dated: 15.01.2009



SPECIFIED UNDERTAKING OF UNIT TRUST OF INDIA
VENTURE CAPITAL UNIT SCHEMES

SIGNIFICANT ACCOUNTING POLICIES

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. 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).

 - (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 and is reflected as recovery of a part of the cost of 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) 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 31st March 2008.
- (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) 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.
- (vi) Fully Convertible Debentures are valued either at cost or on the basis adopted for the underlying equity share.
- (vii) 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 on these investments is taken to Reserve and Surplus Account.

5. **Unrealised Investment Reserve:**

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



SPECIFIED UNDERTAKING OF UNIT TRUST OF INDIA
VENTURE CAPITAL UNIT SCHEMES

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED
31st MARCH, 2008

SCHEDULE H

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 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. Previous years figures have been regrouped/reclassified wherever necessary.


IMTAIAZUR RAHMAN
CHIEF FINANCE OFFICER


K N PRITHVIRAJ
ADMINISTRATOR

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


ASHOK BHARTIA
PARTNER
MUMBAI

DATED : 18th October, 2008



ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA

BALANCE SHEETS AS AT 31ST MARCH, 2008

Rupees in Lakhs

	VECAUS I		VECAUS III	
	31.03.2008	31.03.2007	31.03.2008	31.03.2007
ASSETS				
INVESTMENTS..... 'A'	322.55	83.02	416.42	1,928.42
DEPOSITS..... 'B'	4.96	5.39	39.38	7.98
OTHER CURRENT ASSETS..... 'C'	17.73	0.54	139.50	18.63
TOTAL	345.24	88.95	594.30	1,955.03
LESS : CURRENT LIABILITIES & PROVISIONS..... 'D'	66.41	2.55	196.82	62.00
NET ASSETS	278.83	86.40	397.48	1,893.03
REPRESENTED BY LIABILITIES				
CAPITAL..... 'E'	1.00	1.00	1,750.00	2,000.00
RESERVES & SURPLUS..... 'F'	261.71	85.38	(1,352.52)	(106.97)
UNREALISED INVESTMENT RESERVE..... 'G'	16.12	0.02	-	-
TOTAL	278.83	86.40	397.48	1,893.03

NOTES TO ACCOUNTS..... 'H'

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

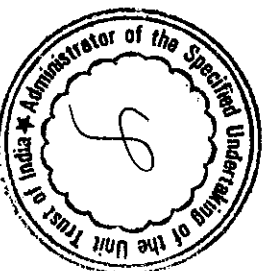
ASHOK BHARTIA
Partner



Mumbai
Dated : 18th October, 2008

IMTAIAZUR RAHMAN
Chief Finance Officer

K.N. PRITHVIRAJ
Administrator



ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA
REVENUE ACCOUNTS FOR THE PERIOD 1ST APRIL, 2007 TO 31ST MARCH, 2008

Rupees in Lakhs

	VECAUS I		VECAUS III	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
INCOME				
DIVIDEND	6.45	7.85	-	12.50
INTEREST	192.78	200.61	8.62	33.21
PROFIT ON SALE OF INVESTMENTS	-	235.81	91.76	89.52
PROV FOR DOUBTFUL INCOME PR YR WRITTEN BACK	-	-	416.90	125.28
PROV FOR DEPR IN VALUE OF INV WRITTEN BACK	-	-	798.53	-
SUB TOTAL (A)	199.23	444.37	1,316.83	280.51
LESS: INVESTMENT LOSSES	-	-	175.34	3.34
LESS: PROV FOR INCOME CONSIDERED DOUBTFUL	-	-	402.12	-
LESS: PROV FOR DEPRECIATION IN VALUE OF INVT	-	-	1,980.95	29.13
SUB TOTAL (B)	-	-	2,568.41	32.47
EXPENDITURE				
TOTAL (A-B)	199.23	444.37	(1,242.58)	228.04
MANAGEMENT/PERFORMANCE FEES	-	572.15	-	67.34
LEGAL AND PROFESSIONAL CHARGES	21.42	9.68	0.22	4.72
OTHER EXPENDITURE	1.48	1.21	2.75	0.25
	22.90	583.04	2.97	72.31
EXCESS OF INCOME OVER EXPENDITURE				
TOTAL	176.33	(138.67)	(1,245.55)	155.73
	199.23	444.37	(1,242.58)	228.04



ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA
REVENUE APPROPRIATION ACCOUNTS FOR THE PERIOD 1ST APRIL, 2007 TO 31ST MARCH, 2008

Rupees in Lakhs

	VECAUS I		VECAUS III	
	CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
BALANCE AS PER LAST BALANCE SHEET	85.38	924.05	(106.97)	(262.70)
BALANCE TRANSFERRED FROM REVENUE ACCOUNT	176.33	(138.67)	(1,245.59)	155.73
TOTAL	261.71	785.38	(1,352.52)	(106.97)
PREMIUM PAID ON REDEMPTION	-	700.00	-	-
BALANCE CARRIED TO BALANCE SHEET	261.71	85.38	(1,352.52)	(106.97)
TOTAL	261.71	785.38	(1,352.52)	(106.97)

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

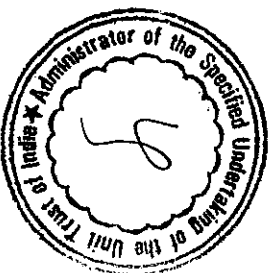


ASHOK BHARTIA
 Partner

Mumbai
 Dated : 18th October 2008

IMTAYAZUR RAHMAN
 Chief Finance Officer

K.N. PRITHVIRAJ
 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, 2008

Rupees in Lakhs

SCHEDULE 'A' INVESTMENTS AT VALUATION	VECAUS I		VECAUS III	
	31.03.2008	31.03.2007	31.03.2008	31.03.2007
EQUITY SHARES	-	-	416.42	1,648.30
DEBENTURES AND BONDS	-	-	-	93.45
CONDITIONAL LOANS	-	-	-	152.67
BRIDGE LOANS	-	-	-	34.00
MUTUAL FUND UNITS	322.55	83.02	-	-
TOTAL	322.55	83.02	416.42	1,928.42
INVESTMENTS AT COST				
QUOTED				
EQUITY SHARES	-	-	292.84	24.72
UNQUOTED	-	-	3,175.49	3,607.93
EQUITY SHARES	-	-	-	410.33
DEBENTURES AND BONDS	-	-	-	388.06
CONDITIONAL LOANS	-	-	-	151.18
BRIDGE LOANS	-	-	-	-
MUTUAL FUND UNITS	306.43	83.00	-	-
TOTAL COST 'A'	306.43	83.00	3,468.33	4,582.22
QUOTED(MARKET VALUE)	322.55	83.02	0.17	131.05
UNQUOTED(AT VALUATION)	-	-	416.25	1,797.37
FAIR VALUE 'B'	322.55	83.02	416.42	1,928.42
APPRECIATION/(DEPRECIATION) IN THE VALUE OF INVESTMENTS.				
TOTAL ('B' - 'A')	16.12	0.02	(3,051.91)	(2,653.80)

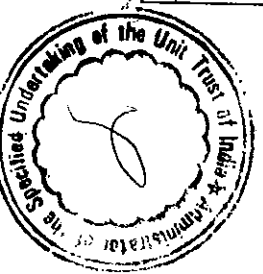


ADMINISTRATOR OF THE SPECIFIED UNDERTAKING OF THE UNIT TRUST OF INDIA

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2008 (Contd.)

Rupees in Lakhs

	VECAUS I		VECAUS III	
	31.03.2008	31.03.2007	31.03.2008	31.03.2007
SCHEDULE 'B'				
DEPOSITS				
DEPOSITS WITH BANKS	-	-	-	-
OTHER DEPOSITS	4.96	5.39	39.38	7.98
TOTAL	4.96	5.39	39.38	7.98
SCHEDULE 'C'				
OTHER CURRENT ASSETS				
BALANCE WITH BANKS IN CURRENT ACCOUNTS	17.73	0.54	1.10	16.24
SUNDRY DEBTORS	-	-	137.27	2.26
OUTSTANDING AND ACCRUED INCOME	-	-	0.13	0.13
TOTAL	17.73	0.54	138.50	18.63
SCHEDULE 'D'				
CURRENT LIABILITIES AND PROVISIONS				
SUNDRY CREDITORS	1.41	2.55	61.81	62.00
INCOME RECEIVED IN ADVANCE	65.00	-	-	-
SUB TOTAL (A)	66.41	2.55	61.81	62.00
PROVISIONS				
PROVISION FOR OUTSTANDING ITEMS IN RECOS				
SUB TOTAL (B)	-	-	135.01	-
TOTAL (A+B)	66.41	2.55	196.82	62.00
SCHEDULE 'E'				
UNIT CAPITAL	1.00	1.00	2,000.00	2,400.00
OPENING BALANCE	1.00	1.00	250.00	400.00
LESS: REDEEMED DURING THE YEAR	-	-	-	-
TOTAL	1.00	1.00	1,750.00	2,000.00



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, 2008 (Contd.)

	VECAUS I		VECAUS III	
	31.03.2008	31.03.2007	31.03.2008	31.03.2007
SCHEDULE 'F'				
RESERVES AND SURPLUS				
REVENUE APPROPRIATION ACCOUNT				
BALANCE AS PER ACCOUNT	261.71	85.38	(1,352.52)	(106.97)
TOTAL	261.71	85.38	(1,352.52)	(106.97)
SCHEDULE 'G'				
UNREALISED INVESTMENT RESERVE				
UNREALISED GAINS AS PER LAST BALANCE SHEET...	0.02	49.57	-	-
APPRECIATION/DEPRECIATION DURING THE PERIOD.....	16.10	(49.55)	-	-
TOTAL	16.12	0.02	-	-

Rupees in Lakhs

