



UTI LIQUID FUND



Memorandum containing key information and application form

Initial offer opens on June 23, 2003 • Initial offer closes on June 24, 2003
Reopens on June 27, 2003

Features specific to the scheme

1.	Nature of Scheme	An open-ended income scheme						
2.	Scheme Objective	The scheme seeks to generate steady and reasonable income, with low risk and high level of liquidity from a portfolio of money market securities and high quality debt.						
3.	Investment Pattern	<p>No investments will be made in equity instruments.</p> <p>The scheme will invest in the following securities:</p> <table border="0"> <thead> <tr> <th style="text-align: left;">Securities / Instruments</th> <th style="text-align: right;">Exposure (Minimum and Maximum)</th> </tr> </thead> <tbody> <tr> <td>Money market instruments</td> <td style="text-align: right;">65% to 100%</td> </tr> <tr> <td>Debt Securities (including Central Govt. Securities)</td> <td style="text-align: right;">0% to 35%</td> </tr> </tbody> </table> <p>To minimise the credit risk investment would be made only in companies which have a rating of AA- or equivalent and above at the time of investment</p>	Securities / Instruments	Exposure (Minimum and Maximum)	Money market instruments	65% to 100%	Debt Securities (including Central Govt. Securities)	0% to 35%
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Money market instruments	65% to 100%							
Debt Securities (including Central Govt. Securities)	0% to 35%							
4.	Plans on offer	<p>The scheme would launch multiple "Plans" based on the above investment objective. Two plans initially on offer are</p> <ol style="list-style-type: none"> 1. UTI- Liquid Cash Plan 2. UTI- Liquid Short Term Plan <p>The plans offer (i) Growth Option, where the income generated will be ploughed back and will be reflected through growth in the NAV. Rollover facility is available under the Growth Option. (ii) Income Option with Reinvestment facility under which the amount of income will be re-invested at ex-dividend NAV and Payout facility (available only under the UTI-Liquid Short Term Plan) under which income will be paid out to the member, subject to the minimum outstanding investment value of Rs. 1 lac on the record date.</p>						
5.	Eligible Investors	Open to resident individuals, institutions as well as to NRIs, OCBs and FIIs.						
6.	Face Value of units	Rs.10/- per unit						
7.	Minimum Amount of Investment	Rs. 1,00,000/- under UTI- Liquid Cash Plan and Rs. 30,000/- under UTI - Liquid Short Term Plan or such amount as may be decided by UTI AMC from time to time.						
8.	Subsequent Minimum Investment	Subsequent minimum additional investment under both the plans is Rs.10000/-, without any upper limit.						
9.	Sale Price / Repurchase price	<p>Sale price will be at par during the initial offer period. Sale will be at NAV on re-opening of sales.</p> <p>Repurchase will be available on re-opening the scheme after the initial offer. Repurchase will be at a price not less than 97% of the NAV.</p> <p>Minimum amount for repurchase is Rs.10,000/-.</p>						
10.	Net Asset Value (NAV)	Declaration of NAV on a daily basis for both the plans.						

This memorandum sets forth concisely the information about the scheme that a prospective investor may like to know before investing in the scheme. The statutory provisions included in this memorandum are general and indicative in nature and are neither exhaustive nor any particular investor specific. This memorandum should be retained for future reference. For further details, applicant should refer to the offer document of the scheme.

1. Disclaimer

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

2. Risk Factors

- a) UTI-Liquid Fund is only the name of the scheme and does not in any manner indicate the quality of the scheme, its future prospects or returns.
- b) Investments in units issued under the scheme are subject to market risks. There is no assurance that the plans will maintain a stable net asset value.
- c) Performance of previous schemes/plans of UTI Mutual Fund and the Sponsors is not necessarily an indication of future results. There can be no assurance or guarantee that the objective of the scheme will be achieved.
- d) Statements/observations made are subject to the laws of the land as they exist at any relevant point of time.
- e) Growth, appreciation and income, if any, referred to in this memorandum are subject to the tax laws and other fiscal enactments as they exist from time to time.
- f) **Credit Risk** : Bonds /debentures as well as other money market instruments issued by corporates run the risk of down grading by the rating agencies and even default as the worst case. Securities issued by Central government have lesser to zero probability of credit/ default risk in view of the sovereign status of the issuer.
- g) **Interest - Rate Risk**: Bonds/ Central Government securities which are fixed income securities, run price-risk like any other fixed income security. Generally, when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The level of interest rates is determined by the rates at which government raises new money through RBI and the price levels at which the market is already dealing in existing securities, rate of inflation etc. The extent of fall or rise in the prices is a function of the prevailing coupon rate, number of days to maturity of a security and the increase or decrease in the level of interest rates. The prices of Bonds/ Central Government securities are also influenced by the liquidity in the financial system and/or the open market operations (OMO) by RBI. Pressure on exchange rate of the Rupee may also affect security prices. Such rise and fall in price of bonds/central government securities in the portfolio of the plans may influence the NAVs of the plans as and when such changes occur. The interest rate risk is more in the Short Term Plan relative to the Cash Plan.
- h) **Liquidity Risk** : The Indian debt market is such that a large percentage of the total traded volumes on particular days might be concentrated in a few securities. Traded volumes for particular securities differ significantly on a daily basis. Consequently, the plans might have to incur a significant "impact cost" while transacting large volumes in a particular security.

- i) **Securities Lending** : It is one of the means of earning additional income for the plans with lesser degree of risk. The risk could be in the form of non-availability of ready securities for sale during the period the securities remain lent. The plans could also be exposed to risk through the possibility of default by the borrower/intermediary in returning the securities. However, the risk would be adequately covered by taking in of suitable collateral from the borrower by the intermediary involved in the process. The scheme will have a lien on such collateral. It will also have other suitable checks and controls to minimise any risk involved in the securities lending process.
- j) **Investment in overseas market**: The success of investment in overseas market depends upon the ability of the fund manager to understand conditions of those markets and analyse the information, which could be different from Indian markets. Operations in foreign markets would be subject to exchange rate fluctuation risk besides the market risks of those markets.
- k) **Trading in debt derivatives involves certain specific risks like** :
 - (i) **Settlement Risk** : This is the risk on default by the counter party. This is usually to the extent of difference between actual position and contracted position. This risk is substantially mitigated where derivative transactions happen through clearing corporation.
 - (ii) **Market Risk** : Market movement may also adversely affect the pricing and settlement of derivative trades like cash trades.
 - (iii) **Illiquidity Risk** : The risk that a derivative product may not be sold or purchased at a fair price due to lack of liquidity in the market.
 - (iv) An exposure to derivatives can lead to losses. Success of dealing in derivatives depends on the ability of the fund manager to correctly assess the future market movement and in the event of incorrect assessment, if any, performance of the plans could be lower.
 - (v) Interest Rate Swaps (IRs) and Forward Rate Agreements (FRAs) do also have inherent credit and settlement risks. However, these risks are substantially less as they are limited to the interest stream and not for the notional principal amount.
 - (vi) Participating in derivatives is a highly specialised activity and entails greater than ordinary investment risks. Notwithstanding such derivatives being used for limited purpose of hedging and portfolio balancing, the overall market in these segments could be highly speculative due to the actions of other participants in the market.
- l) The UTI- Liquid Short Term Plan would aim to invest in a higher proportion of liquid and traded debt instruments including Central Government Securities. As the Indian Debt market is characterised by high degree of illiquidity, the proposed aggregate holding of assets considered "illiquid", including debt securities (for which there is no active established market), could be more than 10% of the value of the net assets of the plan. In normal course of business, the plan would be able to make payment of repurchase proceeds within 10 working days, as it would have sufficient exposure to liquid assets.
In case of the need for exiting from such illiquid debt instruments in a short period of time, the NAV of the plan could be impacted adversely.
- m) The Sponsors will not be liable to make good or otherwise be responsible for any loss or shortfall resulting from the operations of the Scheme, beyond the initial contribution of Rs.10,000/- made by them to the corpus of the Mutual Fund.

3. Constitution of UTI Mutual Fund

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

Parliament has passed The Unit Trust of India (Transfer of Undertaking and Repeal) Act 2002 (hereafter referred to as the Act). As per the Act, the assets and liabilities of UTI has been bifurcated into two parts the **specified undertaking** and the **specified company**. Specified Undertaking of Unit Trust of India comprises of US 64 for which assured repurchase prices have been announced and assured return schemes. The Specified Company has been set up as a Mutual Fund viz. UTI Mutual Fund, comprising of all net asset value based schemes including the scheme mentioned in this offer document. UTI Mutual Fund has been structured in accordance with SEBI (Mutual Funds) Regulations, 1996. The UTI Act has been repealed with effect from 1st February 2003.

B. CONSTITUTION OF UTI MUTUAL FUND

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

The main objective of the Mutual Fund is :

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

C. THE SPONSORS

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

a) Bank of Baroda :-

Bank of Baroda was established in July 1908 by Maharaja - Sir Sayajirao Gaikwad III. During the period since inception, it has always maintained its practice of sound value based banking to emerge as one of the premier public sector Banks of the country today. It has a track record of uninterrupted profits since inception in 1908. The financial strength of the Bank and its long tradition of efficient customer service are drawn substantially from the extensive reach of its 2,641 strong branch network (as of 31.03.2002) covering almost every State and Union Territory in the Country. The Bank is also one of the few Indian Banks with a formidable presence overseas with 38 branches. Thus, the total branch network is 2,679 as at 1.03.2002.

b) Life Insurance Corporation of India :-

Life Insurance Corporation of India (LIC) is amongst the largest insurance companies in the world, serving over 10 crore policy holders and managing a Fund of over Rs.-186000 crores.

c) Punjab National Bank :-

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

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

d) State Bank of India :-

The State Bank of India is the largest public sector bank in India with 9034 branches in India and 51 offices in 30 countries world-wide. In addition to this, SBI also has 19 associates.

D. THE TRUSTEE

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

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

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

Name and Address	Other Directorships
Shri C Ramachandran, Chairman Former Secretary (Expenditure), Ministry of Finance, Govt. of India Aishwarya, 16, Arunachalam Road, Nawab Gardens, Kotturpuram, Chennai – 85.	Non Official Director, RITES.
Shri M P Radhakrishnan Former Chairman, SBI 3/462, I. Street, Kazura Garden, Neelankarai, Chennai 600 041.	(i) Director, Indian Bank (ii) Director, Nagarjuna Fertilisers & Chemicals Ltd. Hyderabad.
Dr.(Mrs.) Kanta Ahuja Former Vice –Chancellor, University of Rajasthan 5-Ja-10, Jawahar Nagar, Jaipur 302 004.	NIL
Shri I D Agarwal Sterling Sea Face Building, Flat No.B-604, Dr. Annie Beasant Road, Worli, Mumbai 400 018.	(i) Non-Executive Chairman, OTCEI (ii) Non-Executive Chairman, OSL (iii) Director, Raymond Ltd., (iv) Non-Executive Chairman, IKF Finance Ltd. (v) Director, Western India Shipyards Ltd.
*Dr. Pritam Singh Director In-charge, IIM, Lucknow Director's Bungalow, Indian Institute of Management, Prabhandh Nagar, Off Sitapur Road, Lucknow -226013.	Corporate Board Memberships : (i) Shipping Corporation of India, Mumbai (ii) The Pradeshiya Industrial & Investment Corporation of UP Ltd., Lucknow (iii) U.P. State Road Transport Corporation, Lucknow, (iv) Local Board of Reserve Bank of India (v) Oriental Insurance Company Ltd., New Delhi (vi) Hindustan Aeronautics Ltd., Bangalore, (vii) Punjab National Bank

* Associate Director

d) Summary of the substantial provisions of the Trust Deed which may be of material interest to members.

- (1) The trustees shall ensure before the launch of any scheme that the AMC has;-
 - (a) systems in place for its back office, dealing room and accounting ;
 - (b) appointed all key personnel including fund manager(s) for the scheme(s) and submitted their bio-data which shall contain the educational qualifications, past experience in the securities market with the trustees, within 15 days of their appointment;
 - (c) appointed auditors to audit its accounts;
 - (d) appointed a compliance officer who shall be responsible for monitoring the compliance of the Act, rules and regulations, notifications, guidelines instructions etc issued by SEBI or the Central Government and for redressal of investors' grievances;
 - (e) appointed registrars and laid down parameters for their supervision;
 - (f) prepared a compliance manual and designed internal control mechanisms including internal audit systems;
 - (g) specified norms for empanelment of brokers and marketing agents.
- (2) Where the trustees have reason to believe that the conduct of business of the mutual fund is not in accordance with these regulations and the scheme they shall forthwith take such remedial steps as are necessary by them and shall immediately inform SEBI of the violation and the action taken by them.
- (3) The trustees shall be accountable for, and be the custodian of, the funds and property of the respective schemes and shall hold the same in trust for the benefit of the unit holders in accordance with these regulations and the provisions of trust deed.
- (4) The trustees shall be responsible for the calculation of any income due to be paid to the mutual fund and also of any income received in the mutual fund for the holders of the units of any scheme in accordance with these regulations and the trust deed.
- (5) The trustees shall obtain the consent of the members -
 - (a) whenever required to do so by SEBI in the interest of the unit-holders; or
 - (b) whenever required to do so on the requisition made by three-fourths of the unit holders of any scheme; or
 - (c) when the majority of the trustees decide to wind up or prematurely redeem the units; or
- (6) The trustees shall ensure that the AMC has not given any undue or unfair advantage to any associates or dealt with any of the associates of the AMC in any manner detrimental to interest of the members.
- (7) The trustees shall ensure that no change in the fundamental attributes of any scheme or the trust or fees and expenses payable or any other change which would modify the scheme and affects the

interest of members, shall be carried out unless, -

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

- (8) The Trustee shall exercise general and specific due diligence as required under the Regulations.

Please refer to the offer document for further details.

4. Management of UTI Mutual Fund

ASSET MANAGEMENT COMPANY (AMC)

- a) UTI Asset Management Company Private Limited is a company incorporated under the Companies Act, 1956.
 - b) Registered office: UTI Tower, 'Gn'-Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051.
 - c) **Board of Directors of UTI Asset Management Co. (P) Ltd.**
 - (i) ***Shri M Damodaran**, Chairman & Managing Director
 - (ii) ***Shri S H Bhojani** : Partner, Amarchand Mangaldas & Suresh A Shroff & Co. Advocates & Solicitors
 - (iii) **Shri J S Mathur** : Former Dy. Comptroller and Auditor General of India
 - (iv) ***Shri B D Sumitra** : DMD and Chief Financial Officer, SBI
- * Associate Directors

5. Fundamental Attributes

"Fundamental Attributes" in the context of the scheme and plans launched thereunder mean the following

- a) **Type of Scheme** UTI- Liquid Fund is an open-ended income scheme.
- b) **Investment objective:** As stated under para 6 below
- c) **Terms of issue:** Provisions in respect of repurchase and expenses (paragraph 12 (d) and 20 below)
- d) The Trustee shall ensure that no change in the fundamental attributes of the scheme and plans launched thereunder or the trust or fees and expenses payable or any other change which would modify the scheme and plans launched thereunder and affect the interest of members, shall be carried out unless, -
 - (i) a written communication about the proposed change is sent to each member and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of Mutual Fund is situated; and
 - (ii) the members are given an option to exit at the prevailing Net Asset Value without any exit load.
- e) The Trustee may from time to time add to or otherwise amend this scheme. However, any change/amendment/modification of the fundamental attributes of the scheme will be made with the prior approval of the SEBI. In respect of other changes /amendments /modifications not being of fundamental nature and not affecting the interest of the member adversely, SEBI will be kept informed. Such changes would be intimated to the members i) as addendum ii) disclosed in the Bulletin of UTI Mutual Fund iii) next earliest communication to the members.

6. Investment Objective and Policies

- a) The investment objective of the scheme is to generate steady and reasonable income, with low risk and high level of liquidity from a portfolio of money market securities and high quality debt.
- b) No investments will be made in equity instruments.
- c) The scheme will invest in the following securities :

Securities/Instruments	Exposure (Minimum and Maximum)
Money market instruments	65% to 100%
Debt Securities (including Central Govt. Securities)	0% to 35%

- d) To minimise the credit risk investment would be made only in companies which have a rating of AA- or equivalent and above at the time of investment
- e) Two plans are proposed to be launched under the scheme initially which will have independent portfolio and separate NAVs. Further plans may be launched under the scheme within overall scheme objectives.

f) UTI- Liquid Cash Plan would keep the average maturity of its portfolio to less than 6 months. UTI- Liquid Short Term Plan would keep the average maturity of its portfolio between 1 and 2 years.

g) A plan shall not invest more than 15% of its NAV in debt instruments issued by a single issuer, which are rated not below AA- by a credit rating agency authorised to carry out such activity under SEBI. Such investment limit may be extended to 20% of the NAV of a plan with the prior approval of the Trustees and Board of the AMC. Provided that such limit shall not be applicable for investments in central government securities and money market instruments.

Provided further that investment within such limits by a plan can be in mortgaged backed securitised debt which are rated not below 'AA-' by a credit rating agency registered with SEBI.

h) Investment in non-publicly offered debt: Depending upon the available yields the plans would be investing in non-publicly offered debt securities.

i) Based upon the liquidity needs, the plans may invest in Central Government of India Securities without any restriction on the extent to which such investments can be made.

j) The UTI- Liquid Short Term Plan would aim to invest in a higher proportion of liquid and traded debt instruments including Central Government Securities. As the Indian Debt market is characterised by high degree of illiquidity, the proposed aggregate holding of assets considered "illiquid", including debt securities (for which there is no active established market), could be more than 10% of the value of the net assets of the plan. In normal course of business, the plan would be able to make payment of repurchase proceeds within 10 working days, as it would have sufficient exposure to liquid assets.

In case of the need for exiting from such illiquid debt instruments in a short period of time, the NAVs of the plan could be impacted adversely.

k) Investment by the plans in other Mutual Fund schemes will be in accordance with Regulation 44(1), Seventh Schedule of the SEBI (MFs) Regulations as under :

A scheme may invest in another scheme under the same asset management company or any other mutual fund without charging any fees, provided that aggregate interscheme investment made by all schemes under the

same management or in schemes under the management of any other asset management company shall not exceed 5% of the net asset value of the mutual fund.'

Such investment will be consistent with the investment objective of the scheme. No investment management fees will be charged by the AMC on such investments.

- l) CRISIL Liquid Fund Index is proposed to be used as benchmark for the Cash Plan under this scheme. Composition of the benchmark is Call Index 40% and CP Index 60%. In respect of Short Term Plan, the CRISIL Liquid Fund Index is proposed to be the benchmark as there is no comparable benchmark at present. Hence, the returns from the plan may not track the benchmark returns perfectly.

UTI AMC reserves the right to change the benchmark in future if a benchmark better suited to the investment objective of the plans is available.

- m) **Portfolio Turnover:** Portfolio Turnover is defined as the least of purchases or sales as a percentage of average size of a fund during any specified period of time.

The scheme portfolio management style is conducive to a low portfolio turnover rate.

7. Who can invest in the Scheme

An application for issue of units may be made by any of the following persons :

- a) a resident individual or an NRI or a person of Indian origin residing abroad, either singly or with another individual who is not a minor, on joint/ either or survivor basis. An individual may make an application in his personal capacity or in his capacity as an officer of a Government or of a Court.
- b) a parent, step-parent or other lawful guardian on behalf of a resident or NRI minor. An application cannot be made by an adult and minor jointly.
- c) a Hindu Undivided Family - both resident and non-resident.
- d) a company, banks or other body corporates.
- e) an Eligible Trust as defined under the scheme.
- f) a society as defined under the scheme.
- g) an Overseas Corporate Body.
- h) an association of persons or body of individuals whether incorporated or not.
- i) an Army/Navy/ Air Force/Paramilitary fund.
- j) a partnership Firm.

(An application by a Partnership firm shall be made by not more than two partners of the firm and the first named person shall be recognised by UTI AMC for all practical purposes as the member. The first named person in the application form should either be authorised by all remaining partners to sign on behalf of them or the partnership deed submitted by the partnership firm should so provide.)

- k) a mutual fund.
- l) a Foreign Institutional Investor (FII) registered with SEBI and
- m) Provident / Pension/ Gratuity Fund as and when permitted.
- n) any other institution

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

8. Minimum Amount of Investment

a) Minimum amount of investment is Rs.1 lakh under UTI- Liquid Cash Plan and Rs. 30,000 /- under UTI - Liquid Short Term Plan or such amount as may be decided from time to time.

b) Subsequent investment under a plan :

Subsequent minimum additional investment is Rs.10,000/- under both the plans without any upper limit.

9. Minimum target amount

An amount of Rs.1 crore is targeted to be raised under the scheme within the initial offer period of the scheme. Oversubscription above Rs.1 crore will be retained in full. If the targeted amount of Rs.1 crore is not subscribed to, UTI AMC shall refund the entire amount collected under the scheme by an account payee cheque/refund order or by any other mode of payment as may be decided by UTI AMC within 42 days from the close of the initial offer period of the scheme. In the event of any failure to refund such amount within 42 days from the close of the initial offer period of the scheme, UTI AMC shall be liable to pay to the concerned applicant interest @ 15% p.a. or such rate as may be prescribed by SEBI from time to time from the 43rd day of the date of closure of the initial offer period of the scheme till the date of despatch of refund order.

10. Mode of Payment for Investment

a) Resident applicants

- (i) The payment for units applied for by a resident applicant may be made either by a cheque or draft / pay order or in cash to the extent of amount permissible under Income Tax Act or by RBI or by any other mode as may be permitted by UTI AMC.
- (ii) Cheques/drafts should be drawn on a branch of a bank participating in the local clearing at the place of UTI Financial Centre/any designated bank branch/ authorised collection centre as may be decided by UTI AMC from time to time, where the application is tendered/submitted.
- (iii) The bank draft charges, if any, will have to be borne by the applicant.

b) NRI/OCB applicants

- (i) By a rupee draft issued by a bank/exchange house abroad on its Indian correspondent bank.
- (ii) By a rupee cheque/draft issued out of NRE deposits of the applicant or purchased out of the FCNR proceeds or received as a gift from another NRI out of the donor's NRE/FCNR deposits or by a rupee draft purchased by him from a bank abroad.
- (iii) By a rupee cheque/draft issued out of NRO deposits of the applicant or out of the proceeds of the NRRN/ NRSR deposits.
- (iv) Nepalese and Bhutanese currencies and cash are not accepted.

c) FIIs

Investment by FIIs should be through an instrument drawn on their Special Non-Resident Rupee Account maintained with a designated bank/authorised dealer approved by RBI.

11. PAN / GIR No.

The resident or a NRI investing out of non-resident ordinary account is advised to furnish Income Tax P.A.N./ G.I.R. number and I. T. Circle address in case he/she is having so. The P.A.N./G.I.R. number if allotted at a later date may be informed to UTI AMC.

12. Sale and Repurchase of Units

a) The face value of each unit issued under the scheme is ten rupees and units will be issued in fractions upto four decimal places.

b) The price at which a unit will be sold is hereinafter referred to as "Sale Price".

The contract for sale of units shall be deemed to have been concluded on the date of acceptance except in case where an application is rejected by UTI AMC.

Units will be sold at face value during the initial offer period. On re-opening of the scheme after the initial offer period sale of units under the plans will be at NAV.

The sale price will be arrived at which will be in line with SEBI formula as under: Sale Price = Applicable NAV *(1 + Sales Load, if any)

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

Under the UTI- Liquid Cash Plan in case of an application for sale complete in all respects and received before 9.15 a.m. (10 a.m. for Mumbai) and for which clear funds are available for credit to the plan's account on that day, on a working day, the applicable sale price will be that of the previous day. In respect of an application complete in all respects, accepted after cut of time, the sale price of the day on which clear funds are available for credit to the plan's account shall be applicable.

Under the UTI- Liquid Short Term Plan in case of an application for sale complete in all respects and received before 9.15 a.m. (10 a.m. for Mumbai) and for which clear funds are available for credit to the plan's account on that day, on a working day, the applicable sale price will be of that day. In respect of an application complete in all respects, accepted after cut off time, the sale price of the day on which clear funds are available for credit to the plan's account shall be applicable.

The cut off time is subject to change in future.

c) The Fund reserves the right to introduce sales load or change the repurchase load or have a combination of sales and repurchase load, with prospective effect subject to the maximum limits as prescribed by the SEBI (MFs) Regulations. Currently as per the SEBI (MFs) Regulations the sale price will not be higher than 107% of the NAV and the repurchase price will not be lower than 93% of the NAV. The difference between the repurchase price and the sale price of the unit shall not exceed 7% calculated on the sale price or as per the limit prescribed by SEBI from time to time.

d) Repurchase :

(i) Repurchase of units will be available on re-opening of the plans after the initial offer period. Repurchases will be open throughout the year without any lock-in-period subject to quantitative restrictions, if any. However, no repurchase will be allowed during the book closure period/s, if any, that may be announced by UTI AMC.

(ii) The contract for repurchase shall be deemed to have been concluded on the date of acceptance of repurchase request.

(iii) Minimum repurchase amount is Rs.10,000/-.

(iv) The repurchase price will be arrived at which will be in line with SEBI formula as under :

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

For example :

If the applicable NAV is Rs 10.00; and the exit/repurchase load is 2 percent then the repurchase price will be Rs 9.80.

Repurchase of units will be at NAV or NAV based price as may be announced by UTI AMC. Repurchase shall be at a price not less than 97% of the NAV.

- (v) The difference between the repurchase price and the sale price of the unit shall not exceed 7% calculated on the sale price or as per the limit prescribed by SEBI from time to time.
- (vi) Requests for repurchase can be made directly to the designated centres announced by UTI AMC from time to time on a prescribed form as may be decided from time to time.

Under UTI- Liquid Cash Plan in respect of a repurchase application complete in all respects accepted before the cut off time on a working day, the NAV of the previous day will be applicable. In respect of an application complete in all respects accepted after cut of time, the NAV of that day shall be applicable.

Under UTI- Liquid Short Term Plan in respect of repurchase application complete in all respects accepted before the cut off time on a working day, the NAV of that day will be applicable. In respect of an application complete in all respects accepted after cut off time the NAV of the next day shall be applicable.

The cut off time shall be 9.00 a.m. for UTI- Liquid Cash Plan and 2.00 p.m. for UTI- Liquid Short Term Plan and are subject to change in future.

- (vii) At the time of repurchase of the units, resolution of the governing body authorising repurchase and authorisation of the concerned official(s) of the body to comply with the formalities and collect the repurchase cheque will have to be submitted.
- (viii) Units under a folio shall be deemed to have been repurchased on a 'First in First Out' basis. i.e. the units that were issued first would be deemed to have been repurchased first.
- (ix) Partial repurchase will be allowed, provided that such repurchase does not result in the member having investment less than the minimum investment amount in his folio to be reckoned at prevailing NAV. If the application for partial repurchase is for an amount which leaves a balance of less than the required minimum investment amount, UTI AMC may repurchase the entire outstanding holding of the member without requiring the member to make any fresh application for repurchase of the balance holding.
- (x) In case of NRI/OCB/FII members, repurchase proceeds will be paid in the manner indicated in the paragraph 19 (e) and (f).
- (xi) As per SEBI (MFs) Regulations, cheque for repurchase proceeds are to be despatched within 10 working days from the date of receipt of an application on the prescribed form at the centre where the repurchase requests are processed for requests which are complete in all respects. In the event of any delay in despatch of repurchase cheque beyond 10 working days from the date of receipt of the repurchase application at the centre where repurchase requests are processed, UTI AMC shall pay an interest @ 15% p.a. or at such

rate as may be prescribed by SEBI from the 11th working day to the date of despatch.

UTI AMC shall endeavour to send the repurchase cheque not later than two working days from the date of acceptance of an application on the prescribed form at the centre where the repurchase requests are processed for requests which are complete in all respects.

- (xii) No interest shall, on any account, except under sub clause (xi) above be payable on the amount of repurchase due to the applicant.

(xiii) Restrictions on sale and repurchase of units:

Notwithstanding anything contained in any provision of the scheme, UTI AMC shall not be under any obligation to sell or repurchase units under the plans :

- (a) on such days on which the concerned UTI AMC offices are closed.
- (b) during book closure period/s, if any, (not exceeding 7 days in a financial year) when the register of members is closed for any purpose as notified by UTI AMC and
- (c) on such days on which due to unforeseen circumstances any collecting agent/registrar are unable to accept sale/repurchase applications.
- (d) on such days on which the Trustee decides not to sell/repurchase units as indicated in paragraph 14.

(xiv) Right to limit Redemptions :

The Trustees may, in the general interest of the members of the plan/s and keeping in view the unforeseen circumstances/unusual market conditions, limit the total number of units which may be redeemed on any working day to 5% of the total number of units then in issue, or such other percentage as may be determined.

Any units, which by virtue of these limitations are not redeemed on a particular Working Day, will be carried forward for redemption to the next Working Day, in order of receipt by the AMC. Redemption so carried forward will be priced on the basis of the Applicable NAV of the Working Day on which redemption is made. Under such circumstances, to the extent multiple redemption requests are received at the same time on a single Working Day, redemptions will be made on a pro-rata basis, based on the size of each redemption request, the balance amount being carried forward for redemption to the next Working Day (s).

In case a member redeems units soon after making purchases the redemption cheque may not be despatched until sufficient time has elapsed to provide reasonable assurance that cheques or drafts for units purchased have been cleared.

The approval of the Board of Directors of the AMC and the Trustees giving details of circumstances and justification for the restriction of repurchase shall also be informed to SEBI in advance.

13. Book Closure Period/Record Date

The sale and repurchase of units shall remain open throughout the year. In case it is decided to have book closure/s under a Plan / scheme the total period thereof shall not exceed 7 days in any financial year. During the book closure period, if any, there shall be no transaction of sale, repurchase and income distribution. Besides, record date/s may be announced for periodical distribution of income under the Income Option.

14. Suspension of sale and repurchase of units

The Trustees may decide to temporarily suspend the determination of NAV of the plan(s) and consequently sale and repurchase of units at any time in circumstances like war, disruption of trading in Stock Exchanges, other socio-economic factors etc.

In the above eventualities the time limits indicated for processing of requests for sale and repurchase of units will not be applicable. The approval of the Board of the AMC and the Trustee giving details of circumstances and justification for the suspension of repurchases shall be informed to SEBI in advance.

15. Switchover

Members may be permitted to switchover their investment partially or fully between the two plans and also to any other scheme/s of UTI MF or vice versa as may be allowed from time to time on such terms as may be announced by UTI AMC from time to time. In case of partial switchover between the plans or from one plan/ scheme to the other plan/s/scheme/s, the condition of holding minimum investment prescribed under both the plans/schemes has to be satisfied. Similarly changeover between options of the plans in this scheme may also be allowed.

16. Where Can the Applications for Sale / Repurchase be Tendered

Initially applications for sale and repurchase will be accepted at the offices of the Registrars at the following 13 centres: 1. Mumbai, 2. Kolkata, 3. Chennai, 4. New Delhi, 5. Ahmedabad, 6. Bangalore, 7. Hyderabad, 8. Nagpur, 9. Pune, 10. Bhubaneswar 11. Chandigarh 12. Jaipur and 13. Kanpur.

UTI AMC may at its discretion add/delete any other centre/s or permit any other authorised collection centre/s to accept the applications.

17. Bank Particulars

- a) In order to avoid fraudulent encashment of Income Distribution Warrants, if any, SEBI has made it mandatory for members, to furnish their bank account particulars i.e. nature of account, account number and name and address of the bank branch with pin code.
- b) The cheques/ drafts/IDWs will carry the details of the bank particulars as given by the member. While all due care will be taken by UTI AMC while mailing the cheques/ drafts/ IDWs, it is clarified that in the event of any non-delivery by the postal department and / or wrongful encashment of the said cheques / drafts / IDWs so mailed UTI AMC will not at all be liable.

18. Issue of Statement of Account (SOA)

- a) For each sale and repurchase a statement of account (SOA) will be issued indicating, among other particulars, the date of acceptance, amount of investment, number of units issued/repurchased and the outstanding balance. In addition, each member will also receive an annual SOA as soon as practicable, after 31st March each year. UTI AMC will send the SOA by e-mail in case the e-mail address is furnished by the applicant in the application. The member will be required to download and print the SOA after receiving the e-mail from UTI AMC. Should the member experience any difficulty in accessing the electronically delivered SOA, the member should advise the Registrars immediately to enable UTI AMC to send the SOA through alternate means. In case of non-receipt of any such intimation of difficulty within 24 hours from receiving the e-mail, it will be regarded as receipt of e-mail by the member.

It is deemed that the member is aware of all the security risks including possible third party interception of the SOA and content of the SOA becoming known to third parties.

- b) SOA will be a valid evidence of admission of the applicant into the scheme. However, where the units are issued subject to realisation of cheque/ draft such issue of units will be cancelled if the cheque/ draft is returned unpaid and treated as having not been issued.
- c) UTI AMC shall endeavour to send the SOA within 48 hours from the date of acceptance of an application but in any case, not later than 72 hours therefrom or as may be prescribed by SEBI.
- d) An NRI applicant may choose to receive the SOA at his/ its Indian/foreign address or at the address of his/her relative resident in India.
- e) UTI AMC shall send the SOA at the address mentioned in the application form and recorded with UTI AMC and shall not incur any liability for the loss, damage, mis-delivery or non-delivery of the SOA.
- f) Every member will be given a folio number, which will be appearing in the SOA for his initial investment. Further investments in the same name(s) and same address would come under the same folio, if the member indicates the folio number at the time of subsequent investments.
- g) If a member desires to have a unit certificate (UC) in lieu of SOA the same would be issued to him within 30 days from the date of receipt of such request.
- h) In case the unit certificate or SOA is mutilated, defaced, lost UTI AMC may issue a duplicate SOA on receipt of a request to that effect from the member on a plain paper or in the manner as may be prescribed from time to time.

19. Income Distribution and Capitalisation

- a) Under both the plans an investor has a choice to join either the Income Option or Growth Option.
- b) In cases where neither of the Plans is exercised the applicant will be deemed to be under the Cash Plan. In cases where neither of the options is exercised by the applicant/member he will be deemed to be under the Income Option (Reinvestment Facility) and his application will be processed accordingly.

c) Growth Option :

Under the **Growth Option** the income generated and profits booked will be ploughed back and will be reflected through the NAV. Ordinarily no income distribution will be made under this option.

Rollover Facility

The members under the Growth Option may be allowed to repurchase full or part of his outstanding unit holding and simultaneously invest the entire proceeds or upto face value of units repurchased on the rollover date at the same NAV in the same option. This facility enables the member to recognise the capital appreciation as income/gain in their books periodically in a tax efficient manner.

d) Income Option

- i) Subject to availability of distributable surplus income may be distributed under the Income Options at such intervals as may be decided by the Trustee from time to time.
- ii) There is no assurance or guarantee to the members as to the rate of income distribution.
- iii) Though it is the intention of the scheme to make regular income distribution under the Income Option, there may be instances when no income distribution could be made.
- iv) Such of the members whose names appear in the register of members as at the record date fixed for

each income distribution shall be entitled to receive the income so distributed.

- v) The income distribution in respect of members under the Cash Plan and Short Term Plan (who opt for reinvestment facility and for those under the Income Option whose outstanding investment value is less than Rs.1 lac on the record date) will be re-invested in further units at the ex-dividend NAV immediately after each record date.
- vi) The income distribution so re-invested shall be constructive payment of income to the members and constructive receipt of the amount by the member for re-investment in units.
- vii) Payout facility under UTI -Short Term Plan
 - (a) Any member under Income Option can opt for pay out facility, subject to the minimum outstanding investment value of Rs. 1 lac on the record date/s.
 - (b) Income shall be paid through ECS wherever such facility is extendable subject to such limit as may be prescribed by RBI or by an IDW drawn on such bank/s as UTI AMC may decide.
 - (c) Despatch of the income distribution warrants or credit through ECS shall be made not later than 30 days from the date of each distribution/ or within such number of days as may be prescribed by SEBI.
 - (d) Income distribution warrant shall have validity for two months or such other period as may be decided by UTI AMC. UTI AMC shall not be bound to pay interest in the event of IDW not reaching any member before the expiry of the validity period or in the event of it becoming stale.
- e) The investment by NRIs / OCBs will carry the right of repatriation of capital, income earned thereon, if any, and capital appreciation as long as the concerned applicant continues to be an NRI and provided he had made the investment by any one of the modes indicated in para 10 (b) (i) & (ii).
 - (i) By remittance to the applicant in foreign currency. Bank charges for purchasing a foreign currency draft will be deducted from the income distribution amount or the repurchase proceeds.
 - (ii) By a cheque issued in favour of the member to be sent to his relative in India for credit to his NRE / NRO account as desired by him.
 - (iii) Where units are purchased from rupee originated funds or out of the applicant's Non-resident (Ordinary) [NRO] account, the investment and the capital appreciation, if any, currently does not qualify for repatriation out of India.
 - (iv) However, as per directions issued by RBI the entire income earned on such investment during the financial year 1996-97 and onwards may qualify for full repatriation.** While in such cases UTI AMC will make payment in Rupees for credit to the NRO A/C, NRIs / OCBs may like to contact their banks / Tax consultants if they desire repatriation of income.
 - (v) Income distribution and repurchase proceeds of units held on non-repatriable basis will be credited to the member's NRO account.
- f) Where units were acquired by a FII, out of its special Non-Resident Rupee Account maintained in India the termination proceeds will be drawn payable to the same/similar Non-Resident Rupee Account maintained in India by the FII.

g) Capitalisation and issue of bonus units

- (i) The Trustee may utilise any sums from reserves, unit premium or any such reserves including the amount of distributable surpluses of the plan/s to the extent of such amounts attributable to members under the plan/s for issue of Bonus units.
- (ii) Bonus units may be issued under the plans, as may be decided by the Trustee from time to time.
- (iii) Bonus units, when issued, will be in proportion to the unit holding of the member under the concerned plan as on the record date to be fixed for that purpose.
- (iv) The Trustee may accordingly make appropriations and applications of the sum decided by it to be so capitalised by allotment and issue of fully paid-up units as bonus units, and generally do all acts and things required to give effect thereto.
- (v) The bonus units so allotted and issued as aforesaid will as regards rights and entitlements rank *pari passu* with the units in existence on the record date in respect of which they are allotted and issued to all intents and purposes.
- (vi) Interest created / options exercised by a member on the units under a folio by way of nomination, if any, will automatically apply to the bonus units.
- (vii) Pursuant to allotment of bonus units the NAV/s of the plan/s would fall in proportion to the bonus units allotted and as a result the total value of units held by the member would remain the same.

20. Expenses

a) Initial issue expenses :

- (i) The initial issue expenses of the scheme/plans will be borne by UTI AMC. Thus for every Rupee invested in the scheme/plans, the entire rupee will be available to the scheme/plans for investment.
- (ii) The initial issue expenses of UTI-Regular Income Scheme launched in September 2002 and UTI-Variable Investment Scheme launched in November 2002 were borne by the Development Reserve Fund of erstwhile UTI.

b) Recurring Expenses :

- (i) UTI AMC seeks to maintain high overall expense efficiency in managing the plans. The total annual recurring expenses of a plan excluding redemption expenses but including the investment management and advisory fees shall be subject to the following limits:
 - (a) On the first Rs.100 crores of the average daily net assets - 2.25%
 - (b) On the next Rs.300 crores of the average daily net assets - 2.00%
 - (c) On the next Rs.300 crores of the average daily net assets - 1.75%
 - (d) On the balance of the assets - 1.50%
- (ii) The investment management and advisory fees will not exceed the limits specified under clause 2 of regulation 52 of SEBI (MFs) Regulations, 1996, namely:

- (a) One and quarter of one percent of the daily average net assets outstanding in each accounting year for the scheme as long as the net assets do not exceed Rs.100 crores, and
 - (b) One percent of the excess amount over Rs.100 crores, where net assets so calculated exceed Rs.100 crores.
- (iii) The estimated annual recurring expenses are 0.75% and 1.25% of average daily net assets under UTI-Liquid Cash Plan and UTI-Liquid Short Term Plan respectively.

(iv) Member's Transaction expenses.

Repurchase shall be at a price not less than 97% of the NAV.

21. Determination of Net Asset Value (NAV)

- a) The Net Asset Value (NAV) of the units issued under the plans shall be calculated at the close of business hours of every working day by determining the value of the plan's assets and subtracting therefrom the liabilities of the plan taking into consideration the accruals and provisions.
- b) The NAV per unit of a plan shall be calculated by dividing the NAV of the plan by the total number of units issued and outstanding at the close of business hours of that date. The NAV will be rounded off upto four decimal places.
- c) A valuation day is a day other than (i) Saturday and Sunday (ii) a day on which both the stock exchanges and the banks in Mumbai are closed (iii) A day on which the sale and repurchase of units is suspended. If any working day in UTI AMC, Mumbai is not a valuation day as defined above then the NAV will be calculated on the next valuation day and the same will be applicable for the previous working day's transactions including all intervening holidays. However the AMC may compute and disclose the NAV on Saturday, Sunday or any other day as may be decided.
- d) The NAVs shall be issued to the press for publication on a daily basis and will also be available on website of UTI Mutual Fund, www.utimf.com and website of AMFI namely www.amfiindia.com.

22. Nomination

- a) Nomination facility is available to individuals applying on their own behalf i.e. singly or jointly.
- b) Only one person, resident or NRI, including minors can be nominated.
- c) Nomination of a NRI is subject to requirements, if any, prescribed by RBI from time to time.
- d) On registration of nomination a suitable endorsement shall be made on the statement of account or in the form of a separate letter.
- e) Nomination can be changed at any time during the currency of the investment by the same persons who have made the nomination.
- f) Member being parent or lawful guardian on behalf of a minor; HUF, Trust, AoPs and BOLS, Society, Firm, and bodies corporate shall have no right to make any nomination.
- g) The nominee shall not be a trust, society, body corporate, partnership firm, karta of HUF or power of attorney holder.
- h) The facility of nomination is available to a member as provided by SEBI (MFs) Regulations and guidelines issued by SEBI from time to time.
- i) On cancellation of nomination, the nomination shall stand rescinded and UTI AMC shall not be under any obligation to transfer the units in favour of the nominee.
- j) Where a nomination in respect of any unit has been made, the units shall, on the death of the member(s), vest in the nominee and on compliance of necessary formalities the nominee shall be issued a SOA in respect of the units so

vested subject to any charge or encumbrance over the said units. Nominee would be able to hold the units provided he is otherwise eligible to become a member of the plan.

- k) Transmission made by the AMC, as aforesaid, shall be a full discharge to the AMC from all liability in respect of the said units.
- l) Where there are two members and one of whom has expired the title to units shall vest in the surviving member who may retain the nomination or change or cancel the same. However, non-expression of desire to change or substitute the nominee by surviving member shall be deemed to be the consent of surviving member for the existing nomination.

23. Transfer / Pledge / Assignment of units

- a) Units issued under the scheme are not transferable/pledgeable/assignable.
- b) However, if a person becomes a holder of units under a plan by operation of law or due to death, insolvency or winding up of the affairs of a member or survivor of a member then subject to production of such evidence which in the opinion of UTI AMC is sufficient, UTI AMC may effect the transfer if the intended transferee is otherwise eligible to hold units. Transfer of units in such cases will be subject to compliance of operational requirements as may be specified by UTI AMC from time to time.

Units issued in the official capacity, shall be deemed to be transferred without any instrument of transfer from each holder of the office to succeeding holder of the office on and from the date on which the latter takes charge of the office.

24. Settlement of claims

- a) In the event of the death of the member, the joint holder / nominee/legal representative of the member may, if he is otherwise eligible for joining the plan as member, be permitted to hold the units and become a member. In that event a fresh SOA will be issued in his name in respect of units so desired to be held subject to the fulfilment of the condition regarding minimum holding and compliance with the required procedure as may be prescribed by UTI AMC from time to time.
- b) If the joint holder/nominee/ legal representative of the member is not eligible to join a plan or he though eligible, opts for repurchase and also in cases where no nomination has been made, the claimant (i.e. joint holder/nominee/legal representative of the member, as the case may be) on surrender of the latest SOA of the deceased member or any such other document, as may be prescribed from time to time, issued to the deceased member and on due compliance with the procedural requirements, as may be prescribed by UTI AMC for recognising such claims, shall be paid repurchase proceeds of the units outstanding to the credit of the deceased member as on the date of acceptance of such applications.

25. Termination & winding up

- a) UTI - Liquid Fund is an open-end scheme. The Trustee may, however, wind up the scheme / Plans under the following circumstances :
 - (i) on the happening of any event which in the opinion of the Trustee requires the scheme and all the plans launched under it or any of the plans launched under the scheme to be wound up; or
 - (ii) if 75% of the members of the plan/s pass a resolution to the effect that the said plan/s be wound up; or
 - (iii) if the SEBI so directs in the interest of the members of the plan/s; or

- (iv) if the outstanding holding falls below a limit to be decided by the Trustee.
- b) Where the plan/s is/are wound up in pursuance of sub clause (a) above, The Trustee shall give notice of the circumstances leading to the winding up of the plan/s to SEBI and also in two daily newspapers having circulation all over India and in a vernacular newspaper circulating in Mumbai at least a week before the termination is effected as stipulated in SEBI (MFs) Regulations from time to time.

26. Associate Transactions :

- (a) The plans will not underwrite any issues of Associate Companies.
- (b) Transactions, dealings with our sponsors/ associates will be made on commercial considerations and hence will not affect the performance of the plans. Investments made under the plans are based on the investment objectives of the plans. As such as on date there is no separate policy for investments in sponsors/associate companies.
- (c) Details of investments by schemes of UTI Mutual Fund in listed securities of group companies of the sponsors (as of 31.03.2003) are :

Name	Type	Market Value (Rs.)
LIC Housing Finance Ltd.	Equity	25946848.20
State Bank of Bikaner and Jaipur	Equity	14092000.00

The above investment is about 0.03% of the assets under management of UTI Mutual Fund as on 31.03.2003. The shares are widely held, listed in stock exchanges and the investments/ disinvestments have been made on normal, commercial consideration.

- (d) The AMC may, subject to SEBI regulations, utilise the services of the associate companies for the following :
- (i) Purchase or sale of securities ;
- UTI Mutual Fund has given business (for February and March 2003) of Rs.9244.73 lac and Rs.1520.81 lac to UTI Securities Exchange Ltd. and SBI Capital Markets Ltd. respectively. The brokerage commission paid to them was Rs. 14.08 lac (4.47% to total) and Rs. 2.38 lac (0.73% to total) respectively. The rate of brokerage paid to them is in line with what is paid to non-associate brokers and the quantum of business shall be subject to the limits prescribed by SEBI.
- (ii) Marketing, sale and distribution of the units of the Schemes of UTI Mutual Fund. Currently services of SBI Capital Markets Ltd., UTI Securities Exchange Ltd. and UTI Investors' Services Limited are used for marketing and distributing the schemes.
- (e) Subject to the Regulations, the Sponsors, the Mutual Funds managed by them, their associates and the AMC may acquire units of the plans. The AMC shall not be entitled to charge any management fees on its investments in the plans.

27. Tax treatment

THE INFORMATION STATED BELOW IS BASED ON THE UTI MUTUAL FUND'S UNDERSTANDING OF THE TAX LAWS AND ONLY FOR THE PURPOSES OF PROVIDING GENERAL INFORMATION TO THE MEMBERS OF THE SCHEME. AS IN THE CASE WITH ANY INVESTMENT THERE CAN BE NO GUARANTEE THAT THE TAX POSITION PREVAILING AT THE TIME OF INVESTMENT IN THE SCHEME WILL ENDURE INDEFINITELY.

PROSPECTIVE MEMBERS SHOULD NOT TREAT THE CONTENTS OF THIS SECTION OF THE MEMORANDUM AS ADVICE RELATING TO LEGAL, TAXATION, INVESTMENT OR ANY OTHER MATTER AND ARE ADVISED TO CONSULT HIS OR HER OWN TAX CONSULTANT WITH RESPECT TO THE SPECIFIC TAX IMPLICATIONS ARISING OUT OF HIS OR HER PARTICIPATION IN THE SCHEME .

1. UTI Mutual Fund is a Mutual Fund registered with SEBI and as such is eligible for benefits under section 10 (23D) of the Income Tax Act, 1961 to have its entire income exempt from income tax.
2. The tax treatment set out hereunder is as per the taxation laws in force as on the date of this memorandum and tax benefits that are available to the investor, Resident and Non Resident are as under :
 - (a) As per the Finance Act 2003 income received by investors under the schemes of UTI MF is totally free from tax under section 10(35) of the Income Tax Act, 1961.
 - (b) As per the provisions of section 194K and section 196A of the Income Tax Act, 1961 where any income is credited or paid on or after 1st April 2003 by a Mutual Fund, no tax is required to be deducted at source.
 - (c) As per Finance Act 2003 the Debt Funds are required to pay income distribution tax at 12.8125% under section 115 R of the Income Tax Act, 1961, on the amount of income distributed after 1st April 2003 for a period of one year.
 - (d) Capital gains

Nature of capital gains

i) Long term capital gains

Under section 2 (29A) read with 2(42A) of the Income Tax Act, 1961, any unit of the Scheme is treated as a long term capital asset if it is held for a period of more than twelve months preceding the date of transfer. Under section 112 of the Income Tax Act, 1961, the capital gains arising from the transfer of a long term capital asset in case of both resident and non resident investors will be taxable at the rate of 10 percent without indexation or 20 percent with indexation whichever is lower. In case of an Offshore Fund long term capital gains on sale of Units would be taxed at the rate of 10 percent. Such gains would be calculated without indexation of cost of acquisition (second proviso to section 48 does not apply for the purpose of section 115AB of the Income Tax Act, 1961).

ii) Short term capital gains

Units held for not more than twelve months preceding the date of their transfer are short term capital assets. Capital gains arising from the transfer of short term capital assets will be subject to tax at the normal rates of tax applicable to such assessee.

TDS on capital gains

a) Resident Investors

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

b) Non resident investors

- i) Under section 195 of the Income Tax Act, 1961 the Mutual Fund is required to deduct

tax at source at the rate of 20 percent of any long term capital gains if the payee unit holder is a non resident. In respect to short term capital gains, tax is required to be deducted at source at the rate of 30 percent if the payee unit holder is a non resident non-corporate and at the rate of 40 percent if the payee unit holder is a foreign company.

- ii) As per CBDT circular no. 728 dated 30 October 1995, in case of remittance to a country with which India has a Double Taxation Avoidance Agreement (DTAA), the tax should be deducted at the rate provided in the Finance Act of the relevant year or at the rate provided in the DTAA whichever is more beneficial to the assessee. If the rate applicable in terms of section 195 as stated above exceeds the rate provided in the DTAA, the Unit Holder can obtain the benefit of a lower rate available under a DTAA. For this purpose the Unit Holder will be required to provide the Mutual Fund with a certificate from his Assessing Officer stating his eligibility for the lower rate in terms of section 197 of the Income Tax Act, 1961.

c) Offshore Fund

Under section 196B of the Income Tax Act, 1961 the Mutual Fund is required to deduct tax at source at the rate of 10 percent of long term capital gains while paying to an Offshore Fund.

Surcharge

The Finance Act 2003 has levied a surcharge at the following rates -

- (a) In case of Companies, Firms and Co-operative societies the rate is 2.5% of the Income Tax.
- (b) In case of individuals, Hindu Undivided Family, Association of Persons, Body of Individuals having total income upto rupees eight and a half lacs, no surcharge is levied and for those having income exceeding rupees eight and a half lacs surcharge is levied at the rate of 10% of such Income Tax.

3. Value of investment in units under the scheme is completely exempt from Wealth Tax.
4. The Gift Tax Act, 1958 has abolished the levy of Gift Tax in respect of gifts made on or after 1st October 1998. Thus, gifts of units on or after 1st October, 1998 are exempt from Gift Tax.
5. Eligible Trusts Investment in Units of the Mutual Fund will rank as eligible form of investment under section 11(5) of the Income Tax Act, 1961 read with Rule 17C(i) of the Income Tax Rules, 1962 for Public Religious & Charitable Trusts.

28. Disclosures

- (a) The Trustee shall furnish to SEBI in respect of these plans copies of duly audited annual accounts including the balance sheet and unaudited half-yearly accounts. The Trustee shall make such disclosures to the members as are essential to keep them and SEBI apprised of any information, which may have an adverse bearing on their investments in the plans.
- (b) Before expiry of one month from the date of close of each half year, i.e. as on 31st March and 30th September UTI Mutual Fund will publish unaudited financial results in prescribed format by SEBI in one national English daily and one Marathi daily. The same would also be made

available on websites of UTI Mutual Fund & AMFI. The first unaudited financial result for UTI Mutual Fund will be published as on 30th September 2003.

- (c) UTI AMC shall, on request in writing received from a member, furnish him a copy of the accounts and statements of the scheme so published. Also available on demand is a copy of offer document of the scheme.

29. Procedure followed at UTI AMC for taking investment decisions

The investment set-up

The dealing and fund management functions at UTI AMC are segregated into separate & independent functions. The broad procedure followed at UTI AMC for taking investment decisions is summarised as follows :

- a) The investments of the scheme are managed by a Fund Manager on a regular basis. The fund manager constructs the appropriate portfolio in the light of the scheme objectives, prudential exposure norms, fund size, tenure of the scheme and the liquidity required for income distribution considering the normal repurchases, redemption etc. All the investment decisions are based on scheme's investment objectives, internal guidelines, regulatory restrictions etc. The portfolio is monitored based on the research inputs, present & expected market conditions, future outlook on the economy/sectors/individual scrips and fresh inflows/outflows in the scheme with a view to optimise the return under the scheme. The Fund Manager's operational strategy and its implementation are reviewed by the Chief Investment Officer on an ongoing basis.
- b) Department of Securities Research is an internal set-up with analysts tracking specific sectors, which provides regular inputs to the fund managers on stocks/industries/sectors, implication of Govt./RBI policies and trends in international markets. The fund managers and research analysts interact regularly through meetings and presentations. These inputs are discussed thoroughly in these meetings. The fund managers and analysts visit companies to obtain all publicly available information on company performance/management perspectives. The fund managers also attend company presentations as well as presentations by external research outfits / broking firms on company / industry performance.
- c) **Primary Market investments:** Initial Public Offerings and Private placements in primary markets are screened and scrutinised by a separate primary market team. On the basis of this team's information and research reports, the fund managers give their recommendation on the proposals keeping in mind the scheme's investment objectives, internal guidelines and SEBI guidelines. Such proposals are approved by the Executive Investment Committee (EIC).
- d) **Secondary market investments:** Fund Managers also interact with research analysts and dealers on regular basis. The fund managers also have access to external sources of data from analysts, publicly available information about company / sector etc. The fund manager prepares a strategy paper for the scheme on periodic basis, which is discussed with senior management of UTI AMC. If investment proposals exceed the limits laid down by the internal guidelines the Chairman & Managing Director of UTI AMC would also join the EIC as one of its members. Finally, these investment decisions made by the Fund Managers are executed by the dealing department.
- e) **Inter Scheme Transfers :** The inter-scheme buy and sale transactions are effected as per the SEBI Regulations.

30. General

- a) **Units issued under the scheme are subject to the provisions of UTI-Liquid Fund.**
- b) UTI AMC shall have the right to accept and/or to reject, at its sole discretion, an application for issue of units under the scheme. An application for issue of units is liable for being rejected under the following circumstances which are illustrative in nature: (i) If an application is received with amount less than the minimum prescribed amount of investment. (ii) If the application has not been signed by the first applicant. (iii) If the application is found to be incomplete in any respect. (iv) If the bank account particulars as required are not furnished. (v) If the applicant is not eligible to invest in the scheme. (vi) If cheque/demand draft deposited alongwith the sales application is rejected and payment is not received by AMC.
- c) Any decision of AMC about the eligibility or otherwise of a person to make an application under the scheme shall be final and binding on the applicant.
- d) Refund of application amount in a rejected case will be made without AMC incurring any liability whatsoever, for interest or any other sum (s) and, at the cost of the applicant, after the requisite operational and other procedural formalities, as prescribed from time to time, are complied with.
- e) Members who come to hold units under a false declaration/certificate shall be liable for having the membership cancelled and have their names deleted from the register of members. In such cases AMC shall have the right to repurchase the outstanding unit holding at par or at NAV, whichever is lower, and deduct therefrom a sum equal to 25% of the repurchase price towards penalty. The AMC will also recover the amount of income distribution, if any, wrongly paid to such persons from out of the repurchase proceeds. The amount payable to such applicant shall not carry any interest or any other sum irrespective of the period it might take to effect the repurchase and to pay the repurchase proceeds.

31. Members' rights and services

- a) Members under a plan have a proportionate right in the beneficial ownership of the assets of the respective plan and to the income declared by that plan (applicable for the Income Option).
- b) The members have a right to ask the Trustees any information, which may have an adverse bearing on their investments, and the Trustees shall be bound to disclose such information to the members.
- c) The members have the right to have the SOA issued to them not later than 30 days from the date of acceptance of the application and unit certificates within 30 days from the date of receipt of request for issue of unit certificate in lieu of SOA or as may be decided by SEBI from time to time.
- d) The members have the right to have the repurchase/redemption proceeds despatched to them within 10 working days (provided the application is in order) from the date of acceptance of the application at the office where the repurchase requests are processed. In the event of delay in despatch of redemption proceeds beyond 10 working days from the date of acceptance of the repurchase application at the processing centre, UTI AMC shall pay interest @ 15 % per annum (or such rate as may be specified by SEBI) from the 11th working day till the date of despatch.
- e) The members (under the Income Option) would have the right to have their income distribution warrants/ECS credit advice mailed to them within 30 days from the date of declaration of the income distribution.

- f) Before expiry of one month from the date of close of each half year that is as on 31st March and 30th September UTI Mutual Fund will publish unaudited financial results in prescribed format by SEBI in one national English daily and one Marathi daily. The same would also be made available on websites of UTI Mutual Fund & AMFI.
- g) An abridged annual report in respect of a plan shall be mailed to the members not later than six months from the date of closure of the relevant accounting year. The full annual report shall be made available for inspection at the Central Investors' Relation Cell. A copy thereof shall also be made available to the members on request on payment of nominal fee, if any.
- h) The member shall be sent a complete statement of the portfolio of the respective plan before the expiry of one month from the close of each half-year. Provided that the statement of the portfolio of a plan may not be sent to members if it is published by way of an advertisement in one English daily circulating in the whole of India and one Marathi news paper. The same would also be displayed on the website of UTI Mutual Fund.
- i) No change in the fundamental attributes of the scheme and the plans launched thereunder or the trust or fees and expenses payable or any other change which would modify the scheme and the plans launched thereunder and affect the interest of the members, shall be carried out unless, (i) a written communication about the proposed change is sent to each member and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated; and (ii) the members are given an option to exit at the prevailing Net Asset Value without any exit load.
- j) Approval of members in specified circumstances - The Trustees shall adopt any of the following alternative procedures as the Trustee considers appropriate in the circumstances :
 - (i) Seeking approval of the members through postal ballot. This would entail seeking positive consent of the Members on the specific proposal(s) by sending to the Members the necessary mailers and seeking their consent through return post/courier/fax as may be decided by the Trustee. The Trustee shall lay down detailed guidelines for the actual conduct and accomplishment of the postal ballot and announcement of its results ;
 - (ii) Seeking approval of the Members present and voting at a meeting, to be specifically summoned by the Trustee at the appointed day, date, time and venue. A notice convening such meeting shall be sent to the Members at least 21 days prior to the appointed date setting out the proposal(s) which would be voted on the sanctioned meeting. The Trustee shall lay down the detailed guidelines for the actual conduct and accomplishment of the voting at a meeting and announcement of its results; and
 - (iii) Seeking approval of the Members through such manner as may be determined by the Trustee from time to time.
- k) The members have the right to inspect the following documents at the Central Investors' Relations Cell, UTI AMC, at Mumbai 400 020.
 - (i) Copy of the Trust Deed.
 - (ii) Copy of the Investment Management Agreement.
 - (iii) Memorandum and Articles of Association of Trustee.
 - (iv) Memorandum and Articles of Association of the AMC.

- (v) Copy of the Custodian Agreement
- (vi) Copy of the MOU with the Registrar and Transfer Agent
- (vii) Copy of offer document of UTI - Liquid Fund.
- (viii) Copy of SEBI Regulations.
- (ix) Copy of Indian Trusts Act, 1882

32. Due diligence certificate to SEBI

UTI AMC has exercised due diligence while preparing the Offer Document of the scheme of which this memorandum is an abridged version. UTI AMC has submitted a "due diligence" certificate to SEBI in the prescribed format and the same has been reproduced in the full Offer Document.

33. Penalties / Pending Litigation or Proceedings, Material Findings of Inspections or Investigations for which action may have been taken or is in the process of being taken by any Regulatory Authority

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

(a) Bank of Baroda had to pay settlement penalty of USD 13500 to Deptt. of Treasury, Office of Foreign Assets Control, USA for alleged violation of the prohibitions of banned remittances by the New York Office in 1998 and 1999 as per details given below :-

- (i) Payment order for USD 40000/- on 16.07.98 favouring Energoprjekt Holdings remitted by Indo Zambian Bank Ltd. Lusaka. Investigations revealed that the payment did relate to Yugoslavia, a country which was under Banned List as per OFAC Regulations.
- (ii) Payment order for USD 9017.41 dated 02.08.99 favouring Pravinlal Parmanand Dadia, Sudan. Sudan was in the blocked list.
- (iii) Payment order for USD 21628 dated 26.11.99 favouring Iran Waterway Agency for Credit of their account with Barclays bank Plc, Sussex, UK. Iran was in the blocked list.

Though the payments were not actually effected, OFAC authorities did not altogether waive the penalty (reduced from USD 30000 as initially levied) stating that the Bank failed to exercise adequate care and did allow the transactions to slip through.

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

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

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

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

- (i) In public issue of M/s Elvis India Ltd. SEBI imposed a penalty of warning to the bank to be more careful in future vide its letter dated 03.09.2002 because the branch office at Ahmedabad, Navrangpura had accepted 40 applications with stockinvest after closure of the issue in January 1995
- (ii) In public issue of M/s Dhanlakshmi Lease Finance Ltd. SEBI vide letter-dated 19.10.2002 imposed a penalty of debar to the branch office at Ahmedabad, Relief Road, for six months for undertaking any bankers to issue business because the branch had accepted applications after closing date of issue in November - December 1995 and failed to maintain proper records pertaining to the issue.

(e) State Bank of India

- i. Securities and Exchange Commission of USA has concluded that SBI violated Sections 5 (a) and (c) of the Securities Act, by offering and selling securities i.e. Resurgent India Bonds, that were not registered with the commission. Hence, it ordered that SBI cease and desist, pursuant to Section 8A of the Securities Act, from committing or causing any violation and any future violation of Sections 5 (a) and (c) of the Securities Act. SBI accepted this Order without admitting or denying the findings contained in this Order. No monetary penalty was involved.
- ii. Bank's US operations were subjected to a C&D Order and a Civil Money Penalty of USD 3.75 mio to Federal Reserve Bank and Federal Deposit Insurance Corporation and a Civil Monetary Payment of USD 3.75 mio to New York State Banking Department without admitting to any of the allegations in the C&D Order.
- iii. In INMB Bank, a subsidiary in Nigeria, Central Bank of Nigeria imposed a penalty of Naira 1,100,000 (USD 8730 only) for procedural irregularities pointed out by them

(f) State Bank of Indore

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

(g) State Bank of Saurashtra

SEBI had undertaken an inquiry on the public issue of M/s Tirupati Finlease Ltd., Ahmedabad, brought out during 8.1.96 to 10.1.96, wherein the Bank acted as one of the Bankers to the issue. The subject of inquiry was suspected acceptance of applications by the Bank's Shahibaug, (Ahmedabad) branch after the closure date of the issue. Pursuant to the

inquiry, a penalty for suspension of Shahibaug (Ahmedabad) branch from undertaking any Banker to the Issue activity for a period of three months was imposed, vide SEBI judgement dt. 31.1.2000. The case has since been closed.

(h) State Bank of Travancore

A penalty of Rs.5 lacs was imposed by RBI on account of certain irregularities with respect to opening of accounts and non-monitoring of large value cash transactions by the Bank's Chavakad and Mumbai branches and the same was paid on 19.9.2002.

(i) SBI Commercial & International Bank Ltd.

(i) RBI, vide letter No. DBOD No.1722/12.07.059/99 dt. 15.02.99, had observed that the Bank has defaulted in maintenance of CRR for four fortnights during the quarter ended March 1998. RBI advised the Bank to pay a penalty of Rs.10,230/-, which was paid by the Bank on 08.03.99.

(ii) RBI, vide letter No. DBOD No.1725/12.07.059/99 dt. 15.09.99, had observed that the Bank has defaulted in maintenance of CRR for four fortnights during the quarter ended June 1998. RBI advised the Bank to pay a penalty of Rs.3,11,664/-, which was paid by the Bank on 08.03.99.

Further, RBI did not pay the interest on eligible CRR balances for the above mentioned two quarters, to the Bank.

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

(i) An SLP is filed by Income Tax Department before the Hon'ble Supreme Court of India against the Judgement and Order of Hon'ble High Court of Bombay in the matter of applicability of Interest Tax Act and liability of UTI Mutual Fund/Administrator of Specified Undertaking of Unit Trust of India as the successors of erstwhile Unit Trust of India to pay interest tax for the period from accounting year 1991-92 to 1998-99.

(ii) There are 24 pending criminal cases against the UTI MF or key personnel relating to normal operation of UTI MF such as non-transfer of units, non-receipt of unit certificates, non-receipt of repurchase proceeds or income distribution. These cases are not maintainable and it is experienced that such cases are either dismissed by Courts or withdrawn by the complainant. In most of the cases stay has been obtained from the High Courts.

(iii) Investigations are being made by the Central Bureau of Investigation in the matter of investments in Cyberspace Limited made by erstwhile UTI. In the aforesaid enquiry, the role of Shri P. S. Subramanyam (Ex-Chairman), Late Shri. M. M. Kapur, Shri S. K. Basu and Smt. Prema Madhuprasad, officials of UTI AMC are also being investigated.

3. Any deficiency in the systems and operations of the Sponsor of the Mutual Fund or any company associated

with the sponsor in any capacity including the AMC or the Trustee Company which SEBI has specifically advised to be disclosed in the offer document, or which has been notified by any other regulatory agency. **-NIL**

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

(a) SEBI has directed Bank of Baroda to refund a sum of Rs. 40,31,018/- together with interest @ 15% p.a. from 25.03.1996 i.e. the day bank allowed withdrawal of the funds by Jaltarang Motels Ltd. in respect of funds collected from Public Issue in terms of order dated 19.01.2000 issued under Section 11B of SEBI Act. Detailed instructions on the method and manner of refund to the investors in the public issue are to be advised by SEBI separately in consultation with the intermediaries concerned. Bank of Baroda had preferred an appeal against the said order to the Appellate Authority. The Appellate Authority namely Securities Appellate Tribunal has considered and rejected the Bank's appeal by order dated 27.07.2000. The Bank has challenged the order of the Appellate Authority in the Mumbai High Court by filing Appeal No. 2 of 2000 under provisions of Section 152 of the SEBI Act, 1992. Later, on 13.11.2000 the single judge of the Mumbai High Court Mr. Justice F. I. Rebello has granted interim relief of stay of the operation of the orders dated 27.07.2000 of Securities Appellate Tribunal and 19.01.2000 passed by SEBI and further directed that the matter be placed on board for final hearing.

(b) At the time of sanctioning credit facilities to Trident Steels Ltd. in the year 1987/89, Bank of Baroda, had obtained undertaking from the promoters/ directors/ major shareholders that they would not dispose off the shares unless permission is obtained from the Bank. Public issue of the Company was lead managed by Bank of Baroda in November 1993. SEBI has alleged non disclosure of undertaking of 1987/89 given by promoters/ directors/ major shareholders in the Prospectus by the Lead Manager to the issue. Bank has replied to the notice of SEBI. Inquiry is pending.

(c) Public issue of Kraft Industries Ltd., which came in May 1995, was lead managed by Bank of Baroda. It is alleged that the Managing Director and Promoter of the Company did not possess the qualifications as mentioned in the Prospectus. SEBI has asked for qualification certificates/ copies from Bank. The Managing Director of the Company has reported having lost the certificates in transit. Bank has replied accordingly to SEBI. Inquiry is pending with SEBI.

34. Complaints

Complaints received, redressed and pending for the period from 01-04-2000 to 30-04-2003 are given below :

Period	No of Complaints			Pending to Total Received
	Received	Redressed	Pending	
01-04-2001 to 31-03-2002	105850	105850	0	Nil
01-04-2002 to 31-03-2003	59988	59973	15	0.03%
01-04-2003 to 30-04-2003	7077	6926	151	2.13%

All members could refer their grievances giving full particulars of their investment/s to concerned Investors' Relation Cell at respective Offices of UTI AMC:

West

Ms. Tanvi Upadhye, UTI AMC (P) Ltd., UTI Tower, 'Gn' Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051. Tel: 5678 6666.

East

Shri. Sanjiv Bhasin, UTI AMC (P) Ltd., 29, N. S. Road, Kolkata 700 001. Tel: 2243 4581

South

Shri K A Raveendran, UTI AMC (P) Ltd., UTI-House, 29, Rajaji Salai, Chennai 600 001. Tel: 25260146

North

Shri B B Sharma, UTI AMC (P) Ltd., II nd Floor Gulab Bhavan, Front Block, 6, Bahadurshah Zafar Marg, New Delhi 110 002. Tel :2850 9300

35. Auditors

M/s Haribhakti & Co., Chartered Accountants, 42, Free Press House, 4th Floor, 215, Nariman Point, Mumbai 400021 have been appointed as Auditors of UTI Mutual Fund for the Accounting year 1st February 2003 to 31st March 2004.

36. Registrars

Karvy Consultants Limited (SEBI Registration no. INR00000221) have been appointed as Registrars. Their principal business address is as under :

21, Avenue 4, Street No.1, Banjara Hills, Hyderabad 500 034.

Acceptance and processing of applications and after sales services will be handled from the following branches of the Registrars :

1. **Ahmedabad** : 201-203, Shail Building, Opp. Madhusudan House, Near Navrangpura Tel. Exchange, Off C G Road, Ahmedabad - 380 006. Tel. : 642 0422.
2. **Bangalore** : T K N Complex, No. 51/2, Vanivilas Road, Opp. National College, Basavanagudi, Bangalore -560 004. Tel. : 652 5024.
3. **Bhubhaneswar** : Janpath Towers, II Floor, Room No.11 & 1 , Ashok Nagar Unit II, Bhubhaneswar 751 009. Tel. : 253 9287
4. **Chandigarh** : SCO 371-372, Above HDFC Bank, Sector 35-B, Chandigarh 160 022. Tel. : 237 1726
5. **Chennai** : G-1 Swathi Court, 22, Vijaya Raghava Road, T. Nagar, Chennai - 600 017. Tel. : 2815 1034
6. **Hyderabad** : 21, Avenue 4, Street no.1, Banjara Hills, Hyderabad - 500 034. Tel. : 2331 2454
7. **Jaipur** : 108-110, First Floor, Anukampa Mansion II, Opp. Raymond Showroom, M Road, Jaipur 302 001. Tel. : 236 3321.
8. **Kanpur** : 15/46, Civil Lines, Opp: Muir Mill, Kanpur 208 001. Tel. : 255 8317.
9. **Kolkata** : 49, Jatindas Road, Kolkata 700 029. Tel. : 2463 5432.
10. **Mumbai** : 16-22, Bake House, Ground Floor, Maharashtra Chamber of Commerce Lane, Opp. MSC Bank, Fort, Mumbai - 400 023. Tel. : 5634 1967, 5638 1746 to 50.
11. **Nagpur** : Taral Financial Consultants Pvt Ltd., 7, 1st Floor, Pushpkunj, 26, Farmland, Ramdaspath, Nagpur 440 010. Tel. : 253 7531.
12. **New Delhi** : 105-108, Arunachal Building, 19, Barakhamba Road, Connaught Place, New Delhi 110 001. Tel. : 2332 4401.

13. **Pune** : 1202/10, Vishwas Bunglow, Off Ghole Road, Shivajinagar, Pune 411 004. Tel. : 553 0204.

It has been ensured that the Registrar has adequate capacity to discharge its responsibilities with regard to processing of applications and despatch of SOAs/unit certificates within the time frame prescribed in SEBI (MFs) Regulations and also handle investor complaints.

37. Custodian

The Stock Holding Corporation of India Ltd., Mittal Court, 'B' Wing, 224, Nariman Point, Mumbai 400 021.

38. Collecting/Paying bank

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

HDFC Bank Ltd.

Sandoz House, Dr. A. B. Road, Worli, Mumbai 400 018.

(SEBI Registration INB 100000063)

39. INSTRUCTIONS

- (a) Before submission of application form at the designated offices of the Registrars please ensure that the form has been filled in completely and signed by all the applicants properly as incomplete application is liable to be rejected.
- (b) NRI applicants should fill in the declaration in the form about the source of funds correctly and clearly.
- (c) The cheque / draft accompanying an application should be made payable in favour of "UTI AMC – UTI-Liquid Cash Plan/UTI-Liquid Short Term Plan - ", as the case may be.
- (d) Outstation cheques are not accepted. In case the payment is made by demand draft, the draft commission will have to be borne by the applicants.
- (e) **Please write the application serial number on the reverse of the cheque / draft.**
- (f) Please fill in the names of the applicant(s) / minor / institution / parent or lawful guardian/ alternate applicant/ nominee, etc. at the appropriate places in the application form. PIN code no. must be given with address to avoid delay / loss in transit.
- (g) Where an application is signed by a person holding power of attorney (PA), the relevant PA in original / copy duly certified by a Magistrate or a Notary Public must be presented along with the application for registration and return.
- (h) It is mandatory for an applicant to furnish full and correct particulars of bank account such as nature and number of the account, name and address of the bank, name of the branch, pin code, MICR code of the branch (where applicable) etc. at the appropriate place in the application form. Application without such bank particulars is liable to be rejected.
- (i) No separate documents need to be submitted by the non-individual applicants. The declaration to the effect that the person authorised to sign the application has the authority to make such investment on behalf of a Trust/ Society/ Body Corporate/ Partnership Firm/OCB at the appropriate place in the application is to be completed. However, UTI AMC would have the right to call for submission of any such relevant document for inspection as also for details of source of funds.
- (j) Investors may please note that Agents/ Chief Agents/Chief Representatives (CRs)/ Franchise offices (FOs) of UTI AMC are not permitted to accept cash. UTI AMC will not be responsible for such or any other wrong tender.

**CONDENSED FINANCIAL INFORMATION
HISTORICAL PER UNIT STATISTICS**

Schemes	NAV as on 01.07.2001	NAV as on 30.06.2002	Dividend % P. A.	Annualised return (%)	Net Assets (Rs. Cr.) as on 30.06.2002	NAV as on 23/05/2003	Annualised return since inception (%)
++G-Sec							
Growth	126.2286	14.5188		13.98	305.97	16.7587	14.90
Income	104.8087	10.4272	15	13.46		10.7825	13.98
NIFTY	6.70	6.4041	-	-4.43	120.51	5.9363	-14.98
ETSP	8.94	9.96	-	11.44	21.64	10.28	3.95
MUS	10.07	11.63	-	13.55	9.87	12.6776	11.79
#UTI RIS							
Growth	-	-	-	-	-	10.5510	5.51
Income	-	-	-	-	-	10.2886	5.39
#UTI VIS	-	-	-	-	-	9.6323	-3.68
#UTI US 2002	-	-	-	-	-	5.83	4.293

++ Face value changed from Rs.100/- to Rs.10/- from 16.07.2001. Income distribution @ 10% paid as of 31.12.2001 and @ 5% as of 22.03.2002.

Schemes	NAV as on 1.7.2002	NAV as on 31.12.2002	Dividend % P.A.	Annualised return (%)	Net Assets (Rs. Cr.) as on 31.12.2002
G-Sec					
Growth	14.5188	16.1265		15.45	463.23
Income	10.4272	10.7586	8	14.55	
NIFTY	6.4041	6.7310	-	-12.84	127.17
ETSP	9.96	10.53	-	5.16	22.87
MUS	11.63	12.1457	-	11.84	9.34
#UTI RIS					
Growth	-	10.3603		3.60	214.38
Income	-	10.3603	-	3.60	
#UTI VIS	-	10.2903	-	3.00	106.01
#UTI-US 2002					
Growth	-	5.88	-	5.19	617.59
Income	-	5.88	-	5.19	

Returns are not annualised since schemes have not completed one year.

All figures as on 31.12.2002 are unaudited and therefore provisional.

UTI MUTUAL FUND

CORPORATE OFFICE

UTI Tower, 'GN' Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051. Tel. No. : 5678 6666 / 2652 0850

WESTERN REGION

Mumbai: (1) Lotus Court Building, 196, Jamshedji Tata Road, Backbay Reclamation, Mumbai-400020. Tel:22850821/822 (2) Unit No.2, Block 'B', Opp. JVPD Shopping Centre, Gul Mohar Cross Road No.9, Andheri (W), Mumbai-400049, Tel:26201995 (3) Shraddha Shopping Arcade, 1st Floor, S.V. Road, Borivali (West), Mumbai-400092, Tel:28980521. (4) Sagar Bonanza, 1st Floor, Khot Lane, Ghatkopar (W), Mumbai-400 086, Tel:25162256. **Ahmedabad:** UTI House, Near Mithakhali Railway Bridge, Off. Ashram Road, Ahmedabad-380 009. Tel:6583864 / 6583043. **Baroda:** Meghdhanush' 4th & 5th Floor, Transpek Circle, Race Course Road, Baroda-390 015. Tel:336962. **Bhopal:** 1st Floor, Ganga Jamuna Commercial Complex, Plot No. 202, Maharana Pratap Nagar, Zone 1, Scheme 13, Habeeb Ganj, Bhopal-462 001. Tel:558308. **Indore:** City Centre, 2nd Floor, 570, M.G. Road, Indore-452 001. Tel:535607. **Kolhapur:** Ayodhya Towers, C.S.No.511, KH-1/2, 'E'ward, Dabholkar Corner, Station Road, Kolhapur-416 001. Tel:657315. **Nagpur:** Shree Mohini Complex, 3rd Floor, 345, Sardar Vallabhbhai Patel Marg (Kingsway), Nagpur-440 001. Tel:536893. **Nasik:** Sarda Sankul, 2nd Floor, M.G.Road, Nasik-422 001. Tel:572166. **Panaji:** E.D.C. House, Ground Floor, Dr. A.B. Road, Panaji, Goa-403 001. Tel:222472. **Pune:** Sadashiv Vilas, 3rd Floor, 1183 Fergusson College Road, Shivaji Nagar, Pune-411 005. Tel:5535954. **Raipur:** Vanijya Bhavan, Sai Nagar, Jail Road, Raipur-492 009. (551412. **Rajkot:** Lallubhai Centre, 3rd Floor, Lakhaji Raj Road, Rajkot-360 001. Tel:235112. **Surat:** Saifee Bldg., Dutch Road, Nanpura, Surat-395 001. Tel:3474550. **Thane:** UTI House, Near Thane P&T Office, Opp. Rickshaw Stand, Station Marg, Thane (W)-400 601. Tel:5400905. **Vashi:** Persepolis Bldg., 3rd Floor, Above Andhra Bank, Sector-17, Vashi, Navi Mumbai-400 703. Tel:27893918

EASTERN REGION

Kolkata: (1) 99 Park View Appt., Rash Bihari Avenue, Kolkata - 700 029, (2) 4 Fairlie Place, 1st Floor, Kolkata-700 001. Tel:22436571, (3) 29, Netaji Subhash Chandra Road, Kolkata-700 001, Tel:22434581. **Bhubaneshwar:** OCHC Bldg., 1st & 2nd Floor, 24, Janpath, Kharvela Nagar, Nr. Ram Mandir, Bhubaneshwar-751 001. Tel:410995. **Durgapur:** 3rd Administrative Bldg., 2nd Floor, Asansol Durgapur Dev. Authority, City Cebtrem Durgapur-713216. Tel:546831. **Guwahati:** Hindustan Bldg., 1st Floor, M.L. Nehru Marg, Panbazar, Guwahati-781 001Tel:521870. **Jamshedpur:** 1-A, Ram Mandir Area, Gr. & 2nd Floor, Bistupur, Jamshedpur-831 001. Tel:424508. **Patna:** Jeevan Deep Bldg., Gr. & 5th Floor, Exhibiton Marg, Patna-800 001. Tel:235001. **Siliguri:** Jeevan Deep, Ground Floor, Gurunanak Sarani, Silliguri-734 401. Tel:424671.

SOUTHERN REGION

Chennai: UTI-House, 29, Rajaji Salai, Chennai-600 001. Tel:25210356 to 59. **Bangalore:** Raheja Towers, 26-27, 12th Floor, West Wing, M.G.Marg, Bangalore-560 001. Tel:5595091 **Cochin:** Jeevan Prakash, 5th Floor, M.G. Marg, Ernakulam-682 011. Tel:362354. **Coimbatore:** Cheran Towers, 3rd Floor, 6/25 Arts College Marg, Coimbatore-641 018. 214973. **Hubli:** Kalburgi Mansion, 4th Floor, Lamington Marg, Hubli-580 020. Tel:363963. **Hyderabad:** 1st Floor, Surabhi Arcade, 5-1-664, 665, 669, Bank Street, Hyderabad-500 195. Tel:4611095. **Madurai:** Tamil Nadu Sarvodaya Sangh Bldg., 108,Thirupparakundram Marg, Madurai-625001. Tel:738186. **Mangalore:** Siddhartha Bldg., 1st Floor, Bal-Matta Marg, Mangalore-575001. Tel:426290. **Thiruvananthapuram:** Swastik Centre, 3rd Floor, M.G. Marg, Thiruvananthapuram-695 001. Tel:331415. **Trichy:** 104, Salai Marg, Woraiyur, Tiruchirapalli-620 003. Tel:760060. **Tirichur:** 28/700 West Pallithamam Bldg., Karunakaran Nambiar, Marg, Round North, Trichur-680 020. Tel:331259. **Vijaywada:** 27-37-156, Bunder Marg, Next to Hotel Manorama, Vijaywada-520 002. Tel:571134. **Vishakhapatnam:** Ratna Arcade, 3rd Floor, 47/15/6, Station Marg, Dwarkanagar, Vishakhapatnam 530 016. Tel:748121.

NORTHERN REGION

New Delhi: (1) Delhi-Savitri Bhawan, 1st & 2nd Floor, Plot no.3 & 4, Preet Vihar community Centre, Delhi 110092 (2) Jeevan Bharati, 13th Floor, Tower II, Connaught Circus, New Delhi-110 001. Tel:23329868/23731401. (3) Gulab Bhavan, 2nd Floor, 6, Bahadurshah Jafar Marg, New Delhi-110 002. Tel:23323476-79 **Agra:** Ground Floor, Jeevan Prakash, Sanjay Place, Mahatma Gandhi Marg, Agra-282 002. Tel:2158046. **Allahabad:** United Towers, 3rd Floor, 53, Leader Marg, Allahabad-211 003. Tel:400521. **Amritsar:** Shri Dwarkadhish Complex, 2nd Floor, Queen's Marg, Amritsar-143001. Tel:564388. **Chandigarh:** Jeevan Prakash LIC Bldg., Sector 17-B, Chandigarh-160 017. Tel:703683. **Dehradun:** 56, Rajpur Marg, Hotel Classic International, Dehradun-248 001. Tel:743203. **Faridabad:** B-614-617, Nehru Ground, NIT, Faridabad-121 001. Tel:5424771. **Ghaziabad:** 41, Navyug Market, Near Singhani Gate, Ghaziabad-201 001. Tel:4790366. **Jaipur:** Anand Bhavan, 3rd Floor, Sansar Chandra Marg, Jaipur-302 001. Tel:365212. **Jodhpur:** Minerva Centre, 1st Floor, Station Road, Jodhpur-342 001. Tel:645229. **Kanpur:** 16/79-E, Civil Lines, Kanpur-208 001. Tel: 304278. **Lucknow:** Regency Plaza Building, 5, Park Marg, Lucknow-226 001. Tel:238491. **Ludhiana:** Sura Kiran Phase II, 92, The Mall, Ludhiana-141 001. Tel. : 441264. **Shimla:** Flat No. 401, 402, 403, 405 Mukesh Apts., Fingask Estate, Near Hotel Sheel Shimla-171 002. 257803. **Varanasi:** 1st Floor, D-58/2A- 1, Bhawani Market, Rathyatra, Varanasi-221 001. Tel:358306.

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