Please read section 60B of Companies Act
(This Draft Red Herring Prospectus will be updated upon ROC filling)
DRAFT RED HERRING PROSPECTUS
Dated January 9, 2008
100% Book Built Offer

UTI ASSET MANAGEMENT COMPANY LIMITED

(We were incorporated as UTI Asset Management Company Private Limited under the Companies Act, 1956 on November 14, 2002. Our status was subsequently changed to a public limited company and the name of our Company was accordingly changed to UTI Asset Management Company Limited by a special resolution passed at the Annual General Meeting on September 18, 2007. A fresh certificate of incorporation consequent to the change of the name was granted on November 14, 2007 by the Registrar of Companies, Maharashtra, Mumbai. The registered office of the Company was at 13, Sir Vithaldas Thackersay Marg, New Marine Lines, Mumbai 400 020. Pursuant to a Board resolution dated May 20, 2003, the registered office was shifted to UTI Tower, Gn Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, which is the current Registered Office. For details in the changes of name and registered office, see the section titled "History and Corporate Structure" on page 88 of this Draft Red Herring Prospectus.)

Registered and Corporate Office: UTI Tower, Gn Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051.
Compliance Officer: Mr. Kiran N. Vohra
Tel: (91 22) 6678 6666 **Fax:** (91 22) 2652 8991, **Email:** investor@uti.co.in, **Website:** www.utimf.com

PUBLIC OFFER OF 48,500,000 EQUITY SHARES OF Rs. 10 EACH ("EQUITY SHARES") OF UTI ASSET MANAGEMENT COMPANY LIMITED ("UTI AMC" OR THE "COMPANY") THROUGH AN OFFER FOR SALE BY THE SELLING SHAREHOLDERS FOR CASH AT A PRICE OF Rs. [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF Rs. [●] PER EQUITY SHARE) AGGREGATIG TO Rs. [●] (THE "OFFER"). THE OFFER ALSO COMPRISES A RESERVATION OF NOT LESS THAN 485,000 EQUITY SHARES FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (AS DEFINED HEREIN) (THE "EMPLOYEE RESERVATION PORTION") AND THE OFFER TO THE PUBLIC OF 48,015,000 EQUITY SHARES (THE "NET OFFER"). THE NET OFFER WILL CONSTITUTE 48,015,000 EQUITY SHARES AND [●]% OF THE FULLY DILUTED POST OFFER PAID-UP CAPITAL OF THE COMPANY.

PRICE BAND: RS. [●] TO RS. [●] PER EQUITY SHARE OF FACE VALUE RS. 10 EACH

THE FLOOR PRICE IS [●] TIMES THE FACE VALUE AND THE CAP PRICE IS [●] TIMES THE FACE VALUE

In case of revision in the Price Band, the Bidding/Offer Period will be extended by three additional days after revision of the Price Band subject to the Bidding /Offer Period not exceeding 10 working days. Any revision in the Price Band and the Bidding/Offer Period, if applicable, will be widely disseminated by notification to the National Stock Exchange of India Limited ("NSE") and the Bombay Stock Exchange Limited ("BSE"), by issuing a press release, and also by indicating the change on the websites of the Book Running Lead Managers and at the terminals of the Syndicate.

The Offer is being made through the 100% Book Building Process wherein not less than 50% of the Net Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. Further, not less than 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price. Further up to [●] Equity Shares shall be available for allocation on a proportionate basis to the Eligible Employees, subject to valid Bids being received, at or above the Offer Price.

RISK IN RELATION TO THE FIRST OFFER

This being the first public Offer of Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is Rs.10 per Equity Share and the Offer Price is [●] times of the face value. The Offer Price (as determined by our Company in consultation with the Book Running Lead Managers and the Selling Shareholders on the basis of assessment of market demand for the Equity Shares offered by way of the Book Building Process and as stated in the section titled "Basis for Offer Price" on page 28 of this Draft Red Herring Prospectus) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of our Company or regarding the price at which the Equity Shares will be traded after listing.

This Offer has been rated by [●] as [●] (pronounced [●]) indicating [●]. For details see the section titled "General Information" on page 12 of this Draft Red Herring Prospectus.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Offer. For taking an investment decision, investors must rely on their own examination of the Offerr and the Offer, including the risks involved. The Equity Shares offered in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Draft Red Herring Prospectus. Specific attention of the investors is drawn to the section titled "Risk Factors" on page (xiii) of this Draft Red Herring Prospectus.

COMPANY'S ABSOLUTE RESPONSIBILITY

The Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to the Company and the Offer that is material in the context of the Offer, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole, or any information or the expression of any opinions or intentions, misleading in any material respect.

LISTING ARRANGEMENT

The Equity Shares offered through this Draft Red Herring Prospectus are proposed to be listed on the NSE and the BSE. We have received in-principle approval from NSE and BSE for the listing of our Equity Shares pursuant to letters dated [●] and [●], respectively. For purposes of the Offer, the Designated Stock Exchange is [●].

GLOBAL COORDINATORS AND BOOK RUNNING LEAD MANAGERS			REGISTRAR TO THE OFFER
JM Financial Consultants Private Limited 141, Maker Chambers III Nariman Point Mumbai 400 021 Tel: (91 22) 6630 3030 Fax: (91 22) 2204 7185 Email: grievance.ibd@jmfinancial.in Contact Person: Ms. Poonam Karande Website: www.jmfinancial.in	**Citigroup Global Markets India Private Limited** 12th Floor, Bakhtawar Nariman Point Mumbai 400 021 Tel: (91 22) 6631 9999 Fax: (91 22) 6631 9803 Email: utiamc.ipo@citi.com Contact Person: Mr. Anuj Mithani Website: www.citibank.co.in	**Enam Securities Private Limited** 801, Dalamal Towers Nariman Point, Mumbai 400 021 Tel: (91 22) 6638 1800 Fax: (91 22) 2284 6824 Email: utiamcipo@enam.com Contact Person: Mr. Pranav Mahajani Website: www.enam.com	**Karvy Computershare Private Limited** Plot No 17 to 24, Vittalrao Nagar, Madhapur, Hyderabad 500 081 Tel: (91 40) 2343 1553 Fax: (91 40) 2343 1551 Email: utiamcipo@karvy.com Contact Person: Mr. Murali Krishna Website : www.karvy.com

BOOK RUNNING LEAD MANAGERS				
Goldman Sachs (India) Securities Private Limited 951A, Rational House Appasaheb Marathe Marg Prabhadevi, Mumbai 400 025 Tel: (91 22) 6616 9000 Fax: (91 22) 6616 9090 Email: uti_amc_ipo@gs.com Contact Person: Mr. Sachin Dua Website: www.gs.com/country_pages/india	**UBS Securities India Private Limited** 2/ F, Hoechst House Nariman Point, Mumbai 400 021 Tel: (91 22) 2286 2000 Fax: (91 22) 2281 4676 Email: utiamc@ubs.com Contact Person: Mr. Venkat Ramakrishnan Website: www.ibb.ubs.com/Corporates/indianipo	**ICICI Securities Limited** ICICI Centre H.T. Parekh Marg Churchgate Mumbai 400 020 Tel: (91 22) 2288 2460/70 Fax: (91 22) 2282 6580 Email: utiamc_ipo@isecltd.com Contact Person: Mr. Rajiv Poddar Website: www.icicisecurities.com	**SBI Capital Markets Limited** 202, Maker Towers 'E' Cuffe Parade Mumbai 400 005 Tel: (91 22) 2218 9166 Fax: (91 22) 2218 8332 Email: tecpro.ipo@sbicaps.com Contact Person: Mr. Rohan Talwar Website: www.sbicaps.com	**CLSA India Limited** 8/F Dalamal House Nariman Point Mumbai 400 021 Tel: (91 22) 6650 5050 Fax: (91 22) 2285 6524 E-mail: utiamc.ipo@clsa.com. Contact Person: Mr. Anurag Agarwal Website: www.india.clsa.com

BID/OFFER PROGRAMME			
BID/ OFFER OPENS ON	**[●]**	**BID/ OFFER CLOSES ON**	**[●]**

TABLE OF CONTENTS

SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

Term	Description
"The Company", "our Company" or "UTI AMC"	Unless the context otherwise indicates or implies, refers to UTI Asset Management Company Limited, an asset management company set up under the Companies Act 1956, having its registered office at UTI Tower, Gn Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051
"We", "us" or "our"	Unless the context otherwise indicates or implies, refers to the Company and its Subsidiaries

Company Related Terms

Term	Description
Administrator	Means a person or a body of persons appointed as Administrator under Section 7 of Repeal Act who shall represent SUUTI
Articles	Articles of Association of our Company as amended from time to time
Auditors	The statutory auditors of our Company, M/s. Om Agarwal & Company, Chartered Accountants having its registered office at B-1, Subhlabh Apartment D-37, Subhash Marg, near Ahinsa Circle, 'C' Scheme, Jaipur 302 001
BoB	Bank of Baroda, a corporation constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and having its registered office at Bank of Baroda Building, Mandvi, Vadodara 390 006 and is a Selling Shareholder for the purposes of the Offer
Board/ Board of Directors	Board of Directors of our Company including a duly constituted committee thereof
ESOPs	Employees Stock Option Scheme as approved by the shareholders in the meeting dated September 18, 2007
Investment Management Agreement	An agreement dated December 9, 2002 between UTI Mutual Fund (acting through the Trustee Company) and the Company for providing asset management services to UTI Mutual Fund
Key Management Personnel	Those individuals described in "Our Management – Key Management Personnel" on page 107 of this Draft Red Herring Prospectus
LIC	Life Insurance Corporation of India, a statutory corporation constituted under the Life Insurance Corporation of India Act, 1956 (31 of 1956) and having its head office at 'Yogekshema', Jeevan Bima Marg, Mumbai 400 021 and who is a Selling Shareholder for the purpose of the Offer
Memorandum	Memorandum of Association of our Company
PNB	Punjab National Bank, a corporation constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and having its head office at Bhikhaji Cama Place, New Delhi 110 066 and is a Selling Shareholder for the purpose of the Offer
Registered and Corporate Office of our Company	UTI Tower, Gn Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051
SBI	State Bank of India, a statutory corporation established under the State Bank of India Act, 1955 (23 of 2955) having its central office at State Bank Bhavan, Nariman Point, Mumbai 400 021 and is a Selling Shareholder for the purpose of the Offer
SCUP	Senior Citizen Unit Plan
Sponsors/Settlors/Subscribers/ Selling Shareholders	SBI, LIC, PNB and BOB
Subsidiaries	UTI VFMCPL, UTI IL, UTI PEAL, UTI IMCL and UTI ISPL as defined herein
SUUTI/ Specified Undertaking	Specified Undertaking includes all business, assets, liabilities and properties of the erstwhile Unit Trust of India representing and relatable to the Schemes and Development Reserve Fund specified in the Schedule I of UTI Repeal Act
Trustee Company/ Trustee	UTI Trustee Company Private Limited, a private company incorporated under the Companies Act and having its registered office at 12, Sir Vithaldas Thackersay Marg, New Marine Lines, Mumbai 400 020 and appointed as the Trustee to the UTI Mutual Fund
Trust Deed	The Trust Deed dated December 9, 2002 executed by and between the Sponsor and the Trustee establishing the UTI Mutual Fund, as amended from time to time
Trust Fund	Amounts settled/contributed by the Sponsor towards the corpus of the UTI Mutual Fund and additions/accretions thereto

Term	Description
UFC	UTI Financial Centers
UTI IL	UTI International Limited, a subsidiary of the Company, incorporated pursuant to an Act of the Royal Court of the Guernsey Island and having its registered office at Kingsway House, Havilland Street, St. Peter Port, Guernsey, Channel Island, GY 1 3FN
UTI IMCL	UTI Investment Management Company (Mauritius) Limited, a subsidiary of UTI IL, incorporated under the Companies Act, Republic of Mauritius and having its registered office at Suite 450, 4th Floor Barkly Wharf East, Le caudan Waterfront, Port Louis, Mauritius
UTI ISPL	UTI International (Singapore) Private Limited, a subsidiary of UTI IL, incorporated under the Companies Act (Cap 50), under the laws of the Republic of Singapore and having its registered office is at 80 Raffles Place, # 32-01 UOB Plaza 1, Singapore 048 624
UTI Mutual Fund	UTI Mutual Fund, a trust set up under the provisions of the Indian Trusts Act, 1882
UTI PEAL	UTI Private Equity Advisors Limited, a subsidiary of UTI VFMCPL, incorporated under the Companies Act, Republic of Mauritius and having its registered office at 10, Frere Felix de Valois Street, Port Louis, Mauritius
UTI VFMCPL	UTI Venture Funds Management Company Private Limited, a subsidiary of the Company, a private company incorporated under the Companies Act and having its registered office at Concorde Block, 16th Floor, UB City, # 24 Vittal Mallya Road, Bangalore- 560 001

Offer Related Terms

Term	Description
Allotment/ Allot	Unless the context otherwise requires, the transfer of Equity Shares pursuant to the Offer to the Allottee
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Banker(s) to the Offer	[●]
Bid	An indication to make an offer during the Bidding Period by a Bidder to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Offer
Bid /Offer Closing Date	The date after which the Syndicate will not accept any Bids for the Offer, which shall be notified in a English national newspaper, a Hindi national newspaper and a Marathi newspaper, each with wide circulation
Bid /Offer Opening Date	The date on which the Syndicate shall start accepting Bids for the Offer, which shall be the date notified in a English national newspaper, a Hindi national newspaper and a Marathi newspaper, each with wide circulation
Bid cum Application Form	The form used by a Bidder to make a Bid and which will be considered as the application for Allotment for the pursuant to the terms of the Red Herring Prospectus
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form
Bidding/Offer Period	The period between the Bid/Offer Opening Date and the Bid/ Offer Closing Date inclusive of both days and during which prospective Bidders can submit their Bids, including any revisions thereof
Book Building Process/ Method	Book building route as provided in Chapter XI of the SEBI DIP Guidelines, in terms of which this Offer is being made
Book Running Lead Managers/ BRLMs	The book running lead managers to the Offer, in this case being the Global Coordinators and CLSA India Limited, Goldman Sachs (India) Securities Private Limited, ICICI Securities, SBI Capital Markets Limited, UBS Securities India Private Limited
Business Day	Any day other than Saturday or Sunday on which commercial banks in Mumbai are open for business
CAN/Confirmation of Allocation Note	Means the note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Offer Price in accordance with the Book Building Process
CLSA	CLSA India Limited, having its registered office at 8/F Dalamal House , Nariman Point , Mumbai 400 021
Cap Price	The higher end of the Price Band, above which the Offer Price will not be finalised and above which no Bids will be accepted
Citi	Citigroup Global Markets India Private Limited, a company incorporated under the

Term	Description
	Companies Act and having its registered office at 12th Floor, Bakhtawar, Nariman Point, Mumbai 400 021
Cut-off Price	Any price within the Price Band finalised by the Company in consultation with the Selling Shareholders and the BRLMs. A Bid submitted at Cut-off Price is a valid Bid at all price levels within the Price Band.
Designated Date	The date on which Escrow Collection Banks transfer the funds from the Escrow Account to the Public Offer Account after the Prospectus is filed with the RoC, following which the Board of Directors shall Allot Equity Shares to successful Bidders
Designated Stock Exchange	[●]
DP ID	Depository Participant's Identity
Draft Red Herring Prospectus or DRHP	The Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act and the SEBI Guidelines, which does not contain inter alia, the particulars of the Offer Price and the size of the Offer. Upon filing with RoC not less than three days before the Bid/Offer Opening Date, it will become the Red Herring Prospectus. It will become a Prospectus upon filing with RoC after determination of the Offer Price
Eligible Employees	Permanent employees of the Company and our Subsidiaries and our Directors who are Indian Nationals based in India, or subject to applicable law, other jurisdictions on the date of submission of the Bid cum Application Form
Employee Reservation Portion	The portion of the Offer being not less than 485,000 Equity Shares available for allocation to Eligible Employees
Enam	Enam Securities Private Limited, a company incorporated under the Companies Act and having its registered office at 24, B.D. Rajabahadur Compound, Ambala Doshi Marg, Fort, Mumbai 400 001
Equity Shares	Equity shares of our Company of Rs. 10 each unless otherwise specified
Escrow Account (s)	Accounts opened with the Escrow Collection Bank(s) for the Offer and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into by our Company, the Selling Shareholders, the Registrar to the Offer, the BRLMs, the Syndicate Members and the Escrow Collection Bank(s) for collection of the Bid Amounts and where applicable, refunds of the amounts collected to the Bidders on the terms and conditions thereof
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Banker to the Offer with whom the Escrow Account will be opened
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
Floor Price	The lower end of the Price Band, at or above which the Offer Price will be finalised and below which no Bids will be accepted
fund	Shall mean a Scheme unless otherwise defined or used
Global Coordinators	JM Financial Consultants Private Limited, Citigroup Global Markets India Private Limited and Enam Securities Private Limited
Goldman Sachs	Goldman Sachs (India) Securities Private Limited, having its registered office at 951A, Rational House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025
I Sec	ICICI Securities Limited, having its registered office at ICICI Centre, H.T. Parekh Marg, Churchgate, Mumbai 400 020
JM Financial	JM Financial Consultants Private Limited, a company incorporated under the Companies Act and having its registered office at 141, Maker Chambers III, Nariman Point, Mumbai 400 021
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, being 10% to 100% of the Bid Amount
MoF Letter	The letter from the Department of Economic Affairs, Ministry of Finance, Government of India dated September 14, 2007, permitting this Offer
Mutual Fund(s)	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time
Mutual Fund Portion	5% of the QIB Portion or 1,200,375 Equity Shares available for allocation to Mutual Funds only, out of the QIB Portion
Net Offer	The Offer less the Employee Reservation Portion
Non-Institutional Bidders	All Bidders that are neither QIBs nor Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000 (but not including NRIs other than eligible NRIs)
Non-Institutional Portion	The portion of the Net Offer being not less than 7,202,250 Equity Shares available for allocation to Non-Institutional Bidders
Offer/Offer for Sale	Offer of 48,500,000 Equity Shares through an offer for sale by the Selling Shareholders for cash at a price of Rs. [•] per Equity Share (including a share premium of Rs. [•] per Equity Share) aggregating to Rs. [•]. The Offer also comprises a reservation of not less than

Term	Description
	485,000 Equity Shares for subscription by Eligible Employees (as defined herein) (the "Employee Reservation Portion") and the offer to the public of 48,015,000 Equity Shares (the “Net Offer”) pursuant to the Red Herring Prospectus
Offer Price	The final price at which Equity Shares will be issued and allotted in terms of the Red Herring Prospectus. The Offer Price will be decided by our Company in consultation with the Selling Shareholders and the BRLMs on the Pricing Date
Offer Size	The amount raised through this Offer
Pay-in Date	Bid Closing Date or the last date specified in the CAN sent to Bidders, as applicable
Pay-in-Period	(i) With respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/Offer Opening Date; and extending until the Bid/ Offer Closing Date; and (ii) With respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/ Offer Opening Date and extending until the closure of the Pay-in Date
Price Band	Price band of a minimum price (floor of the price band) of Rs. [●] and the maximum price (cap of the price band) of Rs. [●] and includes revisions thereof
Pricing Date	The date on which our Company in consultation with the Book Running Lead Managers and the Selling Shareholders, finalizes the Offer Price
Private Placement	Issuance of 16,000,000 Equity Shares by way of private placement to qualified institutional investors, including existing shareholders, other Indian institutions and a few foreign institutional investors as permitted by the Department of Economic Affairs, Ministry of Finance, Government of India by their letter dated September 14, 2007
Prospectus	The Prospectus to be filed with the RoC in accordance with Section 60 of the Companies Act, containing, inter alia, the Offer Price, the size of the Offer and certain other information
Public Offer Account	Account opened with the Banker(s) to the Offer to receive monies from the Escrow Account on the Designated Date
QIB Margin Amount	An amount representing not less than 10% of the Bid Amount that QIBs are required to pay at the time of submitting their Bid
QIB Portion	The portion of the Net Offer being not less than 24,007,500 Equity Shares each to be Allotted to QIBs
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs, scheduled commercial banks, Mutual Funds registered with SEBI, venture capital funds registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million
Refund Account	The account opened with Refund Bank(s), from which refunds, if any, of the whole or part of the Bid Amount shall be made
Refund Banker	The banks which are clearing members and registered with SEBI as Banker to the Offer, at which the Refund Account will be opened, in this case being [●]
Refunds through electronic transfer of funds	Refunds through electronic transfer of funds means refunds through ECS, Direct Credit, NEFT or RTGS as applicable
Registrar to the Offer	Karvy Computershare Private Limited, Plot No 17 to 24, Vittalrao Nagar, Madhapur, Hyderabad 500 081
Retail Individual Bidder(s)	Individual Bidders (including HUFs applying through their Karta and eligible NRIs) who have not Bid for Equity Shares for an amount more than Rs. 100,000 in any of the Bidding options in the Offer
Retail Portion	The portion of the Net Offer being not less than 16,805,250 Equity Shares available for allocation to Retail Individual Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s)
RHP or Red Herring Prospectus	The Red Herring Prospectus to be issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Offer. The Red Herring Prospectus will be filed with the RoC not less than three (3) days before the Bid Opening Date and will become a Prospectus upon filing with the RoC after the Pricing Date
SBI Capital	SBI Capital Markets Limited, having its registered office at 202, Maker Towers ‘E’, Cuffe Parade, Mumbai 400 005
Stock Exchanges	BSE and NSE
Syndicate	The Book Running Lead Managers and the Syndicate Members
Syndicate Agreement	The agreement to be entered into between the Syndicate, our Company and the Selling Shareholders in relation to the collection of Bids in this Offer
Syndicate Members	[●]

Term	Description
TRS/ Transaction Registration Slip	The slip or document issued by a member of the Syndicate to the Bidder as proof of registration of the Bid
UBS	UBS Securities India Private Limited, and having its registered office at 2/F, Hoechst House, Nariman Point, Mumbai 400 021
Underwriters	The Book Running Lead Managers and the Syndicate members
Underwriting Agreement	The agreement among the Underwriters, our Company and the Selling Shareholders to be entered into on or after the Pricing Date

Conventional and General Terms/ Abbreviations

Term	Description
A/c	Account
Act or Companies Act	Companies Act, 1956 and amendments thereto
AGM	Annual General Meeting
AMC	Asset Management Company
AMFI	Association of Mutual Funds in India
AOP	Association of Persons
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
AY	Assessment Year
BIFR	Board for Industrial and Financial Reconstruction
BOI	Body of Individuals
BSE	The Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
Depositories	NSDL and CDSL
Depositories Act	The Depositories Act, 1996 as amended from time to time
DIN	Director Identification Number
DP/ Depository Participant	A depository participant as defined under the Depositories Act, 1996
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
ECS	Electronic Clearing Service
EFT	Electronic Funds Transfer
EGM	Extraordinary General Meeting
EPS	Earnings Per Share i.e., profit after tax for a fiscal year divided by the weighted average outstanding number of Equity Shares/potential Equity Shares at the end of that fiscal year
ETF	Exchange Traded Fund
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder and amendments thereto
FEMA Regulations	FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations 2000 and amendments thereto
FII(s)	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investor) Regulations, 1995 registered with the SEBI under applicable laws in India
FII Regulations	SEBI (Foreign Institutional Investor) Regulations, 1995 registered with the SEBI under applicable laws in India as amended from time to time
Financial Year/ Fiscal/ FY	Period of twelve months ended March 31 of that particular year
FIPB	Foreign Investment Promotion Board
FOF	Fund of Funds
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000
GDP	Gross Domestic Product
GoI/Government	Government of India
HNI	High Net worth Individual
HUF	Hindu Undivided Family
IMA	Investment Management Agreement
ISC	Investor Service Centre

Term	Description
IFRS	International Financial Reporting Standards
IT	Information Technology
I.T. Act	The Income Tax Act, 1961, as amended from time to time
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial Public Offering
LIBOR	London InterBank Offered Rate
MMRDA	Mumbai Metropolitan Region Development Authority
Mn / mn	Million
MOU	Memorandum of Understanding
Mutual Fund Regulations	The SEBI (Mutual Funds) Regulations, 1996 as amended or re-enacted from time to time
NA	Not Applicable
NCR	National Capital Region
NEFT	National Electronic Fund Transfer
NFO	New Fund Offer by a Mutual Fund
NIF	National Investment Fund
NOC	No Objection Certificate
NR	Non Resident
NRE Account	Non Resident External Account
NRI	Non Resident Indian, is a person resident outside India, as defined under FEMA and the FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
NRO Account	Non Resident Ordinary Account
NSDL	The National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of not less than 60% by NRIs including overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to the general permission granted to OCBs under the FEMA. OCBs are not allowed to invest in this Offer
p.a.	per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
PAT	Profit After Tax
PBT	Profit Before Tax
PIO	Persons of Indian Origin
PLR	Prime Lending Rate
PMLA	Prevention of Money Laundering Act, 2002 as amended from time to time
Portfolio Manager Regulations	SEBI (Portfolio Managers) Regulations, 1993 as amended from time to time
RBI	The Reserve Bank of India
RoC	The Registrar of Companies at Mumbai, Maharashtra
RONW	Return on Net Worth
Rs.	Indian Rupees
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act 1992, as amended from time to time
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 as amended from time to time
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended from time to time
Sec.	Section

Term	Description
SEFT	Special Electronic Funds Transfer
SEZ	Special Economic Zone
SIA	Secretariat for Industrial Assistance
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
Stamp Act	The Indian Stamp Act, 1899
State Government	The government of a state of India
UIN	Unique Identification Number
US / USA	United States of America
US GAAP	Generally Accepted Accounting Principles in the United States of America
USD/ US$	United States Dollars
VAT	Value Added Tax
VCFs	Venture Capital Funds as defined and registered with SEBI under the SEBI (Venture Capital Fund) Regulations, 1996, as amended from time to time
Venture Capital Fund Regulations	SEBI (Venture Capital Funds) Regulations, 1996 as amended from time to time

Technical/Industry Related Terms

Term	Description
Asset Under Management/AUM	Market value of all the assets under a Mutual Fund Scheme/ Fund House on a particular date. The AUM changes on a day to day basis depending upon the market price of the securities, sales of new units, repurchase of the units, payment of dividend etc.
Close Ended Scheme	Such schemes that have a stipulated maturity period (ranging from 2 to 15 years). Investment can be made directly in the scheme at the time of the initial issue and thereafter the units of the scheme can be bought or sold on the stock exchanges where they are listed. The market price at the stock exchange could vary from the scheme's NAV on account of demand and supply situation, unitholders' expectations and other market factors. One of the characteristics of the close-ended schemes is that they are generally traded at a discount to NAV; but closer to maturity, the discount narrows. Some close-ended schemes give one an additional option of selling your units directly to the Mutual Fund through periodic repurchase at NAV related prices. Mutual Fund Regulations ensure that at least one of the two exit routes is provided to the investor
Fund Manager	A manager appointed for the day to day management and administration of a Scheme of the Mutual Fund
MIN	Mutual Funds Identification Number
Mutual Fund	A fund established in the form of a trust to raise monies through the sale of units to the public under one or more schemes for investing in securities, including money market instruments
Net Asset Value/NAV	Market value of the assets of the scheme minus its liabilities. Per unit NAV is the net asset value of the scheme divided by the number of units outstanding on the valuation date
Mutual Fund Offer Document	A document by which a Mutual Fund has invited or invites the public to subscribe to the Units of a Scheme
Open Ended Scheme	Such schemes that do not have a fixed maturity. The investors deal directly with the Mutual Fund for their investments and redemptions. The key feature is liquidity. Investors can conveniently buy and sell their units at NAV related prices
PFRDA	Pension Fund Regulation and Development Authority
Redemption Price	Price at which an Open-Ended Scheme repurchase its units and close-ended schemes redeem their units on maturity. Such prices are NAV related
Repurchase Price	Price at which a Close-Ended Scheme repurchases its Units and it may include a back-end load. This is also called the Bid Price
Sale Price	Price paid when investing in a Scheme. Also called 'Offer Price'. It may include a sales load
Scheme	Scheme established under and in accordance with the Mutual Fund Regulations and shall, where the context so permits/requires, include the schemes launched pursuant to the provisions of the UTI Act which shall have vested in the UTI Mutual Fund
Unit/Units	Interest of the Unitholders in a Scheme, which consists of each unit representing one undivided share in the assets of a Scheme
Unit Certificate	A certificate evidencing title to the Units
Unitholder	A person holding units in any scheme of the UTI Mutual Fund/Trust as evidenced by

Term	Description
	the Unit Certificates, Statement of Accounts or any other form permitted under the Mutual Fund Regulations
UTI Act	The Unit Trust of India Act, 1963
UTI Repeal Act	The Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Financial Data

Unless stated otherwise, the financial data in this Draft Red Herring Prospectus is derived from our restated consolidated financial statements prepared in accordance with Indian GAAP and the SEBI Guidelines, which are included in this Draft Red Herring Prospectus.

All references to "Fiscal" or "Fiscal year" refer to the twelve month period ended March 31 of that year (unless otherwise specified).

We have set forth in this Draft Red Herring Prospectus consolidated and unconsolidated financial statements as of and for the 16.5 months ended March 31, 2004, Fiscal ended 2005, 2006 and 2007, and the six months ended September 30, 2007, for UTI Asset Management Company Limited and its subsidiaries. We have provided the financial statements as of and for the 16.5 months ended March 31, 2004 (and not for the Fiscal Year ended March 31, 2004) because we commenced our operations on February 1, 2003. The consolidated financial statements consolidate the accounts of our subsidiaries, with inter-company accounts and transactions eliminated in consolidation in accordance with Indian GAAP.

Our financial statements have been prepared in accordance with Indian GAAP and standards issued by the Institute of Chartered Accountants of India and restated in accordance with the SEBI Guidelines. In accordance with SEBI Guidelines, the restatement adjusts the income and expense items which are not accounted for in our audited financial statements under the respective periods they relate to (due to, among other things, subsequent changes in our accounting policies or delayed payments), so that they are accounted for under the applicable periods. The effect is presented below the profit after tax line item in the respective financial statements, with no adjustment to the individual income and operating expense line items, and therefore the discussion of the line items in the section titled "Management Discussion and Analysis of Financial Condition and Results of Operations" does not reflect the effect of adjustments due to the restatement. Furthermore, we have not included a discussion comparing the consolidated results as of and for the six months ended September 30, 2007 to a prior period. Because we have not included a comparative period for the six months ended September 30, 2006, and because the discussion of the line items in the section titled "Management Discussion and Analysis of Financial Condition and Results of Operations" does not reflect the effect of prior period items adjusted by the restatement, investors should not place undue reliance on the discussion in the section titled "Management Discussion and Analysis of Financial Condition and Results of Operations" and should review carefully all the financial statements and other information included herein.

There are significant differences between Indian GAAP, IFRS and US GAAP. Although we have presented a summary of significant differences between Indian GAAP, IFRS and US GAAP, no attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions and events are presented in the financial statements and the notes thereto. We have not attempted to explain those differences or quantify their impact on the financial data included herein and we urge you to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the Indian GAAP financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

In this Draft Red Herring Prospectus, any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding off.

In this Draft Red Herring Prospectus, unless the context otherwise requires, the terms “we”, “our” or “us”, refer to UTI Asset Management Company Limited and its subsidiaries on a consolidated basis, and the terms “the Company”, “our Company”, "UTI AMC" or “UTI Asset Management Company Limited” refer to UTI Asset Management Company Limited on a stand alone basis.

Currency of Presentation

All references to “Rupees” or “Rs.” or “INR” are to Indian Rupees, the official currency of the Republic of India. All references to “US$” or “U.S. Dollars” or “USD” are to United States Dollars, the official currency of the United States of America.

Industry and Market Data

Industry and market data used in this Draft Red Herring Prospectus have generally been obtained or derived from industry publications and sources. These publications typically state that the information contained therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decisions should be made based on such information. Although we believe that industry and market data used in this Draft Red Herring Prospectus is reliable, it has not been verified. Similarly, we believe that the internal company reports are reliable; however, they have not been verified by any independent sources.

The extent to which the industry and market data used in this Draft Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain "forward-looking statements". These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "may", "objective", "plan", "project", "shall", "will", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, expectations, intentions, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results and property valuations to differ materially from those contemplated by the relevant statement.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the Mutual Fund industry in India and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India and which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in our industry. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- underperformance of our investment portfolio or other difficulties which lead to a loss of clients or a reduction in AUM or management fees;
- problems protecting our brand name and reputation;
- the expected decline in income from SUUTI as its bonds mature;
- potentially substantial losses we may incur under the Senior Citizens Unit Plan, 1993;
- difficulties we encounter as we expand our business infrastructure, hire additional professionals and increase compensation and other operating costs;
- our dependence on third-party distribution channels and other intermediaries;
- increasingly competitive market conditions, which may lead to a loss of market share and AUM and make it more difficult to attract and retain employees;
- conflicts of interest with our Sponsors or the loss of business from the Government of India;
- failures in our computer systems, employee misconduct or labour unrest;
- acquisitions, partnerships and other strategic efforts we may undertake;
- slowdown or decline in the economy or markets in India or globally;
- changes in the current regulatory or tax regime, or difficulties we encounter with our regulators;
- general economic and political conditions in India and the other countries which have an impact on our business activities or investments;
- the monetary and interest rate policies of the Government of India;
- inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices;
- the performance of the financial and capital markets in India and globally;
- changes in Indian and foreign laws and regulations, including tax, accounting, banking, securities,

insurance and other regulations;

- liquidity and seasonality risks encountered in managing our funds; and
- other general industry and equity market risks, including changes in interest rates and the political environment and volatility in share prices and currency exchange rates.

For further discussion of factors that could cause our actual results to differ from our expectations, see the sections titled “Risk Factors”, “Business” and “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” on pages (xiii), 55 and 217, respectively, of this Draft Red Herring Prospectus. Neither our Company, the Selling Shareholders nor any of the Underwriters nor any of their respective affiliates has any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof. In accordance with SEBI requirements, our Company, the Selling Shareholders and the BRLMs will ensure that investors in India are informed of material developments affecting the Company until the granting of listing and trading permission by the Stock Exchanges.

SECTION II: RISK FACTORS

An investment in Equity Shares involves a high degree of risk. Prior to making a decision to invest in our Equity Shares, prospective investors and purchasers should carefully consider all the information contained in this Draft Red Herring Prospectus, including the risks and uncertainties described below and the sections titled "Our Business", "Management's Discussion and Analysis of Financial Conditions and Results of Operations" and "Summary of Significant Differences Between Indian GAAP, US GAAP and IFRS" beginning on pages 55, 217 and 247, respectively, of this Draft Red Herring Prospectus as well as other financial information contained in this Draft Red Herring Prospectus. Any potential investors in, and purchasers of, the Equity Shares should also pay particular attention to the fact that we are governed in India by a legal and regulatory environment which in some material respects may be different from that which prevails in the United States, the European Union and other countries. If any of the following risks actually occurs, our business, results of operations, financial condition and prospects could suffer and the market price of our Equity Shares and the value of your investment in our Equity Shares could decline. The numbering of the risk factors is only to facilitate ease of reading and reference and does not, in any manner, indicate the relative importance of one risk factor vis-a-vis another.

Risks Related to Our Business

1. Our income and profit are largely dependent on the value and composition of assets under management, which may decline because of factors outside our control.

Almost all our income is dependent on the total value and composition of assets under management ("AUM"), as our management fees are usually calculated as a percentage of AUM. Any decrease in the value or composition of AUM will cause a decline in income and profit. AUM may decline or fluctuate for various reasons, many of which are outside our control.

Factors that could cause AUM and income to decline include the following:

- *Declines in the Indian equity markets.* The AUM for our equity, and, to a lesser extent, our balanced/hybrid funds are concentrated in the Indian equity markets. As such, declines in the equity markets or the market segments in which our investment portfolios are concentrated will cause AUM to decline. The equity markets in India are volatile, which will contribute to fluctuations in our AUM.

- *Changes in interest rates and defaults.* Many of our funds invest in fixed income securities, including short-term money market instruments. The value of fixed income securities may decline as a result of changes in interest rates, an issuer's actual or perceived creditworthiness or an issuer's ability to meet its obligations.

- *Redemptions and withdrawals.* Clients, in response to market conditions, inconsistent or poor investment performance, the pursuit of other investment opportunities, or other factors, may reduce their investments in our funds or the market segments in which our funds are concentrated. In a declining market, the price of redemptions may accelerate rapidly. Most of our equity and balanced/hybrid funds are open-ended funds, meaning clients can redeem their units at anytime. Some of our income and liquid closed-ended funds have a short duration, so after the life of the fund, clients may choose not to reinvest in our funds and seek alternative forms of savings.

The rates for management fees differ depending on the type of fund and product. For example, fee levels for equity and balanced/hybrid funds are generally higher than the fee levels for income and liquid funds. Fee levels for debt funds vary significantly depending on market conditions and the type of fund. Accordingly, the composition of AUM also substantially affects the level of our income.

The amount of expenses funds can charge also is usually based on a percentage of AUM. We must reimburse funds for expenses incurred in excess of the pre-determined percentage. Accordingly, the value of AUM also can affect the level of our operating expenses. In addition, excluding any distribution costs, most of our costs do not vary directly with AUM or income. As a result, our operating margins may fluctuate by a higher percentage than changes in income.

2. Underperformance of our investment portfolio could lead to a loss of clients and reduction in AUM and result in a decline in our income.

Investment performance is one of the most important factors for maintaining and growing AUM. Poor investment performance, either on an absolute or relative basis, could impair our income and growth because:

- existing clients might withdraw funds in favor of better performing products offered by our competitors, which would result in lower management fees;

- our ability to attract funds from existing and new clients might diminish; and

- negative absolute investment performance will directly reduce the value of our managed assets and hence our management fees.

In addition, we may from time to time reduce or waive investment management fees, or limit total expenses, on certain products or services for particular time periods to improve fund performance, manage fund expenses, or for other reasons, and to help retain or increase managed assets. If our income declines without a commensurate reduction in our expenses, our net income will be reduced.

Some of our funds have not delivered strong or consistent investment performance, on a relative basis, compared to the relevant industry benchmark and our competitors, and in some cases, on an absolute basis. In particular, some of our equity funds, including the Master Value Fund, the MidCap Fund and the Contra Fund, have underperformed, as the industry sectors in which these funds invested underperformed the broader market. Some of our hybrid funds, including the Children's Career Plan Fund and the Retirement Benefit Pension Fund, have underperformed as they increased their cash investments for a period of time while the equity markets in India rose significantly. In addition, the investment performance of some of our income and liquid funds have been below the relevant industry benchmarks and that of some competitors.

Underperformance by some of our funds may hinder our ability to grow our AUM and income and, in some cases, may contribute to a reduction in our AUM and income. For example, with some of our equity funds underperforming, increased competition and the Mutual Fund industry expanding, our market share in relation to equity funds fell from 18.0% as of March 31, 2005 to 10.0% as of November 30, 2007 (as per Value Research). Over the same period our market share in relation to balanced/hybrid funds decreased from 68.3% to 41.9%, while our market share in relation to income funds declined from 10.6% to 3.1%.

A large portion of our AUM is concentrated in a few funds. For example, as of September 30, 2007, our top five equity funds constituted 47.7% of our total AUM for equity funds, and our top five balanced/hybrid funds constituted 90.8% of our total AUM for such funds. Our top three income funds represented 55.5% of our total AUM for income funds, and we have only three liquid funds. Underperformance by any of these funds may have a disproportionate adverse impact on our AUM and income. In addition, we have co-invested in our venture capital/private equity funds. Many of the investments held by these funds are illiquid and volatile, and could result in losses for the funds and us depending on market, economic and other conditions.

3. If the investment strategy for any of our funds goes out of favour with our clients, our income and profit may be materially adversely affected.

Our investment strategy in relation to any of our funds could go out of favor with our clients for a number of reasons, such as underperformance relative to market indices, competition or other factors. If our investment strategies were to go out of favor with our clients, it could cause our clients to reduce the assets that we manage for them. Our inability to formulate new investment strategies or offer new products promptly if market conditions change or new opportunities arise also may adversely affect the growth of our AUM. A decrease in our AUM may have a material adverse effect on our income and profit.

4. The restructuring of Unit Trust of India in 2002-2003 and the intervention by the Government in order to protect the unit holders may have damaged our brand name and reputation.

Unit Trust of India was initially established as a statutory corporation in 1963 by an Act of Parliament. In July 2001, amidst the global recession and equity markets downturn, Unit Trust of India suspended dealings in its flagship fund, Unit Scheme 1964 ("US-64"), because there was a material gap between the underlying net asset value of the fund and the repurchase price of the units. The Government of India intervened to protect the interest of the unitholders, and in October 2002, the Unit Trust of India Act, 1963, was repealed by Parliament pursuant to the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 (the "2002 Act"). As a result, Unit Trust of India was bifurcated into two separate entities: the Specified Undertaking of Unit Trust of India ("SUUTI"), which was vested with the assets of Unit Trust of India's US-64 and assured return funds, and UTI Mutual Fund, which was established as a SEBI registered mutual fund with State Bank of India, Life Insurance Corporation of India, Punjab National Bank and Bank of Baroda as its sponsors (collectively, the "Sponsors").

Pursuant to the 2002 Act and a transfer agreement dated January 15, 2003, among the President of India and the Sponsors, 37 SEBI compliant funds, five overseas funds and the Senior Citizen Unit Plan, 1993, of Unit Trust of India were transferred to UTI Mutual Fund. UTI Asset Management Company Private Limited ("UTI AMC") was incorporated on November 14, 2002 and appointed by UTI Trustee Company Private Limited (the trustee of UTI Mutual Fund) to manage the funds of UTI Mutual Fund. UTI AMC commenced operations with effect from February 1, 2003, and on November 14, 2007 was converted into a public limited company.

The restructuring of Unit Trust of India and its subsequent bifurcation attracted substantial adverse media and other public attention. This was the second time since the establishment of Unit Trust of India that it had to be financially assisted by the Government. In 1999, the value of US-64's shareholding in various public sector undertakings ("PSUs") declined significantly and fell below the amount the US-64 fund had initially paid to purchase those shares. The Government responded by exchanging those shares for Government of India securities. The total aggregate value of those securities was Rs. 33.0 billion, which were exchanged for shares with a market value Rs. 15.2 billion (at the time of exchange). Given that the erstwhile Unit Trust of India also used the same "uti" brand name, its restructurings may have harmed our brand name and reputation, which may still adversely affect our on-going business.

5. Other business entities which were promoted by Unit Trust of India also use the UTI name, and difficulties those businesses encounter may damage our brand and reputation and harm our business.

Our registered trademark (including the name and logo), "uti", is an important asset of our business. UTI Trustee Company Private Limited ("UTI Trustee"), in its capacity as trustee of the UTI Mutual Fund, and UTI AMC own the "uti" and the "Unit Trust of India/UTI" brand name. The "uti" logo is registered as a trademark only in our name. Maintaining and enhancing the reputation associated with our trademark is integral to our success. The transfer agreement whereby we acquired the rights to our brand name and logo permits other business entities to use our name without paying any royalty until January 31, 2008. Currently four such other entities are using the UTI name (UTI Securities, UTI Investment Advisory Services, UTI Infrastructure Services and UTI Technology Services). Any difficulties these entities encounter may cause damage to our brand name and reputation, resulting in loss to our business. There have been instances in the past when certain events have occurred with the entities that are allowed to use the UTI name. These events have attracted negative press and publicity, which may have resulted in damage to our brand name and reputation. Because two of the other entities that use the UTI name operate in the financial services sector like us, the public may be more likely to believe that these entities are all part of the same UTI family and have common ownership and management, further associating us with any difficulties these other entities encounter.

After January 31, 2008, pursuant to the transfer agreement, the other entities that use the UTI name will only be permitted to do so on such terms and conditions as may be mutually agreed among UTI Trustee, UTI AMC and the Government. It is possible that entities that currently use the UTI name will continue to use it even after January 31, 2008 without our approval. Any action taken to restrict them from doing so may be time-consuming and expensive and require the support of the Government of India. Also, there can be no assurance that any such action taken to restrict these companies from using our name will succeed. We do not control UTI Trustee and any actions it takes will be independent of us. Three of the other entities using the UTI name are owned by SUUTI, and SUUTI itself is controlled by the Government of India. This conflict of interest may make it more difficult to satisfactorily resolve the rights to our name. Therefore, even after January 31, 2008, other entities may continue to use the UTI name and difficulties that those entities encounter may damage our brand and reputation and harm our business.

Our individual fund names and logos have not been registered, and we have no registered intellectual property right in our "Let's plan to get rich" slogan. Given that we have not registered our logos and fund names, other entities may also use them and potentially claim ownership of the intellectual property. This may make it more difficult to maintain and enhance our reputation and brand, which may harm our business and growth opportunities.

6. Income in the form of fees from SUUTI, which represented 23.3% of our consolidated income last fiscal year, will continue to decline over time and SUUTI may not require our services after April 2009.

Since 2003 we have been providing support services to SUUTI such as fund administration, accounting and investor services. The fees paid by SUUTI represented 23.3% and 15.0% of our consolidated income last fiscal year and the first half of this fiscal year, respectively. Following the bifurcation of Unit Trust of India in 2003, SUUTI issued tax-free bonds to the investors in its US-64 and assured return funds who did not elect to receive cash in exchange for their fund units. The bonds mature in 2008 and 2009, with the final tranche maturing on April 1, 2009. As a result, the level of services we have been providing SUUTI has been declining and is expected to continue to decline. SUUTI's investments may not be sold in their entirety in connection with the final maturity of SUUTI's bonds. The fees payable by SUUTI are negotiated annually. The fees received from SUUTI were Rs. 1,247 million in fiscal year 2005, Rs. 1,410 million in Fiscal Year 2006, Rs. 953 million in Fiscal Year 2007 and Rs. 305 million for the first six months of Fiscal Year 2008. Any fees negotiated for Fiscal Year 2009 may be less than the fees for the current Fiscal Year.

The services agreement we have with SUUTI expires on January 31, 2008 and is renewable by mutual consent. SUUTI may not renew our services agreement after it expires or may only require our services until April 2009 when its final tranche of bonds mature. We will not be required to provide any services to SUUTI and will not receive any fees from them after our services agreement with SUUTI terminates. We currently second five of our employees to SUUTI to carry out fund management and run the day to day business of SUUTI. We also share a number of employees with SUUTI. SUUTI is controlled by the Government of India, as are our Sponsors. Loss of income due to SUUTI's winding up may materially adversely affect our financial results.

7. The recently proposed termination of our Senior Citizen Unit Plan, 1993, may attract adverse publicity and legal actions and result in a substantial liability for us, which could materially adversely affect our financial results and business.

Pursuant to the bifurcation of Unit Trust of India, UTI Mutual Fund was vested with the assets and liabilities of the Senior Citizen Unit Plan, 1993 ("SCUP"). SCUP was initially launched in 1993 by Unit Trust of India. The primary objective of SCUP was to help its investors build up savings and enjoy assured medical and hospitalization benefits for their spouses and themselves after they reach the age of 58. New India Assurance Company ("NIAC") was selected to provide the necessary insurance to the investors. Under the terms of the plan, Unit Trust of India agreed to pay the premiums on behalf of each investor in seven installments after the investor attained the age of 55. There has been a significant increase in the cost of procuring medical insurance for the investors. SCUP also has failed to generate sufficient returns to cover the cost of such insurance premiums. This made SCUP financially unviable, and as a result sales of its units to new investors were suspended from July 2000. SCUP has approximately 125,000 investors.

The net asset value of the units, and the returns generated by SCUP, are not currently expected to be sufficient to pay the insurance premiums on behalf of its investors. Accordingly, on January 8, 2008, we announced that we are terminating SCUP. In connection with the termination, we are offering the investors in SCUP an alternative health insurance plan. Investors already at least 58 years old will continue to be covered by the existing insurance arrangement with NIAC. Investors below the age of 58 years will be offered the option to either migrate to the new health insurance plan, or redeem their units. Investors who chose to migrate to the new plan will be offered health insurance by NIAC, and the insurance premium for the first year will be paid out from proceeds of their units.

Our decision to terminate SCUP may attract adverse publicity and legal actions. Investors may claim that SCUP must continue to pay the required insurance coverage. This could result in a significant liability for us, depending on a number of factors, including SCUP's investment performance, the cost of medical insurance, the number of investors eligible for insurance coverage and the number of claims made by SCUP's investors under their insurance policies. Even if we are successful in terminating SCUP, we may in the process incur legal costs, which could increase our expenses and affect our financial results. Adverse publicity from the proposed termination of SCUP may damage our brand and reputation and harm our business. We have not made any provisions in connection with our potential liability under SCUP in our financial accounts.

8. Our investment management agreements and other business commitments may generally be terminated by the counter-parties on little or no notice, making our future client and income base unpredictable.

Our investment management agreement with UTI Mutual Fund (acting through UTI Trustee) may be terminated by UTI Trustee for any reason (or no reason), provided UTI Trustee has given us 180 days notice and obtained SEBI's approval. The termination of our investment management agreement with UTI Mutual Fund would have a material adverse affect on our business and financial viability. UTI Trustee may also elect to renegotiate the fees we are permitted to charge under the agreement, which could adversely affect our financial results. The Board of Directors of UTI Trustee must approve any change of control of UTI AMC.

Clients to whom we provide portfolio management services may terminate their investment management agreements with us for any reason (or no reason) on short notice. Our investment management agreement with National Investment Fund ("NIF") can be terminated by NIF after notice of not less than 30 days. Our portfolio management services clients (including NIF) may also significantly decrease the value of their investment in our funds and may choose to divert their funds to other asset managers. Likewise, clients in our overseas funds can typically redeem their fund units on little or no notice. Our overseas funds have a very limited number of investors, and the loss of any such investors can lead to a substantial reduction in our overseas AUM.

We have been recently selected by Pension Fund Regulatory Development Authority ("PFRDA"), along with two other asset managers, to manage PFRDA's assets. We have been informed by PFRDA that they will initially provide us with 40% of the total corpus that they intend to invest in mutual funds. However, PFRDA may divert their funds to other selected asset managers or decide not to provide us with any additional funds in subsequent years. We have not yet received the detailed terms and conditions of appointment and guidelines from PFRDA. It is expected that the terms and conditions will permit PFRDA to terminate our mandate with a short notice period. In addition, each individual PFRDA pensioner will be able to divert his share of the assets to any of the other asset managers selected by PFRDA, even if PFRDA has selected us to manage that individual pensioner's pension. We cannot predict whether, and when, an individual pensioner may direct us to redeem their investment.

9. Fee pressure could reduce our income and profitability.

Investment management fees received from our clients constituted 93.2% of our total consolidated income for our most recent fiscal year. SEBI regulates the level of management fees that we can charge domestic mutual funds and prescribes limits on such fees depending on the nature of the fund. To date, the fees for all our equity and balanced/hybrid funds, except index funds and ETFs, have equaled the SEBI-prescribed levels. For funds up to Rs. 1,000 million, management fees charged by funds cannot exceed 1.25% of the weekly average net assets outstanding. If the fund exceeds Rs. 1,000 million, an additional 1.0% can be charged on the portion of the fund which exceeds Rs. 1,000 million. For funds launched on a no-load basis ("no-load" funds), an additional 1.0% can be charged. We do not currently have any no-load funds. For fund of funds (funds investing in other funds), up to 0.75% of the weekly average net assets can be charged. Under SEBI rules and regulations, the front-end and back-end loads are also capped so that the difference between the sale price and repurchase price of a fund unit can not exceed 7.0% of the net asset value of the fund.

The fees for our income and liquid funds usually have been considerably lower than the SEBI prescribed levels. From time to time, SEBI may review and revise its fee caps. For example, in October 2007, SEBI reduced the cap for recurring fees charged on index funds from 1.00% - 1.25% to 0.75%. As the mutual fund industry in India increases in size, there may be a greater likelihood that SEBI will lower its fee caps. SEBI issued new regulations in April 2007 prohibiting management fees from being charged on short-term deposits. As a result, our management fee income has been adversely affected, in particular for our balanced/hybrid and income funds.

We encounter fee pressure in our dealings with high net worth individuals, corporate entities and other institutional investors in respect of income and liquid funds. Asset management fees tend to be low for Government-sponsored business, such as the portfolio management services we were recently awarded for NIF and PFRDA. In addition, foreign clients who invest in our overseas funds and clients to whom we provide portfolio management services also exert pressure on us to reduce our fees. In order for us to maintain our fee structure in a competitive environment, we must be able to provide clients with superior investment returns and service that will encourage them to be willing to pay our fees. We may not be able to maintain our current fee structure. Fee reductions on existing or future business would have an adverse impact on our income and profitability.

10. We must reimburse our mutual funds for any excess initial issue or recurring expenses, which may reduce our profitability and cause us to decrease marketing and other efforts on behalf of the funds.

Each fund has to provide and account for any expenses incurred by that particular fund. SEBI has prescribed the maximum amount a fund can incur as initial issue or recurring expenses. Closed-ended funds cannot charge front ended loads. Closed-ended funds can charge up to 6.0% of the initial funds raised for initial issue expenses. Open-ended funds must pay initial issues expenses from the front-end loads.

On-going or recurring expenses (including management fees, as well as marketing and selling expenses (including any agents' commission), brokerage costs, registrar services, trustee fees and expenses, audit and custodian fees, and expenses for client communications, insurance and other client services) of up to 2.5% of average weekly net assets can be charged for equity and balanced/hybrid funds up to Rs. 1,000 million. Up to 2.25% can be charged for the next Rs. 3,000 million; 2.0% for the Rs. 3,000 million after that; and 1.75% for the balance of the assets. The respective expense limits for income and liquid funds are 0.25% lower than each of the respective expense limits for equity and balanced/hybrid funds. For index funds, the expense limit is 1.50% of average weekly net assets. The management fees paid by the funds are included in the computation of expenses for purposes of the limits described in this paragraph.

If the actual expenses incurred by any of our funds exceed the limits prescribed by SEBI, we must reimburse the funds for the excess expenses. This reduces our profits and may cause us to decrease marketing and other efforts on behalf of the funds, which could adversely affect our AUM and level of business. We reimbursed our funds in total Rs. 76.9 million, Rs. 245.5 million and Rs. 31.2 million for the Fiscal 2006 and 2007 and the six months ended September 30, 2007, respectively. For example, during the last fiscal year, we incurred significant marketing expenses in connection with the launch of the Gold Exchange Traded Fund, Capital Protection Oriented Scheme and Long Term Advantage Fund, which did not attract the level of AUM that we expected. Since the SEBI imposed expense limits are generally expressed as a percentage of AUM levels, we ended up incurring a portion of such expenses. We plan to launch several new funds over the next year, and may incur significant marketing costs in connection with the launch of such funds. It is particularly important to maintain low expenses for our income and liquid funds (in order to enhance their returns), and the internal expense limits we set for such funds are often well below SEBI prescribed limits.

We also carry out marketing activities for the promotion of the general UTI brand. Expenses for such activities are paid by UTI AMC and not reimbursed by the funds. For example, we made significant expenditures last fiscal year to promote our business by advertising on television. Our general marketing activities may not generate sufficient additional business to offset their costs and hence may adversely affect our profitability. Increased competition may mean that we will increase greater marketing, as well as distribution, costs on behalf of our funds in the future.

11. As we expand our business infrastructure with, among others, additional branches, improved systems and better compensated fund managers and other professionals, we may not be able to generate sufficient additional income to offset our higher incremental costs.

We are in the process of improving and expanding our infrastructure, which includes strengthening our information technology systems and opening a number of new branches in order to further improve and expand the reach of our distribution system. For example, we intend to increase the number of our UTI Financial Centres ("UFCs") nationwide from 79 to approximately 120 UFCs and also upgrade some of our existing UFCs. We are continuously looking to hire skilled investment and other professionals and provide competitive compensation so that we can retain and attract talented individuals. We have recently hired a number of new managers, including new senior and upper-level managers. In addition, we recently began paying our sales force bonuses on a quarterly basis based on their performance. We may not be able to manage our expanded operations and maintain our growth, and our income may not in the short term or in the long term increase in proportion to the increase in costs and expenses incurred as we expand and grow our business.

12. We depend on third-party distribution channels and other intermediaries, and problems with these distribution channels and intermediaries could adversely affect our business and financial performance.

Most of our AUM are attributable to clients who we access, directly or indirectly, through third-party intermediaries (for example independent financial advisors, banks, post offices and corporate distribution houses). Our ability to access clients is dependent on the distribution systems and client bases of these third-party intermediaries. Our ability to access clients through third-party intermediaries is subject to a number of risks, including:

- The arrangements we have with third-party intermediaries may generally be terminated for any reason (or no reason) on short notice.

- Generally, third-party intermediaries also offer similar products from our competitors to our existing and prospective clients and do not provide services for us on an exclusive basis.

- Third-party intermediaries may provide better service to our competitors and promote their products to prospective clients instead of ours because of a more attractive compensation arrangement, close relationships with our competitors or for other reasons.

- We may be liable for misrepresentations, inappropriate behavior, mistakes and negligent acts on the part of third-party intermediaries while marketing or providing services for our products.

We also depend on referrals from investment consultants, financial planners and other professional advisors, as well as from our existing clients. Maintaining good relations with these intermediaries is key to attracting and retaining clients. Loss of any of the distribution channels afforded by third-party intermediaries, and the inability to access clients through new distribution channels, could decrease our AUM and adversely affect our income and growth.

We rely on various third-party intermediaries to maintain good relations with our clients. Third-party intermediaries are often the link between us and the existing or prospective clients and therefore the manner in which the intermediaries conduct themselves, and market and service our products, may affect our reputation and business. Any misconduct, inappropriate behavior or negligent behavior on the part of any of our third-party intermediaries while marketing our products or while providing any after-sales services may adversely affect our reputation and brand name, which may lead to a decrease in our AUM and our income. We rely on third-party custodians for settling trades. Any failure by a custodian to execute trade in a timely and efficient manner may affect our reputation and business.

For our domestic funds, we currently rely on four registrar and transfer agents that record and register transactions carried out by our clients in respect of their investments in our funds on a daily basis. We are in the process of consolidating all our register and transfer services to Karvy Computershare Private Limited as our sole agent. We may face difficulties, interruption and delays during the consolidation which may affect our reputation and may lead to loss of clients. The consolidation of our registry and transfer processes with one agent will make us solely dependent on that agent. We may also incur unexpected and higher costs during the consolidation.

13. We may not be able to attract and retain senior investment professionals and other personnel, which may adversely affect our business.

Competition for employees with the necessary experience, reputation and relationships in our industry is intense and we may not be successful in recruiting and retaining the required personnel that perform critical functions in our company. In addition, our investment professionals and senior sales and client service personnel have direct contact with our clients and certain third party intermediaries, which can lead to strong relationships. Our standard terms and conditions of employment do not limit the ability of these personnel to solicit our clients after termination of their employment, and therefore the loss of these personnel could jeopardize our relationships with certain clients and third party intermediaries and result in the loss of client accounts. Moreover, we have recently put together an employee share ownership plan which may not be effective to recruit and retain the personnel we need. Loss of key employees may occur due to perceived limited opportunities for promotion, increased compensation or other reasons, some of which may be beyond our control. Our key employees may find our competitors more attractive to work for because of various reasons, including their greater financial resources, longer operating history, greater brand recognition and diversified operations. Our state ownership may be perceived negatively by the workforce, further disadvantaging us. The inability to recruit and retain qualified personnel could affect our ability to provide an acceptable level of service to our clients and our ability to retain clients and attract new clients, each of which could have a material adverse effect on our business.

We are highly dependent on our senior management team, as well as our fund and relationship managers and other employees, to manage our current operations and meet future business challenges. The loss of the services of any of these persons could lead to a loss of clients or relationships with third-party intermediaries and may adversely affect our business and our financial results.

14. Our Sponsors and their affiliates may compete with us as they manage and sell participations in similar types of funds and target similar types of clients and offer services that are related to our business, which may create conflicts of interest.

Each of our Sponsors, State Bank of India ("SBI"), Life Insurance Corporation of India ("LIC"), Punjab National Bank and Bank of Baroda, is a well-known Government controlled entity in India. Each of them operate, and control, asset management companies that target types of clients similar as ours. In particular, SBI Funds Management Private Limited ("SBI Funds"), a subsidiary of SBI (a Sponsor), is one of our major competitors. Two of our recent clients, PFRDA and NIF, have selected LIC and SBI as eligible pension fund providers along with us to provide them with investment management services. We therefore will compete with LIC and SBI to get a larger share of fund management from PFRDA and NIF. Bank of Baroda has recently announced a joint venture with Pioneer Investments (a global investment manager) in order to increase Bank of Baroda's presence in the mutual fund industry. Given that our Sponsors will continue to be shareholders after the Offer and will continue to hold the entire shareholding of the UTI Trustee (the trustee of the UTI Mutual Fund), we may have conflicts of interest with the Sponsors and these conflicts may harm our business. SEBI has issued guidelines designed to reduce the risk of conflicts of interest between us and our Sponsors. These guidelines may not be sufficient to avoid all conflicts of interest or there may be interpretative differences leading to conflicts of interest.

15. If our Sponsors' shareholding in our Equity Shares is further diluted and they no longer own at least 51% of our outstanding shares, our ability to gain and retain Government business may be adversely affected.

Our Sponsors are controlled by the Government of India, and this has helped us in procuring business from Government-controlled entities such as PFRDA and NIF, which handle large amounts of public funds. PFRDA has selected us and two other asset management firms for setting up and managing a pension fund for government employees under the new pension system. Similarly, we have been appointed as one of three asset managers for managing the funds of NIF (which will hold proceeds received from the sale of government's shareholding in various state-owned entities to private entities). Both PFRDA and NIF have appointed only Government-controlled fund advisors to provide them with advisory and management services. PFRDA specifically requires that its pension fund managers must be directly or indirectly controlled by the Government. It also requires that a fund advisor can only have up to 26% of its shares held by foreign investors. Similar restrictions exist for business opportunities with other PSUs. We may not be able to attract and retain such clients if our Sponsors cease to own at least 51% of our Equity Shares, because we will cease to be indirectly controlled by the Government, and therefore, may not be able to satisfy their eligibility criteria. The Government of India must approve any sales of additional Equity Shares by our Sponsors after this Offering. Likewise, if any of our Sponsors cease to be controlled by the Government of India, we may not satisfy the eligibility criteria. In addition, if a significant percentage of our shares are held by foreign investors, we may lose access to Government business. Moreover, the Government may decide to eliminate its ownership requirements for Government-related fund management, which could have an adverse impact on our business and income as there would likely be more competition for Government mandates.

16. Our business is highly dependent upon computer-based systems to process transactions, and failure or problems with those systems may disrupt our business and limit our growth.

Our business is highly dependent on our communications and information systems. We are also dependent on the communication and information systems of our key service providers, which includes various banks, custodians and the registrar and transfer agents. Any failure or interruption of such systems, whether caused by fire, other natural disaster, power or telecommunications failure, acts of terrorism, a security breach, or war or otherwise, could have a material adverse effect on our business. Operational risk arises from mistakes made in securities trading, the confirmation or settlement of transactions or from the improper recording of or accounting for transactions. We are highly dependent on our ability to process a large number of transactions on a daily basis, and rely on financial, accounting, trading, compliance and other data processing systems to do so. If any of these systems (or their back-up systems and procedures) do not function properly or are disabled, we could suffer financial loss, business disruption, liability to clients, regulatory intervention or damage to our reputation. We have on occasions failed to release updated daily net asset value of our funds within the time period prescribed by SEBI, which may have damaged our reputation, and we may again in the future fail to do so. In addition, if our systems are unable to accommodate an increasing volume of transactions, our ability to expand could be affected. We cannot be sure that a failure will not occur, or that back-up procedures and capabilities in the event of any such failure or interruption will be adequate.

17. Employee misconduct could harm us by impairing our ability to attract and retain clients and subject us to significant legal liability and reputational harm.

We run the risk of employee misconduct in our business. For example, misconduct by employees could involve the improper use or disclosure of confidential information, which could result in regulatory sanctions and serious reputational or financial harm. In connection with our portfolio management services business, we may typically have the discretion to trade client's assets on the clients' behalf and we must do so by acting in the best interest of the client. Our employees are subject to a number of obligations and standards, and the violation of those obligations or standards may adversely affect our clients and us. It is not always possible to deter employee misconduct, and the precautions we take to detect and prevent this activity may not be effective in all cases.

18. Labour unrest could harm us by impairing our ability to attract and retain clients and subject us to significant legal liability and reputational harm.

We run the risk of an industrial action by our non-managerial employees. India has stringent labor legislation that protects the interests of workers, including legislation that sets forth detailed procedures for the establishment of unions, dispute resolution and employee removal and legislation that imposes certain financial obligations on employers related to retrenchment.

Our non-managerial staff have formed a registered trade union for redressal of their grievances. We may not be able to change the terms and conditions of employment for our non-managerial employees, if the union objects to such change, which may adversely affect our business. In September 2003, we faced an industrial action by our non-managerial staff which ended after we entered into a memorandum of settlement with the labor union. The settlement memorandum expires in December 2008, and we may face further industrial action if we are not able to satisfactorily conclude a new agreement. Any labor trouble, including any form of industrial action by our employees, may damage our reputation and cause loss to our business. The terms of any new settlement memorandum may be disadvantageous for us and increase our labor costs.

19. We are involved in a number of legal proceedings that, if determined against us, could adversely impact our financial condition.

We are party to various legal proceedings that are pending at different levels of adjudication and before various courts, as follows:

Civil cases	There are two civil cases filed against the Company where the aggregate claimed amount from the Company and SUUTI is approximately Rs. 31,949,958 and two cases by the Company where the aggregate claim is

	approximately Rs. 14,131,394.61.
Criminal cases	There are twenty three criminal cases filed against the erstwhile Unit Trust of India (UTI). The complainants' grievances have been redressed, however being criminal cases; these cases are continuing and can be closed only on the order of the concerned court.
Debt Recovery cases	The Company is continuing to litigate 251 money recovery suits, out of which 166 cases are exclusively on behalf of SUUTI and 85 are either exclusively on behalf of the schemes of UTI Mutual Fund or jointly on behalf of the schemes of SUUTI.
Income Tax case	There is one Income Tax Department case against erstwhile UTI. As stated by the department in its petition, the loss to the exchequer would be more than Rs. 10,000 million. The Company has also disputed demands raised by the Income Tax authorities in three additional cases for the assessment year 2003-2004, 2004-2005 and 2005-2006 wherein the amount involved is Rs. 79,257,434, Rs. 385,927 and Rs. 47,602,848 respectively.
Service Tax case	A demand of Rs. 13,019,657 along with interest against the Company has been raised in respect of short paid service tax. The Company has requested the department to allow adjustment of excess service tax deposited with the department and the department had by its letter dated January 1, 2008 intimated that the Company should follow certain procedures and refrain from such adjustments of duty in future.
MRTP Commission	There is one case before MRTP Commission New Delhi filed against erstwhile Unit Trust of India (UTI) concerning one scheme of the Company
Human Resource cases	There are 35 cases involving employees and personnel of our Company where the aggregate claim is for approximately Rs. Rs. 1,655,152
Consumer cases in relation to registrar and transfer activities involving the Registrar and Transfer agents	There are 602 consumer cases out of which CAMS is litigating 40 cases wherein the total liability is Rs. 707,421.27, Datamatics Financial Services Limited is litigating 196 cases wherein the total liability is Rs. 1,731,380 and UTITSL is litigating 366 cases wherein the total liability is Rs. 10,859,406.30.

These matters may not be settled in our favor and further liability may arise from them. Any adverse orders that may be issued in any such ongoing or other potential litigation could impact our operations and financial results. Damages awarded under Indian law and by Indian courts may vary and tend to be unpredictable. Our insurance coverage and any available indemnities may be inadequate. If any current or future cases are not resolved in our favor, and if our insurance coverage and any applicable indemnity is insufficient to cover the damages awarded, we may be required to make substantial payments or to modify or restrict our operations, any of which could have an adverse impact on our business and financial results.

Any new developments, such as a change in Indian law or rulings against us by appellate courts or tribunals, may require that we make provisions in our financial accounts, which could increase our reported expenses and our liabilities. Any provisions we have made for litigation may not be sufficient and further substantial litigation may be brought against us in the future. Courts often take a long time to decide cases. Pending or future litigation may distract our management and increase our expenses. For further details on the above matters, see the section titled "Outstanding Litigation and Material Developments" on page 260 of this Draft Red Herring Prospectus.

20. We may not successfully complete the acquisition of our main office space in Mumbai and this may adversely affect our business and financial results.

The seven-story UTI Tower in Gn Block, Bandra Kurla Complex, Bandra (East), Mumbai is our primary office building. The leasehold interest over the plot of land on which the UTI Tower is built was purchased by Unit Trust of India from Mumbai Metropolitan Region Development Authority ("MMRDA") in 1993 for a term of 80 years. In February 2003, as part of the bifurcation of Unit Trust of India, the leasehold interest in the UTI Tower was transferred to SUUTI. In October 2006, SUUTI agreed to sell to us the first, fifth, sixth and seventh floors and the parts of the basement and ground floors we currently occupy in the UTI Tower. SUUTI (and some of its affiliates) and Bank of Baroda (a Sponsor) occupy the remainder of the UTI Tower. The transfer of legal title to our floors has not yet been finalized, as the consent of MMRDA, the freeholder of the underlying property, is pending. SUUTI has informed us that if MMRDA does not consent to the transfer, then we can continue to occupy the premises as SUUTI's sub-tenant, provided we agree the terms of the tenancy (including the rent payable). We have paid SUUTI the purchase price for the transfer. We may not be able to agree satisfactory sub-tenancy terms with SUUTI or find other adequate office premises. Alternatively, our occupancy costs may increase. Any such difficulties may interrupt our operations and adversely affect our financial results. In addition, we may acquire additional office space from SUUTI with a portion of the proceeds of the Private Placement.

21. Our Sponsors are controlled by the Government and will hold a majority of our Equity Shares after the Offer and can therefore determine the outcome of any shareholder voting, which may not be in our interest.

Each of our Sponsors is a well-known Government controlled entity in India. After the Offer, our Sponsors will continue to hold a majority of our Equity Shares. Any further dilution in the shareholding of our Sponsors will require prior approval from the Government. Our Sponsors will be in a position to determine the outcome of any shareholder voting, which may be guided by Government policy and may not be in our best interest. Moreover, after the Offer, our Sponsors will continue to own the entire shareholding of UTI Trustee (the trustee of UTI Mutual Fund), and therefore can significantly influence and control UTI Trustee to reach decisions which may not be in our best interest. In addition, SUUTI is controlled by the Government of India. These conflicts of interest may adversely affect our income, profit and business.

22. We may not complete our Private Placement, which would likely adversely affect our expansion, growth plans and financial results.

We may not be able to complete our Private Placement or may raise fewer proceeds that we expect, due to market conditions, investor sentiment or other factors. Our growth plans depend, at least in part, on utilizing net proceeds from the Private Placement to expand our distribution network, invest in new office premises, co-invest in new private equity funds, and pursue strategic joint ventures and acquisitions. If our Private Placement is not completed as we expect, these growth plans will likely be curtailed, which may adversely affect our business and financial results. Alternatively we may be forced to pursue other financings if our Private Placement is not successfully completed.

23. We will not receive any proceeds from this offer

This Offer is being made by the Selling Shareholders and there is no fresh issue by the Company. Accordingly, the funds raised by the sale of our Equity Shares in this Offer will not come to our Company. The primary objects of the Offer are to achieve the benefits of listing of our Equity Shares and carry out the divestment of Equity Shares by the Selling Shareholders. We will bear costs in relation to the listing fees for our Equity Shares, and we will not receive any proceeds from the sale of Equity Shares by the Selling Shareholders.

24. Reorganizing our business from a privately-held company to a publicly listed company will result in increased administrative and regulatory costs and burdens that are not reflected in our historical financial statements and may strain our resources.

UTI AMC was converted into public limited company on November 14, 2007. Reorganizing our business from a privately held company to a public limited company and then to a publicly listed company will result in increased administrative and regulatory costs and burdens that are not reflected in our historical financial statements. In addition, as we will be a publicly traded company, we will be implementing additional regulatory and administrative procedures and processes for the purpose of addressing the standards and requirements applicable to publicly listed companies, including SEBI and the relevant stock exchange rules and guidelines and related regulatory initiatives. These increased administrative and regulatory costs and burdens could adversely affect our results of operations.

25. We may engage in strategic transactions and other business combinations that could create risks and harm our business and financial results.

As part of our business strategy, we may from time to time pursue potential strategic transactions and other business opportunities, including acquisitions, dispositions, consolidations, joint ventures or similar transactions, some of which may be material. We may not find suitable candidates for such transactions at acceptable prices, have sufficient capital resources to accomplish our strategy, or be successful in entering into agreements for desired transactions. After completion, these transactions pose a number of additional risks and financial, managerial and operational challenges, including integration difficulties, contingent liabilities and disputes with counter-parties.

Business combinations may result in the loss of clients or employees or under-perform relative to expectations. We may also experience financial or other setbacks if business combinations encounter unanticipated problems, including problems related to execution or integration. Following the completion of an acquisition or joint venture, we may have to rely on the seller or joint venture partner to provide administrative and other support, including financial reporting and internal controls, to the acquired business or the joint venture. The seller or joint venture partner may not do so in a manner that is acceptable to us.

26. We may incur significant liability to National Investment Fund ("NIF") as we are obligated to reimburse NIF for any decline in value of the capital we invest on NIF's behalf.

Our portfolio services agreement with NIF requires that we reimburse NIF for any decline in value in the capital we invest on behalf of NIF. The agreement prohibits us from investing more than 10% of the funds in equity securities. The equity and debt investments we make for NIF may decline in value, and if NIF then redeems its funds, we will incur losses as we reimburse NIF. These losses could be significant depending upon our investment performance. We have received Rs. 3,689 million from NIF and expect to receive additional funds as the Government privatizes other businesses.

27. UTI International Limited, our wholly owned subsidiary, has incurred losses, which has affected our consolidated financial results.

We market our overseas funds through UTI International Limited ("UTI International"), a Guernsey company. UTI International has branches in London, Dubai, Bahrain and Singapore, and has two subsidiaries, UTI Investment Management Company Mauritius Limited and UTI International (Singapore) Private Limited. UTI International has incurred losses. Loss after tax for UTI International was £134,846 or Rs. 11.2 million, £472,600 or Rs. 37.3 million and £246,907 or Rs. 21.2 million for the Fiscals 2005, 2006 and 2007, respectively. UTI International's losses have had an adverse affect on our consolidated profits.

For details regarding the losses incurred by our UTI International, see the section "Financial Statements" on page 120 of this Draft Red Herring Prospectus.

Risks Related to our Industry

28. AUM and the future of the asset management industry is dependent on the performance of the Indian economy and securities market, and any slowdown, decline or volatility in the economy and markets may adversely affect our business and financial results.

AUM and the future of the Indian asset management industry is heavily dependent on how the Indian securities market and the Indian economy performs. The growth of the Indian mutual fund industry depends in part on whether the Indian economy continues to maintain a reasonable growth rate. According to the RBI Annual Report 2007, the GDP of India is estimated to have increased 9.4% during the last fiscal year. During the same period, according to AMFI, the AUM in the mutual fund industry in India grew from Rs. 2,307 billion to Rs. 3,248 billion. Any slowdown or a downturn in the Indian economy will adversely affect our business and financial results. The growth rate of India's GDP declined to 8.9% in the second quarter of fiscal year 2008. Economists are generally predicting a further decline in the GDP growth rate as the RBI tightens monetary policy to respond to the strengthening Rupee.

The mutual fund industry has also benefited immensely from unprecedented growth in the Indian equity securities market over the past four years (since April 2003), which has contributed to a strong performance by some of our equity funds. The BSE Sensex index (the "Sensex") increased a cumulative 284% in the last four fiscal years, and a further 32% in the first half of this fiscal year. The Indian securities market remains volatile, and any downturn or slowdown in the securities market and the Indian economy may affect our growth and business. For example, on December 17, 2007, the Sensex declined 769 points, or 3.8% compared to the previous trading day's closing price. In May 2006 and May 2004, the Sensex had single trading day losses of 6.8% and 11.1%, respectively. The recent high rate of growth cannot be expected to continue, and this may affect the level of our AUM and our financial results.

In October 2007, SEBI introduced certain changes in existing regulations governing participation in the Indian capital markets by foreign institutional investors ("FIIs") and sub-accounts and registration with the SEBI for this purpose. The new regulations restrict the issuance of offshore derivative instruments by FIIs and completely prohibit their issuance by sub-accounts of FIIs. Based on the notional value of participatory notes ("P-Notes") as compared to the assets under custody ("AUC") of FIIs as of September 30, 2007, certain quantitative restrictions have been set for the issuance of P-Notes. These changes may decrease the level of foreign investment in mutual funds in India, at least in the short to medium term, as FIIs may need to adjust their portfolios in order to comply with the quantitative restrictions that have been set for the issuance of P-Notes. Other regulatory developments, such as RBI's pending rule to further restrict the amount of credit banks may extend against the value of a borrower's holdings in equity mutual funds and SEBI's proposal to prohibit load charges on sales of mutual funds over the Internet, may similarly affect the performance of the Indian securities markets.

29. The mutual fund business in India may be adversely affected by changes in the present favourable tax regime.

Under the Indian income tax regime, dividend income received by domestic investors in respect of units held in an "equity-oriented mutual fund" is exempt from income tax. (An "equity-oriented mutual fund" is a fund which invests more than 65% of its total corpus in Equity Shares of domestic companies.) In addition, no tax is deductible at source if an equity-oriented fund makes a distribution to its investors. Any gains made by investors in India upon redeeming their investment in an equity-oriented fund are exempt from capital gains tax, provided the investment is made for a period of more than 12 months. In relation to funds other than equity-oriented funds, dividend income received by domestic investors is exempt from income tax. Distributions made to such fund investors are taxed at source which can be between 12.5% to 25% plus surcharge and cess (the maximum rate of 25% is less than the maximum income tax rate of 30% applying to non-mutual fund investors). Any long term gains realized by domestic investors upon redeeming their investments (which were held for more than 12 months) in funds other than equity-oriented funds are taxable at 10% or 20% (depending on whether the investor takes into account the indexation benefit when calculating the taxable gain). Investors in equity-oriented funds have to pay securities transaction tax ("STT") at the rate of 0.25% on the sale of units back to the mutual fund. Any change in the present tax regime may adversely affect our business as it may drive investors away from investing in mutual funds and towards other more tax-efficient saving instruments.

30. The asset management industry relies heavily on the availability of appropriate investment opportunities, and the lack of such opportunities could hamper our investment performance and growth.

An important component of investment performance is the availability of appropriate investment opportunities for new and existing funds. If we are not able to identify favorable investment opportunities for assets in a timely manner, our investment performance could be adversely affected. Alternatively, if we do not have sufficient investment opportunities for our new funds, we may elect to limit the growth of the fund by reducing the rate at which it receives new investments from clients. Depending on, among other factors, prevailing market conditions, the asset manager's investment style, regulatory and other limits and the market sectors and types of opportunities in which the asset manager typically invests (such as less capitalized companies and other more thinly traded securities in which relatively smaller investments are typically made), the risks of not having sufficient investment opportunities may increase when an asset manager increases its AUM, particularly when the increase occurs very quickly. A number of our funds, including the Infrastructure Fund and the Liquid Cash Plan, have had relatively large increases in their AUM in recent years. If our asset managers are not able to identify sufficient investment opportunities for these funds or any other fund, our investment performance and our ability to continue to grow may be reduced and we may have to change the investment objectives of the affected funds. For example, in June and July 2007, we ceased actively marketing our Liquid Cash Plan fund to new clients, as liquidity in the financial markets significantly increased, resulting in an insufficient number of investment opportunities.

Our funds may face similar problems in the future. Most of the AUM for UTI International are invested in debt funds. The Government of India is forecasting reduced borrowings in the future and also is seeking to reduce the level of foreign investors in its debt securities. As a result, UTI International may have fewer attractive investment opportunities and its AUM may decline.

31. Many of our competitors, including the two largest mutual funds by AUM, are part of diversified financial institutions that offer clients a wide range of services, which places us at a relative disadvantage and may adversely affect our market share and growth plans.

Many of our competitors offer a wide range of financial services to their clients, which places us at a relative disadvantage. These diverse services may be offered directly or through affiliates and include insurance products, credit card facilities and money transfer, money-changing and other retail banking facilities, and can take advantage of extensive in-house distribution networks. Our competitors may receive client referrals from their affiliates and other departments that provide other financial services. They may also be seen by our clients as a "one-stop shop" for all their financial services needs and may choose to give their business to our competitors for the sake of convenience. This puts us at a disadvantage and may adversely affect our market share and growth plans.

32. The asset management industry is intensely competitive, and increased competition has affected and in the future can further adversely affect our market share.

The asset management industry is intensely competitive, with competition based on a variety of factors, including investment performance, the quality of service provided to clients, the level of fees and commissions charged for services, brand recognition and business reputation, the range of products offered, the level of expenses paid to financial intermediaries related to administration and distribution and financial strength.

We compete not only with other mutual fund providers and other asset managers but also with a large number of commercial banks, investment banks, broker-dealers, insurance companies and other financial institutions. For example, insurance products, such as unit-linked insurance plans (ULIP), vigorously compete with equity mutual funds, as some of these products may have higher returns, while also providing insurance coverage. Some of the insurance companies have more extensive distribution network than we do, and aggressively market their products. Other competitors offer their products through retail banking networks in major metropolitan areas, the typical source of financial products for many Indians. Recently, large global foreign banks have begun setting up mutual funds and other businesses in India. Given their global brand recognition, experience and financial resources, we expect their products to pose stiff competition. In connection with our overseas fund business, we compete with a number of other mutual fund providers, in particular with larger and more well-established international asset managers.

A variety of factors increase our competitive risks:

- A number of our competitors have greater financial and other resources, offer more comprehensive lines of products and services, and have more extensive distribution networks, than we do.

- The recent trend toward consolidation within the asset management industry, and the securities business in general, has served to increase the size and strength of a number of our competitors.

- There are relatively few barriers to entry by new asset management firms, including a relatively low cost of entering the asset management industry, and the successful efforts of recent entrants into our various lines of business, including major banks, insurance companies and other financial institutions, have resulted in increased competition.

- Other industry participants seek to recruit our employees.

- Our competitors are seeking to expand market share in the products and services we offer or intend to offer in the future.

These competitive pressures could reduce our market share, income and profit and have a material adverse effect on our business.

33. The asset management business is subject to substantial liquidity and seasonality risks, which could materially adversely affect our business and financial condition and cause significant harm to our reputation and business.

Clients of our open-ended funds may typically redeem their investments at any time for any reason or no reason. Clients to whom we provide portfolio management services may instruct us to redeem their investments at any time for any reason or no reason. If a large number of such clients decide to redeem their investments within a short period of time, we may be faced with severe liquidity risk. The Indian securities market is volatile and a sudden drop in the index of the Indian securities market can trigger a large number of redemptions from our clients which we may not be able to satisfy in a timely and efficient manner. While we seek to maintain a reasonably liquid investment portfolio and also have a line of credit against short-term deposits, there is no guarantee that we will in future have sufficient liquidity in place to meet and satisfy redemption demands made by our clients in a timely and sufficient manner. Failure to meet redemption demands promptly could materially adversely affect our business and financial condition and cause significant harm to our reputation.

The liquidity risk faced by the asset management business increases at the end of each fiscal quarter (i.e., at the end of June, September, December and March). At these times in particular, corporate clients tend to redeem units in liquid and income funds to fund tax payments coinciding with such dates. In addition, at or near the end of each March and September, banks typically make redemptions to help address funding and other regulatory requirements. Furthermore, expenses of asset managers may increase at the end of each half fiscal year, to the extent they reimburse their fund on a semi-annual basis for expenses exceeding the relevant limits.

34. The asset management industry is regulated and non-compliance with or change in any existing regulations may adversely affect our business.

As a mutual fund provider we are regulated by SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996. SEBI also issues guidelines from time to time. In addition, SEBI has issued separate regulations governing portfolio managers and venture capital and private equity funds. If we fail to comply with any regulations or guidelines, we may be subject to fines, sanctions and court proceedings. Compliance or other costs may rise due to changes in regulations, which may reduce our profit or put us at a competitive disadvantage. For example, the structuring of our overseas funds is complicated and may be determined to be not fully compliant with the applicable regulations. In addition, changes in the relevant regulations may require us to restructure our overseas business, which could entail substantial costs. Any change in the regulations restricting foreign direct investment may lead to a loss of foreign institutional investors which may adversely affect our growth and profits.

New "know your customer" and anti-money laundering regulations are expected to take effect on or about January 15, 2008. We may have difficulty complying with the new regulations and will have to incur additional costs to comply with the regulations. The specific impact of the new regulations on our businesses is difficult to predict. SEBI also has stringent regulations regarding fund accounting, including what type of expenses may be allocated to funds and what expenses must be borne by asset managers. We may have difficulty determining the appropriate allocation of expenses, which could lead to regulatory problems and harm our reputation and business.

SEBI has the power to inspect our books from time to time and ensure that we are in compliance with SEBI regulations. The last SEBI inspection of our books was for the period between July 2003 and June 2005. Failure to comply with regulations may adversely affect our relationship with SEBI and may lead to regulatory actions which includes fines or sanctions imposed by SEBI and in some circumstances could lead to revocation of our license to function as an asset management services company.

35. The asset management business is subject to litigation risks, which could materially adversely affect our business and financial condition and cause significant reputational harm to us.

As an asset manager, we have a fiduciary duty to our clients. If our clients suffer significant losses, or are otherwise dissatisfied with our services, we could be subject to legal liabilities and actions alleging negligent misconduct, breach of fiduciary duty and breach of contract. These risks are often difficult to assess or quantify and their existence and magnitude often remain unknown for substantial periods of time. We may incur significant legal expenses in defending against litigation. Substantial legal liability or significant regulatory action against us may materially adversely affect our business, financial condition or results of operations or cause significant reputational harm to us.

36. Adequate insurance coverage for our current or future litigation, including claims against us outside of India, is generally not available, and adverse orders, judgments or other resolutions in such cases may adversely affect our financial condition and results of operations.

We face the risk of liability related to litigation from clients, third party vendors, service providers and others and actions taken by regulatory agencies. To help protect against these potential liabilities, we purchase insurance in amounts, and against risks, that we consider appropriate. However, our current or future litigation, including claims against us outside of India, may not be covered by insurance or, even if covered, may exceed the limits of available insurance coverage, the insurers may not remain solvent or meet their obligations to provide us with coverage and the insurance coverage may not continue to be available with sufficient limits at a reasonable cost. Over the last several years, the cost of obtaining insurance has increased significantly and we expect further significant increases. In addition, insurance coverage may not be available or may only be available at prohibitive costs. Renewals of insurance may expose us to additional costs through higher premiums or the assumption of higher deductibles or co-insurance liability.

37. Increases in interest rates, or concern about potential future increases, could have an adverse effect on our fixed income business, liquidity and AUM.

As of September 30, 2007, approximately 55.7% of our AUM were fixed income assets. Increases in interest rates from their present levels may adversely affect the net asset values of the income assets. According to Reuters, Reserve Bank of India's 10 Year Government Securities yield rose from 5.1% to 8% between April 1, 2004 to November 30, 2007. In a rising interest rate environment investors may shift their assets to liquid funds to realize higher yields. Liquid funds tend to be less profitable than other funds. Retail investors may shift their investments to bank deposits. Furthermore, increases in interest rates will contribute to lower prices for the fixed income securities in our portfolio and may result in a downturn in the equity markets. Any of these effects may lower our AUM and income and, if our income declines without a commensurate reduction in our expenses, our profit will be reduced.

38. The asset management industry benefits significantly from the high rate of financial savings in India, and any decline in the rate of savings may adversely affect our business.

According to the RBI Annual Report, 2007, India's gross savings rate, as percentage to GDP, rose from 29.7% for fiscal year 2004 to 32.4% for fiscal year 2006. The rate of household financial savings, as a percentage of GDP, rose from 11.3% for fiscal year 2004 to 11.7% for fiscal year 2006. During the same period, AUM in the Indian mutual fund industry grew by 71.8% (according to AMFI). The mutual fund industry benefits immensely from the high rate of savings, in particular financial savings, in India. The increase in consumer options and available credit in India has resulted in an increase in consumer spending, which may lead to a decrease in the savings rate. Any decline in the rate of savings may adversely affect our growth and business.

According to the RBI Annual Report 2007, 55.6% of India's household financial savings was in the form of bank deposits in fiscal year 2007. Any damage caused to the reputation of the mutual fund industry or to the reputation of any of our major competitors may dissuade clients from investing in mutual funds and cause clients to invest their savings as deposits in banks owned directly or indirectly by the Government of India or in gold or real estate, all of which have traditionally been seen by Indian households as safe forms of investment. Such an occurrence may adversely affect our business and growth.

39. The recent economic slowdown and the decline in equity markets in the United States and elsewhere may materially adversely affect our industry.

The economic slowdown in the United States, which started with the subprime crisis in the summer of 2007, and has triggered liquidity problems and downturns in the European markets, may adversely affect our industry by triggering a similar recession or slowdown in the Indian and other Asian economies and markets. A liquidity shortage in the United States and Europe may drastically reduce the amount of foreign direct investments made in India and inflows to the Indian securities market from such countries, which in turn may affect the growth of the Indian securities market and have a knock-on effect on our growth and business.

Risks Related to Our Equity Shares and the Trading Market

40. There is no existing market for the Equity Shares, and our share price may fluctuate after the Offer and, as a result, you may lose a significant part or all of your investment.

Prior to this offering, there has been no public trading market for the Equity Shares. It is possible that, after this offering, an active trading market will not develop or continue. If an active trading market does not develop, you may have difficulty selling any of the Equity Shares that you buy. The initial public offering price per Equity Share will be determined by agreement between us in consultation with the Selling Shareholders and the BRLMs, through the Book Building Process and may not be indicative of the price at which the Equity Shares will trade in the public market after this offering. Consequently, you may not be able to sell the Equity Shares at prices equal to or greater than the price you paid in this offering. This offering will be the first international public offering of Equity Shares by a mutual fund provider in India, which may make determining the price for the Equity Shares more difficult.

41. Volatile conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.

The Indian securities markets have experienced significant volatility from time to time. The regulation and monitoring of the Indian securities market and the activities of investors, brokers and other participants differ, in some cases significantly, from those in the United States and some European countries. Indian stock exchanges have experienced problems, including temporary closures, broker defaults, settlement delays and strikes by brokerage firm employees, which, if those or similar problems were to continue or recur, could adversely affect the market price and liquidity of the securities of Indian companies, including the Equity Shares.

42. You will not be able to sell immediately on an Indian stock exchange any of the Equity Shares you purchase in the Offer.

Under SEBI Guidelines, we are permitted to allot Equity Shares within 15 days of the closure of a public issue. You can begin trading in the Equity Shares only after they have been credited to your dematerialized account and after final listing and trading permissions have been received from the Stock Exchanges. Final trading permissions may not be received from the Stock Exchanges, the Equity Shares allocated to you may not be credited to your dematerialized account and trading in the Equity Shares may not commence within the time periods specified above.

43. Your holdings may be diluted by additional issuances of Equity Shares, and sales of Equity Shares by our Sponsors may adversely affect the market price of our Equity Shares.

Any future issuance of our Equity Shares by us, including pursuant to the exercise of share options under any scheme in the future, may dilute the positions of investors in our Equity Shares, which could adversely affect the market price of our Equity Shares. We may decide to issue Equity Shares in the future in order to help fund acquisitions and other expansion plans, as well as improvements to our existing infrastructure and other business activities. Any such future issuance of Equity Shares, or the possibility of such issuances, could negatively impact the market price of our Equity Shares. Additional Equity Shares may be issued at prices below the then-current market price. We may also issue convertible debt securities to finance future acquisitions or fund other business activities.

Sales of Equity Shares by our Sponsors, or the possibility of such sales, may adversely affect the market price of our Equity Shares. The Equity Shares held by our Sponsors and not sold in this Offering will be subject to a one-year selling restriction. The Equity Shares that are allotted in the Private Placement will be subject to a one-year selling restriction.

44. We have not entered into definitive agreements to utilize any of the net proceeds of the Private Placement and our expansion plans have not been appraised.

We intend to use the net proceeds of the Private Placement to expand our distribution network, enhance our existing technological infrastructure, make strategic acquisitions and investments in new joint ventures and co-investments in funds we may raise, as well as for general corporate purposes. For further information, see the section titled "Objects of the Offer" beginning on page 27 of this Draft Red Herring Prospectus. We will not receive any proceeds from the Offer for Sale.

We have not entered into definitive agreements to utilize any of the net proceeds of the Private Placement and we may not be able to conclude definitive agreements for such investments on terms favorable to us or at all. Our expenditure plans are based on management estimates and have not been appraised by any bank or financial institution or any other independent organization. Accordingly, our directors and management will have significant flexibility in applying the proceeds received by us from the Private Placement, including the potential use of the proceeds to fund future acquisitions. In addition, our expenditure plans are subject to a number of variables, including possible cost overruns and changes in our management's views of the desirability of our current plans. Any unanticipated increase in the cost of any of our expansion plans could adversely affect our estimates of the cost of such expansion.

45. You may be subject to Indian taxes arising out of capital gains on sale of the Equity Shares, which will adversely affect any gains made upon sale of Equity Shares.

Capital gains arising from the sale of our Equity Shares are generally taxable in India. Any gain realized on the sale of our Equity Shares will not be subject to capital gains tax in India, provided the Equity Shares being sold were held for more than 12 months prior to being sold and that the seller of those shares paid the securities transaction tax ("STT"). STT will be levied and collected by the Indian Stock Exchange on which our Equity Shares are sold.

Capital gains arising from the sale of our Equity Shares will be exempt from taxation in India provided the relevant treaty between India and the country where the seller resides provides for an exemption from any capital gains tax. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for capital gains tax in India as well as in their own jurisdictions on any gains realized upon the sale of the Equity Shares. For more information, see "Statement of Tax Benefits" on page 31 of this Draft Red Herring Prospectus.

46. We intend to pay regular dividends to our shareholders, but our ability to do so is subject to the discretion of our board of directors and applicable provisions of Indian law, which may limit the amount of funds available for distribution.

After this offering, we intend to pay cash dividends on a regular basis. Our board of directors may, in its discretion, decrease the level of dividends or discontinue the payment of dividends entirely. Our ability to make dividend payments will be subject to our operating results, cash requirements and financial condition, the applicable laws of India (which may limit the amount of funds available for distribution), our ability to access the cash flow of our subsidiaries and our agreements with third parties. If, as a consequence of these various limitations and restrictions, we are unable to generate sufficient distributions from our business, we may not be able to make, or may have to reduce or eliminate, the payment of dividends on our Equity Shares.

47. Changes in the laws regulating the securities market, including the issuance of P-Notes, may have an impact on the price of the Equity Shares.

In October 2007, SEBI proposed and subsequently introduced certain changes in existing regulations governing participation in the Indian capital markets by FIIs and sub-accounts and registration with the SEBI for this purpose. The new regulations modify conditions pertaining to "broad-based" and "track record" criteria for certain applicants. Further, the issuance of offshore derivative instruments by FIIs has been restricted and such issuance by sub-accounts of FIIs has been prohibited. Based on the notional value of participatory notes ("P-Notes") as compared to the assets under custody ("AUC") of FIIs as of September 30, 2007, certain quantitative restrictions have been set for the issuance of P-Notes. For FIIs for which the notional value of outstanding P-Notes as of such date exceeded 40% of their AUC, such FIIs may issue P-Notes only against cancellation of existing P-Notes. For FIIs for which such ratio was less than 40%, the

FIIs may issue new P-Notes of up to 5% per annum of their AUC until such ratio reaches 40%. The new regulations may decrease the level of foreign investment in the Indian securities markets and the liquidity of such markets, which may adversely affect the price and trading of the Equity Shares. The regulations are subject to change and interpretation, and their full impact may not be understood until later.

Risks Related to Investing in Indian Companies

48. Currency exchange rate fluctuations may affect the value of the Equity Shares.

Between April 2006 to November 2007, the US Dollar consistently depreciated against the Indian Rupee, resulting in the Indian Rupee appreciating approximately 12.3% against the US Dollar. It is possible that in the future this trend will be reversed and the Indian Rupee will depreciate against the US Dollar. Currency fluctuations will affect the value of the Equity Shares.

49. We may be adversely affected by changes in Government policy.

Our assets and customers are predominantly located in India. The Government of India has traditionally exercised and continues to exercise a dominant influence over many aspects of the economy. Its economic policies have had and could continue to have a significant effect on us, and on market conditions and prices of Indian securities, including our Equity Shares. Any significant change in the Government's policies or any political instability in India could adversely affect business and economic conditions in India and could also adversely affect our business, our future financial performance and the price of our Equity Shares.

50. It may not be possible to enforce any judgment obtained in the United States against us or any of our affiliates in India, except by way of suit in India on such judgment, which will adversely affect US investors by increasing the cost of litigation and delaying the enforcement of judgments.

We are organized under the laws of India. All our directors and senior executive officers reside in India (other than those executives who work in our overseas offices) and most of our assets, and the assets of our directors and officers, are located in India. As a result, you may be unable to:

- effect service of process within the United States upon us and these other persons or entities; and
- enforce in the US courts judgments obtained in the US courts against us and these other persons or entities, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States.

The United States and India do not currently have a treaty providing for reciprocal recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in the United States for civil liability, whether or not predicated solely upon the general securities laws of the United States, would not be enforceable in India. However, the party in whose favor such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in the United States within three years of obtaining such final judgment. If and to the extent that Indian courts were of the opinion that fairness and good faith so required, they would, under current practice, give binding effect to the final judgment which had been rendered in the United States, unless such a judgment contravened principles of public policy of India. It is unlikely that an Indian court would award damages on the same basis as a foreign court if an action is brought in India. Moreover, it is unlikely that an Indian court would award damages to the extent awarded in a final judgment rendered in the United States if it believed that the amount of damages awarded were excessive or inconsistent with Indian practice. In addition, any person seeking to enforce a foreign judgment in India is required to obtain prior approval of the RBI to execute such a judgment or to repatriate any amount recovered.

51. Our business could be adversely impacted by economic, political and social developments in India and in the regional markets where we operate.

Our performance and growth are dependent on the state of the Indian economy and the economies of the regional markets we currently serve. These economies could be adversely affected by various factors, such as political and regulatory action, including adverse changes in liberalization policies, social disturbances, religious or communal tensions, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any slowdown in these economies could adversely impact our business and financial performance and the price of our Equity Shares.

52. If financial instability occurs in certain countries, particularly emerging market countries in Asia and other countries, our business and the price of our Equity Shares may be adversely affected.

Indian markets and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia and certain other countries. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and may harm our business, our future financial performance and the price of our Equity Shares.

Notes to Risk Factors

- Public Offer of 48,500,000 Equity Shares of the Company through an offer for sale by the Selling Shareholders for cash at a price of Rs. [•] per Equity Share (including a share premium of Rs. [•] per Equity Share) aggregating to Rs. [•]. The Offer also comprises a reservation of not less than 485,000 Equity Shares for subscription by Eligible Employees and the offer to the public of 48,015,000 Equity Shares The Net Offer will constitute 48,015,000 Equity Shares and [•]% of the fully diluted post offer paid-up capital of the Company.

- The net asset value per Equity Share was Rs. 43.0 as at September 30, 2007 and Rs. 36.8 as at March 31, 2007, as per the restated consolidated financial statements of the Company prepared in accordance with Indian GAAP, and restated in accordance with SEBI Guidelines.

- The net worth of the Company was Rs. 5,371.70 million as at September 30, 2007 and Rs. 4,603.40 million as at March 31, 2007, as per the restated consolidated financial statements of the Company prepared in accordance with Indian GAAP, and restated in accordance with SEBI Guidelines. For more information, see the section titled "Financial Statements" on page 120 of this Draft Red Herring Prospectus.

- For information on related party transactions, see the section titled "Related Party Transactions" beginning on page 111 of this Draft Red Herring Prospectus.

- For information on the interests of Directors and Key Managerial Personnel, other than reimbursement of expenses incurred or normal remuneration or benefits, and to the extent of the Equity Shares held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as directors, member, partners or trustees and to the extent of the benefits arising out of such shareholding. See the section titled "Our Management" beginning on page 101 of this Draft Red Herring Prospectus.

- Except as disclosed in "Capital Structure" on page 21, we have not issued any shares for consideration other than cash.

- The Sponsors hold 100% of the paid-up Equity Share capital of the Company.

- The Company has not made any loans and advances to any person(s)/ company in which the Directors are interested, except as disclosed in the section titled "Related Party Transactions" and "Financial Statements" beginning on pages 111 and 120 of the Draft Red Herring Prospectus.

- Under-subscription, if any, in the Non-Institutional Portion and Retail Individual Portion would be met with spillover from other categories at the sole discretion of the Company in consultation with the BRLMs.

- UTI Asset Management Company Private Limited was incorporated under the Companies Act, 1956 on November 14, 2002 and its registration number is 137867.

- Investors may note that in the event of over-subscription of the Offer, allotment to Qualified Institutional Buyers, Non-Institutional Bidders and Retail Bidders shall be made on a proportionate basis. For more information, see "Offer Procedure – Basis of Allotment" on page 305 of this Draft Red Herring Prospectus.

- Trading in Equity Shares of our Company for all investors shall be in dematerialized form only.

- Any clarification or information relating to the issue shall be made available by the BRLMs and our Company to the investors at large and no selective or additional information would be available for a section of investors in any manner whatsoever. Investors may contact the BRLMs and the Syndicate Members for any complaints pertaining to the Offer.

- Investors may contact the BRLMs and the Syndicate Members for any complaints pertaining to the Offer.

- Investors are advised to see the section titled "Basis for Offer Price" beginning on page 28 of this Draft Red Herring Prospectus.

- Investors are advised to see "Risk Factors - [14] Our Sponsors and their affiliates may compete with us as they manage and sell participations in similar types of funds and target similar types of clients and offer services that are related to our business, which may create conflicts of interest".

SECTION III: INTRODUCTION

SUMMARY OF OUR BUSINESS, STRENGTHS AND STRATEGY

Overview

We are a leading provider of asset management services in India catering to a diverse group of individual and institutional investors through a wide variety of equity and debt funds. We manage domestic mutual funds, as well as provide portfolio management services and manage overseas, venture capital and private equity funds. Our total assets under management ("AUM") equalled Rs. 495,418 million, as of September 30, 2007. Based on AUM in our domestic mutual funds as of December 31, 2007, we are the second largest mutual fund provider in India, according to AMFI. We believe we have the largest client base among mutual fund providers in India, with approximately 8.1 million client accounts. We have a high concentration of equity and balanced/hybrid funds, and had the second highest market share for equity funds (10.0%) and the highest market share for balanced/hybrid funds (41.9%) in India, as of November 30, 2007. Our income and liquid funds on a combined basis had the fourth highest market share (7.1%), according to Value Research.

We and our predecessor (Unit Trust of India) have been active in the asset management industry in India for more than 40 years, after having established the first mutual fund in India. We have a national footprint with representatives in 455 of India's 604 districts, with an extensive network of UTI Financial Centres, independent financial advisors, banks and other distributors, as well as offices overseas. We believe our history and track record in the mutual fund industry, strong brand recognition, distribution reach and client relationships provide a dynamic platform for future growth. Our investment philosophy is to deliver consistent and stable returns in the medium to long term with low volatility compared to market benchmarks. Our four sponsors are the State Bank of India, Life Insurance Corporation of India, Punjab National Bank and Bank of Baroda (which are all controlled by the Government of India). We are a professionally managed company led by our Board of Directors and a management team consisting of experienced professionals from the industry.

We currently manage 76 domestic equity, balanced/hybrid, income and liquid mutual funds. Our domestic funds had AUM of Rs. 450,026 million, as of September 30, 2007, constituting approximately 9.4% of the total AUM invested in mutual funds in India and making us the third largest fund provider, according to AMFI. Set forth below is the breakdown of our domestic AUM (in absolute amounts and as a percentage of total domestic AUM) by category of mutual funds:

(Rs. in millions, except percentages)	**As of September 30,**		**As of March 31,**					
Category of Fund	**2007**		**2007**		**2006**		**2005**	
Equity Funds	174,725	38.8%	134,953	38.0%	134,671	45.6%	70,764	34.3%
Balanced/Hybrid Funds	95,060	21.1%	87,625	24.7%	91,649	31.0%	80,133	38.8%
Income Funds	104,228	23.2%	70,096	19.8%	24,431	8.3%	18,725	9.1%
Liquid Funds	76,013	16.9%	61,954	17.5%	44,609	15.1%	36,947	17.8%
Total Domestic AUM	**450,026**	**100.0%**	**354,628**	**100.0%**	**295,360**	**100.0%**	**206,569**	**100.0%**

Our AUM for domestic mutual funds increased from Rs. 138,967 million as of January 31, 2003, to Rs. 450,026 million as of September 30, 2007, representing a compound annual growth rate ("CAGR") of 28.6%. The industry AUM increased from Rs. 794,640 million as of March 31, 2003, to Rs. 4,769,206 million as of September 30, 2007, representing a CAGR of 48.9%.

We also provide portfolio management services ("PMS") to approximately 320 clients. We have been recently selected as one of three asset managers to provide portfolio management services to the National Investment Fund ("NIF"). In addition, we have been selected by the Pension Fund Regulatory Development Authority ("PFRDA") as one of three asset managers to manage funds under a new pension scheme of the Government of India. We manage offshore and foreign institutional investor ("FII") funds (including a co-branded fund with Shinsei Bank of Japan), as well as venture capital and private equity funds. As of September 30, 2007, our portfolio management, overseas, venture capital and private equity funds had total AUM of Rs. 45,392 million. We also provide support services to the Specified Undertaking of the Unit Trust of India ("SUUTI"). Set forth below is the breakdown of our other AUM (in absolute amounts and as a percentage of total other AUM) by category of funds (other than SUUTI):

(Rs. in millions, except percentages)	**As of September 30,**		**As of March 31,**					
Category of Fund	**2007**		**2007**		**2006**		**2005**	
Portfolio Management Services	21,609	47.6%	14,610	38.0%	1,254	11.2%	138	2.7%
Overseas Funds	17,841	39.3%	18,406	48.0%	7,594	67.7%	4,104	81.0%
Private Equity and Venture Capital Funds (on cost basis)	5,942	13.1%	5,392	14.1%	2,371	21.1%	826	16.3%
Total Other AUM	**45,392**	**100.0%**	**38,408**	**100%**	**11,219**	**100.0%**	**5,068**	**100.0%**

Our investment strategy is to have a balanced and well-diversified portfolio for our funds, with equal emphasis given to asset allocation and sectoral allocation as given to security selection. We have an in-house research based approach for our investments and we follow process-based investment management practices. Our fund investment team includes 14 professionals with an average of over 12 years of investment management experience. Our research team includes nine analysts and covers approximately 300 companies. We believe that our professional management and disciplined investment approach contribute to efficient management of our funds. We have a rigorous internal control structure with emphasis on risk management, internal audit systems and regulatory compliance.

We offer our products through a diverse range of distribution channels, including a network of ten regional offices, 79 UTI Financial Centres ("UFCs") and two satellite offices, as well as overseas offices in London, Dubai, Bahrain and Singapore. For distribution, we utilize third-party agents, including approximately 31,000 independent financial advisors, as well as private and public sector banks, post offices, and corporate distribution houses. Our clients include individual retail investors, banks, corporate and other institutional investors, public sector undertakings, and overseas investors. Domestic individual investors represented 51.2% of our total domestic AUM, while corporate and other business entities represented 27.1% and banks and other financial institutions represented 11.1% of domestic AUM, as of November 30, 2007. Trusts, foundations and non-resident Indians represented the remainder of our domestic AUM.

Our consolidated total income for the Fiscals 2007, 2006 and 2005, equalled Rs. 4,096 million, Rs. 3,920.9 million and Rs. 3,285.4 million, respectively, representing a CAGR of 11.7%. Our consolidated profit after tax for the same periods equalled Rs. 1,552.3 million, Rs. 1,357 million and Rs. 1,034.4 million, respectively, representing a CAGR of 22.5%. For the six months ended September 30, 2007, our consolidated total income and profit after tax equalled Rs. 2,035 million and Rs. 727 million, respectively.

Our Strengths

We believe we benefit from the following key strengths:

Well-positioned to capitalize on favourable macro-economic conditions and industry dynamics. The Indian mutual fund industry is expected to continue to grow due to favourable macro-economic conditions and industry dynamics, such as GDP growth and a high savings rate. According to the RBI Annual Report 2007, the GDP of India averaged approximately 8.6% for the last three fiscal years and 9.1% for the first half of this fiscal year. India has a high rate of financial savings as a percentage of GDP, with a savings rate averaging 31.3% for the last three fiscal years. However, mutual funds continue to constitute a small portion of overall savings in India. The RBI Annual Report 2007 indicates that 4.8% of household savings consisted of savings in mutual funds for fiscal year 2007. We believe our large size and diverse client base, coupled with our strong portfolio of equity and other funds, extensive distribution network and widely recognized brand, position us to capitalize on future growth in the mutual fund industry.

Large focused asset manager with diverse fund offerings, experienced fund managers and record of steady AUM growth. Based on AUM in our domestic mutual funds as of December 31, 2007, we are the second largest mutual fund provider in India, according to AMFI. Our total AUM for our domestic funds equalled Rs. 450,026 million as of September 30, 2007. We offer a variety of domestic funds, including equity, balanced/hybrid, income and liquid funds, as well as portfolio management services and overseas, venture capital and private equity funds. We believe that our large size enables us to benefit from economies of scale, especially in the areas of fund management, marketing and distribution. Further, we believe that our focus on our core business of asset management distinguishes us from our major competitors with varied sales, trading, underwriting, research and lending activities. Our investment professionals can better serve clients by developing expertise in our investment products, free from many of the conflicts of interest that can arise with competing business lines. Our approach helps us attract and retain professionals who aim to work in a firm where asset management is the central business. We believe our dedicated focus has contributed to our record of steady AUM growth over the years. Our total domestic AUM were Rs. 354,628 million, Rs. 295,360 million and Rs. 206,659 million as of March 31, 2007, 2006 and 2005, respectively, representing a CAGR of 31.0% over this period.

Broad and stable client base and multiple distribution channels. With approximately 8.1 million client accounts, we believe we have the largest client base among mutual fund providers in India. Our list of clients includes individual retail investors, banks, corporate and other institutional investors, public sector undertakings ("PSUs"), and overseas investors. We believe that the nature of our clients and distribution channels, as well as our good relationships with clients, have resulted in a stable and growing investor base. Individual retail clients represent over one-half of our total client base, which we believe helps insulate us from excessive short-term churn and volatility in our funds. Our broad client base also provides us with a number of opportunities, including cross-selling different funds. We have a comprehensive distribution network with both in-house capabilities and external distribution channels. We reach clients through a number of distribution channels, including retail distribution (consisting of ten regional offices, 79 UTI Financial Centres ("UFCs"), two satellite offices, 455 district representatives and collection centres, and approximately 31,000 independent financial advisors, as of September 30, 2007). Our other distribution channels consist of institutions, private and foreign banks, PSU banks and post offices (with access to approximately 1,600 PSU bank branches and 2,000 post offices), and corporate distribution houses. Our wide-spread distribution network gives us access to 455 districts (out of 604 districts in total), including remote areas, and reinforces our strong presence in small and medium towns, cities and villages. Our funds are also distributed through our foreign offices in London, Dubai, Bahrain and Singapore.

Strong brand recognition. Our brand is recognized nationwide for the UTI Group's strength and more than 40 years of heritage as a leading participant in the mutual fund industry. We believe that we have built a reputation for service, integrity and creative solutions and that our affiliation with state-owned sponsors strengthens our brand. Our national footprint, with a presence in many metropolitan and rural areas, has allowed us to leverage the UTI name and establish UTI as a brand which is recognized across the country. The UTI brand was selected as one of the most preferred industry brands in the AC Nielsen annual survey in April 2007 and the most preferred mutual fund in the CNBC Awaaz consumer survey for 2005. According to ET Brand Equity Survey 2007, UTI was rated among the top 50 trusted services brands in India. We also received the Readers Digest - Trusted Brand Gold Award in the category of investment fund company for 2005-2006. We believe our pan-India presence and recognition generates and supports investor confidence in our ability to provide consistent quality services wherever located, and also helps us recruit and retain skilled professionals.

Profitable structure benefiting from our large size, automated and integrated systems, and high proportion of equity and balanced/hybrid funds. We strive to maintain and enhance profitability while we grow our business and AUM. Our size and broad distribution network provides us with economies of scale, particularly in distribution and marketing activities. Our client services are managed on an automated and integrated basis, which further improves our cost structure. Our total operating expenses as a percentage of total income equalled 43.0%, 46.7% and 50.9% in the Fiscals 2007, 2006 and 2005, respectively. Total operating expenses as a percentage of total income equalled 45.1% for the six months ended September 30, 2007. We also have a relatively high proportion of equity and balanced/hybrid funds, which increases our profitability since the fees charged for such funds are generally higher than the fees charged for income and liquid funds. Our AUM for equity and balanced/hybrid funds as a percentage of total AUM were 38.8% and 21.1%, respectively, as of September 30, 2007. We had the second highest market share for equity funds (10.0%) and the highest market share for balanced/hybrid funds (41.9%) in India, as of November 30, 2007, according to Value Research.

Experienced professional management and well established state-sponsors with access to PSU business opportunities. We are a professionally managed company led by our Board of Directors and a dedicated and hands-on senior and upper management team with an average of almost 20 years of experience in the financial services industry. We have recently expanded our management ranks, adding depth and experience and positioning us for future growth. We have a dynamic human resources program with a track record of hiring and retaining talent through initiatives such as incentive based compensation, a merit based promotion system and specific training programs. Furthermore, each of our four sponsors are well-known state entities in India: State Bank of India, Life Insurance Corporation of India, Punjab National Bank and Bank of Baroda. Our affiliation with our Sponsors puts us in a favourable position in terms of gaining access to a variety of opportunities with public sector undertakings ("PSUs"). For example, we are one of the three fund managers selected by the Government of India to manage the assets of the National Investment Fund ("NIF"). The first tranche of Rs. 3,689 million in NIF proceeds was received by us in October 2007. We are also one of the three asset managers selected by the Pension Fund Regulatory Development Authority ("PFRDA") to manage the pension fund of government employees. In the first phase, we have been awarded the right to manage 40% of the total corpus. We believe similar opportunities exist with other PSUs, in particular those PSUs which have been authorized for the first time, as of August 2007, to begin investing up to 30% of their surplus funds in equity funds managed by state-owned enterprises such as us.

Our Strategy

The key elements of our growth strategy include:

Increase retail investor base and equity AUM by expanding distribution channels and leveraging technology. We seek to continue to develop our distribution network and increase our geographical reach through reinforcing and expanding our in-house and third party distribution channels. Our broad distribution network enables us to reach retail investors, who have historically been a more stable class of investors. Retail investors also are more likely to be long-term investors in equity and balanced/hybrid funds, which usually have higher margins than debt funds. We intend to increase the number of our UFCs nationwide from 79 to approximately 120 UFCs and also upgrade some of our existing UFCs. We will continue to leverage our long-standing relationships with private banks and independent financial advisors, which allow us to reach more remote areas without incurring substantial costs. We aim to benefit from our tie-ups with PSU banks and post offices, which we see as a significant opportunity for further growth, given their geographical reach. We will also explore opportunities to establish partnerships with other strong and reputable distributors to capture market segments which we may not be able to access efficiently ourselves. For example, we intend to establish further arrangements with foreign banks in India to access their private banking clients. We also are focused on increasing our distribution by leveraging our technological capabilities. In particular, we plan to market our products through additional ATM units in rural areas, and make wider use of our website.

Pursue new PSU, institutional and other growth opportunities. We seek to increase AUM by accessing new markets which we believe are strategically viable. We intend to use our track record of tie-ups with government entities (such as NIF and PFRDA) to pursue other opportunities in the public sector. For example, we recently launched a micro-pension fund to provide pension benefits to unorganized workers, which comprise a majority of the total workforce in India. We were recently selected as one of two asset managers for the Post Office Life Insurance Fund and Rural Post Office Life Insurance Fund (together, the "Insurance Funds"). We will be responsible for managing a portion of the proceeds from insurance premiums collected going-forward by the Insurance Funds. The Insurance Funds currently are reported to have an estimated combined corpus of approximately Rs. 106 billion. We are also committed to expanding our institutional client base and reaching more high net worth individuals by strengthening our institutional distribution channel. We recently reorganized our sales force according to distribution channels, and believe the increased client focus resulting from the reorganization will help us better address the needs of different client segments. Building on the success of our first two venture capital and private equity funds, we plan to launch additional funds, including an infrastructure private equity fund.

Continue to improve investment performance across our categories of funds. We believe the most effective strategy for growing our businesses is aligning our economic interests with those of our clients and delivering strong investment performance. We seek to improve our investment performance by consistently applying our investment philosophy while actively managing portfolios to balance risk and return. We also will follow our disciplined and rigorous investment processes backed by fundamental research and our "hands-on" approach to asset and risk management. Although we will continue to have balanced and well-diversified portfolios, we have more clearly and narrowly defined the investment objectives for our funds, which we believe will help the fund managers achieve superior results and better position the funds in the increasingly crowded marketplace. We will also leverage our strength in liquid and income funds to increase our AUM. Value Research has assigned ratings of three stars or higher to 12 of our debt funds, reflecting our strong investment performance. Our in-house research department currently covers approximately 300 companies. We intend to continue to pursue our rigorous in-house research based approach, increase the number of companies covered by our in-house research team and improve the interaction between our research team and fund managers and companies.

Achieve product leadership and innovate. We are focused on offering competitive products and services based on our investment strengths, and we will continue to selectively expand our investment products where we believe the application of our competencies and our investment philosophy and processes may produce attractive offerings for investors. We continually develop new investment products to offer to clients, particularly through our in-house research capabilities. Specific investment products are developed by our investment team and are tested and evaluated. In the last 18 months, we have launched four new equity funds, including UTI-India Lifestyle, focusing on the expanding consumer lifestyle industry in India, and UTI-Spread, an arbitrage fund. We also recently launched UTI-Gold, an exchange traded fund ("ETF") capitalizing on the renewed interest in gold, a traditional investment among Indian households. We also have launched hybrid funds, such as UTI-Capital Protection Oriented Fund, as well as new debt funds, including UTI-Liquid Plus, a fund with flexible asset allocation features. UTI International has recently established two new multi-class fund companies designed to target selected overseas investors. As of September 30, 2007, we had three new funds approved by SEBI and under review for launch. We intend to increase our AUM in these new investment products as these products move through the development cycle to the active asset accumulation phase. We also are reorienting some existing funds, with renewed marketing efforts for such funds among our various distribution channels. We are particularly focused on increasing the percentage of equity and balanced/hybrid AUM among our funds.

Strengthen client services through streamlining our operations. Continuous improvement in client services is a priority for us. We intend to strengthen both our front-office and back-office operations to provide our clients with the best possible service. For example, we are in the process of consolidating our four registrar and transfer ("R&T") agencies into one agency. We also are installing information kiosks at UFCs. The information kiosks will be linked into our new R&T agency's system, giving the UFCs enhanced investor services capabilities. We also intend to improve our customer response and call centre services through establishing "hot lines" as part of our automated complaint management system. Furthermore, we plan to enhance our web initiatives for financial transactions and develop our wireless services initiative.

Continue to attract, retain and develop talent. Our success depends on our team of employees and we are implementing a number of measures to further improve employee motivation and development. We will continue to provide incentive based compensation to our managerial staff through our Balanced Score Card system, quarterly bonuses for our sales force and special one-time bonuses for exceptional sales performances. We also focus on training and development, with quarterly reviews of the performance of certain employees and training inputs from our various employee assessment programs. As part of this offering, we intend to implement an employee share ownership plan, thereby fostering a culture of ownership and better aligning our employees' interests with those of our Group. We believe this ownership model and our emphasis on team-oriented management will result in a more shared sense of purpose with our clients and also contribute to our low staff turnover and enable us to attract and retain the quality people critical to our success. We will also continue to pursue our strategy of lateral recruitment, as well as merit-based internal promotions.

Pursue selective acquisition and partnership opportunities and launch new overseas funds. We believe there may be further consolidation in the asset management industry in India. We are evaluating potential opportunities in other geographic regions and product lines, as well as overseas. Building on our experience in acquiring 14 funds from IL&FS Mutual Fund in 2004, we will continue to explore selective acquisition and other opportunities. We are exploring strategic partnerships to help build the UTI brand overseas, gain increased access to foreign institutional and retail investors and tap Indian capital investing abroad. We are focused on expanding our international operations. Capitalizing on our experience in managing our existing overseas funds, we recently launched the Shinsei UTI India Fund, a co-branded fund with Shinsei Bank of Japan ("Shinsei Bank"). The fund had AUM of Rs. 18,516 million, as of September 30, 2007. We and Shinsei Bank have entered into a joint venture in Singapore and plan to launch additional offshore funds in other Southeast Asian markets.

SUMMARY FINANCIAL INFORMATION

The following tables set forth certain restated consolidated summary financial information as of and for the six months ended September 30, 2007, and Fiscals 2007, 2006 and 2005. The restated consolidated summary financial information presented below should be read in conjunction with the financial statements included in this Draft Red Herring Prospectus, the notes and significant accounting principles thereto and the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 217 of this Draft Red Herring Prospectus. Indian GAAP differs in certain significant respects from US GAAP and IFRS. For more information on these differences, see the section titled "Summary of Significant Differences between Indian GAAP, US GAAP and IFRS" beginning on page 247 of this Draft Red Herring Prospectus.

Restated Consolidated Summary Statement of Profits and Losses

(Rs. in millions)	Six months ended September 30, 2007	Year ended March 31,		
Particulars		**2007**	**2006**	**2005**
Income				
Investment Management Fees	1,770.0	3,817.8	3,689.3	3,111.8
Income from Investments	178.1	170.5	127.0	88.0
Processing Fees	-	10.3	17.4	1.5
Other Income	87.0	97.4	87.2	84.1
Total	**2,035.1**	**4,096.0**	**3,920.9**	**3,285.4**
Expenses				
Employee Cost	496.0	772.4	697.4	611.2
Administrative and Other Expenses	391.2	945.4	775.5	931.4
Interest	-	-	1.7	6.7
Depreciation	25.1	38.2	358.1	123.4
Bad Debts	-	4.0	0.8	0.1
Diminution in the Value of Investment	5.4	-	-	-
Total	**917.7**	**1,760.0**	**1,833.5**	**1,672.8**
Profit Before Tax	**1,117.4**	**2,336.0**	**2,087.4**	**1,612.6**
Less: Provision for Tax				
Current Year Tax	361.5	725.9	785.0	581.3
Deferred Tax	22.4	47.9	(64.1)	(3.1)
Fringe Benefit Tax	6.4	9.9	9.5	-
Profit After Tax	**727.1**	**1,552.3**	**1,357.0**	**1,034.4**
Adjustment for Pre Acquisition (Profits)/Loss Capitalized	-	8.2	-	-

(Rs. in millions) Particulars	Six months ended September 30, 2007	Year ended March 31, 2007	2006	2005
Adjusted Profit After Tax After Capitalization	**727.1**	**1,560.5**	**1,357.0**	**1,034.4**
Add: Provision for Income Tax Written Back	4.9	4.4	19.3	-
Adjusted Profit After Tax as per Audited Accounts (A)	**732.0**	**1,564.9**	**1,376.3**	**1,034.4**
Minority Interest (B)	1.0	**-**	**-**	**-**
Adjustments On Account of Changes in Accounting Policy	**-**	(65.6)	390.4	(304.9)
Impact on Account of Material Adjustments and Prior Period Accounts	**-**	11.2	(0.2)	8.8
Total Adjustments	**-**	(54.4)	390.2	(296.0)
Tax Impact of the Above	(10.2)	(18.3)	19.1	13.7
Total Adjustments (C)	**10.2**	**(36.1)**	**371.1**	**(309.8)**
Adjusted Profit / (Loss) for the Year (A) + (B) + (C)	**743.2**	**1,528.8**	**1,747.4**	**724.6**
Balance Brought Forward From Previous Year	3,889.2	3,363.7	2,013.5	1,252.6
Adjustment of Pre Share of Acquisition	(6.0)	5.4	(18.2)	19.2
Adjusted Balance Brought Forward (D)	**3,883.2**	**3,369.1**	**1,995.3**	**1,271.8**
Adjusted Profit / (Loss) Carried to Appropriation (A) + (B) + (C)+(D)	**4,626.4**	**4,897.9**	**3,742.7**	**1,996.4**
Less: Appropriations				
Interim Dividend	-	375.0	-	-
Proposed Dividend	-	25.0	200.0	-
Tax on Proposed Dividend	-	60.3	30.9	0.8
Transfer to General Reserve	-	154.0	142.7	0.3
Profit & Loss Balance Carried Forward to Balance Sheet	**4,626.4**	**4,283.6**	**3,369.1**	**1,995.3**

Restated Consolidated Summary Statement of Assets and Liabilities

(Rs. in millions) Particulars	Six months ended September 30, 2007	Year ended March 31, 2007	2006	2005
SOURCES OF FUNDS				

Shareholder's Funds:				
Share Capital	500	500	100	100
Reserves & Surplus	4,927.2	4,205.2	3,504.3	1,997.0
Minority Interest	77.1	-	-	-
TOTAL	**5,504.3**	**4,705.2**	**3,604.3**	**2,097.0**
APPLICATION OF FUNDS				
Fixed Assets:				
Gross Block	1,157.6	1,108.8	560.3	510.1
Less : Depreciation	107.0	81.6	485.7	461.6
Add: Capital Work-In-Progress	3.3	17.8	6.7	5.7
Net Block	1,053.9	1,045.0	81.3	54.2
Investments	**3,277.2**	**3,145.6**	**2,853.7**	**1,377.4**
Goodwill On Consolidation	47.4	50.5	18.7	19.8
Current Assets, Loans & Advances:				
Sundry Debtors	443.9	240.3	149.4	50.1
Cash & Bank Balances	605.1	548.5	511.9	793.7
Interest Accrued On Investments	24.2	12.3	14.2	15.2
Loans & Advances	1,025.5	1,490.1	1,326.9	802.1
Less : Current Liabilities & Provisions:				
Current Liabilities	513.3	1,031.1	347.8	394.0
Provisions	464.6	823.4	1,079.4	632.9
Net Current Assets	**1,120.8**	**436.7**	**575.2**	**634.2**
Deferred Tax Asset (Net)	5.0	27.4	75.4	11.4
TOTAL	**5,504.3**	**4,705.2**	**3,604.3**	**2,097.0**

Other Financial Data

The following table sets forth certain other financial data based on our restated consolidated summary statements as of and for the six months ended September 30, 2007, and the Fiscals 2007, 2006 and 2005. The data are supplemental measures of our performance that may not be comparable to similarly titled measures of other companies. They are not required by, or presented in accordance with, Indian GAAP, US GAAP, IFRS or other generally accepted accounting principles, nor should they be considered as substitutes for the information contained in the financial statements included in this Draft Red Herring Prospectus.

(%)

(Rs. in millions, except ratios)	**Six months ended September 30, 2007**	**Year ended March 31,**		
Other financial data		**2007**	**2006**	**2005**
Fee Income-to-AUM(1)	0.3%	0.7%	0.7%	0.8%
Operating Expenses-to-Income(2)	45.1%	43.0%	46.8%	50.9%
Net Income-to-Income(3)	35.7%	37.9%	34.6%	31.5%
EBITDA(4)	1,148.4	2,332.4	2,856.7	1,446.6

(1) Represents ratio of investment management fees to AUM of domestic mutual funds (excluding portfolio management services, overseas funds, private equity/venture capital funds, and SUUTI assets) as of the end of the relevant period.
(2) Represents ratio of total operating expenses to total income.

(3) Represents ratio of profit after tax to total income.
(4) We define EBITDA as profit after tax plus interest, tax and depreciation. EBITDA is not a measure of a company's financial performance or profits and is not recognized under Indian GAAP, US GAAP, IFRS or any other accounting standard and therefore should not be viewed as an alternative to profit after tax, operating profit or other measures of earning or as an alternative to cash flow from operating activities or as a measure of liquidity. We use EBITDA as a supplemental measure of operating performance particularly because it is also an internationally recognized measure that is regularly used by securities analysts, rating agencies, investors and other parties to evaluate a company's operating performance. Companies do not define EBITDA identically, and, as such, our presentation of EBITDA may not be comparable to similarly titled financial measures used by other companies.

THE OFFER

The following table summarizes the Offer details:

Offer of Equity Shares	**48,500,000 Equity Shares**
Employee Reservation Portion	485,000 Equity Shares
Net Offer to the Public	48,015,000 Equity Shares#
Of which:	
Qualified Institutional Buyers (QIBs) Portion**	Not less than 24,007,500 Equity Shares*
Of which	
Available for Mutual Funds only	1,200,375 Equity Shares*
Balance of QIB Portion (available for QIBs including Mutual Funds)	22,807,125 Equity Shares*
Non-Institutional Portion**	Not less than 7,202,250 Equity Shares*
Retail Portion**	Not less than 16,805,250 Equity Shares*
Pre and post-Offer Equity Shares	
Equity Shares outstanding prior to the Offer	125,000,000 Equity Shares
Equity Shares outstanding after the Offer	125,000,000 Equity Shares
Equity Shares outstanding after the Offer and assuming the Private Placement is completed	141,000,000 Equity Shares#
Use of Offer Proceeds	

Our Company will not receive any proceeds from the Offer.
For details see the section titled "Objects of the Offer" on page 27 of this Draft Red Herring Prospectus for information about the use of the Offer Proceeds.

\# The Government has specified that the Company also make a fresh issuance of 16,000,000 Equity Shares by way of a private placement to qualified institutional investors, including existing shareholders, other Indian institutions and a few foreign institutional investors (the "**Private Placement**"). The Government has specified that these fresh shares shall be issued subject to the condition that the allottees of these Equity Shares shall match the price discovered through the Offer. The allottees under the Private Placement are intended to be identified prior to the filing of the Red Herring Prospectus with the RoC. The price at which such Equity Shares shall be issued under the Private Placement will be within the price band or above the higher end of the price band to satisfy the conditions mentioned in the MoF Letter. One or more of the BRLMs or their affiliates may participate as investors in connection with the Private Placement.

* In the event of over-subscription, allocation shall be made on a proportionate basis.

** In the event of under-subscription in any of these categories, the unsubscribed portion may be added to one of the other categories at the sole discretion of the Company in consultation with the BRLMs.

*** In the event of under-subscription in the Mutual Fund Portion only, the unsubscribed portion would be added to the balance of the QIB Portion to be allocated on a proportionate basis to QIB Bidders.

GENERAL INFORMATION

Our Company was originally incorporated as UTI Asset Management Private Limited on November 14, 2002. The status of our Company was changed to a public limited company by a special resolution of the members passed at the Annual General Meeting held on September 18, 2007. The fresh certificate of incorporation consequent to the change of name was granted to our Company on November 14, 2007, by the Registrar of Companies, Maharashtra, Mumbai. For details of the change in our name and registered office, see the section titled "History and Corporate Structure" on page 88 of this Draft Red Herring Prospectus.

Registered and Corporate Office of our Company

UTI Asset Management Company Limited
UTI Tower, Gn Block
Bandra Kurla Complex
Bandra (East)
Mumbai 400 051

Tel: (91 22) 6678 6666
Fax: (91 22) 2652 8991
Registration Number: 137867
Company Identification Number: U65991MH2002GOI137867

Address of Registrar of Companies

Our Company is registered with the Registrar of Companies, Maharashtra situated at the following address:

Registrar of Companies, Maharashtra
Everest, 100 Marine Drive
Mumbai 400 002
Tel: (91 22) 2281 2639

Board of Directors

Our Board comprises the following:

Name, Designation and Occupation	Age (years)	DIN	Address
Mr. U.K. Sinha **Chairman & Managing Director** Director *IAS Officer, presently on deputation from Government of India to the Company*	55	0010336	Flat No.23/24 Lotus Court Churchgate Mumbai 400 020
Mr. P.R. Khanna Director *Retired as Senior Partner of Khanna & Annadhanam, a firm of Chartered Accountants*	74	00048800	70, Sunder Nagar New Delhi 110 003
Dr. K. C. Mishra Independent Director *Director, National Insurance Academy*	56	00229569	National Insurance Academy Balewadi Baner Road Pune 411 045

Name, Designation and Occupation	Age (years)	DIN	Address
Ms. Anita Ramachandran Independent Director *CEO, Cerebrus Consultants Private Limited*	52	00118188	13 Navroze Apartments Bhulabhai Desai Road Mumbai 400 026
Mr. Prithvi Haldea Independent Director *Chairman & Managing Director, Praxis Consulting & Information Services Private Limited*	57	00001220	C-101, Rishi Apartments Alaknanda New Delhi 110 019
Mr. S.C. Bhargava Director *Financial Consultant and Chartered Accountant*	62	00020021	Dosti Aster (Dosti Acre) Flat no. 1305 'B' Wing 13th Floor, I.H.P. Compound Off S.M. Road Wadala (East) Mumbai 400 037

For further details of our Board of Directors, see the section titled "Our Management" on page 101 of this Draft Red Herring Prospectus.

Compliance Officer

Our Compliance Officer is Mr. Kiran N. Vohra. His contact details are as follows:

Mr. Kiran N. Vohra
UTI Asset Management Company Limited
Corporate Office
UTI Tower
'Gn' Block
Bandra Kurla Complex
Bandra (E)
Mumbai 400 051

Tel: (91 22) 6678 6555
Fax: (91 22) 2652 8991
Email: kiran.vohra@uti.co.in

Investors can contact the Compliance Officer or the Registrar to the Offer in case of any pre or post-Offer related problems, such as non-receipt of letters of Allotment, credit of Allotted Equity Shares in the respective beneficiary account and refund orders.

Global Co-ordinators and Book Running Lead Managers

JM Financial Consultants Private Limited
141, Maker Chambers III
Nariman Point
Mumbai 400 021
Tel: (91 22) 6630 3030
Fax: (91 22) 2204 7185
Email: utiamcipo@jmfinancial.in
Contact Person: Ms. Poonam

Citigroup Global Markets India Private Limited
12th Floor, Bakhtawar
Nariman Point
Mumbai 400 021
Tel: (91 22) 6631 9999
Fax: (91 22) 6631 9803
Email: utiamc.ipo@citi.com
Contact Person: Mr. Anuj Mithani

Enam Securities Private Limited
801, Dalamal Towers
Nariman Point
Mumbai 400 021
Tel: (91 22) 6638 1800
Fax: (91 22) 2284 6824
Email: utiamcipo@enam.com
Contact person: Mr. Pranav Mahajani
Website: www.enam.com

Karande
Website: www.jmfinancial.in
SEBI registration no: INM000010361

Website: www.citibank.co.in
SEBI registration no: INM000010718

SEBI registration no: INM000006856

Book Running Lead Managers

Goldman Sachs (India) Securities Private Limited
951A, Rational House
Appasaheb Marathe Marg
Prabhadevi
Mumbai 400 025
Tel: (91 22) 6616 9000
Fax: (91 22) 6616 9090
Email: uti_amc_ipo@gs.com
Contact Person: Mr. Sachin Dua
Website: www.gs.com/country_pages/india
SEBI registration no: INM000011054

UBS Securities India Private Limited
Second Floor, Hoechst House
Nariman Point
Mumbai 400 021
Tel: (91 22) 2286 2000
Fax: (91 22) 2281 4676
Email: utiamc@ubs.com
Contact Person: Mr. Venkat Ramakrishnan
Website: www.ibb.ubs.com/Corporates/indianipo
SEBI registration no: INM000010809

ICICI Securities Limited
ICICI Centre
H.T. Parekh Marg
Churchgate
Mumbai 400 020
Tel: (91 22) 2288 2460/70
Fax: (91 22) 2282 6580
Email:utiamc_ipo@isecltd.com
Contact Person: Mr. Rajiv Poddar
Website: www.icicisecurities.com
SEBI registration no: INM000011179

CLSA India Limited
8/F Dalamal House
Nariman Point
Mumbai 400 021
Tel: (91 22) 5650 5050
Fax: (91 22) 2284 1657
E-mail: utiamc.ipo@clsa.com.
Contact Person: Mr. Anurag Agarwal
Website: www.india.clsa.com
SEBI registration no: INM000010619

SBI Capital Markets Limited
202, Maker Towers 'E'
Cuffe Parade
Mumbai 400 005
Tel: (91 22) 2218 9166
Fax: (91 22) 2218 8332
Email: utiamc.ipo@sbicaps.com
Contact Person: Mr. Rohan Talwar
Website: www.sbicaps.com
SEBI registration no: INM000003531

Syndicate Members

[●]

Legal Advisors

Domestic Legal Counsel to the Company

Amarchand & Mangaldas & Suresh A. Shroff & Co.
5th Floor, Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg
Lower Parel
Mumbai 400 013

Tel: (91 22) 2496 4455
Fax: (91 22) 2496 3666

International Legal Counsel to the Underwriters

Cravath, Swaine & Moore LLP
CityPoint, One Ropemaker Street
London EC2Y 9HR
U.K.

Tel: (00 44) 20 7453 1000
Fax: (00 44) 20 7860 1150

Domestic Legal Counsel to the Underwriters

Luthra and Luthra
103, Ashoka Estate
24 Barakhamba Road
New Delhi 110 001

Tel: (91 11) 4121 5100
Fax: (91 11) 2372 3909

Registrar to the Offer

Karvy Computershare Private Limited
Karvy House, 21
Avenue 4, Street No. 1
Banjara Hills
Hyderabad 500 034

Tel: (91 40) 2343 1553
Fax: (91 40) 2343 1551
Email: utiamcipo@karvy.com
Website: www.karvy.com
Contact Person: Mr. Murali Krishna

Bankers to the Offer and Escrow Collection Banks

[●]

Refund Banker

[●]

Bankers to the Company

Axis Bank Limited
Bandra (W)
Mangal Mahal, Turner Road
Mumbai 400 050

Tel: (91 22) 2640 2849/43
Fax : (91 22) 2641 2989
E mail: dominic.mathew@axisbank.com

Auditors to the Company

M/s. Om Agarwal & Company
Chartered Accountants
B-1, Subh Labh Apartment
D-37, Subhash Marg
Near Ahinsa Circle
'C' Scheme
Jaipur 302 001

Tel: (91 41) 2361553/ (91 41) 2361559
Fax: (91 41) 2361559
Email: thalendra@rediffmail.com

Monitoring Agency

[●]
Tel: **[●]**
Fax: **[●]**

Inter se Allocation of Responsibilities between the BRLMs

The responsibilities and co-ordination for various activities in this Offer are as follows:

No	Activities	Responsibility	Co-ordinator
1	Capital structuring with relative components and formalities such as type of instruments, etc.	JM FINANCIAL, ENAM, CITI, GOLDMAN SACHS, UBS, SBICAP, CLSA,	JM FINANCIAL

No	Activities	Responsibility	Co-ordinator
		ISEC	
2	Due diligence of Company's operations/ management/ business plans/ legal etc. Drafting and design of Draft Red Herring Prospectus and of statutory advertisement including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalization of Prospectus and RoC filing.	JM FINANCIAL, ENAM, CITI, GOLDMAN SACHS, UBS, SBICAP, CLSA, ISEC	JM FINANCIAL
3	Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertisement, brochure, corporate films, etc.	JM FINANCIAL, ENAM, CITI, GOLDMAN SACHS, UBS, SBICAP, CLSA, ISEC	CITI
4	Appointment of other intermediaries a. Grading Agency b. Printers c. Advertising Agency d. Registrar for the Offer e. Escrow Collection Banks for the Offer	JM FINANCIAL, ENAM, CITI, GOLDMAN SACHS, UBS, SBICAP, CLSA, ISEC	Grading Agency: JM FINANCIAL Printers: ENAM Advertising Agency: CITI Registrar: ENAM Escrow Banks: ENAM
5	International Institutional marketing of the Offer, which will cover, *inter alia*; • Preparing roadshow presentation and frequently asked questions; • Finalizing the list and division of investors for one to one meetings; and • Finalizing and coordinating road show schedule and investor meeting schedules.	JM FINANCIAL, ENAM, CITI, GOLDMAN SACHS, UBS, SBICAP, CLSA, ISEC	CITI
6	Domestic Institutional marketing of the Offer, which will cover, *inter alia;* • Finalizing the list and division of investors for one to one meetings; and • Finalizing and coordinating road show schedule and investor meeting schedules.	JM FINANCIAL, ENAM, CITI, GOLDMAN SACHS, UBS, SBICAP, CLSA, ISEC	JM FINANCIAL
7	Non-institutional and retail marketing of the Offer, which will cover, *inter alia*; • Formulating marketing strategies, preparation of publicity budget; • Finalizing centers for holding conferences for brokers, etc • Formulating media, marketing and, Public Relations strategy; • Follow-up on distribution of publicity and Offer material including form, prospectus and deciding on the quantum of the Offer material; and • Finalize collection centers.	JM FINANCIAL, ENAM, CITI, GOLDMAN SACHS, UBS, SBICAP, CLSA, ISEC	ENAM
8	Co-ordination with Stock Exchanges for book building software, bidding terminals and mock trading, managing the book, etc.	JM FINANCIAL, ENAM, CITI, GOLDMAN SACHS, UBS, SBICAP, CLSA, ISEC	CITI
9	Finalization of Offer Price in consultation with the Company	JM FINANCIAL, ENAM, CITI,	CITI

No	Activities	Responsibility	Co-ordinator
		GOLDMAN SACHS, UBS, SBICAP, CLSA, ISEC	
10	Post bidding activities including management of Escrow Accounts, co-ordination of allocation and intimation of allocation with Registrar and Banks, Refund to Bidders, etc. The post Offer activities will involve essential follow up steps, which includes finalizations of listing and trading of instruments, demat and delivery of shares and refunds, with the various agencies connected with the work such as Registrars to the Offer, Bankers to the Offer and the bank handling refund business. The BRLMs shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company.	JM FINANCIAL, ENAM, CITI, GOLDMAN SACHS, UBS , SBICAP, CLSA, ISEC	ENAM

Credit Rating

As this is an Offer of Equity Shares, there is no credit rating for this Offer.

IPO Grading

This Offer has been graded by [●] as [●] (pronounced [●]) indicating [●]. As per the SEBI Guidelines, the rationale/description furnished by the credit rating agency will be updated at the time of filing the Red Herring Prospectus with the RoC.

Debenture Trustees

As this is an Offer of Equity Shares, the appointment of Debenture Trustees is not required.

Book Building Process

The Book Building Process, with reference to the Offer, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band. The Offer Price is finalised after the Bid/ Offer Closing Date. The principal parties involved in the Book Building Process are:

- The Company;
- The Selling Shareholders;
- The Book Running Lead Managers;
- Syndicate Members who are intermediaries registered with the SEBI or registered as brokers with the Stock Exchanges and eligible to act as Underwriters. The Syndicate Members are appointed by the BRLMs;
- Registrar to the Offer; and
- Escrow Collection Banks.

The Offer is being made through the 100% Book Building Process wherein not less than 50% of the Net Offer shall be available for allocation on a proportionate basis to QIBs, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. Further, not less than 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price.

In accordance with the SEBI Guidelines, QIBs are not allowed to withdraw their Bid(s) after the

Bid/Offer Closing Date. In addition, QIBs are required to pay at least QIB Margin Amount upon submission of the Bid cum Application Form during the Bid/Offer Period and allocation to QIBs will be on a proportionate basis. For further details, see the section titled "Terms of the Offer" on page 277 of this Draft Red Herring Prospectus.

We will comply with the SEBI Guidelines and any other ancillary directions issued by SEBI for this Offer. In this regard, we have appointed the BRLMs to manage the Offer and procure subscriptions to the Offer.

The process of Book Building under the SEBI Guidelines is subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to making a Bid or Application in the Offer.

Illustration of Book Building and Price Discovery Process *(Investors should note that this example is solely for illustrative purposes and is not specific to the Offer)*

Bidders can bid at any price within the price band. For instance, assume a price band of Rs. 20 to Rs. 24 per share, issue size of 3,000 Equity Shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period and at the websites of the NSE (www.nseindia.com) and the BSE (www.bseindia.com) and the same shall be updated at periodic intervals not exceeding thirty (30) minutes. The BRLMs shall ensure the availability of adequate infrastructure for data entry of the Bids in a timely manner. The illustrative book below shows the demand for the shares of the issuer company at various prices and is collated from bids received from various investors.

Bid Quantity	Bid Price (Rs.)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., Rs. 22 in the above example. The Company, in consultation with the Selling Shareholders and the BRLMs, will finalise the issue price at or below such Cut-off Price, i.e., at or below Rs. 22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

Steps to be taken by the Bidders for Bidding

1. Check eligibility for making a Bid (see section titled "Offer Procedure - Who Can Bid?" on page 284 of this Draft Red Herring Prospectus);

2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;

3. SEBI has issued a circular no. MRD/DoP/Cir-05/2007 dated April 27, 2007 requiring that with effect from July 2, 2007, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction;

4. Ensure that the Bid cum Application Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid cum Application Form; and

5. Bids by QIBs will only have to be submitted to the BRLMs.

Withdrawal of the Offer

Our Company and the Selling Shareholders, in consultation with the BRLMs, reserves the right not to proceed with the Offer anytime after the Bid/Offer Opening Date but before the Allotment of Equity Shares without assigning any reason therefor. Notwithstanding the foregoing, the Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after Allotment and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. In terms of the

SEBI Guidelines, the QIBs shall not be allowed to withdraw their Bids after the Bid/Offer Closing Date.

Bid/Offer Programme

Bidding Period/Offer Period

BID/OFFER OPENS ON	**[●], 2008**
BID/OFFER CLOSES ON	**[●], 2008**

Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 3.00 p.m**. (Indian Standard Time) during the Bidding Period as mentioned above at the Bidding centers mentioned on the Bid cum Application Form **except that on the Bid/Offer Closing Date, Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time)** and uploaded till (i) 5.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders where the Bid Amount is in excess of Rs. 100,000 and (ii) till such time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders where the Bid Amount is not less than Rs. 100,000. Due to limitation of time available for uploading the Bids on the Bid/Offer Closing Date, the Bidders are advised to submit their Bids one day prior to the Bidding/Offer Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bidding/Offer Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bidding/Offer Closing Date, as is typically experienced in public offerings, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under the Offer. Bids will only be accepted on working days.

The Company reserves the right to revise the Price Band during the Bid/Offer Period in accordance with the SEBI Guidelines provided that the Cap Price is less than or equal to 120% of the Floor Price. The Floor Price can be revised up or down to a maximum of 20% of the Floor Price advertised at least one day before the Bid /Offer Opening Date.

In case of revision of the Price Band, the Offer Period will be extended for three working additional days after revision of the Price Band subject to the total Bid /Offer Period not exceeding 10 days. Any revision in the Price Band and the revised Bid/Offer, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release and also by indicating the changes on the websites of the BRLMs and at the terminals of the Syndicate.

Underwriting Agreement

After the determination of the Offer Price and allocation of our Equity Shares, but prior to the filing of the Prospectus with the RoC, our Company and the Selling Shareholders will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through this Offer. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfil their underwriting obligations. The Underwriting Agreement is dated [•]. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

[*This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC*]

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (in Rs. million)
JM Financial Consultants Private Limited 141, Maker Chambers III Nariman Point Mumbai 400 021	[●]	[●]
Citigroup Global Markets India Private Limited 12th Floor, Bakhtawar Nariman Point	[●]	[●]

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (in Rs. million)
Mumbai 400 021		
Enam Securities Private Limited 801, Dalamal Towers Nariman Point Mumbai 400 021	[●]	[●]
Goldman Sachs (India) Securities Private Limited 951A, Rational House Appasaheb Marathe Marg Prabhadevi, Mumbai 400 025	[●]	[●]
UBS Securities India Private Limited 2/ F, Hoechst House Nariman Point Mumbai 400 021	[●]	[●]
ICICI Securities Limited ICICI Centre H.T. Parekh Marg Churchgate Mumbai 400 020	[●]	[●]
CLSA India Limited 8/F Dalamal House Nariman Point Mumbai 400 021	[●]	[●]
SBI Capital Markets Limited 202, Maker Towers 'E' Cuffe Parade Mumbai 400 005	[●]	[●]
JM Financial Services Private Limited Apeejay House, 3 Dinshaw Waccha Road Churchgate Mumbai 400 021	[●]	[●]
SBI CAP Securities Limited 191, Maker Tower F Cuffe Parade Mumbai 400 005	[●]	[●]

The abovementioned is indicative underwriting and this would be finalised after the pricing and actual allocation.

In the opinion of our Board of Directors (based on a certificate given by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The abovementioned Underwriters are registered with SEBI under Section 12 (1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board of Directors/Committee of Directors, at its meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLMs and the Syndicate Members shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure/subscribe to Equity Shares to the extent of the defaulted amount.

CAPITAL STRUCTURE

Our Equity Share capital before the Offer and after giving effect to the Offer, as at the date of this Draft Red Herring Prospectus, is set forth below:

In Rs. (except share data)

		Aggregate Nominal Value	Aggregate Value at Offer Price
A.	**Authorised Share Capital**		
	200,000,000 Equity Shares	2,000,000,000	
B.	**Issued, Subscribed and Paid-Up Equity Share Capital before the Offer**		
	125,000,000 Fully paid up Equity Shares	1,250,000,000	
C.	**Offer pursuant to this Draft Red Herring Prospectus#**		
	Offer for Sale of 48,500,000 Equity Shares	485,000,000	[●]
D.	**Reservation portion**		
	Up to 485,000 Equity Shares	4,850,000	[●]
E.	**Net Offer to the Public**		
	48,015,000 Equity Shares	480,150,000	[●]
F.	**Equity Share Capital after the Offer**		
	141,000,000 Equity Shares#	[●]	[●]
G.	**Share Premium Account**		
	Before the Offer	[●]	
	After the Offer#	[●]	

In addition, the Government has specified that the Company also make a fresh issuance of 16,000,000 Equity Shares by way of a private placement to qualified institutional investors, including existing shareholders, other Indian institutions and a few foreign institutional investors (the "**Private Placement**"). The Government has specified that these Equity Shares shall be issued subject to the condition that the allottees of these Equity Shares shall match the price discovered through the Offer. The allottees under the Private Placement are intended to be identified prior to the filing of the Red Herring Prospectus with the RoC. The price at which such Equity Shares shall be issued under the Private Placement will be within the Price Band or above the higher end of the Price Band to satisfy the conditions mentioned in the MoF Letter. One or more of the BRLMs or their affiliates may participate as investors in connection with the Private Placement.

The Government of India by the MoF Letter approved the proposal letter dated July 31, 2007 of the Company and allowed change in the shareholding pattern of the Company by its letter dated September 14, 2007. For details see the section titled 'History and Corporate Structures' at page 88 of this Draft Red Herring Prospectus.

This Offer has been authorised by the Board of Directors in their meeting held on December 20, 2007 and by the shareholders of our Company at an EGM held on December 20, 2007.

Offer by Selling Shareholders

The Selling Shareholders viz. SBI, LIC, PNB have provided their consent and approved the Offer for Sale of Equity Shares *vide* their letters dated January 4, 2008 and BoB has provided its consent and approved the Offer for Sale of Equity Shares vide their letter dated January 3, 2008.

The details of the Equity Shares being offered in the Offer for Sale by each of the Selling Shareholders are as follows:

S. No.	Name of the Selling Shareholder	No. of Equity Shares
1.	SBI	12,125,000
2.	LIC	12,125,000

S. No.	Name of the Selling Shareholder	No. of Equity Shares
3.	PNB	12,125,000
4.	BOB	12,125,000
	Total	**48,500,000**

Changes in Authorised Share Capital

1. The initial authorised share capital of Rs. 100,000,000 divided into 10,000,000 Equity Shares was increased to Rs. 750,000,000 divided into 75,000,000 Equity Shares pursuant to a resolution of the shareholders on September 26, 2006.

2. The authorised share capital of Rs. 750,000,000 divided into 75,000,000 Equity Shares was increased to Rs. 1,000,000,000 divided into 100,000,000 Equity Shares pursuant to a resolution of the shareholders on September 18, 2007.

3. The authorised share capital of Rs. 1,000,000,000 divided into 100,000,000 Equity Shares was increased to Rs. 2,000,000,000 divided into 200,000,000 Equity Shares pursuant to a resolution of the shareholders on December 20, 2007.

Notes to Capital Structure

1. Share Capital History

(a) *Equity Share Capital History of our Company*

Date of Allotment	No. of Equity Shares	Face Value (Rs.)	Offer Price (Rs.)	Nature of Consideration	Reasons for Allotment	Cumulative No. of Equity Shares	Cumulative Paid-up Equity share capital (Rs.)	Cumulative Share Premium (Rs.)
December 9, 2002	10,000,000	10	10	Cash	Issue of shares after incorporation.	10,000,000	100,000,000	Nil
December 21, 2006	40,000,000	10	10	Capitalisation of Reserves and Surplus	Issuance of bonus Equity Shares in the ratio of 4:1	50,000,000	500,000,000	Nil
December 20, 2007	75,000,000	10	10	Capitalisation of Reserves and Surplus	Issuance of bonus Equity Shares in the ratio of 3:2	125,000,000	1,250,000,000	Nil

2. Shareholders of our Company and the number of Equity Shares held by them

(a) *Our shareholders and the number of Equity Shares held by them as of the date of filing of this Draft Red Herring Prospectus with SEBI*

S.No.	Name of the shareholder	No. of Equity Shares	Percentage Shareholding
1.	SBI	31,218,750	24.98
2.	LIC	31,218,750	24.98
3.	PNB	31,250,000	25.00
4.	BOB	31,218,750	24.98
5.	Mr. Y. Vijayanand*	31,250	0.00025
6.	Mr. M. R. Murali*	31,250	0.00025
7.	Mr. Anil Deodatta Parulkar**	6,250	0.00005
8.	Mr. D. A. Parekh**	25,000	0.0002
	TOTAL	**125,000,000**	**100.00**

* Nominees of SBI and LIC respectively.

** Nominees of BOB.

(b) *Our shareholders and the number of Equity Shares held by them ten days prior to the date of filing of this Draft Red Herring Prospectus with SEBI:*

S.No.	Name of the shareholder	No. of Equity Shares	Percentage Shareholding
1.	SBI	31,218,750	24.98
2.	LIC	31,218,750	24.98
3.	PNB	31,250,000	25.00
4.	BOB	31,218,750	24.98
5.	Mr. Y. Vijayanand*	31,250	0.00025
6.	Mr. M. R. Murali*	31,250	0.00025
7.	Mr. A. D. Parulkar**	6,250	0.00005
8.	Mr D A Parekh**	25,000	0.0002
	TOTAL	**125,000,000**	**100.00**

* Nominees of SBI and LIC respectively.

** Nominees of BOB.

(c) *Our shareholders and the number of Equity Shares held by them two years prior to date of filing of this Draft Red Herring Prospectus with SEBI:*

S.No.	Name of the shareholder	No. of Equity Shares	Percentage Shareholding
1.	SBI	2,497,500	24.975
2.	LIC	2,497,500	24.975
3.	PNB	2,497,500	24.975
4.	BOB	2,497,500	24.975
5.	Mr. S. K. Hariharan*	2,500	0.025
6.	Mr. M. R. Murali*	2,500	0.025
7.	Mr. S. V. Shenoy*	2,500	0.025
8.	Mr. D. A. Parekh*	2,500	0.025
	TOTAL	**10,000,000**	**100.00**

* Nominees of SBI, LIC, PNB and BOB respectively.

3. Promoter's Contribution and Lock-in

The Company is a professionally managed company and there is no identifiable promoter or promoter group. In terms of clause 4.10.1 of the SEBI Guidelines, since there is no identifiable promoter or promoter group, there is no requirement of promoters' contribution in this Offer. Consequently, in terms of clause 4.11.1 of SEBI Guidelines, there is no lock-in requirement.

4. Shareholding pattern of our Company before and after the Offer

The table below presents the Equity Shareholding pattern of our Company before the proposed Offer and as adjusted for the Offer.

Shareholder Category	Pre-Offer		Post-Offer	
	Number of Equity Shares	%	Number of Equity Shares	%
SBI	31,218,750	24.98	19,093,750	13.54
Mr. Y. Vijayanand*	31,250	0.03	31250	0.02
LIC	31,218,750	24.98	19,093,750	13.54
Mr. M. R. Murali*	31,250	0.03	31250	0.02
PNB	31,250,000	25.0	19,125,000	13.56
BOB	31,218,750	24.98	19,093,750	13.54
Mr. A.D. Parulkar**	6,250	0.02	6,250	0.00
Mr. D. A. Parekh**	25,000	0.01	25,000	0.02
Pursuant to Offer for Sale			48,500,000	34.40
Pursuant to Private Placement			16,000,000	11.35
TOTAL SHARE CAPITAL#	**125.000.000**	**100.00**	**141,000,000**	**100.00**

* Nominee of SBI and LIC respectively.

** Nominees of BOB.

\# excludes the total options granted to 1,117 employees

5. Employee Stock Option Scheme

The Company has instituted ESOPs to enable our employees, to participate in our future growth. The same has been approved by the shareholders in the general meetings dated September 18, 2007 and December 20, 2007. The Company has since granted stock options to its employees pursuant to a resolution passed by the HR and Compensation committee dated December 22, 2007. As per the ESOP as amended till date, the aggregate of all such options is limited to such options convertible into 4,560,895 Equity Shares on the date of the grant and presently the number of Equity Shares which can be granted under ESOP are 9,000,000.

The following table sets forth, the particulars of options granted under ESOS as on the date of filing of this Draft Red Herring Prospectus:

a.	Options granted	4,560,895
b.	Exercise Price	Rs. 260 per Equity Share
c.	Options vested	Nil
d.	Options exercised	Nil
e.	Total number of Equity Shares arising as a result of exercise of options	Nil
f.	Options forfeited / lapsed	Nil
g.	Extinguishment or modification of options	Nil
h.	Money realised by exercise of options (Rs.)	Nil
i.	Total number of options in force	Nil
j.	Person-wise details of options granted to	
	(i) 10 Key Managerial Personnel	736,000
	(ii) Other employees	3,814,895
k.	Dilution in EPS	Nil
l.	Vesting schedule	Details below

The Company shall grant 4,560,895 options to 1,176 employees, which include 10 Key Managerial Personnel. These personnel do not hold any Equity Shares in the Company and all options are outstanding as on date of filing of the Draft Red Herring Prospectus. The Company shall not grant stock options to any of its wholetime directors, independent directors, non executive directors, including the chairman and the managing director.

The Company confirms that no employee has received a grant in any one year of options amounting to 5% or more of the options granted during the year. Further no employees were granted options, during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.

Vesting Schedule

The vesting schedule in respect of each employee is in accordance with the respective grant letters. The year wise aggregate vesting schedule has been set out below:

Vesting date	Percentage that would vest	Exercise period
December 22, 2008	10	December 23, 2008- December 21, 2011
December 22, 2009	20	December 23, 2009- December 21, 2012
December 22, 2010	30	December 23, 2010- December 21, 2013
December 22, 2011	40	December 23, 2011- December 21, 2014

Our Company undertakes to confirm to the accounting policies as specified in the Clause 13.1 of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

The entire pre-Offer Equity Share capital of our Company, excluding the number of Equity Shares, which are being offered by the Selling Shareholders for sale in this Offer and the Equity Shares allotted under the ESOPs and held by our employees, will be locked-in for a period of one year from the date of Allotment of Equity Shares in this Offer.

In addition, the Equity Shares subject to lock-in will be transferable subject to compliance with the SEBI Guidelines, as amended from time to time.

6. Our Company, the Selling Shareholders, our Directors and the BRLMs have not entered into any buy-back and/or standby arrangements for the purchase of Equity Shares of our Company from any person.

7. Our Selling Shareholders have not been issued Equity Shares for consideration other than cash, other than the Equity Shares issued pursuant to the issue of bonus Equity Shares, which issuance was from the free reserves of our Company.

8. The Offer is being made through the 100% Book Building Process wherein not less than 50% of the Net Offer shall be available for allocation on a proportionate basis to QIBs, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. Further, not less than 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price. The Offer includes the Employee Reservation Portion of up to 485,000 Equity Shares which are available for allocation to Eligible Employees.

9. Only Eligible Employees would be eligible to apply in this Offer under the Employee Reservation Portion. For further details, see the section titled "Offer Structure" at page 280 of this Draft Red Herring Prospectus. Bid/ Application by Eligible Employees can be made also in the "Net Offer" and such Bids shall not be treated as multiple Bids.

10. Under-subscription, if any, in the Employee Reservation Portion will be added back to the Retail Portion. In case of under-subscription in the Net Offer, spill-over to the extent of under-subscription shall be permitted from the Employee Reservation Portion.

11. There are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our Equity Shares except for ESOPs.

12. A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Offer and Bidders are subject to the maximum limit of investment prescribed under relevant laws applicable to each category of Bidder.

13. Under-subscription, if any, in the Non-Institutional and Retail Portion would be met with spill over from any other category at the sole discretion of the Company, in consultation with the BRLMs.

14. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus to SEBI until the Equity Shares issued/ to be issued pursuant to the Offer have been listed, except to the extent of the Private Placement, if any.

15. We presently do not intend or propose to alter our capital structure for a period of six months from the date of filing of this Draft Red Herring Prospectus, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, except to the extent of the Private Placement. However, during such period or at a later date, we may issue Equity Shares pursuant to an ESOPs or issue Equity Shares or securities linked to Equity Shares to finance an acquisition, merger or joint venture by us or as consideration for such acquisition, merger or joint venture, or for regulatory compliance or such other scheme of arrangement if an opportunity of such nature is determined by our Board to be in our interest.

16. Other than the Equity Shares issued through a bonus issuance of Equity Shares, which issuance was from the free reserves of our Company, we have not issued any Equity Shares out of revaluation reserves or for consideration other than cash.

17. As per the ESOP Scheme approved by the Company, the earliest exercise period of the options granted commences on December 23, 2008. Hence employees granted such options will not be able to sell their shares till such period.

18. There shall be only one denomination of Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

19. Other than as stated, in terms of clause 4.14 of the SEBI Guidelines the entire Pre-IPO Equity Share capital of the Company, including the Private Placement, will be locked-in for a period of one year from the date of Allotment of Equity Shares in this Offer.

20. We are in the process of filing an application with the RBI, seeking approval for transfer of Equity Shares in this Offer to eligible NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institution on a repatriation basis at an offer price discovered through the SEBI regulated process of book building. As per the RBI regulations, OCBs are not permitted to participate in the Offer.

21. As of the date of filing of this Draft Red Herring Prospectus, the total number of holders of Equity Shares is eight, excluding holders of options granted under the ESOP.

OBJECTS OF THE OFFER

Estimated Offer expenses

The expenses of this Offer include, among others, underwriting and management fees, printing and distribution expenses, legal fees, advertisement expenses and listing fees. The estimated Offer expenses are as follows:

Expenses	**Expense break-up**		
	Rs. in million	**% of total Offer expenses**	**% of total Offer Size**
Lead management fee and underwriting commissions	[●]	[●]	[●]
Advertising and marketing expenses	[●]	[●]	[●]
Printing and stationery	[●]	[●]	[●]
Others (Registrars fee, legal fee, listing fee, insurance, rating agency fee etc.)	[●]	[●]	[●]
Total estimated Offer expenses	**[●]**	**100**	**[●]**

The objects of the offer are to achieve the benefits of listing on the stock exchanges and to carry out the sale of [•] Equity Shares by the Selling Shareholders. Listing of the Equity Shares will enhance the brand name of the Company and provide liquidity to the existing shareholders. Listing will also provide a public market for the Equity Shares in India. The Company will not receive any proceeds from the Offer.

Other than listing fees which will be paid by us, all expenses with respect to the issue will be shared between the Company and the Selling Shareholders on pro-rata basis, in the ratio of new Equity Shares issued by the Company and Equity Shares sold the Selling Shareholders.

Monitoring of Utilization of Funds

This being an Offer for sale, the Company has not appointed a Monitoring Agency for the Offer.

BASIS FOR OFFER PRICE

The Price Band for the Offer shall be decided prior to the filing of the Red Herring Prospectus with the RoC. The Offer Price will be determined by the Company in consultation with the Selling Shareholders and the BRLMs on the basis of the assessment of market demand for the offered Equity Shares by the Book Building Process. The face value of the Equity Shares of the Company is Rs. 10 each and the Offer Price is [●] times of the face value.

Qualitative Factors

We believe the following business strengths allow us to successfully compete in the asset management business:

Well-positioned to capitalize on favourable macro-economic conditions and industry dynamics.

The Indian mutual fund industry is expected to continue to grow due to favourable macro-economic conditions and industry dynamics, such as GDP growth and a high savings rate. According to the RBI Annual Report 2007, the GDP of India averaged approximately 8.6% for the last three fiscal years and 9.1% for the first half of this fiscal year. India has a high rate of financial savings as a percentage of GDP, with a savings rate averaging 31.3% for the last three fiscal years. The RBI Annual Report 2007 indicates that 4.8% of household savings consisted of savings in mutual funds for fiscal year 2007. We believe our large size and diverse client base, coupled with our strong portfolio of equity and other funds, extensive distribution network and widely recognized brand, position us to capitalize on future growth in the mutual fund industry.

Large focused asset manager with diverse fund offerings, experienced fund managers and record of steady AUM growth.

Based on AUM in our domestic mutual funds as of December 31, 2007, we are the second largest mutual fund provider in India, according to AMFI. Our total AUM for our domestic funds equalled Rs. 450,026 million as of September 30, 2007. We offer a variety of domestic funds, including equity, balanced/hybrid, income and liquid funds, as well as portfolio management services and overseas, venture capital and private equity funds. We believe that our large size enables us to benefit from economies of scale, especially in the areas of fund management, marketing and distribution. Our focussed approach helps us attract and retain professionals who aim to work in a firm where asset management is the central business. Our total domestic AUM were Rs. 354,628 million, Rs. 295,360 million and Rs. 206,659 million as of Fiscals 2007, 2006 and 2005, respectively, representing a CAGR of 31.0% over this period.

Broad and stable client base and multiple distribution channels.

With approximately 8.1 million client accounts, we believe we have the largest client base among mutual fund providers in India. We have a comprehensive distribution network with both in-house capabilities and external distribution channels. We reach clients through a number of distribution channels, including retail distribution (consisting of ten regional offices, 79 UTI Financial Centres ("UFCs"), two satellite offices, 455 district representatives and collection centres, and approximately 31,000 independent financial advisors, as of September 30, 2007). Our other distribution channels consist of institutions, private and foreign banks, PSU banks and post offices (with access to approximately 1,600 PSU bank branches and 2,000 post offices), and corporate distribution houses. Our funds are also distributed through our foreign offices in London, Dubai, Bahrain and Singapore.

Strong brand recognition.

Our brand is recognized nationwide for the UTI group's strength and more than 40 years of heritage as a leading participant in the mutual fund industry. We believe that we have built a reputation for service, integrity and creative solutions and that our affiliation with state-owned sponsors strengthens our brand. Our national footprint, with a presence in many metropolitan and rural areas, has allowed us to leverage the UTI name and establish UTI as a brand which is recognized across the country. The UTI brand was selected as one of the most preferred industry brands in the AC Nielsen annual survey in April 2007 and the most preferred mutual fund in the CNBC Awaaz consumer survey for 2005.

Profitable structure benefiting from our large size, automated and integrated systems, and high proportion of equity and balanced/hybrid funds.

We strive to maintain and enhance profitability while we grow our business and AUM. Our size and broad distribution network provides us with economies of scale, particularly in distribution and marketing activities. Our client services are managed on an automated and integrated basis, which further improves our cost structure. Our total operating expenses as a percentage of total income equalled 43.0%, 46.7% and 50.9% in the Fiscals 2007, 2006 and 2005, respectively. Total operating expenses as a percentage of total income equalled 45.1% for the six months ended September 30, 2007. We also have a relatively high proportion of equity and balanced/hybrid funds, which increases our profitability since the fees charged for such funds are generally higher than the fees charged for income and liquid funds.

Experienced professional management and well established state-sponsors with access to PSU business opportunities.

We are a professionally managed company led by our Board of Directors and a dedicated and hands-on senior and upper management team with an average of almost 20 years of experience in the financial services industry. Furthermore, each of our four sponsors are well-known state entities in India: State Bank of India, Life Insurance Corporation of India, Punjab National Bank and Bank of Baroda. Our affiliation with our Sponsors puts us in a favourable position in terms of gaining access to a variety of opportunities with public sector undertakings ("PSUs"). We believe various opportunities exist with PSUs, in particular those PSUs which have been authorized for the first time, as of August 2007, to begin investing up to 30% of their surplus funds in equity funds managed by state-owned enterprises such as us.

Quantitative Factors

Information presented in this section is derived from our restated unconsolidated financial statements prepared in accordance with Indian GAAP.

1. **Earning Per Share (EPS)**

Particulars	Earning Per Share (Face Value Rs. 10 per share)	
	Rupees	Weight
Fiscal 2005	5.81	1
Fiscal 2006	13.73	2
Fiscal 2007	11.51	3
Weighted Average	**11.30**	

i. The EPS for the six month period ended September 30, 2007 was Rs. 5.55 (Not Annualised)

ii. EPS is the Basic & Diluted Earnings per Share calculated using the formula:
(Net Profit as restated, attributable to shareholders)/(Weighted average no. of Equity Shares outstanding during the year)

2. **Price/Earning (P/E) ratio in relation to Offer Price of Rs. [●]**

a. Based on the financials for Fiscals 2005, 2006 and 2007, the weighted average EPS is 11.30.
b. P/E based on profits after taxes, as restated, for the Fiscal 2007 is Rs. [●].
c. P/E for industry based on Fiscal 2007 data: At present, there are no listed AMCs, hence no data is available for the industry.

3. **Return on Average Net Worth as per restated Indian GAAP financials:**

Particulars	RONW %	Weight
Fiscal 2005	35.0%	1
Fiscal 2006	49.1%	2
Fiscal 2007	31.8%	3

Particulars	RONW %	Weight
Weighted Average	**38.1%**	

i. The RONW for the six month period ended September 30, 2007 was 13.2% (Not Annualised)

ii. RONW is calculated using the formula: (Net Profit after Tax, as restated) / (Net worth as at the end of the year). Where, net worth means Equity Share Capital plus Reserves

4. Minimum Return on Increased Net Worth required to maintain pre-issue EPS is [●] %.

5. Net Asset Value per Equity Share

(i) NAV per Equity Share for the Fiscal 2007 and for the six months ended September 30, 2007 is Rs 36.2 and Rs. 41.9, respectively.

(ii) After the Offer: [●]

(iii) Offer Price: Rs. [●]

Offer Price per Equity Share will be determined on conclusion of the Book Building Process.

6. Comparison of Accounting Ratios

As there are no listed AMCs at present, there are no comparable companies to compare with key accounting ratios.

7. The Offer Price of Rs. [●] has been determined by the Company and the Selling Shareholders in consultation with the BRLMs on the basis of the demand from investors for the Equity Shares through the Book Building Process. Prospective investors should also review the entire Draft Red Herring Prospectus, including, in particular the sections titled "Risk Factors" and "Business" on pages (xiii) and 55 of this Draft Red Herring Prospectus respectively, to have a more informed view.

STATEMENT OF TAX BENEFITS

The Board of Directors,
UTI Asset Management Company Limited
Bandra Kurla Complex,
Mumbai 400 050

Dear Sirs,

We hereby certify that the enclosed "Annexure" states the tax benefits available to UTI Asset Management Company Limited (the "Company") and its Shareholders under the provisions of the Income-tax Act, 1961 and other direct tax laws presently in force. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the company or its shareholders to derive the tax benefits is dependant upon fulfilling such conditions which based on business imperatives the company faces in the future, the company may or may not choose to fulfill. The benefits discussed below are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.
We do not express any opinion or provide any assurance as to whether:

- The Company or its shareholders will continue to obtain these benefits in future; or
- The conditions prescribed for availing the benefits have been/would be met with.

The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company. A shareholder is advised to consider in his/her/its own case the tax implications of an investment in the Equity Shares.

For Om Agarwal & Co.
Chartered Accountants

Thalendra Sharma
Partner
M.No.079236
Place: Mumbai
Date:

Statement of Possible Tax Benefits Available to UTI Asset Management Company Limited ("The Company") and its Shareholders

- **Benefits to the Company under the IT Act:**

The Company will be entitled to deduction under the Sections mentioned hereunder from its total income chargeable to Income Tax.

Dividends exempt under Section 10(34)

Under Section 10(34) of the IT Act, the Company will be eligible for exemption of income by way of dividend from domestic company referred to in Section 115-O of the IT Act.

Income from units of Mutual Funds exempt under Section 10(35)

The Company will be eligible for exemption of income received from units of mutual funds specified under Section 10(23D) of the IT Act income received in respect of units from the Administrator of specified undertaking and income received in respect of units from the specified company in accordance with and subject to the provisions of Section 10(35) of the IT Act.

Computation of capital gains

Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. Shares in a company, listed securities or units of UTI or unit of Mutual Fund specified under Section 10(23D) or a zero coupon bond will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of those assets held for 12 months or less are considered as "short term capital gains".

Section 48 of the IT Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition/improvement with the indexed cost of acquisition/improvement, which adjusts the cost of acquisition/improvement by a cost inflation index as prescribed from time to time.

As per the provisions of Section 112 of the IT Act, long term gains as computed above that are not exempt under Section 10(36) or 10(38) of the IT Act would be subject to tax at a rate of 20 percent {plus applicable surcharge, education cess and secondary and higher education cess, (education cess and secondary and higher education cess being hereinafter referred to as 'education cess')}. However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

As per the provisions of Section 111A of the IT Act, short-term capital gains on sale of Equity Shares or units of an equity oriented fund where the transaction of sale is chargeable to Securities Transaction tax ("STT") shall be subject to tax at a rate of 10 per cent (plus applicable surcharge and education cess).

Exemption of capital gain from income tax

Under Section 10(36) of the IT Act, long term capital gains arising on eligible equity share in a company (acquired on or after the 1st day of March 2003 and before the 1st day of March 2004) held for a period of twelve months or more and sold through a recognised stock exchange in India will be exempt from tax.

Under Section 10(38) of the Act, long term capital gains arising out of sale of Equity Shares or a unit of equity oriented fund of mutual fund specified under Section 10 (23D) of the IT Act (equity oriented fund) will be exempt from tax provided that the transaction of sale of such Equity Shares or unit is chargeable to STT.

However, such income shall be taken into account in computing the book profit tax payable under Section 115JB.

According to the provisions of Section 54EC of the IT Act and subject to the conditions specified therein, long term capital gains not exempt under Section 10(38) of the IT Act shall not be chargeable to tax to the extent such capital gains are invested in certain long term specified assets, within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately. However, if the said long term specified assets are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long term specified assets are transferred or converted into money.

Rebate under Section 88E of the IT Act

Section 88E provides that where the total income of a person includes income chargeable under the head 'Profits and Gains of business or profession' arising from taxable securities transactions, he shall get rebate of STT paid by him in course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax.

Other specified deductions

Subject to fulfillment of conditions, the Company will be eligible, inter alia, for the following specified deductions in computing its business income:-

Section 35(1)(i) and (iv) of the IT Act, in respect of any revenue or capital expenditure incurred, other than expenditure on the acquisition of any land, on scientific research related to the business of the Company.

Section 35(1) (ii) and (iii) of the IT Act, in respect of any sum paid to a Scientific Research Association which has as its object, the undertaking of scientific research or to any approved university, college or other institution to be used for scientific research or for research in social sciences or Statistical Research to the extent of a sum equal to one and one fourth times the sum so paid.

Subject to compliance with certain conditions laid down in Section 32 of the IT Act, the Company will be entitled to deduction for depreciation:

> In respect of tangible assets (being buildings, machinery, plant or furniture) and intangible assets (being know-how, patents, copyrights, trademarks, licenses, franchises or any other business or commercial rights of similar nature acquired on or after 1st day of April, 1998) at the rates prescribed under the Income-tax Rules, 1962;

Under Section 115 JAA (1A) of the IT Act, tax credit shall be allowed of any tax paid (MAT) under Section 115 JB of the IT Act. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the IT Act. Such MAT credit shall not be available for set-off beyond 5 years succeeding the year in which the MAT becomes allowable.

- **Benefits available to resident shareholders**

Dividends exempt under Section 10(34)

> Under Section 10(34) of the IT Act, income earned by way of dividend from domestic company referred to in Section 115-O of the IT Act is exempt from income tax in the hands of the shareholders.

Computation of capital gains

2.2.1 Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. Shares in a company, listed securities or units of UTI or unit of

Mutual Fund specified under Section 10(23D) of the IT Act or a zero coupon bond will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of those assets held for 12 months or less are considered as "short term capital gains".

2.2.2 Section 48 of the IT Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition/improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition/improvement with the indexed cost of acquisition/improvement, which adjusts the cost of acquisition/improvement by a cost inflation index as prescribed from time to time.

2.2.3 As per the provisions of Section 112 of the IT Act, long term gains as computed above that are not exempt under section 10(38) of the IT Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1) IT Act, if the tax on long term capital gains resulting on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

2.2.4 As per the provisions of section 111A of the IT Act, short-term capital gains on sale of Equity Shares or units of an equity oriented fund where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 10 per cent (plus applicable surcharge and education cess).

2.2.5 Exemption of capital gain from income tax

Under Section 10(38) of the IT Act, Long term Capital Gains arising out of sale of Equity Shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such Equity Shares or unit is chargeable to STT.

According to the provisions of Section 54EC of the IT Act and subject to the conditions specified therein, long term capital gains not exempt under section 10(38) shall not be chargeable to tax to the extent such capital gains are invested in certain specified long term assets within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately.

In such a case, the cost of such long term specified asset will not qualify for deduction under section 80C of the IT Act. However, if the said long term specified assets are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the long term specified assets are transferred or converted into money.

According to the provisions of section 54F of the IT Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family ('HUF'), gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If only a part of such net consideration is invested within the prescribed period in a residential house, the exemption shall be allowed proportionately.

For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

Rebate under section 88E

Section 88E of the IT Act provides that where the total income of a person includes income chargeable under the head "Profits and gains of business or profession" arising from taxable securities transactions, he shall get rebate of STT paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax.

- **Benefits available to Non-Resident Indian shareholders (Other than FIIs and Foreign venture capital investors)**

3. 1 Dividends exempt under section 10(34)

Under Section 10(34) of the IT Act, income earned by way of dividend from domestic company referred to in Section 115-O of the IT Act is exempt from income tax in the hands of the shareholders.

3.2 Computation of capital gains

3.2.1 Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. Shares in a company, listed securities or units of UTI or unit of Mutual Fund specified under Section 10(23D) of the IT Act or a zero coupon bond will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of those assets held for 12 months or less are considered as "short term capital gains".

3.2.2 Section 48 of the Act contains special provisions in relation to computation of capital gains on transfer of shares of an Indian company by non-residents. Computation of capital gains arising on transfer of shares in case of non-residents has to be done in the original foreign currency, which was used to acquire the shares. The capital gain (i.e., sale proceeds less cost of acquisition/ improvement) computed in the original foreign currency is then converted into Indian Rupees at the prevailing rate of exchange. According to the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the IT Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess).

3.2.3 In case investment is made in Indian rupees, the long-term capital gain is to be computed after indexing the cost. According to the provisions of Section 112 of the IT Act, long term gains as computed above that are not exempt under section 10(38) of the IT Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1) of IT Act, if the tax on long term capital gains resulting on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long-term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

3.2.4 As per the provisions of Section 111A of the IT Act, short-term capital gains on sale of Equity Shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 10 per cent (plus applicable surcharge and education cess).

3.2.5 Options available under the IT Act

Where shares have been subscribed to in convertible foreign exchange –
Option of taxation under Chapter XII-A of the IT Act:

Non-Resident Indians as defined in Section 115C(e) of the IT Act, being shareholders of an Indian Company, have the option of being governed by the provisions of Chapter XII-A of the Act, which inter alia entitles them to the following benefits in respect of income from shares of an Indian company acquired, purchased or subscribed to in convertible foreign exchange:

According to the provisions of Section 115D read with Section 115E of the IT Act and subject to the conditions specified therein, long term capital gains arising on transfer of shares in an Indian company not exempt under Section 10(38), will be subject to tax at the rate of 10 percent (plus applicable surcharge and education cess), without indexation benefit.

According to the provisions of Section 115F of the IT Act and subject to the conditions specified therein, gains arising on transfer of a long term capital asset being shares in an Indian company shall not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset. If part of such net consideration is invested within the prescribed period of six months in any specified asset or saving certificate, as specified the exemption will be allowed on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer. Further, if the specified asset or the saving certificate in which the investment has been made is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.

As per the provisions of Section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under Section 139(1) of the Act, if their source of income is only investment income and / or long term capital gains defined in Section 115C of the Act, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

Under Section 115H of the Act, where the Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under Section 139 of the Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from any foreign exchange asset being asset of the nature referred to in sub clause (ii), (iii), (iv) & (v) of Section 115C(f) for that year and subsequent assessment years until such assets are converted into money.

As per the provisions of Section 115-I of the IT Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under Section 139 of the IT Act, declaring therein that the provisions of Chapter XII-A of the IT Act shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

3.2.6 Exemption of capital gains from income tax

Under Section 10(38) of the IT Act, long term capital gains arising out of sale of Equity Shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such Equity Shares or unit is chargeable to STT.

According to the provisions of Section 54EC of the Act and subject to the conditions specified therein, capital gains not exempt under Section 10(38) and arising on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain specified long term assets within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately.

In such a case, the cost of such long term specified asset will not qualify for deduction under Section 80C of the Act. However, if the said specified long term assets are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the specified long term assets are transferred or converted into money.

According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual, gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If only a part of such net consideration is invested within the prescribed period in a residential house, the exemption shall be allowed proportionately. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

3.3 Rebate under section 88E

Section 88E provides that where the total income of a person includes income chargeable under the head "Profits and gains of business or profession" arising from taxable securities transactions, he shall get rebate of STT paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax.

- **Benefits available to other Non-resident Shareholders (Other than FIIs and Foreign venture capital investors)**

4.1 Dividends exempt under Section 10(34)

Under Section 10(34) of the Act, income earned by way of dividend from domestic company referred to in Section 115-O of the Act is exempt from income tax in the hands of the shareholders.

4.2 Computation of capital gains

4.2.1 Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. Shares in a company, listed securities or units of UTI or unit of Mutual Fund specified under Section 10(23D) of the Act or a zero coupon bond will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of these assets held for 12 months or less are considered as "short term capital gains".

4.2.2 Section 48 of the Act contains special provisions in relation to computation of capital gains on transfer of shares of an Indian company by non-residents. Computation of capital gains arising on transfer of shares in case of non-residents has to be done in the original foreign currency, which was used to acquire the shares. The capital gain (i.e., sale proceeds less cost of acquisition/ improvement) computed in the original foreign currency is then converted into Indian Rupees at the prevailing rate of exchange.
As per the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess).

4.2.3 In case investment is made in Indian rupees, the long-term capital gain is to be computed after indexing the cost. As per the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long-term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

4.2.4 As per the provisions of section 111A of the Act, short-term capital gains on sale of Equity Shares, where the transaction of sale is chargeable to STT, shall be subject to tax at a rate of 10 per cent (plus applicable surcharge and education cess).

4.2.5 Exemption of capital gain from income tax

Under Section 10(38) of the Act, long term capital gains arising out of sale of Equity Shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such Equity Shares or unit is chargeable to STT.

According to the provisions of Section 54EC of the Act and subject to the conditions specified therein, long term capital gains not exempt under section 10(38) shall not be chargeable to tax to the extent such capital gains are invested in certain specified long term assets within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately. In such a case, the cost of such long term specified asset will not qualify for deduction under Section 80C of the Act. However, if the assessee transfers or converts the specified long term assets into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the specified long term assets are transferred or converted into money.

According to the provisions of Section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a HUF, gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If only a part of such net consideration is invested within the prescribed period in a residential house, the exemption shall be allowed proportionately. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

4.3 Rebate under section 88E

Section 88E provides that where the total income of a person includes income chargeable under the head "Profits and gains of business or profession" arising from taxable securities transactions, he shall get rebate of STT paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax.

- **Benefits available to Foreign Institutional Investors ('FIIs')**

5.1 Dividends exempt under section 10(34)

Under Section 10(34) of the Act, income earned by way of dividend from domestic company referred to in Section 115-O of the Act is exempt from income tax in the hands of the shareholders.

5.2 Taxability of capital gains

Exemption of capital gain from income tax

5.2.1 Under Section 10(38) of the Act, Long term Capital Gains arising out of sale of Equity Shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such Equity Shares or unit is chargeable to STT.

5.2.2 The income by way of short term capital gains or long term capital gains [in cases not covered under section 10(38) of the Act] realized by FIIs on sale of shares of the company would be taxed at the following rates as per section 115 AD of the Act-

Short term capital gains, other than those referred to under section 111A of the Act shall be taxed @ 30% (plus applicable surcharge & education cess).

Short term capital gains, referred to under section 111A of the IT Act where the transaction of sale is chargeable to STT, shall be taxed @ 10% (plus applicable surcharge and education cess)

Long Term capital gains @ 10% (plus applicable surcharge and education cess) (without cost indexation) It may be noted here that the benefits of indexation and foreign currency fluctuation protection as provided by section 48 of the Act are not applicable.

5.2.3 According to the provisions of Section 54EC of the Act and subject to the conditions specified therein, long term capital gains not exempt under Section 10(38) shall not be chargeable to tax to the extent such capital gains are invested in certain specified long term assets within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately. However, if the assessee transfers or converts the specified long term assets into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the specified long term assets are transferred or converted into money.

5.4 Rebate under section 88E

Section 88E provides that where the total income of a person includes income chargeable under the head "Profits and gains of business or profession" arising from taxable securities transactions, he shall get rebate of STT paid by him in the course of his business. Such rebate is to be allowed from the amount of income tax in respect of such transactions calculated by applying average rate of income tax.

- **Benefits available to Mutual Funds**

As per the provisions of Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions or authorized by the Reserve Bank of India would be exempt from income tax. However, the Mutual Funds shall be liable to pay tax on distributed income to unit holders under Section 115R of the IT Act.

By virtue of Section 45 of the Wealth Tax Act, 1957, wealth tax is not chargeable in respect of net wealth of a mutual fund specified under Section 10 (23D) of the Wealth Tax Act, 1957.

- **Venture Capital Companies/Funds**

In terms of section 10(23FB) of the Act, income of all Venture capital companies/funds registered with Securities and Exchange of India, in a Venture Capital Undertaking subject to the conditions specified, are eligible for exemption from income tax.

- **Tax Treaty benefits**

An investor has an option to be governed by the provisions of the Act or the provisions of a Tax Treaty that India has entered into with another country of which the investor is a tax resident, whichever is more beneficial.

9. Benefits available under the Wealth-tax Act, 1957

Shares of the Company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth Tax Act, 1957, hence no Wealth Tax will be payable on the market value of shares of the Company held by the shareholder of the Company.

Notes:

1. All the above benefits are as per the current tax law as amended by the Finance Act, 2007.

2. The stated benefits will be available only to the sole / first named holder in case the shares are held by joint holders.

3. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the issue.

SECTION IV: ABOUT THE COMPANY

INDUSTRY OVERVIEW

The information in this section has been extracted from publicly available documents prepared by various third party sources, including the Government of India and its various ministries and certain multilateral institutions. This data has not been prepared or independently verified by us or the BRLMs or any of their respective affiliates or advisors. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the section titled "Risk Factors" in this Draft Red Herring Prospectus. Accordingly, investment decisions should not be based on such information.

Indian Economy

According to the Economist Fact Sheet (dated November 7, 2007), India, with a population of over one billion people, had a gross domestic product ("GDP") on a purchasing power parity ("PPP") basis of approximately USD 4,312 billion in 2006. This has made it the fourth largest economy in the world, on a PPP basis, after the United States, China and Japan.

In 1991, the Government of India initiated a series of extensive macroeconomic and structural reforms to promote economic stability and growth. The key policy reforms initiated by the Government focused on implementing fundamental economic reforms, deregulation, accelerating foreign investment and pushing forward a privatization program. After the reforms, India's economy achieved robust growth, fuelled by sustained momentum in the services and manufacturing sectors.

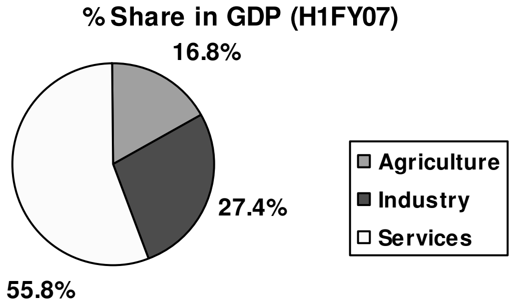
According to the Annual Report of the Reserve Bank of India ("RBI"), for the year ended June 2007 (the "RBI Annual Report 2007"), India had a GDP growth rate of 7.5% in fiscal year 2005, 9.0% in fiscal year 2006 and 9.4% in fiscal year 2007. The services sector has contributed significantly to the growth of the GDP and its share of the GDP has been rising, from 60.2% in fiscal year 2005 to 60.9% in fiscal year 2006 to 61.8% in fiscal year 2007. Similarly, the share of financing, insurance, real estate and business services in the GDP has also increased, from 13.5% in fiscal year 2005 to 13.8% in fiscal year 2006 to 13.9% in fiscal year 2007.

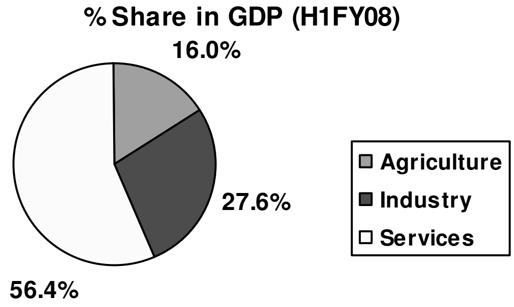
According to the estimates released for the first half (April-September) of 2007 by the Central Statistical Organization ("CSO"), GDP grew at a rate of 9.1% in that period compared to 9.9% in the corresponding half in the preceding year. Second quarter GDP grew at an estimated 8.9%. For the first half of fiscal year 2008, the agriculture sector (including fishing and forestry) registered a growth of 3.7% (higher than the increase recorded in the previous year). However, there was a slowdown in the growth of the industry and services sector in the first half of fiscal year 2008 as compared to the first half in the preceding year.

GDP Growth by Sectors	**Growth (%)**	
Sector	**2006-07 (H1)**	**2007-08 (H1)**
Agriculture	2.8	3.7
Industry	10.9	9.8
Services	11.7	10.4
Total GDP	9.9	9.1

Source: CSO, GDP growth (at 1999-2000 prices)

Share of agriculture in total GDP fell in the first half of fiscal year 2008 compared to the corresponding half last year. The share of the industry and services sectors increased during the first half of this year, with industry accounting for 27.6% and services 56.4% of the total GDP.





Source: CSO

Indian Securities Market

India has a long history of organized securities trading. In 1875, the first stock exchange was established in Mumbai. India's stock exchanges are now regulated primarily by Securities Exchange Board of India ("SEBI"), as well as by the Government of India acting through the Ministry of Finance, Capital Markets Division.

The Indian stock exchanges prior to the establishment of SEBI lacked transparency and faced other major problems, including outdated trading mechanisms, delays in physical delivery and registration of transfer, poor disclosure and insider trading. The Securities and Exchange Board of India Act, 1992, as amended ("SEBI Act"), granted powers to SEBI to regulate the Indian securities market. SEBI has issued various guidelines and regulations which has improved transparency in the Indian securities market and has helped increase investor confidence.

The two most prominent stock exchanges in India are the Bombay Stock Exchange ("BSE") and the National Stock Exchange ("NSE").

BSE

The BSE, established in 1875, has evolved over the years into its present status as the largest stock exchange of India. The BSE switched over to an on-line trading network in May 1995 and has expanded this network to over 400 cities in India. According to the BSE's website, as of and for the month ended March 31, 2007, there were 4,821 companies listed on the BSE, the average daily turnover of the BSE was Rs. 37.1 billion, and the market capitalization of the BSE listed securities was approximately Rs. 35,450 billion.

NSE

The NSE was established by financial institutions and banks to provide nationwide on-line satellite-linked screen-based trading facilities with market makers and electronic clearing and settlement for securities, including government securities, debentures, public sector notes and units. Deliveries for trades executed "on-market" are exchanged through the National Securities Clearing Corporation Limited. The NSE commenced operations in the wholesale debt market and capital markets segments in 1994 and in the derivatives segment in 2000.

According to the NSE's Factbook 2007, as of and for the year ended March 31, 2007, there were 1,228 companies listed on the NSE, the average daily turnover of the NSE was Rs. 78.1 billion in the capital markets segment and Rs. 295.4 billion in the derivatives segment and the market capitalization of the NSE listed securities was approximately Rs. 33,700 billion.

Performance of the Indian Securities Market

The BSE Sensitive Index (the "Sensex"), a widely cited equity market indicator in India, increased approximately 276% over the last five fiscal years (April 2002 to March 2007), representing a compounded annual growth rate ("CAGR") of 30%. The Sensex rose 44% in the most recent fiscal year, and 32% in the first half of this fiscal year. The bull market can be explained by the on-going growth potential in the Indian economy, the liberalization of the Indian markets, regulatory reform, and a substantial increase in foreign investment and until recently generally favourable global economic conditions.

Typical of markets in developing countries, India's equity markets have been quite volatile. For example, in the 12 months ending December 12, 2007, there were 26 instances of the Sensex increasing or decreasing by at least 2.5% as compared to the previous trading day's closing price. On December 17, 2007, the Sensex decreased 769 points, or 3.8% compared to the previous trading day. In May 2006 and May 2004, the Sensex had single day trading losses of 6.8% and 11.1%, respectively.

The Securities Exchange Board of India ("SEBI") and the Government of India acting through the Ministry of Finance, Capital Markets Division have worked with the country's stock exchanges to create a technology-intensive market infrastructure and transform the mechanics of trading securities. Despite the reform efforts, there have been cases of market manipulation and fraud on the securities market that have shaken investor confidence and contributed to market volatility.

In addition, to help mutual funds in the securities market, SEBI guidelines require that at least 5% of primary issuances (IPOs) on Indian stock exchanges are reserved for domestic mutual funds.

India's High Savings Rate

India has a high household savings rate. According to the RBI Annual Report 2007, average household savings as a percentage of GDP between fiscal years 2000 and 2006 equalled 22.1%, with 10.7% invested in financial assets and the remaining 11.3% invested in physical assets, consisting of gold, property and other physical assets. The RBI Annual Report 2007 mentions that the GDP at current market prices during fiscal year 2007 was Rs. 41,257 billion and that out of this the household savings in financial assets was Rs. 7,587 billion, or 18.4% of GDP. India does not have a national social security system, highlighting the importance of household savings. The increase in consumer options and available credit in India has resulted in an increase in consumer spending, which may lead to a decrease in the savings rate.

A large portion of the financial savings by the household sector (approximately 55.7% in fiscal year 2007) is in the form of bank deposits. Despite India's high savings rate, equity savings remains low. As noted above, transparency in Indian equity markets was lacking until the market regulator SEBI was established in 1992. In addition, the volatility and crisis in the Indian securities market has shaken investor confidence, leaving most of the country to rely upon bank deposits, gold and real estate as their primary saving instruments.

The entry of privately owned, domestic and international, mutual fund providers coupled with a sustained and sharp bull run in the Indian equities markets since 2003 has contributed to an increased awareness among Indian investors about the equity market. In recent years there has been a consistent increase in the rate of savings in the form of investments in securities and funds by the household sector. Increased interest in equities and debt as an asset class among traditional investors has played a pivotal role in the growth of the total AUM in the mutual fund industry. According to the RBI Annual Report 2007, investments in mutual funds by the household sector as a percentage of total financial savings has been on the rise for the last three years, from 0.8% in fiscal year 2005 to 3.6% in fiscal year 2006 to 4.8% in fiscal year 2007.

A significant portion of India's population is young -- 50% of the population is below 25 years of age (according to the CIA's World Factbook 2007). As this segment of the population increases in age and earning capacity, they can be expected to seek investment opportunities. The younger generation also should have a higher risk tolerance and more sophisticated approach to investing, making them more pre-disposed to equity mutual funds as opposed to bank deposits and other more traditional, lower risk investments.

Indian Mutual Fund Industry

The functions of a mutual fund in India are managed by the trustees and an AMC. The investments made by the fund are managed on a regular basis by fund managers employed by the asset management company. The fund manager constructs the portfolio in light of the fund's objectives and size, internal guidelines, prudential exposure norms and regulatory restrictions, and the liquidity required for income distribution or redemption. The income earned through these investments and the capital appreciation realized are shared by its unit holders in proportion to the number of units owned by them.

History of the Mutual Fund Industry

The mutual fund industry in India can be traced back to 1963 when the Unit Trust of India was formed, at the initiative of the Government of India and the Reserve Bank of India. The history of mutual funds in India can be broadly divided into four distinct phases:

First Phase – 1964-87 (The Formation of UTI)

Unit Trust of India was established as a statutory corporation in 1963 by an Act of Parliament. It was initially regulated by the Reserve Bank of India ("RBI") and then, beginning in 1978, by the Industrial Development Bank of India ("IDBI"). According to the Association of Mutual Funds in India ("AMFI"), the first fund launched by Unit Trust of India was Unit Scheme 1964. At the end of 1988, Unit Trust of India had Rs. 67 billion of assets under management ("AUM").

Second Phase – 1987-1993 (Entry of Other State Owned Funds)

In 1987, other mutual funds were set up by state owned banks and insurance companies. State Bank of India Mutual Fund was established in June 1987 followed by Canbank Mutual Fund (December 1987), Punjab National Bank Mutual Fund (August 1989), Indian Bank Mutual Fund (November 1989), the Bank of India (June 1990), the Bank of Baroda Mutual Fund (in October 1992), Life Insurance Corporation of India (June 1989) and General Insurance Corporation of India (December 1990). According to AMFI, at the end of 1993, the mutual fund industry had AUM of Rs. 470 billion.

Third Phase – 1993-2003 (Entry of Privately Owned Funds)

In 1993, the Securities and Exchange Board of India ("SEBI") promulgated the Securities and Exchange Board of India (Mutual Fund) Regulations 1993 ("1993 Regulations), pursuant to which all mutual funds, except UTI, were to be registered and regulated by SEBI in accordance with its provisions. The 1993 Regulations allowed privately owned entities to enter the mutual funds industry and compete with state owned funds. In 1996, SEBI promulgated a more comprehensive set of regulations, which substituted and replaced the 1993 Regulations. The SEBI (Mutual Fund) Regulations 1996 remains in force today. For details on the regulatory framework of mutual funds in India, please refer to the "Regulations and Policies" section on page 83 of this Draft Red Herring Prospectus.

The entry of private owned funds marked the start of a new era in the Indian mutual fund industry. It gave the Indian investor the opportunity to choose from a wider variety of funds in which to invest. In July 1993, the erstwhile Kothari Pioneer (now merged with Franklin Templeton) became the first registered private sector mutual fund.

The number of mutual fund providers steadily increased and many foreign mutual funds started setting up funds in India. The industry also witnessed a phase of consolidation among privately owned mutual fund providers. According to AMFI, at the end of January 2003, there were 33 mutual fund providers, with total assets of Rs. 1,218 billion, of which Unit Trust of India (excluding the assured and monthly plans, as described below) represented Rs. 138.9 billion.

Fourth Phase – February 2003 to Present (Bifurcation Of UTI And Growth of AUM)

In July 2001, amidst the global recession and equity markets downturn, Unit Trust of India suspended dealings in its flagship fund, Unit Scheme 1964 ("US-64"), because there was a material gap between the underlying net asset value of the fund and the repurchase price of the units. The Government of India intervened to protect the interests of the unit holders, and in October 2002, the Unit Trust of India Act, 1963, was repealed by Parliament pursuant to the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 (the "2002 Act"). As a result, Unit Trust of India was bifurcated into two separate entities. The first entity was the Specified Undertaking of Unit Trust of India ("SUUTI"), which was vested with the assets of Unit Trust of India's US-64 and assured return funds. After bifurcation SUUTI issued tax-free bonds to the investors in its US-64 and assured return funds who did not elect to receive cash in exchange for their fund units. The bonds mature in 2008 and 2009. The second entity established was UTI Mutual

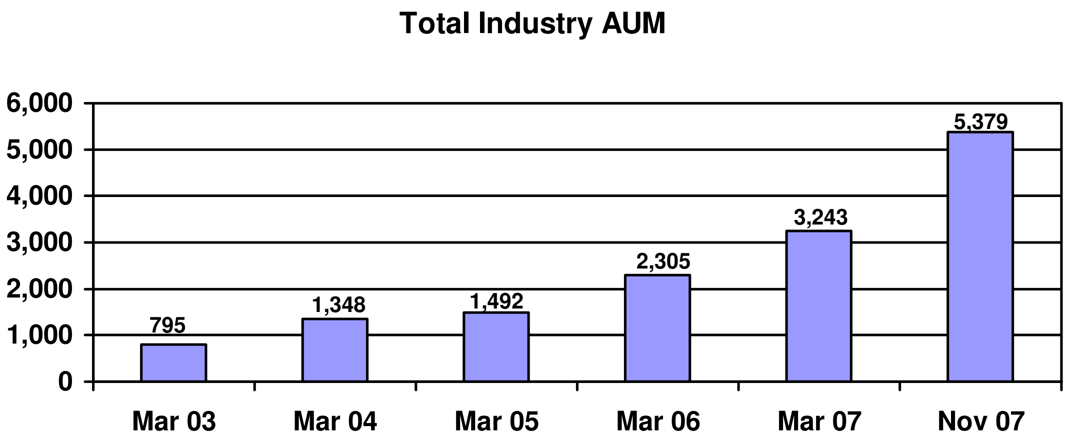
Fund, which was established as a SEBI registered mutual fund with State Bank of India, Life Insurance Corporation of India, Punjab National Bank and Bank of Baroda as its sponsors (collectively, the "Sponsors").

Pursuant to the 2002 Act and a transfer agreement dated January 15, 2003, among the President of India and the Sponsors, 37 SEBI compliant funds, five overseas funds and the Senior Citizens Unit Plan, 1993, of Unit Trust of India were transferred to the UTI Mutual Fund. UTI Asset Management Company Private Limited was incorporated in November 2002 and appointed by UTI Trustee Company Private Limited (the trustee of the UTI Mutual Fund) to manage the funds of UTI Mutual Fund. UTI Asset Management Company Private Limited commenced operations with effect from February 1, 2003.

After the bifurcation of the Unit Trust of India and entry of domestic and international privately owned fund providers, the industry entered into a phase of consolidation and growth. Examples of the consolidation that has taken place in the Indian mutual fund industry include Franklin Templeton Mutual Fund's acquisition of Pioneer ITI Mutual Fund in 2002, Birla Sun Life Financial Services' acquisition of Alliance Capital Asset Management (India) Private Limited in 2003, and our acquisition of funds from IL&FS Mutual Fund in 2004.

According to AMFI, at the end of September 2004, there were 29 mutual fund providers managing assets of Rs. 1,531 billion invested in 421 different individual funds. As of November 30, 2007, there were 32 individual registered mutual fund providers, with a total AUM, excluding funds of funds, of Rs. 5,379 billion, of which UTI Mutual Fund represented Rs. 521.8 billion, or 9.7%. According to AMFI, as of December 31, 2007, UTI Mutual Fund is the second largest mutual fund provider in India by AUM, excluding funds of funds, second to Reliance Mutual Fund.

The current phase has witnessed a rapid growth of AUM in the mutual fund industry. Industry AUM has grown at a consolidated annual growth rate, or CAGR, of 42% between March 31, 2003 and March 31, 2007, as illustrated below (Rs. in billions):



Source: AMFI

Types of Mutual Funds

In India, mutual funds can be classified primarily into two types of funds according to the way they are structured:

- **Open-ended funds:** Investors are permitted to subscribe to new units of the fund at any point of time at a price that is linked to the NAV. Similarly, investors can also sell the units back to the fund at the NAV related price, making it a highly liquid investment. In an open-ended mutual fund there are no limits on the total size of the corpus and there is no fixed maturity of the fund.

- **Close-ended funds:** In a closed-ended fund, the total size of the corpus is limited by the size of the initial offer. It has a stipulated maturity period for a fixed period of time. The fund is open for subscription only during the initial public issue. Thereafter, one can buy or sell the units of the fund during its tenure on the stock exchanges where the fund is listed. In order to provide an alternative exit route before maturity to the investors, some close-ended funds permit units to be sold back to the fund during pre-determined intervals at NAV related prices.

Each fund can be further classified as falling within one of seven types of funds described below depending on their investment objective and asset mix:

- **Growth (Equity):** The aim of these funds is to provide capital appreciation over the medium to long term. These funds normally invest a major part of their assets in equities and are willing to bear a short-term decline in the value of their assets in favour of possible future appreciation. These funds are also known as equity funds.

- **Balanced/Hybrid:** Balanced and hybrid funds aim to provide both growth and income by periodically distributing a part of the income and capital gains they earn to their investors. These funds invest in both equity and fixed income securities, in the proportion indicated in their offer documents. In general, balanced funds invest at least 65% of their corpus in equity securities, while hybrid funds invest less than 65% of their corpus in equity securities. Balanced funds are treated the same as equity funds for purposes of Indian income taxes, and hence dividend income from balanced funds is exempt from income tax (see "Tax Regime for Mutual Fund Investors" below).

- **Equity Linked Savings Scheme ("ELSS"):** These funds offer tax rebates to the investors under tax laws prescribed from time to time. Under Section 80C of the Income Tax Act, 1961, contributions made to any "ELSS" are eligible for tax deduction.

- **Exchange Traded Funds ("ETF"):** Typically, ETFs try to replicate a stock market index, in particular a market sector, for example, energy or technology, or a commodity, such as gold or petroleum. ETFs are open-ended and can be traded on the stock exchanges.

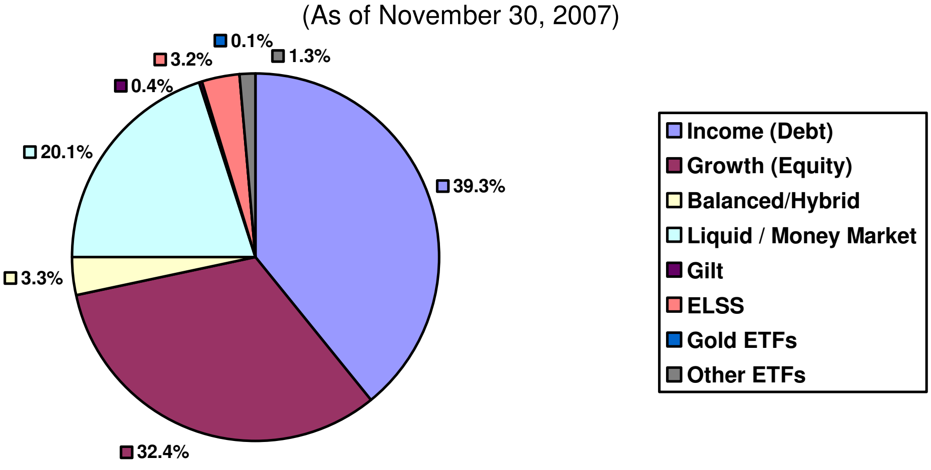
- **Income (Debt):** The aim of these funds is to provide regular and steady income to investors. These funds generally invest in fixed income securities such as bonds and corporate debentures. Capital appreciation in such funds may be limited. These funds are also known as debt funds.

- **Gilt:** These funds invest their corpus in securities issued by Government, popularly known as Government of India debt papers. These funds carry zero default risk but are associated with interest rate risk.

- **Liquid/Money Market:** These funds aim to provide easy liquidity, preservation of capital and moderate income. These funds generally invest in safer, short-term instruments, such as treasury bills, certificates of deposit, commercial paper and inter-bank call money.

The chart below shows the market share of each of the above type of fund as a percentage of the total AUM in the mutual fund industry, as of November 30, 2007:

Market Share by AUM according to Fund Types
(As of November 30, 2007)



Source: AMFI, Monthly Publication, November 2007.

Each fund may also provide different distribution options, which generally are:

- **Dividend**: The investors are paid regular dividends and unit NAV is adjusted accordingly.

- **Dividend reinvestment:** The dividend is re-invested into the fund to purchase additional units of the fund. Thus the investor receives additional units in the fund.

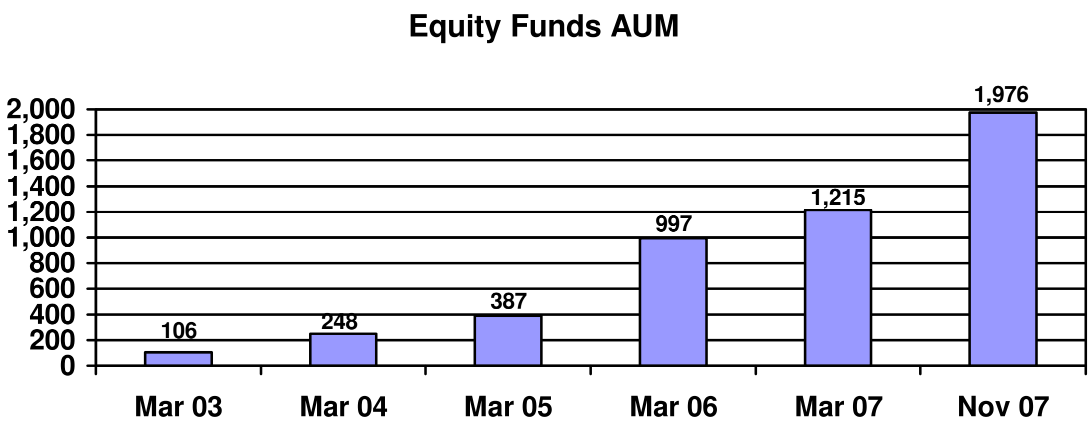
- **Growth:** Generally, instead of paying the dividend, any returns are invested back into the fund, resulting in an increase in the NAV of the units.

Tax Regime for Mutual Fund Investors

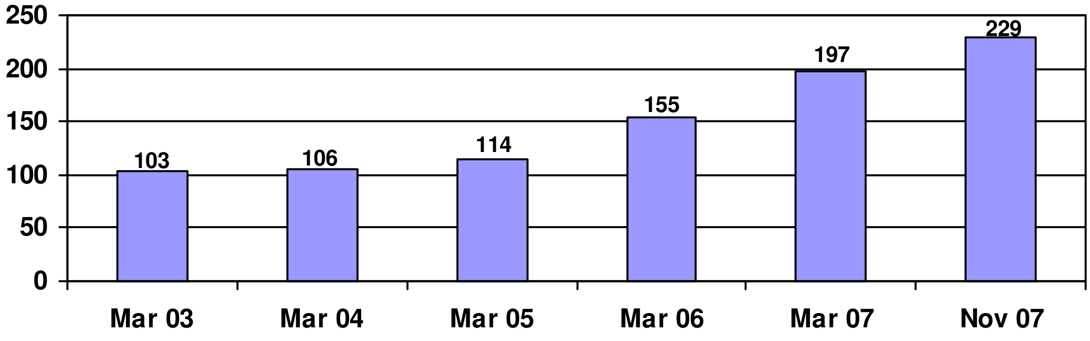
A favourable tax regime exists for mutual fund investors in India. Under the Indian income tax regime, dividend income received by domestic investors in respect of units held in an "equity-oriented mutual fund" is exempt from income tax. (An "equity-oriented mutual fund" is a fund which invests more than 65% of its total corpus in Equity Shares of domestic companies.) In addition, no tax is deductible at source if an equity-oriented fund makes a distribution to its investors. Any gains made by investors in India upon redeeming their investment in an equity-oriented fund is exempt from capital gains tax, provided the investment is made for more than 12 months. In relation to funds, other than equity-oriented funds, dividend income received by domestic investors is exempt from income tax. Distributions made to investors are taxed at source which can be between 12.5% to 25% plus surcharge and cess (the maximum rate of 25% is less than the maximum income tax rate of 30% applying to non-mutual fund investors). Any long term gains realized by domestic investors upon redeeming their investments (which were held for more than 12 months) in funds other than equity-oriented funds are taxable at 10% or 20% (depending on whether the investor takes into account the indexation benefit when calculating the taxable gain). However, investors in equity-oriented funds must pay securities transaction tax ("STT") at the rate of 0.25% on the sale of units back to the mutual fund.

Current State of the Mutual Fund Industry

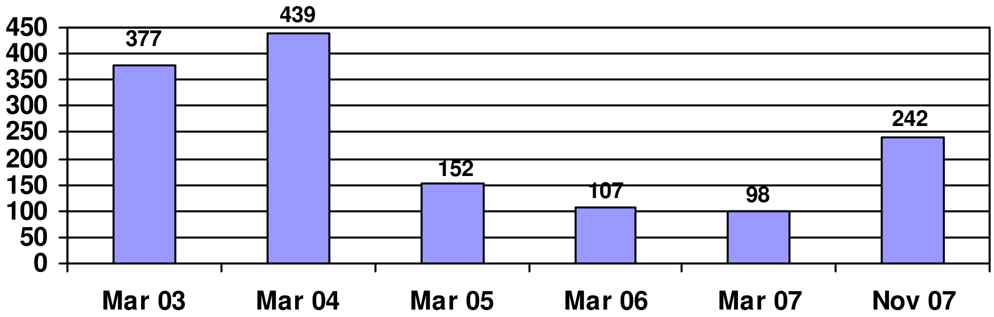
The mutual fund industry is now intensely competitive, and investors have a wide variety of funds to choose from before deciding where to invest their savings. Total AUM as of November 30, 2007, equalled Rs. 5,390 billion, allocated across fund segments as follows (Rs. in billions):



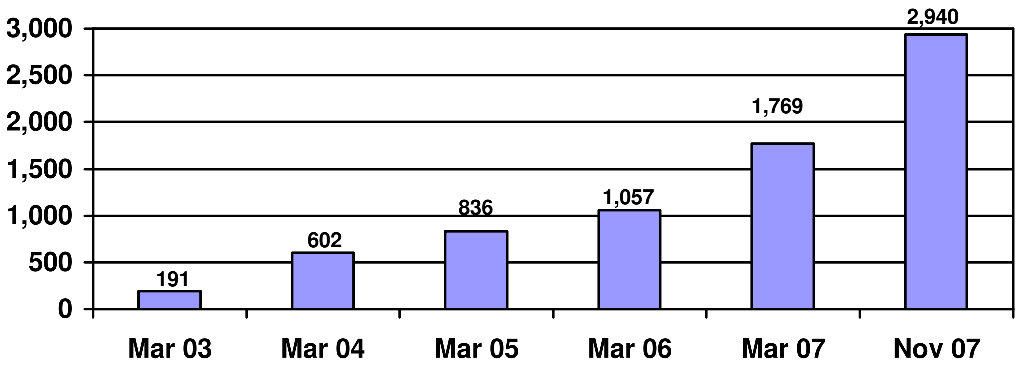
Balance/Hybrid Funds AUM



Income Funds AUM



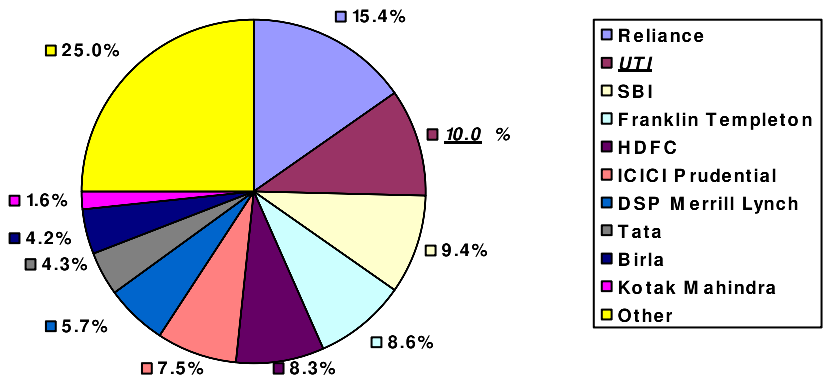
Liquid Funds AUM



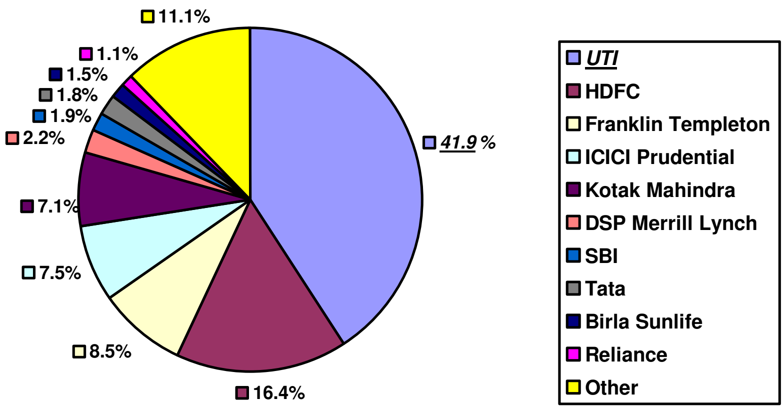
Source: Value Research

There were 32 registered fund providers as of November 30, 2007 (according to AMFI). The ten largest fund providers accounted for 71.4% of the total AUM of the industry, as of November 30, 2007. The market share of the ten leading mutual fund providers varied depending on fund category, as follows:

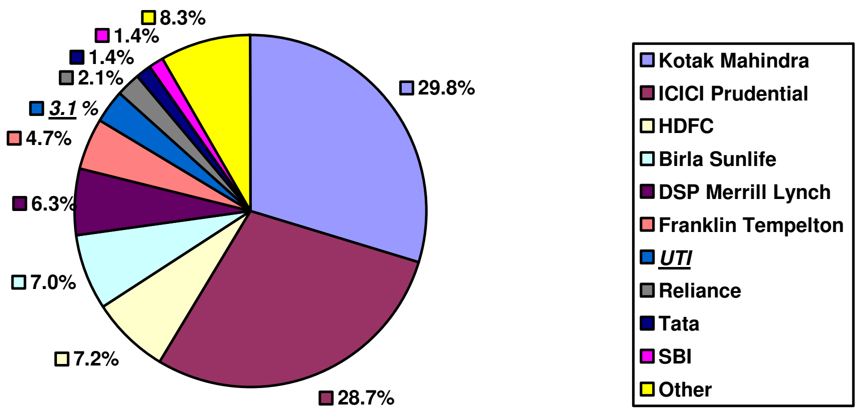
Equity Funds: Market Share by AUM
(as of November 30, 2007)



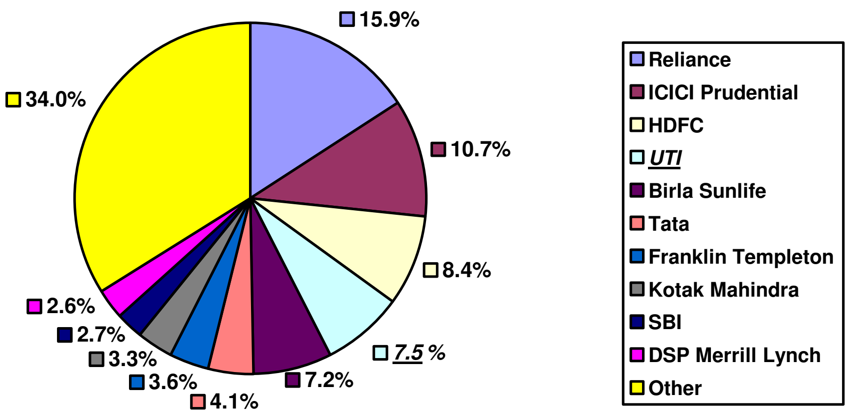
Balanced/Hybrid Funds: Market Share by AUM
(as of November 30, 2007)



Income Funds: Market Share by AUM
(as of November 30, 2007)



Liquid Funds: Market Share by AUM
(as of November 30, 2007)

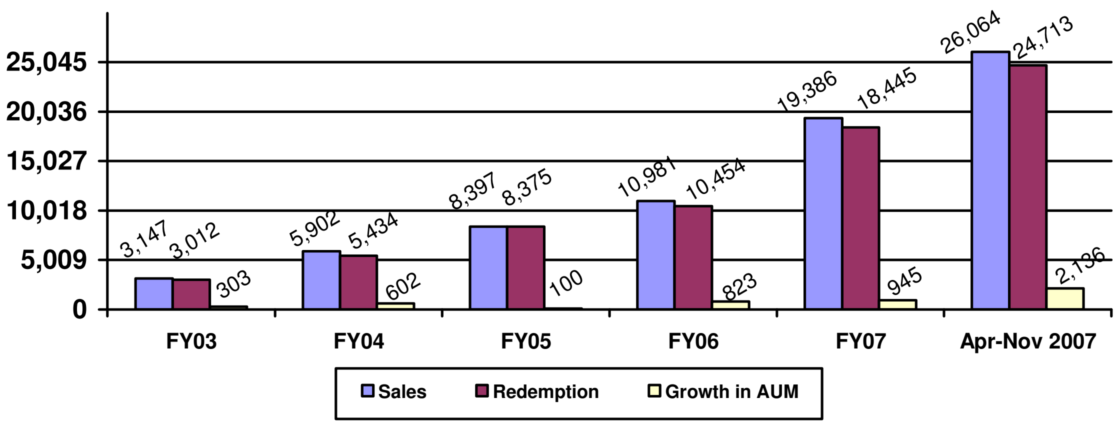


Source: Value Research

More mutual funds are being launched in India, and new providers are entering the market. The large, global foreign banks are now focusing their attention to India and launching domestic funds.

The AUM in the mutual fund industry has witnessed a sharp growth in the current fiscal year. Between April and November 2007, the total AUM in the industry grew by Rs. 2,136 billion, or 66%. The sharp growth in AUM is primarily due to an increase in the NAV of the assets under management for equity-oriented funds, as well as marketing and sales activities carried out by various fund providers. The bullish equity securities market in India, with the Sensex increasing 48%, from 13,072 points to 19,363 points, between March 30, 2007 and November 30, 2007, has been a major contributor to the increase in the NAV of equity-oriented and balanced/hybrid funds. The following chart demonstrates the growth in sales, redemption and total AUM for the industry (Rs. in billions):

Sales, Redemption and AUM Growth



Source: AMFI Monthly publications (March 2003, 2004, 2005, 2006 and 2007 and November 2007)

Wealth Management and Portfolio Management Services

According to the World Wealth Report 2007, the growth rates for real GDP and market capitalization, two primary factors for wealth generation, accelerated throughout calendar year 2006. These trends helped to increase the total number of High Net Worth Individuals (defined as individuals with more than USD 1.0 million in financial holdings, excluding their primary residence; "HNI") around the world.

Globally, the HNI population grew by 8.3% in calendar year 2006, to a total of 9.5 million individuals. Singapore, India, Indonesia and Russia witnessed the highest growth in HNI populations. These gains came amid these emerging markets' attempts to solidify their infrastructures and further develop their economies. The following chart illustrates the fastest growing countries for HNI populations in 2006:

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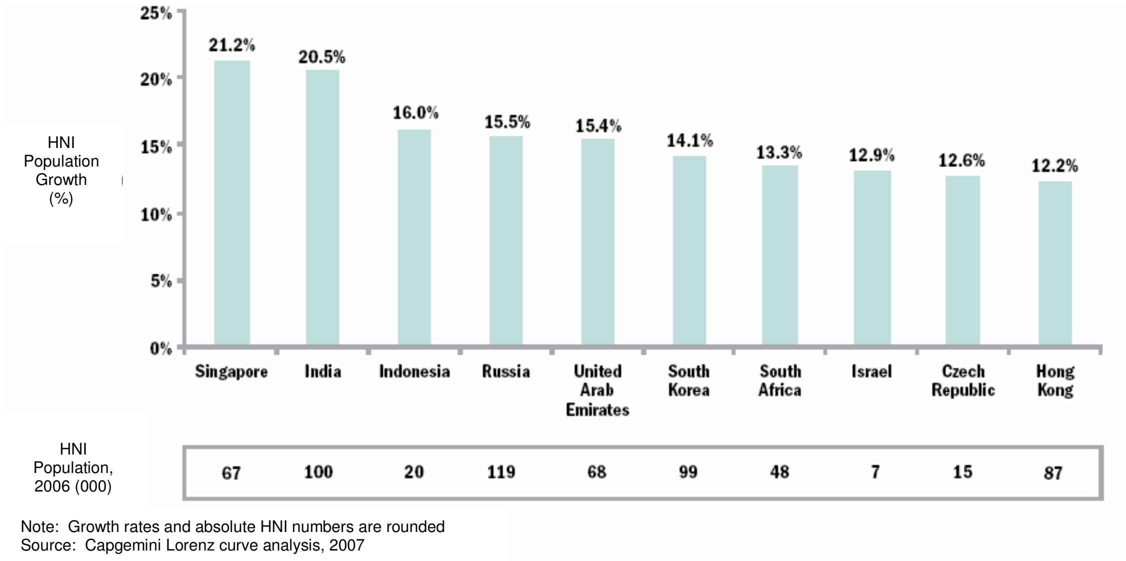
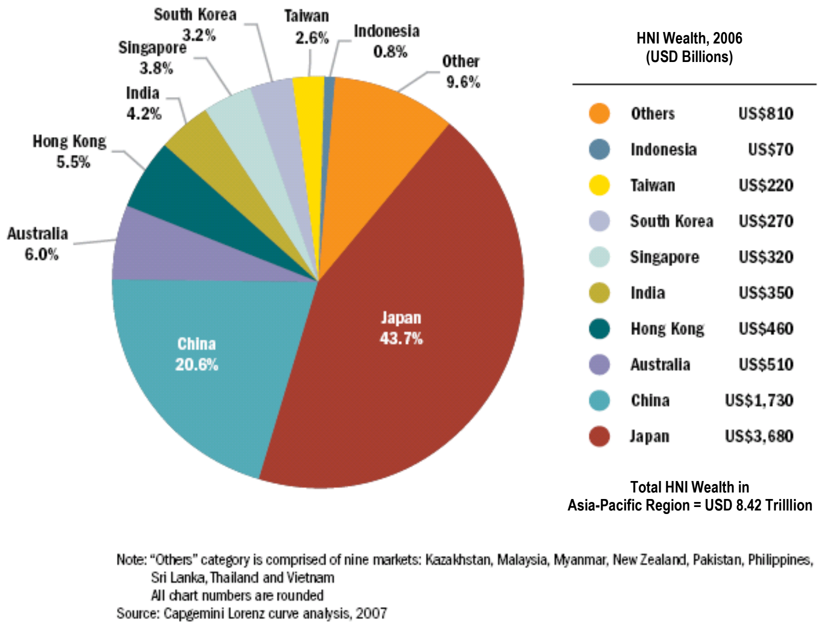
HNI Growth Rates



Source: World Wealth Report 2007

Of the 9.5 million HNIs globally, 27.1% live in the Asia-Pacific region, with China and Japan accounting for over 64% of the wealth. Singapore, India and Indonesia have registered the fastest rates of growth. The following chart highlights the distribution of HNI wealth across the Asia-Pacific region:

Distribution in Asia-Pacific
of HNI Wealth



Source: World Wealth Report 2007

The HNI community is a key market segment for portfolio management services. Portfolio managers typically advise, direct or undertake on behalf of the client, the management or administration of a portfolio of securities or the funds of the client with fees charged as a fixed amount or a return based fee or a combination of both. A discretionary portfolio manager individually and independently manages the funds of each client in accordance with the needs of the client in a manner, whereas the non-discretionary portfolio manager manages the funds in accordance with the directions of the client.

Domestic and international private banks in India have identified the HNI segment's need for specific products and services and have created practice models and advisor teams that specialize in servicing HNIs.

The service providers in India can be classified into three broad categories: portfolio managers (these are traditionally brokerage firms that have evolved wealth management practices, such as Enam, Kotak Securities and DSP Merrill Lynch), asset management firms (which operate wealth management practices separately from their public mutual funds, such as UTI, Prudential ICICI, HDFC and Franklin Templeton) and private/foreign banks (such as Citigroup and HSBC). Non-resident Indians (it is estimated that over 150,000 Indian millionaires reside outside of their country's borders) are an important segment within the HNI market, and wealth managers are becoming increasingly focused on servicing this niche market.

Private Equity and Venture Capital

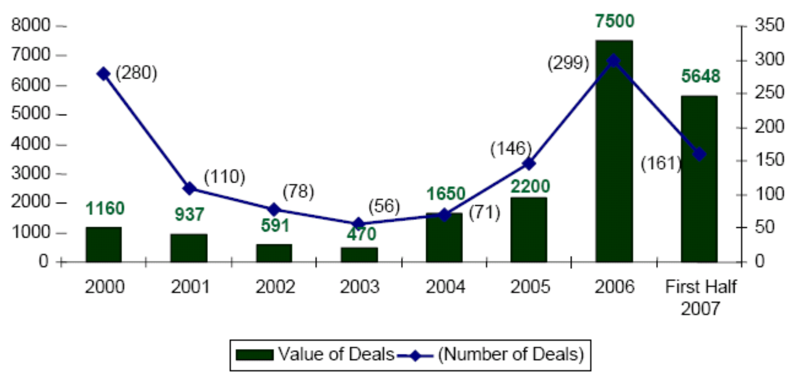
The emergence of the Indian private equity ("PE") and venture capital ("VC") market dates back to 1996-1997. The market thereafter rapidly scaled up primarily driven by the information technology ("IT"), IT enabled services ("ITES"), telecommunications and internet sectors. Following the approximately 60% decline in Nasdaq during the second quarter of 2000 and losses on other public markets, including in India, activity in the Indian PE and VC market slowed. The VCs and PEs started investing less money and in more mature companies in an effort to minimize the risks. With India's economy growing at 7% to 8% in recent years, investor interest has again been renewed. An important feature of this resurgence has been an expanded focus on sectors beyond IT and ITES.

PE and VC firms invested a record USD 7,474 million across almost 300 deals in India in calendar year 2006. (These figures exclude investments in real estate.) The amount invested during 2006 was over three times that during 2005, which itself was a record one (with 146 deals totalling USD 2,200 million).

The largest investment reported during 2006 was the approximately USD 966 million raised by mobile telecom services firm Idea Cellular in a pre-IPO placement. The second largest investment during the year was the USD 765 million leveraged buyout of Flextronics International's 85% stake in New Delhi-based software services firm Flextronics Software Systems (FSS) by Kohlberg Kravis Roberts ("KKR") and Sequoia Capital. The deal marked the biggest-ever leveraged buyout in India and KKR's first significant investment in the country.

The following chart highlights the fluctuations and increase in the number and value of PE and VC deals:

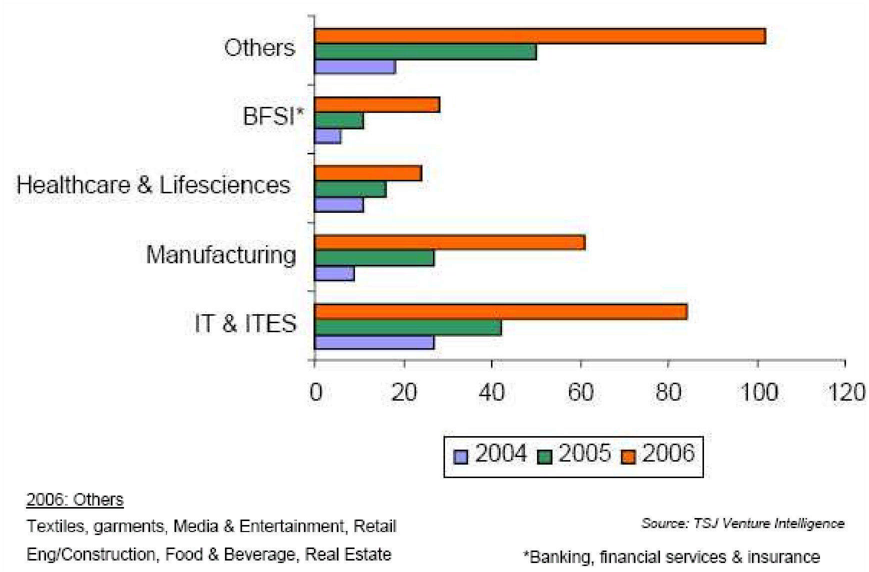
Number and Value of PE/VC Deals



Source : India Venture Capital Association, October 2007. Value of deals in USD millions. Year refers to calendar year.

In recent years, the PE and VC deals have been more widely distributed across industries, as illustrated below:

Industry Distribution of PE/VC Deals



Source: India Venture Capital Association, October 2007

The size and nature of investments have also evolved, increasingly moving from smaller start-up and early stage funding to larger-scale, later stage growth capital investments. India's capital markets have benefited in recent years from the growth of the Indian economy, active secondary markets, structural reforms by the Indian government and a more investor-friendly regulatory framework.

The increasing market capitalization of small and mid-cap companies in recent years has underscored the investment potential in emerging companies and new ventures. India also is perceived as having an entreprenurial culture, presenting further opportunities for PE, VC and other alternative asset managers. The PE and VC industry broadly consists of independent domestic firms (such as ChrysCapital) and those promoted by larger financial institutions (such as UTI Venture Funds, ICICI Ventures, IL&FS Investment Managers and IDFC Private Equity), as well as foreign firms with India portfolios (such as Blackstone, Carlyle, Sequoia and Warburg Pincus).

BUSINESS

Overview

We are a leading provider of asset management services in India catering to a diverse group of individual and institutional investors through a wide variety of equity and debt funds. We manage domestic mutual funds, as well as provide portfolio management services and manage overseas, venture capital and private equity funds. Our total assets under management ("AUM") equalled Rs. 495,418 million, as of September 30, 2007. Based on AUM in our domestic mutual funds as of December 31, 2007, we are the second largest mutual fund provider in India, according to AMFI. We believe we have the largest client base among mutual fund providers in India, with approximately 8.1 million client accounts. We have a high concentration of equity and balanced/hybrid funds, and had the second highest market share for equity funds (10.0%) and the highest market share for balanced/hybrid funds (41.9%) in India, as of November 30, 2007. Our income and liquid funds on a combined basis had the fourth highest market share (7.1%), according to Value Research.

We and our predecessor (Unit Trust of India) have been active in the asset management industry in India for more than 40 years, after having established the first mutual fund in India. We have a national footprint with representatives in 455 of India's 604 districts, with an extensive network of UTI Financial Centres, independent financial advisors, banks and other distributors, as well as offices overseas. We believe our history and track record in the mutual fund industry, strong brand recognition, distribution reach and client relationships provide a dynamic platform for future growth. Our investment philosophy is to deliver consistent and stable returns in the medium to long term with low volatility compared to market benchmarks. Our four sponsors are the State Bank of India, Life Insurance Corporation of India, Punjab National Bank and Bank of Baroda (which are all controlled by the Government of India). We are a professionally managed company led by our Board of Directors and a management team consisting of experienced professionals from the industry.

We currently manage 76 domestic equity, balanced/hybrid, income and liquid mutual funds. Our domestic funds had AUM of Rs. 450,026 million, as of September 30, 2007, constituting approximately 9.4% of the total AUM invested in mutual funds in India and making us the third largest fund provider, according to AMFI. Set forth below is the breakdown of our domestic AUM (in absolute amounts and as a percentage of total domestic AUM) by category of mutual funds:

(Rs. in millions, except percentages)	As of September 30,		As of March 31,					
Category of Fund	**2007**		**2007**		**2006**		**2005**	
Equity Funds	174,725	38.8%	134,953	38.0%	134,671	45.6%	70,764	34.3 %
Balanced/Hybrid Funds	95,060	21.1%	87,625	24.7%	91,649	31.0%	80,133	38.8 %
Income Funds	104,228	23.2%	70,096	19.8%	24,431	8.3%	18,725	9.1%
Liquid Funds	76,013	16.9%	61,954	17.5%	44,609	15.1%	36,947	17.8 %
Total Domestic AUM	**450,026**	**100.0%**	**354,628**	**100.0%**	**295,360**	**100.0%**	**206,569**	**100. 0%**

Our AUM for domestic mutual funds increased from Rs. 138,967 million as of January 31, 2003, to Rs. 450,026 million as of September 30, 2007, representing a compound annual growth rate ("CAGR") of 28.6%. The industry AUM increased from Rs. 794,640 million as of March 31, 2003, to Rs. 4,769,206 million as of September 30, 2007, representing a CAGR of 48.9%.

We also provide portfolio management services ("PMS") to approximately 320 clients. We have been recently selected as one of three asset managers to provide portfolio management services to the National Investment Fund ("NIF"). In addition, we have been selected by the Pension Fund Regulatory Development Authority ("PFRDA") as one of three asset managers to manage funds under a new pension scheme of the Government of India. We manage offshore and foreign institutional investor ("FII") funds (including a co-branded fund with Shinsei Bank of Japan), as well as venture capital and private equity funds. As of September 30, 2007, our portfolio management, overseas, venture capital and private equity funds had total AUM of Rs. 45,392 million. We also provide support services to the Specified Undertaking of the Unit Trust of India ("SUUTI"). Set forth below is the breakdown of our other AUM (in absolute amounts and as a percentage of total other AUM) by category of funds (other than SUUTI):

(Rs. in millions, except percentages)	As of September 30,		As of March 31,					
Category of Fund	**2007**		**2007**		**2006**		**2005**	
Portfolio Management Services	21,609	47.6%	14,610	38.0%	1,254	11.2%	138	2.7%
Overseas Funds	17,841	39.3%	18,406	48.0%	7,594	67.7%	4,104	81.0 %
Private Equity and Venture Capital Funds (on cost basis)	5,942	13.1%	5,392	14.1%	2,371	21.1%	826	16.3 %
Total Other AUM	**45,392**	**100.0%**	**38,408**	**100%**	**11,219**	**100.0%**	**5,068**	**100.0 %**

Our investment strategy is to have a balanced and well-diversified portfolio for our funds, with equal emphasis given to asset allocation and sectoral allocation as given to security selection. We have an in-house research based approach for our investments and we follow process-based investment management practices. Our fund investment team includes 14 professionals with an average of over 12 years of investment management experience. Our research team includes nine analysts and covers approximately 300 companies. We believe that our professional management and disciplined investment approach contribute to efficient management of our funds. We have a rigorous internal control structure with emphasis on risk management, internal audit systems and regulatory compliance.

We offer our products through a diverse range of distribution channels, including a network of ten regional offices, 79 UTI Financial Centres ("UFCs") and two satellite offices, as well as overseas offices in London, Dubai, Bahrain and Singapore. For distribution, we utilize third-party agents, including approximately 31,000 independent financial advisors, as well as private and public sector banks, post offices, and corporate distribution houses. Our clients include individual retail investors, banks, corporate and other institutional investors, public sector undertakings, and overseas investors. Domestic individual investors represented 51.2% of our total domestic AUM, while corporate and other business entities represented 27.1% and banks and other financial institutions represented 11.1% of domestic AUM, as of November 30, 2007. Trusts, foundations and non-resident Indians represented the remainder of our domestic AUM.

Our consolidated total income for the Fiscals 2007, 2006 and 2005, equalled Rs. 4,096 million, Rs. 3,920.9 million and Rs. 3,285.4 million, respectively, representing a CAGR of 11.7%. Our consolidated profit after tax for the same periods equalled Rs. 1,552.3 million, Rs. 1,357 million and Rs. 1,034.4 million, respectively, representing a CAGR of 22.5%. For the six months ended September 30, 2007, our consolidated total income and profit after tax equalled Rs. 2,035 million and Rs. 727 million, respectively.

Our Strengths

We believe we benefit from the following key strengths:

Well-positioned to capitalize on favourable macro-economic conditions and industry dynamics.

The Indian mutual fund industry is expected to continue to grow due to favourable macro-economic conditions and industry dynamics, such as GDP growth and a high savings rate. According to the RBI Annual Report 2007, the GDP of India averaged approximately 8.6% for the last three fiscal years and 9.1% for the first half of this fiscal year. India has a high rate of financial savings as a percentage of GDP, with a savings rate averaging 31.3% for the last three fiscal years. However, mutual funds continue to constitute a small portion of overall savings in India. The RBI Annual Report 2007 indicates that 4.8% of household savings consisted of savings in mutual funds for fiscal year 2007. We believe our large size and diverse client base, coupled with our strong portfolio of equity and other funds, extensive distribution network and widely recognized brand, position us to capitalize on future growth in the mutual fund industry.

Large focused asset manager with diverse fund offerings, experienced fund managers and record of steady AUM growth.

Based on AUM in our domestic mutual funds as of December 31, 2007, we are the second largest mutual fund provider in India, according to AMFI. Our total AUM for our domestic funds equalled Rs. 450,026 million as of September 30, 2007. We offer a variety of domestic funds, including equity, balanced/hybrid, income and liquid funds, as well as portfolio management services and overseas, venture capital and private equity funds. We believe that our large size enables us to benefit from economies of scale, especially in the areas of fund management, marketing and distribution. Further, we believe that our focus on our core business of asset management distinguishes us from our major competitors with varied sales, trading, underwriting, research and lending activities. Our investment professionals can better serve clients by developing expertise in our investment products, free from many of the conflicts of interest that can arise with competing business lines. Our approach helps us attract and retain professionals who aim to work in a firm where asset management is the central business. We believe our dedicated focus has contributed to our record of steady AUM growth over the years. Our total domestic AUM were Rs. 354,628 million, Rs. 295,360 million and Rs. 206,659 million as of March 31, 2007, 2006 and 2005, respectively, representing a CAGR of 31.0% over this period.

Broad and stable client base and multiple distribution channels.

With approximately 8.1 million client accounts, we believe we have the largest client base among mutual fund providers in India. Our list of clients includes individual retail investors, banks, corporate and other institutional investors, public sector undertakings ("PSUs"), and overseas investors. We believe that the nature of our clients and distribution channels, as well as our good relationships with clients, have resulted in a stable and growing investor base. Individual retail clients represent over one-half of our total client base, which we believe helps insulate us from excessive short-term churn and volatility in our funds. Our broad client base also provides us with a number of opportunities, including cross-selling different funds. We have a comprehensive distribution network with both in-house capabilities and external distribution channels. We reach clients through a number of distribution channels, including retail distribution (consisting of ten regional offices, 79 UTI Financial Centres ("UFCs"), two satellite offices, 455 district representatives and collection centres, and approximately 31,000 independent financial advisors, as of September 30, 2007). Our other distribution channels consist of institutions, private and foreign banks, PSU banks and post offices (with access to approximately 1,600 PSU bank branches and 2,000 post offices), and corporate distribution houses. Our wide-spread distribution network gives us access to 455 districts (out of 604 districts in total), including remote areas, and reinforces our strong presence in small and medium towns, cities and villages. Our funds are also distributed through our foreign offices in London, Dubai, Bahrain and Singapore.

Strong brand recognition.

Our brand is recognized nationwide for the UTI Group's strength and more than 40 years of heritage as a leading participant in the mutual fund industry. We believe that we have built a reputation for service, integrity and creative solutions and that our affiliation with state-owned sponsors strengthens our brand. Our national footprint, with a presence in many metropolitan and rural areas, has allowed us to leverage the UTI name and establish UTI as a brand which is recognized across the country. The UTI brand was selected as one of the most preferred industry brands in the AC Nielsen annual survey in April 2007 and the most preferred mutual fund in the CNBC Awaaz consumer survey for 2005. According to ET Brand Equity Survey 2007, UTI was rated among the top 50 trusted services brands in India. We also received the Readers Digest - Trusted Brand Gold Award in the category of investment fund company for 2005-2006. We believe our pan-India presence and recognition generates and supports investor confidence in our ability to provide consistent quality services wherever located, and also helps us recruit and retain skilled professionals.

Profitable structure benefiting from our large size, automated and integrated systems, and high proportion of equity and balanced/hybrid funds.

We strive to maintain and enhance profitability while we grow our business and AUM. Our size and broad distribution network provides us with economies of scale, particularly in distribution and marketing activities. Our client services are managed on an automated and integrated basis, which further improves our cost structure. Our total operating expenses as a percentage of total income equalled 43.0%, 46.7% and 50.9% in the years ended March 31, 2007, 2006 and 2005, respectively. Total operating expenses as a percentage of total income equalled 45.1% for the six months ended September 30, 2007. We also have a relatively high proportion of equity and balanced/hybrid funds, which increases our profitability since the fees charged for such funds are generally higher than the fees charged for income and liquid funds. Our AUM for equity and balanced/hybrid funds as a percentage of total AUM were 38.8% and 21.1%, respectively, as of September 30, 2007. We had the second highest market share for equity funds (10.0%) and the highest market share for balanced/hybrid funds (41.9%) in India, as of November 30, 2007, according to Value Research.

Experienced professional management and well established state-sponsors with access to PSU business opportunities.

We are a professionally managed company led by our Board of Directors and a dedicated and hands-on senior and upper management team with an average of almost 20 years of experience in the financial services industry. We have recently expanded our management ranks, adding depth and experience and positioning us for future growth. We have a dynamic human resources program with a track record of hiring and retaining talent through initiatives such as incentive based compensation, a merit based promotion system and specific training programs. Furthermore, each of our four sponsors are well-known state entities in India: State Bank of India, Life Insurance Corporation of India, Punjab National Bank and Bank of Baroda. Our affiliation with our Sponsors puts us in a favourable position in terms of gaining access to a variety of opportunities with public sector undertakings ("PSUs"). For example, we are one of the three fund managers selected by the Government of India to manage the assets of the National Investment Fund ("NIF"). The first tranche of Rs. 3,689 million in NIF proceeds was received by us in October 2007. We are also one of the three asset managers selected by the Pension Fund Regulatory Development Authority ("PFRDA") to manage the pension fund of government employees. In the first phase, we have been awarded the right to manage 40% of the total corpus. We believe similar opportunities exist with other PSUs, in particular those PSUs which have been authorized for the first time, as of August 2007, to begin investing up to 30% of their surplus funds in equity funds managed by state-owned enterprises such as us.

Our Strategy

The key elements of our growth strategy include:

Increase retail investor base and equity AUM by expanding distribution channels and leveraging technology.

We seek to continue to develop our distribution network and increase our geographical reach through reinforcing and expanding our in-house and third party distribution channels. Our broad distribution network enables us to reach retail investors, who have historically been a more stable class of investors. Retail investors also are more likely to be long-term investors in equity and balanced/hybrid funds, which usually have higher margins than debt funds. We intend to increase the number of our UFCs nationwide from 79 to approximately 120 UFCs and also upgrade some of our existing UFCs. We will continue to leverage our long-standing relationships with private banks and independent financial advisors, which allow us to reach more remote areas without incurring substantial costs. We aim to benefit from our tie-ups with PSU banks and post offices, which we see as a significant opportunity for further growth, given their geographical reach. We will also explore opportunities to establish partnerships with other strong and reputable distributors to capture market segments which we may not be able to access efficiently ourselves. For example, we intend to establish further arrangements with foreign banks in India to access their private banking clients. We also are focused on increasing our distribution by leveraging our technological capabilities. In particular, we plan to market our products through additional ATM units in rural areas, and make wider use of our website.

Pursue new PSU, institutional and other growth opportunities.

We seek to increase AUM by accessing new markets which we believe are strategically viable. We intend to use our track record of tie-ups with government entities (such as NIF and PFRDA) to pursue other opportunities in the public sector. For example, we recently launched a micro-pension fund to provide pension benefits to unorganized workers, which comprise a majority of the total workforce in India. We were recently selected as one of two asset managers for the Post Office Life Insurance Fund and Rural Post Office Life Insurance Fund (together, the "Insurance Funds"). We will be responsible for managing a portion of the proceeds from insurance premiums collected going-forward by the Insurance Funds. The Insurance Funds currently are reported to have an estimated combined corpus of approximately Rs. 106 billion. We are also committed to expanding our institutional client base and reaching more high net worth individuals by strengthening our institutional distribution channel. We recently reorganized our sales force according to distribution channels, and believe the increased client focus resulting from the reorganization will help us better address the needs of different client segments. Building on the success of our first two venture capital and private equity funds, we plan to launch additional funds, including an infrastructure private equity fund.

Continue to improve investment performance across our categories of funds.

We believe the most effective strategy for growing our businesses is aligning our economic interests with those of our clients and delivering strong investment performance. We seek to improve our investment performance by consistently applying our investment philosophy while actively managing portfolios to balance risk and return. We also will follow our disciplined and rigorous investment processes backed by fundamental research and our "hands-on" approach to asset and risk management. Although we will continue to have balanced and well-diversified portfolios, we have more clearly and narrowly defined the investment objectives for our funds, which we believe will help the fund managers achieve superior results and better position the funds in the increasingly crowded marketplace. We will also leverage our strength in liquid and income funds to increase our AUM. Value Research has assigned ratings of three stars or higher to 12 of our debt funds, reflecting our strong investment performance. Our in-house research department currently covers approximately 300 companies. We intend to continue to pursue our rigorous in-house research based approach, increase the number of companies covered by our in-house research team and improve the interaction between our research team and fund managers and companies.

Achieve product leadership and innovate.

We are focused on offering competitive products and services based on our investment strengths, and we will continue to selectively expand our investment products where we believe the application of our competencies and our investment philosophy and processes may produce attractive offerings for investors. We continually develop new investment products to offer to clients, particularly through our in-house research capabilities. Specific investment products are developed by our investment team and are tested and evaluated. In the last 18 months, we have launched four new equity funds, including UTI-India Lifestyle, focusing on the expanding consumer lifestyle industry in India, and UTI-Spread, an arbitrage fund. We also recently launched UTI-Gold, an exchange traded fund ("ETF") capitalizing on the renewed interest in gold, a traditional investment among Indian households. We also have launched hybrid funds, such as UTI-Capital Protection Oriented Fund, as well as new debt funds, including UTI-Liquid Plus, a fund with flexible asset allocation features. UTI International has recently established two new multi-class fund companies designed to target selected overseas investors. As of September 30, 2007, we had three new funds approved by SEBI and under review for launch. We intend to increase our AUM in these new investment products as these products move through the development cycle to the active asset accumulation phase. We also are reorienting some existing funds, with renewed marketing efforts for such funds among our various distribution channels. We are particularly focused on increasing the percentage of equity and balanced/hybrid AUM among our funds.

Strengthen client services through streamlining our operations.

Continuous improvement in client services is a priority for us. We intend to strengthen both our front-office and back-office operations to provide our clients with the best possible service. For example, we are in the process of consolidating our four registrar and transfer ("R&T") agencies into one agency. We are also installing information kiosks at UFCs. The information kiosks will be linked into our new R&T agency's system, giving the UFCs enhanced investor services capabilities. We also intend to improve our customer response and call centre services through establishing "hot lines" as part of our automated complaint management system. Furthermore, we plan to enhance our web initiatives for financial transactions and develop our wireless services initiative.

Continue to attract, retain and develop talent.

Our success depends on our team of employees and we are implementing a number of measures to further improve employee motivation and development. We will continue to provide incentive based compensation to our managerial staff through our Balanced Score Card system, quarterly bonuses for our sales force and special one-time bonuses for exceptional sales performances. We also focus on training and development, with quarterly reviews of the performance of certain employees and training inputs from our various employee assessment programs. As part of this offering, we have implemented an employee share ownership plan, thereby fostering a culture of ownership and better aligning our employees' interests with those of our Group. We believe this ownership model and our emphasis on team-oriented management will result in a more shared sense of purpose with our clients and also contribute to our low staff turnover and enable us to attract and retain the quality people critical to our success. We will also continue to pursue our strategy of lateral recruitment, as well as merit-based internal promotions.

Pursue selective acquisition and partnership opportunities and launch new overseas funds.

We believe there may be further consolidation in the asset management industry in India. We are evaluating potential opportunities in other geographic regions and product lines, as well as overseas. Building on our experience in acquiring 14 funds from IL&FS Mutual Fund in 2004, we will continue to explore selective acquisition and other opportunities. We are exploring strategic partnerships to help build the UTI brand overseas, gain increased access to foreign institutional and retail investors and tap Indian capital investing abroad. We are focused on expanding our international operations. Capitalizing on our experience in managing our existing overseas funds, we recently launched the Shinsei UTI India Fund, a co-branded fund with Shinsei Bank of Japan ("Shinsei Bank"). The fund had AUM of Rs. 18,516 million, as of September 30, 2007. We and Shinsei Bank have entered into a joint venture in Singapore and plan to launch additional offshore funds in other Southeast Asian markets.

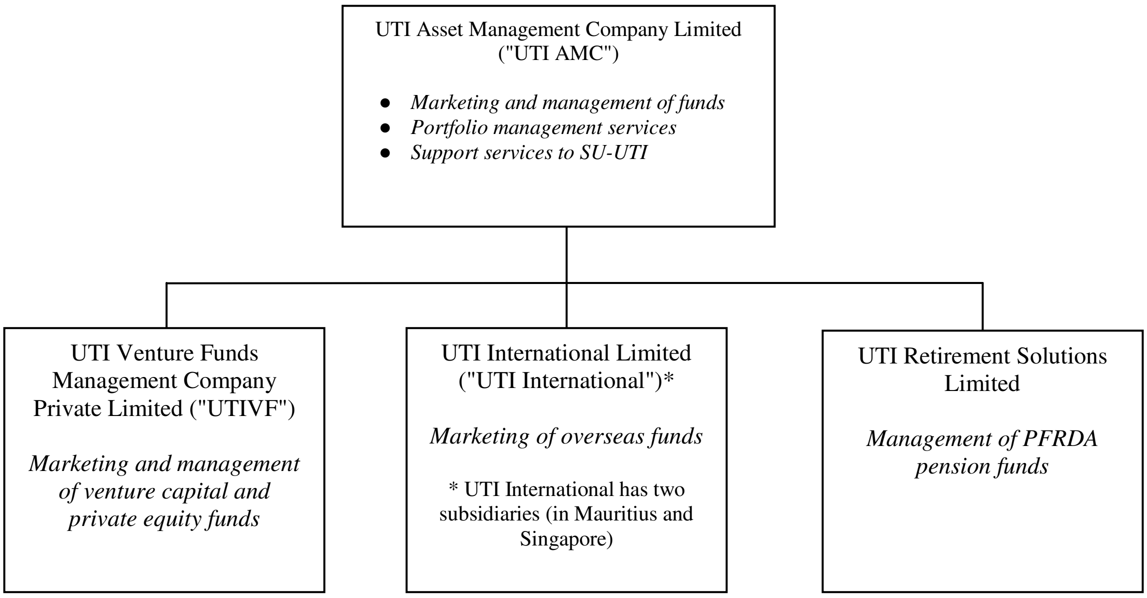
History and Corporate Structure

Our predecessor, Unit Trust of India, was established in 1964 by an Act of the Parliament and over time grew into one of the largest financial intermediary institutions in India catering to a diverse group of investors through a wide variety of funds. As the first mutual fund provider in India, Unit Trust of India played a pioneering role in the development and growth of India's capital markets, with initiatives such as launching the first unit linked insurance plan in 1971 and the first retirement benefit plan in 1994.

In July 2001, amidst the global recession and equity markets downturn, Unit Trust of India suspended dealings in its flagship fund, Unit Scheme 1964 ("US-64"), because there was a material gap between the underlying net asset value of the fund and the repurchase price of the units. The Government of India intervened to protect the interests of the unitholders, and in October 2002, the Unit Trust of India Act, 1963, was repealed by Parliament pursuant to The Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 (the "2002 Act"). As a result, Unit Trust of India was bifurcated into two separate entities: the Specified Undertaking of Unit Trust of India ("SUUTI"), which was vested with the assets of Unit Trust of India's US-64 and assured return funds, and UTI Mutual Fund, which was established as a SEBI registered mutual fund with State Bank of India, Life Insurance Corporation of India, Punjab National Bank and Bank of Baroda as its sponsors (collectively, the "Sponsors").

Pursuant to the 2002 Act and a transfer agreement dated January 15, 2003, among the President of India and the Sponsors, 37 SEBI-compliant funds, five overseas funds and the Senior Citizens Unit Plan, 1993, of Unit Trust of India were transferred to UTI Mutual Fund. UTI Asset Management Company Private Limited ("UTI AMC") was incorporated on November 14, 2002 and appointed by UTI Trustee Company Private Limited, as the trustee of UTI Mutual Fund ("UTI Trustee"), to manage the funds of UTI Mutual Fund. UTI AMC commenced operations with effect from February 1, 2003. In 2004, UTI AMC acquired 14 funds, with AUM at the time of Rs. 18,645 million, from another mutual fund provider, Infrastructure Leasing & Financial Services Mutual Fund ("IL&FS Mutual Fund"). UTI AMC was converted into a public limited company on November 14, 2007.

Below is a chart outlining our corporate structure (all three subsidiaries are 100% owned by UTI AMC):



The registered office of the company is UTI Tower, 'Gn' Block, Bandra-Kurla Complex, Bandra East, Mumbai-400051. For further detail, see "History and Corporate Structure" on page 88 of this Draft Red Herring Prospectus.

Investment Performance

The following table shows the net returns of our largest domestic funds measured by the size of AUM in each category during various time periods from their inception to September 30, 2007, relative to the performance of the relevant benchmark index. For information regarding the investment performance of all our domestic funds, please see "Fund Performance" on page 79 of this Draft Red Herring Prospectus. We believe our investment approach yields the most benefit, and is best evaluated, over the medium to long-term.

Composite (Inception Date)[1]	Assets Under Management as of September 30, 2007 (Rs. in millions)	Compounded Annual Yield Period Ended September 30, 2007 (In percentages) Since Inception	6 Months	1 Year	3 Years	5 Years
Equity Funds						
1. Mastershare Unit Scheme (1986)	23,734	18.48	34.87	41.92	37.86	40.16
2. Equity Fund (1992)	18,145	12.83	29.84	29.33	36.91	42.00
3. Mastershare Equity Plan Unit Scheme (2003)	14,937	48.69	33.10	34.32	41.92	N/A
4. Infrastructure Fund (2004)	14,174	50.29	44.86	57.14	60.06	N/A
5. Wealth Builder Fund - Services (2006)	12,378	38.10	35.93	N/A	N/A	N/A
BSE-100 Index		*N/A*	*36.13*	*41.70*	*44.18*	*43.52*
Total of Top 5 Equity Funds	**83,368**					
Total of Equity Funds	**174,725**					
% of Top 5 Funds to Total Funds	**47.7%**					
Balanced/Hybrid Funds						

Composite (Inception Date)[1]	Assets Under Management as of September 30, 2007	Compounded Annual Yield Period Ended September 30, 2007 Since Inception	6 Months	1 Year	3 Years	5 Years
	(Rs. in millions)	(In percentages)				
1. Unit Linked Insurance Plan (1971)	38,028	3.13	14.93	16.74	17.47	19.18
2. Childrens Center Balanced Plan (1993)	27,150	7.99	13.48	12.03	16.56	17.95
CRISIL Debt Hybrid Index (60:40)		*N/A*	*15.12*	*19.81*	*N/A*	*N/A*
3. Balanced Fund (1995)	11,918	21.57	25.03	23.41	26.34	29.88
CRISIL Balanced Index		*21.56*	*26.65*	*26.40*	*25.63*	*N/A*
4. Retirement Benefit Pension Fund (1994)	5,089	10.71	13.19	11.76	16.90	17.48
CRISIL Debt Hybrid Index (60:40)		*N/A*	*15.12*	*19.18*	*N/A*	*N/A*
5. C.R.T.S. (1981)	4,208	11.60	15.14	16.71	20.16	18.42
CRISIL Debt Hybrid Index (75:25)		*N/A*	*11.24*	*14.95*	*N/A*	*N/A*
Total of Top 5 Balanced/ Hybrid Funds	**86,393**					
Total of Balanced/ Hybrid Funds	**95,060**					
% of Top 5 Funds to Total Funds	**90.8%**					
<u>Income Funds</u>						
1. Liquid Plus Fund (1999)	42,767	8.63	4.47	6.79	5.36	5.84
2. FMP Yearly Series March 07 (2007)	9,866	N/A	4.10	N/A	N/A	N/A
3. FMP Yearly Series April 07 (2007)	5,165	4.31	4.10	N/A	N/A	N/A
CRISIL Liquid Fund Index		*4.40*	*4.00*	*N/A*	*N/A*	*N/A*
Total of Top 3 Income Funds	**57,798**					
Total of Income Funds	**104,228**					
% of Top 3 Income Funds to Total Funds	**55.5%**					
<u>Liquid Funds</u>						
1. Liquid Cash Plan (2003)	72,089	5.73	3.44	7.29	6.22	N/A
2. Floating Rate Fund Stp (2003)	1,997	5.57	2.07	5.75	5.88	N/A
3 Money Market Fund (1997)	1,927	7.75	3.59	7.63	6.37	5.77
CRISIL Liquid Fund Index		*5.29*	*3.96*	*7.32*	*5.84*	*5.28*
Total of Liquid Funds (Represents 100% of Liquid Funds)	**76,013**					

(1) Past performance is no assurance of future results. Net returns represent returns after the payment of management fees and other expenses and reflect the reinvestment of dividends and other earnings. Net returns are shown on an annualized basis since inception and 3-year and 5-year periods.

Value Research, a mutual fund rating service in India, has rated 32 of our funds. Four of our funds, including UTI-Infrastructure, have been assigned five-star ratings, and three funds have been assigned four-stars. 11 of our funds have three-star ratings, and another 11 funds have two-star ratings. Our funds have won a number of awards from ICRA and CNBC TV18-CRISIL, among others. See "Awards" below.

Investment Approach, Fund Types and Product Cycles

Our investment philosophy is to deliver consistent and stable returns in the medium to long-term with low volatility compared to market benchmarks. Our strategy is to have a balanced and well-diversified portfolio for our funds, with equal emphasis given to asset allocation and sectoral allocation as given to security selection. We combine top-down and bottom-up approaches to adapt our funds and portfolios to different market conditions.

The value we believe we bring to the investing process is our ability to understand companies, to analyze them in relation to their industries and their competition, and to consider whether their business plans and their management teams are likely to succeed. We follow process based investment management practices.

The investments of the funds are actively managed by our fund managers. The fund manager constructs the portfolio in the light of the fund's objectives and size, internal guidelines, prudential exposure norms and regulatory requirements, and the liquidity required for income distribution. The portfolio is proactively monitored based on the research inputs, present and expected market conditions, future outlook of the economy and the particular sectors and fresh inflows and outflows in the fund with a view to optimize returns. The fund manager's operational strategy and its implementation are also reviewed on an ongoing basis.

We have adopted an in-house research based approach for our investments. The Department of Securities Research is our in-house research division comprised of analysts who track specific sectors and stocks and provide regular input to the fund managers on such sectors and stocks, as well as on the implications of government and RBI policies and trends in international markets. The fund managers and research analysts interact regularly through meetings and presentations. They also expand and refine their analysis and investment strategies by attending presentations by companies and reviewing research materials prepared by external brokerage firms.

Secondary market dealings are handled by our Department of Dealing. The fund managers forward their transaction requests, along with the reasons for the same, to the Department of Dealing. At the end of each day, or during trading hours as required, dealers give feedback to the fund managers on the status of pending orders. The dealers meet regularly with the fund managers and research analysts.

We offer and manage primarily four types of domestic mutual funds:

- ***Equity Funds*****:** The aim of equity funds is to provide capital appreciation over the medium to long-term. A major portion of the assets of such funds are invested in equity securities. Such funds have comparatively high risks. A subset of equity funds are exchange traded funds ("ETFs"), which typically try to replicate a stock market index, in particular a market sector, such as banking, or a commodity, such as gold.

- ***Balanced/Hybrid Funds*****:** The aim of balanced and hybrid funds is to provide both growth and regular income as such funds invest both in equity and fixed income securities in the proportion indicated in their offer documents. Balanced funds invest at least 75% of their corpus in equity securities, while hybrid funds invest less than 75% of their corpus in equity securities. Dividend income from balance funds is treated the same as for equity funds and is exempt from income tax in India.

- ***Income Funds*****:** The aim of income funds is to provide regular and steady income to investors. The assets of such funds are generally invested in fixed income securities such as bonds, corporate debentures, government securities and money market instruments. Such funds are less risky compared to equity funds.

- ***Liquid Funds*****:** These funds are also income funds and their aim is to provide access to liquidity, preservation of capital and moderate income. These funds invest exclusively in safe short-term instruments such as treasury bills, certificates of deposit, commercial paper and government securities. Returns on these funds fluctuate much less compared to other funds.

We have both open-ended and closed-ended funds, with the following breakdown as of September 30, 2007:

	Open-Ended Funds		**Closed-Ended Funds**	
Category of Fund	**Number of Funds**	**AUM (Rs. in millions)**	**Number of Funds**	**AUM (Rs. in millions)**
Equity Funds	25	132,281	4	42,444
Balanced/Hybrid Funds	8	89,929	3	5,131
Income Funds	8	50,083	24	54,145
Liquid Funds	3	76,013	--	--
Total	**44**	**348,306**	**31**	**101,720**

We regularly develop new investment products to serve the needs of clients. Depending on the nature of the product, it may progress through some or all the following product development cycles:

1. Research and idea generation: Based on market research by our analysts, ideas for products are generated by our fund management team, research team and sales team.

2. Screening and selection: Ideas for products are evaluated in terms of viability and target group. Products which are not feasible are eliminated and certain products are selected for further development.

3. Concept development and testing: The features of the product are evaluated and developed in terms of benefits, client choice and pricing. A proposed mock portfolio is tested by the research and fund management team. The probable returns of the mock portfolio are determined, which is a key marketing input.

4. Market surveys: To fine-tune the product features and to rule out gross negatives, the product idea is pre-tested through a focus group or a survey of prospective clients.

5. Approval: The product and offer document are finalized and approval is sought from the UTI AMC Board of Directors and the UTI Trustee Board of Directors. Upon approval, the offer document is filed with SEBI.

6. Pre-marketing activities: The financial budget required for launch is estimated, with the budget allocated to various marketing activities, compensation to be paid to various distribution channel partners and other related activities.

7. Commercial launch: Roadshows for the product are undertaken across the country and overseas.

8. Post-launch product management: During the life of the product, a specialised product team monitors and executes product feature changes depending on market conditions and regulatory requirements.

Investment Management Teams

Our investment management teams currently include 34 professionals focused on domestic fund management, research and dealing. Each of our equity and income fund divisions has a distinct investment team that collaborates, through an interactive process, to make investment decisions. Final investment decisions are made by each team head. Our equity investment team includes five fund managers and four other professionals, with an average of 13 years of industry experience. Our debt investment team includes two fund managers and three other professionals, with an average of 11 years of industry experience.

The Department of Securities Research consists of a head of research and nine analysts. The analysts are focused on researching individual market sectors under equity, income and macro-economy categories. Our analysts provide research support to fund managers for approximately 300 companies. Analysts decide to add new companies to their list of covered companies through a consultative process with fund managers. The economic analysts focus on global as well as domestic macro-economic conditions.

Awards

We have won numerous industry awards over the years, including the following over the last two years:

Award	Recipient
UTI AMC	
• Lipper India for Best Group over Three Years, Mixed Assets, Fiscal 2007	UTI AMC
• Readers Digest Brand Gold, Investment Fund Company, 2005-2006	UTI AMC
• Institute of Directors, Golden Peacock Innovative Product/Service, for Micro-Pension Initiative, 2005-2006	UTI AMC
Equity Funds	
• ICRA Gold for Best Performance, 2006	
– Open Ended Sectoral - Consumer	GSF - Brand Value Fund
– Open Ended Equity Index	Master Index Fund
• ICRA Top 10% for Open Ended Diversified Equity, 2006	Infrastructure Fund
• ICRA Gold for Best Performance, 2005	
– Open Ended Index	Master Index Fund
– Open Ended Index	Nifty Fund
• ICRA Silver for Second Best Performance, Open Ended Marginal Equity Scheme, 2005	MIS Advantage Fund
• Lipper India for Best Fund over Three Years, Mixed Asset INR Conservative, 2006	Mahila Unit Scheme
Debt Funds	
• CNBC TV18-CRISIL, 2006	
– Best Performance, Income	Bond Fund
– Best Performance, Liquid Fund - Super Institutional	Liquid Cash Plan - Institutional
– Best Performance (One of Two), Liquid Retail	Liquid Cash Plan
• ICRA Gold for Best Performance, Open Ended Gilt - Short Term, 2006	G-SEC, Short Term Plan
• ICRA for Top 10% for Open Ended Debt - Long Term, 2006	Bond Fund
• Lipper India for Best Fund over Three Years, 2006	Gilt Advantage, LTP Fund

Award	Recipient
• CNBC TV18-CRISIL, 2005	
– Best Income Fund	Bond Fund
– Best Performance Liquid	Liquid Cash Plan
• ICRA Gold for Best Performance, 2005	
– Open Ended Gilt - Short Term	G-SEC Short Term Plan
– Open Ended Debt - Long Term	Bond Fund
• ICRA Gold for Best Performance over Three Years, Open Ended Debt, 2005	Bond Fund
• ICRA Silver for Second Best Performance, Open Ended Floating Rate, 2005	Floating Rate Fund - Short Term Plan
• ICRA Silver for Second Best Performance over Three Years, Open Ended Gilt, 2005	Gilt Advantage Fund - Long Term Plan

Clients and Distribution Channels

We market and support our products through our sales and client services teams. Our domestic fund clients include individual retail investors, banks, corporate and other institutional investors, and public sector undertakings ("PSUs"). Set forth below is a breakdown of our clients, based on our domestic AUM, as of November 30, 2007:

Clients	Accounts	% of Domestic AUM
Individuals (Domestic)	8,011,931	51.2%
Non-resident Indians (NRIs)	54,822	1.2%
Banks and Financials Institutions (FIs)	978	11.1%
Corporates and Other Business Enterprises	10,943	27.1%
Trust and Foundations	29,317	9.3%
Total	**8,107,991**	**100.0%**

We benefit from a comprehensive distribution network with both in-house capabilities and external distribution channels. Each distribution channel is led by a country head and supported by regional heads and relationship managers, who are in charge of client accounts. Our distribution channels include the following:

1. Retail channel: The retail distribution channel comprises ten regional offices, 79 UFCs, two satellite offices, 455 district representatives and collection centres, and independent financial advisors. In total, the channel consists of approximately 310 employees and 31,000 advisors.

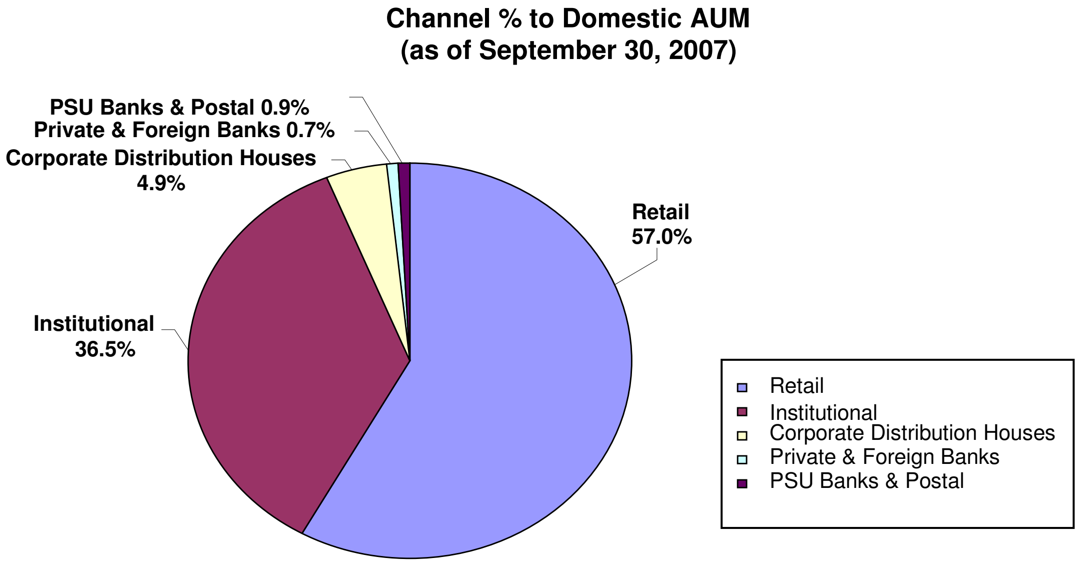
2. Institutional channel: The institutional distribution channel comprises PSU clients and corporate and other business enterprises.

3. Private and foreign banks channel: The private and foreign bank channel comprises nine banks and designated individual branches of such banks.

4. PSU banks and post office channel: The PSU banks and post office channel comprises approximately 1,600 PSU bank branches and 2,000 post offices.

5. Corporate distribution houses: This channel comprises approximately 265 corporate distribution houses who cater to a cross-section of clients.

The breakdown of our distribution channels as of September 30, 2007 as a percentage of domestic AUM is set forth below:



Our wide-spread distribution network gives us access to 455 districts (out of 604 districts in total), including remote areas, and reinforces our strong presence in small and medium towns, cities and villages. Our distributors are responsible for monitoring the licenses, authorizations and exemptions they require in order to distribute our funds. Our sales and client services teams focus on educating existing and prospective clients on our investment philosophy and processes and providing a high level of ongoing client service.

We recently reorganized our sales force according to the above distribution channels, and believe the increased client focus resulting from the reorganization will help us better address the needs of different client segments. We continue to look for opportunities to establish partnerships with strong and reputable distributors to capture market segments which we may not be able to access efficiently ourselves. For example, we intend to establish further arrangements with foreign banks in India to access their private banking clients.

Fees and Expenses

Fees

We generate income principally from fees that are based on contractually specified percentages of the net asset value of the funds we manage. We refer to these fees as "management fees". Our management fees cover fund management services and support services such as fund accounting and other administrative functions.

Management fees with clients are set based on factors such as AUM, investment strategy, servicing requirements, regulatory considerations, multiple or related account relationships and client type. The fees charged for equity and balanced/hybrid funds are generally higher than the fees charged for income and liquid funds.

SEBI imposes maximum fee levels for domestic mutual funds. To date, the management fees for all our equity and balanced/hybrid funds, except index funds and ETFs, have generally equalled the SEBI-prescribed levels. For funds up to Rs. 1,000 million, management fees cannot exceed 1.25% of the weekly average net assets outstanding. If the fund exceeds Rs. 1,000 million, an additional 1.0% can be charged on the portion of the fund which exceeds Rs. 1,000 million. For funds launched on a no-load basis ("no-load" funds), an additional 1.0% can be charged. (We currently do not have any no-load funds.) For fund of funds, up to 0.75% of the weekly average net assets can be charged. Management fees for our income and liquid funds usually have been considerably lower than the SEBI-prescribed limits.

Expenses

For expenses, individual funds are allowed to charge up to certain limits under SEBI rules and regulations. For certain funds, particularly income and liquid funds we may set lower expense limits. If the actual expenses incurred by a fund exceeds the limits described below prescribed by SEBI or our lower internal limits, the excess expenses are borne by UTI AMC.

Closed-ended funds can charge up to 6.0% of the initial funds raised for initial issue expenses. Open-ended funds must pay initial issues expenses from the front-end fees. If an investor exits a closed-ended fund before the initial issue expenses are fully amortized, the investor's units are redeemed only after recovering the unamortized issue expenses. Conversion of a closed-end fund to an open-ended fund or issuance of new units can only occur after all initial issue expenses have been amortized.

On-going or recurring expenses (including management fees, as well as marketing and selling expenses (including any agents' commission), brokerage costs, registrar services, trustee fees and expenses, audit and custodian fees, and expenses for client communications, insurance and other client services) of up to 2.5% of average weekly net assets can be charged for equity and balanced/hybrid funds up to Rs. 1,000 million. Up to 2.25% can be charged for the next Rs. 3,000 million; 2.0% for the Rs. 3,000 million after that; and 1.75% for the balance of the assets. The respective expense limits for income and liquid funds are 0.25% lower than each of the respective expense limits for equity and balanced/hybrid funds. For index funds, the expense limit is 1.50% of average weekly net assets. The management fees paid by the funds to UTI AMC are included in the computation of expenses for purposes of the foregoing caps.

Most of our equity and balanced/hybrid funds earn front-end fees at the time of subscription to the fund, and most of our income funds earn back-end fees at the time of redemption from the fund. Our liquid funds charge funds neither front-end nor back-end fees. Under SEBI rules and regulations, the front-end and back-end fees are capped so that the difference between the sale price and repurchase price of a fund cannot exceed 7.0% of the net asset value of the fund. The front-end and back-end fees may be used by the funds to offset their marketing and distribution expenses, effectively allowing them to make further expenditures for marketing and distribution.

Portfolio Management Services

We launched our portfolio management services ("PMS") in May 2004. PMS operates under the brand name "Axel". Its five member investment management team has more than 30 years of collective investment experience. PMS currently advises approximately 320 clients and had AUM amounting to Rs. 21,609 million as of September 30, 2007 (AUM for PMS includes assets under advisory services.) PMS aims to provide individual clients with investment solutions commensurate with their risk profile and their return expectations using research based valuation and security selection techniques.

PMS offers discretionary portfolio and non-discretionary portfolio management services and research based advisory services, for both domestic and overseas clients. PMS relies on UTI AMC's personnel and infrastructure in areas such as distribution, marketing and investor services, thereby lowering costs.

Set forth below is a table showing the AUM of the funds managed by PMS:

(Rs. in millions, except percentages)			As of March 31,		
Category of Fund	**Percentage of Total PMS AUM as of September 30, 2007**	**As of September 30, 2007**	**2007**	**2006**	**2005**
Domestic Discretionary	6.6%	1,419.6	1,463.3	543.4	137.5
Overseas Discretionary	5.8%	1,239.4	908.3	710.9	0
Domestic Institutional	2.0%	434.3	21.7	--	--

(Rs. in millions, except percentages)			As of March 31,		
Category of Fund	**Percentage of Total PMS AUM as of September 30, 2007**	**As of September 30, 2007**	**2007**	**2006**	**2005**
Advisory					
Overseas Institutional Advisory(1)	85.6%	18,516.1	12,217.0	--	--
Total AUM	**100.0%**	**21,609.4**	**14,610.3**	**1,254.3**	**137.5**

(1) Consists of Shinsei UTI India Fund.

Domestic Portfolio Management

PMS offers various distinct products such as:

- **the conservative portfolio**, which focuses predominately on blue-chip companies along with a small weightage of mid-caps. PMS follows a top-down investment approach for this portfolio, which aims to offer lower volatility and steady returns. Weightings of securities in the portfolio are generally linked to the composition of a benchmark/index.

- **the aggressive portfolio,** which focuses predominately on mid-cap and small cap stocks that are often under-researched. PMS follows a bottom-up approach and a high level of diversification for this portfolio, which is tailored for investors with a high risk appetite and a longer time horizon. Weightings of securities in the portfolio are not tied to composition of a benchmark/index.

- **the moderate portfolio,** which provides an even mix of mid-cap and large cap stocks. PMS follows a combination of top-down and bottom-up approaches for this well-diversified portfolio, which is tailored for investors who want higher returns from mid-caps along with stability from blue-chips.

- **the Sharia compliant Islamic portfolio,** which provides an alternative portfolio compliant with principles of Sharia and the restrictions on investments in businesses such as alcohol, pork related products, financial services, arms and ammunition, entertainment, tobacco and drugs. This portfolio also has certain financial restrictions on invested companies:

PMS also acts as investment advisor to the Shinsei UTI India Fund. See "Overseas Funds Management" below.

National Investment Fund

In 2005, the Government of India established the National Investment Fund ("NIF") to pool the proceeds from divestment of Central Public Sector Enterprises (CPSEs), pending public utilization of such proceeds. We have been appointed as one of three fund managers for managing the funds of NIF for a period of two years from October 2007. In accordance with the mandate from the Advisory Board of NIF, we are allowed to invest up to 10% of the corpus in equity and equity-related commitments. We must reimburse NIF for any decline in the value of the capital we invest on NIF's behalf. In fiscal year 2007 we received a total of Rs. 3,689 million in NIF proceeds (generated from Power Grid Corporation's initial public offering).

PFRDA

The Pension Fund Regulatory & Development Authority ("PFRDA") has selected us as one of three asset managers (along with State Bank of India and Life Insurance Corporation of India) for setting up and managing a pension fund for central government employees (hired since January 2004 and excluding the armed forces) under a new defined contribution pension system. We have been informed by PFRDA that they will initially provide us with 40% of the total corpus that they intend to invest in mutual funds. We have not yet received the detailed terms and conditions of appointment and guidelines from PFRDA. However, each individual pensioner will be able to divert his share of the assets to any of the other asset managers selected by PFRDA.

We have established a wholly owned subsidiary, UTI Retirement Solutions Limited, to act as the asset manager for our portion of the PFRDA's pension funds. We expect to receive the first tranche of funds in April 2008. A bill is pending in Parliament to extend the pension system beyond central government employees to include state government and non-government organized employees.

Overseas Fund Management

We manage and market the following offshore and foreign institutional investor ("FII") funds for overseas investors (excluding US investors) wanting to invest in India:

- India Fund: a diversified equity fund, established in 1986;
- India IT Fund: focused on the IT and IT-related sectors, established in 1997;
- India Pharma Fund: focused on pharmaceutical and other healthcare companies, established in 2005;
- India Debt Opportunities Fund: fixed income securities, established in 2006;
- Indigo Fund: established in 2007 as a multi-class mutual fund; and
- Rainbow Fund (FII sub-accounts): established in 2007 as a multi-class mutual fund. The Rainbow Fund has recently closed diversified and infrastructure sub-funds.

Between March 31, 2005 and September 30, 2007, AUM of our overseas funds grew from Rs. 4,104 million to Rs. 17,841 million, representing a CAGR of 80.0%, as we launched new funds and increased the marketing of our funds overseas. We selectively target individuals and smaller institutions interested in investing in India. Our overseas funds have a concentrated number of investors, and hence the AUM for the funds can fluctuate significantly between periods. We maintain offices in London, Dubai and Bahrain and have recently opened an office in Singapore.

Set forth below is a table showing the AUM of our overseas funds:

(Rs. in millions, except percentages)			**As of March 31,**		
Category of Fund	**Percentage of Total Overseas AUM as of September 30, 2007**	**As of September 30, 2007**	**2007**	**2006**	**2005**
India Fund, 1986	11.7%	2,079.8	1,902.1	1,646.5	875.7
India IT Fund, 1997	3.6%	646.1	1,506.7	1,746.5	1,350.1
India Infrastructure Fund, 1999	--	--	480.2	1,186.5	1,878.2
India Pharma Fund, Option 'A', 2005	4.9%	877.7	1,037.9	1,544.1	--
India Pharma Fund, Option 'B', 2005	0.0%	0.8	0.8	119.2	--
India Debt Opportunities Fund, 2006	79.8%	14,236.3	13,477.8	1,350.8	--
Total AUM	**100.0%**	**17,840.7**	**18,405.5**	**7,593.6**	**4,104.0**

The offshore funds are marketed by our wholly owned subsidiary, UTI International Limited ("UTI International"), a Guernsey company, but managed by UTI AMC. UTI International is registered with SEBI as a FII. UTI International also markets our domestic funds through its overseas offices. UTI International has two subsidiaries, UTI Investment Management Company Mauritius Limited, which is wholly owned by UTI International, and UTI International (Singapore) Private Limited, which is 51% owned by UTI International.

In December 2006, UTI Investment Management Company Mauritius Limited agreed with Shinsei Bank of Japan ("Shinsei Bank") to launch a co-branded fund (Shinsei UTI India Fund) in Japan. UTI AMC acts as investment advisor to the fund, which is a long-only diversified equity fund with exposure to sectors such as infrastructure, consumption and exports. The fund had AUM of Rs. 18,516 million as of September 30, 2007. (The AUM for the fund is included with PMS.)

UTI International Singapore (Private) Limited was established as a joint venture in 2006 to cater to other investors in Southeast Asia interested in India. We own 51%, and the remainder is owned by Shinsei Bank (indirectly) and an affiliate of Shinsei Bank. The joint venture is expected to commence operations shortly and intends to launch India funds in certain Southeast Asian countries.

During 2004 and 2005, UTI International marketed capital guaranteed structured notes issued by affiliates of Société Générale. A portion of the USD 48 million of proceeds from the notes were invested in certain of our domestic funds.

Venture Capital and Private Equity Funds Management

We conduct our venture capital and private equity fund management through our wholly owned subsidiary, UTI Venture Funds Management Company Private Limited ("UTIVF"). UTIVF has a management team with combined experience of over 75 years in the financial services and private equity industries.

UTIVF invests across sectors in unique businesses with committed entrepreneurs, serving their needs for growth and expansion capital. UTIVF not only provides growth capital but also strives to create value for its portfolio companies by providing them industry knowledge and access to local talent and its business network in the Indian and overseas markets.

UTIVF manages two funds. India Technology Venture Unit Scheme ("Fund I"), with a committed corpus of Rs. 1,150 million, was established in 2000 and focuses on the technology and life sciences sectors. Fund I is in the process of exiting its investments and its total capital (on a cost basis), as of September 30, 2007, equalled Rs. 460 million, following distribution of Rs. 690 million. Ascent India Fund ("Fund II") was raised in 2005 and has a committed corpus of approximately Rs. 7,385 million (based on a Rupee: USD exchange rate of 39.35:1 for the undrawn capital), almost six times larger than Fund I. The amount drawndown from Fund II equalled Rs. 5,482 million, as of September 30, 2007. Fund II has concluded investments in 16 companies and has created a diversified portfolio across sectors such as infrastructure services, outdoor media, retail, technology, auto parts, food processing, financial services, textiles and alternative energy. In 2007 Venture Intelligence named Fund II as joint runner-up in the category of Best Private Equity/Venture Capital Firm (Growth Stage) in India. UTI AMC intends to launch an infrastructure private equity fund in 2008.

Our venture capital and private equity funds have varying fee structures centered around an annual management fee and certain performance related incentives. Our performance related incentives entitle us to receive an amount which is calculated as a percentage of the amount of net investment gain by the fund, as at the date when the incentive payment is to be determined. We co-invested in both Fund I and Fund II, and so will also earn investment income on any returns the funds generate.

Set forth below is a table showing the AUM of our venture capital and private equity funds (on a cost basis):

(Rs. in millions, except percentages)			As of March 31,		
Category of Fund	Percentage of Total Venture Capital and	As of September 30, 2007	2007	2006	2005

	Private Equity AUM as of September 30, 2007				
India Technology Venture Unit Scheme (Fund I)[(1)]	7.7%	460.0	460.0	460.0	825.9
Ascent India Fund (Fund II)[(2)]	92.3%	5,482.3	4,932.0	1,910.8	--
Total AUM	**100.0%**	**5,942.3**	**5,392.0**	**2,370.8**	**825.9**

(1) Fund I had an initial corpus of Rs. 1,150.0 million and has distributed (by way of redemption) Rs. 690.0 million to its investors.

(2) As of September 30, 2007, an additional Rs. 1,902.7 million had been committed to Fund II (based on a Rupee: USD exchange rate of 39.35:1).

SUUTI

In July 2001, amidst the global recession and equity markets downturn, Unit Trust of India suspended dealings in its flagship fund, US-64, because there was a material gap between the underlying net asset value of the fund and the repurchase price of the units. The Government of India intervened to protect the interests of the unitholders, and in October 2002, the Unit Trust of India Act, 1963, was repealed by Parliament pursuant to The Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002. As a result, Unit Trust of India was bifurcated into two separate entities: the Specified Undertaking of Unit Trust of India ("SUUTI"), which was vested with the assets of Unit Trust of India's US-64 and assured return funds, and UTI Mutual Fund, which was established as a SEBI registered mutual fund and vested with the assets of 37 SEBI-compliant funds, five overseas funds and the Senior Citizens Unit Plan, 1993. UTI AMC was appointed to manage the funds of UTI Mutual Fund. Following the bifurcation, SUUTI issued tax-free bonds to those investors in its US-64 and assured return funds who did not elect to receive cash in exchange for their fund units. The bonds mature in 2008 and 2009, with the final tranche maturing on April 1, 2009.

Pursuant to a services agreement between the administrator of SUUTI and UTI AMC, we provide support services (such as fund administration, accounting and investor services) to SUUTI in exchange for a fee. In accordance with the agreement, we currently second five employees (including two fund managers) to SUUTI and also share a number of employees with SUUTI. Our main offices are in the same building as SUUTI.

The services agreement with SUUTI expires on January 31, 2008, and is renewable by mutual consent. We have negotiated new fee arrangements each year with SUUTI since its inception. For the three years ended March 31, 2005, 2006 and 2007 and the six months ended September 30, 2007, the fees paid by SUUTI equalled Rs. 1,247 million, Rs. 1,410 million, Rs. 953.3 million and Rs. 305 million, respectively. For fiscal year 2007 and for the six months ended September 30, 2007, the proportion of our income from SUUTI fees to our total income was 23.3% and 15.0%, respectively. We expect the fees payable by SUUTI to continue to decline as the bonds issued by SUUTI mature in 2008 and 2009.

Operations

With approximately 8.1 million client accounts in 76 different domestic funds and various other funds, our operations are complex. Our operations team aims to ensure prompt and efficient delivery of services to our clients. We aim to efficiently manage our front-office and back-office operations to provide our clients with the best possible service.

As part of our front-office services, investors may buy or sell fund units and redirect other transactions through our UFCs and other offices, as well as our website and at Axis bank ATMs. We also have contact points at branches of various banks and post offices. In terms of back-office services, we issue remote printed checks and have a direct credit facility with major banks. We also recently opened a 60-seat call centre that is operating 24 hours every day of the year.

Our Department of Fund Accounts is responsible for all investment and unit capital accounting and the maintenance of the books and records for our domestic and overseas funds, as well as SUUTI. We have an integrated platform covering both front and back-office transactions, which eliminates the need for multiple data entry points. This not only saves time and reduces the number of errors made, but also allows us to better utilize the information captured internally. Among other responsibilities, Fund Accounts handles the valuation of portfolios at the end of each business day and computes and disseminates NAV for approximately 200 fund options, in accordance with SEBI's requirements. Fund Accounts also monitors fund expenses and payment of fees to us on a weekly basis, as well as all statutory financial reporting.

We are also putting in place new initiatives, such as consolidating our four R&T agencies into one agency, installing information kiosks at UFCs and enhancing our web initiatives for financial transactions. We also intend to improve our customer response and call centre services through establishing "hot lines" as part of our automated complaint management system.

Competition

Competitive factors that can affect our business include brand recognition, business reputation, investment performance, quality of service and the continuity of client relationships. Fee competition also affects the business, as do compensation, administration, commissions and other expenses paid to intermediaries. We face particularly intense competition in major metropolitan areas.

Performance, distribution, client services and reputation are the principal competitive factors in the asset management business. Prospective clients will typically base their decisions on our ability to generate returns that exceed a market index. High net worth individuals, corporates and institutions also carefully consider pricing when selecting an asset manager.

We compete with a large number of investment management firms, investment advisors, commercial banks, brokerage firms, broker-dealers and other financial institutions. We also compete with other savings providers, such as insurance companies and banks. Bank deposits, life insurance and pension products are among the key products competing with our funds. For example, unit-linked insurance plans (ULIPs) vigorously compete with equity mutual funds, as some of these insurance plans may have higher returns, while also providing insurance coverage. Advertising, sales promotions, the type and quality of services offered and investment performance influence competition for sales.

We also face intense competition in attracting and retaining qualified employees, including fund managers, research analysts and sales persons. The ability to continue to compete effectively in our businesses depends in part on our ability to attract and retain such talent.

Some of our key competitors are part of diversified financial institutions and may have greater resources and offer a broader range of services than ours. Foreign-based institutions have also entered the Indian market, and we expect to face significant competition from such entrants, many of which are part of major global financial institutions. The mutual fund industry in India is expected to attract a number of new entrants in the upcoming years due to favourable market conditions and the low barriers to entry in the mutual fund industry. In our overseas business, we compete with many well established international asset managers for opportunities to manage assets dedicated to India.

Regulation

Overview

As a mutual fund provider, we are regulated by SEBI under the SEBI (Mutual Fund) Regulations, 1996. SEBI also issues guidelines from time to time. SEBI has issued separate regulations governing portfolio managers and venture capital funds. If we fail to comply with any of SEBI's regulations or guidelines, our relationship with SEBI may be adversely affected and we may be subject to fines, sanctions and court proceedings. SEBI has the power to inspect our books and ensure that we are in compliance with SEBI's regulations and guidelines.

SEBI's insider trading policy prohibits any director, officer or employee from personally trading on non-public information, including confidential client information. New "know your customer" and anti-money laundering regulations take effect on or about January 15, 2008. The specific impact of the new regulations on our businesses is difficult to predict currently.

For further detail, see "Regulations and Policies" on page 83 of this Draft Red Herring Prospectus.

Compliance Monitoring

Our compliance team aims to ensure that all our funds follow the SEBI (Mutual Funds) Regulations, 1996. We have structured our compliance program to address SEBI requirements as well as the requirements necessary to support our securities trading operations. Our compliance programs are in some cases more stringent than SEBI requirements. Our Compliance Officer has extensive experience with the regulation of investment managers. He supervises and is part of a team of compliance professionals, which report to the Boards of UTI AMC and the trustees for our funds. Our compliance team also conducts due diligence of the draft offer documents of funds before such documents are sent to SEBI for approval and reviews advertisements and other sales materials to ensure conformity with the SEBI Advertisement Code. Our compliance program includes comprehensive policies and supervisory procedures implemented to monitor compliance, including the review of securities trading by employees.

Code of Ethics

We have adopted a code of ethics, which sets forth ethical standards and requires all employees to comply with all applicable laws and regulations. Our transaction reporting policy generally prohibits key and access employees from buying or selling securities in the secondary market for their individual accounts where one of our funds has bought or sold the same securities within the past 15 days, without the prior approval of our Compliance Officer. All securities transactions by key and access employees must be reported to our Department of Compliance within seven days. All our employees must submit on an annual basis (or semi-annual basis, for key and access employees) a complete listing of all personal securities holdings. Violations of our code of ethics can result in serious sanctions, up to and including dismissal from employment.

Risk Management

Risk management is one of our key focus areas and we have established processes and systems to ensure robust firm wide risk management. We have a Board-level risk management committee (Board Risk Management Committee), which was formed in October 2006 and consists of three members of the Board, and an executives-level risk management committee (Executives Risk Management Committee) consisting of executives (heads of various departments). We also have a Department of Risk Management, which evaluates the risk management of each of our funds.

Our Board of Directors formulates and periodically reviews UTI's risk management policies, procedures and processes, which include the delegation of investment and financial responsibilities, prudential investment norms, guidelines and limits, and counter-party limits. The Board also reviews the performance of various funds, especially under-performing funds.

The Board Risk Management Committee also reviews the overall risk management policies and guidelines and implementation thereof, and undertakes risk management in respect of critical projects or activities. The Risk Management Committee has the power to report directly to the Board of Directors. The Risk Management Committee typically meets two times a year and ad-hoc meetings are held whenever necessary.

The Executives Risk Management Committee, which consists of the heads of various departments, meets on a quarterly basis.

The Chairman and Managing Director assisted by the Department of Risk Management ensures that the policies, procedures and processes promulgated by the Board and Board Risk Management Committee are effectively implemented. The Department of Risk Management meets every month to monitor and review the various portfolio risks regarding our funds and submits periodic reports to fund managers and the Chairman and Managing Director. The Department of Risk Management also coordinates with various departments for the preparation and implementation of the group-wide risk matrix, business continuity plan and operational risk control framework.

Effective risk management is critical to the operation of our business. We have adopted certain policies and procedures in managing the various risks applicable to our operations, including:

- Investment risk: Our funds are exposed to the risk of under-performance, with respect to both the relevant benchmarks and peer groups. Set forth below are certain measures we take to address investment risk:

1. Prior approval of the trustee before launching new funds;

2. Investment manual, including prudential investment norms, investment decision making and recording process, research methodology, risk evaluation framework, delegation of powers and broker selection, grading and business distribution methodology;

3. Quantitative investment restrictions pre-set in automated fund management system; periodic checking against investment restrictions for the individual fund and the fund manager level;

4. Dedicated research team assisting fund managers;

5. Separate dealing team and advanced information tools (such as Bloomberg, Reuters and Newswire);

6. Review of the effectiveness of research recommendations;

7. Regular monitoring of under-performing funds by senior management and the Board of Directors; and

8. Online access and review of investment decisions.

- Liquidity risk: Liquidity risk mainly arises in respect of open-ended funds, where investors typically have option to redeem their units at any time. If a significant number of investors opt for redemption in a particular fund, the fund may be faced with a liquidity risk. The risk is particularly high in respect of debt funds, considering the low level of debt securities actively traded in India's markets. Set forth below are certain measures we take to address liquidity risk:

- Periodic review of equity holdings vis-à-vis average trading volume, both at the fund level and the fund manager level;

- Review of portfolio arrangement vis-à-vis past trends in redemptions as well as top unit-holders' holdings;

- In respect of the debt portfolio, high proportion of highly-rated securities;

- Concentration limits for single positions (in terms of the fund size and issued capital of the invested company);

- Prior approval of the Board of Directors for investment in unlisted Equity Shares, within the overall limits as per SEBI guidelines (up to 5% in case of open-ended funds and up to 10% in case of closed-ended funds); and

- Line of credit of Rs. 200 million to meet liquidity shortages upon redemptions.

- Operational risk: Operational risk is the risk of loss from inadequate or failed internal processes and systems or from external events, including employee errors, improperly documented transactions, failure of operational and information security procedures, computer systems, software or equipment, business interruptions, and inappropriate behavior of employees or vendors. Set forth below are certain measures we take to address operational risk:

1. Internal control systems, including outsourced internal audit function, for dealing and NAV computations;

2. Agreements with third party service providers to control and review investor services processes;

3. Straight Through Processing (STP) system for order handling, allocation, execution and settlement of funds and securities;

4. Segregation of front-office and back-office functions;

5. Separate dealing room, along with voice recording facilities under the supervision of the Compliance Officer;

6. Business continuity planning and regular IT drills;

7. Periodic training for third party distributors engaged in the sales and marketing of financial products;

8. Customer complaints redressal mechanism; and

9. Directors' liability insurance.

- Market risk: Market risk is the possibility of loss arising from changes in the value of a financial instrument as a result of change in market variables such as equity prices, interest rates, exchange rates or other asset prices, or higher volatility of funds' returns as compared to benchmark or peers' funds. Set forth below are certain measures we take to address market risk:

1. Investment guidelines specified by the Board of Directors: position limits, in terms of individual stocks as well as sectors and industry;

2. Close monitoring of investments and positions supported by price movement alerts;

3. Risk adjusted performance measurement, including tracking error and "Fama" decomposition; and

4. Stress testing and review of Value at Risk ("VaR") calculations vis-à-vis benchmarks and peers' selected funds;

- Credit risk: Credit risk is the risk of loss in market value of debt securities due to down-grading by credit rating agencies or default in payment by the issuer. Set forth below are certain measures we take to address credit risk:

1. Overall counter-party exposure limits, both at the fund level and the fund manager level;

2. Delegation of powers, based on the credit rating of the instruments, duration of the security and amount of proposed investment;

3. Executive Investment Committee approval for investments above predefined limits;

4. Restrictions on investments in unrated or low rated debt securities; and

5. Review of Credit VaR on a monthly basis.

- Regulatory risk: We are governed by SEBI rules, regulations and guidelines and other applicable laws and regulations, including the Companies Act, taxation laws, know-your-customer requirements under the Prevention of Money Laundering Act and labor laws. Set forth below are certain measures we take to address regulatory risk:

1. Compliance Officer, assisted by a professional Chartered Accountants firm, ensuring compliance with applicable laws, and reviewing publicity materials, offer documents and external communications;

2. The trustees of our funds ensuring that adequate systems and processes are in place for continuous regulatory compliance;

3. Regulatory limits in respect of investment portfolios incorporated in the system to reduce the risk of non-compliance; and

4. Internal manuals and training for operating staff regarding compliance with applicable laws and regulations.

Information Technology

Our business is dependent on communications and information systems, including those of our vendors, for all aspects of the investment process, including risk management, security analysis and trade processing. We use information technology to improve our efficiency of our business processes and our distribution capabilities. We have an Information Technology Department that supports our IT initiatives. Non-core IT services are outsourced to vendors such as Wipro, HCL and Datacraft. We use a hybrid network with point-to-point leased lines, broad-band and MPLS VPN to connect our offices.

We use a range of software applications in our day-to-day business for accounting and investment processes, as well as certain portfolio management applications. Our data center is in Mumbai and all applications are centrally hosted out of that data center. We rely heavily on our financial, accounting, dealing, compliance and other data processing systems. In recent years, we have upgraded and expanded the capabilities of our data processing systems and other operating technology, and we expect that we will need to continue to upgrade and expand these capabilities in the future to avoid disruption of, or constraints on, our operations. We also have an information security policy approved by our Board of Directors, as well as a disaster recovery system, with an offsite business continuity center in Hyderabad and regular disaster recovery drills are performed. We plan to enhance our web initiatives to include financial transactions and develop our wireless services initiative.

Intellectual Property

Brand name and logo recognition are important to our business. Our brand is respected nationwide for the UTI Group's strength and more than 40 years of heritage as a leader in the mutual fund industry. We have rights to the logo under which our services are offered in connection with financial analysis and consultation, financial portfolio management and financial investment. We have registered in India the logo "UTI Mutual Fund/uti". We have not registered our fund names or our "Let's plan to get rich" slogan. We will consider registering other brands as new trademarks and service marks are developed or acquired.

The Transfer Agreement whereby we and UTI Trustee acquired the rights to the "Unit Trust of India/UTI" name permits other entities, two of which also operate in the financial services sector, to use the UTI name without paying any royalty until January 31, 2008. After January 31, 2008, pursuant to the Transfer Agreement, the entities that are allowed to use the "UTI" name will be prohibited from doing so without approval from us, UTI Trustee and the Government of India.

Human Resources

As of September 30, 2007, we had 1,144 full-time employees, including 661 managerial and 483 non-managerial staff. We strive to maintain a work environment that fosters professionalism, integrity, excellence and cooperation among our employees.

In 2005, we implemented an incentive based compensation plan (through a Balanced Score Card system) with a variable pay structure and, for our sales force, quarterly and special one-time bonuses. We believe this plan, along with our merit based promotion system, has enhanced our ability to attract and retain talent.

For the six months ended September 30, 2007, our attrition rate was 3.9% for our managerial staff. We are also pursuing a strategy of internal promotions and lateral recruitment, with 37 managers (including 13 upper- and senior-level managers) hired from April 2007 to November 2007.

Our non-managerial staff are part of a union. We have entered into a settlement agreement with our employees which expires in 2008. We believe that we have good relations with our employees.

Our human resources department has adopted certain initiatives over the last year, such as automation of routine HR processes (through Peoplesoft HRMS software), incentive based compensation for our managerial staff through our Balanced Score Card system, an employee development program for sales and marketing personnel, e-learning opportunities and a group term insurance policy. We intend to continue to focus on training and development with quarterly reviews of the performance of employees and training inputs from our assessment and performance appraisal reports.

As part of this offering, we have implemented an employee share ownership plan, thereby fostering a culture of ownership and better aligning our employees' interests with those of our clients and shareholders. We believe this ownership model and our emphasis on team-oriented management will result in a more shared sense of purpose with our clients and also contribute to lower staff turnover and enable us to attract the quality people critical to our success.

Facilities

Our principal executive offices and registered corporate office are located at the seven-story UTI Tower in Mumbai, where we occupy approximately 91,400 square feet of space. We agreed to acquire from SUUTI in 2006 the 1st, 5th, 6th and 7th floors and parts of the basement and ground floors we occupy in the UTI Tower. Consent to the acquisition from the Mumbai Metropolitan Regional Development Authority, in its capacity as the property freeholder, is pending. We lease the premises required for our UFCs and other offices from various other parties, including SUUTI.

Legal Proceedings

In the normal course of business, we may be subject to various legal proceedings from time to time. Please refer to "Outstanding Litigation and Material Developments" on page 260 of this Draft Red Herring Prospectus for a description of the legal proceedings currently involving us.

FUND PERFORMANCE

The following table shows the net returns for all our domestic funds during the various time periods from their inception to September 30, 2007, relative to the performance of the relevant benchmark. We believe that our investment approach yields the most benefit, and is best evaluated, over the medium to long-term.

Past performance is no assurance of future results. Net returns represent returns after the payment of management fees and other expenses and reflect the reinvestment of dividends and other earnings.

FUND PERFORMANCE

Fund Name	Date of Launch	AUM as of Sept 30, 2007 (Rs. in millions)	Fund Performance: Fund Returns during the Half Year (%)	Fund Performance: Compounded Annualised Yield in case of Funds in existence for more than 1 Year (%): Last 1 Year	Last 3 Years	Last 5 Years	Since Inception of Fund	Benchmark Indices	Benchmark Performance: Returns during the Half Year (%)	Benchmark Performance: Compounded Annualised Yield in case of Funds in existence for more than 1 Year (%): Last 1 Year	Last 3 Years	Last 5 Years	Since inception of Fund
Equity Funds													
Mastershare Unit Scheme	Sept 19, 1986	23734	34.87	41.92	37.86	40.16	18.48	BSE 100 Index	36.13	41.70	44.18	43.52	N.A.
Equity Fund	Apr 20, 1992	18145	29.84	29.33	36.91	42.00	12.83	BSE 100 Index	36.13	41.70	44.18	43.52	12.27
Master Equity Plan Unit Scheme	Mar 31, 2003	14937	33.10	34.32	41.92	N.A	48.69	BSE 100 Index	36.13	41.70	44.18	43.52	48.79
Infrastructure Fund	Mar 9, 2004	14174	44.86	57.14	60.06	N.A	50.29	BSE 100 Index	36.13	41.70	44.18	43.52	35.84
Wealth Builder Fund	Sept 7, 2006	12378	35.93	N.A	N.A	N.A	38.10	BSE 100 Index	36.13	41.70	44.18	43.52	42.40
Master Plus Unit Scheme	Dec 9, 1991	11075	31.32	39.24	43.64	45.54	16.93	BSE Sensex	32.27	38.84	45.86	42.06	15.01
Leadership Equity Fund	Jan 3, 2006	11038	33.36	43.03	N.A	N.A	30.66	S&P CNX Nifty	31.40	39.93	42.31	39.16	37.08
India Lifestyle Fund	July 2, 2007	10723	N.A	N.A	N.A	N.A	4.22	S&P CNX 500	N.A	N.A	N.A.	N.A.	12.89
Dividend Yield Fund	Apr 11, 2005	7552	32.39	36.95	N.A	N.A	36.67	BSE 100 Index	36.13	41.70	44.18	43.52	45.95
Master Value Fund	June 1, 1998	5773	28.06	24.39	28.76	39.80	26.99	BSE 200 Index	36.11	41.68	42.53	43.07	22.58
Opportunities Fund	July 20, 2005	5469	42.17	33.57	N.A	N.A	33.31	BSE 100 Index	36.13	41.70	44.18	43.52	45.41
Growth Sector Fund - Services	May 27, 1999	5092	26.94	44.49	41.07	45.26	35.06	CNX Service Sector	24.86	42.96	42.60	40.88	23.97
Long Term Advantage Fund	Dec 21, 2006	4406	N.A.	N.A	N.A	N.A	20.50	BSE 100 Index	36.13	41.70	45.09	42.99	39.80
Mastergrowth	Jan 18, 1993	4024	29.71	35.06	37.83	44.34	17.05	S&P CNX Nifty	31.40	39.93	42.31	39.16	13.74
Mid Cap Fund	Mar 9, 2004	4001	23.43	22.56	31.81	N.A	32.88	CNX Midcap Index	41.59	46.37	43.41	49.73	37.71
Contra Fund	Feb 22, 2006	3948	23.29	14.92	N.A	N.A	7.55	BSE 200 Index	36.11	41.68	42.53	43.07	34.00
Equity Tax Savings Plan	Nov 15, 1999	3729	34.38	34.05	37.52	41.34	25.75	BSE 100 Index	36.13	41.70	44.18	43.52	18.67
Index Select Equity Fund	May 12, 1997	2947	29.70	33.91	42.04	42.74	23.14	S&P CNX Nifty	31.40	39.93	42.31	39.16	15.32
Spread Fund	June 9, 2006	2705	4.32	9.06	N.A	N.A	8.21	Crisil Liquid Fund Index	3.96	7.32	N.A.	N.A.	7.00
MNC Fund	Apr 15, 1998	1982	21.52	20.71	31.53	34.58	19.22	CNX Mnc Index	23.95	19.03	39.38	27.69	12.43
Growth Sector Fund - Petro	May 27, 1999	1872	25.88	23.19	24.47	38.01	31.15	UTI Petro Index	42.33	41.92	29.72	37.03	22.93
Growth Sector Fund - Software	May 27, 1999	1050	-10.10	11.87	29.27	31.34	15.91	S&P CNX Computers Software	-8.23	4.10	25.75	26.43	12.10
Banking Sector Fund	Mar 9, 2004	966	44.77	58.72	46.66	N.A	35.14	S&P CNX Banks	52.59	55.51	N.A.	N.A.	32.69
Growth Sector Fund - Pharma & Health Care	May 27, 1999	663	4.29	4.78	13.53	23.71	14.04	S&P CNX Pharmaceuticals	5.20	6.55	16.27	26.30	15.65
Nifty Index Fund	Feb 14, 2000	627	31.28	40.47	42.97	40.22	16.68	S&P CNX Nifty	31.40	39.93	42.31	39.16	15.49
Auto Sector Fund	Mar 9, 2004	606	4.51	-7.38	21.92	N.A	18.10	BSE Auto	9.51	-0.62	31.39	N.A.	N.A.
Master Index Fund	June 1, 1998	592	32.28	38.66	46.10	42.82	20.07	BSE Sensex	32.27	38.84	45.86	42.06	19.89
Variable Investment Scheme	Nov 7, 2002	356	14.44	15.91	16.49	N.A	17.73	BSE Sensex	32.27	38.84	45.86	42.06	42.12

Fund Name	Date of Launch	AUM as of Sept 30, 2007 (Rs. in millions)	Fund Performance					Benchmark Indices	Benchmark Performance				
			Fund Returns during the Half Year (%)	Compounded Annualised Yield in case of Funds in existence for more than 1 Year (%)					Returns during the Half Year (%)	Compounded Annualised Yield in case of Funds in existence for more than 1 Year (%)			
				Last 1 Year	Last 3 Years	Last 5 Years	Since Inception of Fund			Last 1 Year	Last 3 Years	Last 5 Years	Since inception of Fund
Sunder	July 7, 2003	159	31.67	41.37	43.48	N.A	48.37	Nifty Total Return	32.31	42.09	44.58	N.A.	44.06
Balanced/Hybrid Funds													
Balanced Fund	Jan 2, 1995	11918	25.03	23.41	26.34	29.88	21.57	Crisil Balanced Fund Index	21.56	26.65	26.40	25.63	N.A.
Unit Linked Insurance Plan	Oct 1, 1971	38028	14.93	16.74	17.47	19.18	3.13	Crisil Debt Hybrid (60:40) Index	15.12	19.81	N.A.	N.A.	N.A.
Childrens Career Balanced Plan	July 12, 1993	27150	13.48	12.03	16.56	17.95	7.99	Crisil Debt Hybrid (60:40) Index	15.12	19.81	N.A.	N.A.	N.A.
Retirement Benefit Pension Fund	Dec 26, 1994	5089	13.19	11.76	16.90	17.48	10.71	Crisil Debt Hybrid (60:40) Index	15.12	19.81	N.A.	N.A.	N.A.
C.R.T.S. 1981	Oct 1, 1981	4208	15.14	16.71	20.16	18.42	11.60	Crisil Debt Hybrid (75:25) Index	11.24	14.95	N.A.	N.A.	N.A.
Senior Citizens Unit Plan	May 3, 1993	2593	15.85	13.99	17.25	16.32	16.15	Crisil MIP Blended Index	8.24	10.30	9.71	10.05	N.A.
Monthly Income Scheme	Sept 12, 2002	1590	8.46	10.43	9.01	8.32	8.24	Crisil MIP Blended Index	8.24	10.30	9.71	10.05	9.90
Cap.Protection Ortd.Sch.Plan 3 Year	Dec 26, 2006	1305	8.46	N.A	N.A	N.A	8.47	Crisil MIP Blended Index	8.28	N.A.	N.A.	N.A.	10.01
Cap.Protection Ortd.Sch.Plan 5 Year	Dec 26, 2006	1233	9.19	N.A	N.A	N.A	9.12	Crisil MIP Blended Index	8.28	N.A.	N.A.	N.A.	10.01
MIS Advantage Plan	Dec 16, 2003	1025	10.35	13.80	14.09	N.A.	11.87	Crisil MIP Blended Index	8.24	10.30	9.71	10.05	7.88
Mahila Unit Scheme	Mar 8, 2001	922	14.27	18.88	24.51	22.31	18.97	Crisil Debt Hybrid (75:25) Index	11.24	14.95	N.A.	N.A.	N.A.
Income Funds													
Liquid Plus Fund	July 12, 1999	42767	4.47	6.79	5.36	5.84	8.63	Crisil Liquid Fund Index	3.96	7.32	5.84	5.28	N.A.
Yearly Series March 07	Mar 16, 2007	9866	4.10	N.A	N.A	N.A	N.A	Crisil Liquid Fund Index	4.00	N.A	N.A	N.A	4.40
Yearly Series April 07	Apr 16, 2007	5165	4.10	N.A	N.A	N.A	4.31	Crisil Liquid Fund Index	4.00	N.A	N.A	N.A	3.18
Quarterly Aug 07 Series II	Aug 16, 2007	4871	N.A.	N.A.	N.A.	N.A.	0.75	Crisil Liquid Fund Index	N.A.	N.A.	N.A.	N.A.	0.82
Quarterly Interval Plan III	Aug 14, 2007	4609	N.A.	N.A.	N.A.	N.A.	0.86	Crisil Liquid Fund Index	N.A.	N.A.	N.A.	N.A.	0.86
Yearly June 2007	June 18, 2007	4154	N.A.	N.A.	N.A.	N.A.	2.22	Crisil Liquid Fund Index	N.A.	N.A.	N.A.	N.A.	1.69
Monthly Interval Plan S-I	June 20, 2007	3157	N.A.	N.A.	N.A.	N.A.	1.68	Crisil Liquid Fund Index	N.A.	N.A.	N.A.	N.A.	1.60
Bond Fund	June 4, 1998	3157	4.82	6.64	6.76	6.25	9.10	Crisil Composite Bond Fund Index	4.42	5.41	4.52	5.12	N.A.
Annual Interval Plan S-III	Sept 14, 2007	2936	N.A.	N.A.	N.A.	N.A.	0.14	Crisil Composite Short Term Bond Index	N.A.	N.A.	N.A.	N.A.	0.50
Annual Interval Plan Series-I	July 11, 2007	2755	N.A.	N.A.	N.A.	N.A.	1.54	Crisil Composite Short Term Bond Index	N.A.	N.A.	N.A.	N.A.	1.48
Yearly August 07	Aug 16, 2007	2317	N.A.	N.A.	N.A.	N.A.	0.49	Crisil Liquid Fund Index	N.A.	N.A.	N.A.	N.A.	0.82
Series-III Plan 20	Aug 14, 2007	2166	N.A.	N.A.	N.A.	N.A.	2.02	Crisil Short Term Bond Fund Index	N.A.	N.A.	N.A.	N.A.	1.13
Quarterly Interval Plan-I	June 14, 2007	1962	N.A.	N.A.	N.A.	N.A.	2.42	Crisil Liquid Fund Index	N.A.	N.A.	N.A.	N.A.	1.80
Series II Plan 16 Feb 07	Feb 19, 2007	1741	4.03	N.A.	N.A.	N.A.	4.97	Crisil Short Term Bond Fund Index	N.A.	N.A.	N.A.	N.A.	5.44
Quarterly Sep 07 Series II	Sept 17, 2007	1451	N.A.	N.A.	N.A.	N.A.	0.07	Crisil Liquid Fund Index	N.A.	N.A.	N.A.	N.A.	0.28

Fund Name	Date of Launch	AUM as of Sept 30, 2007 (Rs. in millions)	Fund Performance					Benchmark Indices	Benchmark Performance				
			Fund Returns during the Half Year (%)	Compounded Annualised Yield in case of Funds in existence for more than 1 Year (%)					Returns during the Half Year (%)	Compounded Annualised Yield in case of Funds in existence for more than 1 Year (%)			
				Last 1 Year	Last 3 Years	Last 5 Years	Since Inception of Fund			Last 1 Year	Last 3 Years	Last 5 Years	Since inception of Fund
Yearly Series May 07	May 16, 2007	1448	N.A.	N.A.	N.A.	N.A.	2.96	Crisil Liquid Fund Index	N.A.	N.A.	N.A.	N.A.	2.46
Gold Exchange Traded Fund	Mar 1, 2007	1431	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A	N.A.	N.A.	N.A
Series II Plan 16	Nov 27, 2006	1415	3.72	N.A.	N.A.	N.A.	5.42	Crisil Short Term Bond Fund Index	N.A.	N.A.	N.A.	N.A.	7.13
Quarterly Sept 07 Series I	Sept 3, 2007	1142	N.A.	N.A.	N.A.	N.A.	0.53	Crisil Liquid Fund Index	N.A.	N.A.	N.A.	N.A.	0.55
G-Sec-Investment Plan	Aug 23, 1999	1080	3.31	4.95	4.01	5.51	8.74	I-Sec Li-Bex	4.09	7.22	5.70	7.57	N.A.
Quarterly August 07 Series I	Aug 1, 2007	920	N.A.	N.A.	N.A.	N.A.	1.12	Crisil Liquid Fund Index	N.A.	N.A.	N.A.	N.A.	0.93
G-SEC STP	Nov 24, 2003	776	3.03	6.14	5.75	N.A	5.06	I-Sec Si-Bex	4.53	7.03	6.09	N.A.	N.A.
Annual Interval Plan II	Aug 6, 2007	768	N.A.	N.A.	N.A.	N.A.	1.17	Crisil Composite Short Term Bond Index	N.A.	N.A.	N.A.	N.A.	0.41
Yearly Oct 2006	Oct 16, 2006	635	2.96	N.A	N.A	N.A	N.A	Crisil Liquid Fund Index	4.00	N.A	N.A	N.A	7.07
Gilt Advantage Fund LTP	Jan 21, 2002	547	2.62	4.46	5.22	7.93	8.19	I-Sec Li-Bex	4.09	7.22	5.70	7.57	N.A.
Children Career Bond Plan	Jan 19, 2004	223	3.83	5.90	5.23	N.A	4.00	Crisil Composite Bond Fund Index	4.42	5.41	4.52	5.12	3.37
Yearly Series Sept 06	Sept 16, 2006	222	4.04	8.13	N.A	N.A	8.04	Crisil Liquid Fund Index	4.00	7.07	N.A	N.A	7.26
Half Yearly Series May 07	May 1, 2007	204	N.A.	N.A.	N.A.	N.A.	2.99	Crisil Liquid Fund Index	N.A.	N.A.	N.A.	N.A.	2.89
Quarterly June 07-Series II	June 16, 2007	172	N.A.	N.A.	N.A.	N.A.	2.04	Crisil Liquid Fund Index	N.A.	N.A.	N.A.	N.A.	1.69
Short Term Income Fund	June 23, 2003	102	4.56	6.92	6.36	N.A.	5.87	Crisil Short Term Bond Fund Index	4.92	7.05	5.55	N.A.	5.08
Half Yearly Series June 07	June 1, 2007	50	N.A.	N.A.	N.A.	N.A.	2.83	Crisil Liquid Fund Index	N.A.	N.A.	N.A.	N.A.	1.95
Quarterly July 07 Series I	July 2, 2007	19	N.A.	N.A.	N.A.	N.A.	1.28	Crisil Liquid Fund Index	N.A.	N.A.	N.A.	N.A.	1.38
Liquid Funds													
Liquid Cash Plan	June 23, 2003	72089	3.44	7.29	6.22	N.A.	5.73	Crisil Liquid Fund Index	3.96	7.32	5.84	5.28	5.29
Floating Rate Fund STP	Aug 29, 2003	1997	2.07	5.75	5.88	N.A	5.57	Crisil Liquid Fund Index	3.96	7.32	5.84	5.28	5.33
Money Market Fund	Apr 23, 1997	1927	3.59	7.63	6.37	5.77	7.75	Crisil Liquid Fund Index	3.96	7.32	5.84	5.28	N.A.

REGULATIONS AND POLICIES

Regulations and Guidelines of the Securities and Exchange Board of India

SEBI was established to protect the interests of public investors in securities and to promote the development of, and to regulate, the Indian securities market. We and our Subsidiaries and affiliates are subject to the SEBI regulations, guidelines and circulars for our public capital issuances and our day to day operations. These regulations provide for the registration with the SEBI for our respective activities, functions and responsibilities. Our Company and our Subsidiaries are required to adhere to codes of conduct applicable for these activities.

Regulations Governing Mutual Funds

SEBI has formulated policies to regulate mutual funds in the interest of the investors and notified the same in 1993. The regulations were fully revised in 1996 under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996. These Regulations have been amended from time to time. SEBI has also issued guidelines to the mutual funds from time to time to protect the interests of investors. All mutual funds whether promoted by public sector or private sector entities including those promoted by foreign entities are governed by the same set of Regulations. The Mutual Fund Regulations defines, a mutual fund as a fund established in the form of a trust to raise moneys through the sale of units to the public or a section of the public under one or more schemes for investing in securities, including, money market instruments or gold or gold related instruments. As per Regulation 9 of SEBI (Mutual Fund) Regulations 1996, the SEBI may grant a certificate of registration to a mutual fund, subject to terms and conditions as laid down in Regulation 10 and subject to compliance of all directives, guidelines and/or circulars issued by SEBI from time to time. Seventh Schedule to the Mutual Fund Regulations places further restrictions on investments by mutual funds.

The mutual fund is managed by a board of trustees or a trustee company and sponsors execute a trust deed in favour of the trustees. The trustees shall ensure that the schemes that are floated by the mutual fund are managed by an asset management company ("AMC") and that the AMC has not given any undue advantage to any of its associates in any manner detrimental to the interest of the unitholders. Further, the trustees shall periodically review both, the complaints that have been received from the investors by the AMC and redressal of the same. No AMC and no director (including independent director), officer, or employee of an AMC shall be eligible to be appointed as a trustee of any mutual fund. In addition to other obligations specified in the Mutual Fund Regulations, the trustees shall abide by the code of conduct incorporated as the Fifth Schedule to the Mutual Fund Regulations.

An AMC, as per the Mutual Fund Regulations refers to a company formed under the Companies Act and registered under sub-regulation (2) of Regulation 21. Regulation 20 provides that the sponsor or if authorised by the trust deed, the trustee is required to appoint an AMC, which has been approved by SEBI, which besides other conditions specified in the Mutual Fund Regulations, requires that at least half of the board of directors of the AMC should consist of independent directors, who are not associated in any manner with, the sponsor or any of its subsidiaries or the trustees. The Mutual Fund Regulations restricts the AMC to act as a trustee of any mutual fund or undertake any other business activities except the activities in the nature of portfolio management services, management and advisory services to offshore funds, pension funds, provident funds, venture capital funds, management of insurance funds, financial consultancy and exchange of research on commercial basis provided that any of such activities are not in conflict with the activities of the mutual fund and the Board is satisfied that the operations and management of the AMC or those undertaken by its subsidiaries are segregated activity-wise and access to inside information of various activities is prohibited by such chinese walls. Further, an AMC is also duty bound to abide by the prescribed code of conduct laid out in Fifth Schedule to the Mutual Fund Regulations.

A Close Ended Scheme as defined by the Mutual Fund Regulations is one in which the period of maturity is specified, whereas a Mutual Fund Scheme which offers Units of sale without specifying any duration for redemption is an Open Ended Scheme. As per SEBI/IMD/CIR No. 5/70559/06 dated June 30, 2006, at the time of filing a new Scheme Offer Document, the trustees must certify that the concerned Scheme has been approved by them as a new product offered by the respective mutual fund and certify that it is not a minor modification of the existing Scheme or product. This is however, not applicable to fixed maturity plans and Close Ended Schemes unless, the Close Ended Scheme incorporates feature of conversion into open-ended on maturity. The Scheme has to be approved by the trustees and a copy of the Offer Document has to be filed with SEBI, before the same is issued by the AMC. It is absolutely pertinent that the Offer Document makes all such disclosures which are essential to allow the investor to make informed investment decision. AMC is required under the Mutual Fund Regulations to specify in the Offer Document the minimum subscription amount it seeks to raise under the Scheme and in the event of oversubscription the extent of subscription it may retain. In respect of the applications which are accepted, AMC is required to issue unit certificates to the applicants in accordance with the Mutual Fund Regulations, and unless otherwise restricted by the Scheme, the unit certificates are freely transferable by act of parties or by operation of law. SEBI in consultation with AMFI, issued circular, SEBI/IMD/CIR No.10/22701/03 dated December 12, 2003, which requires each Scheme and individual plan or plans under the Schemes to have a minimum of 20 investors and provides that no single investor should account for more than 25 per cent of the corpus of such Scheme or plan or plans. The disclosure of this requirement shall also be made in the Offer Document before filling with SEBI under Regulation 28 (1) of Mutual Fund Regulations. There is an advertisement code incorporated as the Sixth Schedule to the Mutual Fund Regulations, which governs the advertisements made pertaining to every Scheme.

As per the Mutual Fund Regulations, it is only in the event of temporary liquidity requirement for the purposes of repurchase, redemption of units or payment of interest or dividend to unitholders, a mutual fund may resort to borrowing. In furtherance of this limitation on the borrowing power of the mutual funds, it is also subject to a cap of 20 per cent of the net asset of the Scheme in addition to which the regulations require that duration of such a borrowing shall not exceed a period of six months. Further, the regulations clearly provide that mutual fund shall not advance loans for any purpose.

In respect of overseas investments by mutual fund, as per SEBI/IMD/ CIR No. 7/104753/07 dated September 26, 2007, all mutual fund shall be subject to an overall ceiling of US $ 5 billion, wherein each mutual fund shall be subject to a limit of US $ 300 million.

Besides initial and recurring expenses in respect of a Scheme defined under the Mutual Fund Regulations, an AMC may charge the mutual fund, investment and advisory fees. Expenses over and above those specified in the regulation, shall be borne by the AMC, or trustees or sponsors. Further, Mutual Fund Regulations also places a cap on the initial expense of floating the Scheme and requires that expense over and above six per cent of the initial resources raised under that Scheme shall be borne by the AMC. The total expense of the Scheme excluding issue or redemption expenses is subject to following limits:-

1) 2.50 per cent on the first Rs. 1,000 million of the average weekly net assets.

2) 2.25 per cent on the next Rs. 3,000 million of the average weekly net assets.

3) 2.00 per cent on the next Rs. 3,000 million of the average weekly net assets.

4) 1.75 per cent on the balance of the assets.

All mutual funds are required to publish net asset value (NAV) of each Scheme in at least two daily newspapers at intervals not exceeding one week. However, Schemes for special target segment or those Schemes, for which it is not mandatory to be listed in any stock exchange, NAV may be published either quarterly or monthly as permitted by SEBI. Mutual funds also publish the NAV, sale and repurchase price of their Scheme on the website of Association of Mutual Fund in India (AMFI) i.e. www.amfiindia.com. In consultation with AMFI, SEBI as per MFD/Cir No. 11/171/01, dated February 2, 2001 requires all mutual funds to update their NAV, sale and repurchase price on the AMFI website daily.

In respect of the uniform cut-off timings for applicability of NAV of mutual fund Schemes, SEBI/IMD/CIR No. 8/5611/2004 dated March 19, 2004 and SEBI/IMD/CIR No. 9/6016/2004 dated March 25, 2004 provides that, valid applications received up to 3 p.m. by a mutual fund along with a local cheque or demand draft payable at par where application is received, closing NAV (prospective) of that day shall be applicable, whereas for outstation cheque or demand draft not payable at par, closing NAV (prospective) of the day of credit shall be applicable. Different cut-off timing is mentioned for liquid Schemes.

A Mutual Fund Scheme can be wound up based on the opinion of trustees, on a resolution of unitholders, or directions of SEBI. In the event of winding up of a Scheme, amounts due to the unitholders shall be repaid and such holders are to be provided a report of the winding up with necessary details.

A Scheme-wise annual report shall be prepared for each financial year by every mutual fund and AMC in accordance with the Eleventh Schedule of the Mutual Fund Regulations and the same or an abridged summary thereof shall be made available to the unitholders. Further, the Scheme-wise portfolio of the mutual funds for each financial year shall also be disclosed to the SEBI in compliance with the regulations. In addition to this, a mutual fund and AMC are required by the Mutual Fund Regulations to make half yearly disclosures by publishing un-audited financial results in newspapers with necessary details and such other specifications as laid down in the Mutual Fund Regulations.

SEBI further requires the AMC to file a compliance test report (CTR) once every half year, with the trustees for their approval and the compliance officer so authorized shall forward the same to SEBI. The CTR incorporates those compliances which an AMC must adhere to in their day to day business, especially in respect of the following:-

- A justification to the effect, where any company has invested more than 5 per cent of NAV of the Scheme, an investment made by the Scheme or any other Scheme of the same mutual fund in that company or its subsidiaries.

- Disclosure to the effect, where the AMC has dealt with an associate broker in excess of 5 per cent of the quarterly business done by a mutual fund. Further, reporting to the trustees along with a justification on quarterly basis, where the AMC has dealt with any broker, other than an associate broker in excess of 5 per cent or more of the aggregate sale and purchase of securities, made by the mutual fund in all of its Schemes.

- To confirm that, funds pertaining to a Scheme have been invested in accordance with the Mutual Fund Regulations.

- To confirm that, there does not exist any conflict of interest in the manner in which the AMC has deployed its net-worth and the interest of the unit-holders.

- Confirmation that the mutual fund has not made any investment in – any unlisted security of an associate or group company of the sponsor, any security issued by way of Private Placement by an associate or group company of the sponsor or listed securities of group companies of the sponsor which is in excess of 25 per cent of the net assets of all the Schemes of the Mutual Fund.

- Remedial steps, if necessary, that have been taken by the trustees In the event that the conduct of mutual fund is not in accordance with the regulations.

As per Regulation 77 SEBI has the power to issue clarifications and guidelines in the form of notes or circulars which shall be binding on the sponsor, mutual funds, trustees, AMCs and custodians. The trustees, the sponsor, the AMC and the custodian shall comply with the provisions of the Mutual Fund Regulations.

Regulations Governing Portfolio Managers

Portfolio managers are governed by SEBI (Portfolio Managers) Regulations, 1993, hereinafter referred to as the Portfolio Manager Regulations. As per this regulation, "portfolio" means the total holdings of securities belonging to any person. Portfolio Manager Regulations defines a portfolio manager as any person who pursuant to a contract or arrangement with a client, advises or directs or undertakes on behalf of the client (whether as a discretionary portfolio manager or otherwise) the management or administration of a portfolio of securities or the funds of the client. As specified by regulation 6A of the Portfolio Manager Regulations, the provisions of The SEBI (Criteria for Fit and Proper Person) Regulations, 2004 shall apply to all portfolio managers. The portfolio manager shall be registered as such with SEBI in order to carry on portfolio manager services. The certificate of registration shall be valid for a period of three years from the date of its issue to the applicant.

It is one of the primary responsibilities of the portfolio manager to segregate each client's funds and portfolio of securities and keep them separately from his own funds and securities and be responsible for safe keeping of client's funds and securities. The portfolio manager, before taking up an assignment of management of funds or portfolio of securities on behalf of the client, is required to enter into an agreement in writing with the client clearly defining the inter se relationship and setting out their mutual rights, liabilities and obligations relating to the management of funds or portfolio of securities containing the details as specified in Schedule IV of the SEBI (Portfolio Managers) Regulations, 1993. For the purposes of investment and management of portfolios, the portfolio manager shall adhere to the terms and conditions specified in the agreement between the client and the portfolio manager. Prior to entering into such agreement, the portfolio manager must provide to the client a disclosure document as specified in Schedule V of the Portfolio Manager Regulations and which shall contains the quantum and manner of payment of fees payable by the client for each activity for which service is rendered by the portfolio manager directly or indirectly (where such service is out sourced), portfolio risks, complete disclosures in respect of transactions with related parties as per the accounting standards specified by the Institute of Chartered Accountants of India in this regard, the performance of the portfolio manager and the audited financial statements of the portfolio manager for the immediately preceding three years. This disclosure document should be certified by an independent chartered accountant and in the event of a material change in the document the same should be filed with the SEBI.

Portfolio manager shall in compliance with the Portfolio Manager Regulations, furnish periodical reports to the client which shall contain all the necessary details of the portfolio so being managed for the client. In addition to this, every portfolio manager shall abide by the code of conduct laid down under Schedule III of the Portfolio Manager Regulations. Further, in order to observe high standards of integrity and fairness in all his professional dealings, the portfolio manager must under all circumstances avoid any conflict of interest in his decisions in the capacity of a portfolio manager and accordingly disclose to his clients all such circumstances, as and when, a conflict of interest may arise. Portfolio manager shall ensure fair treatment to all his customers.

A compliance officer is also required to be appointed by the Portfolio Manager, who is responsible for:-

1. Monitoring the compliance of the Act, rules and regulations, notifications, guidelines, instructions issued by SEBI or the Central Government.

2. Redressal of investor’s grievances.

Regulations Governing Venture Capital Funds

SEBI regulates the registration and operations of Venture Capital Funds (VCFs) in India through the SEBI (Venture Capital Funds) Regulations, 1996 (VCF Regulations), which applies to domestic VCFs and SEBI (Foreign Venture Capital Investor) Regulations, 2000 (‘FVCI Regulations), which applies to foreign VCFs registered with/ seeking registration with SEBI. Under the VCF Regulations, a VCF can be set-up either as a company or a trust. The VCF Regulations prescribe certain pre-conditions to registration of a VCF like, the applicant should be fit and proper, directors of its trustee company, if any, or any trustee should not be involved in any litigation connected with the securities market having material adverse affect on its business, or should not have been convicted for any offence involving moral turpitude or economic offence. A domestic VCF may raise monies by way of issue of units. Each Scheme launched or fund set up by a domestic VCF is required to have a firm commitment from its investors for a contribution of an amount of at least Rs. 50 million, before the start of operations by the VCF. The VCF is required to file a copy of the placement memorandum or a copy of the contribution or subscription agreement entered into with its investors along with a report of money actually collected from its investors. The placement memorandum/ subscription agreement is required to contain the terms and conditions subject to which monies are proposed to be raised from investors. A registered VCF is required to invest at least 66.67 per cent of its funds in unlisted Equity Shares or equity linked instruments of venture capital undertakings (i.e. Indian companies whose shares are not listed on any recognised stock exchange in India). A VCF cannot invest more than 25 per cent of the corpus of the fund in one venture capital undertaking.

Other Regulations

Requirement of Permanent Account Number (PAN)

Earlier a Mutual Funds Identification Number (MIN) was required to meet the obligations of Prevention of Money Laundering Act, 2002. SEBI vide circular MRD/DoP/Cir-05/2007 dated April 27, 2007, has made PAN, the sole identification number for all participants transacting in securities markets, irrespective of the amount of transaction with effect from July 2, 2007.

SEBI (Foreign Institutional Investors) Regulations, 1995

As per the FII Regulations, foreign institutional investors (FII) are entities proposing to make investments in Indian securities and which are established or incorporated outside India. Under FII Regulations, the entity to operate as an FII and make investments in securities listed in any stock exchange in India should be registered with SEBI as an FII, subject to SEBI being satisfied that the entity has the necessary approval of RBI, under the Foreign Exchange Management Act, 1999 and the regulations promulgated thereunder. An FII, registered as such with SEBI, shall be subject to investment restrictions prescribed by the FII Regulations, shall enter into an agreement with a domestic custodian in respect of dealing with securities, and shall also abide by the code of conduct incorporated under the third schedule to the regulations.

SEBI (Prohibition of Insider Trading) Regulations, 1992

The SEBI (Prohibition of Insider Trading) Regulations, 1992 prohibit the dealing by any person or company in securities of any other company when in possession of unpublished price sensitive information of such company. SEBI is empowered to inspect and investigate the books of accounts or other documents of an insider and make appropriate directions, where it deems fit. The regulations also prescribe a model code of conduct to be followed by all companies and organisations associated with the securities markets. Further, the regulations mandate a disclosure of the number of shares or voting rights held by any person who holds in excess of 5 per cent of the shares or voting rights of a listed company. Any change in the aforementioned shareholding/voting rights must be intimated to the SEBI.

Prevention of Money-laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005.

The Prevention of Money Laundering Act, 2002 (PMLA) defines an "intermediary", as stock-broker, sub-broker, share transfer agent, banker to an issue, trustee to a trust deed, registrar to an issue, merchant banker, underwriter, portfolio manager, investment adviser and any other intermediary associated with securities market and registered under Section 12 of the Securities and Exchange Board of India Act, 1992. The PMLA empowers the Central Government to make rules for the purposes of carrying out the provisions of this Act, pursuant to which the Central Government in consultation with the Reserve Bank of India, made rules for maintenance of records of the nature and value of the transactions, the procedure and manner of maintaining and time for furnishing information and verification and maintenance of records of the identity of the clients of the banking companies, financial institutions and intermediaries.

Foreign Direct Investment in Asset Management Company

Under the guidelines issued by the Government of India, foreign direct investment in AMCs under the foreign direct investment regime is permitted up to 100%. However, under the Foreign Policy Manual, the minimum capitalization norms have been prescribed as follows:-

1. For FDI up to 51per cent, US$ 0.5 million to be brought in up-front

2. If the FDI is above 51 per cent and up to 75 per cent, US $ 5 million to be brought upfront.

3. If the FDI is above 75 per cent and up to 100 per cent, US $50 million out of which $ 7.5 million to be brought in upfront and the balance in 24 months.

HISTORY AND CORPORATE STRUCTURE

The erstwhile Unit Trust of India ("**UTI"**) came into existence on the February 1, 1964, through the Unit Trust of India Act, 1963. However, pursuant to the UTI Repeal Act, the Government of India effectuated the division of Unit Trust of India into two separate undertakings, namely the "Specified Company" and the "Specified Undertaking".

By virtue of Section 4 (1) (a) of the Repeal Act, the undertaking including all business, assets, liabilities and properties of UTI, representing and relatable to the Schemes specified and/or to be further specified in the Schedule II of the Repeal Act were vested in the Trustee Company as a trustee of the UTI Mutual Fund while other Schemes of the UTI were transferred to the Specified Undertaking.

SBI, LIC, PNB and BoB (hereinafter for the purposes of this chapter referred as the "Subscribers") established and constituted the UTI Mutual Fund as a trust and the Trustee Company was incorporated as the sole trustee of the UTI Mutual Fund. The existing stake of each Subscriber in the Company is 25%.

Pursuant to the Repeal Act, a Transfer Agreement dated January 15, 2003 was entered between the President of India and the Subscribers for the vesting of the Specified Company with the Trustee Company and transfer of officers and employees to the Company which was appointed by the Trustee Company as the AMC of UTI Mutual Fund. The Transfer Agreement provides that all rights in relation to the names of 'Unit Trust of India' or 'UTI' alongwith goodwill shall be transferred to the Trustee Company as trustee of the UTI Mutual Fund and the Company and therefore the following entities along with Administrator, SUUTI were entitled to use the name 'Unit Trust of India' and/or 'UTI' for a period of five years i.e. January 2008:

(a) UTI Bank Limited (now Axis Bank);
(b) Unit Trust of India Investors Service Limited (now UTI Technology Services Limited);
(c) UTI Securities Exchange Limited (now UTI Securities Limited);
(d) Unit Trust of India Investment Advisory Services Limited;
(e) UTI Venture Capital Fund Management Company Limited (now UTI Venture Capital Fund Management Company Private Limited);
(f) UTI International Limited; and
(g) UTI Institute of Capital Markets (now Indian Institute of Capital Markets).

Pursuant to the said time period, the use of the name 'Unit Trust of India' or 'UTI' is subject to permission by the Trustee Company or the Company acting on behalf of the Trustee Company, on terms and conditions mutually agreed with the Government. In reference of the same, our Company has informed the Ministry of Finance by a letter dated December 6, 2007 that UTI Securities Exchange Limited neither has shareholding relationship with SUUTI nor with the Company and hence it should change its name before January 31, 2008. Also, by the said letter, it was highlighted that the Government shall decide about retention or change in the name of Unit Trust of India Investor Services Limited (now UTI Technology Services Limited) and Unit Trust of India Investment Advisory Services Limited (owned by SUUTI). However in respect of the later two entities, the Board of the Company and Trustee Company have decided that so long as these entities are 100% owned by SUUTI, status quo can be maintained but the logo requires alterations prior to January 31, 2008 as these entities do not hold any share capital in the Company or vice versa.

The Ministry of Finance ("**MoF**") has by its letter dated September 30, 2005 clarified that the Subscribers shall pay an amount of Rs. 12369.50 million as sale consideration and they shall not transfer their shares in future either amongst themselves or to any third party without the prior concurrence of the Government. Also, the Subscribers shall be indemnified against all claims pending on account of erstwhile Unit Trust of India.

In order to enhance its valuation, diversify its activities within the financial sector, forge partnerships with market experts and strengthen its distribution base, the Company considered restructuring its current constitution and also raising of fresh capital. The Subscribers in a meeting dated March 29, 2007 agreed to a divestment of up to 50% of their shareholding through an offer for sale to the public and the Board of Directors in its meeting held on April 24, 2007 approved an Offer for Sale by the existing shareholders. As per a letter dated September 30, 2005, the Subscribers cannot dispose off their shareholdings (even inter se) without the prior approval of the Government of India. Therefore, a representation was made before the

MoF on July 25, 2007 to permit a Private Placement (by a fresh issue of 20% of its existing paid up capital) and undertake an IPO through an Offer for Sale thereafter. A separate letter delineating the proposals was subsequently issued on July 31, 2007 by the Company to the MoF. By a letter dated September 14, 2007 the MoF granted its approval for the following:-

- The Company can make a fresh issue of 10,000,000 Equity Shares. These shares can be issued through Private Placement to qualified institutional investors, including existing shareholders, other Indian institutions and a few foreign institutional investors. However, no individual institution can be allotted more than 5% of the existing base i.e. 2,500,000 Equity Shares.
- Post the fresh issue of Equity Shares, the existing shareholders will divest a part of the existing base of 50,000,000 shares through an offer for sale. The price discovered through such an offer for sale will be the floor for issue of fresh Equity Shares by Private Placement as stated above, i.e., fresh shares shall be issued subject to the condition that the allottees of these shares shall match the price discovered through the offer for sale.
- Subject to Board approval, the Company can also offer ESOPs to its employees out of a fresh issue of Equity Shares and/or an offer for sale;
- The existing shareholders will divest/acquire shares in/from fresh issue and/or offer for sale and transfer/acquire Equity Shares in future in such manner that they continue to hold at least 51% of revised base;
- This entire transaction must be completed by March 2008.

Thus the Government allowed dilution of capital by 16.67%. Subsequently, the Company, *vide* both a Board resolution and a special resolution dated December 20, 2007, has approved a bonus issue of Equity Shares to the existing shareholders in the ratio of 3:2. Consequently, the issued capital of the Company increased from 50,000,000 Equity Shares to 125,000,000 Equity Shares. Accordingly, post bonus issue, the Company has decided to undertake the Private Placement of 16,000,000 Equity Shares, as well as issue ESOPs amounting to 9,000,000 Equity Shares, resulting in 16.67% dilution of the revised base capital. Thus, the percentage of fresh issue by way of Private Placement, as approved by the government, remains unchanged. The Company has informed the MoF of this development *vide* its letter dated January 8, 2008.

Key Milestones

Date	Event
February 5, 2004	Acquisition of schemes of IL&FS Mutual Fund with Assets Under Management (AUM)
May 6, 2004	Launch of ‘Axel’ Scheme for wealth management solutions for private clients
October 23, 2006	Strategic Partnership with the largest institutional asset management outfit in the world to widen product basket and encompass international market
[●]	Establishment of a representative office at Bahrain by UTIIL
[●]	MoU with Shinsei Bank
September 21, 2007	Appointment as one of the pension fund managers by PFRDA
October 6, 2007	Portfolio Management Agreement with President of India (acting through Joint Secretary, department of disinvestment) for managing the National Investment Fund

Trust Deed between the SBI, LIC, PNB, BoB and the Trustee Company

Trust Deed dated December 9, 2002 between SBI, LIC, PNB, BoB, (collectively referred as “Settlors”) and the Trustee Company for establishing and constituting the UTI Mutual fund by way of settling trust pursuant to the Repeal Act. An amount of Rs. 10,000 has been contributed by the Settlors towards the initial corpus of the mutual fund.

The Trustee Company shall be entitled to a fee calculated on such basis and paid at such intervals as set out in the prospectus or Offer Documents of the Schemes framed for the issue of Units or as agreed to between the parties during the continuance of the trust and until the entire trust is finally wound up (whether or not the trust shall be in course of administration by or under the order or direction of any court). This shall be in addition to reimbursement of all costs, charges and expenses incurred in or about the administration of the trust (to be reimbursed out of trust fund).

Under the Trust Deed, the Trustee shall be responsible for management of the Mutual Fund, for holding the trust property, provide information to Unitholders, SEBI, settlors/ any other regulatory body, to ensure compliance by Mutual Fund and/or the AMC of all the statutory formalities, reporting requirements and to ensure that the interest of Unitholders is protected. Further the settlors have irrevocably authorised the Trustee Company to appoint one or more bodies corporate as AMC and execute an 'Investment Management Agreement'.

The Trust Deed provides that the Trustee Company and every attorney/manager/agent appointed by the Trustee Company shall be entitled to be indemnified out of the trust property in respect of all liabilities and expenses incurred by them or him in the execution of the trust declared or of any of the powers, authorities and discretions vested in them. The Trustee shall be responsible to deal with all matters arising from the Mutual Fund/AMC on one hand and the Unitholders on the other, and to settle disputes, if any, with the Unitholders.

Investment Management Agreement with UTI Mutual Fund and the Trustee Company

Our Company entered into an Investment Management Agreement (hereinafter referred as the "IMA") dated December 9, 2002 with UTI Mutual Fund acting through its Trustee Company and the Trustee Company for providing management, advisory and administrative services to the existing Schemes of the UTI Mutual Fund pursuant to which all the powers and privileges given to the Trustee Company under the Trust Deed were given to our Company.

Under the IMA, the Company agrees to float/issue Schemes with the approval of the Board of Directors and SEBI and to invest, manage the funds mobilised under various Schemes in accordance with the provisions of the Trust Deed and the Mutual Fund Regulations. The IMA provides that the Company shall ensure that no Offer Document of any Scheme, key information memorandum, abridged half yearly results and annual results are issued/published without prior approval of the Board of Directors/authorised director in writing and to ensure that such documents does not contain any matter extraneous to the Trust Deed.

Under the IMA, it is required that the Company shall disclose the re-purchase price and net asset value (NAV) of various Schemes and to publish by public advertisement in newspapers or in any other manner, the un-audited half-yearly accounts and audited annual accounts of the various Schemes if required under the Mutual Fund Regulations. The Company shall ensure that the trust funds are segregated from its own assets and assets of any other funds for which the Company is responsible.

The IMA provides that the Company shall not undertake any other business activity in so far as they are in conflict with the activities which it is bound to perform, without the prior written approval of the Board of Directors and if required from the SEBI. Specifically, it shall not take up management of or act as an asset manager for any other mutual fund without the specific approval of the Board of Directors/SEBI. Also, the Company shall not acquire any asset out of the Scheme property/ monies, which would involve assumption of unlimited liability/ or result in acquisition of encumbered property occasioning unlimited liability.

Any term/condition under this Agreement may be waived in writing at any time by the parties that are entitled to the benefit and must be executed by an authorised officer of such party. However, a waiver on one occasion will not be deemed to be a waiver of the same or any other breach or non-fulfilment on a future occasion.

The IMA provides that it shall not utilise the services of its settlers or any of its associates, employees or their relatives, for the purposes of any securities transaction and the distribution and sale of securities unless the same is disclosed as required by the SEBI regulations. The Company shall not be indemnified against liability for failure to protect the interest of the Unit-holders due to gross negligence/ against wilful negligence, dishonesty, fraud/against the failure to show the degree of care and diligence required of it while carrying out the duties described in the IMA.

The IMA provides that the amount raised by the Company shall be generally invested in securities that are listed on the recognised stock exchanges of India being equity, debentures and other eligible instruments, money market and other short-term instruments, fixed interest-bearing securities. Subject to the approval of the Board of Directors and SEBI, if required, the Company may, however, from time to time in its absolute discretion alter, modify or delete all or any of the restrictions on investments aforesaid as long as such alterations, modifications or deletions do not result in violations of the Mutual Fund Regulations.

The IMA authorizes the Company to borrow up to 20% of the net asset of such Scheme on behalf of such Scheme for a period of six months to meet temporary liquidity requirements of the said Scheme. The Company is entitled to create an 'Investor Protection Fund' by charging a percentage to any of its Schemes as permitted by the Mutual Fund Regulations or applicable law for the time being in force.

The IMA provides that the Company shall (subject to a ceiling as may be prescribed by the Mutual Fund Regulations) be entitled for each Scheme to the following fees:

1. Where the assets under the Scheme do not exceed Rs.1,000 million then, at the rate of 1.25% of the weekly average net assets outstanding in the each year for the Scheme concerned.

2. Where the assets so calculated exceed Rs. 1,000 million then at the rate of 1% on the excess amount over Rs. 1,000 million.

However, for scheme under the schedule launched on a no load basis, the Company will be entitled to collect an additional management fee not exceeding 1% of the weekly average net assets outstanding in each financial year. The payment of the fees to the Company may be made on either on a weekly/fortnightly/monthly basis, unless otherwise agreed between the Company and Trustee Company. Further, in the event of increase or modification in the ceiling, the Company shall be entitled to increase/modify the maximum amount as permitted under the Mutual Fund Regulations.

The Company shall require the approval of the Board of Directors for bringing any change in its control and shall be subject to scrutiny and approval of the SEBI.

Service Agreement with the Administrator (appointed pursuant to the Section 7 of Repeal Act)

Our Company entered into a Service Agreement dated August 5, 2004 with The Administrator (appointed pursuant to the Section 7 of Repeal Act). In reference to Section 8 of the Transfer Agreement dated January 15, 2003 the Company has entered into this Service Agreement to define the scope of services to be rendered to the Administrator and vice-versa. The Agreement came into force with retrospective effect from February 1, 2003 and shall be valid and binding till January 31, 2008 and can be renewed by mutual agreement between parties thereafter.

The Service Agreement allows the Company and the Administrator to use office space and infrastructure (including systems, software, facilities, amenities, etc) and officers and employees respectively, who shall be seconded by the Company from the appointed day, for the business and purposes of the Specified Undertaking.

The Service Agreement provides that the Administrator shall pay to the Company an amount equal to 0.75% of market value of all the Schemes as listed in Schedule thereto comprising of 0.65% to the Company and 0.10% to the staff welfare fund of the Company. The payment of the service fee by the Administrator to the Company shall be made weekly and within two days of the closure of the week. The Administrator shall pay a service fee at the rate of 0.35% of the AUM with respect to the terminated/matured Schemes. The fee structure is subject to revision on the basis of discussions. Presently, the advisory board at its meeting held on August 23, 2007 has decided an overall ceiling of Rs. 610 million on fees payable by the Administrator for the year 2007-2008. In pursuance of the advisory board meeting and the letter dated November 7, 2007 it was decided that for investments in Equity Shares (listed strategic holding) the Administrator shall pay Rs. 146.3 million and for other equity holdings it shall pay at the rate of 0.35%. Similarly for investments in Fixed Deposits, Corporate Debts, G Secs and similar securities, it shall pay at the rate of 0.35%. The Administrator shall pay at the rate of 0.50% with respect to investments in fixed assets.

Similarly, the Company has agreed to pay to the Administrator, the charges for the facilities being used on the assets on a monthly basis. This charge shall be calculated at a rate which shall not exceed 9% p.a. (as per decided by CRISIL one year bench) payable monthly of the gross revalued value of such facilities which are used by the Company.

It is however agreed between the parties that such rental charges shall be determined taking into consideration the written down value (WDV) of such moveable facilities on half yearly basis (viz computers, equipment etc) and the charges for land and buildings shall be at value of gross revalued as on June 30, 2002 in respect of land and building. Further, the parties cannot transfer or assign the facilities under the IMA without the consent of the other party.

Investment Advisory Agreement with State Street Global Advisors Asia Limited (Hongkong) (hereinafter referred as the 'Advisor')

Our Company entered into an Investment Advisory Agreement dated October 23, 2006 to appoint one of the largest institutional asset management outfit in the world for providing investment advice generally and particularly with respect to the investments of the fund (i.e. monies raised during the currency of this agreement through the launch of dedicated funds in India for investment in foreign securities) managed by the Company in accordance with the terms and conditions as mutually agreed between the parties to this agreement.

Agreement with Infrastructure Leasing &Financial Services Limited, IL&FS Trustee Company Limited and IL&FS Asset Management Company Limited to acquire and manage the Mutual Fund Schemes belonging to IL&FS

The Company entered into an agreement dated April 29, 2004 with the Trustee Company, IL&FS Limited, IL&FS Trustee Company Limited and IL&FS AMC to acquire the right to manage the schemes and the know-how from IL&FS Mutual Fund.

Under the Agreement, IL&FS Trustee Company transferred the schemes together with the assets and the assumed liabilities without any consideration for such transfer upon directions by IL&FS Trustee Company to the custodian in this regard. Further, IL&FS AMC shall transfer its right to manage the Scheme and the know-how for a consideration which will be the difference between the aggregate of the amounts equivalent to the valuation multiples (as mentioned in the agreement) of the AUM on expiry date and any expenses incurred by/in relation to the Schemes during the period April 1, 2004 and the expiry date which are in excess of the limits stipulated by SEBI or the Offer Documents whichever is lower.

Under the agreement, IL&FS agreed that it shall not compete with the business or in any way engage in an activity prejudicial to the rights and interests of UTI Mutual Fund, the Trustee Company and the Company for a period of one year from the completion date of the transaction i.e. five business days after the expiry date.

Portfolio Management Service Agreement with President of India (acting through Joint Secretary, Department of Disinvestment, (hereinafter referred as 'Client') for management of National Investment Fund ("NIF")

We entered into a Portfolio Management Service Agreement dated October 6, 2007 to act as fund manager with regard to the NIF constituted by the Government of India. The agreement shall be effective for two years from the date of receipt of first tranche of funds by us and the same can be renewed for a further period of two years with such modification as may be agreed upon between the parties. The first tranche of Rs. 3,689 million in NIF proceeds was received by us in October 2007.

Under this agreement, it is agreed that the Government of India is and shall always remain the sole owner of the funds placed with us for the purpose of investment on its behalf. The agreement restricts us to borrow funds or securities on behalf of the Client (except as provided under the Portfolio Managers Regulations) or lend or pledge, hypothecate, or create any similar encumbrance on the Client's securities without the prior approval of the client. The parties have agreed that in the event of any loss suffered by the fund managed at the end of the agreement, the liability of the Client will be restricted or limited to the extent of the returns on investment during that term of the agreement.

In the event of termination of the agreement by the Client before expiry of one year, from the date of entering the agreement, we shall be entitled to the portfolio management fees payable by the Client for the corresponding half year. On termination, we shall arrange to deposit the Net Realisable Value (i.e. gross market value net of costs of realisation) of securities held in Client's account along with all accruals/allotments/accretions/refunds etc or any other beneficial interest such as dividends/ interests/bonus etc if any provided the Client fulfills all his obligations under this agreement in the designated bank account.

Memorandum of Understanding between with Shinsei Bank Limited and UTIIL

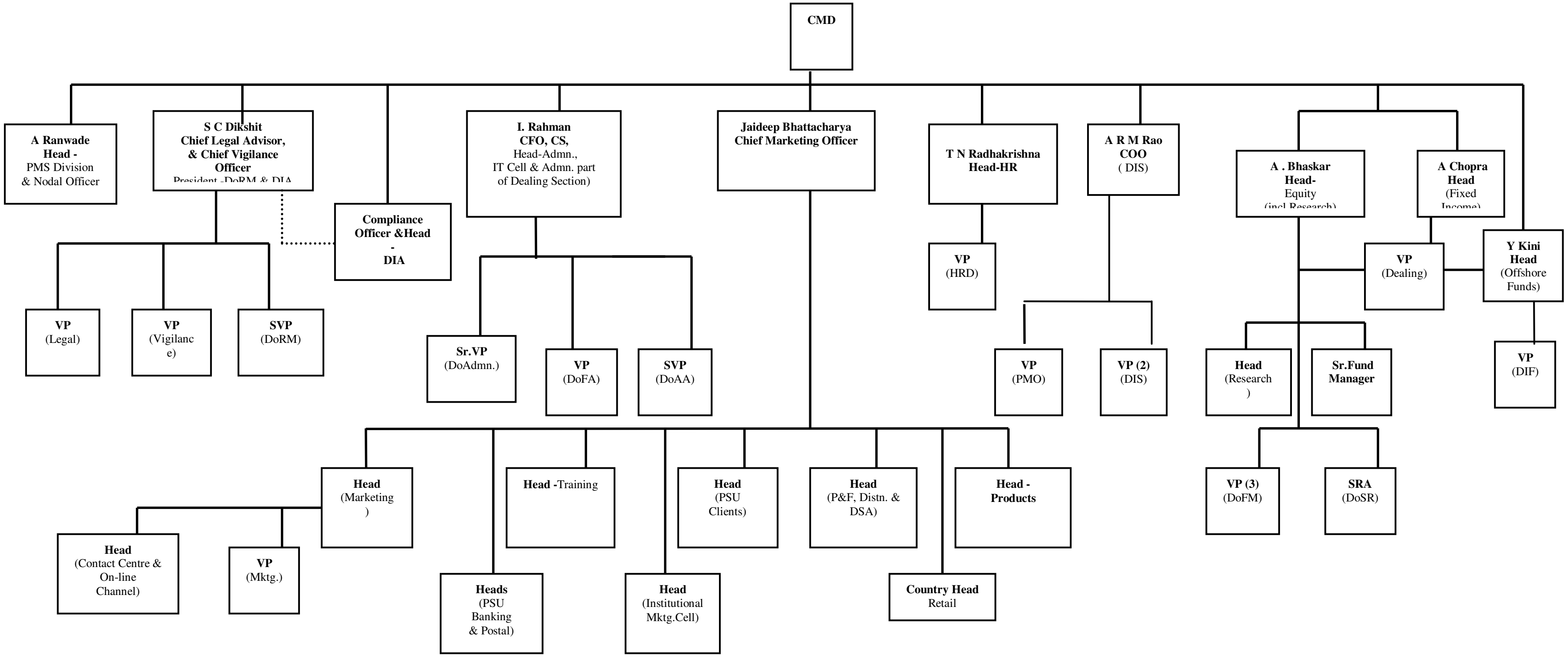
The Company entered into a Memorandum of Understanding ("MOU") with Shinsei Bank Limited and UTIIL on August 2, 2006 to jointly promote and co-brand fund(s) dedicated to investments in Indian securities and marketed and distributed in Japan exclusively by the Shinsei bank. It shall be valid for a period of three years.

Under the MOU, it was agreed that the Shinsei bank shall provide services in relation to fund structuring, operations, investment management and product development to the funds i.e. any onshore Japanese structure and/or any overseas structure set up in any country to facilitate investments by Japanese investors in Indian listed securities. It was agreed that the investments could be routed either through sub-account of UTIIL or through a separate scheme established in India by the Company, subject to approval from FIPB, RBI and SEBI.

In addition, it was agreed that none of the parties to this MOU shall enter into any arrangements with any persons to undertake any of the activities contemplated under this MOU.

ORGANISATION CHART OF UTI ASSET MANAGEMENT COMPANY LIMITED

[As on October 1, 2007]



Abbreviations : DIA-Dept.of Internal Audit, **DIS**-Dept.of Investor Service, **DoRM**-Dept.of Risk Management, **DHRD**-Dept.of Human Resources Development, **DoFA**-Dept.of Fund Accounts, **DoAdmn.**-Dept.of Administration, **DoAA**-Dept.of Accounts - AMC., **DoDLNG.**-Dept.of Dealing, **CVO-** Chief Vigilance Officer, **CS –** Company Secretary, **DoFM-**Dept.of Funds Management , **DoSR-**Dept.of Securities Research, **PMS**-Portfolio Management Services, **CLA**-Chief Legal Advisor, **Corp.Commn.Cell**-Corporate Communication Cell, **P&F**-Private & Foreign Banking Channel, **Distn.**-Distribution Channel, **PSU**-PSU Banking Channel, **Mktg.**-Marketing, **COO**-Chief Operating Officer, **CFO**-Chief Finance Officer

Our Subsidiaries

The Company approved the acquisition of UTI Venture Funds Management Company Private Limited, a wholly owned subsidiary of SUUTI by a Board resolution dated December 17, 2003 at book value of Rs. 95 million or as mutually agreed. The Company acquired the same for a consideration of Rs. 98,025,000. It also acquired the shareholding of UTI International Limited from SUUTI for a consideration of Rs. 29,272,247.44 under the authority of a Board resolution dated March 14, 2003.

UTI Venture Funds Management Company Private Limited ("UTI VFMCPL")

Corporate Information

UTI VFMCPL was incorporated under the Companies Act on March 27, 2001. Its registered office is located at Concorde Block, 16th Floor, UB City, # 24 Vittal Mallya Road, Bangalore 560 001. Pursuant to resolution dated June 30, 2004 the name was changed from UTI Venture Funds Management Company Limited to UTI Venture Funds Management Company Private Limited and a fresh certificate was issued on August 24, 2004. The principal business of UTI VFMCPL is to undertake venture capital/ private equity fund management.

Shareholding Pattern

UTI VFMCPL is a 100% subsidiary of the Company. The shareholding pattern as on November 30, 2007 of UTI VFMCPL is as follows:

S. No.	Name of the Shareholder	No. of Equity Shares	Percentage of total Equity holding
1.	UTI Asset Management Company Limited	5,000,000	99.9986
2.	Mr. D.S.R. Murthy*	10	0.0002
3.	Mr. F.Q. Kolman*	10	0.0002
4.	Mr. Ajay Mittal*	10	0.0002
5.	Mr. S.C. Dikshit*	10	0.0002
6.	Mr. Imtaiyazur Rahman*	10	0.0002
7.	Mr. S.N. Rajesh*	10	0.0002
8.	Mr. K.E.C. Raja Kumar*	10	0.0002
	Total	**5,000,070**	**100.00**

* Nominees of the Company

Board of Directors

As of November 30, 2007, the board of directors of UTI VFMCPL comprised of the following:

1. Mr. K.E.C. Raja Kumar;
2. Mr. Sarath Naru;
3. Mr. Kumar Malavalli;
4. Prof. Ram Akella; and
5. Mr. V.Chandrasekaran

Financial Performance

The audited financial results for this company for the last three fiscals and for the period from April 1, 2007 to September 30, 2007 are as follows:

(Figures in Million except per share data)

Particulars	Year ended March 31,			
	2005	2006	2007	Six months period ended September 30, 2007
Paid up Equity Share Capital	50.00	50.00	50.00	50.00
Reserve and surplus (excluding revaluation reserves)	58.50	110.40	148.20	178.00
Sales and other income	45.80	166.60	198.20	97.70
Profit/ (loss) after tax	9.10	74.80	66.30	30.10

Particulars	Year ended March 31,			
	2005	2006	2007	Six months period ended September 30, 2007
Earning per share (EPS)	1.80	15.00	13.30	6.00

The Equity Shares of UTI VFMCPL are not listed on any stock exchange. Further, UTI VFMCPL is not a sick company within the meaning of the SICA and is not under winding up. It does not have negative net worth and has not completed any public or rights issue in the three years preceding this Draft Red Herring Prospectus.

UTI Private Equity Advisors Limited ("UTI PEAL")

Corporate Information

UTI PEAL was incorporated under the Companies Act, Republic of Mauritius on July 21, 2004. Its registered office is located at 10, Frere Felix de Valois Street, Port Louis, Mauritius. The principal business of UTI PEAL is to act as an advisory bridge to India for non-Indian companies and act as an investment advisor for country specific India funds, either multilateral or private.

Shareholding Pattern

UTI PEAL is a 100% subsidiary of UTI VFMCPL. The shareholding pattern as on November 30, 2007 of UTI PEAL is as follows:

S. No.	Name of the Shareholder	No. of Equity Shares of US$ 1 each	Percentage of total Equity holding
1.	UTI Venture Funds Management Company Private Limited	10,000	100
	Total	**10,000**	**100**

Board of Directors

As of November 30, 2007, the board of directors of UTI PEAL consisted of:

1. Mr. U.K. Sinha;
2. Mr. K.E.C. Raja Kumar;
3. Mr. Uday Kumar Gujadhar; and
4. Mr. Yuvraj Kumar Juwaheer

Financial Performance

The unaudited financial results for this company for the last the nine months ended March 31, 2005 and three fiscals and for the period from April 1, 2007 to September 30, 2007 are as follows:

(Figures in Million except per share data)

Particulars	Period/Year ended March 31,			
	June 30, 2005*	June 30, 2006**	March 31, 2007***	Six months year ended September 30, 2007****
Paid up Equity Share Capital	NA	0.5	0.4	0.4
Reserve and surplus (excluding revaluation reserves)	NA	(0.2)	(0.3)	(0.9)
Sales and other income		0	0	0.4
Profit/ (loss) after tax		(0.2)	(0.2)	(0.6)
Earning per share (EPS)		NA	NA	NA

* Period from July 21, 2004 to June 30, 2005.
** Year from July 1, 2005 to June 30, 2006
*** Nine month period from July 1, 2006 to March 31, 2007
**** Unaudited and provisional figure

UTI International Limited ("UTI IL")

Corporate Information

UTI IL was incorporated pursuant to an Act of the Royal Court of the Guernsey Island on January 30, 1996. Its registered office is located at Kingsway House, Havilland Street, St. Peter Port, Guernsey, Channel Island, GY 1 3FN. A fresh certificate of change of name from UTI (Guernsey) Limited to UTI International Limited was issued on July 16, 1999. The business of UTI IL is to launch and market the funds/investment companies for investment in India. It is involved in the management and marketing of offshore funds and other mutual funds promoted by the Company. It is a registered FII with SEBI and for details see the section titled 'Government Approvals' at page 266 of this Draft Red Herring Prospectus.

Shareholding Pattern

UTI IL is a 100% subsidiary of the Company. The shareholding pattern as on November 30, 2007 of UTI IL is as follows:

S. No.	Name of the Shareholder	No. of Equity Shares of US$ 1 each	Percentage of total Equity holding
1	UTI AMC	2,239,999	100.0
2	Admiral Nominees Limited	1	0
	Total	**2,240,000**	**100.0**

Board of Directors

As on November 30, 2007, the board of directors of UTI IL comprised of the following:

1. Mr. U.K. Sinha;
2. Mr. N.M. Joshi; and
3. Mr. C.M.W. Hill.

Financial Performance

The audited financial results for this company for the last three fiscals and for the period from April 1, 2007 to September 30, 2007 are as follows:

(Figures in Million except per share data)

Particulars	Year ended March 31,			
	2005	2006	2007	Six months year ended September 30, 2007
Paid up Equity Share Capital	183.9	174.3	362.6	340.6
Reserve and surplus (excluding revaluation reserves)	(13.4)	49.5	(75.7)	(52.2)
Sales and other income	42.5	56.2	105.5	104.7
Profit/ (loss) after tax	(11.2)	(37.3)	(21.2)	18.6
Earning per share (EPS)				4.0

UTI Investment Management Company (Mauritius) Limited ("UTI IMCL")

Corporate Information

UTI IMCL was incorporated on November 17, 2006. Its registered office is located at Suite 450, 4th Floor Barkly Wharf East, Le caudan Waterfront, Port Louis, Mauritius. The business the company is to manage the funds launched by UTI IL and to act as investment manager of Shinsei UTI IMCL.

Shareholding Pattern

UTI IMCL is a 100% wholly owned subsidiary of UTI IL. The shareholding pattern as on November 30, 2007 is as follows:

S. No.	Name of the Shareholder	No. of Equity Shares of US$ 1 each	Percentage of total Equity holding
1	UTI International Ltd.	10,000	100
	Total	**10,000**	**100**

Board of Directors

As on November 30, 2007, the board of directors of UTI IMCL comprised of the following:

1. Mr. Vicky Prayagsing;
2. Mr. Narendra Madhusudan Joshi; and
3. Mr. Hilani Ann Kerr.

Financial Performance

The audited financial results for this company for the last fiscal and for the period from April 1, 2007 to September 30, 2007 are as follows:

(Figures in Million except per share data)

Particulars	Year ended March 31,	
	2007*	For the period from November 15, 2006 to September 30, 2007
Paid up Equity Share Capital	0.4	0.4
Reserve and surplus (excluding revaluation reserves)	2.7	11.7
Sales and other income	14.3	56.4
Profit/ (loss) after tax	5.0	18.7
Earning per share (EPS)	496.8	1868.6

* For the period November 17, 2006 to March 31, 2007.

UTI International (Singapore) Private Limited ("UTI ISPL")

Corporate Information

UTI ISPL was incorporated on November 15, 2006. Its registered office is located at 80 Raffles Place, # 32-01 UOB Plaza 1, Singapore 048624. The principal business of the company is to manage and market the funds launched by UTI IL.

Shareholding Pattern

UTI ISPL is a 51% owned subsidiary of UTI IL. The shareholding pattern as on November 30, 2007 is as follows:

S. No.	Name of the Shareholder	No. of Equity Shares of US$ 1 each	Percentage of total Equity holding
1	UTI IL	306	51%
2	Shinsei Investments III Limited	234	39 %
3	Freedom Financial Services (Singapore) Pte. Limited	60	10 %
	Total	**600**	**100 %**

Board of Directors

As on November 30, 2007, the board of directors of UTI ISPL comprised of the following:

1. Mr. U.K. Sinha;
2. Mr. Sridhar Arabadi Krishnaswamy;
3. Mr. Sanjay Sachdev;
4. Mr. Evan Judd;

5. Mr. Mark Militello;
6. Mr. Narendra M. Joshi; and
7. Prof. Mukul Asher

Financial Performance

The audited financial results for this company for the period from November 15, 2006 to September 30, 2007 are as follows:

(Figures in Million except per share data)

Particulars	Period ended September 30, 2007
Paid up Equity Share Capital	160.3
Reserve and surplus (excluding revaluation reserves)	(1.8)
Sales and other income	0.5
Profit/ (loss) after tax	(1.8)
Earning per share (EPS)	NA

* For the period November 15, 2006 to September 30, 2007.

UTI Retirement Solutions Limited ("UTI RSL")

Corporate Information

UTI RSL was incorporated under the Companies Act on December 14, 2007. Its registered office is located at UTI Tower, 'Gn' Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051. Pursuant to the selection of the company as one of the pension fund managers by Pension Fund Regulatory & Development Authority (PFRDA), UTI RSL was incorporated. UTI RSL will be primarily involved in wholesale pension asset management as prescribed by PFRDA/GOI. It shall not undertake any other business activities except serving as a pension fund for pension schemes regulated by PFRDA.

Shareholding Pattern

UTI RSL is a 100% subsidiary of the Company. UTI RSL has not been capitalized as of the date of Red Herring Prospectus.

Board of Directors

As of December 14, 2007, the board of directors of UTI RSL comprised of the following:

1. Mr. Imtaiyazur Rahman;
2. Mr. A. Rama Mohan Rao; and
3. Mr. Balram Prasad Bhagat.

Financial Performance

This company has had limited operations as it was incorporated in December 14, 2007 and therefore no data in relation to the financial performance for the last three financial years is available.

Main Objects of our Company

The main objects of our Company as presently contained in the Memorandum of Association are as follows:

a. To carry on the activities of raising or acquiring funds for and managing mutual funds, venture capital funds, offshore funds, pension funds, provident funds, insurance funds, portfolio management services or any other funds, and to act as managers, consultants, advisors, administrators, attorneys, agents, or representatives of or for mutual funds, venture capital funds, offshore funds, pension funds, provident funds, insurance funds, portfolio management services or any other funds formed or established in India or elsewhere by the Company or any other person (whether incorporated or not) or by any government, state, local authority, association, institution (whether incorporated or not) or any other agency or organization.

b. To act as financial advisors and investment advisors, and to render such financial management, financial consultancy and advisory services to individuals, companies, corporations, trusts and other entities as supplemental activities of the Company and as do not conflict with the fund management activities.

c. To carry on the activities as a Foreign Institutional Investor to manage the funds/investments if the offshore funds, individuals, companies, trusts and all other entities including 'sub-account' as per FII Regulations, as applicable.

Change in the Registered Office of our Company

The Registered Office was moved from 13, Sir Vithaldas Thackersay Marg, New Marine Lines, Mumbai 400 020 to UTI Tower, Gn Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051 on May 20, 2003.

Amendments to our Memorandum of Association

Since incorporation, the following amendments have been made to our Memorandum of Association:

Date of shareholders' resolution	Nature of amendment
May 20, 2003	The Registered Office of our Company was changed from 13, Sir Vithaldas Thackersay Marg, New Marine Lines, Mumbai 400 020 to UTI Tower, Gn Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051
May 10, 2004	The main object of our Company was amended to include the activities of Portfolio Management Services and for registration as a registered Financial Institution Investor.
September 26, 2006	The Authorised Capital was increased from Rs. 100,000,000 divided into 10,000,000 Equity Shares of Rs. 10 each to Rs. 750,000,000 divided into 75,000,000 Equity Shares of Rs. 10 each.
September 18, 2007	The name of our Company was changed from UTI Asset Management Company Private Limited to UTI Asset Management Company Limited.
September 18, 2007	The authorised capital was increased from Rs. 750,000,000 divided into 75,000,000 Equity Shares of Rs. 10 each to Rs. 1,000,000,000 divided into 100,000,000 Equity Shares of Rs. 10 each.
December 20, 2007	The authorised capital was increased from Rs. 1,000,000,000 divided into 100,000,000 Equity Shares of Rs. 10 each to Rs. 2,000,000,000 divided into 200,000,000 Equity Shares of Rs. 10 each.

OUR MANAGEMENT

Board of Directors

The following table sets forth details regarding our Board of Directors as on the date of this Draft Red Herring Prospectus:

Name, Father's Name, Address, Designation, Occupation and Term	Nationality	Age	DIN	Other Directorships
Mr. U.K. Sinha S/o Mr. Phuldeo Prasad Sinha Flat No. 23/24, Lotus Court Churchgate Mumbai 400 020 **Chairman and Managing Director** Date of Appointment: January 13, 2006 Term: He was appointed for a period of two years* Occupation: IAS Officer presently on deputation from Government of India to the Company	Indian	55	0010336	• Chairman & Director (Non Executive), UTI - India Pharma Fund, • Director (Non Executive), UTI - India IT Fund, • Chairman & Director (Non Executive), UTI – International Limited, • Chairman & Director (Non Executive), Shinsei UTI India Fund Limited, • Chairman & Director (Non Executive), UTI – International Singapore Private Limited, • Director, UTI Private Equity Advisors Limited, Mauritius, • Member of the Board of Governors/Society, National Institute of Industrial Engineering, Mumbai, • Member of the Board of Governors, IIM-Lucknow, • Chairman , CII-Committee on Mutual Fund, • Member, Government of India Committee on Taj Management Reforms, • Member, RBI Committee on Financial Sector Assessment Constitution of Advisory Panel, and • Head, SEBI Committee on Infrastructure Funds.
Mr. P.R. Khanna S/o Mr. Mulkh Raj Khanna 70, Sunder Nagar New Delhi 110 003. Director Date of Appointment: January 13, 2006 Term: Liable to retire by rotation Occupation: Retired as Sr. Partner of Khanna & Annadhanam, a firm of Chartered Accountants.	Indian	74	00048800	• Director, DCM Shriram Industries Limited, Member, Shareholders/Investors Grievances Committee, Remuneration Committee, Bank borrowing Committee and Chairman, Audit Committee, • Director, Indag Rubber Limited & Member Remuneration Committee & Audit Committee, • Director, Ansal Properties & Infrastructure Limited, Member, Shareholders/Investors Grievances Committee, Remuneration Committee, Directors Committee, Resource Planning and Review Committee, Audit Committee, • Director, Uniproducts Limited, • Member of the Governing Body, Shri Ram College of Commerce, Delhi and Shriram Industrial and Scientific Research Foundation, • Trustee, Nabha Foundation (a Charitable Trust for restoration of Nabha in Punjab) & Director- Nabha Development Initiative, and • Trustee, ICRA Employees Welfare Trust.
Dr. K.C. Mishra S/o Mr. Lingaraj Mishra National Insurance	Indian	56	00229569	• Member, Board of Directors, National Insurance Academy, • Board Member, LPA Limited,

Name, Father's Name, Address, Designation, Occupation and Term	Nationality	Age	DIN	Other Directorships
Academy, Pune, B2-32, Elite Empire, Balewadi, Pune 411 045 Independent Director Date of Appointment: January 13, 2006 Term: Liable to retire by rotation Occupation: Director, National Insurance Academy				• Board Member, Insurance Institute of India, • Member, IRDA Advisory Committee, • Member, SEBI Market Development Committee, • Member (equivalent), Audit Board of Comptroller & Auditor General of India, • Member, Working Group on E-governance of Government of India named as "Legal enablement of ICT systems, • Member, Institute for Global Insurance Education, and • Director, Doha Bank Assurance Company Limited, Doha, Qatar.
Ms. Anita Ramachandran D/o Mr. Editathumangalam Ramadoss Chief Executive Officer, Cerebrus Consultants Private Limited, 13, Navroze Appartments, Bhulabhai Desai Road, Mumbai 400 026. Independent Director Date of Appointment: January 13, 2006 Term: Liable to retire by rotation Occupation: CEO, Cerebrus Consultants Private Limited	Indian	52	00118188	• Director, Cerebrus Consultants Private Limited, • Director, Connexus Consultants Private Limited, • Director, HCL Infosystems Limited, • Director, Geometric Software Solutions Co. Limited, • Director, Force Motors Limited, • Director, Swadhaar FinAccess, and • Director, Godrej & Boyce Manufacturing Company Limited.
Mr. Prithvi Haldea S/o Mr. Triloki Nath Haldea C-101, Rishi Apartments Alaknanda, New Delhi 110019 Independent Director Date of Appointment: January 13, 2006 Term: Liable to retire by rotation Occupation: Chairman & Managing Director, Praxis Consulting & Information Services Private Limited	Indian	57	00001220	• Director, Prime Investors Protection Association and League, • Managing Director, Venture Media Private Limited, • Director, primedatabase.com Private Limited, • Independent Director, Nucleus Software Exports Limited, Member, Audit Committee • Independent Director, Protect Insurance Services (India) Private Limited, • Chairman & Managing Director, Praxis Consulting & Information Services Private Limited, • Member, SEBI Primary Market Advisory Committee, • Member, SEBI Committee on Disclosures and Accounting Standards, • Member, BSE Index Committee, • Member, BSE Listing Committee, • Member, NSE Listing Advisory Committee, • Member, CII National Committee on Capital Markets, and • Co-Chairman, ASSOCHAM Capital Markets Commiittee.

Name, Father's Name, Address, Designation, Occupation and Term	Nationality	Age	DIN	Other Directorships
Mr. S.C. Bhargava S/o Mr. Jyoti Swarup Bhargava Dosti Aster (Dosti Acre) Flat no. 1305, 'B' Wing, 13th Floor, I.H.P. Compound, Off S.M. Road, Wadala (East) Mumbai 400 037 Director Date of Appointment: January 13, 2006 Term: Liable to retire by rotation Occupation: Financial Consultant & Chartered Accountant	Indian	62	00020021	• Director, Aditya Birla Nuvo Limited, • Director, DCM Shriram Consolidated Limited, • Director, Escorts Limited, • Director, Swaraj Engine Limited and Member, Audit Committee, • Director, Jaiprakash Associates Limited, • Director, Jaiprakash Enterprises Limited, • Director, Jaiprakash Power Ventures Limited and Member- Audit Committee, • Director, Jaypee Cement Limited, • Director, Mundra Lifestyles Limited, Chairman- Audit Committee, Member- Shareholder Grievances Committee and Remuneration Committee, • Non Executive Chairman, OTC Securities Limited, • Non Executive Chairman, OTC Exchange of India • Director, IL&FS Academy for Insurance & Finance Limited, • Non Executive Chairman, IL&FS Insurance & Risk Management Services Limited, • Director, A.K. Capital Services Limited, and • Director, Cox & Kings (India) Limited.

* His term period was extended for a further period of two years by a Board resolution dated September 17, 2007 and government approval dated [●].

Brief Biographies of our Directors

Mr. U.K. Sinha, Chairman & Managing Director, holds a Bachelor's Degree in Law and Master's Degree in Science. He has wide experience in formulation of policies for banking, financial institutions, external commercial borrowings and capital market. He has over 30 years of experience with the Government of India, Government of Bihar and boards of various public sector banks. He was appointed as Director by virtue of a Board resolution dated July 1, 2003. He was appointed as Managing Director and Chief Executive Officer by a Board resolution dated November 3, 2005. Some of his prior assignments were:

- Joint Secretary, Ministry of Finance, Department of Economic Affairs, Government of India,
- Joint Secretary, Ministry of Finance, Banking Division, Government of India
- Secretary, Road Construction Department, Government of Bihar, and
- Commissioner, Patna Division, Bihar.

Mr. P.R. Khanna, holds a Bachelor's degree in Commerce (Hons.) and is a fellow member Chartered Accountant. He has retired as a senior partner of Khanna and Annadhanam, a reputed firm of Chartered Accountants. Mr. Khanna has very wide experience in the field of audit and accountancy, and was closely associated with the audit of scores of companies both in the public and the private sector. He has held directorships of various reputed organisations.

Dr. K. C. Mishra holds Master's Degree in Science, CAIIB, MBA, D. Literature (Business Administration- Finance) is presently the Director of National Insurance Academy, Pune. Dr. Mishra was previously the Chairman of Finance Area, Administrative Staff College of India, Chief of PGP of S.P.Jain Institute of Management Research, Mumbai and Corporate Chief of R&D at Bank of India. He has consultancy, action research and advisory services experience. He has published three text books in the area of finance and management.

Ms. Anita Ramachandran is presently the CEO of Cerebrus Consultants Private Limited a specialist HR consulting company focusing on organisation restructuring, human resource strategy, compensation and benefits and performance management. She has worked on a wide range of consulting assignments and was earlier a Director of A.F. Ferguson, Management Consultancy Division.

Mr. Prithvi Haldea, an MBA from BITS Pilani, is presently the Chairman & Managing Director of Praxis Consulting & Information Services Private Limited, which operates Prime Database. Mr. Haldea presently serves on various committees of SEBI, NSE and BSE, as also of CII and ASSOCHAM. He is an investor activist and writes regularly for business papers. He has launched several public service websites including watchoutinvestors.com, primedirectors.com, directorsdatabase.com and iepf.gov.in.

Mr. S.C. Bhargava is presently the Chairman of OTC Exchange of India. Mr. Bhargava retired as Executive Director (Investments), Life Insurance Corporation of India where he was looking after investment functions including managing the treasury, GOI Bonds etc. Mr. Bhargava is a director on the boards of several companies. At present he is working as Financial Consultant and Chartered Accountant.

Borrowing Powers of the Board

Our Articles authorise our Board, to borrow moneys and secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit. See the section titled "Main Provisions of the Articles of Association" on page 312 of this Draft Red Herring Prospectus.

Corporate Governance

The provisions of the Listing Agreement to be entered into with the Stock Exchanges with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares with the Stock Exchanges. We have complied with the corporate governance code in accordance with Clause 49 (as applicable), especially in relation to broad basing of our board, constitution of committees. Our Company undertakes to take all necessary steps to comply with all the requirements of Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges.

Currently our board has six Directors comprising of three Independent Directors and three Directors (including the Executive Chairman & Managing Director). Apart from the Managing Director, all other Directors are Non-Executive Directors and the composition is in compliance with the requirements of Clause 49 of the Listing Agreement.

In terms of the Clause 49, the Company has already appointed Independent Directors and constituted the following committees:

Audit Committee

The Audit Committee is responsible to ensure the objectivity, credibility and correctness of the company's financial reporting and disclosure processes, internal controls, risk management policies and processes, tax policies, compliance and legal requirements and associated matters. The Audit Committee comprises of the following:

(i) Dr. K.C. Mishra, Chairman;
(ii) Mr. P.R. Khanna; and
(iii) Mr. Prithvi Haldea.

The terms of reference of the Audit Committee are as follows:

(i) To review the financial statements with special emphasis on accounting policies, compliance of accounting standards and other legal requirements relating to financial statements of the Company and Schemes of Mutual Fund;

(ii) To provide direction and also oversee the operation of the total audit function in the Company;

(iii) To follow up in respect of statutory/external audits of the Company and inspections by SEBI;

(iv) To interact with the external auditors before finalization of the annual/semi-annual financial accounts and reports;

(v) To provide guidance for preparation/ updation of accounting manual;

(vi) To provide advise on risk management aspects;

(vii) To follow up serious irregularities/ violations observed in:

a. Internal audit reports;

b. Statutory audit reports;

c. SEBI audit/inspection reports;

d. Management letters by statutory auditors; and

e. Special audit reports, if any.

(viii) To review top 50 non-performing assets including steps taken for recovery;

(ix) To reconcile accounts including bank accounts, unit capital accounts, inter office accounts and sundry deposit/suspense accounts; and

(x) To keep a check on frauds.

HR and Compensation Committee

The HR Committee was constituted by the Board at its meeting dated February 6, 2006. The HR Committee is responsible for determining the Company's remuneration policy, having regard to performance standards and existing industry practice. Under the existing policies of our Company, the HR committee inter alia determines the remuneration payable to our Directors and other key management personnel in our Company.

The Board of Directors of the Company at their meeting held on September 17, 2007 has authorized the HR Committee to perform the functions of compensation committee and also redesignate the HR Committee as HR and Compensation Committee in respect of the ESOP Scheme as required by the SEBI Guidelines. This Committee comprises of the following:

1. Ms. Anita Ramachandran; Chairperson
2. Mr. S.C. Bhargava; and
3. Mr. Prithvi Haldea.

Risk Management Committee

The Risk Management Committee was constituted by the Board at its meeting on May 25, 2006. It was constituted to approve risk management structure of the Company and give recommendations on various risks associated with the operations of the Company. The members of the risk management committee comprises of the following:

1. Mr. P. R. Khanna, Chairman;
2. Dr. K. C. Mishra; and
3. Mr. S. C. Bhargava.

IPO Committee

The IPO Committee was constituted on October 10, 2007. The Board has appointed this committee to oversee and administer the activities to be undertaken for this Offer. The members of the IPO committee comprises of the following:

1. Mr. U.K. Sinha, Chairman;
2. Mr. P.R. Khanna;
3. Mr. Prithvi Haldea; and
4. Mr. S.C. Bhargava.

Shareholding of Directors in our Company

Except the options granted under the ESOP Scheme of the Company, our Directors do not hold any Equity Shares in our Company:

Interests of Directors

All of our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association, and to the extent of remuneration paid to them for services rendered as an officer or employee of our Company.

Our Directors may also be regarded as interested in the Equity Shares held by them, if any, or that may be subscribed by or allotted to their relatives or the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Offer. All of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Except as stated in the section titled "Related Party Transactions" on page 111 of this Draft Red Herring Prospectus, and to the extent of shareholding in our Company, our Directors do not have any other interest in our business.

Our Directors have no interest in any property acquired by our Company within two years of the date of this Draft Red Herring Prospectus.

Remuneration of our Directors

Mr. U.K. Sinha, the Chairman and Managing Director of the Company was appointed on January 13, 2006 pursuant to a resolution of our members at the Extra-ordinary General Meeting on January 13, 2006.

Details of his remuneration are as follows:

Basic pay	At the rate of Rs. 23,450 per month with effect from April 29, 2006 which is as per the scale advised by the Government of India.
Perquisites	• Dearness allowance at the rate of 50% of the basic pay received from the Company • Dearness pay at the rate of 41% of cumulated amount of basic pay and dearness allowance • City compensatory allowance at the rate of Rs. 300 per month • Provident fund equivalent to 10% of basic pay • Rent free furnished accommodation with free use of all the facilities and amenities, such as air-conditioners, stove, geysers, gas, electricity, water etc. • Leave salary contribution at the rate 11% of basic pay. This amount will be remitted to Government of India by the Company • Pension contribution at the rate of 23% of basic pay. This amount will be remitted to Government of India by the Company • Reimbursement of the club membership fees of CCI, Police Gymkhana, Mumbai Gymkhana or any other club where he is member • Two cars will be given by the Company • Leave Travel Allowance of Rs. 100,000 per annum • Reimbursement of all medical expenses incurred for self and family, including hospitalization, membership of any hospital and/or doctor's scheme • Motor car advance maximum up to Rs. 300,000 repayable in 200 instalments and at an interest rate of 6% p.a.

- Reimbursement of cost of periodicals and journals to the extent of Rs.25,000 per annum

Other terms	• During the period of his appointment, he will be governed by the guidelines in regard to acquisition and disposal of assets, availment of loans from friends and relatives and availment of overdraft facilities against securities, etc. He shall also submit to the Central Government property return statements in the proforma enclosed alongwith the guidelines, as on the date of his appointment and thereafter on April 1 of each year in accordance, with the guidelines prescribed. • He will be required to obtain prior permission of the Central Government before accepting any commercial employment, including directorship of companies, within two years of demitting office on retirement on superannuation, expire of tenure, resignation, or any other reason.

None other directors receive any remuneration other than sitting fees for attending Board Meetings or committee meetings.

Changes in Our Board of Directors during the last three fiscal years

Name	Date of Change	Reason
Mr. M. Damodaran	December 20, 2004	Resignation
Mr. Shashikant Harilal Bhojani	January 13, 2006	Resignation
Mr. Jyoti Swarup Mathur	January 13, 2006	Resignation
Mr. U. K. Sinha	January 13, 2006	Appointment
Dr. Vinayshil Gautam	January 13, 2006	Resignation
Dr. R.H. Patil	January 13, 2006	Resignation
Mr. G.P. Muniappan	January 13, 2006	Resignation
Mr. S.C. Bhargava	January 13, 2006	Appointment
Dr. K.C. Mishra	January 13, 2006	Appointment
Ms. Anita Ramachandran	January 13, 2006	Appointment
Mr. Prithvi Haldea	January 13, 2006	Appointment
Mr. P.R. Khanna	January 13, 2006	Appointment

Key Management Personnel

The details regarding our Key Management Personnel are as follows:

Mr. Jaideep Bhattacharya, 41, Chief Marketing Officer, holds a Master's Degree in Arts. He has over 19 years of experience. From April 2004 to August 2006, he was acting as the country head in Products, Channels & Marketing Group, ICICI Bank. He also worked as the Zonal Head, North and East India, Emerging Corporates Group, ICICI from December 2002 to March 2004. He was the Branch Manager, Standard Chartered Bank, Kolkata from July 2002 to December 2002.

Mr. Satish C. Dikshit, 54, Chief Legal Advisor, Chief Vigilance Officer, in charge of Department of Risk Management & Department of Internal Audit holds a bachelor's degree in Science, professional degree in Law and a master's degree in Arts. He has over 18 years of experience with Unit Trust of India/UTI Mutual Fund and working since August, 1989. He worked as Deputy Company Secretary with Gajra Gears Limited and with Northern Leasing & Industries Limited from September, 1983 to July, 1989 and dealt with legal, secretarial, administrative and operational matters. Prior to this, he was associated with Employees State Insurance Corporation and Uttar Pradesh State Spinning Mills Company Limited from June, 1973 to August, 1983 and dealt with legal, secretarial, personnel & industrial relations matters of these entities.

Mr. Imtaiyazur Rahman, 44, Chief Financial Officer & Company Secretary, holds a Bachelor's in Science, is Fellow member of Institute of Cost & Works Accountants of India, Fellow member of the Institute of Company Secretaries of India and Certified Public Accountancy (USA). He has over 17 years of experience in Finance, Accounts, Taxation, Administration, IT, Operations and Secretarial functions. He was working as the Vice President and Company Secretary at UTI Technology Services Limited from January 1998 to March 2003. He was earlier associated with Sumeet Machines Limited as Company Secretary, Leasing Finance India Limited as Assistant Vice President & Assistant Company Secretary and Bells Controls Limited as Accounts Officer.

Mr. A. Rama Mohan Rao, 52, Chief Operating Officer, he is a qualified Chartered Accountant and CAIIB. He has over 26 years of experience with UTI and its Subsidiaries in different capacities viz. Branch Manager, Head of Back Office (Off Shore Funds), General Manager, Primary Market in Investment Division. He was working as the Chief Investment Officer, Balanced Funds of erstwhile Unit Trust of India and also worked as the Managing Director in UTI Securities Exchange Limited.

Mr. T. N. Radhakrishna, 52, Head Human Resources, he holds a Bachelor's Degree in Science and Masters in Personnel Management. He has over 24 years of experience. He was working as the Global Head (Human Resource) at Datamatics Technologies Limited from May 2004 to April 2007. He was also working as Senior Manager, Standard Chartered Bank and Scope International from January 1997 to April 2004, General Manager, Human Resource Department, at Datamatics Limited, Software Exports Division from July 1994 to December 1996 and as Deputy General Manager, Human Resource Department at Kanoria Industries Limited from July 1993 to July 1994.

Mr. Anoop Bhaskar, 40, Head, Equity, holds a Bachelor's Degree in Commerce and Master's Degree in Management (Finance). He has over 16 years of experience. He was earlier working as Head, Equity, Sundaram Asset Management from August 2003 to March 2007. He also worked as the Senior Research Analyst & Portfolio Manager, Templeton Asset Management from 1993 to 2003 and prior to that he was acting as the Manager, Investments, Shriram Financial Services Limited from 1992 to 1993.

Mr. Amandeep Singh Chopra, 37, Head, Fixed Income in funds management, holds a Bachelor's Degree in Science and Master's Degree in Management. He has over 14 years of experience in funds management, has worked in the areas of Investment Research and Funds Management. Prior to erstwhile Unit Trust of India, he worked as a Production Co-ordinator in Aaina Exports Limited from May 1990 to January 1991 and as Quality Control Inspector at Stenay Limited from February 1991 to August 1991.

Mr. Ashish Ranawade, 37, Head, PMS, holds a Degree in Electronics and MMS in Finance. He holds over 11 years of experience and has worked in the areas of research and planning, funds management and international finance. From June 1994 to October 2005, he worked in various capacities as AVP in the Company.

Mr. K. E. C. Rajakumar, 45 years, Managing Director and CEO, UTI Venture Funds Management Company Private Limited, holds Master's degree in Science and Master's of Philosophy in Science. He is also a graduate of the Advanced Management Program of the Harvard Business School, Boston, USA. He has over eight years of experience in Venture Capital and Private Equity sector. Prior to joining UTI Ventures, he was Regional Manager of SEBI for seven years and was responsible for overseeing several public offerings of securities and regulation of market intermediaries. He has also served as Executive Director of five Indian stock exchanges. He was a member of SEBI Advisory Committee on Venture Capital and Private Equity in the year 2003

Mr. Narendra Joshi, 44, Chief Executive Officer, UTIIL, holds Post Graduate diploma in Management from IIM, Lucknow and is a bachelor of technology, Banaras Hindu University, Varanasi. He has over 19 years of experience. From July 1989 to June 1991, he was working with Crompton Greaves Limited in manufacturing activities, marketing/customer support, new product design. In April 1993, he joined UTI and has experience in Research, Fund Management, equity dealing and executive assistant to Chairman & Managing Director. He was also sent on deputation to Cairo Funds Management from June 1998 to January, 1999 as Head of Research.

All our Key Managerial Personnel as disclosed above are our permanent employees and none of our Directors and our Key Managerial Personnel are related to each other.

Shareholding of the Key Management Personnel

Except ESOPs, none of the Key Management Personnel hold Equity Shares in our Company.

Bonus or profit sharing plan of the Key Management Personnel

Except the ESOP, there is no other bonus or profit sharing plan for our Key Managerial Personnel. For details of the ESOP, see the section titled "Capital Structure" on page 21 of this Draft Red Herring

Prospectus.

Interests of Key Management Personnel

The Key Management Personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business. They may be considered deemed to be interested in the ESOPs granted to them under the ESOP Scheme.

None of our Key Management Personnel have been paid any consideration of any nature from our Company, other than their remuneration.

Changes in the Key Management Personnel

The changes in the Key Management Personnel in the last three years are as follows:

Name of the Key Management Person	Date	Reason for change
Mr. Ashutosh Bishnoi	March 18, 2005	Resigned
Mr. Ajeet Prasad*	May 5, 2005	Placed on deputation
Mr. Paresh Sharma	December 23, 2005	Resigned
Mr. Ashish Ranawade*	April 24, 2006	Appointed
Mr. Jaideep Bhattacharya*	August 8, 2006	Appointed
Mr. D.S.R. Murthy	August 31, 2006	Resigned
Mr. F.Q. Kolman	February 28, 2007	Opted for VSS
Mr. Anoop Bhaskar*	April 9, 2007	Appointed
Mr. T.N. Radhakrishna *	May 24, 2007	Appointed
Mr. A.K. Shridhar*	August 1, 2007	Placed on deputation

** Appointed in last three years*

Employee Stock Option Plan/Scheme

For details of our ESOP, see the section titled "Capital Structure – Notes to Capital Structure" on page 22 of this Draft Red Herring Prospectus.

Payment or benefit to our Officers (non-salary related)

No amount or benefit has been paid or given to any officer of our Company within the two preceding years from the date of filing of this Draft Red Herring Prospectus or is intended to be paid, other than in the ordinary course of their employment, other than the options granted to them under the ESOP.

OUR PROMOTER AND PROMOTER GROUP

The Company is a professionally Board managed company and there is no identifiable promoter or promoter group. The major shareholders of the Company are as follows

S.No.	Name of the shareholder	No. of Equity Shares	Percentage Shareholding
1.	SBI	2,497,500	24.975
2.	LIC	2,497,500	24.975
3.	PNB	2,497,500	24.975
4.	BOB	2,497,500	24.975
5.	Mr. S. K. Hariharan*	2,500	0.025
6.	Mr. M. R. Murali*	2,500	0.025
7.	Mr. S. V. Shenoy*	2,500	0.025
8.	Mr. D. A. Parekh*	2,500	0.025
	TOTAL	**10,000,000**	**100.00**

* Nominees of SBI, LIC, PNB and BOB respectively.

These major shareholders do not have any representation on the Board of the Company.

RELATED PARTY TRANSACTIONS

As per the Accounting Standard on “Related Party Transactions” (AS–18) issued by ICAI, following are the related parties of the Company with whom transactions have been made in the ordinary course of business. The names of related parties are:

Relationship with the related parties	Names of related parties where control exists irrespective of whether transactions have occurred or not	Period
Shareholders and promoters	Life Insurance Corporation (LIC) State Bank Of India (SBI) Bank Of Baroda (BOB) Punjab National Bank (PNB)	Since inception
Subsidiaries	UTI Venture Funds Management Company Private Limited (100%)	September 30, 2003 till date
	UTI International Ltd. (100%)	September 30, 2003till date
	UTI International (Singapore) Pvt. Ltd. (subsidiary of UTI International Ltd, Guernsey) (51%)	November 15, 2006 till date
	UTI Investment Management Company (Mauritius) Ltd. (subsidiary of UTI International Ltd, Guernsey) (100%)	November 17, 2006 till date
	UTI Private Equity Advisors Limited (UPEA) Mauritius (Subsidiary of UTI Venture Funds Management Company Private Limited) (100%)	
Board members	Mr. M. Damodaran, CMD, UTI AMC	From January 28, 2003 to December 20, 2004
	Mr. R. H. Patil, Non Executive Chairman, UTI AMC	From January 13, 2005 to January 13, 2006
	Mr. U K Sinha, CMD, UTI AMC	From January 13, 2006 till date
UTI Mutual Fund	Schemes of UTI Mutual Fund	
Amarchand Mangaldas & Shroff & Associates	Mr. S H. Bhojani, Non-Executive Director	From January 28, 2003 to January 13, 2006

Rs in Million

Sr. No	Name of Related Party	Nature of Transaction	30.09.07	2006 - 07	2005 - 06	2004 - 05	2002-04
1	State Bank of India	Interim Dividend	--	93.75	-	-	
2	State Bank of India	Proposed final Dividend	--	6.25	50.00	-	
3	State Bank of India	Issue of bonus shares	--	100.00	-	-	
4	State Bank of India	In respect of pre-operative expenses		-	5.50	-	
5	State Bank of India	Deposit of Amount on account opening (CRCC)	--	-	0.02	-	
6	Punjab National Bank	Interim Dividend	--	93.75	-	-	

Sr. No	Name of Related Party	Nature of Transaction	30.09.07	2006 - 07	2005 - 06	2004 - 05	2002-04
7	Punjab National Bank	AMFI Training at PNB Hall	--	0.01	0.06	-	
8	Punjab National Bank	Staff Training	--	-	0.01	-	
9	Punjab National Bank	Proposed final Dividend	--	6.25	50.00	-	
10	Punjab National Bank	Issue of bonus shares	--	100.00	-	-	
11	Punjab National Bank	Deposit of Amount on account opening (CRCC)	--	-	0.01	-	
12	LIC	Rent and maintenance paid on premises	8.06	21.13	25.21	24.75	15.07
13	LIC	Gratuity Premium	0.68	0.36	0.41	2.63	
14	LIC	Leave Encashment Premium	18.65	6.86	6.75	6.17	
15	LIC	Interim Dividend	--	93.75	-	-	
16	LIC	Group Insurance Premium	--	0.39	-	-	
17	LIC	Proposed final Dividend	--	6.25	50.00	-	
18	LIC	Issue of bonus shares	--	100.00	-	-	
19	Bank of Baroda	Interim Dividend	--	93.75	-	-	
20	Bank of Baroda	Proposed final Dividend	--	6.25	50.00	-	
21	Bank of Baroda	Issue of bonus shares	--	100.00	-	-	
22	UTI Mutual Fund	AMC Fees Received/ Receivable	1,353.95	2,495.53	2,145.31	1,829.51	1,780.00
23	UTI Mutual Fund	Scheme Expenses / Initial issue expenditure incurred	31.16	245.50	76.92	254.73	
24	Amarchand Mangaldas & Shroff and Associates	In respect of pre-operative expenses	--	-	5.90	-	143.35
25	Amarchand Mangaldas & Shroff and Associates	Professional Charges Paid	--	-	-	0.21	
26	UTI Mutual Fund	Investment in UTI Mutual Fund	3,995.85	5,468.05	4,799.19	4,072.87	2,149.12
27	UTI Mutual Fund	Dividend on Investment	13.99	16.43	21.89	10.10	5.07
28	UTI Mutual Fund	Profit on Sale of UTI Mutual Fund	11.87	93.23	31.44	16.88	6.65
29	UTI Mutual Fund	Repurchase of Investment	3,957.47	5,298.11	3,793.67	3,856.10	1,301.21

Sr. No	Name of Related Party	Nature of Transaction	30.09.07	2006 - 07	2005 - 06	2004 - 05	2002-04
30	Ascent India Fund (managed by UTI Venture Fund Management Company Pvt. Ltd.)	Investment	85.76	96.38	393.00	-	
31	UTI India Technology Fund (managed by UTI Venture Funds Management Company Pvt. Ltd.)	Investment	-	-	-	129.94	-
32	UTI India Technology Fund (managed by UTI Venture Funds Management Company Pvt. Ltd.)	Redemption	-	-	58.80		19.15
33	UTI India Technology Fund (managed by UTI Venture Funds Management Company Pvt. Ltd.)	Loss on investment			4.50		1.46
34	UTI International Ltd.	Marketing Fees	18.19	25.57	8.83		
35	Ascent India Fund (managed by UTI Venture Fund Management Company Pvt. Ltd.)	Compensating contribution		2.79			
36	UTI International Ltd.	Amt. Receivable on account of sale of assets		0.54			
37	UTI International Ltd.	Investment		GBP 2 million			
38	UTI Venture Funds Management Co Pvt Ltd	Dividend		45			

- UTI Venture Funds Management Company Pvt. Ltd has invested Rs. 0.44 million in UTI Pvt Equity Advisors Ltd, a subsidiary company as equity and has paid Rs. 6.91 million to Mr. Raja Kumar (Key management personnel) both are related party during the year 2005-06.

- Northern Trust, (formally Guernsey International Fund Managers) is a related party by virtue of the fact that the two entities had a director in common during the year. Administration fees of GBP 0.03 million have been paid to Northern Trust during the year 2004-05 and GBP 1.36 million for the year 2005-06. Amounts outstanding due to Northern Trust totaled GBP 0.01 million for the year 2004-05 and GBP 0.05 million for the year 2005-06.

- During 2005-6 the amount of outstanding loan of GBP 0.01 million which was extended to Mr. N.M. Joshi, CEO and Director of UTI International Ltd. when he joined UTI International Ltd on 11 January 2005 on deputation from parent UTI AMC has been returned by him during 2005-06. This was part of his employment terms and he has repaid the loan through 12 monthly instalments deducted from his salary.

In case of UTI International Ltd

Following are the disclosures related to related parties transactions of the company.

Names of related parties are:

Names of related parties where control exists irrespective of whether transactions have occurred or not	
Controlling Companies of the Holding Company	Life Insurance Corporation (LIC) State Bank Of India (SBI) Bank Of Baroda (BOB) Punjab National Bank (PNB)
Holding Company	UTI Asset Management Company Limited (Formerly UTI Asset Management Company Private Limited)
Fellow Subsidiaries	UTI Venture Funds Management Company Private Limited
Key Management Personnel (KMP)	Narendra Joshi, CEO, UTI International Limited A K Sridhar, CFO, UTI International (Singapore) Private Limited
Names of other related parties with whom transactions have taken place during the year	
Offshore Fund Companies	The India Pharma Fund Limited. The India I.T. Fund Limited. The India Fund 1986. The India Debt Opportunities Fund Limited. Shinsei UTI India fund (Mauritius) Limited. India Fund Mauritius Limited.
UTI Mutual Fund	Schemes of UTI Mutual Fund

Refer Annexure – 1 attached shows the details of the transactions with Related Parties.

Annexure – 1

Nature of Transaction	**Controlling Companies of the Holding Companies**	**Holding Companies**	**Key Management Personnel**	**Managed Funds**	**UTI MF**	**Total**
	30-Sep-07	30-Sep-07	30-Sep-07	30-Sep-07	30-Sep-07	30-Sep-07
	£	£	£	£	£	£
Related Parties Transactions						
Income						
Management Fees				728,928		728,928
Marketing Fees		222,180				222,180
Investor Service Fees				25,916		25,916
Interest Income	39,149					39,149
Commission of Issuance of Units of Managed Funds					116,325	116,325
Commission on				21,256		21,256

Nature of Transaction	Controlling Companies of the Holding Companies	Holding Companies	Key Management Personnel	Managed Funds	UTI MF	Total
Managed Funds						
Expenses						-
Fund management fees		181,601				181,601
Rent	11,526					11,526
Salaries and allowances		1,390	47,036			48,426
Expenses incurred on behalf of these parties					24,178	24,178
Outstanding balances as at September 30, 2007						-
	Dr. / (Cr.)	Dr. / (Cr.)	Dr. / (Cr.)	Dr. / (Cr.)	Dr. / (Cr.)	Dr. / (Cr.)
Fixed Deposits	1,006,674					1,006,674
Accrued interest on fixed deposits	45,957					
Bank balance in current accounts	31,923					31,923
Investments in management shares of Offshore Funds				554		554
Debtors - Due from UTI MF schemes					24,178	24,178
Debtors - Management and Investors service fees receivable				148,973		148,973
Debtors - Marketing fees receivable		541,783				
Creditors - Management Fees Payable		-114,181				-114,181
Note						
Group operates current bank accounts with Bank of Baroda at London and Dubai locations and with State Bank of India at London location.						
Considering the volume and the nature of transactions executed by the Group with banks in the ordinary course of business ,						
aggregated totals of bank deposits and withdrawals have not been disclosed above.						

Related Party Transactions

As per the Accounting Standard on “Related Party Transactions” (AS–18) issued by ICAI, following are the related parties of the Company with whom transactions have been made in the ordinary course of business. The names of related parties are:

Relationship with the related parties	Names of related parties where control exists irrespective of whether transactions have occurred or not	Period
Shareholders and promoters	Life Insurance Corporation (LIC) State Bank Of India (SBI) Bank Of Baroda (BOB) Punjab National Bank (PNB)	Since inception
Subsidiaries	UTI Venture Funds Management Company Private Limited (100%)	September 30, 2003 till date
	UTI International Ltd. (100%)	September 30, 2003 till date
	UTI International (Singapore) Pvt. Ltd. (subsidiary of UTI International Ltd, Guernsey) (51%)	November 15, 2006 till date
	UTI Investment Management Company (Mauritius) Ltd. (subsidiary of UTI International Ltd, Guernsey) (100%)	November 17, 2006 till date
	UTI Private Equity Advisors (UPEA) Mauritius (Subsidiary of UTI Venture Funds Management Company Private Limited) (100%)	
Board members	Mr. M. Damodaran, CMD, UTI AMC	From January 28, 2003 to December 20, 2004
	Mr. R. H. Patil, Non Executive Chairman, UTI AMC	From January 13, 2005 to January 13, 2006
	Mr. U K Sinha, CMD, UTI AMC	From January 13, 2006 till date
UTI Mutual Fund	Schemes of UTI Mutual Fund	
Amarchand Mangaldas & Shroff & Associates	Mr. S H. Bhojani, Non-Executive Director	From January 28, 2003 to January 13, 2006

Rs in Million

Sr. No	Name of Related Party	Nature of Transaction	30.09.07	2006 - 07	2005 - 06	2004 - 05	2002-04
1	State Bank of India	Interim Dividend	--	93.75	-	-	
2	State Bank of India	Proposed final Dividend	--	6.25	50.00	-	
3	State Bank of India	Issue of bonus shares	--	100.00	-	-	
4	State Bank of India	In respect of pre-operative expenses		-	5.50	-	
5	State Bank of India	Deposit of Amount on account opening (CRCC)	--	-	0.02	-	
6	Punjab National Bank	Interim Dividend	--	93.75	-	-	

Sr. No	Name of Related Party	Nature of Transaction	30.09.07	2006 - 07	2005 - 06	2004 - 05	2002-04
7	Punjab National Bank	AMFI Training at PNB Hall	--	0.01	0.06	-	
8	Punjab National Bank	Staff Training	--	-	0.01	-	
9	Punjab National Bank	Proposed final Dividend	--	6.25	50.00	-	
10	Punjab National Bank	Issue of bonus shares	--	100.00	-	-	
11	Punjab National Bank	Deposit of Amount on account opening (CRCC)	--	-	0.01	-	
12	LIC	Rent and maintenance paid on premises	8.06	21.13	25.21	24.75	15.07
13	LIC	Gratuity Premium	0.68	0.36	0.41	2.63	
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15	LIC	Interim Dividend	--	93.75	-	-	
16	LIC	Group Insurance Premium	--	0.39	-	-	
17	LIC	Proposed final Dividend	--	6.25	50.00	-	
18	LIC	Issue of bonus shares	--	100.00	-	-	
19	Bank of Baroda	Interim Dividend	--	93.75	-	-	
20	Bank of Baroda	Proposed final Dividend	--	6.25	50.00	-	
21	Bank of Baroda	Issue of bonus shares	--	100.00	-	-	
22	UTI Mutual Fund	AMC Fees Received/ Receivable	1353.95	2,495.53	2,145.31	1,829.51	1780
23	UTI Mutual Fund	Scheme Expenses / Initial Issue Expenditure incurred	31.16	245.50	76.92	254.73	
24	Amarchand Mangaldas & Shroff and Associates	In respect of pre-operative expenses	--	-	5.90	-	143.35
25	Amarchand Mangaldas & Shroff and Associates	Professional Charges Paid	--	-	-	0.21	
26	UTI Mutual Fund	Investment in UTI Mutual Fund	3995.85	5468.05	4799.19	4072.87	2149.12
27	UTI Mutual Fund	Dividend on Investment	13.99	16.43	21.89	10.10	5.07
28	UTI Mutual Fund	Profit on Sale of UTI Mutual Fund	11.87	93.23	31.44	16.88	6.65
29	UTI Mutual Fund	Repurchase of Investment	3957.47	5298.11	3793.67	3856.10	1301.21

Sr. No	Name of Related Party	Nature of Transaction	30.09.07	2006 - 07	2005 - 06	2004 - 05	2002-04
30	Ascent India Fund (managed by UTI Venture Fund Management Company Pvt. Ltd.)	Investment	85.76	96.38	393.00	-	
31	UTI India Technology Fund (managed by UTI Venture Funds Management Company Pvt. Ltd.)	Investment	-	-	-	129.94	-
32	UTI India Technology Fund (managed by UTI Venture Funds Management Company Pvt. Ltd.)	Redemption	-	-	58.80		19.15
33	UTI India Technology Fund (managed by UTI Venture Funds Management Company Pvt. Ltd.)	Loss on investment			4.50		1.46
34	UTI International Ltd.	Marketing Fees	18.19	25.57	8.83		
35	Ascent India Fund (managed by UTI Venture Fund Management Company Pvt. Ltd.)	Compensating contribution		2.79			
36	UTI International Ltd.	Amt. Receivable on account of sale of assets		0.54			
37	UTI International Ltd.	Investment		GBP 2 million			
38	UTI Venture Funds Management Co Pvt Ltd	Dividend		45			

DIVIDEND POLICY

The dividend declared by the Company in respect of the Fiscal 2007, 2006, 2005 and 2004 are as under:

Rs in Million

Particulars	Year Ended March 31, 2007	Year Ended March 31, 2006	Year Ended March 31, 2005	Year Ended March 31, 2004
Equity Share Capital	500	100	100	100
Rate of Dividend %	80%	200 %	Nil	Nil
Amount of Dividend	400	200	Nil	Nil
Tax on Dividend	56.84	28.5	Nil	Nil

The aforesaid statement has been prepared as per the standalone Audited Accounts of UTI Asset Management Company Limited.

SECTION V: FINANCIAL STATEMENTS

AUDITORS' REPORT

The Board of Directors
UTI Asset Management Company Limited,
UTI Tower,
Bandra Kurla Complex,
Mumbai

Dear Sirs,

(A) We have been engaged to examine and report on the financial information of UTI Asset Management Company Limited ('UTI AMC or 'the company')(standalone and consolidated), which have been prepared in accordance with the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 issued by the Securities and Exchange Board of India (SEBI) on January 19, 2000 in pursuance of section 11 of the SEBI Act, 1992, (the SEBI Guidelines) for the years ended March 31, 2004(16.5 months), March 31, 2005, March 31, 2006, March 31, 2007(hereinafter referred to as 'four financial years ended March 31,2007) and for the period ended September 30, 2007. The preparation and presentation of this financial information is the responsibility of Company's management. This financial information is proposed to be included in the offer document of the company in connection with its proposed initial public offer of Equity Shares.

1. For our examination, we have placed reliance on the following: -

   a) The financial statements of the company standalone and consolidated for the four financial years ended on March 31, 2007 audited by us and other auditor, the name of whom is mentioned under and financial statements of the subsidiaries of the company namely UTI International Limited and UTI Venture Funds Management Company Private Ltd. for the same periods which were audited and reported upon by the other auditors, names of whom and the period of their audit are furnished below:

Year	Name of the company	Name of Auditors
2002-04	UTI Asset Management Company Private Limited	M/s Chandabhoy & Jassoobhoy, Chartered Accountants
2002-04	UTI International Limited, subsidiary of UTI Asset Management Company Private Limited	M/s Ernst & Young LLP, Chartered Accountants, 14 New street, St. Peter Port, Guernsey, Channel Islands.
2002-04	UTI Venture Funds Management Company Private Ltd. subsidiary of UTI Asset Management Company Private Limited	M/s S. B. Billimoria & Company, Chartered Accountants.
2004-05	UTI International Limited, subsidiary of UTI Asset Management Company Private Limited	M/s Ernst & Young LLP, Chartered Accountants, 14 New street, St. Peter Port, Guernsey, Channel Islands
2004-05	UTI Venture Funds Management Company Private Ltd. subsidiary of UTI Asset Management Company Private Limited	M/s S. B. Billimoria & Company, Chartered Accountants
2005-06	UTI International Limited, subsidiary of UTI Asset Management Company Private Limited	M/s Ernst & Young LLP, Chartered Accountants, 14 New street, St. Peter Port, Guernsey, Channel Islands.
2005-06	UTI Venture Funds Management	M/s S. B. Billimoria &

Year	Name of the company	Name of Auditors
	Company Private Ltd. subsidiary of UTI Asset Management Company Private Limited	Company, Chartered Accountants.
2006-07	UTI International Limited, subsidiary of UTI Asset Management Company Private Limited	M/s Ernst & Young LLP, Chartered Accountants, 14 New street, St. Peter Port, Guernsey, Channel Islands.
2006-07	UTI Venture Funds Management Company Private Ltd. subsidiary of UTI Asset Management Company Private Limited	M/s Deloitte Haskins & Sells, Chartered Accountants.

b) The financial statements of the company standalone and consolidated for the period ended 30th September 2007 was also subject to half year audit by us, by M/s Deloitte Haskins & Sells, Chartered Accountants in the case of UTI Venture Funds Management Company Private Ltd. subsidiary of UTI Asset Management Company Limited. and by M/s S. R. Batliboi & Co., Chartered Accountants, in the case of UTI International Limited, subsidiary of UTI Asset Management Company Limited.

2. The audit of the financial statements for the periods referred to in paragraph 1(a) and 1(b) of this report comprised of audit tests and procedures deemed necessary by the respective auditors for the purpose of expressing an opinion on such financial statements taken as a whole in accordance with generally accepted auditing practices.

3. We have performed such tests and procedures, which, in our opinion, were necessary for the purpose of our examination. These procedures, mainly involved comparison of the attached summary financial information with the Company's audited financial statements, standalone and consolidated, for the years 2002-2004 to 2006-2007 and audited financial statements for the period ended 30th September 2007 as prepared by the Company(standalone and consolidated).

4. We report that the profits of the Company as restated for the above periods are as set out below. These profits (expressed in millions of rupees) have been arrived after making such adjustments and regroupings as in our opinion are appropriate and are subject to the accounting policies and notes thereon furnished.

5. We report that the assets and liabilities of the Company as restated for the above periods are also as set out below after making such adjustments and regroupings as in our opinion are appropriate and are subject to accounting policies and notes thereon furnished.

6. We further report that the profits of the Company (consolidated) as restated for the above periods are as set out below. These profits(expressed in millions of rupees) have been arrived after making such adjustments and regroupings, but non determination of tax liability of its Guernsey operations for the period ended September 30, 2007 in case of UTI International Limited and consolidation of unaudited financial statements of UTI Private Equity Advisors Private Limited having total assets(net) of Rs. 3.83 lacs and total revenues of Rs. 4.30 lacs as at 30th September 2007, a wholly owned subsidiary of UTI Venture Funds Management Company Private Limited, as in our opinion are appropriate and are subject to the accounting policies and notes thereon furnished.

7. We report that the assets and liabilities of the Company (consolidated) as restated for the above periods are also as set out below after making such adjustments and regroupings, but non determination of tax liability of its Guernsey operations for the period ended September 30, 2007 in case of UTI International Limited, as in our opinion are appropriate and are subject to accounting policies and notes thereon furnished.

(B) <u>Other Financial Information</u>

1. We have also examined the following information of the Company for the four years ended March 31, 2007 and for the period ended September 30, 2007, prepared from the restated standalone financial statements, as included in Appendix I, proposed to be included in the Offer Document / Prospectus, approved by you and forwarded to us by you and annexed to this report:

   (i) Statement of dividends declared enclosed as Annexure A of Appendix I;

   (ii) Cash Flow Statement of the company enclosed as Annexure B of Appendix I;

   (iii) Summary of accounting ratios based on the adjusted profits relating to earnings per share, net asset value and return on net worth enclosed as Annexure C of Appendix I;

   (iv) Details of Sundry Debtors as at September 30, 2007 enclosed as Annexure D of Appendix I;

   (v) Details of Loans and Advances as at September 30, 2007 enclosed as Annexure E of Appendix I;

   (vi) Aggregate book value and market value of quoted investments as at September 30, 2007 enclosed as Annexure F of Appendix I;

   (vii) Capitalisation statement as at September 30, 2007 of the Company enclosed as Annexure G of Appendix I;

   (viii) Statement of tax shelter enclosed as Annexure H of Appendix I.

   (ix) Details of unsecured loans as at 30th September 2007 enclosed as Annexure I of Appendix I

2. We have also examined the following information of the Company for the four years ended March 31, 2007 and for the period ended September 30, 2007, prepared from the restated consolidated financial statements, as included in Appendix II, proposed to be included in the Offer Document / Prospectus, approved by you and forwarded to us by you and annexed to this report:

   (i) Cash Flow Statement of the company enclosed as Annexure A of Appendix II;

   (ii) Summary of accounting ratios based on the adjusted profits relating to earnings per share, net asset value and return on net worth enclosed as Annexure B of Appendix II;

   (iii) Details of Sundry Debtors as at September 30, 2007 enclosed as Annexure C of Appendix II;

   (iv) Details of Loans and Advances as at September 30, 2007 enclosed as Annexure D of Appendix II;

   (v) Aggregate book value and market value of quoted investments as at September 30, 2007 enclosed as Annexure E of Appendix II;

   (vi) Capitalisation statement as at September 30, 2007 of the Company enclosed as Annexure F of Appendix II;

   (vii) Details of unsecured loans as at 30th September 2007 enclosed as Annexure G of Appendix I

In our opinion, the summary financial information of the Company as stated in annexure A and other financial information as stated in Annexure B above read with respective significant accounting policies and notes to accounts, after making groupings and adjustments as were considered appropriate by us, have been prepared in accordance with the SEBI Guidelines.

This report is intended solely for your information and for assisting the Company in discharging its responsibilities under the Securities and Exchange Board of India (Disclosure and Investor Protection Guidelines, 2000) and paragraph B (1) of Part II of Schedule II to the India Companies Act, 1956 and is not to be used, referred to or distributed for any other purpose without our prior written consent.

This report should neither in any way be construed as a re-issuance or redrafting of any of the previous audit reports issued by us or other firms of chartered accountants nor construed as a new opinion on any financial statements referred to herein.

For Om Agarwal& Co.
Chartered Accountants

(Thalendra Sharma)
Partner

Place: Mumbai
Date: December 20, 2007

UTI ASSET MANAGEMENT COMPANY LIMITED

SUMMARY OF RESTATED PROFIT AND LOSS

(Rs. in Millions)

	Schedule	Period Ended September 30, 2007	Year Ended March 31, 2007	Year Ended March 31, 2006	Year Ended March 31, 2005	Period Ended March 31, 2004 (16.5 Month)
INCOME :						
Investment Management Fees		1,699.7	3,650.1	3,565.8	3,077.2	3,751.0
Investment Income	**I**	140.0	169.3	61.2	37.4	11.8
Other Income	**J**	21.5	49.2	86.7	82.4	38.6
TOTAL		**1,861.2**	**3,868.6**	**3,713.7**	**3,197.0**	**3,801.4**
EXPENDITURE :						
Employee Cost	**K**	451.5	705.0	651.9	584.0	746.3
Administrative & Other Expenses	**L**	328.9	818.4	679.6	876.6	1,063.4
Interest		-	-	1.7	6.6	0.1
Depreciation		23.8	36.7	356.6	122.8	1.6
Diminution in value of Investment		-	82.0	-	-	-
Bad Debts		-	4.0	0.8	0.1	-
TOTAL		**804.2**	**1,646.1**	**1,690.6**	**1,590.1**	**1,811.4**
Profit Before Tax		**1,057.0**	**2,222.5**	**2,023.1**	**1,606.9**	**1,990.0**
Less:- Provision for tax						
Current year Tax		350.0	695.0	755.0	580.0	740.0
Deferred Tax		22.3	48.3	(66.7)	(9.5)	0.6
Fringe Benefit Tax		5.9	8.9	8.9	-	-
Profit After Tax		**678.8**	**1,470.3**	**1,325.9**	**1,036.4**	**1,249.4**
Add Provision for Income Tax written back		4.9	4.3	19.3	-	-
Net Profit after taxation as per Audited statement of accounts --- (A)		**683.7**	**1,474.6**	**1,345.2**	**1,036.4**	**1,249.4**
Adjustments on account of changes in accounting policy			(65.6)	390.4	(304.9)	27.9
Impact on account of material adjustments and prior period accounts			11.2	(0.2)	8.9	(13.8)
Total Adjustments			**(54.4)**	**390.2**	**(296.0)**	**14.1**
Tax Impact on adjustments		(10.2)	(18.3)	19.1	13.7	5.2

	Schedule	Period Ended September 30, 2007	Year Ended March 31, 2007	Year Ended March 31, 2006	Year Ended March 31, 2005	Period Ended March 31, 2004 (16.5 Month)
Total Adjustments (Net of tax impact)(B)		**10.2**	**(36.1)**	**371.0**	**(309.7)**	**8.9**
Adjusted Profit / (Loss) (A) + (B)		**693.9**	**1,438.5**	**1,716.2**	**726.7**	**1,258.3**
Appropriation						
Balance of Profit & Loss Account brought forward from previous year		3,772.1	3,337.8	1,985.0	1,258.3	-
Interim Dividend		-	375.0	-	-	-
Proposed Final Dividend		-	25.0	200.0	-	-
Corporate Dividend Tax		-	56.8	28.1	-	-
Transfer to General Reserve		-	147.4	135.3	-	-
Net Profit after Dividend, Dividend Distribution Tax & Transfer to General Reserve		**693.9**	**834.3**	**1,352.8**		
Balance of Profit & Loss Account carried to Balance Sheet		**4,466.0**	**4,172.1**	**3,337.8**	**1,985.0**	**1,258.3**
Restated Basic and Diluted Earnings per share (in Rs)		**5.55**	**11.51**	**13.73**	**5.81**	**10.07**
(Refer Note 15 of schedule M)						
(Weighted average number of shares)		125	125	125	125	125
Notes forming part of the Accounts	**M**					
Schedules annexed hereto forming part of the Balance Sheet and Profit and Loss Account						

As per our report annexed **For and on behalf of the Board of Directors**

UTI ASSET MANAGEMENT COMPANY LIMITED

SUMMARY OF RESTATED BALANCE SHEET

(Rs. in Millions)

	Schedule	As at September 30, 2007	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004
SOURCES OF FUNDS						
Shareholder's Funds:						
Share Capital	**A**	500.0	500.0	100.0	100.0	100.0
Reserves and Surplus	**B**	4,748.6	4,054.8	3,473.1	1,985.0	1,258.3
TOTAL		**5,248.6**	**4,554.8**	**3,573.1**	**2,085.0**	**1,358.3**
APPLICATION OF FUNDS						
Fixed Assets						
Gross Block		1,132.6	1,099.6	552.2	504.9	8.8
Less : Depreciation		99.2	75.4	481.0	458.0	1.6
Net Block		1,033.4	1,024.2	71.2	47.0	7.2
Capital Work-in-Progress		3.3	10.8	6.7	5.7	2.8
		1,036.7	**1,035.1**	**77.9**	**52.6**	**10.0**
Investments	**C**	**3,490.8**	**3,366.6**	**3,007.9**	**1,568.2**	**1,025.10**
Current Assets, Loans & Advances						
Sundry Debtors	**D**	438.1	222.3	114.2	45.5	48.5
Cash & Bank Balances	**E**	270.6	280.9	378.4	625.5	605.0
Interest accrued on Investments		19.2	8.6	12.1	12.3	13.6
Loans & Advances	**F**	904.6	1,405.1	1,281.4	788.2	968.0
		1,632.5	**1,916.9**	**1,786.1**	**1,471.5**	**1,635.1**
Less : Current Liabilities & Provisions						
Current Liabilities	**G**	528.6	1,061.1	340.6	389.3	475.6
Provisions	**H**	387.7	730.0	1,033.8	626.9	835.8
		916.3	**1,791.1**	**1,374.4**	**1,016.2**	**1,311.4**
Net current Assets		**716.2**	**125.8**	**411.7**	**455.3**	**323.7**
Deferred Tax Asset (Net)		**4.9**	**27.3**	**75.6**	**8.9**	**-0.5**
TOTAL		**5,248.6**	**4,554.8**	**3,573.1**	**2,085.0**	**1,358.3**

	Schedule	As at September 30, 2007	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004
					-	-
NOTES TO ACCOUNTS	**M**					
Schedules annexed hereto forming part of the Balance Sheet and Profit and Loss Account						

UTI ASSET MANAGEMENT COMPANY LIMITED

SUMMARY OF RESTATED CASH FLOW STATEMENT

(Rs. in Millions)

	For the period ended September 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the period ended March 31, 2004
CASH FLOW FROM OPERATING ACTIVITIES					
Net profit & Loss Before Taxation	1,057.1	2,168.1	2,413.1	1,311.0	2,004.0
Adjustment for					
Diminution in the value of Investment	0.0	82.0	--	-	-
Depreciation	23.8	36.7	356.6	122.8	1.6
Provision for PF Interest	0.0	0.0	0.0	0.0	7.4
Provision for Gratuity	0.0	0.4	0.0	2.6	2.5
Provision for Leave Encashment	15.6	15.6	0.0	6.2	80.7
Interest Income	(20.9)	(38.7)	(45.0)	(38.9)	37.6
Dividend Income	(14.0)	(61.4)	(27.9)	(16.1)	16.1
(Profit) / Loss on Sale of Fixed Asset	0.0	0.0	0.1	0.0	0.0
(Profit) / Loss on Sale of Investment	(118.8)	(93.3)	(26.9)	(15.9)	6.6
Operating Profit Before Working Capital Changes	**942.8**	**2,109.4**	**2,670.0**	**1,371.7**	**2,156.5**
Less : Advance Tax and TDS	(226.5)	(775.3)	(808.3)	(594.4)	(737.9)
Adjustment for changes in working capital					
(Increase)/ Decrease in Loan & Advances	727.0	651.6	315.1	774.2	(230.1)
(Increase)/ Decrease in Sundry Debtors	(215.7)	(108.1)	(68.7)	3.0	(48.5)
(Increase)/Decrease in Interest accrued on deposits	(10.7)	3.5	0.2	1.3	(13.6)
Increase/ (Decrease) in provisions	(683.2)	(1,049.3)	(356.7)	(811.4)	0.0
Increase/ (Decrease) in Current Liabilities	(548.1)	768.8	(48.7)	(86.2)	475.6
	(957.2)	(508.8)	(967.1)	(713.5)	(554.5)
Cash Generated from Operations	**(14.4)**	**1,600.6**	**1,702.9**	**658.2**	**1,602.0**
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of Fixed Assets	(25.5)	(993.8)	(381.9)	(165.5)	(11.6)
Purchase of Investment	(124.2)	(440.7)	(1,439.7)	(543.1)	(1,025.1)

	For the period ended September 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the period ended March 31, 2004
Interest Income	20.9	38.7	45.0	38.9	(37.6)
Dividend Income	14.0	61.4	27.9	16.1	(16.1)
Profit / (Loss) on Sale of Fixed Asset	0.0	0.0	(0.1)	0.0	0.0
Profit / (Loss) on Sale of Investment	118.8	93.3	26.9	15.9	(6.6)
Net cash generated from Investing Activities	**4.0**	**(1,241.1)**	**(1,721.9)**	**(637.7)**	**(1,097.0)**
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from issue of Share Capital	-	-	-	-	100.0
Interim Dividend	0.0	(375.0)	(200.0)	-	-
Proposed Dividend	0.0	(25.0)	0.0	-	-
Corporate Dividend Distribution Tax	0.0	(56.8)	(28.1)	-	-
Net cash generated from Financing Activities	0.0	(456.8)	(228.1)	**0.0**	**100.0**
Net Increase/ Decrease in cash and cash equivalent	**(10.4)**	**(97.3)**	**(247.1)**	**20.5**	**605.0**
Opening Cash and cash equivalents	280.9	378.4	625.5	605.0	0.0
Closing Cash and cash equivalents	**270.6**	**280.9**	**378.4**	**625.5**	**605.0**

Schedules forming restated Assets and Liabilities

SCHEDULE A

(Rs. in Millions)

	As at September 30, 2007	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004
SHARE CAPITAL					
Authorised: *					
100,000,000 Equity Shares	1,000.0	750.0	100.0	100.0	100.0
Issued Subscribed & Paid up Capital					
Equity Shares fully paid up	500.0	500.0	100.0	100.0	100.0

** The Authorised Share Capital was increased to 100,000,000 Equity Shares of Rs. 10 each pursuant to shareholder's resolution passed at the Annual General Meeting as on September 18, 2007.*

SCHEDULE B

(Rs. in Millions)

	As at September 30, 2007	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004
RESERVES & SURPLUS					
Profit and Loss Account					
Opening Balance	3,772.1	3,337.8	1,985.0	1,258.3	
Add. Current Year's Profit	693.9	834.3	1,352.8	726.7	
	4,466.0	**4,172.1**	**3,337.8**	**1,985.0**	
Less. Transfer for capitalisation for Bonus Shares		400.0	-		
Balance in Profit and Loss Account	**4,466.0**	**3,772.1**	**3,337.8**	**1,985.0**	**1258.3**
General Reserve					
Opening Balance	282.6	135.3	-	-	
Add. Transferred during the year		147.4	135.3	-	
Balance in General Reserve	**282.6**	**282.7**	**135.3**	-	-
	4,748.6	**4,054.8**	**3,473.1**	**1,985.0**	**1,258.3**

SCHEDULE C

(Rs. in Millions)

	As at September 30, 2007	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004
INVESTMENTS					
1. Long Term (Unquoted)					
a) In wholly owned subsidiaries					
UTI Venture Funds Management Company Limited	98.0	98.0	98.0	98.0	97.9
UTI International Limited	369.1	369.1	194.7	194.7	29.3
Provision for Diminution in value of Investments- UTI International Limited	(82.0)	(82.0)	-	-	-
	287.1	**287.1**	**194.7**	**194.7**	**29.3**
b) Units of Venture Fund - At Cost					
Investment in UTI India Technology Venture Unit Scheme	52.0	52.0	52.0	110.8	
Investment in Ascent India Fund	575.1	489.4	393.0	-	-
c) Non Convertible Debentures					
6% Unsecured Redeemable Non-Convertible Debenture of Syndicate Bank	50.0	50.0	50.0	50.0	50.0
			-		
d) Investment in Bonds			-		
UTI Bank Tier II Bond	100.0	100.0	100.0		-
6.15% Unsecured Redeemable Non-Convertible Bonds of Indian Bank	50.0	50.0	50.0	50.0	-
			-		

	As at September 30, 2007	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004
e) Investment in Mutual Funds			-		
Investment in Liquid Cash Institutional Growth		141.8	-		-
UTI Liquid Plus Institutional - Bonus Plan	50.0	50.0	50.0	50.0	-
UTI Liquid Plus Institutional - Growth Plan	681.1		-		-
Investment in UTI-FTIF - Series 1 - Plan 18 Q3	-	300.0	-		-
Investment in UTI-FTIF - Series 1 - Plan 18 - Q4	-	250.0	-		-
Investment in - UTI FTIF Series II Plan 16 (Growth)	150.0	150.0	-		-
Investment in - UTI FTIF Series II Plan 16 (Institutional Growth)	100.0	100.0	-		-
Investment in YFMP Aug-06		250.0	-		-
Investment in YFMP Mar-07	200.0	200.0	-		-
Investment in UTI Bond Fund	-		-	13.9	114.2
Investment in YFMP Sept-06	-	200.0	-	-	-
Fixed Income Annual Plan I Inst Divd	50.0		-	-	-
Fixed Income Annual Plan II Inst Growth	100.0		-	-	-
Fixed Income Annual Plan III Inst Growth	200.0		-		
Investment in - UTI FTIF Series III Plan 16 (Growth)	250.0				
UTI Floating Rate STP	100.0				
			-		
f). Special	-		-		

	As at September 30, 2007	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004
Investments					
VSS Fund Liquid Cash plan Inst. Growth	-		-		10.0
2. Short Term Investment (Unquoted)-At Cost or NAV which ever is lower					
Units of Mutual Funds					
UTI Liquid Cash Fund	-		615.8	316.1	2.5
UTI Liquid Short Term Plan	-		86.2	81.3	9.7
UTI Money Market Fund	15.0	207.9	13.3	13.8	96.0
Investment in UTI SPrEAD Fund	100.0	100.0	-	-	-
UTI Floating Rate Fund	-		404.9	100.6	-
UTI Gilt Advantage Long Term Plan - Dividend	-		-	40.0	-
UTI G-Sec Short Term Plan			-	137.9	304.0
UTI Gilt Advantage Short Term Plan - Dividend	-		-	11.0	
UTI Quarterly Fixed Maturity Plan	100.0	100.0	900.0	300.0	
UTI Liquid Cash Plan- Institutional - Growth	-		-	-	150.0
UTI Liquid Cash Plan- Institutional - Daily Income	-		-	-	50.5
UTI Liquid Cash Plan- Institutional - Weekly Income	--		-	-	50.5
UTI Liquid Cash Plan- Institutional - Monthly Income	-		-	-	50.4
UTI Liquid Short Term Plan-	-		-	-	10.1

	As at September 30, 2007	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004
Institutional - Growth					
UTI Liquid Plus Institutional Monthly Income	64.1		-	-	-
UTI Quarterly Fixed Maturity Plan Feb 07		50.0	-	-	-
UTI HFMP - May 07	50.0		-	-	-
Investment in Liquid Cash Institutional Weekly Income	68.4	140.4	-	-	-
	3,490.8	**3,366.6**	**3,007.9**	**1,568.2**	**1,025.1**

UTI ASSET MANAGEMENT COMPANY LTD.

Schedules forming part of restated Assets and Liabilities

SCHEDULE D

(Rs. in Millions)

	As at September 30, 2007	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004
SUNDRY DEBTORS (Unsecured considered good)					
Debts outstanding for a period exceeding six months	-	-	-	-	-
Others	438.1	222.3	114.2	45.5	48.5
	438.1	**222.3**	**114.2**	**45.5**	**48.5**

SCHEDULE E

(Rs. in Millions)

	As at September 30, 2007	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004
CASH AND BANK BALANCE					
Cash in Hand including Stamps	1.7	0.2	0.3	0.1	0.5
Balances with Scheduled Banks -					
In Current Accounts	(6.1)	0.7	4.6	6.6	31.5
In Short Term Deposits	275.0	280.0	373.5	618.8	573.0
	270.6	**280.9**	**378.4**	**625.5**	**605.0**

SCHEDULE F

(Rs. in Millions)

	As at September 30, 2007	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004
LOANS AND ADVANCES (UNSECURED)					
a. Considered good					
Advances recoverable in cash or in kind	244.4	185.7	93.3	83.4	154.8
Receivable from Subsidiaries	-	0.3	15.3	-	-

	As at September 30, 2007	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004
Loan to UTI Employees Credit Co-operative Society	12.6	13.3	14.7	10.0	-
Loans to Employees	235.7	233.8	225.3	92.6	74.7
Deposits	25.5	18.8	12.5	7.8	0.6
Advance Income Tax & TDS	226.5	775.3	808.3	594.4	737.9
OSDF Investment in Floating rate Fund	52.9	44.5	-	-	-
OSDF India Growth Fund Invt in Floating rate Fund	-	23.3	-	-	-
VSS FUND - Liquid Cash Plan Inst.-Growth	106.9	110.1	112.0	-	-
	904.5	**1,405.1**	**1,281.4**	**788.2**	**968.0**
b. Considered doubtful					
Loan and Advances to Employees	0.4	0.4	0.1	0.1	-
Less : Provision for Doubtful Debts	0.4	0.4	0.1	0.1	-
	904.5	**1,405.1**	**1,281.4**	**788.2**	**968.0**

SCHEDULE G

(Rs. in Millions)

	As at September 30, 2007	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004
CURRENT LIABILITIES					
Sundry Creditors	-	-	-	389.0	475.6
For Subsidiary Companies	23.5	25.6	8.8	-	-
Others	308.4	416.0	216.0	-	-
Security Deposits	7.6	8.1	3.8	0.3	-
Interim Dividend Payable	-	375.0	-	-	-
Corporate Dividend Distribution Tax on Interim Dividend	-	52.6	-	-	-
VSS Liability Fund	106.9	110.1	112.0	-	-
Offshore Development Fund	52.9	44.5	-	-	-
Dividend	25.0	25.0	-	-	-
Corporate Dividend Distribution Tax	4.2	4.2	-	-	-
	528.5	**1,061.1**	**340.6**	**389.3**	**475.6**

SCHEDULE H

(Rs. in Millions)

	As at September 30, 2007	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004
PROVISIONS					
Provision for PF Interest	-	-	-	-	7.4
Provision for Gratuity	-	-	-	2.6	2.5
Provision for Leave Encashment	15.6	-	-	6.2	80.7
Provision for Income Tax	359.4	714.6	793.0	613.3	745.2
Provision for Legal Cases	6.6	6.6	3.9	4.8	-
Provision for Fringe Benefit Tax	6.0	8.8	8.9	-	-
Provision for Proposed Dividend	-	-	200.0	-	-
Provision for Corporate Dividend Distribution Tax	-	-	28.0	-	-
	387.6	**730.0**	**1,033.8**	**626.9**	**835.8**

UTI ASSET MANAGEMENT COMPANY LIMITED

Schedules forming part of restated Profit and Loss Account

SCHEDULE I

(Rs. in Millions)

	For the period ended September 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the period ended March 31, 2004 (16.5 Months)
Investment Income					
Interest on Securities Gross	7.2	14.6	6.4	5.4	0.1
Dividend	14.0	61.4	27.9	16.1	5.1
Profit/Loss on Sale of Mutual Fund Units	118.8	93.3	26.9	15.9	6.6
	140.0	**169.3**	**61.2**	**37.4**	**11.8**

SCHEDULE J

(Rs. in Millions)

	For the period ended September 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the period ended March 31, 2004 (16.5 Months)
Other Income					
Interest on :					
a) Short Term Deposits (Gross)	13.6	24.1	38.6	33.5	37.5
b) Loans to Employees	5.9	11.9	7.9	4.0	0.4
c) Loan to UTI ECCSL	0.4	0.8	0.8	-	
Excess provision written back	0.5	1.9	25.6	43.3	
Miscellaneous Income	1.1	10.5	13.8	1.8	0.7
Forex Gain	-	-		(0.2)	-
	21.5	**49.2**	**86.7**	**82.4**	**38.6**

SCHEDULE K

(Rs. in Millions)

	For the period ended September 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the period ended March 31, 2004 (16.5 Months)
Employee Cost					
Salaries, Allowances and Other Benefits	396.8	627.3	552.8	484.0	628.8
Staff Welfare Expenses	30.0	51.8	51.4	56.5	44.2
Contribution to PF, Gratuity, Leave Encashment and other Funds	24.7	25.9	47.4	43.5	73.3
Discount on Housing Loan-Benefit	-	-	0.3	-	-
	451.5	**705.0**	**651.9**	**584.0**	**746.3**

SCHEDULE L

(Rs. in Millions)

	For the period ended September 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the period ended March 31, 2004 (16.5 Months)
Administrative and Other Expenses					
Advertisement	3.0	8.3	34.5	30.6	204.2
Auditors Remuneration	1.8	1.9	1.8	0.6	0.3
Board Meeting Expenses	0.7	0.6	0.8	1.3	1.4
Travelling Board Members	1.6	1.5	1.6	1.0	
Books & Newspapers	0.9	1.9	2.1	2.9	9.7
Business Promotion	17.5	28.3	66.7	90.6	73.4
Computer Consumables	1.6	7.7	5.2	3.4	1.4
Directors Sitting Fees	1.4	2.1	1.2	1.1	0.6
Electricity Charges	16.4	27.6	29.8	36.7	47.7

	For the period ended September 30, 2007	For the year ended March 31, 2007	For the year ended March 31, 2006	For the year ended March 31, 2005	For the period ended March 31, 2004 (16.5 Months)
Insurance	9.1	8.1	3.6	2.6	0.3
Lease Rent On Usage of Assets	10.9	67.3	127.2	155.4	276.0
Legal & Professional Fees	65.7	82.3	28.7	30.1	15.4
Local Conveyance	2.8	4.6	3.8	1.0	3.3
Membership Fees & Subscription	9.8	21.5	34.9	23.4	23.6
Miscellaneous Expenses	0.9	3.3	4.1	6.4	12.2
Postage & Courier	6.9	21.6	19.5	14.0	13.2
Printing & Stationery	4.6	12.2	10.1	10.0	12.2
Rates & Taxes	3.8	5.3	1.7	0.5	0.8
Rent	35.6	67.0	56.2	49.9	54.4
Repairs & Maintenance	28.5	89.7	83.2	65.1	88.1
Initial Issue Expenses	0.5	147.0	-	43.6	8.3
Scheme Expenses	30.7	98.5	76.9	211.1	136.1
Security Charges	3.1	8.9	7.5	10.6	13.7
Telephone & Fax	14.8	27.1	20.4	23.5	21.2
Tour & Travels	23.3	36.2	31.8	43.6	39.2
Vehicle Expenses	5.0	9.8	8.4	7.2	6.7
Custodial Charges	-	0.1	0.1	-	-
Loss on sale / destruction of Assets	-	-	0.1	-	-
Filing Fees	9.5	2.7	0.1	0.5	-
Provision for Legal Cases	-		-	4.8	-
Charitable Donations	-	-	1.0	5.1	-
Marketing Fees	18.2	25.3	8.8	-	-
Pre-Operative Exp.	-	-	7.8	-	-
Forex Loss	0.3	-	-	-	-
	328.9	**818.4**	**679.6**	**876.6**	**1,063.4**

RESTATED SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE ACCOUNTS

M. SIGNIFICANT ACCOUNTING POLICIES

1.1 Accounting Convention

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

1.2 Use of Estimates

The preparation of financial statements requires the management of the company to make estimates and assumptions that effect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the year. Examples of such estimates include provision for doubtful debts, provision for variable pay, provision for income tax, provision written back and the useful life of fixed assets. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements. Actual results may differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

1.3 Revenue Recognition

a) Management fees is accounted for on accrual basis in accordance with the Investment Management and Advisory Agreement with the UTI Trustee Company Private Limited, Services Agreement with the Administrator of the Specified Undertaking of Unit Trust of India (SUUTI) and the agreements with the clients of the Wealth Management Division of UTI AMC Ltd. It is based on the unaudited net asset value as recorded by the Schemes of UTI Mutual Fund. Fees from SUUTI is charged based on mutual agreement. Management Fees from Portfolio Management Services is charged on the basis of agreements with the clients based on the audited portfolio values recorded by the wealth management division of UTI AMC Ltd.

b) Dividend & Interest income is accounted on accrual basis.

c) Profit/Loss on sale of investments is accounted on trade date basis. The profit/loss on sale of investments is calculated on weighted average basis.

d) NPA Management fees are charged for the services rendered towards recoveries of NPA assets transferred from erstwhile UTI to schemes as per rate approved for the AMC fee on the basis of appropriation of recoveries made in the NPA accounts.

1.4 Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation.

1.5 Depreciation

(a) Tangible Assets

The Company provides Depreciation on Fixed Assets in the manner prescribed in Schedule XIV of the Companies Act, 1956. Depreciation has been provided at the following rates:-

CLASS OF FIXED ASSET	METHOD OF DEPRECIATION	RATE OF DEPRECIATION (%)
Computer Hardware	WRITEN DOWN VALUE	40.00%
Office Equipment & Machines	WRITEN DOWN VALUE	13.91%
Furnitures & Fixtures	WRITEN DOWN VALUE	18.10%
Motor Cars	WRITEN DOWN VALUE	25.89%
Building on leasehold land	STRAIGHT LINE	1.63%

Assets costing individually Rs.5,000 or less are depreciated at the rate of 100% on pro-rata basis.

(b) Intangible Assets

Intangible Assets - Software are amortised over a period of three years on straight line method on pro rata basis.

Intangible Assets – Asset Management Rights have been fully amortized in the year of acquisition.

1.6 Investments

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

Long term investments are stated at cost. Provision for diminution is made to recognize a decline, other than of temporary nature, in the value of such investments.

1.7 Transaction in Foreign Currency

Transactions in foreign currency are accounted for at the rate of exchange prevailing at the date of the transaction. The company has a 100% owned subsidiary UTI International Ltd. in Guernsey, UTI Investment Management Company (Mauritius) Ltd. (subsidiary of UTI International Limited, Guernsey) and a 51% owned subsidiary UTI International (Singapore) Private Ltd (subsidiary of UTI International Limited, Guernsey) which is treated as Non-Integral Foreign Operation as per definition under Accounting Standard 11 “The effect of changes in foreign exchange rates” (Revised) issued by ICAI. The amount payable as marketing fees to the subsidiary in respect of offshore funds is converted into INR at the yearly average rate.

1.8 Retirement Benefits

The contribution to the Provident Fund is made in accordance with UTI AMC Provident Fund Regulations and as such are charged to profit & loss account.

The company’s pension plan is a “defined benefit plan” as defined in AS-15 “Accounting for retirement benefits in the financial statement of Employers” issued by ICAI. The contribution is made in accordance with UTI AMC Pension Fund trust deed and as per the actuarial valuation given by the Life Insurance Corporation of India at the year-end. However there was a change during the period ending 30th September 2007 because of change in the AS-15. Accordingly the company has now provided the liability for pension as per the AS-15 (Revised 2005) Employee benefits.

Provisions on account of Gratuity and Leave Encashment of eligible employees are made based on the actuarial valuation done at the year-end. Company's contribution in case of Gratuity and Leave Encashment are funded annually with the Life Insurance Corporation of India under the respective schemes, based on the actuarial valuation.

1.9 Earning per Share

Basic and Diluted Earnings per share are calculated and reported in accordance with AS 20 'Earnings Per Share' issued by the ICAI. Basic and Diluted Earnings per equity share has been computed by dividing net profit after tax by weighted average number of Equity Shares outstanding for the year. The basic earnings per share and diluted earnings per share are the same.

1.10 Scheme Expenses

Expenses of the Schemes of UTI Mutual Fund in excess of the stipulated rates prescribed by SEBI (Mutual Fund) Regulations 1996 as well as board of directors are required to be borne by the company, and as such, are charged to the Profit & Loss Account of the Company. All other expenses charged to Profit & Loss Account like rating fees, initial issue expenses, license fees etc. in this head are charged as per the approval of the board of directors and norms of the industry.

1.11 Taxes on Income

Income tax is accrued in accordance with Accounting Standard 22 'Accounting for Taxes on Income' issued by ICAI, which includes current and deferred taxes.

Current tax is determined as the amount of tax payable in respect of taxable income for the year in accordance with the provisions of the Income Tax Act, 1961.

Deferred Income Taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet Date.

Deferred tax assets are recognized for all deductible timing differences, carry forward of unused tax assets and unused tax losses only if there is reasonable virtual certainty that such deferred tax assets can be realized against future liabilities.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

1.12 Lease

Leases are recognized as per Accounting Standard 19 "Leases" issued by ICAI.

Operating lease

(a) Where the lessor retains substantially all risks and benefits of ownership over the lease term, are classified as Operating Leases. Operating lease rentals are recognized as an expense over the lease period.

(b) Finance Lease

Leases, where substantial risk and rewards are transferred to the lessee though the asset may not be actually transferred to lessee are classified as finance leases.

Depreciation on asset acquired under financial lease is provided on a systematic basis consistent with the depreciation policy adopted by the company for depreciable assets owned. If there is reasonable certainty that the lessee will obtain ownership by the end of lease term, the period of expected use is the useful life of the asset; otherwise the asset is depreciated as per the lease term or its useful life whichever is earlier.

1.13 Treatment of Contingent Liability

Contingent Liabilities where an estimate of its financial effect is measurable and indication of the uncertainties relating to any outflow and the possibility of any reimbursement are disclosed by way of Notes in the Balance Sheet as per Accounting Standard 29,"Provisions, Contingent liabilities and Contingent Assets" issued by ICAI. Provision is made in accounts for those liabilities, which are likely to materialize after the year end and having effect on the position stated in Balance Sheet as at the year end.

1.14 Impairment of assets

At each balance sheet date, the management reviews the carrying amounts of assets to determine whether there is any indication that those assets were impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is higher of an asset’s net selling price and the value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

Reversal of impairment loss is recognized immediately as income in the profit and loss account.

RESTATED NOTES FORMING PART OF ACCOUNTS

1. **The figure for the Financial Year 2002-04 are from 14th Nov 2002 to 31st March 04.**

2. **Sundry Creditors & debtors**

Sundry creditors do not include any amount payable to Small Scale Industrial Undertakings. The balance of sundry creditors and sundry debtors is subject to reconciliation and confirmation from respective parties.

3. **Deferred Tax Asset (Net)**

In compliance with the Accounting Standard on "Accounting for Taxes on Income" (AS–22) issued by ICAI, the company has recognized following deferred tax asset (net) in the Profit & Loss Account of respective years, the details of which is here under :-

Rs in Million

Particulars	As at 30.09.07	As at 31.03.07	As at 31.03.06	As at 31.03.05	As at 31.03.04
Deferred Tax Liabilities					
Amortization of Intangible Assets	**Nil**	**Nil**	**Nil**	1.42	-
Depreciation on Fixed Assets	**20.07**	**50.52**	**2.41**	4.70	0.55
Total Deferred Tax Liability	20.07	50.52	2.41	**6.12**	**0.55**
Deferred Tax Assets					
Pension Liability Disallowed u/s 43B	**Nil**	**Nil**	**Nil**	14.10	-
Expenses Disallowed u/s 40(a)	Nil	2.27	0.05	0.95	-
Depreciation & Amortization of Assets	Nil		84.42	-	-
Less: Reversal of earlier DTA u/s 40(a)	2.27	0.05			
Total Deferred Tax Asset	**2.27**	**2.22**	**84.47**	**15.05**	-
Net DTL/ (DTA)	22.34	48.30	82.06		
Less: Previous DTA / DTL reversed	27.27	75.58	6.12		
Net Deferred Tax Asset/(Liability) (Rounded off)	**4.93**	**27.28**	**75.94**	**8.93**	**(0.55)**

5. **Managerial Remuneration**

a) **The particulars of the remuneration of the Chairman & Managing Director for the years are as under:**

Rs in Million

Particulars	Period ended 30.09.07	Year ended 31.03.07	Year ended 31.03.06	Year ended 31.03.05	Year ended 31.03.04
Salary and Allowances (Including perquisites)	0.31	0.65	0.23	0.51	0.64

Particulars	Period ended 30.09.07	Year ended 31.03.07	Year ended 31.03.06	Year ended 31.03.05	Year ended 31.03.04
Contribution to Retirement Benefits	0.03	0.13	0.02	0.05	0.03
Total	**0.34**	**0.78**	**0.25**	**0.56**	**0.67**

b) The Computation of profits under Section 349 of the Companies Act, 1956 has not been given as no commission is payable to the Managing Director.

6. Expenditure in Foreign Currency:

Rs in Million

Particulars	Period ended 30.09.07	Year ended 31.03.07	Year ended 31.03.06	Year ended 31.03.05	Year ended 31.03.04
Traveling Expenses (Including Staff Training Expenses)	28.73	8.26	3.91	6.45	3.25
Branch Expenses (at Dubai)	--	--	--	12.57	10.23
Total	28.73	8.26	3.91	**19.02**	**13.48**

7. Provisions, Contingent liabilities and Contingent Assets

Provisions

(a) The canteen services were discontinued from 25/02/2004 against which a case was filed by The Contract Labour Udyog Kamgar Union in 2005. The company has made a provision of Rs 3.9 million in case the verdict is against the company**.**

(b) Shri J.C. Katyal Assistant was dismissed on 17.12.1987 after an enquiry. The Tribunal vide its award (part II) dated 28.04.2005, has awarded reinstatement with back wages with the lesser punishment of withholding two increments instead of dismissal. UTI AMC has filed a writ petition challenging the award of the Tribunal and the High Court has stayed the award of tribunal till further orders. In the event, the company looses the case, the company has estimated the financial liability at Rs. 2.5 million, which has been provided for.

Contingent Liabilities (Not provided for)

(a) Estimated liability for the CDRF cases pending in courts for the dispute pertaining to the schemes of UTI Mutual Fund. The estimated amount of such liability are as under :-

	Rs. In millions
30.09.2007	1.06
31.03.2007	1.00
31.03.2006	0.36
31.03.2005	6.20

(b) M/s M. N. Dastur & Company P. Ltd. Ex-Registrars & Transfer Agents filed a recovery suit of Rs. 31.95 million against UTI Asset Management Company P. Ltd., Administrators of SUUTI and UTI Trustee Company P. Ltd. in the year 2003 regarding termination of their agreement as registrars. UTI Asset Management Company has also filed a cross suit against them in the Bombay high Court for Rs. 13.71 million for lack of service. The case is due for final hearing. The company is confident that it will not have to pay anything and therefore no provision is made.

(c) A case is filed by AIUTEA against the company in respect of leftover Class III and Class IV staff on date demanding pension option. The Hon'ble presiding officer, CGIT, Mumbai has given the verdict dated 28th February 2007 for pension option. The matter has been taken with the Government of India, which has advised the company to seek legal opinion. The Company filed Writ Petition in the High Court, Bombay. The Hon'ble High Court stayed the order of the CGIT by an ad interim stay order. In the event the company looses the case, the liability will be of the government of India pursuant to the transfer agreement dated 15th January 2003 read with letter dated 30th September 2003.

(d) A Special Leave Petition is filed by M/s Bajaj Auto Ltd before Hon'ble Supreme Court of India against the final judgment and order dated 09/10/2006 of Hon'ble High Court, Bombay in the matter of winding up of UTI Growth & Value Fund – Bonus plan with effect from 01/02/2005 in pursuance to circular dated 12/12/2003 of SEBI. The matter is pending for arguments and final decision before the Hon'ble Court.

(e) There are 23 pending criminal cases against UTI Mutual Fund or key personnel relating to normal operation of UTI MF, such as non receipt of certificate after transfer, 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 the cases stay has been obtained.

(f) There are 35 cases pending against UTI AMC Ltd. in respect of HR related matters. In all the cases the prayer of the petitioner before the Hon'ble Court / Tribunal is to regularize their services in permanent employment of the organization and or seeking promotion from back date. In the event, such cases are finally adjudicated by the Hon'ble Court/Tribunal, there will not be any financial implication on the company except that the company may have to regularize their services.

(g) Income Tax Department raised notices on erstwhile Unit Trust of India for filing returns in respect of interest tax for years 1992-93 to 1999-2000. The Bombay High Court in 2001, decided in favour of erstwhile Unit Trust of India.

Income Tax Department filed a SLP in Supreme Court, which has been admitted but no relief was granted to I.T. Department. The case is yet to be heard. The company is of the view that it has strong grounds for winning the case.

In the event the case is decided against the company, which is unlikely, a liability concerning UTI MF schemes only may fall on UTI Asset Management Company, the amount of which is not determinable.

(h) The Service Tax department has raised a notice for an amount of Rs.13.01 millions in respect of excess service tax adjusted without applying for refund as per Rule (3). The company has made an appeal and it is due for final hearing. The company is confident that it will not have to pay anything and therefore no provision is made in the books of accounts.

(i) The Income Tax department has raised a demand of Rs. 79.26 millions under section 156 of the Income Tax Act, 1961 for the assessment year 2003-04 on the ground that expenditure incurred on day to day operations of the business should have been capitalised as the company was only in existence from 14.11.2002 to 31.03.2003. The Company has filed an appeal to Income Tax department against the said order claiming that the company was a running organization since the AMC company was formed by the "The Unit Trust of India (Transfer of undertaking and Repeal) Act, 2002 and every Officer and other employee of the Trust serving in the employment immediately before the appointed day were transferred to the company. The company is confident of wining the case and that it will not have any financial implications, hence no provision is made in the books of accounts.

8. Estimated amount of contract remaining to be executed on capital account and not provided for following years :-

	Rs. In millions
30.09.2007	28.05
31.03.2007	15.78
31.03.2006	0.07

31.03.2005	2.54
31.03.2004	2.84

9. Finance Lease

The company has taken building area admeasuring 91423.07 sq. ft. from SUUTI on sale basis. The land on which the building is erected belongs to MMRDA and the balance period of lease remaining is 66 years. The company in line with its depreciation policy is charging depreciation on building on Straight-line method as per rates prescribed in Companies Act 1956. The lease deed in favour of UTI AMC Ltd. with MMRDA is yet not executed.

10. Operating Leases

The company has taken office and residential premises under operating lease. These are generally cancelable at the option of the company. The lease payments recognized in the profit and loss account for the following years are :-

	Rs. In millions
30.09.2007	42.60
31.03.2007	125.95
31.03.2006	180.80
31.03.2005	202.99
31.03.2004	330.32

11. Segmental Reporting

The Company is primarily engaged in the investment management business and providing wealth management services. The wealth management services is not a “reportable segment” as per the definition contained in Accounting Standard on “Segment Reporting” (AS–17) issued by ICAI. Hence there is no separate reportable segment.

12. Related Party Transactions

As per the Accounting Standard on “Related Party Transactions” (AS–18) issued by ICAI, following are the related parties of the Company with whom transactions have been made in the ordinary course of business. The names of related parties are:

Relationship with the related parties	Names of related parties where control exists irrespective of whether transactions have occurred or not	Period
Shareholders and promoters	Life Insurance Corporation (LIC) State Bank Of India (SBI) Bank Of Baroda (BOB) Punjab National Bank (PNB)	Since inception
Subsidiaries	UTI Venture Funds Management Company Private Limited (100%)	30/09/2003 till date
	UTI International Ltd. (100%)	30/09/2003 till date
	UTI International (Singapore) Private. Ltd. (subsidiary of UTI International Ltd, Guernsey) (51%)	15/11/2006 till date
	UTI Investment Management Company (Mauritius) Ltd. (subsidiary of UTI International Ltd, Guernsey) (100%)	17/11/2006 till date

Relationship with the related parties	Names of related parties where control exists irrespective of whether transactions have occurred or not	Period
	UTI Private Equity Advisors (UPEA) Mauritius (Subsidiary of UTI Venture Funds Management Company Private Limited) (100%)	
Key Management Personnel (KMP)	M. Damodaran, CMD, UTI AMC Ltd.	From 28/01/2003 to 20/12/2004
	R. H. Patil, CMD, UTI AMC Ltd.	From 13/01/2005 to 13/01/2006
	U. K. Sinha, CMD, UTI AMC Ltd.	From 13/01/2006 till date
UTI Mutual Fund	Schemes of UTI Mutual Fund	
Amarchand Mangaldas & Shroff & Associates	Mr. S H. Bhojani, Non-Executive Director	From 28/01/2003 to 13/01/2006

Rs in Million

Sr. No	Name of Related Party	Nature of Transaction	30.09.07	2006 - 07	2005 - 06	2004 - 05	2002-04
1	State Bank of India	Interim Dividend	--	93.75	-	-	
2	State Bank of India	Proposed final Dividend	--	6.25	50.00	-	
3	State Bank of India	Issue of bonus shares	--	100.00	-	-	
4	State Bank of India	In respect of pre-operative expenses		-	5.50	-	
5	State Bank of India	Deposit of Amount on account opening (CRCC)	--	-	0.02	-	
6	Punjab National Bank	Interim Dividend	--	93.75	-	-	
7	Punjab National Bank	AMFI Training at PNB Hall	--	0.01	0.06	-	
8	Punjab National Bank	Staff Training	--	-	0.01	-	
9	Punjab National Bank	Proposed final Dividend	--	6.25	50.00	-	
10	Punjab National Bank	Issue of bonus shares	--	100.00	-	-	
11	Punjab National Bank	Deposit of Amount on account opening (CRCC)	--	-	0.01	-	
12	LIC	Rent and maintenance paid on premises	8.06	21.13	25.21	24.75	15.07
13	LIC	Gratuity Premium	0.68	0.36	0.41	2.63	
14	LIC	Leave Encashment Premium	18.65	6.86	6.75	6.17	
15	LIC	Interim Dividend	--	93.75	-	-	

Sr. No	Name of Related Party	Nature of Transaction	30.09.07	2006 - 07	2005 - 06	2004 - 05	2002-04
16	LIC	Group Insurance Premium	--	0.39	-	-	
17	LIC	Proposed final Dividend	--	6.25	50.00	-	
18	LIC	Issue of bonus shares	--	100.00	-	-	
19	Bank of Baroda	Interim Dividend	--	93.75	-	-	
20	Bank of Baroda	Proposed final Dividend	--	6.25	50.00	-	
21	Bank of Baroda	Issue of bonus shares	--	100.00	-	-	
22	UTI Mutual Fund	AMC Fees Received/ Receivable	1353.95	2,495.53	2,145.31	1,829.51	1780
23	UTI Mutual Fund	Scheme Expenses / Initial Issue Exp incurred	31.16	245.50	76.92	254.73	
24	Amarchand Mangaldas & Shroff and Associates	In respect of pre-operative expenses	--	-	5.90	-	143.35
25	Amarchand Mangaldas & Shroff and Associates	Professional Charges Paid	--	-	-	0.21	
26	UTI Mutual Fund	Investment in UTI Mutual Fund	3995.85	5468.05	4799.19	4072.87	2149.12
27	UTI Mutual Fund	Dividend on Investment	13.99	16.43	21.89	10.10	5.07
28	UTI Mutual Fund	Profit on Sale of UTI Mutual Fund	11.87	93.23	31.44	16.88	6.65
29	UTI Mutual Fund	Repurchase of Investment	3957.47	5298.11	3793.67	3856.10	1301.21
30	Ascent India Fund (managed by UTI Venture Fund Management Company Private. Ltd.)	Investment	85.76	96.38	393.00	-	
31	UTI India Technology Fund (managed by UTI Venture Funds Management Company Private Ltd.)	Investment	-	-	-	129.94	-
32	UTI India Technology Fund (managed by UTI Venture Funds Management Company Private Ltd.)	Redemption	-	-	58.80		19.15
33	UTI India Technology Fund (managed by	Loss on investment			4.50		1.46

Sr. No	Name of Related Party	Nature of Transaction	30.09.07	2006 - 07	2005 - 06	2004 - 05	2002-04
	UTI Venture Funds Management Company Private Ltd.)						
34	UTI International Ltd.	Marketing Fees	18.19	25.57	8.83		
35	Ascent India Fund (managed by UTI Venture Fund Management Company Private. Ltd.)	Compensating contribution		2.79			
36	UTI International Ltd.	Amount Receivable on account of sale of assets		0.54			
37	UTI International Ltd.	Investment		GBP 2 million			
38	UTI Venture Funds Management Co Private Ltd	Dividend		45			

13. Government of India is yet to declare the interest rate for the Employees Provident Fund. UTI AMC Ltd – EPF has declared interest @ 8.00% p.a. on the deposits of Employees Provident Fund subscribers for the year 2007-08. Even if the rate of interest is taken as 8.5% p.a., the previous benchmark EPFO rate, the size of the fund is enough to meet the liability of all employees as per the unaudited PF Trust Balance Sheet as at 30.09.2007.

14. The following amount has been paid on account of out of court settlement against the various schemes of Mutual Fund. The amount pertains to fraudulent encashment of warrants before February 2003.

	Rs. In millions
30.09.2007	5.27
31.03.2007	5.27
31.03.2006	4.65

15. Earnings per Share

Earnings per share at the year end are computed in accordance with Accounting Standard–20 issued by the Institute of Chartered Accountants of India.

The company issued bonus shares to its shareholders in the ratio of 4 shares for every 1 share held in the company. This resulted in increase in the equity share capital from Rs. 100 million to Rs. 500 million during the financial year 2006-07.

The Authorized share capital of the company was increased from Rs.750 million to Rs.1000 million as approved in the AGM held on September 18, 2007.

The shareholders at the second extra ordinary general meeting of UTI AMC Ltd held on 20th December, 2007 have approved issue of bonus Equity Shares in the proportion of 3 new Equity Shares for every 2 Equity Shares held and increase in the authorised share capital from Rs.1000 million to Rs. 2,000 million. As a result of this the paid up equity share capital of the company will be increased to Rs. 1,250 million subsequent to allotment of bonus shares. The adjusted EPS consequent to issue of potential Equity Shares is calculated as under

Rs in Million

	30.09.2007	2006-07	2005-06	2004-05	2002-04
Profit after Tax	693.9	1438.5	1716.2	726.7	1258.3
No of Equity Shares	125.00	125.00	125.00	125.00	125.00
Basic and Diluted EPS (Rs.)	5.55	11.51	13.73	5.81	10.07

Basic Earnings Per Share and Diluted Earnings Per Share are the same.

17. The company has a wholly owned subsidiary namely, UTI International Ltd., Guernsey. The company has invested Rs. 36.91 crores in the paid up share capital of UTI International as a long term investment. UTI International was running into losses and therefore the company made a provision of Rs. 8.20 crore for the diminution in the value of Investments as per the accounting standard-13 issued by ICAI following prudent accounting norms as on 31st March 2007. However, UTI International has made a profit of Rs.1.76 crore during the period ended 30th September 2007. On a conservative approach, management would like to review at the end of financial year ended 31.03.2008 after the Statutory Audit and will take a view regarding writing back in the books of accounts.

18. UTI AMC Ltd. paid to UTI Mutual Fund on account of initial issue expenses for UTI Gold ETF, Capital Protection Oriented Scheme & Long Term Advantage Fund. Out of it amount paid as agents commission was based on the registrars' certificate for the year 2006-07.

19. Consequent upon the observation of Comptroller & Auditor General Of India, during the course of their audit under Section 619(4) of the Companies Act 1956, the accounts and notes forming part of the accounts as approved by the Board of Directors in the Board meeting held on 25 May 2006 for the year 2005-06 were revised in accordance with the provisions of section 215 of the companies act. These changes resulted in increase in 'General Reserve' by Rs. 135.27 million and corresponding decrease in 'Balance of Profit and loss account', regrouping of PF contribution payable under 'Current liabilities' instead of 'Provisions', correct disclosures of the Earning per Share, quantity of shares of UTI International Ltd in the footnote of Investment Schedule and footnote with Interest income which is net of TDS of Rs. 8.26 million in terms of requirements of Schedule VI of the Companies Act 1956. These changes did not have any effects on the profit for the year 2005-06.

20. During 2004-05 the company has provided 10% of the wage pay as per the terms of the Trust Deed executed between the UTI AMC (P) Ltd. and the trustees of Pension Fund.

However the whole contribution was not paid to Life Insurance Corporation since the corpus of Pension Fund was sufficient to meet the pension liability as on 31st March 2005 as per actuarial valuation.

An amount of Rs. 10.62 millions was paid during 2006-07 to the Pension Trust as per the stipulation of the Trust Deed. The Company has followed the AS-15 of ICAI "Accounting for Retirement Benefits in the Financial Statements of Employers". (2005-06: Rs. 11.08 millions)

As per the A.S. 15 (revised) – employee benefits and actuarial valuation obtained from LIC of India for the period ending 30th September, 2007, the size of the pension fund is enough to meet the liability of pension. Hence, no provision has been made for the period. The amount of Rs.5.94 million paid as employer's contribution to the pension trust as per the stipulation of the Trust Deed has been shown as prepaid expenses.

21. The company paid an interim dividend of 75% on its share capital as per circular resolution dated 30th March 2007 and final dividend of 5% in the board meeting held on 28th June 2007, approved in the AGM for the year 2006-07. Accordingly the company transferred 10% of its net profit after tax to the general reserves as required by the Companies Act, 1956. (2005-06: 200% Dividend).

22. The company has made a provision of Rs. 69.78 million for staff cost as per the estimate made by it in the annual budget for the period ended 30th September 2007.

23. The liability of dividend and dividend distribution tax in the accounts of the period ended 30th September 2007 pertains to the year 2006-07 and was paid on 01.10.2007.

24. The name of the Company was changed from UTI Asset Management Company Private Limited to UTI Asset Management Company Limited consequent upon conversion of the Company from Private Limited to Public Limited vide Certificate of Incorporation dated 14th November 2007.

25. During the financial year 2002-2004, the company had a Voluntary Separation Scheme (VSS) 2003 which was funded by The Administrator of the Specified Undertaking of The Unit Trust of India to the extent of Rs. 1112.6 million which was termed as sponsor amount in terms of the Transfer Agreement dated 15/01/2003 executed between Government of India and Sponsors, the VSS amount was adjusted from the sale consideration paid by the Sponsors to the Government of India as per conditions stated in the said Transfer Agreement.

26. The Company has charged NPA Management Fees amounting to Rs. 2.13 crores on the appropriation of recoveries made in NPA accounts of erstwhile UTI as on 1st February 2003, now under Management of UTI Mutual Fund. The Fees is charged as per the rate of AMC Fees. The company has all probabilities of having this income in future also whenever further recoveries are appropriated in such accounts. The figure has been relied on the basis of certificate obtained from the Scheme Auditor.

27. During the year 2006-07, the Offshore Scheme Development Fund (OSDF) amounting to Rs 44.49 million shown under current liabilities, was incorporated into the books of UTI AMC Ltd. The above fund included long-standing excess dividend and corpus fund of Rs. 30 million earmarked for development of Offshore schemes. The corresponding investment has also been shown separately as Loans and Advances

For OM AGARWAL & Co
Chartered Accountants

For and on behalf of the Board of Directors

Thalendra Sharma
Partner
Mumbai

U. K. Sinha
Chairman & Managing Director

Anita Ramachandran
Director

Date: 20th December 2007

I. Rahman
Chief Financial Officer &
Company Secretary

UTI ASSET MANAGEMENT COMPANY LTD.

Summary of Restated Consolidated Profit & Loss Account

(Amount in Millions)

	Schedule	For the period ended 30th Sep 07	For the year ended 31st Mar 07	For the year ended 31st Mar 06	For the year ended 31st Mar 05	For the period ended 31st Mar 04 (16.5 Month)
Income						
Investment Management Fees		1770.0	3,817.8	3,689.3	3,111.8	3783.2
Income from Investments	**I**	178.1	170.5	127.0	88.0	68.4
Processing Fees		-	10.3	17.4	1.5	3.1
Other Income	**J**	87.0	97.4	87.2	84.1	20.8
TOTAL		**2035.1**	**4,096.0**	**3,920.9**	**3,285.4**	**3,875.5**
Expenses						
Employee Cost	**K**	496.0	772.4	697.4	611.2	762.9
Administrative & Other Expenses	**L**	391.2	945.4	775.5	931.4	1107.3
Interest		-	-	1.7	6.7	0.2
Depreciation		25.1	38.2	358.1	123.4	2.5
Bad debts		-	4.0	0.8	0.1	-
Diminution in the value of Investment		5.4	-	-	-	-
TOTAL		**917.7**	**1,760.0**	**1,833.5**	**1,672.8**	**1,872.9**
Profit before tax		**1,117.4**	**2,336.0**	**2,087.4**	**1,612.6**	**2,002.6**
Less: - Provision for tax						
Current year Tax		361.5	725.9	785.0	581.3	743.2
Deferred Tax		22.4	47.9	(64.1)	(3.1)	-6.2
Fringe Benefit Tax		6.4	9.9	9.5	-	-
Profit after tax		**727.1**	**1,552.3**	**1,357.0**	**1,034.4**	**1,265.6**
Adjustment for Pre Acquisition (Profits)/Loss Capitalised		-	8.2	-	-	-14.4
Adjusted Profit after Tax after Capitalisation		**727.1**	**1,560.5**	**1,357.0**	**1,034.4**	**1,251.2**
Add : Provision for Income Tax Written back		4.9	4.4	19.3		0.0
Adjusted Profit after Tax as per Audited Accounts - (A)		**732.0**	**1,564.9**	**1,376.3**	**1,034.4**	**1,251.2**
Minority Interest - (B)		1.0	-	-	-	**-**
Adjustments on account of Changes		-	(65.6)	390.4	(304.9)	27.9

	Schedule	For the period ended 30th Sep 07	For the year ended 31st Mar 07	For the year ended 31st Mar 06	For the year ended 31st Mar 05	For the period ended 31st Mar 04 (16.5 Month)
in accounting policy						
Impact on account of material adjustments & prior period accounts		-	11.2	(0.2)	8.8	-13.8
Total Adjustments		-	(54.4)	390.2	(296.0)	14.1
Tax Impact of the above		(10.2)	(18.3)	19.1	13.7	5.2
Total Adjustments - (C)		**10.2**	**(36.1)**	**371.1**	**(309.8)**	**8.9**
Adjusted Profit/ (Loss) for the year (A) + (B) + (C)		**743.2**	**1,528.8**	**1,747.4**	**7,24.6**	**1,260.1**
Balance brought forward from previous year		3,889.2	3,363.7	2,013.5	1,252.6	-
Adjustment of Pre share of acquisition		(6.0)	5.4	(18.2)	19.2	0.0
Adjusted Balance Brought forward (D)		**3,883.2**	**3,369.1**	**1,995.3**	**1,271.8**	**0.0**
Adjusted Profit / (Loss) carried to appropriation (A + B + C + D)		**4,626.4**	**4,897.9**	**3,742.7**	**1,996.4**	**1,260.1**
Less : APPROPRIATIONS						
Interim Dividend		-	375.0	-	-	**-**
Proposed Dividend		-	25.0	200.0	-	6.0
Tax on Proposed Dividend		-	60.3	30.9	0.8	0.8
Transfer to General Reserve		-	154.0	142.7	0.3	0.7
Profit & Loss Balance Carried Forward to Balance Sheet		**4,626.4**	**4,283.6**	**3,369.1**	**1,995.3**	**1,252.6**
Restated Basic and Diluted Earning per Share of Rs. 10 each		**5.95**	**12.23**	**13.98**	**5.80**	**10.08**
(Refer Note 15 of Schedule M)						
Weighted Average number of shares		125	125	125	125	125
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	**M**					

UTI ASSET MANAGEMENT COMPANY LTD.

Summary of Restated Consolidated Assets and Liabilities

(Amt in millions)

	Schedule	As at 30th Sept 2007	As at 31st March 2007	As at 31st March 2006	As at 31st March 2005	As at 31st March 2004
SOURCES OF FUNDS						
Shareholder's Funds:						
Share Capital	**A**	500.0	500.0	100.0	100.0	100.0
Reserves and Surplus	**B**	4,927.2	4,205.2	3,504.3	1,997.0	1,254.2
Minority Interest		77.1	-	-	-	-
TOTAL		**5,504.3**	**4,705.2**	**3,604.3**	**2,097.0**	**1,354.2**
APPLICATION OF FUNDS						
Fixed Assets						
Gross Block		1,157.6	1,108.8	560.3	510.1	12.6
Less : Depreciation		107.0	81.6	485.7	461.6	4.6
		1,050.6	1,027.2	74.6	48.5	8.0
Add : Capital Work in Progress		3.3	17.8	6.7	5.7	2.8
Net Block		**1,053.9**	**1,045.0**	**81.3**	**54.2**	**10.8**
Investments	**C**	**3,277.2**	**3,145.6**	**2,853.7**	**1,377.4**	**980.1**
Goodwill on Consolidation		**47.4**	**50.5**	**18.7**	**19.8**	-
Current Assets, Loans & Advances						
Sundry Debtors	**D**	443.9	240.3	149.4	50.1	70.4
Cash & Bank Balances	**E**	605.1	548.5	511.9	793.7	623.9
Interest Accrued on Investments		24.2	12.3	14.2	15.2	13.6
Loans & Advances	**F**	1,025.5	1,490.1	1,326.9	802.1	982.6
		2,098.7	2,291.2	2,002.4	1,661.1	1,690.5
Less : Current Liabilities & Provisions						
Current Liabilities	**G**	513.3	1,031.1	347.8	394.0	484.9
Provisions	**H**	464.6	823.4	1,079.4	632.9	850.7
		977.9	1,854.5	1,427.2	1,026.9	1,335.6

	Schedule	As at 30th Sept 2007	As at 31st March 2007	As at 31st March 2006	As at 31st March 2005	As at 31st March 2004
Net current Assets		**1,120.8**	**436.7**	**575.2**	**634.2**	**354.9**
Deferred Tax Asset (Net)		**5.0**	**27.4**	**75.4**	**11.4**	**8.4**
TOTAL		**5,504.3**	**4,705.2**	**3,604.3**	**2,097.0**	**1,354.2**
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	**M**					

UTI ASSET MANAGEMENT COMPANY LTD.

Summary of Restated Consolidated Cash Flow Statement

(Amount in millions)

	For the period ended 30th Sept 2007	For the year ended 31st March 2007	For the year ended 31st March 2006	For the year ended 31st March 2005	For the period ended 31st March 2004 (16.5 months)
CASH FLOW FROM OPERATING ACTIVITIES					
Net profit & Loss Before Taxation	1118.3	2281.7	2477.7	1316.6	2016.7
Adjustments for					
Depreciation	25.1	38.2	358.1	123.4	2.6
Loss on Sale of Fixed Assets	-	-	0.1	-	0.2
Profit/Loss on sale on Investments	-133.0	-105.9	-52.1	-29.0	25.2
Interest and Dividend	-45.0	-64.6	-74.9	-88.0	43.2
Diminution in Value of Investments	5.4	-	-	-	-
Provision for PF Interest	-	-	-	-	7.4
Provision for Gratuity	-	-	0.1	3.1	2.9
Provision for Leave Encashment	16.0	0.3	7.5	6.3	81.0
Operating Profit before working Capital Changes	**986.8**	**2,149.7**	**2,716.5**	**1,332.4**	**2,179.2**
Adjustment for changes in working capital					
(Increase)/Decrease in Loan & Advances	767.7	676.5	317.4	779.6	-236.0
(Increase)/Decrease in Sundry Debtors	-203.6	-90.9	-99.2	20.0	-70.4
(Increase)/Decrease in Interest Accrued on Inv.	-11.9	1.9	0.9	-1.6	-13.6
Increase/(Decrease) in Current Liabilities	-517.7	683.3	-46.2	-90.9	484.9
Increase/(Decrease) in Provisions	-727.7	-969.4	-355.3	-822.2	8.9
Minority Interest	77.1	-	-	-	-
Cash Generated from	**370.7**	**2,451.1**	**2,534.1**	**1,217.5**	**2,353.0**

		For the period ended 30th Sept 2007	For the year ended 31st March 2007	For the year ended 31st March 2006	For the year ended 31st March 2005	For the period ended 31st March 2004 (16.5 months)
Operations						
Less Direct Taxes Paid		-303.1	-839.6	-842.3	-599.1	-746.6
Cash Flow before Extraordinary Items		**67.6**	**1611.5**	**1,691.8**	**618.4**	**1,606 .4**
Extraordinary Items						
Net Cash Flow after Extraordinary items and net cash from Operating Activities	**A**	**67.6**	**1611.5**	**1691.8**	**618.4**	**1606.4**
CASH FLOW FROM INVESTING ACTIVITIES						
(Purchase)/Sale of Fixed Assets		-34.0	-1002.0	-385.3	-166.7	-13.4
(Purchase)/Sale of Investment		-134.2	-315.5	-1475.3	-397.9	-1063.1
Dividend/Interest from Investments Received		45.0	64.6	74.9	88.0	-
Profit and Other Income from Investments		133.0	105.9	52.1	29.0	-
Net Cash used in Investing Activities	**B**	**9.8**	**(1,147.0)**	**(1,733.6)**	**(447.6)**	**(1,076.5)**
CASH FLOW FROM FINANCING ACTIVITIES						
Proceeds from issue of Share Capital		-	-	-	-	100.0
Dividend & Dividend Distribution Tax for the year		-	-460.3	-230.8	-1.0	-6.8
Net cash generated from financing activities	**C**	**-**	**(460.3)**	**(230.8)**	**(0.8)**	**93.2**
Effect of foreign exchange fluctuations	**D**	**-20.8**	**32.4**	**-9.2**	**(0.2)**	**0.8**
Net Increase/ decrease in cash and cash equivalent (A+B+C+D)		**56.6**	**36.6**	**(281.8)**	**169.8**	**623.9**

	For the period ended 30th Sept 2007	For the year ended 31st March 2007	For the year ended 31st March 2006	For the year ended 31st March 2005	For the period ended 31st March 2004 (16.5 months)
Opening Cash and cash equivalent	548.5	511.9	793.7	623.90	-
Closing Cash and cash equivalent	**605.1**	**548.5**	**511.9**	**793.7**	**623.9**

UTI ASSET MANAGEMENT COMPANY LTD.

SCHEDULES FORMING Statement of Restated Consolidated Assets and Liabilities

SCHEDULE A

(Amt in millions)

	As at 30th Sept 2007	As at 31st March 2007	As at 31st March 2006	As at 31st March 2005	As at 31st March 2004
SHARE CAPITAL					
(1) Authorised Share Capital *					
Equity Shares of Rs. 10/- each	1,000.0	750.0	100.0	100.0	100.0
(2) Issued Subscribed & Paid up Capital					
Equity Shares of Rs. 10/- each fully paid up	500.0	500.0	100.0	100.0	100.0
	500.0	**500.0**	**100.0**	**100.0**	**100.0**

*' * ' The Authorised capital of the company was increased to 100 million Equity Shares of Rs.10 each pursuant to resolution passed in the general meeting on 18.09.2007*

SCHEDULE B

(Amt in millions)

	As at 30th Sept 2007	As at 31st March 2007	As at 31st March 2006	As at 31st March 2005	As at 31st March 2004
RESERVE & SURPLUS					
Foreign Currency Translation Reserve	3.1	23.9	(8.5)	0.7	0.9
Profit and Loss Account					
Balance carried from P&L Account	4,626.4	4,283.6	3,369.1	1,995.3	1,252.6
Less. Transfer for capitalisation for Bonus Shares	-	400.0			
Balance in Profit and Loss Account	**4,626.4**	**3,883.6**	**3,369.1**	**1,995.3**	**1,252.6**

	As at 30th Sept 2007	As at 31st March 2007	As at 31st March 2006	As at 31st March 2005	As at 31st March 2004
General Reserve					
Opining Balance	-	143.7	1.0	-	-
Add: Transfer from Profit & Loss Account	-	154.0	142.7	-	-
Balance in General Reserve	297.7	297.7	143.7	1.0	0.7
	4,927.2	**4,205.2**	**3,504.3**	**1,997.0**	**1,254.2**

UTI ASSET MANAGEMENT COMPANY LTD.

SCHEDULES FORMING Statement of Restated Consolidated Assets and Liabilities

SCHEDULE C

(Amt in millions)

	As at 30th Sept 2007	As at 31st March 2007	As at 31st March 2006	As at 31st March 2005	As at 31st March 2004
INVESTMENT					
A. Long Term Investments					
1. Long Term Unquoted Investments					
a. Units of Venture Fund - At Cost					
UTI India Technology Venture Unit Scheme	52.0	52.0	52.0	110.8	-
Ascent India Fund	575.4	489.7	393.0	-	-
Ascent India Limited (Mauritius)	-				
b. Non Convertible Debentures					
6% Unsecured non convertible Bond of Syndicate Bank	50.0	50.0	50.0	50.0	50.0
c. Investment in Bonds	-	-	-	-	-
UTI Bank Tier II Bonds	100.0	100.0	100.0	-	-
6.15 % Unsecured Redeemable non convertible Bonds of Indian bank	50.0	50.0	50.0	50.0	-
d. Units of Mutual Fund- At Cost					
UTI Bond Fund	-	-	-	13.9	114.2
UTI Bond Advantage Fund	-	-	50.0	50.0	-
Liquid Cash Institutional Growth	-	141.8	-	-	-
UTI Liquid Plus Institutional - Bonus Plan	50.0	50.0	-	-	-
UTI Liquid Fund Plus Institutional Growth	681.1	-	-	-	-
UTI-FTIF - Series 1 - Plan 18 Q3	-	300.0	-	-	-
UTI-FTIF - Series 1 - Plan 18 - Q4	-	250.0	-	-	-
UTI FTIF Series II Plan 16 (Growth)	150.0	150.0	-	-	-
UTI FTIF Series II Plan 16 (Institutional Growth)	-	100.0	-	-	-
UTI YFMP Aug-06	-	250.0	-	-	-
UTI YFMP Mar-07	200.0	200.0	-	-	-
UTI YFMP Sept-06	-	200.0	-	-	-
UTI Fixed Income Int Ann Plan -I Inst Div	50.0	-	-	-	-
UTI Fixed Income Int Ann Plan -II Inst Gr	100.0	-	-	-	-

	As at 30th Sept 2007	As at 31st March 2007	As at 31st March 2006	As at 31st March 2005	As at 31st March 2004
UTI Fixed Income Int Ann Plan -III Inst Gr	200.0	-	-	-	-
UTI FTIF Series III GR	250.0	-	-	-	-
UTI Floating Rate Fund STP	100.0	-	-	-	-
UTI FTIF Series II Plan 16 Inst Gr	100.0	-	-	-	-
e. Other Investments	-	-	-	-	-
The India IT Fund Ltd					
Investment in Subsidiary Company		0.4	0.4	-	-
2. Long Term Quoted investments	-	-	-	-	-
Equity Shares of Rain Commodities Ltd	24.0	24.0	-	-	-
B. Short Term Investments					
1. Short Term Investment (Unquoted)-At Cost or NAV which ever is lower					
Units of Mutual Funds	-	-	-	-	-
Grindlays GSSIF STP Inst	-	-	-	-	21.2
HDFC Premier Multicap	-	-	-	10.0	-
Reliance Equity Opportunities	-	-	-	9.9	-
Gilt Advantage LTP Dividend	-	-	-	40.0	-
Gilt Advantage STP Dividend	-	-	-	11.0	-
UTI Quarterly Fixed Maturity Plan	100.0	100.0	900.0	300.0	-
UTI Quarterly Fixed Maturity Plan Feb 07	-	50.0	-	-	-
UTI Fixed Maturity Plan - Growth	-	-	18.0	-	-
UTI FMP (Half yearly)	-	20.0	-	-	-
UTI FMP - 0207	-	17.5	-	-	-
UTI FMP - 0307	-	26.0	-	-	-
UTI Liquid Cash Plan	-	0.2	-	-	-
UTI G-Sec Short Term Plan	-	-	-	137.9	304.0
Pru ICICI Floating Rate Plan Growth	-	-	-	-	8.1
UTI Growth Sector Fund	-	-	-	-	7.5
UTI Master Value Fund	-	-	-	-	3.4
UTI Liquid Cash Plan	-	-	615.8	2.5	34.5
UTI Liquid Short Term Plan	-	-	86.2	81.3	9.7
UTI Liquid Plan - Regular Growth	-	12.4	-	-	-
UTI Liquid Plan - Institutional Weekly income	68.4	140.4	-	-	-
UTI Venture Invts	65.9	-	-	-	-
Invt in HFMP - May 07	50.0	-	-	-	-
UTI Money Market Fund	15.0	207.9	13.4	13.8	96.0
Floating Rate Fund Dividend	-	-	423.3	182.7	-
UTI Liquid Cash Plan- Institutional	-	-	-	313.6	301.4
UTI Liquid Short Term Plan- Institutional	-	-	-	-	20.1

	As at 30th Sept 2007	As at 31st March 2007	As at 31st March 2006	As at 31st March 2005	As at 31st March 2004
Rs					
UTI Liquid Plus Inst Monthly Income	64.1	-	-	-	-
Deutsche Floating Rate fund	-	-	20.6	-	-
HDFC FMP Instl Plan	-	-	10.0	-	-
ING Vysya ATM Fund	-	-	2.5	-	-
LIC MF Fixed Maturity Plan	-	-	10.0	-	-
Reliance Equity Fund	-	-	20.0	-	-
UTI Contra Fund	-	-	18.5	-	-
LIC MF Fixed Maturity Plan	-	10.0	-	-	-
Lotus Mutual fund	-	10.1	-	-	-
Reliance Vision Fund	-	2.0	-	-	-
UTI SPrEAD Fund	100.0	100.0	-	-	-
UTI Leadership Equity Fund	-	-	10.0	-	-
3. Quoted Short term Investments					
Quoted Short term Investments of UTI Venture Funds Management Company Private Limited	81.3	17.0	-	-	-
4. Advance for Investments	-	24.2	10.0	-	-
	3,277.2	**3,145.6**	**2,853.7**	**1,377.4**	**980.1**

UTI ASSET MANAGEMENT COMPANY LTD.

SCHEDULES FORMING Statement of Restated Consolidated Assets and Liabilities

SCHEDULE D

(Amt in millions)

	As at 30th Sept 2007	As at 31st March 2007	As at 31st March 2006	As at 31st March 2005	As at 31st March 2004
SUNDRY DEBTORS (Unsecured considered good)					
Debts outstanding for more than six months					
Other debts	443.9	240.3	149.4	50.1	70.4
	443.9	**240.3**	**149.4**	**50.1**	**70.4**

SCHEDULE E

(Amt in millions)

	As at 30th Sept 2007	As at 31st March 2007	As at 31st March 2006	As at 31st March 2005	As at 31st March 2004
CASH AND BANK BALANCE					
Cash in Hand	1.7	`	0.3	0.1	0.5
Cash at Bank	-	-		-	
In Current Accounts	328.4	268.2	138.1	174.8	50.4
In Deposit Accounts (Out of this Rs 2050 lakhs is pledged for secured loan with bank)	275.0	280.0	373.5	618.8	573.0
	605.1	**548.5**	**511.9**	**793.7**	**623.9**

SCHEDULE F

(Amt in millions)

	As at 30th Sept 2007	As at 31st March 2007	As at 31st March 2006	As at 31st March 2005	As at 31st March 2004
LOANS AND ADVANCES					
a. Considered Good				-	-
Advances recoverable in cash or in kind	287.7	206.1	119.7	92.6	160.7

	As at 30th Sept 2007	As at 31st March 2007	As at 31st March 2006	As at 31st March 2005	As at 31st March 2004
Loan to UTI Employees Credit Co-op Society	12.6	13.3	14.7	10.0	-
OSDF Investment in Floating rate fund	52.9	44.5	-	-	-
OSDF India Growth Fund Invt in Floating Rate Fund	-	23.3	-	-	-
VSS Fund - Liquid Cash Plan Instt - Growth	106.9	110.1	112.0	-	-
Loans and Advances to Employees	235.9	234.2	225.6	92.6	74.7
Deposits	26.4	18.9	12.6	7.8	0.6
Advance Income Tax & Tax Deducted at Source	303.1	839.7	842.3	599.1	746.6
	1,025.5	**1,490.1**	**1,326.9**	**802.1**	**982.6**
b. Considered Doubtful					
Loans and Advances to Employees	-	-	0.1	-	-
Less: Provisions for Doubtful Debts	-	-	0.1	-	-
	1,025.5	**1,490.1**	**1,326.9**	**802.1**	**982.6**

SCHEDULE G

(Amt in millions)

	As at 30th Sept 2007	As at 31st March 2007	As at 31st March 2006	As at 31st March 2005	As at 31st March 2004
CURRENT LIABILITIES					
Sundry creditors	316.7	440.6	343.3	393.6	476.3
Security Deposits	7.6	8.1	3.8	-	-
Dividend Payable	25.0	375.0	-	-	-
Dividend distribution tax on dividend	4.2	52.6	-	-	-
VSS Liability Fund	106.9	110.2	-	-	-
Other Liabilities	52.9	44.6	0.7	0.4	8.6
	513.3	**1,031.1**	**347.8**	**394.0**	**484.9**

SCHEDULE H

(Amt in millions)

	As at 30th Sept 2007	As at 31st March 2007	As at 31st March 2006	As at 31st March 2005	As at 31st March 2004
PROVISIONS					
Provision for PF Interest	-	-	-	-	7.4
Provision for Gratuity	0.7	-	0.1	3.1	2.9
Provision for Leave Encashment	16.0	0.4	7.5	6.3	81.0
Provision for Income Tax	435.3	778.4	828.2	617.8	752.6
Provision for Legal Cases	6.6	6.6	3.9	4.8	-
Provision for Proposed Dividend	-	25.0	200.0	-	6.0
Provision for Tax on Proposed Dividend	-	4.2	30.9	0.9	0.8
Provision for Fringe Benefit Tax	6.0	8.8	8.8	-	-
	464.6	**823.4**	**1,079.4**	**632.9**	**850.7**

UTI ASSET MANAGEMENT COMPANY LTD.

Statement of Restated Consolidated Profit & Loss Account

SCHEDULE I

(Amt in millions)

	30th Sept 2007	31st March 2007	31st March 2006	31st March 2005	31st March 2004 (16.5 mths)
Income from Investments					
Dividend - Gross	18.1	18.2	22.3	16.3	5.1
Interest Gross	27.0	46.4	52.6	42.7	38.1
Other Income from Investments	133.0	105.9	52.1	29.0	25.2
	178.1	**170.5**	**127.0**	**88.0**	**68.4**

SCHEDULE J

(Amt in millions)

	30th Sept 2007	31st March 2007	31st March 2006	31st March 2005	31st March 2004 (16.5 mths)
Other Income				-	-
Investor Service Fees	2.1	4.1	4.9	2.4	1.7
Marketing and Fund Reporting Fees	-	0.4	0.2	0.3	0.1
Commission on Loan Note Issues	-	-	-	19.2	16.2
Interest on Staff Advances	5.9	11.9	7.9	4.0	0.4
Management fees	59.7	24.4	8.0	-	-
India Access Surplus Cash on Liquidation	-	-	1.1	-	-
India Debt Opportunities Time Structuring Fees	-	-	1.1	-	-
Sponsorship Fees	-	-	-	1.6	-
Commission on issue of shares	9.8	10.5	3.7	9.0	-
Trailer Commission	-	0.7	19.9	1.3	-
Excess Provision written back	0.5	1.9	25.6	43.3	-
Forex Gain Loss	-	1.6	(0.5)	0.5	-
Miscellaneous Income	1.2	10.6	15.3	2.5	2.4
Loan to UTI ECCSL	0.4	0.8	-	-	-
Commission on Managed Funds	1.7	8.7	-	-	-

	30th Sept 2007	31st March 2007	31st March 2006	31st March 2005	31st March 2004 (16.5 mths)
Almadina Advisory Fees	5.7	13.1	-	-	-
Structuring fee to setup UTI Indigo Fund	-	8.7	-	-	-
	87.0	**97.4**	**87.2**	**84.1**	**20.8**

SCHEDULE K

(Amt in millions)

	30th Sept 2007	31st March 2007	31st March 2006	31st March 2005	31st March 2004 (16.5 mths)
EMPLOYEE COST					
Salaries	439.0	691.4	596.5	510.3	645.4
Staff Welfare Expenses	30.2	52.5	52.1	56.9	44.3
Contribution to PF, Gratuity and Leave Encashment	26.8	28.5	48.5	44.0	73.2
Discount on Housing Loan - Benefit			0.3	-	
	496.0	**772.4**	**697.4**	**611.2**	**762.9**

SCHEDULE L

(Amt in millions)

	30th Sept 2007	31st March 2007	31st March 2006	31st March 2005	31st March 2004 (16.5 mths)
Administrative & Other Expenses					
Advertisement	3.0	8.3	34.5	30.6	206.1
Auditors Remuneration	6.2	9.1	5.2	2.1	2.0
Board Meeting Expenses	1.5	0.6	0.8	2.3	1.6
Travelling Board Members	1.6	1.5	1.6	-	-
Commission on Loan Note Issues	1.5	3.9	13.4	13.6	7.1
Fund Management & Administration Fees	27.8	13.4	10.8	5.8	3.8
Administration & Secretarial Fees	-	25.0	27.5	4.1	2.1
Books & Newspapers	0.9	1.9	2.1	2.9	9.7
Business Promotion	19.8	28.7	66.8	90.7	73.7
Computer Consumables & Maintenance	1.6	7.7	5.2	3.4	1.8
Directors Sitting Fees	1.9	3.2	1.2	1.1	0.6
Electricity Charges	16.8	28.0	30.1	37.0	48.1

	30th Sept 2007	31st March 2007	31st March 2006	31st March 2005	31st March 2004 (16.5 mths)
Professional Indemnity Insurance	-	-	-	0.7	0.7
Foreign Exchange Loss	(1.1)	-	-	-	0.6
Net Loss on Sale of Vehicle	-	-	-	-	0.2
Insurance	9.7	9.3	5.7	3.6	0.3
Lease Rent On Usage of Assets	10.9	67.3	127.3	155.4	276.0
Legal & Professional Fees	74.5	114.3	44.1	36.5	24.2
Local Conveyance & Allowances	2.8	4.6	3.8	1.2	6.9
Membership Fees & Subscription	9.8	21.5	34.9	23.4	23.7
Miscellaneous Expenses	6.6	12.5	10.4	17.9	12.8
Postage & Courier	7.9	23.4	21.2	14.9	14.1
Printing & Stationery	4.6	12.2	10.1	10.0	12.5
Rates & Taxes	5.9	5.3	1.7	0.6	0.8
Rent	43.2	70.6	57.5	50.6	58.7
Repairs & Maintenance	30.0	90.6	84.0	65.8	89.5
Scheme Expenses	31.2	245.5	76.9	254.7	144.3
Security Charges	3.1	8.9	7.5	10.6	13.8
Telephone & Fax	16.1	27.1	20.4	23.5	21.8
Tour & Travels & Entertainment	32.1	48.9	37.6	47.1	41.7
Vehicle Expenses	5.0	9.8	10.3	7.2	6.8
Bank and Custodian Charges	-	0.1	0.4	0.2	0.1
Training Expenses	-	-	0.2	0.9	0.5
Investor Meet Expenses	-	-	-	-	0.7
Filing fees	9.5	2.7	0.1	0.5	-
Provision for Legal Expenses	-	-	-	4.8	-
Charitable Donations	-	-	1.0	5.6	-
Retainer Fees Bunting	-	-	2.8	2.1	-
Pre operative Expenses	-	-	7.8	-	-
Loss on Sale / Destruction of Assets	-	-	0.1	-	-
Mauritius Advisory Fees	-	5.1	-	-	-
Overseas Fund Raising Expenses	6.8	34.4	10.5	-	-
	391.2	**945.4**	**775.5**	**931.4**	**1,107.3**

SCHEDULE M

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE RESTATED CONSOLIDATED ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Accounting Convention

The consolidated financial statement is prepared under the historical cost convention and income & expenses are recognised on accrual basis.

1.2 Use of estimates

The preparation of financial statement requires the Management to make estimates and assumptions that effect the reported balances of assets and liabilities and disclosure relating to contingent liabilities as at the date of financial statement and reported amount of income and expenses during the year. Example of such estimate include provision of doubtful debts, provision for legal cases, provision for variable pay, provision for Income tax & Wealth Tax, provision written back and the useful life of the fixed assets. The estimate and assumption used in accompanying financial statements are based upon Management's evaluation of the relevant facts and circumstances as of the date of financial statements. Actual results may differ from those estimates. Any revision to accounting estimate is recognised prospectively in current and future periods.

1.3 Basis of Preparation of Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with Accounting Standard – 21 "Consolidated Financial Statements" and AS-25, Interim Financial reporting `issued by the Institute of Chartered Accountants of India ('ICAI').

The financial statements are prepared in accordance with the principles and procedures required for preparation and presentation of consolidated financial statements as laid down under the Accounting Standard on Consolidated Financial Statements issued by ICAI. The financial statements of the parent company, UTI AMC Ltd and its subsidiaries, UTI Venture Funds Management Company Private Ltd and UTI International Ltd have been combined on line-by-line basis by adding together book value of like items of assets, liabilities, income and expenses after eliminating intra-group balances and transactions and resulting unrealized gain/loss. Goodwill/Capital Reserve has been recorded to the extent of difference between cost of acquisition and fair value of the net assets in the acquired company at the date of acquisition. Exchange differences resulting from difference due to transactions of foreign currency assets and liabilities in foreign subsidiaries is disclosed as foreign currency translation reserve. The foreign operations of subsidiary, UTI International Ltd has been accounted for as per AS 11(2003) (Revised) taking the same as Non-Integral Foreign Operation. The consolidated financial statements are prepared applying uniform accounting policies in use at UTI AMC Ltd, UTI Venture Funds Management Company Private Ltd and UTI International Limited. Wherever, there is difference in accounting policy followed, the same has been appropriately disclosed.

1.4 Revenue Recognition

Management fees are accounted for on accrual basis in accordance with the Investment Management and Advisory Agreement with UTI Trustee Company Private Limited, Service Agreement with the Administrator of the Specified Undertaking of Unit Trust of India (SUUTI) and the agreements with the Clients of the Wealth Management Division of UTI AMC Ltd. It is based on the unaudited net asset value as recorded by the Schemes of UTI Mutual Fund. Fees from SUUTI is charged based on mutual agreement. Management Fees from Portfolio Management Services is charged on the basis of agreement with the clients based on the unaudited portfolio values recorded by the Wealth management division of UTI AMC Ltd.

Dividend and interest income is a accounted on accrual basis.

Profit/ Loss on sale of investment is accounted on trade date basis. The profit/loss on sale of investments is calculated on weighted average basis.

NPA Management fees are charged for the services rendered towards recoveries of NPA assets transferred from erstwhile UTI to schemes as per rate approved for the AMC fees on the basis of appropriation of recoveries made in NPA accounts.

In case of UTI International Private Ltd., revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Management fees, investor services fees, structuring fees, marketing and fund reporting fees, bank deposit interest, commissions on loan note issues, trailer commission and commission on issuance of shares are recognised in on an accrual basis.

In case of UTI Venture Funds Management Company Private Ltd, the processing fees are recognised when they contractually accrue as per the terms of the agreement.

1.5 Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

1.6 Depreciation

Tangible Assets

Depreciation on Fixed Assets of the parent company is provided in the manner prescribed in Schedule XIV of the Companies Act, 1956. Depreciation has been provided at the following rates-:

CLASS OF FIXED ASSET	METHOD OF DEPRECIATION	RATE OF DEPRECIATION (%)
Computer Hardware	Written Down Value	40.00%
Office Equipment & Machines	Written Down Value	13.91%
Furniture's & Fixtures	Written Down Value	18.10%
Motor Cars	Written Down Value	25.89%
Building on leasehold land	Straight Line	1.63%

In case of UTI AMC Limited assets costing individually Rs. 5000/- or less are depreciated at the rate of 100% on pro rata basis.

In case of UTI International Ltd, Depreciation on tangible fixed assets is calculated at 25% straight line so as to write-off the cost of fixed assets over their anticipated useful lives.

In case of UTI Venture Funds Management Company Private Ltd., depreciation on fixed assets is provided on straight-line basis so as to recover their cost over their estimated useful life, which has been determined as follows:

Category	Years
Office Equipment	5
Furniture & Fixtures	10
Computer equipment	3

In case of UTI Venture Funds Management Company Private Ltd, assets with individual cost not exceeding Rs.5000/- are fully depreciated in the year of purchase.

Intangible Assets

In case of UTI AMC Ltd., Software are amortized over a period of three years on straight line method on pro rata basis. Asset Management Rights have been fully amortized in the year of acquisition. In case of UTI Venture Funds Management Company Private Ltd., leasehold improvements are amortized over the period of lease.

Impairment

At each balance sheet date, the management reviews the carrying amounts of assets to determine whether there is any indication that those assets were impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is higher of an asset's net selling price and the value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and the risks specific to the asset.

Reversal of impairment loss is recognized immediately as income in the profit and loss account.

1.7 Investments

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

Long term investments are stated at cost. Provision for diminution is made to recognize a decline, other than of temporary nature, in the value of such investments.

1.8 Transactions in Foreign Currency

Transactions in foreign currency are accounted for at the rate of exchange prevailing at the date of the transaction. The company has a 100% owned subsidiary UTI International Ltd. in Guernsey, UTI Investment Management Company (Mauritius) Ltd. Ltd (subsidiary of UTI International Limited, Guernsey) and a 51% owned subsidiary UTI International (Singapore) Private Ltd (subsidiary of UTI International Limited, Guernsey) which is treated as Non-Integral Foreign Operation as per definition under Accounting Standard 11 "The effect of changes in foreign exchange rates" (Revised) issued by ICAI. The amount payable as marketing fees to the subsidiary in respect of offshore funds is converted into INR for the period it is payable at the periodic average rate. While consolidating the balances of UTI International Ltd, income and expenses are translated at average exchange rate for the period. All assets and liabilities are translated at the period-end exchange rates for non-integral foreign operations in accordance with AS-11 (Revised) (2003) "The Effects of Changes in Foreign Exchange Rates". Net Exchange Difference is carried forward to Foreign Currency Translation Reserve.

<u>Transactions in UTI International Limited :</u>

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) ***Conversion***

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) ***Exchange Differences***

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise except those arising from investments in non-integral operations. Exchange differences arising on a monetary item that, in substance, form part of company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognised as income or as expenses.

1.9 Retirement Benefits

The contribution to the Provident Fund is made as per UTI AMC Provident Fund Regulations and as such are charged to the Profit and Loss account.

Provisions on account of Gratuity and Leave Encashment of eligible employees are made based on the actuarial valuation done at the period-end. Company's contribution in the case of Gratuity and Leave Encashment are funded annually with the Life Insurance Corporation of India under the respective schemes, based on the actuarial valuation.

The company has provided the liability for pension as per the AS-15 (Revised 2005) Employee Benefits. The contribution is made in accordance with UTI AMC Pension Fund Trust Deed and as per the actuarial valuation is given by the LIC for the period ending 30th September for this purpose.
Payment towards encashment of leave and contribution to Pension Fund and Provident fund pertaining to Chairman and Managing Director of UTI AMC Ltd is governed as per the terms and conditions of deputation letter issued by the Ministry of Finance, Government of India.

In case of UTI International Limited, operations of the Company are generally administered by the officers deputed by UTI AMC Ltd on a secondment basis. Retirement and other employee benefits of these officers are borne by UTI AMC Ltd. Accordingly, the company has no liability towards the retirement and other employee benefits including gratuity and long term compensated absences. Short term compensated absences are provided for on based on estimates. The company reimburses to UTI AMC Ltd, the employer share of Provident Fund Contribution (defined contribution scheme) in respect of the certain officers on secondment, which are charged to the Profit & Loss Account for the period.

In case of UTI Venture Funds Management Private Ltd contributions to the Provident Fund & Superannuation are charged to the Profit & Loss Account on accrual basis, liability towards gratuity and leave encashment is ascertained based on independent actuarial valuation at the year end. In the interim periods, these liabilities are provided for on management estimates. The actuarially determined liabilities at the previous year end and events during the interim period form the basis of such estimates. Payment towards encashment of leave and contribution to Pension Fund and Provident Fund pertaining to CEO and Managing Director of the company is governed by the terms and conditions of deputation letter issued by the Ministry of Finance, Government of India.

1.10 Earning per Share

Basic and Diluted Earnings per share are reported in accordance with AS 20 'Earnings per Share' issued by the ICAI. Basic and Diluted Earnings per equity share has been computed by dividing net profit after tax by weighted average number of Equity Shares outstanding for the year. The basic earnings per share and diluted earnings per share are the same.

1.11 Scheme Expenses

Expenses of the Schemes of UTI Mutual Fund in excess of the stipulated rates prescribed by SEBI (Mutual Fund) Regulations 1996 as well as Board of Directors are required to be borne by UTI AMC Ltd., and as such, are charged to the Profit & Loss Account of the Company. All other expenses charged to Profit & Loss Account like rating fees, License fees etc. in this head are charged as per approval of the Board of Directors of UTI AMC Ltd., and norms of the Industry.

1.12 Taxes on Income

Current income tax

In case of UTI International Limited, Current income tax assets and liabilities for the current and prior periods are measured at the amount to be recovered or paid to the taxation authorities. The tax rates used to compute the amounts are those that are enacted or substantially enacted by the financial statements date.

In case of UTI AMC Ltd., income tax is accrued in accordance with Accounting Standard 22 'Accounting for Taxes on Income' issued by ICAI, which includes current and deferred taxes.

Current tax is determined as the amount of tax payable in respect of taxable income for the period in accordance with the provisions of the Income Tax Act, 1961.

Deferred Income Taxes reflect the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet Date.

Deferred tax assets are recognized for all deductible timing differences; carry forward of unused tax assets and unused tax losses only if there is reasonable virtual certainty that such deferred tax assets can be realized against future liabilities.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. In case of UTI International Ltd deferred tax assets and deferred tax liabilities across various countries of operation are not set off against each other as the company does not have a legal right to do so.

1.13 Operating Lease

Leases are recognized as per Accounting Standard 19 "Leases" issued by ICAI.

Lease

(a) Operating Lease

Leases, where the lessor retains substantially all risks and benefits of ownership over the lease term, are classified as Operating Leases. Operating lease rentals are recognized as an expense over the lease period.

(b) Finance Lease

Leases, where substantial risk and rewards are transferred to the lessee though the asset may not be actually transferred to lessee are classified as finance leases. Depreciation on asset acquired under financial lease is provided on a systematic basis consistent with the depreciation policy adopted by the company for depreciable assets owned. If there is reasonable certainty that the lessee will obtain ownership by the end of lease term, the period of expected use is the useful life of the asset; otherwise the asset is depreciated as per the lease term or its useful life whichever is earlier.

1.14 Treatment of Contingent Liability

Contingent Liabilities where an estimate of its financial effect is measurable and indication of the uncertainties relating to any outflow and the possibility of any reimbursement are disclosed by way of Notes in the Balance Sheet as per Accounting Standard 29, ”Provisions, Contingent liabilities and Contingent Assets” issued by ICAI. Provision is made in accounts for those liabilities, which are likely to materialize after the period end and having effect on the position stated in Balance Sheet as at the period end. In case of UTI International Ltd., provision for expenditure relating to voluntary retirement is made when the employee accepts the offer of early retirement.

1.15 Cash Flow Statement

In case of UTI International Ltd. under Financial Reporting Standard No 1 (revised 1996), the company is exempt from the requirement to prepare a cash flow statement on the ground of its size.

B. **Notes forming part of Accounts**

1. Proportion of Ownership Interest in Subsidiaries included in Consolidation:

Name of the Company	Country of Incorporation	Proportion of Ownership Interest
UTI Venture Funds Management Company Private Ltd	India	100%
UTI International Limited	Guernsey, Channel Islands	100%
UTI International (Singapore) Private Ltd. (subsidiary of UTI International Ltd, Guernsey)	Singapore	51%
UTI Investment Management Company (Mauritius) Ltd. (subsidiary of UTI International Ltd, Guernsey)	Mauritius	100%
UTI Private Equity Advisors Limited (UPEA)(subsidiary of UTI Venture Funds Management Company Private Limited)	Mauritius	100%

UTI Venture Funds Management Company Pvt. Limited was acquired at book value as on 30th September 2003.

UTI International Limited was acquired at book value as on 30th June 2003. Further capital was infused into the company amounting to 4 million pounds in two payments of 2 million pounds each on 21st October 2004 and 25th January 2007.

During 2006-07, UTI International Ltd., promoted two subsidiary – UTI Investment Management Company (Mauritius) Ltd., Mauritius and UTI International (Singapore) Ltd., Singapore with investment of GBP 0.01 million and GBP 1 million respectively.

2. **Sundry creditors do not include any amount payable to Small Scale Industries Undertakings. The balance of sundry creditors and sundry debtors are subject to reconciliation and confirmation from respective parties.**

3. **Tax & Deferred Tax Assets (Net)**

In compliance with Accounting standard on " Accounting for taxes on Income'(AS-22) issued by ICAI, the company has recognized deferred tax asset(net) for the following years as follows:

Rs in Million

	As at 30.09.07	As at 31.03.07	As at 31.03.06	As at 31.03.05	As at 31.03.04
Deferred Tax Liabilities					
Amortisation of Intangible Assets		NIL	NIL	1.41	NIL
Depreciation on Fixed Assets (UTI AMC Ltd.)	20.07	50.53	2.41	4.71	0.55
Depreciation on Fixed Assets (UTI Venture Funds Management Co. **Private** Ltd)	0.58	(0.01)	0.14	0.04	0.06
Short term capital loss (UTI Venture Funds Management Co. **Private** Ltd)	NIL	NIL	2.52	NIL	NIL
Reversal of Provision for diminution in the value of investments (UTI Venture Funds	NIL	NIL	0.02	NIL	NIL

	As at 30.09.07	As at 31.03.07	As at 31.03.06	As at 31.03.05	As at 31.03.04
Management Co. **Private** Ltd)					
Total Deferred Tax Liability	20.65	50.52	5.09	6.16	0.61
Deferred Tax Assets					
Pension Liability Disallowed u/s 43B	NIL	NIL	NIL	14.10	Nil
Disallowed u/s 43B	NIL	NIL	NIL	NIL	0.24
Short Term Capital Loss	NIL	NIL	NIL	2.52	6.84
Provision of Diminution in value of investments (UTI Venture Funds Management Co. Ltd)	NIL	0.10	NIL	0.02	1.85
Expenses Disallowed u/s 40(a) (UTI AMC Ltd)	NIL	2.27	0.05	0.95	NIL
Less: Reversal of earlier DTA u/s 40(a) (UTI AMC Ltd)	2.27	(0.05)	NIL	NIL	NIL
Expenses Disallowed u/s 40(a) (UTI Venture Funds Management Co. **Private** Ltd)	NIL	0.18	NIL	NIL	NIL
Depreciation & Amortization of Assets (UTI AMC Ltd)	NIL	NIL	84.02	NIL	NIL
Less Previous DTL	NIL	NIL	(15.05)	NIL	NIL
Total Deferred Tax Asset	2.27	2.50	69.02	17.59	8.93
Net DTL/ (DTA) charged to Profit and Loss A/c	22.92	48.02	(63.93)	(11.43)	(8.32)
Less: Previous DTL / DTA reversed (UTI AMC Ltd)	27.89	75.40	(11.43)	NIL	NIL
Total Deferred Tax Asset / (Liability)	4.97	(27.38)	(75.4)	(11.43)	(8.32)

Income Tax of UTI International

UTI International Limited was granted International Tax Status under the provisions of The Income-Tax (Guernsey) Law, 1975 as amended on 5th September, 1996 and Guernsey. Income Tax will be provided at a rate of 2% on taxable profits until 31st December 2007.

(Amount in millions)

UK Branch	2007 £	2006 £
Loss on ordinary activities before taxation – UK Branch	(0.32)	(0.32)
Loss on ordinary activities multiplied by the standard rate of corporation tax in UK of 30% (2006 – 30%)	(0.09)	(0.09)
Current tax charge for the year	-	-
Expenses not deductible for tax purposes	-	-
Depreciation in excess of capital allowances	-	-
Unrelieved tax losses	0.09	0.09
Current tax charge for the year	-	-

During the period ended on 30/09/2007, no provision has been made for Guernsey Income Tax and UK Corporation Taxes, as there were losses during last years. No Tax provisions have been made for Bahrain and Dubai Branches as they are not subject to tax.

UTI IMCML, a subsidy of UTI International Ltd., being the holder of a category 1 global business licence is classified as a tax incentive Company and under the current laws and regulations is liable to pay Income Tax on its profits, as adjusted for tax purposes at the rate of 15%. The company is however entitled to a tax credit equivalent to the higher of actual foreign tax suffered and 80% of Mauritian tax payable in respect of foreign source income. The capital gains of the company are exempt from tax in Mauritius. The foregoing is based on current interpretation and practice and is subject to any future changes in Indian or Mauritian tax laws and in the treaty between India and

Mauritius. At 31st March, 2007, the company has a tax liability of £2,135 (USD 4,036). At September 30, 2007, UTI Mauritius has a tax liability of £ 8,916 (USD 18,177).

UTI International Ltd. has unabsorbed carry forward losses as at 30th September 2007.However, on a conservative basis, the company has not recognised any deferred tax assets in respect of such losses.

4. **Managerial Remuneration**

UTI AMC Ltd.

a) The particulars of the remuneration of the Chairman & Managing Director of UTI AMC Ltd for 31st March 2007, 31st March 2006, 31st March 2005 & 31st March 2004are as under:

Rs in Million

Particulars	Period ended 30.09.07	Year ended 31.03.2007	Year ended 31.03.2006	Year ended 31.03.2005	Year ended 31.03.2004
Salary and Allowances (Including perquisites)	0.31	0.65	0.23	0.51	0.64
Contribution to Retirement Benefits	0.03	0.13	0.02	0.05	0.03
Total	**0.34**	**0.78**	**0.25**	**0.56**	**0.67**

b) The Computation of profits under Section 349 of the Companies Act, 1956 has not been given as no commission is payable to the Managing Director.

UTI Venture Funds Management Co. Private Ltd

The particular of remuneration to CEO and Managing Director of UTI Venture Funds Management Company Private Ltd for the year ended 31st March 2007,31st March 2006, 31st March 2005 & 31st March 2004 is as under:

Rs in Million

Particulars	Year ended 31.03.2007	Year ended 31.03.2006	Year ended 31.03.2005	Year ended 31.03.2004
Salary and Allowances (Including perquisites	7.39	5.84	3.15	1.93
Perquisites	--	--	NIL	0.47
Gratuity	--	--	0.08	0.08
Remuneration to non Whole time directors – Sitting Fees	0.07	0.18	0.07	0.07

5. **Expenditure in Foreign Currency**

(a) The expenditure incurred by UTI Asset Management Company Ltd. In foreign currency is as under:

Rs in Million

Particulars	Period ended 30.09.07	Year ended 31.03.2007	Year ended 31.03.2006	Year ended 31.03.2005	Year ended 31.03.2004
Traveling Expenses (Including	28.73	8.26	3.91	6.45	3.25

Particulars	Period ended 30.09.07	Year ended 31.03.2007	Year ended 31.03.2006	Year ended 31.03.2005	Year ended 31.03.2004
Staff Training Expenses)					
Branch Expenses (at Dubai)	--	--	--	12.57	10.23
Total	**28.73**	**8.26**	**3.91**	**19.02**	**13.48**

(b) The expenditure incurred in foreign currency (on accrual basis) by UTI Venture Funds Management Company **Private** Ltd. is as under:

Rs in Million

Particulars	Year ended 31.03.2007	Year ended 31.03.2006	Year ended 31.03.2005
Traveling Expenses	0.40	0.09	0.50
Training Expenses	NIL	0.24	0.81
Intermediary Fees	34.43	10.46	Nil
Others	NIL	0.33	Nil
Total	**34.83**	**11.12**	**1.31**

6. Provisions, Contingent Liabilities and Contingent Assets

Provisions

i. The canteen services were discontinued from 25/02/2004 against which a case was filed by The Contract Labour Udyog Kamgar Union in 2005. The company has made a provision of Rs 3.9 million in case the verdict is against the company**.**

ii. Mr. J.C. Katyal Assistant was dismissed on 17.12.1987 after an enquiry. The Tribunal vide its award (part II) dated 28.04.2005, has awarded reinstatement with back wages with the lesser punishment of withholding two increments instead of dismissal. UTI AMC has filed a writ petition challenging the award of the Tribunal and the High Court has stayed the award of tribunal till further orders. In the event, the company looses the case, the company has estimated the financial liability at Rs. 2.5 million, which has been provided for.

Contingent Liabilities (Not provided for)

(a) Estimated liability for the CDRF cases pending in courts for the dispute pertaining to the schemes of UTI Mutual Fund. The estimated amount of such liability are as under :-

	Rs. In millions
30.09.2007	1.06
31.03.2007	1.00
31.03.2006	0.36
31.03.2005	6.20

(b) M/s M. N. Dastur & Company P. Ltd. Ex-Registrars & Transfer Agents filed a recovery suit of Rs. 31.95 million against UTI Asset Management Company P. Ltd., Administrators of SUUTI and UTI Trustee Company P. Ltd. in the year 2003 regarding termination of their agreement as registrars. UTI Asset Management Company has also filed a cross suit against them in the Bombay high Court for Rs. 13.71 million for lack of service. The case is due for final hearing. The company is confident that it will not have to pay anything and therefore no provision is made.

(c) A case is filed by AIUTEA against the company in respect of leftover Class III and Class IV staff on date demanding pension option. The Hon'ble presiding officer, CGIT, Mumbai has given the verdict dated 28th February 2007 for pension option. The matter has been taken with the Government of India, which has advised the company to seek legal opinion. The Company filed Writ Petition in the High Court, Bombay. The Hon'ble High Court after hearing, stayed the order of the CGIT by an ad interim stay order. In the event the company looses the case, the liability will be of the government of India pursuant to the transfer agreement dated 15th January 2003 read with letter dated 30th September 2003.

(d) A Special Leave Petition is filed by M/s Bajaj Auto Ltd before Hon'ble Supreme Court of India against the final judgment and order dated 09/10/2006 of Hon'ble High Court, Bombay in the matter of winding up of UTI Growth & Value Fund – Bonus plan with effect from 01/02/2005 in pursuance to circular dated 12/12/2003 of SEBI. The matter is pending for arguments and final decision before the Hon'ble Court.

(e) There are 23 pending criminal cases against UTI Mutual Fund or key personnel relating to normal operation of UTI MF, such as non receipt of certificate after transfer, 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 the cases stay has been obtained.

(f) There are 35 cases pending against UTI AMC Ltd. in respect of HR related matters. In all the cases the prayer of the petitioner before the Hon'ble Court/Tribunal is to regularize their services in permanent employment of the organization and or seeking promotion from back date. In the event, such cases are finally adjudicated by the Hon'ble Court / Tribunal, there will not be any financial implication on the company except that the company may have to regularize their services.

(g) Income Tax Department raised notices on erstwhile Unit Trust of India for filing returns in respect of interest tax for years 1992-93 to 1999-2000. The Bombay High Court in 2001, decided in favour of erstwhile Unit Trust of India.

Income Tax Department filed a SLP in Supreme Court, which has been admitted but no relief was granted to I.T. Department. The case is yet to be heard. The company is of the view that it has strong grounds for winning the case.

In the event the case is decided against the company, which is unlikely, a liability concerning UTI MF schemes only may fall on UTI Asset Management Company, the amount of which is not determinable.

(h) The Service Tax department has raised a notice for an amount of Rs.13.01 millions in respect of excess service tax adjusted without applying for refund as per Rule (3). The company has made an appeal and it is due for final hearing. The company is confident that it will not have to pay anything and therefore no provision is made in the books of accounts.

(i) The Income Tax department has raised a demand of Rs. 79.26 millions under section 156 of the Income Tax Act, 1961 for the assessment year 2003-04 on the ground that expenditure incurred on day to day operations of the business should have been capitalised as the company was only in existence from 14.11.2002 to 31.03.2003. The Company has filed an appeal to Income Tax department against the said order claiming that the company was a running organization since the AMC company was formed by the "The Unit Trust of India (Transfer of undertaking and Repeal) Act, 2002 and every Officer and other employee of the Trust serving in the employment immediately before the appointed day were transferred to the company. The company is confident of wining the case and that it will not have any financial implications, hence no provision is made in the books of accounts.

In case of UTI International Limited	Amt in GBP (in millions)

In case of UTI International Limited	Amt in GBP (in millions)	
For guarantees given by the bank to Ministry of	30.09.07	31.03.07
Economy and Planning, Dubai for Commercial License	0.01	Nil

7. Estimated amount of contract remaining to be executed on capital account and not provided for following years :-

	Rs. In millions
30.09.2007	28.05
31.03.2007	15.78
31.03.2006	0.07
31.03.2005	2.54
31.03.2004	2.84

In case of UTI International Ltd., the contract for interior work at Singapore remaining to be executed as on 30th September 2007 was GBP 0.03(Previous year Nil).

8. Finance Lease

The company has taken building area admeasuring 91423.07 sq. ft. from SUUTI on sale basis. The land on which the building is erected belongs to MMRDA and the balance period of lease remaining is 66 years. The company in line with its depreciation policy is charging depreciation on building on Straight-line method as per rates prescribed in Companies Act 1956. The lease deed in favour of UTI AMC Ltd. with MMRDA is yet not executed.

9. Operating Leases

The company has taken office and residential premises under operating lease. These are generally cancelable at the option of the company. The lease payments recognized in the profit and loss account for the following years are:-

	Rs. In millions
30.09.2007	42.60
31.03.2007	125.95
31.03.2006	180.80
31.03.2005	202.99
31.03.2004	330.32

In case of UTI International Ltd., The company has entered in to operating lease agreements for office premises at various locations viz. London, Dubai, Bahrain and Singapore. The rentals charged for the office premises at these locations for the period of six months ended September 30, 2007 is GBP 0.05 million. There are no restrictions imposed by lease arrangements

(Amount in million)

Future Minimum Lease Payments	September 30, 2007	March 31, 2007
	£	£
Not later than one year	0.07	0.04
Later than one year but not later than five years	1.17	0.02
Later than five years	0.04	-

10. Segmental Reporting

The Company is primarily engaged in the investment management business and providing wealth management services. The wealth management services is not a “reportable segment” as per the definition contained in Accounting Standard on “Segment Reporting” (AS–17) issued by ICAI. Hence there is no separate reportable segment.

In case of UTI International Ltd, the company is primarily engaged in the management and marketing of offshore funds and other mutual funds promoted by UTI AMC.

The company's businesses are organized and managed from various geographical areas of the world viz. Guernsey, London, Dubai, Bahrain, Mauritius and Singapore. These locations are primarily engaged in rendering services to the customers located in the Indian and Mauritian markets. In relation to the Indian market, the company is rendering its services to its parent organization viz. UTI AMC Ltd. and the various domestic Mutual Funds Schemes floated by UTI AMC Ltd. In relation to the Mauritian markets, the company is rendering its services to various Offshore Funds promoted by UTI AMC Ltd.

In accordance with the principles given in AS -17 "Segment Reporting" issued by ICAI, the company has identified Geographical Segments by location of its customers as Primary Segments.

Annexure – 2 to these notes present revenue and profit information regarding geographical segments by location of customers for the six months period ended September 30, 2007 and certain asset and liability information regarding geographical segments as at September 30, 2007.

11. Related Party Transactions

UTI AMC Ltd.

As per the Accounting Standard on "Related Party Transactions" (AS–18) issued by ICAI, following are the related parties of the Company with whom transactions have been made in the ordinary course of business. The names of related parties are:

Relationship with the related parties	Names of related parties where control exists irrespective of whether transactions have occurred or not	Period
Shareholders and promoters	Life Insurance Corporation (LIC) State Bank Of India (SBI) Bank Of Baroda (BOB) Punjab National Bank (PNB)	Since inception
Subsidiaries	UTI Venture Funds Management Company Private Limited (100%)	30/09/2003 till date
	UTI International Ltd. (100%)	30/09/2003 till date
	UTI International (Singapore) Pvt. Ltd. (subsidiary of UTI International Ltd, Guernsey) (51%)	15/11/2006 till date
	UTI Investment Management Company (Mauritius) Ltd. (subsidiary of UTI International Ltd, Guernsey) (100%)	17/11/2006 till date
	UTI Private Equity Advisors Limited (UPEA) Mauritius (Subsidiary of UTI Venture Funds Management Company Private Limited) (100%)	
Key Management Personnel (KMP)	M. Damodaran, CMD, UTI AMC Ltd.	From 28/01/2003 to 20/12/2004
	R. H. Patil, CMD, UTI AMC Ltd.	From 13/01/2005 to 13/01/2006
	U. K. Sinha, CMD, UTI AMC Ltd.	From 13/01/2006 till date
UTI Mutual Fund	Schemes of UTI Mutual Fund	
Amarchand Mangaldas & Shroff & Associates	Mr. S H. Bhojani, Non-Executive Director	From 28/01/2003 to 13/01/2006

Rs in Million

Sr. No	Name of Related Party	Nature of Transaction	30.09.07	2006 - 07	2005 - 06	2004 - 05	2002-04
1	State Bank of India	Interim Dividend	--	93.75	-	-	
2	State Bank of India	Proposed final Dividend	--	6.25	50.00	-	
3	State Bank of India	Issue of bonus shares	--	100.00	-	-	
4	State Bank of India	In respect of pre-operative expenses		-	5.50	-	
5	State Bank of India	Deposit of Amount on account opening (CRCC)	--	-	0.02	-	
6	Punjab National Bank	Interim Dividend	--	93.75	-	-	
7	Punjab National Bank	AMFI Training at PNB Hall	--	0.01	0.06	-	
8	Punjab National Bank	Staff Training	--	-	0.01	-	
9	Punjab National Bank	Proposed final Dividend	--	6.25	50.00	-	
10	Punjab National Bank	Issue of bonus shares	--	100.00	-	-	
11	Punjab National Bank	Deposit of Amount on account opening (CRCC)	--	-	0.01	-	
12	LIC	Rent and maintenance paid on premises	8.06	21.13	25.21	24.75	15.07
13	LIC	Gratuity Premium	0.68	0.36	0.41	2.63	
14	LIC	Leave Encashment Premium	18.65	6.86	6.75	6.17	
15	LIC	Interim Dividend	--	93.75	-	-	
16	LIC	Group Insurance Premium	--	0.39	-	-	
17	LIC	Proposed final Dividend	--	6.25	50.00	-	
18	LIC	Issue of bonus shares	--	100.00	-	-	
19	Bank of Baroda	Interim Dividend	--	93.75	-	-	
20	Bank of Baroda	Proposed final Dividend	--	6.25	50.00	-	
21	Bank of Baroda	Issue of bonus shares	--	100.00	-	-	
22	UTI Mutual Fund	AMC Fees Received/ Receivable	1353.95	2,495.53	2,145.31	1,829.51	1780
23	UTI Mutual Fund	Scheme Expenses / Initial Issue Expenditure incurred	31.16	245.50	76.92	254.73	
24	Amarchand Mangaldas & Shroff and Associates	In respect of pre-operative expenses	--	-	5.90	-	143.35
25	Amarchand Mangaldas & Shroff and Associates	Professional Charges Paid	--	-	-	0.21	
26	UTI Mutual Fund	Investment in UTI Mutual Fund	3995.85	5468.05	4799.19	4072.87	2149.12
27	UTI Mutual Fund	Dividend on Investment	13.99	16.43	21.89	10.10	5.07
28	UTI Mutual Fund	Profit on Sale of	11.87	93.23	31.44	16.88	6.65

Sr. No	Name of Related Party	Nature of Transaction	30.09.07	2006 - 07	2005 - 06	2004 - 05	2002-04
		UTI Mutual Fund					
29	UTI Mutual Fund	Repurchase of Investment	3957.47	5298.11	3793.67	3856.10	1301.21
30	Ascent India Fund (managed by UTI Venture Fund Management Company Private Limited)	Investment	85.76	96.38	393.00	-	
31	UTI India Technology Fund (managed by UTI Venture Funds Management Company Private Limited)	Investment	-	-	-	129.94	-
32	UTI India Technology Fund (managed by UTI Venture Funds Management Company Private Limited)	Redemption	-	-	58.80		19.15
33	UTI India Technology Fund (managed by UTI Venture Funds Management Company Private Limited)	Loss on investment			4.50		1.46
34	UTI International Ltd.	Marketing Fees	18.19	25.57	8.83		
35	Ascent India Fund (managed by UTI Venture Fund Management Company Private Limited)	Compensating contribution		2.79			
36	UTI International Ltd.	Amt. Receivable on account of sale of assets		0.54			
37	UTI International Ltd.	Investment		GBP 2 million			
38	UTI Venture Funds Management Company Private Limited	Dividend		45			

- UTI Venture Funds Management Company Private Limited has invested Rs. 0.44 million in UTI Pvt Equity Advisors Ltd, a subsidiary company as equity and has paid Rs. 6.91 million to Mr. Raja Kumar (Key management personnel) both are related party during the year 2005-06.

- Northern Trust, (formally Guernsey International Fund Managers) is a related party by virtue of the fact that the two entities had a director in common during the year. Administration fees of GBP 0.03 million have been paid to Northern Trust during the year 2004-05 and GBP 1.36 million for the year 2005-06. Amounts outstanding due to Northern Trust totaled GBP 0.01 million for the year 2004-05 and GBP 0.05 million for the year 2005-06.

- During 2005-6 the amount of outstanding loan of GBP 0.01 million which was extended to Mr. N.M. Joshi, CEO and Director of UTI International Ltd. when he joined UTI International Ltd on 11 January 2005 on deputation from parent UTI AMC has been returned by him during 2005-06. This was part of his employment terms and he has repaid the loan through 12 monthly instalments deducted from his salary.

In case of UTI International Ltd

Following are the disclosures related to related parties transactions of the company.
Names of related parties are:

Names of related parties where control exists irrespective of whether transactions have occurred or not	
Controlling Companies of the Holding Company	Life Insurance Corporation (LIC) State Bank Of India (SBI) Bank Of Baroda (BOB) Punjab National Bank (PNB)
Holding Company	UTI Asset Management Company Limited (Formerly UTI Asset Management Company Private Limited)
Fellow Subsidiaries	UTI Venture Funds Management Company Private Limited
Key Management Personnel (KMP)	Narendra Joshi, CEO, UTI International Limited A K Sridhar, CFO, UTI International (Singapore) Private Limited
Names of other related parties with whom transactions have taken place during the year	
Offshore Fund Companies	The India Pharma Fund Limited. The India I.T. Fund Limited. The India Fund 1986. The India Debt Opportunities Fund Limited. Shinsei UTI India fund (Mauritius) Limited. India Fund Mauritius Limited.
UTI Mutual Fund	Schemes of UTI Mutual Fund

Refer Annexure – 1 attached to these notes showing the details of the transactions with Related Parties.

12. Government of India is yet to declare the interest rate for the Employees Provident Fund. UTI AMC Ltd – EPF has declared interest @ 8.00% p.a. on the deposits of Employees Provident Fund subscribers for the year 2007-08. Even if the rate of interest is taken as 8.5% p.a., the previous benchmark EPFO rate, the size of the fund is enough to meet the liability of all employees as per the unaudited PF Trust Balance Sheet as at 30.09.2007.

13. During 2004-05 the company has provided 10% of the wage pay as per the terms of the Trust Deed executed between the UTI AMC (P) Ltd. and the trustees of Pension Fund.

However the whole contribution was not paid to Life Insurance Corporation since the corpus of Pension Fund was sufficient to meet the pension liability as on 31st March 2005 as per actuarial valuation.

An amount of Rs. 10.62 millions was paid during 2006-07 to the Pension Trust as per the stipulation of the Trust Deed. The Company has followed the AS-15 of ICAI "Accounting for Retirement Benefits in the Financial Statements of Employers". (2005-06: Rs. 11.08 millions)
As per the A.S. 15 (revised) – employee benefits and actuarial valuation obtained from LIC of India for the period ending 30th September, 2007, the size of the pension fund is enough to meet the liability of pension. Hence, no provision has been made for the period. The amount of Rs.5.94

million paid as employer's contribution to the pension trust as per the stipulation of the Trust Deed has been shown as prepaid expenses.

14. The following amount has been paid on account of out of court settlement against the various schemes of Mutual Fund. The amount pertains to fraudulent encashment of warrants before February 2003.

	Rs. In millions
30.09.2007	5.27
31.03.2007	5.27
31.03.2006	4.65

15. Earnings per share at the year-end are computed in accordance with Accounting Standard–20 issued by the Institute of Chartered Accountants of India.

The company issued bonus shares to its shareholders in the ratio of 4 shares for every 1 share held in the company. This resulted in increase in the equity share capital from Rs 100 million to Rs. 500 million during the financial year 2006-07.

The Authorized share capital of the company was increased from Rs.750 million to Rs.1000 million as approved in the AGM held on September 18, 2007.

The shareholders at the second extra ordinary general meeting of UTI AMC Ltd held on 20th December, 2007 have approved issue of bonus Equity Shares in the proportion of 3 new Equity Shares for every 2 Equity Shares held and increase in the authorised share capital from Rs.1000 million to Rs. 2000 million. As a result of this the paid up equity share capital of the company will be increased to Rs.1250 million subsequent to allotment of bonus shares. The adjusted EPS consequent to issue of potential Equity Shares is calculated as under

Rs in Million

	30.09.2007	**2006-07**	**2005-06**	**2004-05**	**2002-04**
Profit after Tax	743.2	1528.8	1747.40	724.60	1260.10
No of Equity Shares	125.00	125.00	125.00	125.00	125.00
Basic and Diluted EPS (Rs.)	5.95	12.23	13.98	5.80	10.08

Basic Earnings Per Share and Diluted Earnings Per Share are the same.

16. UTI AMC Ltd. has charged NPA Management Fees amounting to Rs. 21.30 million on the appropriation of recoveries made in NPA accounts of erstwhile UTI as on 1st February 2003, now under Management of UTI Mutual Fund. The Fees is charged as per the rate of AMC Fees. The company has all probabilities of having this income in future also whenever further recoveries are appropriated in such accounts. The figure has been relied on the basis of certificate obtained from the Scheme Auditor.(previous year –129.70 million)

17. During the year 2006-07, the Offshore Scheme Development Fund (OSDF) amounting to Rs 44.49 million shown under current liabilities, was incorporated into the books of UTI AMC Ltd. The above fund included long-standing excess dividend and corpus fund of Rs. 30 million earmarked for development of Offshore schemes. The corresponding investment has also been shown separately as Loans and Advances.

18. UTI AMC Ltd. paid to UTI Mutual Fund on account of initial issue expenses for UTI Gold ETF, Capital Protection Oriented Scheme & Long Term Advantage Fund. Out of it amount paid as agents commission was based on the registrars' certificate for the year 2006-07.

19. Consequent upon the observation of Comptroller & Auditor General Of India, during the course of their audit under Section 619(4) of the Companies Act 1956, the accounts and notes forming part of the accounts as approved by the Board of Directors in the Board meeting held on 25 May 2006 for the year 2005-06 were revised in accordance with the provisions of section 215 of the companies act. These changes resulted in increase in 'General Reserve' by Rs. 135.27 million and corresponding decrease in 'Balance of Profit and loss account', regrouping of PF contribution payable under 'Current liabilities' instead of 'Provisions', correct disclosures of the Earning per Share, quantity of shares of UTI International Ltd in the footnote of Investment Schedule and footnote with Interest income which is net of TDS of Rs. 8.26 million in terms of requirements of Schedule VI of the Companies Act 1956. These changes did not have any effects on the profit for the year 2005-06.

20. The company has made a provision of Rs. 69.78 million for staff cost as per the estimate made by it in the annual budget for the period ended 30th September 2007.

21. In case of UTI Venture Fund Management Company Pvt. Ltd., for the year end 2006-07 foreign currency exposure that have not been hedged by a derivative instrument or otherwise are given below :

a. Nothing is receivable in foreign currency on account of Export of Good, Loans and Interest.

b. Amount payable in foreign currency on account of the following:

	FY – 2006 - 07		**FY – 2005-06**	
	INR	**USD**	**INR**	**USD**
Import of goods and services	NIL	NIL	10,455,469	234,954
Capital Imports (including Intangibles)	NIL	NIL	NIL	NIL
Interest payable	NIL	NIL	NIL	NIL
Loans payable	NIL	NIL	NIL	NIL

The above disclosure have been made consequent to an announcement by the Institute of Chartered Accountants of India in December, 2005, which is applicable to the financial periods ending on or after March 31, 2006.

22. UTI AMC Ltd paid an interim dividend of 75% on its share capital as per circular resolution dated 30th March 2007 and final dividend of 5% in the board meeting held on 28th June 2007, approved in the AGM for the year 2006-07. Accordingly the company transferred 10% of its net profit after tax to the general reserves as required by the Companies Act, 1956. (2005-06 : 200% Dividend).

23. The liability of dividend and dividend distribution tax in the accounts UTI AMC Ltd. for the period ended 30th September 2007 pertains to the year 2006-07 and was paid on 01.10.2007.

24. The name of the Company was changed from UTI Asset Management Company Private Limited to UTI Asset Management Company Limited consequent upon conversion of the Company from Private Limited to Public Limited vide Certificate of Incorporation dated 14th November 2007.

25. The restated consolidated financial statements of the company include the unaudited results of UTI Private Equity Advisors Limited, Mauritius a wholly owned subsidiary of company's wholly owned subsidiary UTI Ventures Funds Management Company Private Limited for the same corresponding periods.

26. During the financial year 2002-2004, the company had a Voluntary Separation Scheme (VSS) 2003 which was funded by The Administrator of the Specified Undertaking of The Unit Trust of India to the extent of Rs. 1112.6 million which was termed as sponsor amount in terms of the Transfer Agreement dated 15/01/2003 executed between Government of India and Sponsors, the VSS amount was adjusted from the sale consideration paid by the Sponsors to the Government of India as per conditions stated in the said Transfer Agreement.

For OM AGARWAL & Co **For and on behalf of the Board of Directors**

Chartered Accountants

Thalendra Sharma *Partner*	**U. K. Sinha** *Chairman & Managing Director*	**Anita Ramachandran** *Director*
Mumbai Date:20th December 2007	**I. Rahman** *Chief Financial Officer & Company Secretary*	

Annexure - 1

Nature of Transaction	Controlling Companies of the Holding Companies	Holding Companies	Key Management Personnel	Managed Funds	UTI MF	Total
	30-Sep-07	**30-Sep-07**	**30-Sep-07**	**30-Sep-07**	**30-Sep-07**	**30-Sep-07**
	£	**£**	**£**	**£**	**£**	**£**
Related Parties Transactions						
Income						
Management Fees				728,928		728,928
Marketing Fees		222,180				222,180
Investor Service Fees				25,916		25,916
Interest Income	39,149					39,149
Commission of Issuance of Units of Managed Funds					116,325	116,325
Commission on Managed Funds				21,256		21,256
Expenses						-
Fund management fees		181,601				181,601
Rent	11,526					11,526
Salaries and allowances		1,390	47,036			48,426
Expenses incurred on behalf of these parties					24,178	24,178
Outstanding balances as at September 30, 2007						-
	Dr. / (Cr.)	**Dr. / (Cr.)**	**Dr. / (Cr.)**	**Dr. / (Cr.)**	**Dr. / (Cr.)**	**Dr. / (Cr.)**
Fixed Deposits	1,006,674					1,006,674
Accrued interest on fixed deposits	45,957					
Bank balance in current accounts	31,923					31,923
Investments in management shares of Offshore Funds				554		554
Debtors - Due from UTI MF schemes					24,178	24,178
Debtors - Management and Investors service fees receivable				148,973		148,973
Debtors - Marketing fees receivable		541,783				
Creditors - Management Fees Payable		-114,181				-114,181

Note

Group operates current bank accounts with Bank of Baroda at London and Dubai locations and with State Bank of India at London location.

Considering the volume and the nature of transactions executed by the Group with banks in the ordinary course of business, aggregated totals of bank deposits and withdrawals have not been disclosed above.

Annexure – 2

Segment Information

Primary Segments - Geographical Segments by Location of Customers

Particulars	India	Mauritius	Unallocated	Consolidated Totals
	£	£	£	£
REVENUE				
External revenue	338,505	776,100	164,485	1,279,090
Inter-segment revenue	-	-	-	-
Total revenue	338,505	776,100	164,485	**1,279,090**
RESULT				
Segment result	338,505	282,747		621,252
	338,505	282,747	-	**621,252**
Unallocated corporate expenses	-	-		406,054
Minority interest				(11,726)
Net profit				226,924
OTHER INFORMATION				
Segment assets				
Unallocated corporate assets	-	-	19,121	19,121
Total assets (Net Block)	-	-	19,121	19,121
Segment liabilities				
Unallocated corporate liabilities	-	145,633	222,445	368,078
Total liabilities	-	145,633	222,445	368,078
Capital expenditures	-	-	3,909	3,909
Depreciation	-	-	4,484	4,484

Assets and additions to tangible and intangible fixed assets by geographical area

The following table shows the carrying amount of segment assets and addition to segment assets by geographical area in which assets are located:

	Carrying amount of Segment assets (Net Block)		Addition to Fixed assets (Cost)
	30.09.2007	31.03.2007	30.09.2007
	£	£	£
Guernsey	-	-	-
London	3,579	55	3,814
Dubai	2,067	2,356	95
Bahrain	13,476	15,835	-
Mauritius	-	-	-
Singapore	-	-	-
	19,122	18,246	3,909

Note: Since the Company has prepared the Segment Information for the first time, in terms of the provisions of AS - 17, the corresponding figures have not been disclosed.

Restated Standalone Financial Statement: Appendix I

• Statement of Dividend Declared	Schedule A
• Cash Flow Statement	Schedule B
• Summary of Accounting Ratio	Schedule C
• Sundry Debtors Outstanding as on 30th September 2007	Schedule D
• Details of Loans & Advances	Schedule E
• **Statement of Quoted Investments as at 30th September 2007**	**Schedule F**
• **Capitalisation Statement as at September 2007**	**Schedule G**
• **Statement of Tax Shelter**	**Schedule H**
• **Details of Unsecured Loans as at 30th September 2007**	**Schedule I**

Restated Consolidated Financial Statement: Appendix II

• Cash Flow Statement	Schedule A
• Summary of Accounting Ratio	Schedule B
• Sundry Debtors Outstanding as on 30th September 2007	Schedule C
• Details of Loans & Advances	Schedule D
• **Statement of Quoted Investments as at 30th September 2007**	**Schedule E**
• **Capitalisation Statement as at September 2007**	**Schedule F**
• **Details of Unsecured Loans as at 30th September 2007**	**Schedule G**

UTI ASSET MANAGEMENT COMPANY LTD.

Annexure A

Summary of Restated Consolidated Cash Flow Statement

(Amount in millions)

		For the period ended 30th Sept 2007	For the year ended 31st March 2007	For the year ended 31st March 2006	For the year ended 31st March 2005	For the period ended 31st March 2004 (16.5 months)
CASH FLOW FROM OPERATING ACTIVITIES						
Net profit & Loss Before Taxation		1118.3	2281.7	2477.7	1316.6	2016.7
Adjustments for						
Depreciation		25.1	38.2	358.1	123.4	2.6
Loss on Sale of Fixed Assets		-	-	0.1	-	0.2
Profit/Loss on sale on Investments		-133.0	-105.9	-52.1	-29.0	25.2
Interest and Dividend		-45.0	-64.6	-74.9	-88.0	43.2
Diminution in Value of Investments		5.4	-	-	-	-
Provision for PF Interest		-	-	-	-	7.4
Provision for Gratuity		-	-	0.1	3.1	2.9
Provision for Leave Encashment		16.0	0.3	7.5	6.3	81.0
Operating Profit before working Capital Changes		**986.8**	**2,149.7**	**2,716.5**	**1,332.4**	**2,179.2**
Adjustment for changes in working capital						
(Increase)/Decrease in Loan & Advances		767.7	676.5	317.4	779.6	-236.0
(Increase)/Decrease in Sundry Debtors		-203.6	-90.9	-99.2	20.0	-70.4
(Increase)/Decrease in Interest Accrued on Inv.		-11.9	1.9	0.9	-1.6	-13.6
Increase/(Decrease) in Current Liabilities		-517.7	683.3	-46.2	-90.9	484.9
Increase/(Decrease) in Provisions		-727.7	-969.4	-355.3	-822.2	8.9
Minority Interest		77.1	-	-	-	-
Cash Generated from Operations		**370.7**	**2451.1**	**2534.1**	**1217.5**	**2353.0**
Less Direct Taxes Paid		-303.1	-839.6	-842.3	-599.1	-746.6
Cash Flow before Extraordinary Items		**67.6**	**1611.5**	**1,691.8**	**618.4**	**1,606 .4**
Extraordinary Items						
Net Cash Flow after Extraordinary items and net cash from Operating Activities	**A**	**67.6**	**1611.5**	**1691.8**	**618.4**	**1606.4**

		For the period ended 30th Sept 2007	For the year ended 31st March 2007	For the year ended 31st March 2006	For the year ended 31st March 2005	For the period ended 31st March 2004 (16.5 months)
CASH FLOW FROM INVESTING ACTIVITIES						
(Purchase)/Sale of Fixed Assets		-34.0	-1002.0	-385.3	-166.7	-13.4
(Purchase)/Sale of Investment		-134.2	-315.5	-1475.3	-397.9	-1063.1
Dividend/Interest from Investments Received		45.0	64.6	74.9	88.0	-
Profit and Other Income from Investments		133.0	105.9	52.1	29.0	-
Net Cash used in Investing Activities	**B**	**9.8**	**(1,147.0)**	**(1,733.6)**	**(447.6)**	**(1,076.5)**
CASH FLOW FROM FINANCING ACTIVITIES						
Proceeds from issue of Share Capital		-	-	-	-	100.0
Dividend & Dividend Distribution Tax for the year		-	-460.3	-230.8	-1.0	-6.8
Net cash generated from financing activities	**C**	**-**	**(460.3)**	**(230.8)**	**(0.8)**	**93.2**
Effect of foreign exchange fluctuations	**D**	**-20.8**	**32.4**	**-9.2**	**(0.2)**	**0.8**
Net Increase/ decrease in cash and cash equivalent (A+B+C+D)		**56.6**	**36.6**	**(281.8)**	**169.8**	**623.9**
Opening Cash and cash equivalent		548.5	511.9	793.7	623.90	-
Closing Cash and cash equivalent		**605.1**	**548.5**	**511.9**	**793.7**	**623.9**

UTI ASSET MANAGEMENT COMPANY LTD.

Annexure B

Summary of Accounting Ratios

Rs in Million

		2007-08 1st Six Month	2006-07	2005-06	2004-05	2002-04 16.5 Month
Net worth	(A)	5,371.7	4,603.4	3,518.7	2,065.1	1,344.9
Adjusted Net Profit After Tax	(B)	743.2	1,528.8	1,747.4	724.6	1,260.1
No of Share Outstanding at the end	(C)	50.0	50.0	10.0	10.0	10.0
Weighted Average No of Share outstanding	(D)	125	125	125	125	125
Earning Per Share (Rs.)	(B/D)	5.9	12.2	14.0	5.8	10.1
Return on Net Worth	(B/A)	13.8%	33.2%	49.7%	35.1%	93.7%
Net Asset Value per share	(A/D)	43.0	36.8	28.1	16.5	10.8

Net Worth includes Share Capital, Reserve & Surplus less Intangible assets (Goodwill, Translation Reserve & Deferred Tax Asset)

Earning Per Share is derived by dividing Adjusted Net Profit after tax by Weighted Average Number of Shares outstanding as per Accounting Standard 20 Issued by ICAI.

The shareholders at the 2nd Extraordinary General Meeting of UTI Asset Management Company Limited held on 20th December 2007 have approved the issue of Bonus Shares in the proportion of 3 Equity Shares for every 2 Equity Shares held. Since the Bonus issue is an issue without consideration, it has been treated as if it had occurred since the beginning of the company, both for the purpose of computing Earning Per Share (EPS) & Net Asset Value (NAV) per share

Return on Net Worth is derived by dividing Adjusted Net Profit After Tax by Net Worth at the end of the year.

Net Asset Value per share is derived by dividing Net Worth by Weighted Average No of Shares outstanding.

The above statement is prepared from restated consolidated accounts.

UTI ASSET MANAGEMENT COMPANY LTD.

Annexure C

Sundry Debtors Outstanding as on 30th September 2007

Rs in Million

(A)	**Considered Good**		
	Less than six months	443.9	
	More than six months	Nil	
	Sub Total (A)		**443.9**
(B)	**Considered Good**		
	Less than six months	Nil	
	More than six months	Nil	
	Sub Total (B)		**Nil**
	Total (A+B)		**443.9**

Note:

1. *The above statement is prepared from restated consolidated accounts.*
2. *The above amount includes Rs. 119.6 million receivable from associate concern.*

UTI ASSET MANAGEMENT COMPANY LTD.

Annexure D

Details of Loans & Advances

Rs in Million

Particulars		September' 07
<u>Unsecured and considered good unless otherwise stated</u>		
Advances recoverable in cash or in kind or for value to be received - Considered Good		326.7
Advance Tax /TDS/FBT	303.1	
Less Provision for Tax /FBT	303.1	
(Restricted to the amount of Advance Tax /TDS/FBT)		Nil
Loan to employees		
Considered Good	235.9	
Considered Doubtful	0.4	
		236.3
Total		
Less Provision for Doubtful Debt		563.0
		0.4
		562.6

Note:

1. *The above statement does not include investment made on behalf of OSDF Fund and VSS Fund amounting to Rs 159.8 million.*
2. *The above figures have been taken from the restated consolidated accounts.*
3. *There are no loans and advances given to affiliated/group Companies or those related to directors in any way.*

UTI ASSET MANAGEMENT COMPANY LTD.

Annexure E

Statement of Quoted Investments made and their market value as at 30th September 2007

Certificate regarding Quoted Investments of UTI Venture Fund management Company Pvt. Ltd. (Subsidiary of UTI Asset Management Company limited)

S. No.	Particulars	No of Shares	Aggregate Book Value	Market Value	Diminution in Value	Market Value or Cost whichever is less
			Rs in Million	Rs in Million	Rs in Million	Rs in Million
A Current Investment						
1	SMS Pharma	25,010	7.9	7.1	0.8	7.1
2	Lupin Ltd.	15,000	10.8	8.8	2.0	8.8
3	Mega Soft	75,080	9.0	8.0	1.0	8.0
4	Om Metal	307,728	16.3	15.1	1.2	15.1
5	ING Vysya	41,410	10.0	10.9	-	10.0
6	Advanta	5,000	5.2	5.4	-	5.2
7	Deep Industries	32,693	3.5	4.1	-	3.5
8	North Gate	5,000	3.2	3.2	-	3.2
9	Aptech Ltd	22,000	8.4	8.3	0.2	8.3
10	Hind Zinc	10,000	7.7	8.1	-	7.7
11	Centurion Bank	100,000	4.4	4.6	-	4.4
	Total		**86.5**	**83.6**	**5.2**	**81.3**
B Long Term Investment (At Cost)						
1	Rain Commodities Ltd.	131,015	23.9	22.9	0.9	23.9*
Total Investments			**110.4**	**106.5**	**6.1**	**105.2**

** Long Term Investment is valued at cost.*

The above figures have been verified and certified by the Auditor of UTI Venture Fund management Company Pvt. Ltd.

UTI ASSET MANAGEMENT COMPANY LTD.

Annexure F

Capitalisation Statement as at September 2007

Particulars		Pre Offer at 30th September 2007 Rs in Million
Borrowings (Debt)		**Nil**
		Nil
Shareholders' Fund		
Equity Share Capital		500.0
Reserve		4,927.2
		5,427.2
Less: Deferred Tax Assets	5.0	
Goodwill	47.4	
Translation Reserve	3.1	
		55.5
Total Shareholders' Fund		**5371.7**

1. The Capitalisation Statement has been calculated on the basis of restated consolidated financial statement.

2. The shareholders at the 2nd Extraordinary General Meeting of UTI Asset Management Company limited held on 20th December 2007 have approved issue of bonus Equity Shares in proportion of 3 Equity Shares for every 2 Equity Shares held. As a result of this the paid up equity share capital of the Company will be increased to Rs 1250 million.

3. Debt Equity ratio is not calculated since there is no debt as on date.

Annexure G

Details of Unsecured Loans as at 30th September 2007

S. No.	Name of Ledger	Amount	Repayment Schedule

---NIL ---

The above figures have been taken from the restated consolidated accounts.

UTI ASSET MANAGEMENT COMPANY LTD.

Annexure A

Statement of Dividend Declared

The dividend declared by the UTI Asset Management Company limited in respect of the four financial year ended 31st March 07, 31st March 06, 31st March 05 & 31st March 04 are as under

Rs in Million

Particulars	Year Ended 31st March 07	Year Ended 31st March 06	Year Ended 31st March 05	Year Ended 31st March 04
Equity dividend				
Equity Share Capital	500	100	100	100
Rate of Dividend %	80%	200 %	Nil	Nil
Amount of Dividend	400	200	Nil	Nil
Tax on Dividend	56.84	28.5	Nil	Nil

The aforesaid statement has been prepared as per the standalone Audited Accounts of UTI Asset Management Company Limited.

UTI ASSET MANAGEMENT COMPANY LTD.

Annexure B

SUMMARY OF RESTATED CASH FLOW STATEMENT

(Amount in Millions)

	For the period ended 30th Sept 2007	For the year ended 31st March 2007	For the year ended 31st March 2006	For the year ended 31st March 2005	For the period ended 31st March 2004
CASH FLOW FROM OPERATING ACTIVITIES					
Net profit & Loss Before Taxation	1,057.1	2,168.1	2,413.1	1,311.0	2,004.0
Adjustment for					
Diminution in the value of Investment	0.0	82.0	--	-	-
Depreciation	23.8	36.7	356.6	122.8	1.6
Provision for PF Interest	0.0	0.0	0.0	0.0	7.4
Provision for Gratuity	0.0	0.4	0.0	2.6	2.5
Provision for Leave Encashment	15.6	15.6	0.0	6.2	80.7
Interest Income	(20.9)	(38.7)	(45.0)	(38.9)	37.6
Dividend Income	(14.0)	(61.4)	(27.9)	(16.1)	16.1
(Profit) / Loss on Sale of Fixed Asset	0.0	0.0	0.1	0.0	0.0
(Profit) / Loss on Sale of Investment	(118.8)	(93.3)	(26.9)	(15.9)	6.6
Operating Profit Before Working Capital Changes	**942.8**	**2,109.4**	**2,670.0**	**1,371.7**	**2,156.5**
Less : Advance Tax and TDS	(226.5)	(775.3)	(808.3)	(594.4)	(737.9)
Adjustment for changes in working capital					
(Increase)/ Decrease in Loan & Advances	727.0	651.6	315.1	774.2	(230.1)
(Increase)/ Decrease in Sundry Debtors	(215.7)	(108.1)	(68.7)	3.0	(48.5)
(Increase)/Decrease in Interest accrued on deposits	(10.7)	3.5	0.2	1.3	(13.6)
Increase/ (Decrease) in provisions	(683.2)	(1,049.3)	(356.7)	(811.4)	0.0
Increase/ (Decrease) in Current Liabilities	(548.1)	768.8	(48.7)	(86.2)	475.6
	(957.2)	(508.8)	(967.1)	(713.5)	(554.5)
Cash Generated from Operations	**(14.4)**	**1,600.6**	**1,702.9**	**658.2**	**1,602.0**
CASH FLOW FROM INVESTING ACTIVITIES					
Purchase of Fixed Assets	(25.5)	(993.8)	(381.9)	(165.5)	(11.6)
Purchase of Investment	(124.2)	(440.7)	(1,439.7)	(543.1)	(1,025.1)
Interest Income	20.9	38.7	45.0	38.9	(37.6)

	For the period ended 30th Sept 2007	For the year ended 31st March 2007	For the year ended 31st March 2006	For the year ended 31st March 2005	For the period ended 31st March 2004
Dividend Income	14.0	61.4	27.9	16.1	(16.1)
Profit / (Loss) on Sale of Fixed Asset	0.0	0.0	(0.1)	0.0	0.0
Profit / (Loss) on Sale of Investment	118.8	93.3	26.9	15.9	(6.6)
Net cash generated from Investing Activities	**4.0**	**(1,241.1)**	**(1,721.9)**	**(637.7)**	**(1,097.0)**
CASH FLOW FROM FINANCING ACTIVITIES					
Proceeds from issue of Share Capital	-	-	-	-	100.0
Interim Dividend	0.0	(375.0)	(200.0)	-	-
Proposed Dividend	0.0	(25.0)	0.0	-	-
Corporate Dividend Distribution Tax	0.0	(56.8)	(28.1)	-	-
Net cash generated from Financing Activities	0.0	(456.8)	(228.1)	**0.0**	**100.0**
Net Increase/ Decrease in cash and cash equivalent	**(10.4)**	**(97.3)**	**(247.1)**	**20.5**	**605.0**
Opening Cash and cash equivalents	280.9	378.4	625.5	605.0	0.0
Closing Cash and cash equivalents	**270.6**	**280.9**	**378.4**	**625.5**	**605.0**

UTI ASSET MANAGEMENT COMPANY LTD.

Annexure C

Summary of Accounting Ratios

Rs in Million

		2007-08 1st Six Month	2006-07	2005-06	2004-05	2002-04 16.5 Month
Net worth	(A)	5,243.7	4,527.5	3,497.5	2,076.1	1,358.8
Adjusted Net Profit After Tax	(B)	693.9	1,438.5	1,716.2	726.7	1,258.3
No of Share Outstanding at the end	(C)	50.0	50.0	10.0	10.0	10.0
Weighted Average No of Share outstanding	(D)	125	125	125	125	125
Earning Per Share (Rs.)	(B/D)	5.6	11.5	13.7	5.8	10.1
Return on Net Worth	(B/A)	13.2%	31.8%	49.1%	35.0%	92.6%
Net Asset Value per share	(A/D)	41.9	36.2	28.0	16.6	10.9

The above statement is prepared from restated standalone accounts of the company.

Net Worth includes Share Capital, Reserve & Surplus less Deferred Tax Assets

The shareholders at the 2nd Extraordinary General Meeting of UTI Asset Management Company Limited held on 20th December 2007 have approved the issue of Bonus Shares in the proportion of 3 Equity Shares for every 2 shares held. Since the Bonus issue is an issue without consideration, it has been treated as if it had occurred since the beginning of the company, both for the purpose of computing Earning Per Share (EPS) & Net Asset Value (NAV) per share

Earning Per Share is derived by dividing Adjusted Net Profit after tax by Weighted Average Number of Shares outstanding as per Accounting Standard 20 Issued by ICAI.

Return on Net Worth is derived by dividing Adjusted Net Profit After Tax by Net Worth at the end of the year.

Net Asset Value per share is derived by dividing Net Worth by Weighted Average No of Share outstanding.

UTI ASSET MANAGEMENT COMPANY LTD.

Annexure D

Sundry Debtors Outstanding as on 30th September 2007

Rs in Million

(A)	**Considered Good**		
	Less than six months	438.0	
	More than six months	Nil	
	Sub Total (A)		**438.0**
(B)	**Considered Good**		
	Less than six months	Nil	
	More than six months	Nil	
	Sub Total (B)		**Nil**
	Total (A+B)		**438.0**

Note:

1. *The above statement is prepared from restated consolidated accounts.*
2. *The above amount includes Rs. 119.6 million receivable from associate concern.*

UTI ASSET MANAGEMENT COMPANY LTD.

Annexure E

Details of Loans & Advances

Rs in Million

Particulars		**September' 07**
Unsecured and considered good unless otherwise stated		
Advances recoverable in cash or in kind or for value to be received - Considered Good		282.5
Advance Tax /TDS/FBT	226.5	
Less Provision for Tax /FBT (Restricted to the amount of Advance Tax /TDS/FBT)	226.5	Nil
Loan to employees		
Considered Good	235.7	
Considered Doubtful	0.4	
		236.1
Total		518.6
Less Provision for Doubtful Debt		0.4
		518.2

Note:

1. *The above statement does not include investment made on behalf of OSDF Fund and VSS Fund amounting to Rs 159.8 million.*

2. *The above figures have been taken from the restated standalone accounts of the company.*

3. *There is no loans and advances given to affiliated/group Companies or those related to directors in any way.*

UTI ASSET MANAGEMENT COMPANY LTD.

Annexure F

Statement of Quoted Investments made and their market value as at 30th September 2007

Certificate regarding Quoted Investments of UTI Asset Management Company Limited

S. No.	Particulars	No of Shares	Aggregate Book Value	Market Value	Diminution in Value	Market Value or Cost whichever is less

-- NIL --

UTI ASSET MANAGEMENT COMPANY LTD.

Annexure G

Capitalisation Statement as at September 2007

Particulars	Pre Offer at 30th September 2007 Rs in Million
Borrowings (Debt)	Nil
	Nil
Shareholders' Fund	
Equity Share Capital	500.0
Reserve	4,748.6
	5,248.6
Less: Deferred Tax Assets	**4.9**
Total Shareholders' Fund	**5,243.7**

1. The Capitalisation Statement has been calculated on the basis of restated standalone financial statements

2. The shareholders at the 2nd Extraordinary General Meeting of UTI Asset Management Company limited held on 20th December 2007 have approved issue of bonus Equity Shares in proportion of 3 Equity Shares for every 2 Equity Shares held. As a result of this the paid up equity share capital of the Company will be increased to Rs 1250 million.

3. Debt Equity ratio is not calculated since there is no debt as on date.

UTI ASSET MANAGEMENT COMPANY LTD.

Annexure H

Statement of Tax Shelter

Rs in Million

Particulars	As at 31st March 2007	As at 31st March 2006	As at 31st March 2005	As at 31st March 2004	As at 31st March 2003
Profit/(Loss) before tax but after Extra ordinary items & Prior Period Incomes/ Losses	**2,230.1**	**2,036.9**	**1,611.3**	**1,769.3**	**220.6**
Long Term Capital Gain	90.5	21.8	0.5	-	-
Tax Rate	33.66%	33.66%	36.59%	35.88%	36.75%
Tax Rate on Long Term Capital Gain	11.22%	11.22%	10.46%		
Tax at notional rate of profit	**760.8**	**688.1**	**589.7**	**634.7**	**81.1**
Adjustment:					
Permanent Differences					
Interest on Delayed payment of Taxes	0.2	0.0	-	-	-
Diminution in Value of Investments	82.0	-	-	-	-
Stamp Duty & Reg. Fees for increasing Authorised Share Capital	4.6	-	-	-	-
Donation	-	1.0	5.1	-	-
Less: Allowed under Section 35AC & 80G	-	(0.8)	(5.1)	-	-
Perquisite Tax	-	-	-	4.8	2.2
Exempted Income	-	-	-	-	-
Dividend u/s 10(34)	(61.4)	(27.9)	(16.1)	(5.1)	-
Profit on Sale of Mutual Fund	(93.3)	(26.9)	(15.9)	-	-
Temporary Difference					
Expenses Disallowed u/s 40(a)/(ia)	6.5	(2.0)	2.2	-	-
Difference between Book Depreciation & Tax Depreciation	(148.6)	243.9	(15.2)	(1.0)	-
Excess Provision written back	-	(3.5)	(1.2)	(6.2)	-
Expenses allowance under section 43B	-	-	(17.7)	(4.3)	-
Diff. in sale of Inv. Between Co. Act & I. Tax Act	-	-	-	0.2	-
Loss on sale of Fixed Asset	0.0	0.1	-	-	-
Provision for expenses	-	-	23.9	2.5	10.5
Net Adjustment	**(210.0)**	**183.9**	**(40.0)**	**(9.1)**	**12.7**
Profits & Gains of Business or Profession	**2,020.1**	**2,220.8**	**1,571.3**	**1,760.2**	**233.3**
Long Term Capital Gains	**90.5**	**21.8**	**0.5**	**-**	**-**
Total Income as per Income Tax Return	**2,110.6**	**2,242.6**	**1,571.8**	**1,760.2**	**233.3**
Tax as per return	**690.1**	**750.0**	**575.0**	**631.5**	**85.7**

Particulars	As at 31st March 2007	As at 31st March 2006	As at 31st March 2005	As at 31st March 2004	As at 31st March 2003
Interest under section 234B	-	-	-	-	2.4
Interest under section 234C	-	0.7	-	5.8	0.3

Notes: *The aforesaid statement of tax shelter has been prepared as per the standalone audited accounts of UTI Asset Management Company limited and is not based on the profit as per the summary of Restated Profit & Loss Account*

UTI ASSET MANAGEMENT COMPANY LTD.

Annexure I

***Details of Unsecured Loans as at 30th September 2007*r**

S. No.	Name of Ledger	Amount	Repayment Schedule

---NIL ---

The above figures have been taken from the restated standalone accounts of the company

The Board of Directors
UTI Asset Management Company Limited
UTI Tower, Bandra Kurla Complex,
GN Block Bandra (East)
Mumbai 400 051

Dear Sir,

The Company's restated unconsolidated Net Profit u/s 205 of the Companies Act, 1956, Net worth, Net Tangible Asset and monetary assets derived from the Auditors' Report included in this offer document under section " Financial Statements GAAP" as at end for the last four years ended are set forth below:

Rs in Million

	2006-07	2005-06	2004-05	2002-04 16.5 Month
Net Tangible Asset	4,527.5	3,497.5	2,076.1	1,358.8
Monetary Assets	280.9	378.4	625.5	605.0
Net Profit as per Section 205 of the Companies Act	1,438.5	1,716.2	726.7	1,258.3
Net worth	4,527.5	3,497.5	2,076.1	1,358.8

Net Tangible Asset is defined as the sum of Net Fixed Asset, Investment and Net Current Assets (Excluding Deferred Tax Assets).

Monetary asset includes Cash in hand including stamps & Bank Balance.

Net worth includes share capital, reserve and surplus less intangible assets.

Thanking you,

For Om Agarwal & Company
Chartered Accountants

(Thalendra Sharma)
Partner

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with the Financial Statements, the notes and significant accounting principles thereto and the reports thereon, which appear in pages 120 to 216 of this Draft Red Herring Prospectus. The financial statements are based on Indian GAAP, which differ in certain significant respects from US GAAP and IFRS. For more information on these differences, see the section titled "Summary of Significant Differences between Indian GAAP, US GAAP and IFRS", on page 247 of this Draft Red Herring Prospectus.

Our fiscal year ends on March 31 of each year, so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year.

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section titled "Risk Factors" on page (xiii) of this Draft Red Herring Prospectus and elsewhere in this Draft Red Herring Prospectus.

Overview

We are a leading provider of asset management services in India catering to a diverse group of individual and institutional investors through a wide variety of equity and debt funds. We manage domestic mutual funds, as well as provide portfolio management services and manage overseas, venture capital and private equity funds. Our total assets under management ("AUM") equaled Rs. 495,418 million, as of September 30, 2007. Based on AUM in our domestic mutual funds as of December 31, 2007, we are the second largest mutual fund provider in India, according to AMFI. We believe we have the largest client base among mutual fund providers in India, with approximately 8.1 million client accounts. We have a high concentration of equity and balanced/hybrid funds, and had the second highest market share for equity funds (10.0%) and the highest market share for balanced/hybrid funds (41.9%) in India, as of November 30, 2007. Our income and liquid funds on a combined basis had the fourth highest market share (7.1%), according to Value Research.

We currently manage 76 domestic equity, balanced/hybrid, income and liquid mutual funds. Our domestic funds had AUM of Rs. 450,026 million, as of September 30, 2007, constituting approximately 9.4% of the total AUM invested in mutual funds in India and making us the third largest fund provider, according to AMFI. Set forth below is the breakdown of our domestic AUM (in absolute amounts and as a percentage of total domestic AUM) by category of mutual funds:

(Rs. in millions, except percentages)	As of September 30,		As of March 31,					
Category of Fund	**2007**		**2007**		**2006**		**2005**	
Equity Funds	174,725	38.8%	134,953	38.0%	134,671	45.6%	70,764	34.3%
Balanced/Hybrid Funds	95,060	21.1%	87,625	24.7%	91,649	31.0%	80,133	38.8%
Income Funds	104,228	23.2%	70,096	19.8%	24,431	8.3%	18,725	9.1%
Liquid Funds	76,013	16.9%	61,954	17.5%	44,609	15.1%	36,947	17.8%
Total Domestic AUM	**450,026**	**100.0%**	**354,628**	**100.0%**	**295,360**	**100.0%**	**206,569**	**100.0%**

Our AUM for domestic mutual funds increased from Rs. 138,967 million as of January 31, 2003, to Rs. 450,026 million as of September 30, 2007, representing a compound annual growth rate ("CAGR") of 28.6%. The industry AUM increased from Rs. 794,640 million as of March 31, 2003, to Rs. 4,769,206 million as of September 30, 2007, representing a CAGR of 48.9%.

We also provide portfolio management services ("PMS") to approximately 320 clients. We have been recently selected as one of three asset managers to provide portfolio management services to the National

Investment Fund ("NIF"). In addition, we have been selected by the Pension Fund Regulatory Development Authority ("PFRDA") as one of three asset managers to manage funds under a new pension scheme of the Government of India. We manage offshore and foreign institutional investor ("FII") funds (including a co-branded fund with Shinsei Bank of Japan), as well as venture capital and private equity funds. As of September 30, 2007, our portfolio management, overseas, venture capital and private equity funds had total AUM of Rs. 45,392 million. We also provide support services to the Specified Undertaking of the Unit Trust of India ("SUUTI"). Set forth below is the breakdown of our other AUM (in absolute amounts and as a percentage of total other AUM) by category of funds (other than SUUTI):

(Rs. in millions, except percentages)	**As of September 30,**		**As of March 31,**					
Category of Fund	**2007**		**2007**		**2006**		**2005**	
Portfolio Management Services	21,609	47.6%	14,610	38.0%	1,254	11.2%	138	2.7%
Overseas Funds	17,841	39.3%	18,406	48.0%	7,594	67.7%	4,104	81.0%
Private Equity and Venture Capital Funds (on cost basis)	5,942	13.1%	5,392	14.1%	2,371	21.1%	825	16.3%
Total Other AUM	**45,392**	**100.0%**	**38,408**	**100%**	**11,219**	**100.0%**	**5,067**	**100.0%**

Our investment strategy is to have a balanced and well-diversified portfolio for our funds, with equal emphasis given to asset allocation and sectoral allocation as given to security selection. We have an in-house research based approach for our investments and we follow process-based investment management practices. Our fund investment team includes 14 professionals with an average of over 12 years of investment management experience. Our research team includes nine analysts and covers approximately 300 companies. We believe that our professional management and disciplined investment approach contribute to efficient management of our funds. We have a rigorous internal control structure with emphasis on risk management, internal audit systems and regulatory compliance.

We offer our products through a diverse range of distribution channels, including a network of ten regional offices, 79 UTI Financial Centres ("UFCs") and two satellite offices, as well as overseas offices in London, Dubai, Bahrain and Singapore. For distribution, we utilize third-party agents, including approximately 31,000 independent financial advisors, as well as private and public sector banks, post offices, and corporate distribution houses. Our clients include individual retail investors, banks, corporate and other institutional investors, public sector undertakings, and overseas investors. Domestic individual investors represented 51.2% of our total domestic AUM, while corporate and other business entities represented 27.1% and banks and other financial institutions represented 11.1% of domestic AUM, as of November 30, 2007. Trusts, foundations and non-resident Indians represented the remainder of our domestic AUM.

Presentation of Financial Information

We have set forth in this Draft Red Herring Prospectus consolidated and unconsolidated financial statements as of and for the six months ended September 30, 2007, the 16.5 months ended March 31, 2004, and the fiscal years ended 2005, 2006 and 2007 for UTI Asset Management Company Private Limited (since converted to a public company, know as UTI Asset Management Company Limited; as the context requires, referred to as "UTI AMC") and its subsidiaries. We have provided the financial statements as of and for the 16.5 months ended March 31, 2004 (and not for the fiscal year ended March 31, 2004) because we commenced our operations on February 1, 2003. The consolidated financial statements consolidate the accounts of our subsidiaries, with inter-company accounts and transactions eliminated in consolidation in accordance with Indian GAAP.

Our financial statements have been prepared in accordance with Indian GAAP and standards issued by the Institute of Chartered Accountants of India and restated in accordance with SEBI Guidelines. In accordance with SEBI Guidelines, the restatement adjusts the income and expense items which are not accounted for in our audited financial statements under the respective periods they relate to (due to, among other things, subsequent changes in our accounting policies or payments relating to prior periods), so that they are accounted for under the applicable periods. The effect of the restatement is presented below the profit after tax line item in the respective financial statements, with no adjustment to the individual income and operating expense line items, and therefore the discussion of the line items in this section does not reflect the effect of adjustments due to the restatement. Furthermore, we have not included a discussion comparing the consolidated results as of and for the six months ended September 30, 2007 to a prior period. Because we have not included a comparative period for the six months ended September 30, 2007, and because the discussion of the line items in this section does not reflect the effect of prior period items adjusted by the restatement, you should not place undue reliance on the discussion below and should review carefully all the financial statements and other information included herein.

Factors Affecting Our Results of Operations

Our results of operations have been, and will continue to be, affected by a number of events and actions, some of which are beyond our control. However, there are some specific items that we believe have impacted our results of operations and, in some cases, will continue to impact our results on a consolidated level and at our individual companies. In this section, we discuss several factors that we believe have, or could have, an impact on these results. We also discuss the ways in which we generate income and incur the main expenses associated with generating this income. Please also see the sections titled "Business" on page 55 and "Risk Factors" on page (xiii) of this Draft Red Herring Prospectus.

Value and Composition of AUM and Management Fee Levels

Management fees are our primary source of income. Management fees are usually calculated as a percentage of AUM, and vary based on the value and composition of AUM. Accordingly, the value and composition of AUM are key drivers of our income. Aggregate management fee income as a percentage of AUM may change over time, as management fee income may be affected by market conditions and competitive pressures. Management fee income for the three years ended March 31, 2007 was Rs. 3,111.8 million, Rs. 3,689.3 million and Rs. 3,817.8 million, representing 94.7%, 94.1% and 93.2% of our total income, respectively. Management fee income for the six months ended September 30, 2007 was Rs. 1,770.0 million, representing 87.0% of our total income.

Fee rates differ between fund types and products. For example, the fee levels for equity and balanced/hybrid funds are generally higher than the fee levels for income and liquid funds. The fee levels for debt funds vary significantly depending on market conditions and the type of fund and generally are considerably lower than the maximum limits imposed by our principal regulator SEBI, whereas fee levels for equity funds generally are relatively stable and match the maximum limits imposed by SEBI. Set forth below is a table indicating the amount and percentage of management fee income generated by each category of our domestic mutual funds:

Amount and Percentage of Management Fee Income from Domestic Mutual Funds

(Rs. in millions, except percentages)	**Six months ended September 30,**		**Year ended March 31,**					
Category of Funds	**2007**		**2007**		**2006**		**2005**	
Equity Funds	743.7	56.0%	1,337.6	53.6%	918.7	46.5%	700.6	40.5%
Balanced/Hybrid Funds	466.8	35.2%	1,012.3	40.6%	845.5	42.8%	808.7	46.7%
Income Funds	90.9	6.8%	105.8	4.2%	96.5	4.9%	131.2	7.6%
Liquid Funds	26.5	2.0%	39.8	1.6%	115.1	5.8%	90.4	5.2%
Total	**1,327.9**	**100.0%**	**2,495.5**	**100.0%**	**1,975.8**	**100.0%**	**1730.9**	**100.0%**

There is fee pressure in certain segments of our business. For example, we encounter fee pressure in our fund business with high net worth individuals, corporate entities and other institutional clients. Asset management fees tend to be low for Government-sponsored business, such as our recent mandates from NIF, PFRDA and certain insurance funds.

In addition, we may from time to time reduce or waive management fees, or limit total expenses, on certain products or services for particular time periods to improve fund performance, manage fund expenses, or for other reasons, and to help retain or increase managed assets. If our income declines without a commensurate reduction in our expenses, our profit will be reduced.

The payment of our management fees is governed by investment management agreements we have with trustees or our clients, as the case may be, and offer documents for our funds or portfolio management contracts. In general, trustees and our clients may terminate our investment management agreements for any reason (or no reason) on short notice, typically ranging from 30 to 180 days prior to termination. Upon termination, management fees are pro-rated for the period when we provided services.

Retention and Attraction of AUM

Our ability to attract and retain AUM has a significant impact on our financial results. As of March 31, 2005, 2006 and 2007, our total AUM for domestic funds were Rs. 206,569 million, Rs. 295,360 million and Rs. 354,628 million, respectively. As of September 30, 2007, our total AUM for domestic funds were Rs. 450,026 million.

Our AUM are the key factor driving our income because our management fees are based on AUM. The level of our AUM is determined by:

- asset inflows and outflows; and
- asset appreciation and depreciation.

In order to increase our AUM and grow our business, we must attract new clients and retain and expand our relationships with existing clients. Among other things, this will depend on:

- our investment performance compared to competing products and market indices;
- the success of our sales efforts and the breadth and efficiency of our distribution network;
- client sentiment and confidence;
- our ability to introduce new investment products that suit the needs of our target clients; and
- our decision to close investment products when we consider this to be in the best interests of our clients.

Individual retail clients represent over half of our total client base, which we believe reduces the risk of redemptions and withdrawals from our funds. A small number of funds represent a significant portion of our total AUM. For example, as of September 30, 2007, our top five equity funds constituted 47.7% of total AUM for equity funds, and our top five balanced/hybrid funds constituted 90.8% of total AUM for such funds. Our top three income funds represented 55.5% of total AUM for income funds, and we have only three liquid funds. Underperformance by any of these funds may have a disproportionate adverse impact on our AUM and income.

Most of our equity and balanced/hybrid funds are open-ended funds. Clients of open-ended funds may typically redeem their investments at any time or for no reason. Clients may subscribe to new units of the fund or sell their units back to the fund at any point of time at a price that is linked to the net asset value of the fund. Some of our income and liquid close-ended funds have a short duration. At the end of the life of the fund, clients either invest in another of our funds or pursue other investment opportunities.

Investment and Market Performance

Our ability to attract and retain AUM, as well as our profitability, is heavily impacted by investment performance, which drives the value of AUM (in terms of capital appreciation, as well as client attraction and retention) on which the management fees are calculated. Investment performance is affected by general economic conditions, fluctuations in the equity and debt markets, and investment strategies, among others.

Poor investment performance, either on an absolute or relative basis, could impair our income and growth because:

- existing clients may withdraw funds in favor of better performing products, which would result in lower fees;

- our ability to attract funds from existing and new clients may diminish; and

- negative absolute investment performance will directly reduce our managed assets.

Some of our funds have not delivered strong or consistent investment performance, on a relative basis, compared to the relevant industry benchmark and our competitors, and in some cases, on an absolute basis. In particular, some of our equity funds, including the Master Value Fund, MidCap Fund and the Contra Fund, have underperformed, as the industry sectors in which these funds invested underperformed the broader market. Some of our balanced/hybrid funds, including the Children's Career Plan Fund and the Retirement Benefit Pension Fund, have underperformed as they increased their cash investments for a period of time while the equity markets in India rose significantly. In addition, the investment performance of some of our income and liquid funds have been below the relevant industry benchmarks and that of some competitors.

Macro-economic conditions and industry dynamics, as well as the performance of equity and debt markets, also have a significant effect on our investment performance and therefore our business and results. For example, the subprime crisis in the United States, which started in the summer of 2007 and which has triggered liquidity problems and downturns in the United States and European markets, may adversely affect our industry by triggering a similar recession or slowdown in the Indian economy and markets. Also, India has a high household savings rate. According to the RBI Annual Report 2007, average household savings as a percentage of GDP between fiscal years 1999-2000 and 2005-06 equalled 22.1%, with 10.7% invested in financial assets and the remaining 11.3% invested in physical assets, including gold and real estate. The mutual fund industry, and therefore our business, benefits immensely from such a high rate of savings, in particular financial savings. Any decline in the rate of savings may adversely affect our growth and business. Furthermore, in a rising interest rate environment, investors may shift their assets to liquid funds to realize higher yields. Liquid funds tend to be less profitable than other funds. The value of the fixed income securities in our portfolio may decline as result of changes in interest rates, an issuer's actual or perceived creditworthiness or an issuer's ability to meet its obligations.

India's equity markets have experienced a sustained and sharp bull run since 2003. The BSE Sensitive Index (the "Sensex") has increased 284% in the last four fiscal years and 32% in the first half of this fiscal year. This pace of growth cannot be expected to continue. Historically the Indian securities markets, like other developing markets, have experienced a significant degree of volatility. For example, on December 17, 2007, the BSE Sensex index declined 769 points, or 3.8% compared to the previous trading day's closing price. In May 2006 and May 2004, the BSE Sensex index had single day trading losses of 6.8% and 11.1%, respectively. The Indian mutual fund industry, including our funds, have benefited significantly from the rising equity markets. Our AUM and rate of growth will likely be adversely affected by slower growth or declines in the equity markets in India.

Fee and Expense Limits and Fund Accounting

A specified percentage of our funds' daily AUM is accrued to cover (i) management fees and (ii) other expenses, based on SEBI-prescribed or lower internally determined maximum limits regarding those items. Management fees are paid by our funds to us on a weekly basis. The remaining expenses accrued are used by the funds to offset other permissible expenses.

On a half yearly basis, we review the actual expenses incurred by the funds compared to the expenses accrued. If the actual expenses incurred exceed the expenses accrued, we reimburse the relevant fund for the excess expenses incurred. Such reimbursement figures vary from year to year and for each fund depending on market conditions and other factors.

The maximum limits currently imposed by SEBI are described below. From time to time SEBI may review and revise its fee caps. For example, in October 2007, SEBI reduced the cap for recurring fees charged on index funds from 1.00%-1.25% to 0.75%. As the mutual fund industry in India increases in size, there may be a greater likelihood that SEBI will lower its fee caps. SEBI issued new regulations in April 2007 prohibiting management fees from being charged on short-term deposits. As a result, our management fee income has been adversely affected, in particular for our balanced/hybrid and income funds.

For funds up to Rs. 1,000 million, management fees charged by funds cannot exceed 1.25% of the weekly average net assets outstanding. If the fund exceeds Rs. 1,000 million, an additional 1.0% can be charged on the portion of the fund which exceeds Rs. 1,000 million. For funds launched on a no-load basis ("no-load" funds), an additional 1.0% can be charged. We do not currently have any no-load funds. For fund of funds (funds investing in other funds), up to 0.75% of the weekly average net assets can be charged. To date, the management fees for all our equity and balanced/hybrid funds, except index funds and exchange traded funds, have generally equalled the SEBI-prescribed levels, whereas the fees for our income and liquid funds usually have been considerably lower than SEBI-prescribed limits.

Under SEBI rules and regulations, closed-ended funds can charge up to 6.0% of the initial funds raised for initial issue expenses. Open-ended funds must pay initial issues expenses from the front-end fees. If a client exits a closed-ended fund before the initial issue expenses are amortized, the client's units are redeemed only after recovering the unamortized issue expenses. Conversion of a closed-end fund to an open-ended fund or issuance of new units can only occur after all initial issue expenses have been amortized.

On-going or recurring expenses (including management fees, as well as marketing and selling expenses (including any agents' commission), brokerage costs, registrar services, trustee fees and expenses, audit and custodian fees, and expenses for client communications, insurance and other client services) of up to 2.5% of average weekly net assets can be charged for equity and balanced/hybrid funds up to Rs. 1,000 million. Up to 2.25% can be charged for the next Rs. 3,000 million; 2.0% for the Rs. 3,000 million after that; and 1.75% for the balance of the assets. The respective expense limits for income and liquid funds are 0.25% lower than each of the respective expense limits for equity and balanced/hybrid funds. For index funds, the expense limit is 1.50% of average weekly net assets. The management fees paid by the funds are included in the computation of expenses for purposes of the foregoing caps on expenses. If the actual expenses incurred by a fund exceeds the relevant limits, we must reimburse the fund for the excess expenses.

Most of our equity and balanced/hybrid funds earn one-time front-end fees at the time of subscription to the fund and most of our income funds earn back-end fees at the time of redemption from the fund. Our liquid funds charge neither front-end nor back-end fees. Under SEBI rules and regulations, the front-end and back-end fees are capped so that the difference between the sale price and repurchase price of a fund unit can not exceed 7.0% of the net asset value of the fund. The front-end fees and back-end fees received by our funds may be used by the funds to offset their marketing and distribution expenses, effectively allowing them to make further expenditures for marketing and distribution.

Compensation, Marketing and Other Costs

We are continuously looking to hire skilled investment professionals and provide competitive compensation so that we can retain and attract talented individuals. In 2005, we implemented an incentive based compensation plan (which we refer to as a Balanced Score Card system) with a variable pay structure for our investment professionals and other employees. For the years ended March 31, 2006 and 2007, our aggregate annual variable compensation, as a percentage of our profit before tax, equalled 1.9% and 3.8% tax, respectively. For the six months ended September 30, 2007, our aggregate variable compensation, as a percentage of our profit before tax, equalled 9.6%. Variable compensation costs tend to increase with increases in profitability. We have recently hired a number of new managers, including new senior and upper level managers. We expect our compensation expenses to increase as we expand our operations and given the competitive market conditions. All compensation expenses are paid by us and not by our individual funds.

Our funds incur significant marketing, distribution, administrative and registrar and transfer ("R&T") expenses. Marketing expenses vary from year to year for each fund depending on market conditions and other factors. Additional marketing costs are usually incurred in connection with the launch of a fund. Our funds also incur distribution expenses, which primarily consist of commissions paid to third party agents. Distribution expenses vary according to funds, product types, the different distribution arrangements within each fund, and market conditions. Administrative costs incurred by the funds include costs relating to client services such as information kiosks at our UFCs and postage. The funds also pay for the fees and expenses charged by R&T agencies.

As described above, although our funds pay for their marketing, distribution, administrative and R&T expenses, the amounts payable by the funds are capped by SEBI or by us internally, and we must reimburse the fund for expenses that exceed such limits. For example, during last year, we incurred marketing expenses in connection with the Gold Exchange Traded Fund, Capital Protection Oriented Scheme and Long Term Advantage Fund, which did not attract the level of AUM that we expected. Since the SEBI-imposed and internal expense limits are generally expressed as a percentage of AUM levels, we ended up incurring a portion of such expenses. It is particularly important to maintain low expenses for our income and liquid funds (in order to enhance their returns), and the internal expense limits we set for such funds are often well below SEBI prescribed limits. Increased competition may mean that we will incur more marketing and distribution costs on behalf of our funds in the future.

Set forth below is a breakdown of the expenses which exceeded the SEBI limits, and therefore were reimbursed by us, during the years ended March 31, 2005, 2006 and 2007, and the six months ended September 30, 2007:

	Six month ended September 30,	**Year ended March 31,**		
(Rs. in millions)	**2007**	**2007**	**2006**	**2005**
Initial Offer Expenses	0.5	147.0	--	43.6
Ongoing Fund Expenses	30.7	98.5	76.9	211.1

We also conduct marketing activities for the promotion of the general UTI brand. Expenses for such activities are paid by us and not by the funds. For example, we made significant expenditures last fiscal year to promote our business by advertising on television. Our general marketing activities may not generate sufficient additional business to offset their costs.

We are in the process of improving and expanding our infrastructure, which includes opening a number of new branches and improving our information technology systems in order to improve and expand the reach of our distribution system. For example, we intend to increase the number of our UFCs nation-wide from 79 to approximately 120 and upgrade some of our existing UFCs. These initiatives will increase our operating expenses. We also incur costs relating to the value added services we provide, including our interactive website and online tools. Total operating expenses as a percentage of total income were 50.9%, 46.8% and 43.0% in each of the years ended March 31, 2005, 2006 and 2007, respectively. Total operating expenses as a percentage of total income were 45.1% for the six months ended September 30, 2007.

We have a high proportion of fixed costs, such as compensation expenses. Excluding distribution expenses, our operating expense structure is comprised of costs which generally do not vary directly with AUM or income. As a result, operating margins may fluctuate at a higher percentage than changes in income, and any decline in our income will result in a greater decline in our profit margin.

SUUTI

Following the repeal in 2002 of The Unit Trust of India Act, 1963, and the bifurcation in 2003 of Unit Trust of India into two separate entities, we entered into a services arrangement with the administrator of SUUTI, pursuant to which we agreed to provide support services to SUUTI in exchange for a fee. The services provided to SUUTI include human resources, administration, dealing, fund accounting, operations, and client and legal services. We also assist SUUTI in the execution and documentation of real estate disposals and other transactions. We share a number of employees with SUUTI and currently second five employees (including two fund managers) on a full-time basis to SUUTI. Our main offices are located in the same building as SUUTI. SUUTI is controlled by the Government of India, as are our Sponsors.

The services agreement we have with SUUTI expires on January 31, 2008, and is renewable by mutual consent. We have negotiated new fee arrangements each year with SUUTI I since its inception. For the three years ended March 31, 2007 and the six months ended September 30, 2007, SUUTI fees represented 37.9%, 35.9%, 23.3%, and 15.0%, respectively, of our consolidated total income. We expect the fees payable by SUUTI to continue to decline as the bonds issued by SUUTI mature in 2008 and 2009.

Other Businesses

Portfolio Management Services

We launched our portfolio management services ("PMS") in May 2004 under the "Axel" brand. PMS offers discretionary and non-discretionary portfolio management services and research based advisory services. Total income for PMS was Rs. 1.2 million, Rs. 11 million and Rs. 28.1 million for the three years ended March 31, 2007, respectively, representing 0.0%, 0.3% and 0.7% of our consolidated income. Total income was Rs. 40.7 million for the six months ended September 30, 2007, representing 2.0% of our consolidated income. From March 31, 2007 to September 30, 2007, total AUM for PMS increased from Rs. 14,610 million to Rs. 21,609 million, primarily due to the increase of AUM for the Shinsei UTI India Fund. From March 31, 2006 to March 31, 2007, total AUM for PMS increased from Rs. 1,254 million to Rs. 14,610 million, primarily due to the launch of Shinsei UTI India Fund. From March 31, 2005 to March 31, 2006, total AUM for PMS increased from Rs. 138 million to Rs. 1,254 million, primarily due to the launch of a Sharia compliant fund. (AUM for PMS include assets for advisory services.) We see PMS as a growth opportunity due to public sector mandates we carry out under this division, including NIF. Although the fee levels and profit margins for PMS are generally lower compared to our other domestic funds, PMS tends to have higher client volumes, making it an attractive business with growth potential.

UTI International Limited

We market overseas funds through our wholly owned subsidiary, UTI International Limited ("UTI International"), a Guernsey company. The following table sets forth total income, total operating expenses and profit after tax data (in absolute amounts and as a percentage of total consolidated income) and total AUM (in absolute amounts and as a percentage of our total consolidated AUM) as of and for the three years ended March 31, 2005, 2006 and 2007 and the six months ended September 30, 2007, for UTI International (on a consolidated basis):

(Rs. in millions, except percentages)	**As of and for the six months ended September 30,**		**As of and for the year ended March 31,**					
	2007		**2007**		**2006**		**2005**	
Income	104.7	5.1%	105.5	2.6%	56.2	1.4%	42.5	1.3%
Expenses	86.1	4.2%	126.7	3.1%	93.5	2.4%	53.7	1.6%
Profit/(Loss) After Tax	18.6	0.9%	(21.2)	0.5%	(37.3)	1.0%	(11.2)	0.3%

(Rs. in millions, except percentages)	As of and for the six months ended September 30,		As of and for the year ended March 31,					
	2007		2007		2006		2005	
Total AUM	17,840.7	3.6%	18,405.5	4.7%	7,593.6	2.5%	4,104.0	1.9%

UTI International has branches in London, Dubai, Bahrain and Singapore, and two subsidiaries, UTI Investment Management Company Mauritius Limited, which is wholly owned by UTI International, and UTI International (Singapore) Private Limited, which is 51% owned by UTI International. UTI International was a loss-making entity until the six months ended September 30, 2007, due to expenses incurred in connection with its expansion, including opening offices its overseas offices and the recruitment of additional staff. We plan to further expand our international activities by launching new offshore funds in Southeast Asian markets. Our overseas funds have a very limited number of investors and the loss of any such investors can lead to a substantial reduction in our overseas AUM. From March 31, 2007 to September 30, 2007, total AUM of UTI International decreased from Rs. 18,405.5 million to Rs. 17,840.7 million, primarily due to the closure of the India Infrastructure Fund. From March 31, 2006 to March 31, 2007, total AUM of UTI International increased from Rs. 7,593.6 million to Rs. 18,405.5, million primarily due to increased investments in the India Fund. From March 31, 2005 to March 31, 2006, total AUM of UTI International increased from Rs. 4,104.0 million to Rs. 7,593.6 million, primarily due to the launch of three new funds.

<u>UTI Venture Funds Management Company Private Limited</u>

We conduct our venture capital and private equity fund management through our wholly owned subsidiary, UTI Venture Funds Management Company Private Limited ("UTIVF"). The following table sets forth total income, total operating expenses and profit after tax data (in absolute amounts and as a percentage of total consolidated income) and total AUM (in absolute amounts and as a percentage of our total consolidated AUM) as of and for the years ended March 31, 2005, 2006 and 2007, and the six months ended September 30, 2007, for UTIVF:

(Rs. in millions, except percentages)	As of and for the six months ended September 30,		As of and for the year ended March 31,					
	2007		2007		2006		2005	
Income	97.7	4.8%	198.2	4.8%	166.6	4.2%	45.8	1.4%
Expenses	56.1	2.8%	99.8	2.4%	57.7	1.5%	28.5	0.9%
Profit After Tax	30.1	1.5%	66.3	1.6%	74.8	1.9%	9.1	0.3%
Total AUM (on a cost-basis)	5,942.3	1.2%	5,392.0	1.4%	2,370.8	0.8%	825.9	0.4%

UTIVF currently manages two funds: India Technology Venture Unit Scheme ("Fund I") and Ascent India Fund ("Fund II"), and intends to expand its operations by launching new funds. Total income for UTIVF increased from Rs. 45.8 million for the year ended March 31, 2005 to Rs. 198.2 million for the year ended March 31, 2007. The increase in income was primarily due to the increase in fund management income derived from Fund II, which was launched in 2005. From March 31, 2007 to September 30, 2007, total AUM for UTIVF increased from Rs. 5,392.0 to Rs. 5,942.3. UTIVF made no new investments during that period. From March 31, 2006 to March 31, 2007, total AUM for UTIVF increased from Rs. 2,370.8 to Rs.

5,392.0, primarily due to increased investments by foreign investors in Fund II. From March 31, 2005 to March 31, 2006, total AUM for UTIVF increased from Rs. 825.9 to Rs. 2,370.8, primarily due to the launch of Fund II and increased investments in Fund I. Fund I is in its exit phase and is in the process of being unwound. We have co-invested on each of our Fund I and Fund II. Many of the investments held by these funds are illiquid and volatile, and would result in losses for the funds and us depending on market, economic and other conditions. We plan to launch additional venture capital and private equity funds, including an infrastructure fund.

Third-Party Intermediaries

Our ability to reach clients is highly dependent on our access to the distribution systems and client bases of third-party intermediaries, including independent financial advisors, banks, post offices and corporate distribution houses. Maintaining good relations with these intermediaries is key to attracting and retaining clients. Almost all our AUM are attributable to accounts that we access, directly or indirectly, through third-party intermediaries.

We also depend on referrals from investment consultants, financial planners and other professional advisors, as well as from our existing clients. We currently work with four R&T agencies, and are in the process of consolidating our R&T services with one agency. We may experience delays, disruptions or other difficulties during the consolidation process.

Seasonality

Our AUM levels generally decline at the end of each fiscal year quarter (i.e., at the end of June, September, December and March), especially for our liquid funds, due to corporate tax payment periods which coincide with such dates. In addition, at the end of March and September, banks typically make redemptions to address funding and regulatory requirements. Further, our expenses may increase at the end of each half fiscal year, since we reimburse our funds on a semi-annual basis for expenses exceeding the relevant limits.

Equipment and Systems

The complex nature of our business requires us to invest in technologically sophisticated equipment, such as various IT systems and software. The equipment is expensive and forms a significant component of our annual capital expenditures budget. We aim to replace our most sophisticated equipment periodically as the technology for such equipment becomes obsolete. Our existing equipment may become obsolete more quickly than anticipated.

We rely on communications links connecting various offices across the country, centralized applications and an integrated software with fund management, dealing, accounting and risk management functions. The growing dependence on technology for managing our business exposes us to substantial IT security risks. We have implemented a comprehensive IT security policy, as well as disaster recovery and business continuity plans.

Expansion

In 2004, we acquired the asset management rights to 14 funds from Infrastructure Leasing & Financial Services Mutual Fund ("IL&FS Mutual Fund") for an aggregate consideration of Rs. 442.2 million. At the time, the IL&FS Mutual Fund had AUM of Rs. 18,645 million and represented a substantial increase in the size of our business, adding important economies of scale for us following the bifurcation of Unit Trust of India in 2002.

In December 2006, UTI Investment Management Company Mauritius Limited, a subsidiary of UTI International, entered into an arrangement with Shinsei Bank of Japan ("Shinsei Bank") to launch a co-branded fund (Shinsei UTI India Fund) in Japan. Under the agreement, UTI AMC is acting as investment advisor to the fund. As of September 30, 2007, AUM of Shinsei India Fund equalled Rs. 18,516 million. We also have entered into a joint venture with Shinsei Bank to launch India funds in other Southeast Asian countries.

We are continuously evaluating other growth and partnership opportunities. We may implement new projects in the imminent future which may be material. Each new project can materially affect our overall results and financial profile and subject us to new or additional risks and liabilities.

Critical Accounting Policies

The discussion and analysis of our financial condition and results of operations is based upon our financial statements, which have been prepared in accordance with Indian GAAP. The notes to the financial statements contain a summary of our significant accounting policies. The preparation of the financial statements may require us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosures of contingent assets and liabilities. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Set forth below is a summary of our most significant critical accounting policies under Indian GAAP.

Accounting for Fixed Assets and Intangible Assets

Depreciation of our fixed assets is provided in the manner prescribed in Schedule XIV of the Companies Act, 1956. Computer hardware, office equipment and machines, furniture and fixtures and motors cars are depreciated at the rates of 40.00%, 13.91%, 18.10% and 25.89%, respectively, using the written down value method. Buildings on leasehold land is depreciated at the rate of 1.63% using the straight line method. Our assets costing individually Rs. 5,000 or less are depreciated at the rate of 100% on a pro rata basis. UTIVF depreciates its fixed assets on a straight-line basis so as to recover their cost over their estimated useful life, which has been determined as 5 years for office equipment, 10 years for furniture and fixtures and 3 years for computer equipment. UTIVF fully depreciates in the year of purchase assets costing Rs. 5,000 or less. Our intangible assets (including software) are amortized over a period of three years on a straight line method on pro rata basis. We consider certain factors when assigning useful lives such as legal, regulatory and contractual provisions, as well as the effects of demand, competition and other economic factors. These determinations involve significant management judgment and estimates.

Asset Impairment

We review the carrying amounts of fixed assets and intangible assets at each balance sheet date to assess whether there is any indication of impairment based on internal or external factors. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized and assets are written down to the recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. Management's judgment is critical in assessing the following criteria for asset impairment:

- a significant decrease in the asset's market price;
- a significant adverse change in the extent or manner in which the asset is being used or in its physical condition, including the age of the asset;
- technological obsolescence leading to earlier-than-planned redundancy of equipment;
- a significant adverse change in the operating performance of the asset;
- an accumulation of costs significantly in excess of the amount originally expected for an asset's acquisition or construction;
- a current period operating or cash flow loss combined with a history of operating or cash flow losses or a projection or forecast that demonstrates continuing losses associated with an asset's use; and

- a current expectation that it is more likely than not that the asset will be sold or otherwise disposed of significantly before the end of the statutorily prescribed rate of useful life.

Taxes on Income

For financial reporting, we use estimates and judgments to determine our current tax liability as well as taxes deferred until future periods. Tax expense comprises current, deferred and fringe benefit taxes.

Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Indian Income Tax Act, 1961 as applicable to the financial year. Effective fiscal 2006, we have become obligated to pay fringe benefit taxes in respect of certain perquisites offered to our employees and certain other business expenses. Fringe benefit taxes apply even when an entity has incurred net losses.

As part of the process of preparing our financial statements, we are required to estimate our income taxes and this process requires us to estimate our actual current tax exposure and assess temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities. We record a deferred tax asset when we believe that there is reasonable certainty that sufficient future taxable income will be available against which the deferred tax asset can be realized. Unrecognized deferred tax assets of earlier years are reassessed and recognized to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. The amount of the deferred tax asset considered realizable could be reduced in the near term if estimates of future taxable income during the carry forward period differ materially from current estimates. In the event we are not able to realize the deferred tax assets, an adjustment to the deferred tax asset would be charged to income in the period such determination was made which would result in a reduction of our net income.

Provisions

We are subject to significant claims and legal proceedings, some or all of which may not be covered by our insurance policies or indemnification arrangements or which may exceed our insurance coverage or indemnification limits. We are required to assess the likelihood of adverse judgments or outcomes to these matters and record reserves for claims when they are probable and reasonably estimable. Provisions are not discounted to the present value of a contingency and are determined based on management estimates of the amounts required to settle the obligation at each balance sheet date. We estimate reserves for losses and related expenses for these contingencies based on a careful analysis of each individual issue. The ultimate liability could, however, exceed our estimates. Provisions are reviewed at each balance sheet date and adjusted to reflect the current management estimates. Any such adjustment could have a material adverse effect on our results of operations and financial position.

For example, the net asset value of the units, and the returns generated by the Senior Citizen Unit Plan, 1993 ("SCUP"), are not currently expected to be sufficient to pay the insurance premiums on behalf of its investors. Accordingly, on January 8, 2008, we announced that we are terminating SCUP. Our decision to terminate SCUP may attract adverse publicity and legal actions. Investors may claim that SCUP must continue to pay the required insurance coverage. This could result in a significant liability for us. We may have to estimate our liability in connection with SCUP and this estimate is subject to a number of assumptions and management judgments. We also may be required to estimate our potential liability for any decline in value of the corpus we invest on behalf of NIF. See "Liquidity and Capital Resources—Senior Citizen Unit Plan" and "National Investment Fund" below.

Expense Allocation Between Funds and AMC

A specified percentage of our funds' daily AUM is set aside to cover (i) management fees and (ii) other expenses, based on SEBI-prescribed or lower internally determined maximum limits regarding those items. Management fees are paid by our funds to us on a weekly basis. The remaining amounts set aside are used by the funds to offset permissible expenses to the extent such expenses are within the relevant caps.

On a half yearly basis, we review the actual expenses incurred by the funds compared to the expenses accrued. If the actual expenses incurred exceed the expenses accrued, we reimburse the relevant fund for the excess expenses incurred. If we anticipate that a fund's actual expenses will exceed the expenses accrued, we may use judgment in reducing the fund's expenses (among other things, by lowering our management fees or conducting less marketing activities). We also must exercise judgment in determining which expenses should be borne by the funds and which should be borne by us.

Investments

Investments are classified into current investments and long-term investments. Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. We are required to use our judgment in assessing whether investments are readily realizable and how long they are intended to be held. Current investments are stated at a lower of cost or market value. Long-term investments are stated at cost. Provision for diminution is made to recognize a decline, other than of temporary nature, in the value of such investments. In the case of UTI International, investments are stated at lower of cost or net realizable value.

Valuation of AUM

Management fees (and expense limits) are generally based on a percentage of the market value of AUM and are calculated as a percentage of the daily average asset balance in accordance with the agreements with the trustees for our funds. AUM primarily include equity and debt securities. Where available, we use prices from independent sources such as listed market prices or broker or dealer price quotations to determine the fair value of our AUM. For investments in illiquid and privately held securities that do not have readily determinable fair values, we estimate the value of the securities based upon available information. However, even where the value of a security is derived from an independent market price or broker or dealer quote, some assumptions may be required to determine the fair value. For example, we generally assume that the size of positions in securities that we hold would not be large enough to affect the quoted price of the securities when sold, and that any such sale would happen in an orderly manner. However, these assumptions may be incorrect and the actual value realized on sale could differ from the current carrying value.

Overview of Profit and Loss Statement

Income

Investment Management Fees: We generate income principally from fees that are based on contractually specified percentages of the net asset value of the funds we manage. We refer to these fees as “management fees” and to the income from management fees as “management fee income”. Our management fees cover fund management and support services such as fund accounting and certain other administrative functions, and include fees for providing support services to SUUTI.

Income From Investments: Income from investments accounted for an aggregate of 2.7%, 3.3% and 4.2% of our total income for the three years ended March 31, 2007, respectively. Income from investments accounted for an aggregate of 8.7% of our total income for the six months ended September 30, 2007. Our income from investments consists of income from our investments in our funds, and interest income from bank deposits and holdings of debt securities of certain PSU banks. A substantial majority of our cash is typically invested in our funds. Our investment income also will include any returns generated on our co-investments in our venture capital/private equity funds.

Processing Fees: We also derive income from processing fees, which are fees paid to UTIVF for due diligence and similar activities carried out by UTIVF in respect of the companies in which UTIVF invests. Given competitive market conditions, we expect to continue to face significant pressure to cover or eliminate processing fees we charge clients.

Other Income: Other income primarily consists of interest income earned from short-term deposits supporting our line of credit, the sale of scrap, and payments by employees who resign and leave before the end of the required notice period.

Operating Expenses

Our operating expenses consist primarily of compensation and benefits expenses, as well as general and administrative expenses. Our operating expenses may fluctuate due to a number of factors, including the following:

- variations in the level of total compensation expenses due to, among other things, bonuses, competitive factors and changes in our employee count and mix;

- changes in the level of our general and administrative expenses in response to market conditions and other factors;

- changes in the level of our marketing and promotion expenses in response to market conditions, including our efforts to further expand our distribution channels;

- expenses and capital costs for technology assets, depreciation, amortization and investments in new investment products incurred to maintain and enhance our administrative and operating services infrastructure;

- unanticipated costs that may be incurred to protect client accounts and the goodwill of our clients; and

- changes in the costs of services, including those provided by third parties, such as facilities, communications, power, custody, R&T agencies and accounting systems.

<u>Employee Costs:</u> Our largest operating expenses have been payroll and payroll related expenses, which include salaries, incentive compensation and related benefits costs. Our salaries, incentive compensation and related benefits, including the compensation of our senior managerial staff, are benchmarked against industry compensation standards. During 2007, we have also established medical insurance coverage (including domiciliary and hospitalization coverage) for all employees and general insurance coverage (including accident insurance) for high-level management. In order to attract and retain qualified personnel, we must maintain competitive employee compensation and benefits. We expect our employee compensation and benefits expenses to increase as we adjust our compensation structure to reflect market compensation levels and to attract additional employees to expand our business. We have established an employee stock option plan ("ESOP") as part of this offering. The expenses for the ESOP will be recognized as a charge to our profit and loss account, which will be amortized over the vesting period of the relevant option grant. The quantum of this compensation expense will be calculated pursuant to the applicable standard issued by the Institute of Chartered Accountants of India.

<u>Administrative and Other Expenses:</u> Administrative and other expenses include general and administrative expenses, as well as marketing, distribution, client servicing and R&T expenses. General and administrative expenses consist primarily of occupancy-related costs and third-party professional and business services fees (including IT and communications, information and data service providers, travel costs, insurance expenses and legal and professional fees), and generally increase and decrease in relative proportion to the number of employees retained by us and the overall size and scale of our business operations. Following this offering, we expect that we will incur additional expenses as a result of becoming a public company for, among other things, additional SEBI reporting and compliance, additional staffing, professional fees and similar expenses. General and administrative expenses are borne by us and not our funds. Marketing expenses (including advertisements relating to funds and costs of sales materials), distribution expenses (including fees paid to broker-dealers and other intermediaries for selling our funds), client servicing and R&T expenses are, to the extent within the limits prescribed by SEBI and our internal guidelines, paid by our funds, and not by us. If such expenses exceed SEBI's or our limits, we must reimburse the fund for the excess expenses. These expenses are influenced by new fund sales, redemptions and market appreciation or depreciation of AUM in these funds. The front-end fees and back-end fees are used by our funds to offset their marketing and distribution expenses, effectively allowing them to make further expenditures for marketing and distribution. Marketing expenses incurred to enhance our brand name, training expenses for our marketing staff and expenses relating to our internal distribution channels such as the UFCs are borne by us, and not by the funds.

<u>Interest:</u> Interest expense reflects interest charged on delayed payments to our employees in connection with our voluntary retirement scheme, which was terminated in 2005.

Depreciation: Depreciation expenses include depreciation of our property and equipment over their useful life and amortization of our intangible assets which have determinable useful lives. Depreciation and amortization expenses generally vary based on the amount and timing of our capital expenditures and transactions that include intangible assets. We are required to make subjective assessments as to the useful lives of our assets for purposes of determining the amount of depreciation and amortization to record on an annual basis with respect to our assets. These assessments have a direct impact on our profit after tax because, if we were to shorten the expected useful lives of our assets or impair the value of the assets, we would depreciate these assets over fewer years or record an impairment charge, resulting in more depreciation or impairment expense and lower profit after tax.

Bad Debts: Bad debts primarily consist of defaults by former employees regarding repayments of loans (such as housing loans) that we have extended to such individuals.

Diminution in the Value of Investment: Diminution in the value of investment primarily consists of diminution in the investments made by UTIVF, as we have co-invested in their funds.

Current Year Tax

Current year tax is determined based on the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961.

Deferred Tax

Deferred tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

Fringe Benefit Tax

With effect from the beginning of fiscal 2006, the Central Government has imposed a fringe benefit tax in respect of certain perquisites offered to employees and certain other business expenses. Fringe benefit tax consists of tax on fringe benefits including, among other things, employer contributions to employee pension funds, certain perquisites and travel expenses, and sales promotion expenses.

Results of Operations

The following table sets forth certain profit and loss data in Rupees and as a percentage of total income for the six months ended September 30, 2007 and fiscal years ended March 31, 2007, 2006 and 2005:

	Six months ended September 30,		**Year ended March 31,**					
(Rs. in millions, and as a percentage of total income)	**2007**		**2007**		**2006**		**2005**	
Income								
Investment Management Fees	1,770.0	87.0%	3,817.8	93.2%	3,689.3	94.1%	3,111.8	94.7%
Income from Investments	178.1	8.7%	170.5	4.2%	127.0	3.3%	88.0	2.7%
Processing Fees	-	-	10.3	0.2%	17.4	0.4%	1.5	0.0%
Other Income	87.0	4.3%	97.4	2.4%	87.2	2.2%	84.1	2.7%

	Six months ended September 30,		Year ended March 31,					
(Rs. in millions, and as a percentage of total income)	**2007**		**2007**		**2006**		**2005**	
Total	**2,035.1**	**100.0%**	**4,096.0**	**100.0%**	**3,920.9**	**100.0%**	**3,285.4**	**100.0%**
Expenses								
Employee Cost	496.0	24.4%	772.4	18.9%	697.4	17.8%	611.2	18.6%
Administrative and Other Expenses	391.2	19.2%	945.4	23.1%	775.5	19.8%	931.4	28.3%
Interest	-	-	-	-	1.7	0.0%	6.7	0.2%
Depreciation	25.1	1.2%	38.2	0.9%	358.1	9.2%	123.4	3.8%
Bad Debts	-	-	4.0	0.1%	0.8	0.0%	0.1	0.0%
Diminution in the Value of Investment	5.4	0.3%	-	-	-	-	-	-
Total	**917.7**	**45.1%**	**1,760.0**	**43.0%**	**1,833.5**	**46.8%**	**1,672.8**	**50.9%**
Profit Before Tax	**1,117.4**	**54.9%**	**2,336.0**	**57.0%**	**2,087.4**	**53.2%**	**1,612.6**	**49.1%**
Less: Provision for Tax								
Current Year Tax	361.5	17.8%	725.9	17.7%	785.0	20.0%	581.3	17.7%
Deferred Tax	22.4	1.0%	47.9	1.2%	(64.1)	1.6%	(3.1)	0.1%
Fringe Benefit Tax	6.4	0.3%	9.9	0.2%	9.5	0.0%	-	-
Profit After Tax	**727.1**	**35.7%**	**1,552.3**	**37.9%**	**1,357.0**	**34.6%**	**1,034.4**	**31.5%**
Adjustment for Pre Acquisition (Profits)/Loss Capitalized	-	-	8.2	0.2%	-	-	-	-
Adjusted Profit After Tax After Capitalization	**727.1**	**35.7%**	**1,560.5**	**38.1%**	**1,357.0**	**34.6%**	**1,034.4**	**31.5%**
Add: Provision for Income Tax Written Back	4.9	0.2%	4.4	0.1%	19.3	0.5%	-	-
Adjusted Profit After Tax as per Audited Accounts (A)	**732.0**	**36.0%**	**1,564.9**	**38.2%**	**1,376.3**	**35.1%**	**1,034.4**	**31.5%**
Minority Interest (B)	1.0	0.0%	**-**	**-**	**-**	**-**	**-**	**-**

	Six months ended September 30,		Year ended March 31,					
(Rs. in millions, and as a percentage of total income)	**2007**		**2007**		**2006**		**2005**	
Adjustments On Account of Changes in Accounting Policy	-	-	(65.6)	1.6%	390.4	10.0%	(304.9)	9.3%
Impact on Account of Material Adjustments and Prior Period Accounts	-	-	11.2	0.3%	(0.2)	0.0%	8.8	0.3%
Total Adjustments	-	-	(54.4)	1.3%	390.2	10.0%	(296.0)	9.0%
Tax Impact of the Above	(10.2)	0.5%	(18.3)	0.4%	19.1	0.5%	13.7	0.4%
Total Adjustments (C)	**10.2**	**0.5%**	**(36.1)**	**0.9%**	**371.1**	**9.5%**	**(309.8)**	**9.4%**
Adjusted Profit / (Loss) for the Year (A) + (B) + (C)	**743.2**	**36.5%**	**1,528.8**	**37.3%**	**1,747.4**	**44.6%**	**724.6**	**22.1%**
Balance Brought Forward From Previous Year	3,889.2	191.1%	3,363.7	82.1%	2,013.5	51.4%	1,252.6	38.1%
Adjustment of Pre Share of Acquisition	(6.0)	0.3%	5.4	0.1%	(18.2)	0.5%	19.2	0.6%
Adjusted Balance Brought Forward (D)	**3,883.2**	**190.8%**	**3,369.1**	**82.3%**	**1,995.3**	**50.9%**	**1,271.8**	**38.7%**
Adjusted Profit / (Loss) Carried to Appropriation (A) + (B) + (C)+(D)	**4,626.4**	**227.2%**	**4,897.9**	**119.6%**	**3,742.7**	**95.5%**	**1,996.4**	**60.8%**
Less: Appropriations								
Interim Dividend	-	-	375.0	9.2%	-	-	-	-
Proposed Dividend	-	-	25.0	0.6%	200.0	5.1%	-	-
Tax on Proposed Dividend	-	-	60.3	1.5%	30.9	0.8%	0.8	0.0%
Transfer to General Reserve	-	-	154.0	3.8%	142.7	3.6%	0.3	0.0%
Profit & Loss Balance Carried	**4,626.4**	**227.3%**	**4,283.6**	**104.6%**	**3,369.1**	**86%**	**1,995.3**	**60.7%**

	Six months ended September 30,		Year ended March 31,					
(Rs. in millions, and as a percentage of total income)	**2007**		**2007**		**2006**		**2005**	
Forward to Balance Sheet								

Six Months Ended September 30, 2007

AUM

<u>Domestic AUM</u>

Total AUM for our domestic mutual funds, as of September 30, 2007, were Rs. 450,026 million, an increase of Rs. 95,398 million, or 26.9%, from Rs. 354,628 million as of March 31, 2007. Our equity, balanced/hybrid, income and liquid funds accounted for 38.8%, 21.1%, 23.2% and 16.9%, respectively, of our AUM as of September 30, 2007, compared to 38.1%, 24.7%, 19.8% and 17.5%, respectively, as of March 31, 2007.

Our domestic AUM by type of funds as of September 30, 2007 and as of March 31, 2007 were as follows:

(Rs. in millions, except percentages)	As of		Period-to-Period	
Category of Fund	**September 30, 2007**	**March 31, 2007**	**Change**	**% Change**
Equity Funds	174,725	134,953	39,772	29.5%
Balanced/Hybrid Funds	95,060	87,625	7,435	8.5%
Income Funds	104,228	70,096	34,132	48.7%
Liquid Funds	76,013	61,954	14,059	22.7%
Total Domestic AUM	450,026	354,628	95,398	26.9%

As of September 30, 2007, AUM of our equity funds increased by Rs. 39,772 million, or 29.5%, from March 31, 2007, primarily due to market appreciation in the Indian equity markets, as represented by the 32% increase in the BSE Sensex index during the period. Net inflows to our equity funds as a result of increased sales and marketing efforts also contributed to this increase. As of September 30, 2007, AUM of our balanced/hybrid funds increased by Rs. 7,435 million, or 8.5%, from March 31, 2007, primarily due to market appreciation in the Indian equity markets, partly offset by net outflows. AUM of our income funds increased by Rs. 34,132 million, or 48.7%, from March 31, 2007, and AUM of our liquid funds increased by Rs. 14,059 million, or 22.7%, from March 31, 2007. We believe these increases were primarily due to net inflows by clients in anticipation of a decrease in India's equity markets in light of the high levels of the BSE Sensex index, as well as increased demand for fixed income instruments due to higher interest rates offered during that period.

Our equity funds as a percentage of our total AUM equalled 38.8% as of September 30, 2007 and 38.1% as of March 31, 2007, and our balanced/hybrid funds as a percentage of our total AUM equalled 21.1% as of September 30, 2007 and 24.7% as of March 31, 2007. Our income funds as a percentage of our total AUM equalled 23.2% as of September 30, 2007 and 19.8% as of March 31, 2007, and our liquid funds as a percentage of our total AUM equalled 16.9% as of September 30, 2007 and 17.5% as of March 31, 2007. The decrease in the percentage of balanced/hybrid funds was partly due to net outflows by clients. The increase in the percentage of income funds was primarily due to the launch of a number of fixed maturity plans during the period. The decrease in the percentage of liquid funds was primarily due to the redemption of investments by banks to address funding and regulatory requirements.

Other AUM

Total AUM for PMS and our overseas, venture capital and private equity funds, as of September 30, 2007, were Rs. 45,392 million, an increase of Rs. 6,985 million, or 18.2%, from Rs. 38,408 million as of March 31, 2007. This increase was primarily due the increase in AUM for the PMS division as a result of the continued marketing of the recently launched Shinsei UTI India Fund.

Income

Total income was Rs. 2,035.1 million for the six months ended September 30, 2007.

Investment Management Fees: Investment management fees equalled Rs. 1,770.0 million for the six months ended September 30, 2007, reflecting primarily the appreciation of equity markets during the period. Investment management fees for fiscal 2007 equalled Rs. 3,817.8 million. Investment management fees as a percentage of total income was 87.0% for the six months ended September 30, 2007 and 93.2% for fiscal 2007. SUUTI fees equalled Rs. 305.0 million for the six months ended September 30, 2007 and Rs. 953.3 million for fiscal 2007. SUUTI fees as a percentage of total income was 15.0% for the six months ended September 30, 2007 and 23.3% for fiscal 2007. One of our large closed-ended (UTI Infrastructure) funds matured in December 2006, which has negatively affected our level of investment management fees, pending the launch of new funds. The results for the six months ended September 30, 2007, did not include any prior period income, as compared to fiscal 2007. In addition, we can no longer charge management fees on short-term deposits, as per new SEBI regulations issued in April 2007.

Income From Investments: Income from investments equalled Rs. 178.1 million for the six months ended September 30, 2007, reflecting increased investments we made in our funds, as a result of the management fee income we earned during that period, as well as an increase in interest rates of the bank deposits and other fixed income instruments in which we invested. Income from investments for fiscal 2007 equalled Rs. 170.5 million. Income from investments as a percentage of total income was 8.7% for the six months ended September 30, 2007 and 4.2% for fiscal 2007.

Processing Fees: We generated no income from processing fees during the six months ended September 30, 2007 because UTIVF did not make any new investments during that period. Processing fees for fiscal 2007 equalled Rs. 10.3 million. Processing fees as a percentage of total income was 0.2% for fiscal 2007.

Other Income: Other income equalled Rs. 87.0 million for the six months ended September 30, 2007, reflecting an increase in interest rates of the short-term deposits supporting our line of credit, as well as payments by employees who resigned and left our company before the end of the required notice period. Other income for fiscal 2007 equalled Rs. 97.4 million. Other income as a percentage of total income was 4.3% for the six months ended September 30, 2007 and 2.4% for fiscal 2007.

Expenses

Employee Costs: Employee cost equalled Rs. 496.0 million for the six months ended September 30, 2007, reflecting the quarterly payment of variable bonuses, as well as increased compensation payments due to lateral recruitments and employee promotions. Employee cost for fiscal 2007 equalled Rs. 772.4 million. Employee cost as a percentage of total income was 24.4% for the six months ended September 30, 2007 and 18.9% for fiscal 2007. The increase as a percentage of total income was due to the quarterly payment of variable bonuses and increased payments in connection with the recruitment of managerial staff.

Administrative and Other Expenses: Administrative and other expenses equalled Rs. 391.2 million for the six months ended September 30, 2007, reflecting primarily occupancy-related costs and third-party professional and business services fees. Administrative and other expenses for fiscal 2007 equalled Rs. 945.4 million. Administrative and other expenses as a percentage of total income was 19.2% for the six months ended September 30, 2007 and 23.1% for fiscal 2007. The decrease as a percentage of total income was due to lower initial issue and ongoing expenses incurred because the new funds launched during this period were able to cover their expenses due to the AUM they attracted, which decreased the amount of expenses exceeding SEBI limits and that needed to be reimbursed by us. Furthermore, we have put in place additional cost control measures, such as lower rent payments for our UFCs by renting smaller offices.

Interest: We did not incur any interest expense for the six months ended September 30, 2007 or fiscal 2007.

Depreciation: Depreciation expenses equalled Rs. 25.1 million for the six months ended September 30, 2007, reflecting amounts depreciated in connection with the acquisition in October 2006 of our primary office space. Depreciation expenses for fiscal 2007 equalled Rs. 38.2 million. Depreciation expenses as a percentage of total income was 1.2% for the six months ended September 30, 2007 and 0.9% for fiscal 2007.

Bad Debts: We did not incur any bad debt during the six months ended September 30, 2007. Bad debts for fiscal 2007 equalled Rs. 4.0 million. Bad debts as a percentage of total income was 0.1% for fiscal 2007.

Diminution in the Value of Investment: Diminution in the value of investment equalled Rs. 5.4 million for the six months ended September 30, 2007, reflecting the diminution in the investments made by UTIVF. We did not incur any expenses relating to diminution in the value of investment during fiscal 2007. Diminution in the value of investment as a percentage of total income was 0.3% for the six months ended September 30, 2007.

Profit Before Tax

Profit before tax was Rs. 1,117.4 million for the six months ended September 30, 2007. As a percentage of total income, profit before tax was 54.9% for the six months ended September 30, 2007 and 57.0% in fiscal 2007.

Current Year Tax

Current year tax equalled Rs. 361.5 million for the six months ended September 30, 2007, reflecting an effective tax rate of 34.0%. Our effective tax rate for fiscal year 2007 equalled 33.7%.

Deferred Tax

Deferred tax equalled Rs. 22.4 million for the six months ended September 30, 2007.

Fringe Benefit Tax

Fringe benefit tax equalled Rs. 6.4 million for the six months ended September 30, 2007, reflecting increased expenditures relating to perquisites offered to our employees.

Profit After Tax

Profit after tax was Rs. 727.1 million for the six months ended September 30, 2007. Profit after tax as a percentage of total income was 35.7% for the six months ended September 30, 2007 and 37.9% for fiscal 2007.

Fiscal Year Ended March 31, 2007 Compared to Fiscal Year Ended March 31, 2006

AUM

Domestic AUM

Total domestic AUM as of March 31, 2007 were Rs. 354,628 million, an increase of Rs. 59,268 million, or 20.1%, from Rs. 295,360 million as of March 31, 2006. Our equity, balanced/hybrid, income and liquid funds accounted for 38.1%, 24.7%, 19.8% and 17.5%, respectively, as of March 31, 2007, compared to 45.6%, 31.0%, 8.3% and 15.1%, respectively, as of March 31, 2006.

Changes in our domestic AUM by type of funds from March 31, 2006 to March 31, 2007 are presented below:

(Rs. in millions, except percentages)	As of	Period-to-Period

Category of Fund	March 31, 2007	March 31, 2006	Change	% Change
Category of Fund	134,953	134,671	282	0.2%
Balanced/Hybrid Funds	87,625	91,649	(4,024)	(4.4)%
Income Funds	70,096	24,431	45,665	186.9%
Liquid Funds	61,954	44,609	17,345	38.9%
Total Domestic AUM	354,628	295,360	59,268	20.1%

As of March 31, 2007, AUM of our equity funds increased by Rs. 282 million, or 0.2%, from March 31, 2006. AUM of our equity funds were basically flat primarily due to dividend distributions and the stagnant performance of our equity funds during the period. As of March 31, 2007, AUM of our balanced/hybrid funds decreased by Rs. 4,024 million, or 4.4%, from March 31, 2006, primarily due to net outflows. As of March 31, 2007, AUM of our income funds increased by Rs. 45,665 million, or 186.9%, from March 31, 2006, and liquid funds increased by Rs. 17,345 million, or 38.9%, from March 31, 2006, due to net inflows from clients aiming to obtain more reliable returns in anticipation of a decrease in equity markets, which peaked during this period, as well as net inflows due to a higher rate of return on underlying debt instruments (including an increase in money market rates) in which our income and liquid funds invested.

Our equity funds as a percentage of our total AUM equalled 38.1% as of March 31, 2007 and 45.6% as of March 31, 2006. The decrease was primarily due to dividend distributions during the period. Our balanced/hybrid funds as a percentage of our total AUM equalled 24.7% as of March 31, 2007 and 31.0% as of March 31, 2006. The decrease was partly due to net outflows. Our income funds as a percentage of our total AUM equalled 19.8% as of March 31, 2007 and 8.3% as of March 31, 2006. Our liquid funds as a percentage of our total AUM equalled 17.5% as of March 31, 2007 and 15.1% as of March 31, 2006. The percentage increase in our income and liquid funds was due to better rates of return on debt instruments our income and liquid funds invest in, on account of higher interest rates, which contributed to the percentage decrease in equity and balanced/hybrid funds.

Other AUM

Total other AUM as of March 31, 2007 were Rs. 38,408 million, an increase of Rs. 27,189 million, or 242.4% from Rs. 11,219 million as of March 31, 2006. This increase was primarily due to an increase in the AUM for PMS due to the launch of Shinsei UTI India Fund and an increase in the AUM for UTI International due to increased investments in the India Fund.

Income

Total income for the year ended March 31, 2007, was Rs. 4,096.0 million, an increase of 175.1 million, or 4.5%, from Rs. 3,920.9 million for the year ended March 31, 2006. This increase was primarily due to increases in investment management fees and income from investments.

Investment Management Fees: Investment management fees increased by Rs. 128.5 million, or 3.5%, from Rs. 3,689.3 million in the year ended March 31, 2006 to Rs. 3,817.8 million in the year ended March 31, 2007. This increase was primarily due to the increase in our AUM, largely driven by the increase of AUM for our income funds and our focus on sales and marketing. Investment management fees as a percentage of total income was 93.2% for the year ended March 31, 2007 compared to 94.1% for the year ended March 31, 2006. SUUTI fees decreased by Rs. 456.2 million, or 32.4%, from Rs. 1,409.5 million in the year ended March 31, 2006 to Rs. 953.3 million in the year ended March 31, 2007. SUUTI fees as a percentage of total income was 23.3% for the year ended March 31, 2007 compared to 35.9% for the year ended March 31, 2006. From fiscal 2006 to fiscal 2007, AUM for our fixed maturity plans (with relatively low management fee levels) increased and AUM for our open-ended income funds (with relatively high management fee levels) decreased, which negatively affected our investment management fees. The management fee levels charged for our other liquid funds also decreased from fiscal 2006 to fiscal 2007.

Income From Investments: Income from investments increased by Rs. 43.5 million, or 34.2%, from Rs. 127.0 million in the year ended March 31, 2006 to Rs. 170.5 million in the year ended March 31, 2007. This increase was primarily due to an increase in our investment pool due to higher management fee income we earned during that period, as well as higher rates of interest earned on our fixed income investments. Income from investments as a percentage of total income was 4.2% for the year ended March 31, 2007 compared to 3.3% for the year ended March 31, 2006.

Processing Fees: Processing fees decreased by Rs. 7.1 million, or 40.8%, from Rs. 17.4 million in the year ended March 31, 2006 to Rs. 10.3 million in the year ended March 31, 2007. This decrease was primarily due to a decrease in services fees earned in connection with the fewer number of investments made by UTIVF due to the competitive market environment. Processing fees as a percentage of total income was 0.2% for the year ended March 31, 2007 compared to 0.4% for the year ended March 31, 2006.

Other Income: Other income increased by Rs. 10.2 million, or 11.7%, from Rs. 87.2 million in the year ended March 31, 2006 to Rs. 97.4 million in the year ended March 31, 2007. This increase was primarily due to higher interest income from the short-term deposits supporting the line of credit for our mutual funds. Other income as a percentage of total income was 2.4% for the year ended March 31, 2007 compared to 2.2% for the year ended March 31, 2006.

Expenses

Employee Costs: Employee cost increased by Rs. 75.0 million, or 10.8%, from Rs. 697.4 million in the year ended March 31, 2006 to Rs. 772.4 million in the year ended March 31, 2007. This increase was primarily due to a revision in the compensation of managerial personnel, as well as an increase in the variable compensation payments and recruitment of new staff during the period. Employee cost as a percentage of total income was 18.9% for the year ended March 31, 2007 compared to 17.8% for the year ended March 31, 2006.

Administrative and Other Expenses: Administrative and other expenses increased by Rs. 169.9 million, or 21.9%, from Rs. 775.5 million in the year ended March 31, 2006 to Rs. 945.4 million in the year ended March 31, 2007. This increase was primarily due to increased legal, professional and marketing expenses for consulting services, as well as increased reimbursements of initial and ongoing fund expenses that exceeded SEBI and internal limits due to lower than expected AUM levels. Administrative and other expenses as a percentage of total income was 23.1% for the year ended March 31, 2007 compared to 19.8% for the year ended March 31, 2006.

Interest: Interest expenses decreased by Rs. 1.7 million, or 100.0%, from Rs. 1.7 million in the year ended March 31, 2006 to Rs. 0.0 million in the year ended March 31, 2007. This decrease was primarily due to the settlement in 2006 of the interest accrued on delayed payments to our employees in connection with a voluntary retirement scheme.

Depreciation: Depreciation expenses decreased by Rs. 319.9 million, or 89.3%, from Rs. 358.1 million in the year ended March 31, 2006 to Rs. 38.2 million in the year ended March 31, 2007. This decrease was primarily due to the completion in 2006 of amortization of the asset management rights acquired from IL&FS Mutual Fund in 2004. Depreciation expenses as a percentage of total income was 0.9% for the year ended March 31, 2007 compared to 9.2% for the year ended March 31, 2006.

Bad Debts: Bad debts increased by Rs. 3.2 million, or 400.0%, from Rs. 0.8 million in the year ended March 31, 2006 to Rs. 4.0 million in the year ended March 31, 2007. This increase was primarily due to the default by an employee regarding repayment of a loan extended by us. Bad debts as a percentage of total income was 0.1% for the year ended March 31, 2007 compared to 0.0% for the year ended March 31, 2006.

Diminution in the Value of Investment: We did not incur any expenses relating to diminution in the value of investment during fiscal 2007 or fiscal 2006.

Profit Before Tax

Profit before tax for the fiscal year ended March 31, 2007, was Rs. 2,336.0 million, an increase of Rs. 248.6 million, or 11.9% from Rs. 2,087.4 million for the year ended March 31, 2006. As a percentage of total income, profit before tax was 57.0% in fiscal 2007 and 53.2% in fiscal 2006.

Current Year Tax

Current year tax decreased by Rs. 59.1 million, or 7.5%, from Rs. 785.0 million in the year ended March 31, 2006 to Rs. 725.9 million in the year ended March 31, 2007. This decrease in current year tax was primarily due to a depreciation allowance in 2007 for an acquired building. Our effective tax rate in 2007 and 2006 equalled 33.7%.

Deferred Tax

Deferred tax increased by Rs. 112.0 million, or 112.0%, from negative Rs. 64.1 million in the year ended March 31, 2006 to Rs. 47.9 million in the year ended March 31, 2007. This increase was primarily due to tax credits used in connection with the depreciation of the asset management rights acquired from IL&FS Mutual Fund in 2004.

Fringe Benefit Tax

Fringe benefit tax increased by Rs. 0.4 million, or 4.2%, from Rs. 9.5 million in the year ended March 31, 2006 to Rs. 9.9 million in the year ended March 31, 2007. This increase was primarily due to an increase in employees' perquisites, including reimbursements of mobile phones for our employees, travel, and medical expenses.

Profit After Tax

Profit after tax increased by Rs. 195.3 million, or 14.4%, from Rs. 1,357.0 million in the year ended March 31, 2006 to Rs. 1,552.3 million in the year ended March 31, 2007. This increase was primarily due to the increase in total income compared to fiscal 2006. As a percentage of total income, profit after tax was 37.9% in fiscal 2007 and 34.6% in fiscal 2006.

Fiscal Year Ended March 31, 2006 Compared to Fiscal Year Ended March 31, 2005

AUM

Domestic AUM

Total domestic AUM as of March 31, 2006 were Rs. 295,360 million, an increase of Rs. 88,791 million, or 43.0%, from Rs. 206,569 million as of March 31, 2005.

Our equity, balanced/hybrid, income and liquid funds accounted for 45.6%, 31.0%, 8.3% and 15.1%, respectively, as of March 31, 2006, compared to 34.3%, 38.8%, 9.1% and 17.9%, respectively, as of March 31, 2005.

Changes in our domestic AUM by type of funds from March 31, 2005 to March 31, 2006 are presented below:

(Rs. in millions, except percentages)	**As of**		**Period-to-Period**	
Category of Fund	**March 31, 2006**	**March 31, 2005**	**Change**	**% Change**
Equity Funds	134,671	70,764	63,907	90.3%
Balanced/Hybrid Funds	91,649	80,133	11,516	14.4%
Income Funds	24,431	18,725	5,706	30.5%
Liquid Funds	44,609	36,947	7,662	20.7%
Total Domestic AUM	295,360	206,569	88,791	43.0%

As of March 31, 2006, AUM of our equity funds increased by Rs. 63,907 million, or 90.3%, from March 31, 2005, primarily due to market appreciation, as exemplified by the strong performance of the BSE Sensex index, as well as the launch of new equity funds, including the Contra Fund and the Leadership

Equity Fund. AUM of our balanced/hybrid funds increased by Rs. 11,516 million, or 14.4%, from March 31, 2005, primarily due to market appreciation, partly offset by net outflows. AUM of our income funds increased by Rs. 5,706 million, or 30.5%, from March 31, 2005 and AUM of our liquid funds increased by Rs. 7,662 million, or 20.7%, from March 31, 2005, primarily due to net inflows on account of higher rate of returns on underlying fixed income instruments.

Our equity funds as a percentage of our total AUM equalled 45.6% as of March 31, 2006 and 34.3% as of March 31, 2005. Our balanced/hybrid funds as a percentage of our total AUM equalled 31.0% as of March 31, 2006 and 38.8% as of March 31, 2005. Our income funds as a percentage of our total AUM equalled 8.3% as of March 31, 2006 and 9.1% as of March 31, 2005, and our liquid funds as a percentage of our total AUM equalled 15.1% as of March 31, 2006 and 17.9% as of March 31, 2005. The increase in the percentage of equity funds was due to market appreciation and the launch of the new equity funds during the period, which contributed to the decrease in the percentage of income and liquid funds.

Other AUM

Total other AUM as of March 31, 2006 were Rs. 11,218.7 million, an increase of Rs. 6,151.3 million, or 121.4%, from Rs. 5,067.4 million as of March 31, 2005. This increase was primarily due to an increase in the AUM of UTI International as a result of the launch of three new funds and an increase in the AUM of UTIVF as a result of the launch of Fund II and increased investments in Fund I.

Income

Total income for the year ended March 31, 2006, was Rs. 3,920.9 million, an increase of 635.5 million, or 19.3%, from Rs. 3,285.4 million for the year ended March 31, 2005. This increase was primarily due to an increase in investment management fees.

Investment Management Fees: Investment management fees increased by Rs. 577.5 million, or 18.6%, from Rs. 3,111.8 million in the year ended March 31, 2005 to Rs. 3,689.3 million in the year ended March 31, 2006. This increase was primarily due to an increase in our AUM on account of market appreciation and the launch of new equity funds. Investment management fees as a percentage of total income was 94.1% for the year ended March 31, 2006 compared to 94.7% for the year ended March 31, 2005. SUUTI fees increased by Rs. 163.0 million, or 13.1%, from Rs. 1,246.50 million in the year ended March 31, 2005 to Rs. 1,409.5 million in the year ended March 31, 2006. SUUTI fees as a percentage of total income was 35.9% for the year ended March 31, 2006, compared to 37.9% for the year ended March 31, 2005. From fiscal 2005 to fiscal 2006, AUM for our fixed maturity plans (with relatively low management fee levels) increased and AUM for our open-ended income funds (with relatively high management fee levels) decreased, which negatively affected our investment management fees.

Income From Investments: Income from investments increased by Rs. 39.0 million, or 44.3%, from Rs. 88.0 million in the year ended March 31, 2005 to Rs. 127.0 million in the year ended March 31, 2006. This increase was primarily due to an increase in our investment pool due to higher management fee income we generated during the period, as well as an increase in interest rates from our fixed income investments. Income from investments as a percentage of total income was 3.3% for the year ended March 31, 2006 compared to 2.7% for the year ended March 31, 2005.

Processing Fees: Processing fees increased by Rs. 15.9 million, or 1,060.0%, from Rs. 1.5 million in the year ended March 31, 2005 to Rs. 17.4 million in the year ended March 31, 2006. This increase was primarily due to increased investments by UTIVF and income from due diligence and other activities performed in connection with those investments during the period. Processing fees as a percentage of total income was 0.4% for the year ended March 31, 2006 compared to 0.0% for the year ended March 31, 2005.

Other Income: Other income increased by Rs. 3.1 million, or 3.7%, from Rs. 84.1 million in the year ended March 31, 2005 to Rs. 87.2 million in the year ended March 31, 2006. This increase was primarily due to higher interest rates earned on the short-term deposits supporting the line of credit we maintain for our mutual funds. Other income as a percentage of total income was 2.2% for the year ended March 31, 2006 compared to 2.7% for the year ended March 31, 2005.

Expenses

Employee Costs: Employee cost increased by Rs. 86.2 million, or 14.1%, from Rs. 611.2 million in the year ended March 31, 2005 to Rs. 697.4 million in the year ended March 31, 2006. This increase was primarily due to an increase in the salaries of managerial and non-managerial staff to keep pace with the industry standards. Employee cost as a percentage of total income was 17.8% for the year ended March 31, 2006 compared to 18.6% for the year ended March 31, 2005.

Administrative and Other Expenses: Administrative and other expenses decreased by Rs. 155.9 million, or 16.7%, from Rs. 931.4 million in the year ended March 31, 2005 to Rs. 775.5 million in the year ended March 31, 2006. This decrease was primarily due a decrease in reimbursed fund expenses and initial issue expenses. Due to the AUM attracted by the new funds launched during this period, fund expenses which exceeded the prescribed limits decreased, which resulted in reduced disbursements by us. We also implemented additional cost control measures during the fiscal year 2006, such as moving UFCs to smaller offices, resulting in lower rent payments. Administrative and other expenses as a percentage of total income was 19.8% for the year ended March 31, 2006 compared to 28.3% for the year ended March 31, 2005.

Interest: Interest expenses decreased by Rs. 5.0 million, or 74.6%, from Rs. 6.7 million in the year ended March 31, 2005 to Rs. 1.7 million in the year ended March 31, 2006. This decrease was primarily due to the settlement in 2006 of the interest accrued on delayed payments to our employees in connection with a voluntary retirement scheme. Interest expenses as a percentage of total income equalled 0.0% for the year ended March 31, 2006 compared to 0.2% for the year ended March 31, 2005.

Depreciation: Depreciation expenses increased by Rs. 234.7 million, or 190.2%, from Rs. 123.4 million in the year ended March 31, 2005 to Rs. 358.1 million in the year ended March 31, 2006. This increase was primarily due to the completion in 2006 of amortization of the asset management rights acquired from IL&FS Mutual Fund in 2004. Depreciation expenses as a percentage of total income was 9.2% for the year ended March 31, 2006 compared to 3.8% for the year ended March 31, 2005.

Bad Debts: Bad debts increased by Rs. 0.7 million, or 700.0%, from Rs. 0.1 million in the year ended March 31, 2005 to Rs. 0.8 million in the year ended March 31, 2006. This increase was primarily due to the default by an employee regarding repayment of a loan extended by us. Bad debts as a percentage of total income was 0.0% for the year ended March 31, 2006 compared to 0.0% for the year ended March 31, 2005.

Diminution in the Value of Investment: We did not incur any expenses relating to diminution in the value of investment during fiscal 2006 or fiscal 2005.

Profit Before Tax

Profit before tax for the fiscal year ended March 31, 2006, was Rs. 2,087.4 million, an increase of 474.8 million, or 29.4% from Rs. 1,612.6 million for the year ended March 31, 2005. As a percentage of total income, profit before tax was 53.2% in fiscal 2006 and 49.1% in fiscal 2005.

Current Year Tax

Current year tax increased by Rs. 203.7 million, or 35.0%, from Rs. 581.3 million in the year ended March 31, 2005 to Rs. 785.0 million in the year ended March 31, 2006. This increase in current year tax was primarily due the increase in our total income compared to the previous year. Our effective tax rate in 2005 and 2006 equalled 36.6% and 33.7%, respectively.

Deferred Tax

Deferred tax decreased by Rs. 60.9 million, or 1,964.5%, from negative Rs. 3.1 million in the year ended March 31, 2005 to negative Rs. 64.0 million in the year ended March 31, 2006. The decrease was primarily the result of tax credits used in connection with the depreciation of the asset management rights acquired from IL&FS Mutual Fund in 2004.

Fringe Benefit Tax

Fringe benefit tax was Rs. 9.5 million for the year ended March 31, 2006. Fringe benefit tax was introduced in 2006 and therefore no fringe benefit tax was levied for the fiscal year ended March 31, 2005.

Profit After Tax

Profit after tax increased by Rs. 322.6 million, or 31.2%, from Rs. 1,034.4 million in the year ended March 31, 2005 to Rs. 1,357.0 million in the year ended March 31, 2006. This increase was primarily due to an increase in income compared to the prior year and higher depreciation allowances in 2006. As a percentage of total income, profit after tax was 34.6% in fiscal 2006 and 31.5% in fiscal 2005.

Liquidity and Capital Resources

Cash Flow

The table below summarizes our cash flow for the six months ended September 30, 2007 and the fiscal years ended March 31, 2005, 2006 and 2007.

	Six months ended September 30,	**Year ended March 31,**		
(Rs. in millions)	**2007**	**2007**	**2006**	**2005**
Net Cash Generated From (Used In) Operations	67.6	1,611.5	1,691.8	618.0
Net Cash Generated From (Used In) Investing Activities...	9.8	(1,147.0)	(1,733.6)	(448.0)
Net Cash Generated From (Used In) Financing Activities .	--	(460.3)	(230.9)	(1.0)

Net Cash Generated From (Used In) Operations. Our net cash generated from operations in the six months ended September 30, 2007 was Rs. 67.6 million, reflecting profit before tax of Rs. 1,118.3 million and income tax expense of Rs. 226.5 million, and including adjustments Rs. 25.1 million for depreciation, Rs. 137.1 million for profit on sale of investments and Rs. 15.6 million for provision for leave encashment. Working capital changes resulted in a Rs. 693.0 million decrease for the six months ended September 30, 2007. These changes included a Rs. 203.6 million increase in sundry debtors, a Rs. 11.9 million increase in interest accrued on investments, a Rs. 690.7 million decrease in loans and advances, a Rs. 803.4 million decrease in provisions and a Rs. 441.9 million decrease in current liabilities. Net cash generated from operations for the six months ended September 30, 2007 reflected the payment of an interim dividend to our sponsors amounting to Rs. 427.6 million and related taxes, which was accounted for in the financial statements for fiscal 2007 but was paid our during the six months ended September 30, 2007. The result also reflected outstanding payments due by SUUTI, but received after the six months ended September 30, 2007.

Our net cash generated from operations in fiscal 2007 was Rs. 1,611.5 million, reflecting profit before tax of Rs. 2,336.0 million and income tax expense of Rs. 839.7 million, and including adjustments of Rs. 64.6 million for interest and dividend income, Rs. 38.2 million for depreciation, Rs. 105.9 million for profit on sale of investments and Rs. 0.3 million for provision for leave encashment. Working capital changes resulted in a Rs. 301.3 million increase for fiscal 2007. These changes included a Rs. 90.9 million increase in sundry debtors, a Rs. 1.9 million decrease in interest accrued on investments, a Rs. 676.5 million decrease in loans and advances, a Rs. 969.5 million decrease in provisions and a 683.2 million increase in current liabilities. Net cash generated from operations stayed basically flat from fiscal 2006 to fiscal 2007.

Our net cash generated from operations in fiscal 2006 was Rs. 1,691.8 million, reflecting profit before tax of Rs. 2,087.4 million and income tax expense of Rs. 842.3 million, and including adjustments of Rs. 74.9 million for interest and dividend income, Rs. 358.1 million for depreciation, Rs. 0.1 million for loss on sale of fixed assets, Rs. 52.1 million for profit on sale of investments, Rs. 0.1 million for provision for gratuity and Rs. 7.5 million for provision for leave encashment. Working capital changes resulted in a Rs. 182.3

million decrease for fiscal 2006. These changes included a Rs. 99.2 million increase in sundry debtors, a Rs. 0.9 million decrease in interest accrued on investments, a Rs. 317.4 million decrease in loans and advances, a Rs. 355.3 million decrease in provisions and a 46.2 million increase in current liabilities. The increase in net cash generated from operations in fiscal 2006, as compared to fiscal 2005, was primarily due to a higher amount of depreciation in 2006 as we amortized the asset management rights relating to the acquisition of IL&FS Mutual Fund in 2004 over a period of two years, as well as the increase in profit before tax from fiscal 2005 to fiscal 2006.

Our net cash generated from operations in fiscal 2005 was Rs. 618.0 million, reflecting profit before tax of Rs. 1,612.6 million and income tax expense of Rs. 599.1 million, and including adjustments of Rs. 88.0 million for interest and dividend income, Rs. 123.4 million for depreciation, Rs. 29.0 million for profit on sale of investments, Rs. 3.1 million for provision for gratuity and Rs. 6.3 million for provision for leave encashment. Working capital changes resulted in a Rs. 115.0 million decrease for fiscal 2005. These changes included a Rs. 20.2 million decrease in sundry debtors, a Rs. 1.6 million increase in interest accrued on investments, a Rs. 779.6 million decrease in loans and advances, a Rs. 822.3 million decrease in provisions and a 91.0 million decrease in current liabilities.

Net Cash Generated From (Used In) Investing Activities. Our net cash generated from in investing activities was Rs. 9.8 million in the six months ended September 30, 2007, composed primarily of purchases of investments and fixed assets (including furniture, fixtures and computers) amounting to Rs. 134.3 million and Rs. 34.0 million, respectively, offset by profit from investments amounting to Rs. 137.1 million and dividend and interest amounting to Rs. 40.9 million.

Our net cash used in investing activities was Rs. 1,147.0 million in fiscal 2007, composed primarily of purchases of investments and fixed assets amounting to Rs. 315.5 million and Rs. 1,002.0 million, respectively, partly offset by profit from investments amounting to Rs. 105.9 million and dividend and interest amounting to Rs. 64.6 million. Net cash used in investing activities in fiscal 2007 reflected the purchase of the floors in the UTI Tower for Rs. 929.4 million, as part of purchases of fixed assets**.**

Our net cash used in investing activities was Rs. 1,733.6 million in fiscal 2006, composed primarily of purchases of investments and fixed assets (including computers, vehicles, software and furniture) amounting to Rs. 1,475.3 million and Rs. 385.3 million, respectively, partly offset by profit from investments amounting to Rs. 52.1 million and dividend and interest amounting to Rs. 74.9 million. The increase in net cash used in investing activities in fiscal 2006, as compared to fiscal 2005, was primarily due to the investments we made with our surplus funds.

Our net cash used in investing activities was Rs. 448.0 million in fiscal 2005, composed primarily of purchases of investments and fixed assets (including computers) amounting to Rs. 397.9 million and Rs. 166.7 million, respectively, partly offset by profit from investments amounting to Rs. 29.0 million and dividend and interest amounting to Rs. 88.0 million.

Net Cash Generated From (Used In) Financing Activities. We did not have net cash generated from (used in) financing activities in the six months ended September 30, 2007.

Our net cash used in financing activities was Rs. 460.3 million in fiscal 2007, composed primarily of dividends paid to our Sponsors and related tax payments. The increase in net cash used in financing activities in fiscal 2007, as compared to fiscal 2006, was primarily due to the higher amount of dividends paid.

Our net cash used in financing activities was Rs. 230.9 million in fiscal 2006, composed primarily of dividends paid to our Sponsors and related tax payments. The increase in net cash used in financing activities in fiscal 2006, as compared to fiscal 2005, was primarily due to the higher amount of dividends paid.

Our net cash used in financing activities was Rs. 1.0 million in fiscal 2005.

Capital Expenditures. During fiscal 2007, we incurred capital expenditures of approximately Rs. 1,002.0 million, which we financed primarily from cash flows from operating activities. Our capital expenditures primarily related to the purchase of the floors we occupy in the UTI Tower for an amount of Rs. 929.4 million. During the first half of fiscal 2008, we incurred capital expenditures of approximately

Rs. 34.0 million, which we financed primarily from cash flows from operating activities. Our capital expenditures primarily related to the purchase of computers, office equipment and furniture for UFCs and the acquisition of software.

During the second half of fiscal 2008, we plan to incur capital expenditures of approximately Rs. 50 million, which we expect to finance primarily from cash flows from operating activities. Our capital expenditures will primarily relate to the addition of new UFCs to our network and upgrading of certain existing UFCs and the purchase of related equipment.

During fiscal 2009, we plan to incur capital expenditures of approximately Rs. 115 million, which we expect to finance primarily from cash flows from operating activities. Our capital expenditures will primarily relate to the addition of new UFCs to our network and upgrading of certain existing UFCs and the purchase of related equipment.

We have not made any commitments to incur these planned capital expenditures and the amounts and purpose of these expenditures may change in accordance with our business requirements.

To date, we have funded our short-term working capital requirements and financed our expansion projects primarily through cash flows from operating activities and we expect to continue to do so in the foreseeable future. However, as we continue to expand our business and pursue new strategic opportunities, both in India and overseas, our financing needs may change and we may issue additional equity or raise debt to help finance our expansion and strategic growth. In addition, there can be no assurance that we will complete the Private Placement.

Our funding and treasury policies focus mainly on maintaining our liquidity and avoiding significant concentration of credit risk. Funding and treasury activities are controlled based on the main objectives of managing capital to safeguard our ability to continue as a going concern, maintaining our operations and meeting regulatory requirements, and ensuring that cash transactions are limited to high-credit-quality financial institutions.

Management believes that cash flows from operations and financing activities will be sufficient to meet expected liquidity needs during the next 12 months.

Senior Citizen Unit Plan

Pursuant to the bifurcation of Unit Trust of India, UTI Mutual Fund was vested with the assets and liabilities of the Senior Citizen Unit Plan, 1993 ("SCUP"). SCUP was initially launched in 1993 by Unit Trust of India. The primary objective of SCUP was to help its investors build up savings and enjoy assured medical and hospitalization benefits for their spouses and themselves after they reach the age of 58. New India Assurance Company ("NIAC") was selected to provide the necessary insurance to the investors. Under the terms of the plan, Unit Trust of India agreed to pay the premiums on behalf of each investor in seven instalments after the investor attained the age of 55. There has been a significant increase in the cost of procuring medical insurance for the investors. SCUP also has failed to generate sufficient returns to cover the cost of such insurance premiums. This made SCUP financially unviable, and as a result sales of its units to new investors were suspended from July 2000. SCUP has approximately 125,000 investors.

The net asset value of the units, and the returns generated by SCUP, are not currently expected to be sufficient to pay the insurance premiums on behalf of its investors. Accordingly, on January 8, 2008, we announced that we are terminating SCUP. In connection with the termination, we are offering the investors in SCUP an alternative health insurance plan. Investors already at least 58 years old will continue to be covered by the existing insurance arrangement with NIAC. Investors below the age of 58 years will be offered the option to either migrate to the new health insurance plan, or redeem their units. Investors who chose to migrate to the new plan will be offered health insurance by NIAC, and the insurance premium for the first year will be paid out from proceeds of their units.

Our decision to terminate SCUP may attract adverse publicity and legal actions. Investors may claim that SCUP must continue to pay the required insurance coverage. This could result in a significant liability for us, depending on a number of factors, including SCUP's investment performance, the cost of medical insurance, the number of investors eligible for insurance coverage and the number of claims made by SCUP's investors under their insurance policies. Even if we are successful in terminating SCUP, we may in the process incur legal costs, which could increase our expenses and affect our financial results. Adverse publicity from the proposed termination of SCUP may damage our brand and reputation and harm our business. We have not made any provisions in connection with our potential liability under SCUP in our financial accounts.

National Investment Fund

UTI AMC has recently been selected to provide portfolio management services in respect of National Investment Fund ("NIF") a fund established by the Government of India to pool the proceeds from divestment of Central Public Sector Enterprises. We received the first tranche of funds of Rs. 3,689 million in October 2007. In accordance with the mandate, up to 10% of the funds may be invested in equity and equity related instruments, while the balance is required to be invested in debt securities, including government securities, bank deposits, certificates of deposits, corporate debt securities and money market securities. Our portfolio services agreement with NIF requires that we reimburse NIF for any decline in value in the capital we invest on behalf of NIF. The equity and debt investments we make for NIF may decline in value, and if NIF then redeems its funds, we will incur losses as we reimburse NIF. These losses could be significant depending upon our investment performance.

Line of Credit

We maintain a line of credit facility (in the form of short-term bank deposits) in an amount of Rs. 200 million for the benefit of our funds to provide cover against liquidity shortages. The line of credit has been used minimally during the last three years.

Contractual Obligations

We have contractual obligations in connection with the leases of our UFCs and other offices, amounting to Rs. 789.6 million in aggregate, composed of obligations amounting to Rs. 38.6 million due in less than one year, Rs. 192.1 million for obligations due between one and three years, Rs. 120.6 million for obligations due between four and five years, and Rs. 438.2 million for obligations due in more than five years. In addition, we have co-invested in each of our venture capital/private equity funds (Fund I and Fund II), and have an outstanding, undrawn commitment of Rs. 174.9 million to Fund II.

Quantitative and Qualitative Disclosures About Market Risks

Interest Rate Risk

As of September 30, 2007, approximately 55.7% our AUM was invested in fixed income debt securities. The valuation of fixed income securities, particularly medium and long-term fixed income securities, may be adversely affected by changes in interest rates, thereby affecting the management fees we earn on such debt securities. In addition, a portion of our surplus funds are invested in debt securities, the valuation of which may be adversely affected due to interest rate fluctuations.

Foreign Exchange Rate Risk

Our subsidiary UTI International generates income in US Dollars and incurs expenses in Pound Sterling, Dinar and Singapore Dollar. Depreciation by the US Dollar against those other currencies will adversely affect UTI International's financial results, which are part of our consolidated results. UTI International has not historically hedged any of its foreign currency exposure.

UTI International's functional reporting currency is the Pound Sterling. As part of its financial reporting process, UTI International converts its income generated in US Dollars to Pound Sterling. Appreciation by the Pound Sterling against the US Dollar will adversely affect the Pound Sterling value of the revenues reported by UTI International in its financial statements. Likewise, in consolidating UTI International's financial results with those of UTI AMC, we convert UTI International's financial results reported in Pound Sterling to Rupee, our functional reporting currency. Appreciation of the Rupee will adversely affect the Pound Sterling value of income and any earnings reported by UTI International.

Expenditures in currencies other than Rupees incurred in respect of our UFCs, other infrastructure or subsidiaries located outside of India may be adversely affected by fluctuations in the exchange rates. We have not historically entered into foreign currency hedging arrangements.

Market Risk

Our results of operations are affected by cyclical fluctuations in the performance of the corporate sector, financial markets, and economic conditions generally, both in India and elsewhere around the world. Although the securities market in India and elsewhere have experienced favorable and sustained performance during the recent years, such favorable business environment may not continue. The Indian securities markets, and the equity markets in particular, have attracted substantial inflows of new investments, and have experienced significant market appreciation, which has in turn, contributed to an increase in AUM and income for us. Any decline in the securities market, in general, and the equity markets, in particular, could reduce our AUM and consequently our income. For example, the recent downturn in the economy of the United States may adversely affect the emerging markets and our industry. In addition, any instability in countries neighbouring India may have a negative effect on the Indian markets and adversely affect our business.

Even in the absence of a market downturn, we are potentially exposed to substantial risks due to market volatility. A general decline in the performance of securities in an industry, in which assets managed by us may be invested, could have an adverse effect on our AUM and income. Our growth rate has varied from year to year, and there can be no assurance that the average growth rates sustained in the past will continue. A failure of securities markets to sustain their recent levels of growth or short-term volatility in these markets could result in clients withdrawing from the markets or decreasing their rate of investment, either of which would be likely to adversely affect our AUM and income. In addition to the potentially adverse effects on our businesses described above, market risk could exacerbate other risks that we face, such as liquidity risk or risk of client and counter-party losses.

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP, US GAAP AND IFRS

Our financial statements are prepared in conformity with Indian GAAP, which differs in certain significant respects from US GAAP and IFRS. Such differences involve methods for measuring the amounts shown in the financial statements of the Company, as well as additional disclosures required by US GAAP and IFRS, which we have not made.

The following is a general summary of certain significant differences between Indian GAAP, US GAAP and IFRS.

The differences identified below are limited to those significant differences that are appropriate to our financial statements. However, they should not be construed as exhaustive as no attempt has been made by our management to quantify the effects of those differences, nor has a complete reconciliation of Indian GAAP to US GAAP or Indian GAAP to IFRS been undertaken by our management. Had any such quantification or reconciliation been undertaken by our management, other potential significant accounting and disclosure differences may have come to its attention, which are not identified below. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions and events are presented in the financial statements and the notes thereto

We have not prepared financial statements in accordance with US GAAP or IFRS. Therefore, the Company cannot presently estimate the net effect of applying US GAAP or IFRS on its results of operations or financial position.

Further, no attempt has been made to identify future differences between Indian GAAP, US GAAP and IFRS as a result of prescribed changes in accounting standards. Regulatory bodies that promulgate Indian GAAP, US GAAP and IFRS have significant projects ongoing that could affect future comparisons such as this one. Finally, no attempt has been made to identify future differences between Indian GAAP, US GAAP and IFRS that may affect the financial information as a result of transactions or events that may occur in the future.

Potential investors should consult their own potential advisors for an understanding of the principal differences between Indian GAAP, US GAAP and IFRS and how these differences might affect the financial statements appearing in the section titled "Financial Statements" beginning on page 120 of this Draft Red Herring Prospectus.

S. No.	Particulars	Indian GAAP	US GAAP	IFRS
1.	Contents of financial statements	Balance sheet, profit and loss account, cash flow statement, accounting policies and notes are presented for the current year, with comparatives for the previous year.	Comparative two years' balance sheets, income statements, cash flow statements, changes in shareholders' equity and accounting policies and notes. Three years are required for public companies for all statements except balance sheet where two years are provided.	Comparative two years' balance sheets, income statements, cash flow statements, changes in shareholders' equity and accounting policies and notes.
2.	First time adoption	First-time adoption of Indian GAAP requires retrospective application. In addition, particular standards specify treatment for first-time adoption of those standards.	Similar to Indian GAAP.	Full retrospective application of all IFRSs effective at the reporting date for an entity's first IFRS financial statements, with some optional exemptions and limited mandatory

S. No.	Particulars	Indian GAAP	US GAAP	IFRS
				exceptions.
3.	Changes in accounting policies	Include effect in the income statement for the period in which the change is made except as specified in certain standards (transitional provision) where the change during the transition period resulting from adoption of the standard has to be adjusted against opening retained earnings and the impact needs to be disclosed.	Generally include effect in the current year income statement through the recognition of a cumulative effect adjustment. Disclose pro forma comparatives. Retrospective adjustments for specific items. Recent amendment requires restatement of comparatives and prior year opening retained earnings. The new amendment is applicable to accounting changes that are made in fiscal years beginning after December 15, 2005.	Restate comparatives and prior-year opening retained earnings.
4.	Revenue	Revenue is recorded on the basis of services rendered.	Similar to Indian GAAP. However, extensive guidance is there for accounting of specific transactions	Similar to Indian GAAP. However, extensive guidance is there for accounting of specific transactions. Based on several criteria, which require the recognition of revenue when risks and rewards have been transferred and the revenue can be measured reliably.
5.	Consolidation of variable interest entities	There is no specific guidance with respect to Variable Interest Entities.	Entities are required to evaluate if they have any interest in Variable Interest Entities, as defined by the standard. Consolidation of such entities may be required if certain conditions are met.	SIC 12 states that a special purpose entity (SPE) should be consolidated when the substance of the relationship between an entity and the SPE indicates that the SPE is controlled by that entity.
6.	Business combinations	Restricts the use of pooling of interest method to circumstances, which meet the criteria listed for an amalgamation in the nature of a merger; mainly when all assets and liabilities, and 90% shareholders of transferor	Business combinations are accounted for by the purchase method only (except as discussed below). Several differences can arise in terms of date of combination, calculation of share value to use for	IFRS 3 requires all Business combinations to be accounted for on the basis of the purchase method. It however scopes out businesses brought together to form a joint venture,

S. No.	Particulars	Indian GAAP	US GAAP	IFRS
		company become part of the transferee company. In all other cases, the purchase method is used.	purchase price, especially if the Indian GAAP method is 'amalgamation' or pooling. In the event of combinations of entities under common control, the accounting for the combination is done on a historical cost basis in a manner similar to a pooling of interests for all periods presented.	business combinations involving businesses or entities under common control or involving two or more mutual entities and business combinations in which separate entities or businesses are brought together to form a reporting entity by contract alone without obtaining an ownership interest. * The use of pooling of interest method is prohibited. * Severely restricted to "true mergers of equals". Rules focus on lack of identification of an acquirer
7.	Goodwill	Goodwill is computed as the excess of the purchase price over the carrying value of the net assets acquired. Goodwill is tested for impairment annually for listed entities and other specified categories of entities satisfying certain turnover/borrowings criteria. Where a scheme of amalgamation/merger sanctioned by the court specifies a different accounting treatment for goodwill, which treatment is followed and disclosures made for impact of deviation from the treatment specified under the relevant accounting standard.	Goodwill is computed as the excess of the purchase price over the fair value of the net assets acquired. Goodwill is not amortized but tested for impairment annually.	The goodwill shall be recognized as an asset on the acquisition date by the acquirer. Goodwill is computed at its cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. After the initial recognition, the goodwill acquired in a business combination shall be measured at cost less any accumulated impairment loss. Goodwill is not required to be amortized.
8.	Negative goodwill (i.e., the excess of the fair value of net assets	Negative goodwill is computed based on the book value of assets (not	Negative goodwill is allocated to reduce proportionately the fair	If the acquirer's interest in the net fair value of the

S. No.	Particulars	Indian GAAP	US GAAP	IFRS
	acquired over the aggregate purchase consideration)	the fair value) of assets taken over/acquired and is credited to the capital reserve account, which is a component of shareholders' funds.	value assigned to non-monetary assets. Any remaining excess is considered to be an extraordinary gain.	identifiable assets, liabilities and contingent liabilities recognized exceeds the cost of the business combination, the acquirer shall reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination; and recognize immediately in the profit or loss, any excess remaining after that reassessment.
9.	Intangible assets	Intangible assets are capitalized if specific criteria are met and are amortized over their useful life, generally not exceeding 10 years. The recoverable amount of an intangible asset that is not available for use or is being amortized over a period exceeding 10 years should be reviewed at least at each financial year-end even if there is no indication that the asset is impaired.	When allocating purchase price of a business combination, companies need to identify and allocate such purchase price to intangible assets, based on specific criteria. Intangibles that have an indefinite useful life are required to be tested, at least annually, for impairment. Intangible assets that have finite useful life are required to be amortized over their estimated useful lives.	Intangible assets are recognized if the specific criteria are met. Assets with a finite useful life are amortized on a systematic basis over their useful life. An asset with an indefinite useful life and which is not yet available for use should be tested for impairment annually.
10.	Segment information	Segmental disclosures are required to be given by all public companies (listed or in the process of getting listed), banks, financial institutions, entities carrying on insurance business and enterprises having turnover above Rs. 50 crores or borrowings above Rs. 10 crores. Specific requirements govern the format and content of a reportable	Segmental disclosures are required to be made by all public business enterprises. A company is required to report information about its products and services, the geographical areas in which it operates and its major customers. Reportable business segments are required to be identified based on specified criteria.	Segmental disclosures are required to be given by entities whose equity or debt securities are publicly traded or those entities that are in the process of issuing such publicly traded equity or debt securities. Both business and geographical segments are

S. No.	Particulars	Indian GAAP	US GAAP	IFRS
		segment and the basis of identification of a reportable segment. Both business and geographical segments are identified and either of the two is classified as primary segment (with the other one being classified as the secondary segment).	Disclosures are required for both business and geographic segments.	identified and either of the two is classified as primary segment (with the other one being classified as the secondary segment). IAS 14 prescribes detailed disclosures for primary segment and relatively lesser disclosure for secondary segments.
11.	Dividends	Dividends are reflected in the financial statements of the year to which they relate even if proposed or approved after the year-end.	Dividends are accounted for when approved by the board/shareholders. If the approval is after year-end, the dividend is not considered to be a subsequent event that needs to be reflected in the financial statements.	Dividends to holders of equity instruments, when proposed or declared after the balance sheet date, should not be recognized as a liability on the balance sheet date. A company however is required to disclose the amount of dividends that were proposed or declared after the balance sheet date but before the financial statements were authorized for issue.
12.	Property, plant and equipment	Fixed assets are recorded at the historical costs or revalued amounts. Foreign exchange gains or losses relating to liabilities incurred in the procurement of property, plant and equipment from outside India are required to be adjusted to the cost of the asset. Depreciation is recorded over the asset's useful life. Schedule XIV of the Companies Act prescribes minimum rates of depreciation and typically companies use these as the basis for useful life. Interest cost on specified or identifiable	Revaluation of fixed assets is not permitted under US GAAP. All foreign exchange gains or losses relating to the payables for the procurement of property, plant and equipment are recorded in the income statement. Depreciation is recorded over the asset's estimated useful life, which maybe different from the useful life based on Schedule XIV. An entity must capitalize borrowing costs attributable to the acquisition,	Fixed assets are recorded at cost or revalued amounts. If carried at revalued amount, assets should be frequently revalued to match their carrying amount with their fair values. Foreign exchange gains or losses relating to the procurement of property, plant and equipment, under very restrictive conditions, can be capitalized as part of the asset. Depreciation is recorded over the asset's estimated

S. No.	Particulars	Indian GAAP	US GAAP	IFRS
		borrowings is capitalized to qualifying assets during its construction period.	construction or production of a qualifying asset.	useful life. The residual value and the useful life of an asset and the depreciation method shall be reviewed at least at each financial year-end. An entity has the option of capitalizing borrowing costs incurred during the period that the asset is getting ready for its intended use.
13.	Investment in Securities	Investments are categorized as follows: Current investments (where changes in fair value are taken directly to profit or loss); Long term investments which are carried at cost unless there is a permanent diminution in value, in which case a provision for diminution is required to be made by the entity.	Investments are categorized as follows: Held to maturity (measured at amortized cost using effective interest method); Trading (where changes in fair value, regardless of whether they are realized or unrealized are recognized as profit or loss); Available for sale (where unrealized gains or losses are accounted as a component of equity and recognized as profit or loss when realized).	Investments are categorized as follows: Held to maturity investments (measured at amortized cost using effective interest method); Financial assets at fair value through profit or loss (where changes in fair value are taken directly to profit or loss); Available for sale investments (where changes in fair value are accounted in equity and recycled to the profit or loss when realized).
14.	Inventory	Measured at cost or net realizable value whichever is lower. Net realizable value is the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale. Reversal (limited to the amount of original write down) is required for a subsequent increase in value of inventory previously written down.	Measurement is done at lower of cost or market. Market value is defined as being current replacement cost subject to an upper limit of net realizable value (i.e. estimated selling price in the ordinary course of business less reasonably predictable costs of completion and disposal) and a lower limit of net realizable value less a	Measured at cost or net realizable value whichever is lower. Net realizable value is the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale. Reversal (limited to the amount of original write down) is required for a subsequent increase

S. No.	Particulars	Indian GAAP	US GAAP	IFRS
			normal profit margin. Reversal of a write down is prohibited, as a write down creates a new cost basis.	in value of inventory previously written down.
15.	Impairment of assets, other than goodwill, intangible assets with indefinite useful lives and intangible assets not available for use	The standard requires the company to assess whether there is any indication that an asset is impaired at each balance sheet date. Impairment loss (if any) is provided to the extent the carrying amount of assets/Cash generating units (CGUs) exceeds their Recoverable amount. Recoverable amount is the higher of an asset's/CGU's selling price or its Value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset/CGU and from its disposal at the end of its useful life. An impairment loss for an asset/CGU recognized in prior accounting periods should be reversed if there has been a change in estimates of cash inflows, cash outflows or discount rates used to determine the asset's/CGU's recoverable amount since the last impairment loss was recognized. In this case, the carrying amount of the asset/CGU should be increased to its recoverable amount. The reversal of impairment loss should be recognized in the income statement.	An impairment analysis is performed if impairment indicators exist. An impairment loss shall be recognized only if the carrying amount of a long-lived asset (asset group) is not recoverable and exceeds its fair value. The carrying amount of a long-lived asset (asset group) is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset (asset group). An impairment loss shall be measured as the amount by which the carrying amount of a long-lived asset (asset group) exceeds its fair value (which is determined based on discounted cash flows). Impairment loss is recorded in the income statement. Reversal of impairment loss recognised in prior period is prohibited.	An entity shall assess at each reporting date whether there is any indication that an asset/CGU maybe impaired. An impairment analysis is performed if impairment indicators exist. The impairment loss is the difference between the asset's/CGU's carrying amount and its recoverable amount. The recoverable amount is the higher of the asset's/CGU's fair value less costs to sell and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. An impairment loss recognized in prior periods for an asset shall be reversed if, there has been a change in the estimates used to determine the asset's/CGU's recoverable amount since the last impairment loss was recognized.
16.	Pension/gratuity/post Retirement benefits (defined benefit plans)	The liability for defined benefit plans like gratuity and pension is determined as per actuarial valuation determined based on	The liability for defined benefit schemes is determined using the projected unit credit actuarial method. The discount rate for	Annual service cost and defined benefit obligation is determined through actuarial valuation. The liability for

S. No.	Particulars	Indian GAAP	US GAAP	IFRS
		projected unit credit method. Discount rate to be used is determined by reference to market yields on government bonds. Actuarial gains or losses are recognized immediately in the statement of income.	obligations is based on market yields of high quality corporate bonds. The plan assets are measured using fair value or using discounted cash flows if market prices are unavailable. If at the beginning of the year, the actuarial gains or losses exceeds 10% of the greater of the projected benefit obligation or the market-related value of plan assets, then such amount is not recognized immediately, but amortized over the average remaining service period of active employees expected to receive benefits under the plan.	defined benefit schemes is determined using the projected unit credit actuarial method. Discount rate to be used for determining defined benefit obligations is by reference to market yields at the balance sheet date on high quality corporate bonds of a currency and term consistent with the currency and term of the post employment benefit obligations. The actuarial gains or loss are to be recognized using either the corridor approach or immediately in the profit or loss account or in the statement of recognized income and expenses.
17.	Leases	Leases are classified as finance or operating in accordance with specific criteria. Judgment is required to determine if the criteria are met or not.	The criteria to classify leases as capital or operating include specific quantitative thresholds.	Leases are classified as finance or operating in accordance with specific criteria. Judgment is required to determine if the criteria are met or not.
18.	Sale and leaseback	Gain on a sale and leaseback transaction where the leaseback is an operating lease is recognized immediately, if the transaction is established at fair value. If the sale price is below fair value, any profit or loss shall be recognised immediately except that, if the loss is compensated for by future lease payments at below market price, it shall be deferred and amortised in proportion to the lease payments over the period for which the asset is expected to be used. If	If the sale-leaseback transaction results in an operating lease, the timing of the recognition of a gain on the sale depends on whether the seller has leased back a minor portion of the leased asset or more than a minor portion. If the present value of a reasonable amount of rentals for the leaseback period represents 10% or less of the fair value of the asset sold, the seller lessee has leased back a minor portion in	If a sale and leaseback transaction results in an operating lease, and it is clear that the transaction is established at fair value, any profit or loss shall be recognised immediately. If the sale price is below fair value, any profit or loss shall be recognised immediately except that, if the loss is compensated for by future lease payments at below

S. No.	Particulars	Indian GAAP	US GAAP	IFRS
		the sale price is above fair value, the excess over fair value shall be deferred and amortised over the period for which the asset is expected to be used.	which case the seller should recognize any gain on the sale of the asset at the time of sale. If the seller-lessee retains more than a minor portion, but less than substantially all of the use of the property, any gain in excess of the present value of a reasonable amount of rent should be recognized currently. The remaining gain on the sale is deferred and recognized as a reduction of rent expense over the term of the lease in proportion to the related gross rentals. A loss on the sale is recognized immediately.	market price, it shall be deferred and amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value shall be deferred and amortised over the period for which the asset is expected to be used.
19.	Deferred taxes	Deferred taxes are accounted for using the income statements approach, which focuses on timing differences. Deferred tax asset/liability is classified as long term. The tax rate applied on deferred tax items is the enacted or the substantively enacted tax rate as on the balance sheet date. Except for deferred tax on certain expenses written off directly against equity which is required to be adjusted in equity, deferred tax is always recognized in the income statement	Deferred tax asset/liability is classified as current and long-term depending upon the timing difference and the nature of the underlying asset or liability. The tax rate applied on deferred tax items is the enacted tax rate. Deferred tax is charged or credited directly to equity if the tax relates to items that are credited or charged directly to equity.	Deferred taxes are accounted for using the Balance sheet liability method, which focuses on temporary differences. Deferred tax assets/liabilities should be measured based on enacted or substantively enacted tax laws and tax rates that are expected to apply in the period they are realized/settled. Deferred tax is charged or credited directly to equity if the tax relates to items that are credited or charged directly to equity in the same or different periods.
20.	Stock based compensation	Entities have a choice of accounting methods for determining the costs of benefits arising from	Entities are only allowed to use the fair value approach.	Entities are only allowed to use the fair value approach.

S. No.	Particulars	Indian GAAP	US GAAP	IFRS
		employees' stock compensation plans. Although the fair value approach is recommended, entities may use the intrinsic value method and give fair value disclosures.	Two alternative methods for determining cost: intrinsic value (market price at measurement date less any employee contribution or exercise price), or fair value at issue using option price model.	
21.	Start up costs and organization costs	Start up costs are required to be expensed unless attributable to bringing the asset to working condition for its intended use, in which case they are capitalized.	Requires costs of start-up activities and organization costs to be expensed as incurred.	Start up costs relating to plant, property & equipments, other than those related to bringing the asset to its working conditions may not be capitalized.
22.	Contingent assets	A possible asset that arise from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the entity's control. The item is recognised as an asset when the realisation of the associated benefit such as an insurance recovery, is virtually certain. However, contingent assets, where an inflow of economic benefits is probable, are not disclosed in financial statements.	Contingent assets are recognised, when realised, generally upon receipt of consideration.	A possible asset that arise from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the entity's control. The item is recognised as an asset when the realisation of the associated benefit such as an insurance recovery, is virtually certain.
23.	Contingent liabilities	A possible obligation whose outcome will be confirmed only on the occurrence or non-occurrence of uncertain future events outside the entity's control. Contingent liabilities are disclosed unless the probability of outflows is remote. Discounting of liability is not permitted and no provision is recognized on the basis of constructive obligation.	An accrual for a loss contingency is recognised if it is probable (defined as likely) that there is a present obligation resulting from a past event and an outflow of economic resources is reasonably estimable. If a loss is probable but the amount is not estimable, the low end of a range of estimates is recorded. Contingent liabilities are disclosed unless the probability of outflows is remote.	A possible obligation whose outcome will be confirmed only on the occurrence or non-occurrence of uncertain future events outside the entity's control. It can also be a present obligation that is not recognised because it is not probable that there will be an outflow of economic benefits, or the amount of the outflow cannot be reliably measured.

S. No.	Particulars	Indian GAAP	US GAAP	IFRS
				Contingent liabilities are disclosed unless the probability of outflows is remote.
24.	Recognition and measurement of financial assets and liabilities	Financial assets and liabilities are recorded at cost. Indian GAAP does not allow fair valuation of financial assets/ liabilities except for current investment which are carried at lower of cost and market values.	Financial assets and liabilities are initially recorded at cost and then restated on fair values except for held till maturity investments, which are carried at amortized cost.	Similar to US GAAP.
25.	Related parties disclosures	The nature and extent of any transactions with all related parties and the nature of the relationship must be disclosed, together with the amounts involved.	The nature and extent of any transactions with all related parties and the nature of the relationship must be disclosed, together with the amounts involved. Scope of related party is wider than the scope defined in Indian GAAP. All material related party transactions (other than compensation arrangements, expense allowances and similar items) must be disclosed in the separate financial statements of wholly-owned subsidiaries, unless these are presented in the same financial report that includes the parent's consolidated financial statements (including those subsidiaries).	There is no IAS 24 specifically refers to Related Parties' Disclosure. Specific requirement in IFRS to disclose the name of the related party (other than the ultimate parent entity). There is a requirement to disclose the amounts involved in a transaction, as well as the balances for each major category of related parties. However, these disclosures could be required in order to present meaningfully the "elements" of the transaction, which is a disclosure requirement.
26.	Post balance sheet events	Adjust the financial statements for subsequent events, providing evidence of conditions at balance sheet date and materially affecting amounts in financial statements (adjusting events). Non-adjusting events are not required to be disclosed in financial statements but are disclosed in report of approving authority e.g. Directors' Report.	Adjust the financial statements for subsequent events, providing evidence of conditions at balance sheet date and materially affecting amounts in financial statements (adjusting events). Disclosing non-adjusting events.	Similar to US GAAP
27.	Segment reporting	Report primary and secondary (business and	Report based on operating segments and	Similar to Indian GAAP

S. No.	Particulars	Indian GAAP	US GAAP	IFRS
		geographic) segments based on risks and returns and internal reporting structure. Use group accounting policies or entity accounting policy.	the way the chief operating decision-maker evaluates financial information for purposes of allocating resources and assessing performance. Use internal financial reporting policies (even if accounting policies differ from group accounting policy).	
28.	Earning per share	Use weighted average potential dilutive shares as denominator for diluted EPS.	Use weighted average potential dilutive shares as denominator for diluted EPS and Use "treasury stock" method for options/warrants.	Use weighted average potential dilutive shares as denominator for diluted EPS and Use "treasury stock" method for options/warrants.
29.	Debt issue cost	Debt issue costs are expensed as incurred.	Debt issue costs should be deferred as an asset and amortised as an adjustment to yield. Amortisation should be done based on the interest method, but other methods may be used if the results are not materially different from the interest method.	Similar to US GAAP
30.	Provisions	Record the provisions relating to present obligations from past events if outflow of resources is probable and can be reliably estimated. Discounting is not permitted.	Similar to Indian GAAP. Rules for specific situations (including employee termination costs, environmental liabilities and loss contingencies). Discounting required only when timing of cash flows is fixed.	Similar to Indian GAAP. Discounting is not permitted.
31.	Share issue expenses	AS - 26 requires to be expensed.	May be set off against the realised proceeds of share issue.	The transaction costs of an equity transaction should be accounted for as a deduction from equity, net of any related income tax benefit. The costs of a transaction, which fails to be completed, should be expensed.
32.	Correction of error/ omissions	Include effect in the current year income	Restatement of comparatives is	Either restate comparatives or

S. No.	Particulars	Indian GAAP	US GAAP	IFRS
		statement. The nature and amount of prior period items should be separately disclosed in the statement of profit and loss in a manner that their impact on current profit or loss can be perceived.	mandatory.	include effect in current year income statement and provide pro-forma comparatives in the notes.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below, there is no outstanding litigation, suits, criminal or civil prosecutions, proceedings or tax liabilities against our Company, our Subsidiaries, our Directors, and there are no defaults, non-payment of statutory dues, over-dues to banks/ financial institutions/ small scale undertaking (s), defaults against banks/ financial institutions/ small scale undertaking (s), defaults in dues payable to holders of any debenture, bonds and fixed deposits and arrears of preference shares, defaults in creation of full security as per terms of issue or other liabilities, proceedings initiated for economic/ civil/ any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of the Company and no disciplinary action has been taken by SEBI or any stock exchanges against our Company or our Directors.

Cases filed against the Company

Criminal cases

There are 22 criminal cases filed against the erstwhile Unit Trust of India before various courts for matters including non-receipt of certificates, non-receipt of maturity proceeds and non-receipt of revalidated dividend warrants. These matters are pending at various stages. The Company has addressed and settled the grievances under such cases. However, the final order from the concerned courts is still awaited and in the interim the cases are still pending.

Income Tax cases

1. The Assistant Commissioner of Income Tax, Mumbai issued a notice dated September 26, 2007 under Section 156 of the I. T. Act and raised a demand of Rs. 79,257,434 for the assessment year 2003-2004 on the ground that expenditure incurred on day to day operations should have been capitalised as the Company was only in existence from November 14, 2002 and started its operations from February 1, 2003. The Company filed an appeal on November 20, 2007 against the said order claiming that the Company was a running organization and the Company was formed pursuant to the Repeal Act. The matter is yet to come up for hearing.

2. The Deputy Commissioner of Income Tax, Mumbai issued a notice dated December 22, 2006 under Section 156 of the I. T. Act and raised a demand of Rs. 385,927 for the assessment year 2004-2005. The assessing officer disallowed the payment of Rs. 54,741 in respect of employees' contribution to Provident Fund on account of delay and prior period expenses of Rs. 407,623. Further an expenditure of Rs. 506,790 in relation to exempt income under Section 14A of the I. T. Act has been disallowed by the assessing officer. The Company has filed an appeal on January 22, 2006 against the said order claiming that the employees Provident Fund contribution was though paid beyond the due date but before the due date of filing return under Section 139 (1). In relation to the exempt income, the Company has alleged that until and unless that expenditure can be correlated with the exempt income, the expenditure cannot be disallowed and since the earning of the dividend does not involve any expenditure, hence there can be no disallowance under Section 14A. Further, in respect of the prior period expenses, the Company clarified that the said amount was relating to the previous year of 2003-2004 which could not be accounted as the creditors and suppliers had not provided for the relevant bills. The matter is yet to come up for hearing.

3. The Assistant Commissioner of Income Tax, Mumbai has issued a notice dated December 24, 2007 under Section 156 of the I. T. Act together with another notice dated December 24, 2007 issued under Section 274 read with Section 271 of the I. T. Act. The department has raised a demand of Rs. 47,602,848 for the assessment year 2005-2006 interalia on the ground of disallowances of expenses and depreciation. The Company is in the process of replying to such notices.

Interest Tax case

1. A circular dated October 11, 1991 was issued by the Central Board of Direct Taxes ('CBDT') to the effect that the Interest Tax Act, 1974 will not apply on the erstwhile Unit Trust of India. However, the Income Tax Department issued eight notices dated December 21, 2000 under Section 10(a) of the Interest Tax Act, 1974 for eight assessment years from 1992-1993 to 1999-2000 calling upon erstwhile Unit Trust of India to file returns of chargeable interest for the aforesaid eight assessment years within a period of 30 days from the date of service of the notices.

The said circular was withdrawn by CBDT retrospectively on January 29, 2001.

UTI filed a Writ Petition on February 8, 2001 before the Bombay High Court challenging the notices issued by the Department. The Bombay High Court on April 19, 2001 pronounced that CBDT's retrospective withdrawal interalia, on the ground that CBDT had issued a Circular dated October 11, 1991 stating that the Interest Tax Act, 1974, will not apply on the erstwhile Unit trust of India of the said circular was not justified and the notice dated December 21, 2000 issued under Section 10(a) of the Interest Tax Act, 1974 is in respect of eight accounting years are invalid in law and hereby set aside. The Bombay High Court also stated that the Interest Tax Act, 1974 is applicable on UTI after January 1, 2001 when the earlier circular was withdrawn.

A Special Leave Petition SLP (Civil) no. 2178-2179 of 2002 was filed by the Income Tax Department on October 2001 before the Supreme Court of India challenging the judgement of the Bombay High Court and stated that the loss to the exchequer would be more than Rs. 10,000 million. At the hearing on November 27, 2007 the petitioners requested for amendment of the Civil Appeal to decide the parties against whom they wish to continue the proceedings as UTI as an entity no longer exists and pursuant to the restructuring of the erstwhile Unit Trust of India out of earlier Schemes of UTI some have been transferred to the Administrator, SUUTI and some have been transferred to the Specified Company i.e. UTI Trustee Company Private Limited, the Trustee company of UTI Mutual Fund respectively. The matter is currently pending for filing of amendment of Civil Appeal by Income Tax Department.

Service Tax case

1. The office of the Assistant Commissioner of Service Tax Division III, Mumbai has by its letter dated January 23, 2007 raised a demand of Rs. 13,019,651 along with interest against the Company in respect of short paid service tax. The Company had applied for adjustments of the excess service tax liability in terms of sub-rule (3) of Rule 6 of Service Tax Rules, 1994 for the month of March 2003, August 2003, February 2004 and March 2004 which the department denied as the excess payment of service tax made by the Company was due to excess collection of fees and service tax and payment of service tax at higher rate and are therefore eligible for refund of the claim. However, the Company has by its letter dated June 13, 2007 requested the department to allow adjustment of excess service tax deposited with the department. The department has by its letter dated January 1, 2008 informed the Company to follow procedures and refrain from any such adjustments of duty in future.

Consumer Cases with respect to registrar and transfer activities involving Registrar and Transfer Agents

The Company is presently hiring services of Karvy, CAMS, UTITSL and Datamatics for registration and transfer activities. Investors of various Schemes have filed suits for deficiency in such services against the respective Registrar and Transfer Agent and have also made our Company, a party to the suit however we do not owe any monetary or contractual obligation with respect to their complaints.

CAMS is presently litigating 40 complaints wherein the amount involved aggregates to Rs. 707,421.27 along with interest. Similarly UTITSL is litigating 366 consumer complaints wherein the amount involved aggregates to Rs. 10,859,406.30 with interest. Datamatics is also litigating 196 consumer complaints wherein the amount involved aggregates to Rs. 1,731,380.00 with interest.

Name of the Registrar and Transfer Agent	Number of complaints	Amount involved with interest
CAMS	40	707,421.27

Name of the Registrar and Transfer Agent	Number of complaints	Amount involved with interest
UTITSL	366	10,859,406.30
Datamatics	196	1,731,380.00

Registrars and Transfer Agents cases

1. A suit (Suit no. 3598 of 2003) filed by M. N. Dastur & Company (hereinafter referred as "Dastur Company"), Ex- Registrars & Transfer Agents against Administrator of the Specified Undertaking of the Unit Trust of India and UTI Trustee Company Private Limited on November 4, 2003 for recovery of Rs.31,949,958 (Principal amount due on services is Rs. 10,002,856.70 with interest of Rs. 7,203,040.00. it also includes principal amount due on demat services is Rs. 10,063,924.00 with interest of Rs. 4,680,138.00) including interest @ 18% p.a. from the date of filing of the suit till payment or realization.

   Dastur & Company was engaged by erstwhile Unit Trust of India as Registrars and Transfer Agent by an agreement dated January 21, 1991 in respect of various Schemes of units launched by erstwhile Unit Trust of India and also for dematerialization of units under the Schemes like Mastershares 86, Master Growth 93 and Grand Master 93. The services of Dastur Company were discontinued after termination of the agreement by a letter from Dastur Company dated January 1, 2001 and the Schemes were handed over to M/s. UTIISL (now UTITSL). The outstanding bills of the Dastur Company were withheld by the Company owing to our claims against Dastur Company. The matter is presently pending before the Bombay High Court.

Contract Labour cases

1. Our Company is party to various legal proceedings in relation to contract labour disputes filed by the contract labourers for regularisation of employment as workmen of the Company. These matters are presently pending before the Central Government Industrial Tribunal ("CGIT") for adjudication. The following table sets forth the details of such matters:

No. of workmen involved	Nature of services	Court where the petition was filed	Monetary liability involved
60	Cleaning services	CGIT, Mumbai	Nil
19	Cleaning services	CGIT, Mumbai	Nil
11	Cleaning services	CGIT, Mumbai	Nil
26	Security services	CGIT, Mumbai	Nil
21	Security services	CGIT, Mumbai	Nil
23	Security services	CGIT, Mumbai	Nil

2. The Ministry of Labour referred the dispute of 39 (thirty-nine) contract labourers of canteen contractor with M/s. Satkar Services which was discontinued with effect from February 24, 2004. These contract labourers (represented by the Contract Laghu Udhyog Kamgar Union) have filed a suit no. 2/20/2005 in pursuance of an order dated November 23, 2004 by the Ministry of Labour before the CGIT, Mumbai claiming for payment of termination dues i.e. one month notice pay, retrenchment compensation, leave encashment, unpaid wages for the month of February 2004 and unpaid bonus for the financial years from 2000-2004 with interest at commercial rate amounting to Rs. 1,655,152. The matter is pending before the CGIT, Mumbai.

Scheme specific cases

1. Two writ petitions (writ petition no. 388/2005 and 389/2005) were filed by M/s. Bajaj Auto Limited and Mr. Vinod Agarwal ('petitioners') before the Bombay High Court challenging the validity and/or enforceability of a circular dated December 12, 2003 issued by SEBI bearing circular no. SEBI/IMD/CIR No. 1022701/03, which resulted in the winding up of the UTI Growth & Value Fund – Bonus Plan.

   The UTI Growth & Value Fund–Bonus Plan was launched by IL&FS Mutual Fund but was later transferred to the Company with effect from July 5, 2004. The said SEBI circular required that each Scheme and individual plan under the Schemes should have a minimum of 20 (twenty) investors and no single investor should account for more than 25% of the corpus of such Scheme/plan.

   In the present circumstances, the holding of the petitioners exceeded 25% and in pursuance of the same, various attempts were made to attract more investors to the said plan so that the holding may be reduced below 25% limit. After repeated correspondence, in the context of the SEBI circular, the Scheme was wound up with effect from February 1, 2005. An interim order dated February 10, 2005 was passed by the Bombay High Court whereby the Company was directed to retain the amount of investment and redemption amount and invest the same in any nationalized/scheduled commercial bank.

   Subsequent to this, another interim order dated April 19, 2005 was passed whereby the Bombay High Court directed the Company to make payment of the redemption proceeds to all the unitholders including the petitioners except who returned their cheques and have desired to accept the redemption proceeds only after final verdict by the Bombay High Court. By an order dated October 9, 2006 the High Court disposed off the petition as the plan was no more in existence and the redemption amount had already been paid. The petition filed by Mr. Vinod Agarwal was also disposed off on the basis of the same rationale.

   A Special leave petition (civil no. 3154 of 2007) was filed by M/s Bajaj Auto Limited before the Supreme Court of India against the final order dated October 9, 2006 passed by the Bombay High Court. The matter is pending for filing counter affidavit by other respondents (SEBI & others).

2. A complaint was filed by Mr. Rajesh Goyal (hereinafter referred as "Complainant") before the MRTP commission against the erstwhile Unit Trust of India, M. N. Dastur & Company Limited, Mr. Arvind (Portfolio Management Services), New Delhi and Mr. Harpal Singh, Chibbar, Chandigarh for unfair trade practices and claimed a compensation of Rs. 10,000 under Section 12B of the Monopolies Restrictive Trade Practices Act, 1969.

   The Complainant applied for transfer of 500 units of Mastershares in June 1992 out of which, 400 Mastershares were transferred but Mr. Rajesh Goyal received only 300 Mastershares. However, he was enjoying all the benefits with respect to the 100 Mastershares transferred in his name, though he did not receive the certificates for the same after transfer.

   As regards balance 100 Mastershare units, it was already transferred in the name of Mr. Harpal Singh Chibbar and in relation to the same the complainant was required to make arrangements with his broker for replacement of the balance 100 Shares. But the same was refused by the Complainant. The matter is due for hearing before the MRTP Commission.

Human Resource cases:

There are 22 (twenty-two) human resource related suits filed against our Company before various courts for matters including regularisation of employment, reinstatement of services with full back wages, withdrawal of application under Voluntary Separation Scheme ("VSS"), violation of Contract Labour (Regulation and Abolition) Act, 1970 and Private Security Guards (Regulation of Employment and Welfare) Scheme, 2002

Cases filed by the Company

Criminal cases

1. Criminal miscellaneous case no. 9008 of 1999 filed by erstwhile Unit Trust of India before the High Court, Ranchi for quashing of Criminal Complaint no. 407 of 1996 filed by Mr. Deobrat Singh concerning non receipt of certificates for 1,500 units of Mastershare 86 Scheme duly transferred in his name.

<u>Registrars and Transfer Agent cases</u>

1. The Administrator of the Specified Undertaking of the Unit Trust of India & UTI Trustee Company Private Limited filed a suit no.4090/2003 before the Bombay High Court against M/s M. N. Dastur & Company (hereinafter referred as "Dastur Company") for recovery of Rs. 13,706,375 on account of loss incurred by erstwhile UTI due to deficiency of service by Dastur Company.

   Dastur Company was appointed as Registrars and Transfer Agent by erstwhile Unit Trust of India for rendering services in respect of various Schemes launched by erstwhile Unit Trust of India and also for dematerialization of units under the Schemes like Mastershares 86, Master Growth 93 and Grand Master 93. However, the services of were discontinued after termination of agreement and the Schemes were handed over to M/s UTIISL (now UTITSL). Dastur Company has filed a suit for recovery of Rs. 31,949,958 along with interest @ 18%. The matter is pending before the Bombay High Court.

   Also refer to the litigation filed by Dastur Company under heading 'Cases filed against the Company- Registrars and Transfer Agents cases' in the section titled 'Outstanding Litigation and Material Developments' at page 260 of this Draft Red Herring Prospectus.

<u>Human Resource cases</u>

1. Erstwhile Unit Trust of India filed a civil suit (civil suit no. 199 of 1999) before the High Court at Madras for obtaining injunction against the illegal agitation as on March 16, 1999. The agitation was basically to allege against the dismissal of three workmen as illegal and anti SC/ST. However under various prior judicial proceedings the charges of gross misconduct were proved against the employees. The erstwhile Unit Trust of India has claimed against the defendants jointly and severally a sum of Rs. 1,000,000 with interest at the rate of 24% p.a. The Court had by an order dated March 16, 1999 granted an injunction and restrained the defendants from holding any demonstrations on March 16, 1999 or any subsequent days. The matter is pending for trial.

2. The Company filed a writ petition no. 10966/2005 before the High Court at Delhi against the award of the CGIT dated April 28, 2005 so far as the award substitutes the punishment of withholding of two increments with cumulative effect instead of punishment of dismissal from service imposed by the management and in so far as the award directs the payment of full back wages right from the date of dismissal i.e. December 17, 1987 till restatement.

   The application filed by Mr. J. C. Katyal under Section 17-B of the Industrial Dispute Act praying for grant of full back wages was denied on the ground that he was presently self employed or engaged in a business and is therefore not employed in any establishment. The matter is pending.

3. An industrial dispute was raised by the employees union of the Company before CGIT concerning demand of third option to opt the new pension Scheme or continue with the existing provident fund Scheme. CGIT passed the award dated February 28, 2007 in favour of the employees union. Aggrieved by the said award of CGIT, the Company filed a petition before the Bombay High Court at Mumbai against the award. The erstwhile Unit Trust of India had introduced the pension Scheme for the employees on November 1, 1993 and options were granted to the employees at two occasions to exercise on or before October 31, 1994 and February 28, 1997 respectively. But the employees continued to be part of the existing provident fund Scheme. An industrial dispute was raised and CGIT awarded in favour of the employees. The present writ petition has been filed alleging that the grant of third option to the employees to opt for pension Scheme or continue with the provident fund Scheme is purely a management decision and is beyond the scope of judicial review. In pursuance of the same, the Company wrote a letter dated May 8, 2007 to the Ministry of Finance and the Ministry of Finance by its letter dated May 9, 2007 requested the Company to provide the necessary documents in relation to the present matter and obtain a legal opinion. The writ petition has been admitted and will be listed in due course for hearing.

4. The present industrial dispute between the Company and Mr. Ajay Y. Ramraje (Reference no. CGIT- 2/57 of 2006) has been referred by the Central Government by an order dated October 30, 2006 to the CGIT. Mr. Ajay was appointed as assistant in the Company by an order dated April 28, 1994. The Company issued an administrative circular dated August 30, 2003 with respect to the Voluntary Separation Scheme. He applied for this Scheme on October 3, 2003. By an office order dated May 10, 2003 he was relieved from the services under the Voluntary Separation Scheme with effect from June 11, 2006. The matter is pending.

5. The Company filed a Letter Patent Appeal (LPA no. 2262-2268 of 2006) against the order dated August 18, 2006 of the Delhi High Court in relation to writ petition no. 1067 of 1999 inter alia related to review DPC for promotion of Mr. Anil Anand to Grade C for the penal years 1994, 1995 and 1996 and consider afresh after giving appropriate weightage for seniority and ACRs. The matter is pending.

6. An Industrial dispute (ref no. CGIT-2/20 of 2004) was raised by the employees union of the Company before the CGIT, Mumbai interalia for restoration of leave encashment facility and alleging that proposed changes relating to the grant of housing loan, provident fund contribution and reimbursement of course fee etc is a change in service condition and obligates the Company to issue notice under Section 9A of the Industrial Disputes Act, 1947. The CGIT Mumbai passed the award dated February 27, 2007 in favour of the union interalia on the ground that the Company had not given prescribed notice under Section 9-A of Industrial Disputes Act and withdrawal of leave encashment facility amounts to change in service condition. The award dated February 27, 2007 of CGIT, Mumbai has been challenged by the Company before the Bombay High Court by filing Writ Petition (no.1791 of 2007). The matter is pending for orders.

Debt Recovery case

Pursuant to the reorganization of erstwhile Unit Trust of India (UTI) by the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002, the Company is continuing to litigate 251 money recovery suits, out of which 166 cases are exclusively on behalf of SUUTI and 85 are either exclusively on behalf of the Schemes of UTI Mutual Fund or jointly on behalf of the Schemes of SUUTI. The Company is not named as a party in any of these cases but conducting and follow up such cases, as authorised by the SUUTI and UTI Mutual Fund. The total amount outstanding in respect of such 85 recovery suits pertaining to the Schemes exclusively belonging to UTI Mutual Fund and jointly with SUUTI is Rs. 21,218,397,094. None of the above mentioned suits have an impact on the business operations or financial status of the Company as any recovery or non payment in respect of the concerned debt recovery matters will be enjoyed or borne by SUUTI or the respective Scheme.

GOVERNMENT APPROVALS

We have received the necessary consents, licenses, permissions and approvals from the Government and various governmental agencies required for our present business and except as mentioned below and no further approvals are required for carrying on our present business.

In view of the approvals listed below, we can undertake this Offer and our current business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake the Offer or continue our business activities. Unless otherwise stated, these approvals are all valid as of the date of this Draft Red Herring Prospectus.

Approvals for the Offer

1. In-principle approval from the National Stock Exchange of India Limited dated [•]; and

2. In-principle approval from the Bombay Stock Exchange Limited dated [•].

3. The RBI has approved this Offer by way of its letter dated [•].

General

1. Certificate of Incorporation issued in the name of UTI Asset Management Company Private Limited dated November 14, 2002 from the Registrar of Companies, Maharashtra.

2. Certificate of Incorporation consequent upon change of name from UTI Asset Management Company Private Limited to UTI Asset Management Company Limited dated November 14, 2007 from the Registrar of Companies, Maharashtra.

Registrations

1. Certificate of Registration (Code No. MF/048/03/01) has been granted to Unit Trust of India Mutual Fund on January 14, 2003 to act as a Mutual Fund by SEBI.

2. In terms of regulation 21(2) of the Mutual Fund Regulations, Mutual Fund Department, SEBI granted approval to UTI Asset Management Company to act as the AMC for UTI Mutual Fund vide letter Ref No. MF/BC/PKN/03 to SBI dated January 14, 2003.

3. Certificate of Registration (Code No. PM/ INP000000860) has been granted to Unit Trust of India Asset Management Company on February 8, 2007 to act as a Portfolio Manager under Regulation 8 of the Portfolio Managers Regulations, 1993 by SEBI valid from February 1, 2007 till January 31, 2010.

4. Registration has been granted to UTI AMC under Contract Labour (Regulation & Abolition) Act, 1970 vide Registration Certificate No. B-ALC-I/35 (07)/2004-R dated May 18, 2006 by Office of Regional Labour Commissioner (Central), Ministry of Labour, Government of India.

5. Certificate of Registration (No. IN-UK-FA-0962-04) has been granted to UTI International Limited on October 4, 2004 to act as a Foreign Institutional Investor by SEBI valid from October 4, 2004 till October 3, 2009.

6. Registration has been granted to Shinsei UTI India Fund (Mauritius) Limited, a sub-account of UTI International Limited by FII & C Division, Investment Management Department, SEBI vide letter Ref. No. IMD/FII/81079/ 2006 dated November 29, 2006. The sub-account code is 20061003.

7. Certificate of Registration (No. IN/VCF/05-06057) has been granted to UVF Private Equity Trust on April 8, 2005 to act as a Venture Capital Fund by SEBI.

8. Certificate of Registration (No. IN/VC/99-00/021) has been granted to Unit Trust of India- India

Technology Venture Unit Scheme on January 10, 2000 to act as Venture Capital Fund by SEBI.

Approvals and Licenses Granted

Tax Approvals

1. Value Added Tax Registration Certificate (No. 27670594820V) granted to M/s UTI Mutual Fund in accordance with the MVAT Act, 2005 dated March 8, 2007 is effective from March 8, 2007.

2. Certificate dated February 15, 2007 issued by the Profession Tax Officer, A/B Ward Unit –I, Mumbai for enrolment under Sub Section (2) or Sub Section (2A) of Section 5 of the Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975.

Government Approvals

Income Tax Act, 1961

1. Permanent Account Number AAACU6260F allotted to the Company by the Income Tax PAN Services Unit.

2. Tax deduction number MUMU03355C granted to the Company by a letter dated July 14, 2005.

Service Tax Rules, 1994

1. Certificate of Registration dated March 24, 2003 issued under Section 69 of the Finance Act, 1994 and its registration number is M-IV/ST/BAFS/97.

Licenses under the Shops and Establishment Act

In ordinary course of business we require Shops and Establishment Licenses for our UTI Financial Centres (UFCs). We have been exempted by respective State Governments in certain states to obtain the same. In respect of UFCs in other states we have received Shops and Establishment Licenses. Some of these licenses may have expired in the normal course of business and we have applied for renewal of the same.

Trade Mark Licences

1. Trade Mark Registration no: 1265718 dated February 9, 2004 with respect to 'UTI Mutual Fund' for insurance, financial affairs, monetary affairs and real estate affairs included in class 36 issued by the Trade Mark Registry. The same is valid for 10 years.

2. Trade Mark Registration no: 1270619 under class 36 dated March 5, 2004 with respect to 'Axel' in respect of Portfolio Management relating to financial matters Company by the Trade Mark Registry. The same is valid for 10 years.

Specific Approvals

1. 'In-principle' approval has been granted to UTI AMC to provide management and advisory services in respect of India Pharma Fund, an offshore fund, for investment in India, by SEBI, vide letter Ref. No. IMD/SB/ 21117/04 dated September 20, 2004.

2. 'In-principle' approval has been granted to UTI AMC to provide management and advisory services in respect of India Debt Opportunities Fund, an offshore fund, for investment in India, by SEBI, vide letter Ref. No. IMD/SB/ 21117/04 dated September 20, 2004.

3. Approval granted for setting up of wholly owned Subsidiary in Channel Island in the field of offshore fund administration by Ministry of Commerce, Government of India to UTI. The Approval is granted by letter reference no. 05/0097/95 dated November 9, 1995. The approval to implement the project is valid up to November 9, 1997 with effect from November 9, 1995.

4. Approval granted for setting up of wholly owned Subsidiary in Channel Island in the field of offshore fund administration by Exchange Control Department, Reserve Bank of India to UTI. The Approval is granted by letter reference no. EC.BYX.PROJ.1435/10.03.02/U-29/95/96 dated January 16, 1996. The approval to implement the project is valid up to November 9, 1997 with effect from November 9, 1995.

5. Approval granted for the transfer of entire shareholding of UTI International Limited, the wholly owned subsidiary, held by erstwhile Unit Trust of India to the Company. The approval is granted by Overseas Investment Division, Exchange Control Department, Reserve Bank of India by letter reference no. EC.CO.OID 1442/19.21.104/03-04 dated September 2, 2003 addressed to Administrator of SUUTI.

Approvals and Licenses Pending

1. No Objection Certificate from Mumbai Metropolitan Region Development Authority (MMRDA) in respect of purchase of premises located at UTI Tower, Gn Block, Bandra Kurla Complex, Bandra (East), by Company from SUUTI.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

Company

The Offer has been authorised by a resolution of our Board dated December 20, 2007.

The shareholders have authorised the Offer by a special resolution passed pursuant to Section 81(1A) of the Companies Act at the EGM of our Company held on December 20, 2007.

The Government of India vide its letter No. 7/3/2003-ECB&UTI dated September 30, 2005 clarified that none of the existing shareholders could transfer their shares in future either amongst themselves or to any outsider without the prior approval of the Government. The Government of India has by its letter dated September 14, 2007 approved the proposal letter dated April 30, 2007 of the Company and allowed change in the shareholding pattern of the Company.

We are in the process of filing an application with the RBI, seeking approval for transfer of Equity Shares in this Offer to eligible NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institution on a repatriation basis at an Offer Price discovered through the SEBI regulated process of book building. As per the RBI regulations, OCBs are not permitted to participate in the Offer.

Selling Shareholders

SBI, LIC and PNB have authorized the Offer for Sale of 12,125,000 Equity Shares each by way of their letters dated January 4, 2008. Similarly BOB has authorized the Offer for Sale of 12,125,000 Equity Shares by way of its letter dated January 3, 2008.

The Selling Shareholders assume no responsibility for any of the statements made by the Company in this Draft Red Herring Prospectus relating to the Company, its business and related disclosures, except statements with relation to each of them as Selling Shareholders.

Prohibition by SEBI

Our Company, our Selling Shareholders or our Directors, our subsidiaries and the companies in which we have a substantial shareholding and companies with which our Directors are associated as directors have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

There are no violations of securities laws committed by any of them in the past or pending against them.

Prohibition by RBI

Neither we nor our Directors, our Selling Shareholders, our Subsidiaries and affiliates have been declared to be wilful defaulters by the RBI or government authorities.

Eligibility for the Offer

Our Company is eligible for the Offer in accordance with Clause 2.2.2 of the SEBI Guidelines, which states as follows:

"*2.2.2 An unlisted company not complying with any of the conditions specified in Clause 2.2.1 may make an initial public offering (IPO) of Equity Shares or any other security which may be converted into or exchanged with Equity Shares at a later date, only if it meets both the conditions (a) and (b) given below:*

(a) (i) The issue is made through the book-building process, with at least 50% of the issue size being allotted to the Qualified Institutional Buyers (QIBs), failing which the full subscription monies shall be refunded.

AND

(b) (i) The minimum post-issue face value capital of the company shall be Rs. 10 crores.

We are an unlisted company not complying with the conditions specified in Clause 2.2.1 of the SEBI Guidelines and are therefore required to meet both the conditions as mentioned in clause 2.2.2 (a) and 2.2.2 (b) of the SEBI Guidelines which is explained as below:

- The Offer is being through the book building process with at least 50% of the Offer Size being allotted to QIBs failing which the subscription monies will be refunded; and

- The minimum post issue face value capital of the Company shall be Rs. 100 million.

Hence, we are eligible for the Offer under Clause 2.2.2 of the SEBI Guidelines.

Further, in accordance with Clause 2.2.2A of the SEBI Guidelines, we shall ensure that the number of prospective allottees to whom the Equity Shares will be allotted will be not less than 1,000.

Disclaimer Clause

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS AND THE BOOK RUNNING LEAD MANAGERS HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER**. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE BOOK RUNNING LEAD MANAGERS HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED [●] IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:**

(i) **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID OFFER.**

(ii) **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, IT'S DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE OFFER, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.**

WE CONFIRM THAT:

(A) THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE OFFER;

(B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID OFFER AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

(C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED OFFER;

(D) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID; AND

WHEN UNDERWRITTEN WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITTERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.

The filing of the Draft Red Herring Prospectus does not, however, absolve the Company from any liabilities under Section 63 or Section 68 of the Companies Act or from the requirement of obtaining such statutory and/or other clearances as may be required for the purpose of the proposed issue. SEBI further reserves the right to take up at any point of time, with the Book Running Lead Managers, any irregularities or lapses in the Draft Red Herring Prospectus.

All legal requirements pertaining to the Offer will be complied with at the time of filing of the Draft Red Herring Prospectus with the Registrar of Companies, Maharashtra in terms of 60B of the Companies Act. All legal requirements pertaining to the Offer will be complied with at the time of registration of the Prospectus with the Registrar of Companies, Maharashtra in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Caution - Disclaimer from the Company, the Selling Shareholders and the BRLMs

Our Company, the Selling Shareholders, our Directors and the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our web site www.utimf.com, would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the MOU entered into between the BRLMs, the Selling Shareholders and us and the Underwriting Agreement to be entered into between the Underwriters, the Selling Shareholders and our Company.

All information shall be made available by us and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centres or elsewhere.

Neither us nor the Syndicate is liable for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Investors that bid in the Offer will be required to confirm and will be deemed to have represented to the Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company and will not Offer, sell, pledge, or transfer the Equity Shares of the Company to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company. The Company, the Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of the Company.

Disclaimer in respect of Jurisdiction

This Offer is being made in India to persons resident in India (including Indian nationals resident in India who are not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds) and to FIIs, eligible NRIs and other eligible foreign investors (viz. FVCIs, multilateral and bilateral development financial institutions). This Draft Red Herring Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for its observations and SEBI shall give its observations in due course. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act") and may not be offered or sold within the United States or to, or for the account or benefit of, "US persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) within the United States to "qualified institutional buyers", in reliance on Rule 144A under the Securities Act, and (ii) outside the United States to non-US persons in offshore transactions in reliance on Regulation S under the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Further, each Bidder where required must agree in the CAN that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption form, or in a transaction not subject to, the registration requirements of the United States of Securities Act, 1933.

Disclaimer Clause of BSE

As required, a copy of the Draft Red Herring Prospectus had been submitted to BSE. The Disclaimer Clause as intimated by BSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

Disclaimer Clause of the NSE

As required, a copy of the Draft Red Herring Prospectus had been submitted to NSE. The Disclaimer Clause as intimated by NSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

Filing

A copy of the Draft Red Herring Prospectus has been filed with SEBI at Corporation Finance Department, Plot No.C4-A,'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, would be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with RoC.

Listing

Applications have been made to the BSE and NSE for permission to deal in and for an official quotation of our Equity Shares. [●] will be the Designated Stock Exchange with which the basis of Allotment will be finalised.

If the permissions to deal in and for an official quotation of our Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within eight days after our Company and the Selling Shareholders becomes liable to repay it, i.e. from the date of refusal or within 70 days from the Bid/Offer Closing Date, whichever is earlier, then the Company, the Selling Shareholders and every Director of the Company who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

Our Company with the assistance of the BRLMs shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above are taken within seven working days of finalisation of the basis of Allotment for the Offer.

Consents

Consents in writing of: (a) the Directors, the Selling Shareholders, the Company Secretary and the Compliance Officer, the Auditors, Bankers to the Company and Bankers to the Offer; and (b) Book Running Lead Managers to the Offer, and Syndicate Members, Escrow Collection Bankers, Registrar to the Offer, Legal Counsel to Company and Legal Counsels to the Underwriters, IPO Grading Agency to act in their respective capacities, have been obtained and will be filed along with a copy of the Red Herring Prospectus with the RoC, as required under Sections 60 and 60B of the Companies Act and such consents shall not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

M/s. Om Agarwal & Company, Chartered Accountants, have given their written consent to the inclusion of their report in relation to tax benefits accruing to our Company and its members in the form and context in which it appears in this Draft Red Herring Prospectus and such consent has not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

M/s. Om Agarwal & Company, Chartered Accountants, have given their written consent to the inclusion of their report in the form and context in which it appears in this Draft Red Herring prospectus and such consent and report will not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

[●], the agency engaged by us for the purpose of obtaining IPO grading in respect of this Offer, has given its written consent to the inclusion of its report in the form and context in which it will appear in this Draft Red Herring Prospectus and such consent and report will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus to the RoC.

Expert to the Offer

Other than as stated above, we have not obtained any expert opinions.

Expenses of the Offer

The total expenses of the Offer are estimated to be approximately Rs. [•] million. The expenses of this Offer include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. All expenses with respect to the Offer shall be borne by the Selling Shareholders.

The estimated Offer expenses are as under:

(in Rs. Million)

Activity	Expenses *	Percentage of the Offer Expenses	Percentage of the Offer Size
Lead management, underwriting and selling commission	[•]	[•]	[•]
Advertising and Marketing expenses	[•]	[•]	[•]
IPO Grading fees	[•]	[•]	[•]
Registrar Issues	[•]	[•]	[•]
Printing and stationery	[•]	[•]	[•]
Others (Monitoring agency fees, Registrar's fee, legal fee, listing fee, etc.)	[•]	[•]	[•]
Total estimated Offer expenses	[•]	[•]	[•]

**To be completed after finalisation of Offer Price*

Fees Payable to the BRLMs and the Syndicate Members

The total fees payable to the BRLMs and the Syndicate Members will be as per the engagement letter dated [●] with the BRLMs, issued by our Company, a copy of which is available for inspection at our registered office.

Fees Payable to the Registrar to the Offer

The fees payable by our Company to the Registrar to the Offer for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as the per the MOU between our Company and the Registrar to the Offer dated [●].

The Registrar to the Offer will be reimbursed for all out of pocket expenses including cost of stationery, postage, stamp duty, and communication expenses. Adequate funds will be provided to the Registrar to the Offer to enable them to send refund orders or Allotment advice by registered post/speed post/under certificate of posting.

Underwriting Commission, Brokerage and Selling Commission on Previous Issues

Since this is the initial public offer of the Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our inception.

Previous Rights and Public Issues

We have not made any previous rights and public issues in India or abroad in the five years preceding the date of this Draft Red Herring Prospectus.

Previous issues of shares otherwise than for cash

Except as stated in the section titled "Capital Structure" on page 21 of this Draft Red Herring Prospectus, we have not made any previous issues of shares for consideration otherwise than for cash.

Companies under the Same Management

No company under the same management (within the meaning of Section 370(1) (B) of the Companies Act) as us has made any capital issue during the last three years.

Outstanding Debentures, Bond Issues, or Preference Shares

We have not issued any redeemable preference shares. We have no debentures or bonds outstanding.

Stock Market Data for our Equity Shares

This being an initial public offering of our Company, the Equity Shares of our Company are not listed on any stock exchange.

Mechanism for Redressal of Investor Grievances

The agreement between the Registrar to the Offer and our Company will provide for retention of records with the Registrar to the Offer for a period of at least six months from the last date of despatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances relating to the Offer may be addressed to the Registrar to the Offer, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

Disposal of Investor Grievances

Our Company or the Registrar to the Offer shall redress routine investor grievances within seven business days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

We have also appointed Mr. Kiran N. Vohra of our Company as the Compliance Officer for this Offer and he may be contacted in case of any pre-Offer or post-Offer related problems, at the following address:

Mr. Kiran N. Vohra
UTI Asset Management Company Limited,
Corporate Office,
UTI Tower,
'Gn' Block, Bandra Kurla Complex,
Bandra (East),
Mumbai 400 051
Tel: (022) 6678 6666
Fax: (022) 2652 8991
Email: investor@uti.co.in

Change in Auditors

Name	Date of Change	Reason
Chandabhoy & Jassobhoy, Chartered Accountants	Appointed for the year 2003-2004 (First year)	Appointed by the office of Comptroller and Auditor General of India.
M/s. Om Agarwal & Co., Chartered Accountants	Appointed for the year 2004-2005, 2005-2006, 2006-2007 and 2007-2008	Appointed by the office of Comptroller and Auditor General of India.

Capitalisation of Reserves or Profits

Our Company has not capitalised our reserves or profits during the last five years, except as stated in the section titled "Capital Structure" on page 21 of this Draft Red Herring Prospectus.

Revaluation of Assets

The Company has not undertaken revaluation of any of its assets since the date of incorporation.

Purchase of Property

Other than as disclosed in this Draft Red Herring Prospectus there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Offer or the purchase or acquisition of which has not been completed on the date of this Draft Red Herring Prospectus, other than property, in respect of which:

- The contract for the purchase or acquisition was entered into in the ordinary course of business, or the contract was entered into in contemplation of the Offer, or that the Offer was contemplated in consequence of the contract; or

- The amount of the purchase money is not material.

Except as stated elsewhere in this Draft Red Herring Prospectus, the Company has not purchased any property in which any of its Directors, have any direct or indirect interest in any payment made thereunder.

SECTION VII: OFFER INFORMATION

TERMS OF THE OFFER

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum and Articles, the terms of this Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus, Bid cum Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the Allotment advices and other documents/ certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, the Government of India, Stock Exchanges, RoC, RBI and/or other authorities, as in force on the date of the Offer and to the extent applicable.

Authority for the Offer

Company

The Offer has been authorised by a resolution of our Board dated December 20, 2007 and by special resolution passed pursuant to Section 81(1A) of the Companies Act, at an Extraordinary General Meeting of the shareholders of our Company held on December 20, 2007.

The Government of India by its letter dated September 14, 2007 approved the proposal letter dated July 31, 2007 of the Company and allowed change in the shareholding pattern of the Company. For details, see the section titled 'History and Corporate Structure' at page 88 of this Draft Red Herring Prospectus.

We are in the process of filing an application with the RBI, seeking approval for transfer of Equity Shares in this Offer to eligible NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institution on a repatriation basis at an Offer Price discovered through the SEBI regulated process of book building. As per the RBI regulations, OCBs are not permitted to participate in the Offer.

Selling Shareholders

SBI, LIC and PNB have authorized the Offer for Sale of 12,125,000 Equity Shares each by way of their letters dated January 4, 2008. Similarly BOB has authorized the Offer for Sale of 12,125,000 Equity Shares by way of its letter dated January 3, 2008.

The Selling Shareholders assume no responsibility for any of the statements made by the Company in this Prospectus relating to the Company, its business and related disclosures, except statements with relation to each of them as Selling Shareholders.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of our Memorandum and Articles of Association and shall rank pari passu with the existing Equity Shares of our Company including rights in respect of dividend. The Allottees in receipt of Allotment of Equity Shares under this Offer will be entitled to dividends and other corporate benefits, if any, declared by the Company after the date of Allotment. For further details, see the section titled "Main Provisions of the Articles of Association" on page 312 of this Draft Red Herring Prospectus.

Mode of Payment of Dividend

We shall pay dividends to our shareholders in accordance with the provisions of the Companies Act.

Face Value and Offer Price

The face value of the Equity Shares is Rs. 10 each and the Offer Price at the lower end of the Price Band is Rs. [•] per Equity Share and at the higher end of the Price Band is Rs. [•] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with SEBI Regulations and Guidelines

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreement executed with the Stock Exchanges, and our Company's Memorandum and Articles.

For a detailed description of the main provisions of our Articles relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, see the section titled "Main Provisions of the Articles of Association" on page 312 of this Draft Red Herring Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. As per the SEBI Guidelines, the trading of our Equity Shares shall only be in dematerialised form. Since trading of our Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Offer will be only in electronic form in multiples of one (1) Equity Share subject to a minimum Allotment of [•] Equity Shares.

Jurisdiction

Exclusive jurisdiction for the purpose of this Offer is with the competent courts/authorities in Mumbai.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

In accordance with Section 109B of the Companies Act, any Person who becomes a nominee by virtue of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- To register himself or herself as the holder of the Equity Shares; or
- To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialised form, there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investors require changing their nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If there is a delay beyond eight days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act.

Arrangement for disposal of Odd Lots

There are no arrangements for disposal of odd lots.

Restriction on transfer of shares

There are no restrictions on transfers and transmission of shares/debentures and on their consolidation/ splitting except as provided in our Articles. See the section titled "Main Provisions of our Articles of Association" on page 312 of this Draft Red Herring Prospectus.

OFFER STRUCTURE

Offer of 48,500,000 Equity Shares for cash at a price of Rs. [●] per Equity Share (including share premium of Rs. [●] per Equity Share) aggregating to Rs. [●] million. The Net Offer will constitute [•]% of the fully diluted post Offer paid up capital of the Company.

The Offer is being made through the 100% Book Building Process.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders	Employee Reservation Portion***
Number of Equity Shares*	Not less than 24,007,500 Equity Shares	Not less than 7,202,250 Equity Shares or Net Offer less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 16,805,250 Equity Shares or Net Offer shall be available for allocation.	Not less than 485,000 Equity Shares.
Percentage of Offer Size available for Allotment/allocation	Not less than 50% of Net Offer Size being allocated. However, not less than 5% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only.	Not less than 15% of the Net Offer less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 35% of the Net Offer shall be available for allocation.	Not less than [●]% of the Offer Size
Basis of Allotment/Allocation if respective category is oversubscribed	Proportionate as follows: (a) 1,200,375 Equity Shares shall be allocated on a proportionate basis to Mutual Funds; and (b) 22,807,125 Equity Shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares in multiples of [●] Equity Shares that the Bid Amount exceeds Rs. 100,000.	Such number of Equity Shares in multiples of [●] Equity Shares that the Bid Amount exceeds Rs. 100,000.	Such number of Equity Shares in multiples of [•] Equity Shares that the Bid Amount does not exceed Rs. 100,000.	[•] Equity Shares and in multiples of [•] Equity Shares thereafter
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the	Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the	Such number of Equity Shares in multiples of [●] Equity Shares whereby the Bid	[•]

	QIBs	Non-Institutional Bidders	Retail Individual Bidders	Employee Reservation Portion***
	Offer, subject to applicable limits.	Offer subject to applicable limits.	Amount does not exceed Rs. 100,000.	
Mode of Allotment	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.
Bid Lot	[•] Equity Shares and in multiples of [•] Equity Shares.	[•] Equity Shares and in multiples of [•] Equity Shares.	[•] Equity Shares and in multiples of [•] Equity Shares.	[•] Equity Shares and in multiples of [•] Equity Shares thereafter
Allotment Lot	[•] Equity Shares and in multiples of one Equity Share	[•] Equity Shares and in multiples of one Equity Share	[•] Equity Shares and in multiples of one Equity Share	[•] Equity Shares and in multiples of [•] Equity Shares thereafter
Trading Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can Apply **	Public financial institutions as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds registered with SEBI, FIIs, venture capital funds registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million in accordance with applicable law.	Resident Indian individuals, Eligible NRIs, HUF (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts.	Resident Indian individuals, Eligible NRIs and HUF (in the name of Karta) applying for Equity Shares such that the Bid Amount does not exceed Rs. 100,000 in value.	Eligible Employees
Terms of Payment	Margin Amount applicable to QIB Bidders shall be payable at the time of submission of Bid cum	Margin Amount applicable to Non Institutional Bidders shall be payable at the time of	Margin Amount applicable to Retail Individual Bidders shall be payable at the time of submission of	Margin Amount shall be payable at the time of submission of Bid cum Application Form to the

	QIBs	Non-Institutional Bidders	Retail Individual Bidders	Employee Reservation Portion***
	Application Form to the Syndicate Members.	submission of Bid cum Application Form to the Syndicate Members.	Bid cum Application Form to the Syndicate Members.	Syndicate Members.
Margin Amount	At least 10% of Bid Amount	100% of Bid Amount on bidding	100% of Bid Amount on bidding	Full Bid Amount on bidding

* Subject to valid Bids being received at or above the Offer Price. The Offer is being made through the 100% book building process wherein not less than 50% of the Net Offer shall be available for allocation on a proportionate basis to QIBs, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. Not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price. Under-subscription, if any, in any category, except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories at the sole discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange.

** In case the Bid cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.

*** Under-subscription, if any, in the Employee Reservation Portion will be added back to Retail Portion. In case of under-subscription in the Net Offer, spill-over to the extent of under-subscription shall be permitted from the Employee Reservation Portion.

Withdrawal of the Offer

Our Company in consultation with the BRLMs and the Selling Shareholders, reserves the right not to proceed with the Offer anytime after the Bid/Offer Opening Date but before the Allotment of Equity Shares without assigning any reason therefore. Notwithstanding the foregoing, the Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after Allotment and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. In terms of the SEBI Guidelines, the QIBs shall not be allowed to withdraw their Bids after the Bid/Offer Closing Date.

Bidding/Offer Programme

BID/OFFER OPENS ON	**[●], 2008**
BID/OFFER CLOSES ON	**[●], 2008**

Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 3.00 p.m**. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form **except that on the Bid/Offer Closing Date, Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time)** and uploaded till (i) 5.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders where the Bid Amount is in excess of Rs. 100,000 and (ii) till such time as permitted by the NSE and the BSE, in case of Bids by Retail Individual Bidders where the Bid Amount is up to Rs. 100,000. Due to limitation of time available for uploading the Bids on the Bid/Offer Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Offer Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bid/Offer Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Offer Closing Date, as is typically experienced in public offerings, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under the Offer. Bids will only be accepted on working days.

The Company in consultation with the Selling Shareholders and the BRLMs reserves the right to revise the Price Band during the Bid/Offer Period in accordance with the SEBI Guidelines provided that the Cap Price is less than or equal to 120% of the Floor Price. The Floor Price can be revised up or down to a maximum of 20% of the Floor Price advertised at least one day before the Bid /Offer Opening Date.

In case of revision in the Price Band, the Offer Period will be extended for three additional working days after revision of Price Band subject to the Bidding Period/Offer Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period/Offer Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the web sites of the BRLMs at the terminals of the Syndicate.

OFFER PROCEDURE

Book Building Procedure

The Offer is being made through the 100% Book Building Process wherein not less than 50% of the Net Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("QIBs"), out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. Further, not less than 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price.

Bidders are required to submit their Bids through the Syndicate. Further, QIB Bids can be procured and submitted only through the BRLMs or their affiliate syndicate members. In case of QIB Bidders, the Company in consultation with the BRLMs may reject Bids at the time of acceptance of Bid cum Application Form provided that the reasons for such rejection shall be provided to such Bidder in writing. In case of Non- Institutional Bidders, Retail Individual Bidders and Eligible Employees, the Company would have a right to reject the Bids only on technical grounds.

Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. Bidders will not have the option of being Allotted Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Draft Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form
Resident Indians and Eligible NRIs applying on a non-repatriation basis	White
Eligible NRIs, FIIs or Foreign Venture Capital Funds, registered Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis	Blue
Eligible Employees	Pink

Who can Bid?

- Indian nationals resident in India who are not minors in single or joint names (not more than three);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies and societies registered under the applicable laws in India and

authorised to invest in Equity Shares;

- Mutual Funds registered with SEBI;

- Eligible NRIs on a repatriation basis or on a non repatriation basis subject to applicable laws. NRIs other than eligible NRIs are not eligible to participate in this issue;

- Indian Financial Institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Guidelines and regulations, as applicable);

- FIIs registered with SEBI;

- Venture Capital Funds registered with SEBI;

- State Industrial Development Corporations;

- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorised under their constitution to hold and invest in Equity Shares;

- Scientific and/or industrial research organisations authorised to invest in Equity Shares;

- Insurance Companies registered with Insurance Regulatory and Development Authority;

- Provident Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in Equity Shares;

- Pension Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in Equity Shares;

- Foreign Venture Capital Investors registered with SEBI;

- Multilateral and bilateral development financial institutions; and

As per the existing regulations, OCBs cannot participate in this Offer.

Participation by Associates of BRLMs and Syndicate Members

The BRLMs and Syndicate Members shall not be allowed to subscribe to this Offer in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs and Syndicate Members may subscribe to or purchase Equity Shares in the Offer, either in the QIB Portion or in Non-Institutional Portion as may be applicable to such investors, where the allocation is on a proportionate basis. Such bidding and subscription may be on their own account or on behalf of their clients.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than [●] Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

In case of a Mutual Fund, a separate Bid can be made in respect of each Scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one Scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the Scheme concerned for which the Bid has been made. The various Schemes of UTI Mutual Fund will not apply for Equity Shares in this Offer.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund Scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its Schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Bids by Eligible NRIs

1. Bid cum Application Forms have been made available for Eligible NRIs at our Registered Office and with members of the Syndicate.

2. Eligible NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians.

Bids by FIIs

As per the current regulations, the following restrictions are applicable for investments by FIIs:

The offer of Equity Shares to a single FII should not exceed 10% of our post-offer issued capital (i.e. 10% of [●] Equity Shares). In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual. As of now, the aggregate FII holding in us cannot exceed 24% of our total issued capital. With the approval of the Board and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as on this date, no such resolution has been recommended to the shareholders of the company for adoption.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15a(1) of the Securities Exchange Board Of India (Foreign Institutional Investors) Regulations, 1995, as amended, an FII or its sub account may issue, deal or hold, off shore derivative instruments such as participatory notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "Know Your Client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

BIDS BY SEBI REGISTERED VENTURE CAPITAL FUNDS AND FOREIGN VENTURE CAPITAL INVESTORS

As per the current regulations, the following restrictions are applicable for SEBI registered venture capital funds and foreign venture capital investors:

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI.

Accordingly, whilst the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund, a Foreign Venture Capital Investor can invest its entire funds committed for investments into India in one company. Further, Venture Capital Funds and Foreign Venture Capital Investors can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

The above information is given for the benefit of the Bidders. The Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid Size

(a) **For Retail Individual Bidders:** The Bid must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Share thereafter, so as to ensure that the Bid Price payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Price does not exceed Rs. 100,000. In case the Bid Price is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Offer Price as determined at the end of the Book Building Process.

(b) **For Other Bidders (Non-Institutional Bidders and QIBs):** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of [•] Equity Shares thereafter. A Bid cannot be submitted for more than the Offer Size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. **Under existing SEBI Guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Offer Closing Date and is required to pay QIB Margin upon submission of Bid.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

(c) **For Employee Reservation Portion**: The Bid by each Eligible Employee has to be in multiples of [•] Equity Shares and the Bid by an Eligible Employee cannot exceed 2,500 Equity Shares.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus.

Information for the Bidders:

(a) Our Company will file the Red Herring Prospectus with the RoC at least 3 (three) days before the Bid/Offer Opening Date.

(b) The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.

(c) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from our registered office or from any of the members of the Syndicate.

(d) Eligible investors who are interested in subscribing for the Equity Shares should approach any of the BRLMs or Syndicate Members or their authorised agent(s) to register their Bids.

(e) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms, which do not bear the stamp of the members of the Syndicate will be rejected.

Method and Process of Bidding

(a) Our Company, the Selling Shareholders and the BRLMs shall declare the Bid/Offer Opening Date, Bid/Offer Closing Date and Price Band in the Red Herring Prospectus with the RoC and also publish the same in two national newspapers (one each in English and Hindi) and in one Marathi newspaper with wide circulation. This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the format prescribed in Schedule XX–A of the SEBI guidelines, as amended by SEBI Circular No. SEBI/CFD/DIL/DIP/14/2005/25/1 date January 25, 2005. The Members of the Syndicate shall accept Bids from the Bidders during the Offer Period in accordance with the terms of the Syndicate Agreement.

(b) The Bid/Offer Period shall be for a minimum of three working days and shall not exceed seven working days. The Bid/ Offer Period maybe extended, if required, by an additional three working days, subject to the total Bid/Offer Period not exceeding 10 working days. Any revision in the Price Band and the revised Bid/ Offer Period, if applicable, will be published in two national newspapers (one each in English and Hindi) and one Marathi newspaper with wide circulation and also by indicating the change on the websites of the BRLMs and at the terminals of the members of the Syndicate.

(c) During the Bid/Offer Period, eligible investors who are interested in subscribing for the Equity Shares should approach the members of the Syndicate or their authorised agents to register their Bid.

(d) Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph titled "Bids at Different Price Levels" below) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Offer Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Offer Price will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.

(e) The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Offer. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph titled "Build up of the Book and Revision of Bids".

(f) The members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.

(g) During the Bid/Offer Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients / investors who place orders through them and shall have the right to vet the Bids, subject to the terms of the Syndicate Agreement and the Red Herring Prospectus.

(h) Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled "Terms of Payment and Payment into the Escrow Accounts" on page 290 of this Draft Red Herring Prospectus.

Bids at Different Price Levels and Revision of Bids

(a) The Price Band has been fixed at Rs. [●] to Rs. [●] per Equity Share, Rs. [●] being the Floor Price Band and Rs. [●] being the Cap Price. The Bidders can bid at any price with in the Price Band, in multiples of Re.1 (One).

(b) Our Company, in consultation with the Selling Shareholders and the BRLMs reserves the right to revise the Price Band, during the Bid/Offer Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the Floor Price. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Red Herring Prospectus.

(c) In case of revision in the Price Band, the Offer Period will be extended for three additional working days after revision of Price Band subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bidding/Offer Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in three widely circulated newspapers one each in English and Hindi and one Marathi newspaper, and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate Members.

(d) Our Company, in consultation with the Selling Shareholders and the BRLMs can finalise the Offer Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.

(e) The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders and Bidders in the Employee Reservation Portion applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid at the Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB and Non-Institutional Bidders and such Bids from QIB and Non-Institutional Bidders shall be rejected.

(f) Retail Individual Bidders and Bidders in the Employee Reservation Portion applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000, who bid at the Cut-off Price agree that they shall purchase or subscribe the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-off Price shall deposit the Bid Amount based on the cap of the Price Band in the Escrow Account. In the event that the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders, who Bid at the Cut-off Price (i.e. the total number of Equity Shares allocated in the Offer multiplied by the Offer Price). The Retail Individual Bidders, who bid at Cut-off Price, shall receive the refund of the excess amounts from the Escrow Account or the Refund Account, as the case may be.

(g) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders and Bidders in the Employee Reservation category, who had bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the higher end of the Revised Price Band (such that the total amount i.e., original Bid Price plus additional payment does not exceed Rs. 100,000 for Retail Individual Bidders, if such Bidder wants to continue to bid at Cut-off Price), with the Syndicate Members to whom the original Bid was submitted. In case the total amount (i.e., original Bid Price plus additional payment) exceeds Rs. 100,000 for Retail Individual Bidders the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Offer Price is higher than the higher end of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downwards for the purpose of Allotment, such that the no additional payment would be required from such Bidder and such Bidder is deemed to have approved such revised Bid at Cut-off Price.

(h) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders, or Bidders in the Employee Reservation category, who have bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account or the Refund Account, as the case may be. In any event the Company, in consultation with the BRLMs shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of Rs. 5,000 to Rs. 7,000.

PAYMENT INSTRUCTIONS

Escrow Mechanism

Our Company, the Selling Shareholders and the Members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Bank(s) in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Account.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Bank (s) for and on behalf of the Bidders shall maintain the monies in the Escrow Account. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Offer from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Offer Account with the Banker(s) to the Offer. The balance amount after transfer to the Public Offer Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account are per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Company, the Selling Shareholders, the Members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Offer to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Accounts

Each Bidder shall with the submission of the Bid cum Application Form draw a cheque or demand draft for the applicable Margin Amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details see the section titled "Offer Procedure-Payment Instructions" on page 289 of this Draft Red Herring Prospectus) and submit the same to the member of the Syndicate to whom the Bid is being submitted. The Bidder may also provide the applicable Margin Amount by way of an electronic transfer of funds through the RTGS mechanism. Each QIB shall provide its QIB Margin Amount only to a Book Runner or Syndicate Members duly authorised by the Book Runner in this regard. Bid cum Application Forms accompanied by cash/Stockinvest/money order shall not be accepted. The Margin Amount based on the Bid Amount has to be paid at the time of submission of the Bid cum Application Form.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold such monies for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Offer and the Offer for Sale from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Offer Account with the Banker(s) to the Offer. The balance amount after transfer to the Public Offer Account shall be held for the benefit of the Bidders who are entitled to refunds. On the Designated Date and no later than 15 (fifteen) days from the Bid/Offer Closing Date, the Refund Bank(s) shall dispatch all refund amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for Allotment to the Bidders.

Each category of Bidders i.e., QIB Bidders, Non-Institutional Bidders and Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of the submission of the Bid cum Application Form by way of a cheque or demand draft for the maximum amount of his/her Bid in favour of the Escrow Account of the Escrow Collection Banks. The Margin Amount payable by each category of Bidders is mentioned under the section titled "Offer Structure" on page 280 of this Draft Red Herring Prospectus. Bid cum Application Forms accompanied by cash shall not be accepted. The maximum Bid Price to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated/allotted at the Offer Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of two (2) days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs. QIBs will be required to deposit a margin of 10% at the time of submitting of their Bids.

If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the applicable Margin Amount for Bidders is 100%, the full amount of payment has to be made at the time of submission of the Bid cum Application Form.

Where the Bidder has been allocated/Allotted lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation/Allotment, will be refunded to such Bidder within 15 days from the Bid/Offer Closing Date, failing which the Company shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Electronic Registration of Bids

(a) The members of the Syndicate will register the Bids using the on-line facilities of BSE and NSE. There will be at least one on-line connectivity in each city, where a stock exchange is located in India and where Bids are being accepted.

(b) The BSE and NSE will offer a screen-based facility for registering Bids for the Offer. This facility will be available on the terminals of the Members of the Syndicate and their authorised agents during the Bidding Period. Syndicate Members can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid Closing Date, the Members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the BRLMs on a regular basis.

(c) The aggregate demand and price for Bids registered on the electronic facilities of BSE and NSE will be uploaded on a regular basis, consolidated and displayed on-line at all bidding centres and the website of BSE and NSE. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding Period.

(d) At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:

- Name of the Bidder(s).
- Investor Category – Individual, Corporate, FII, NRI, Mutual Fund, etc.
- Numbers of Equity Shares bid for.
- Bid price.
- Bid cum Application Form number.
- Whether Margin Amount, as applicable has been paid upon submission of Bid cum Application Form.
- Depository Participant Identification Number and Client Identification Number of the beneficiary account of the Bidder.

(e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated/Allotment either by the members of the Syndicate or our Company.

(f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(g) In case of QIB Bidders, Members of the Syndicate also have the right to accept the bid or reject it. However, such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed on page 302 of this Draft Red Herring Prospectus.

(h) The permission given by BSE and NSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the BRLMs are cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our management or any Scheme or project of our Company.

(i) It is also to be distinctly understood that the approval given by BSE and NSE should not in any way be deemed or construed that this Draft Red Herring Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE.

Build Up of the Book and Revision of Bids

(a) Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the BSE or NSE mainframe on a regular basis.

(b) The book gets built up at various price levels. This information will be available with the BRLMs on a regular basis.

(c) During the Bidding/Offer Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band during the Bid/Offer period using the printed Revision Form, which is a part of the Bid cum Application Form.

(d) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate will not accept incomplete or inaccurate Revision Forms.

(e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.

(f) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus. In case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.

(g) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.

(h) Only Bids that are uploaded on the online IPO system of the BSE and the NSE shall be considered for allocation/ Allotment. In case of discrepancy of data between the BSE or the NSE and the members of the Syndicate, the decision of the Company in consultation with the BRLMs based on the physical records of Bid cum Application Forms shall be final and binding on all concerned.

Price Discovery and Allocation

(a) After the Bid/Offer Closing Date, the BRLMs will analyse the demand generated at various price levels and discuss the pricing strategy with the Company.

(b) The Company in consultation with the Selling Shareholders and the BRLMs shall finalise the Offer Price and the number of Equity Shares to be allocated in each investor category.

(c) The allocation to QIBs will be not less than 50% of the Net Offer and allocation to Non-Institutional and Retail Individual Bidders will be not less than 15% and 35% of the Net Offer, respectively, on a proportionate basis, in a manner specified in the SEBI Guidelines and this Prospectus, in consultation with the Designated Stock Exchange, subject to valid Bids being received at or above the Offer Price.

(d) Under subscription, if any, in the Non-Institutional Portion, Retail Portion and Employee Reservation Portion would be met with spill over from any other category at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange. However, if the aggregate demand by Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and be allotted proportionately to the QIB Bidders. In the event that the aggregate demand in the QIB Portion has been met, under subscription, if any, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange.

(e) Allocation to Non-Residents, including Eligible NRIs, FIIs and FVCIs registered with SEBI, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.

(f) The BRLMs, in consultation with us and the Selling Shareholders, shall notify the members of the Syndicate of the Offer Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.

(g) Our Company reserves the right to cancel the Offer any time after the Bid/Offer Opening Date without assigning any reasons whatsoever. In terms of the SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Offer Closing Date.

(h) The Allotment details shall be put on the website of the Registrar to the Offer.

Signing of Underwriting Agreement and RoC Filing

(a) Our Company, the Selling Shareholders, the BRLMs and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Offer Price.

(b) After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with ROC, which then would be termed 'Prospectus'. The Prospectus would have details of the Offer Price, Offer size, underwriting arrangements and would be complete in all material respects.

Filing of the Prospectus with the RoC

We will file a copy of the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Announcement of pre-Offer Advertisement

Subject to Section 66 of the Companies Act, the Company shall after receiving final observations, if any, on the Draft Red Herring Prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI Guidelines in three widely circulated newspapers one each in English and Hindi and a Marathi newspaper with wide circulation.

Advertisement regarding Offer Price and Prospectus

We will issue a statutory advertisement after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Offer Price. Any material updates between the date of the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note ("CAN")

(a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLMs or the Registrar to the Offer shall send to the members of the Syndicate a list of their Bidders who have been allocated/Allotted Equity Shares in the Offer. The approval of the basis of Allotment by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, investors should note that the Company shall ensure that the date of Allotment of the Equity Shares to all investors in this Offer shall be done on the same date.

(b) The BRLMs or members of the Syndicate will then dispatch a CAN to their Bidders who have been allocated Equity Shares in the Offer. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Offer Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the entire Bid Amount into the Escrow Account at the time of bidding shall pay the balance amount payable into the Escrow Account by the Pay-in Date specified in the CAN.

(c) Bidders who have been allocated/Allotted Equity Shares and who have already paid the Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Offer subject, however, to realisation of his or her cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Offer Price for the Allotment to such Bidder.

(d) The Issuance of CAN is subject to "Notice to QIBs - Allotment Reconciliation and Revised CANs" as set forth under the section titled "Offer Procedure" on page 284 of this Draft Red Herring Prospectus.

Notice to QIBs: Allotment Reconciliation and Revised CANs

After the Bid/Offer Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. This shall be followed by a physical book prepared by the Registrar on the basis of Bid cum Application Forms received. Based on the electronic book or the physical book, as the case may be, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Offer Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Designated Date and Allotment of Equity Shares

(a) Our Company and the Selling Shareholders will ensure that the Allotment of Equity Shares is done within 15 (fifteen) days of the Bid/Offer Closing Date. After the funds are transferred from the Escrow Account to the Public Offer Account on the Designated Date, our Company would ensure the credit to the successful Bidders depository account within two working days of the date of allotment.

(b) In accordance with the SEBI Guidelines, Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees.

(c) Allottees will have the option to re-materialise the Equity Shares so Allotted as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated/allotted to them pursuant to this Offer.

GENERAL INSTRUCTIONS

Do's:

a) Check if you are eligible to apply;

b) Read all the instructions carefully and complete the Resident Bid cum Application Form ([●] in colour) or Non-Resident Bid cum Application Form ([●] in colour) or Employee Reservation Portion Bid cum Application Form ([●] in colour) as the case may be;

c) Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialised form only;

d) Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;

e) Ensure that you have been given a TRS for all your Bid options;

f) Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;

g) All Bidders should mention their Permanent Account Number (PAN) allotted under the IT Act. The copies of the PAN Card or PAN Allotment letter should be submitted with the Bid cum Application form. If you have mentioned "Applied for" or "Not Applicable", in the Bid cum Application Form in the Section dealing with PAN number, ensure that you submit Form 60 or 61, as the case may be, together with permissible documents as address proof;

h) Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;

i) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

Don'ts:

(a) Do not Bid for lower than the minimum Bid size;

(b) Do not Bid/ revise Bid price to less than the lower end of the Price Band or higher than the higher end of the Price Band;

(c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;

(d) Do not pay the Bid Price in cash, by money order or by postal order or by stockinvest;

(e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;

(f) Do not Bid at Cut-off Price (for QIB Bidders, NRI's and Bidders under the Employee Reservation Portion for whom the bid amount is in excess of Rs. 100,000;

(g) Do not fill up the Bid cum Application Form such that the Equity Shares bid for exceeds the Offer Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;

(h) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

(i) Do not make multiple applications.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

(a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (● colour or ● colour), as applicable ([●] colour for Resident Indians, [●] colour for NRIs and FIIs and applying on repatriation basis, and [●] colour for Bidders under Employee Reservation portion.

(b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum

Application Forms or Revision Forms are liable to be rejected.

(c) For Retail Individual Bidders, the Bid must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid Amount of Rs. 100,000.

(d) For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or equal to Rs. 100,000 and in multiples of [●] Equity Shares thereafter. Bids cannot be made for more than the Offer. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.

(e) For Employee Reservation Category, the Bid must be for a maximum of 2,500 Equity Shares and in multiples of [●] Equity Shares thereafter.

(f) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).

(g) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bids by Eligible Employees

For the purpose of the Employee Reservation Portion, Eligible Employee means permanent employees of the Company and our Subsidiaries and our Directors who are Indian Nationals based in India, or subject to applicable law, other jurisdictions on the date of submission of the Bid cum Application Form

Bids under Employee Reservation Portion by Eligible Employees shall be:

a) Made only in the prescribed Bid cum Application Form or Revision Form (i.e. [•] colour Form).

b) Eligible Employees, as defined above, should mention their Employee Number at the relevant place in the Bid cum Application Form

c) The sole/ first bidder should be Eligible Employees as defined above.

d) Only Eligible Employees would be eligible to apply in this Offer under the Employee Reservation Portion.

e) Bids by Eligible Employees will have to bid like any other Bidder. Only those bids, which are received at or above the Offer Price, would be considered for allocation under this category.

f) Eligible Employees who apply or bid for securities of or for a value of not more than Rs. 100,000 in any of the bidding options can apply at Cut-off. This facility is not available to other Eligible Employees whose minimum Bid Amount exceeds Rs. 100,000.

g) The maximum bid in this category by any Eligible Employee cannot exceed Rs. [•].

h) Bid/ Application by Eligible Employees can be made also in the "Net Offer to the Public" and such bids shall not be treated as multiple bids.

i) If the aggregate demand in this category is less than or equal to [•] Equity Shares at or above the Offer Price, full allocation shall be made to the Eligible Employees to the extent of their demand.

j) Under-subscription, if any, in the Employee Reservation Portion will be added to the Retail Portion at the discretion of the Company in consultation with the BRLMs and the Designated Stock Exchange. In case of under-subscription in the Net Offer, spill over to the extent of undersubscription shall be permitted from the Employee Reservation Portion.

k) If the aggregate demand in this category is greater than [•] Equity Shares at or above the Offer

Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, see the para “Basis of Allotment” on page 305 of this Draft Red Herring Prospectus.

l) This is not an issue for sale within the United States of any Equity Shares or any other security of the Company. Securities of the Company, including any offering of its Equity Shares, may not be offered or sold in the United States in the absence of registration under U.S. securities laws or unless exempt from registration under such laws.

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members of the Syndicate.

Bidder’s Depository Account and Bank Account Details

Bidders should note that on the basis of name of the Bidders, Depository Participant’s name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Offer will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as “Demographic Details”). These Bank Account details would be used for giving refunds (including through physical refund warrants, direct credit, ECS, NEFT and RTGS) to the Bidders. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch/ credit of refunds to Bidders at the Bidders sole risk and neither the BRLMs **nor the Registrar to the Offer nor the Escrow Collection Banks nor the Company nor the Selling Shareholders shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.**

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT’S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/Allocation Advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Offer.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the depositories to provide, upon request, to the Registrar to the Offer, the required Demographic Details as available on its records.

Refund Orders/Allocation Advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Company, the Selling Shareholders, the Registrar, Escrow Collection Banks nor the BRLMs **shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.**

In case no corresponding record is available with the Depositories, which matches the three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant’s identity (DP ID) and the beneficiary’s account number, then such Bids are liable to be rejected.

The Company and the Selling Shareholders in their absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice or refunds through electronic transfer of funds, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Bids by Non Residents including NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis

Bids by Eligible NRIs for a Bid Amount of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company or the Selling Shareholders will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

As per the existing policy of the Government of India, OCBs are not permitted to participate in the Offer.

There is no reservation for Eligible NRIs and FIIs and all applicants will be treated on the same basis with other categories for the purpose of allocation.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum of Association and Articles of Association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by provident funds with minimum corpus of Rs. 250 million (subject to applicable law) and pension funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made by mutual fund registered with SEBI, venture capital fund registered with SEBI and foreign venture capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application form, subject to such terms and conditions that our Company and the BRLMs may deem fit.

Payment Instructions

Our Company shall open Escrow Accounts with the Escrow Collection Bank(s) for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation/Allotment in the Offer.

Each Bidder shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the amount payable on the Bid and/or on allocation/Allotment as per the following terms:

Payment into Escrow Account

1. The Bidders for whom the applicable Margin Amount is equal to 100%, shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate.

2. In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Offer Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs.

3. The payment instruments for payment into the Escrow Account should be drawn in favour of:

    (a) In case of Resident QIB Bidders: [●]

    (b) In case of Non Resident QIB Bidders: [●]

    (c) In case of Resident Retail and Non-Institutional Bidders: [●]

    (d) In case of Non-Resident Retail and Non-Institutional Bidders: [●]

    (e) In case of Eligible Employees: [●]

4. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account. In case of Bids by Eligible NRIs applying on non-repatriation basis, the payments must be made out of NRO account.

5. In case of Bids by NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.

6. In case of Bids by FIIs/FVCIs/multilateral and bilateral financial institutions, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate

confirming that the draft has been issued by debiting the Special Rupee Account.

7. The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.

8. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Offer Account with the Bankers to the Offer.

9. On the Designated Date and no later than 15 days from the Bid/Offer Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation/Allotment to the Bidders.

10. Payments should be made by cheque, or demand draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Stockinvest/Money Orders/ Postal orders will not be accepted.

Payment by Stockinvest

In terms of the Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stockinvest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Hence, payment through stockinvest would not be accepted in this Offer.

Submission of Bid cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts equivalent to the Margin Amount shall be submitted to the members of the Syndicate at the time of submission of the Bid.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

Other Instructions

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Offer to detect multiple applications are given below:

1. All applications with the same name and age will be accumulated and taken to a separate process file which would serve as a multiple master.

2. In this master, a check will be carried out for the same PAN. In cases where the PAN is different, the same will be deleted from this master.

3. The Registrar to the Offer will obtain, from the depositories, details of the applicant's address based on the DP ID and Beneficiary Account Number provided in the Bid cum Application Form and create an address master.

4. The addresses of all the applications in the multiple master will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e. commas, full stops, hash etc. Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names. The applications with same name and same address will be treated as multiple applications.

5. The applications will be scrutinised for DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.

6. Subsequent to the aforesaid procedures, a print out of the multiple master will be taken and the applications physically verified to tally signatures as also father's/ husband's names. On completion of this, the applications will be identified as multiple applications.

In case of a Mutual Fund, a separate Bid can be made in respect of each Scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one Scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the Scheme concerned for which the Bid has been made.

The Company reserves the right to reject, in our absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number or PAN

The Bidder or in the case of a Bid in joint names, each of the Bidders, should mention his/her PAN allotted under the I.T. Act. **Applications without this information and documents will be considered incomplete and are liable to be rejected. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN, as the Bid is liable to be rejected on this ground.** In case the sole/First Bidder and joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the sole/First Bidder and each of the joint Bidder(s), as the case may be, would be required to submit Form 60 (form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in Rule 114B of the Income Tax Rules, 1962), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income-tax in respect of transactions specified in Rule 114B of the Income Tax Rules, 1962), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) ration card (b) passport (c) driving license (d) identity card issued by any institution (e) copy of the electricity bill or telephone bill showing residential address (f) any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address and (g) any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance. All Bidders are requested to furnish, where applicable, the revised Form 60 or Form 61 as the case may be.**

Our Right to Reject Bids

In case of QIB Bidders, the Company in consultation with the BRLMs may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders, Retail Individual Bidders, our Company has a right to reject Bids based on technical grounds.

Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected *inter alia* on the following technical grounds:

- Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;
- Age of First Bidder not given;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Bid by persons not competent to contract under the Indian Contract Act, 1872 including minors and insane persons;
- PAN photocopy/PAN communication/ Form 60 or Form 61 declaration along with documentary evidence in support of address given in the declaration;
- GIR number furnished instead of PAN;
- Bids for lower number of Equity Shares than specified for that category of investors;
- Bids at a price less than lower end of the Price Band;
- Bids at a price more than the higher end of the Price Band;
- Bids at Cut-off Price by Non-Institutional and QIB Bidders.
- Bids for number of Equity Shares which are not in multiples of [•];
- Category not ticked;
- Multiple Bids as defined in this Draft Red Herring Prospectus;
- In case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- Bids accompanied by stockinvest/money order/postal order/cash;
- Signature of sole and / or joint Bidders missing;
- Bid cum Application Forms does not have the stamp of the BRLMs or Syndicate Members;
- Bid cum Application Forms does not have Bidder's depository account details;
- Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid/Offer Opening Date advertisement and the Draft Red Herring Prospectus and as per the instructions in the Draft Red Herring Prospectus and the Bid cum Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depositary Participant's identity (DP ID) and the beneficiary's account number;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations. For details see the section titled "Offer Procedure" at page 284 of the Draft Red Herring Prospectus;

- Bids in respect where the Bid cum Application form do not reach the Registrar to the Offer prior to the finalisation of the basis of Allotment;

- Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Banks;

- Bids by international QIBs not submitted through the BRLMs or their affiliates;

- Bids by QIBs not submitted through members of the Syndicate;

- Bids by US persons other than "Qualified Institutional Buyers" as defined in Rule 144A of the Securities Act or other than in reliance of Regulation S under the Securities Act;

- Bids by OCBs;

- Bids by QIBs not submitted through the BRLMs or the Syndicate members;

- Bids by any person outside India if not in compliance with applicable foreign and Indian Laws; and

- Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority.

Equity Shares In Dematerialised Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Allotment of Equity Shares in this Offer shall be only in a dematerialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among the Company, the respective Depositories and the Registrar to the Offer:

(a) Agreement dated [●]with NSDL, the Company and the Registrar to the Offer;

(b) Agreement dated [●] with CDSL, the Company and the Registrar to the Offer.

All Bidders can seek Allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

(a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.

(b) The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.

(c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder

(d) Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.

(e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.

(f) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.

(g) Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

(h) The trading of the Equity Shares of the Company would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

Communications

All future communications in connection with Bids made in this Offer should be addressed to the Registrar to the Offer quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Investors can contact the Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, credit of allotted Equity Shares in the respective beneficiary accounts, refund orders etc.

Disposal Of Applications And Application Moneys And Interest In Case Of Delay

The Company shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within two working days of date of Allotment of Equity Shares.

In case of applicants who receive refunds through ECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 15 days from the Bid/ Offer Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 15 days of Bid/ Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company and the Selling Shareholders shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within seven working days of Allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Guidelines, our Company and the Selling Shareholders further undertake that:

- Allotment of Equity Shares shall be made only in dematerialised form within 15 days of the Bid/Offer Closing Date;

- Dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 15 days of the Bid/Offer Closing Date would be ensured; and

- The Company shall pay interest at 15% per annum for any delay beyond the 15 day time period as mentioned above, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within the 15 day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Impersonation

Attention of the applicants is specifically drawn to the provisions of Sub Section (1) of Section 68 A of the Companies Act, which is reproduced below:

"Any person who:

(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years."

BASIS OF ALLOTMENT

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Offer Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Offer Price.

- The Offer Size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Offer at a price that is equal to or greater than the Offer Price.

- If the valid Bids in this category is less than or equal to [●] Equity Shares at or above the Offer Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.

- If the valid Bids in this category is greater than [●] Equity Shares at or above the Offer Price, the Allotment shall be made on a proportionate basis up to a minimum of [•] Equity Shares. For the method of proportionate basis of Allotment, refer below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Offer Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Offer Price.

- The Offer size less Allotment to QIBs and Retail Portion shall be available for Allotment to Non-Institutional Bidders who have bid in the Offer at a price that is equal to or greater than the Offer Price.

- If the valid Bids in this category is less than or equal to [●] Equity Shares at or above the Offer Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their valid Bids.

- In case the valid Bids in this category is greater than [●] Equity Shares at or above the Offer Price, Allotment shall be made on a proportionate basis up to a minimum of [•] Equity Shares. For the method of proportionate basis of Allotment refer below.

C. For QIBs

- Bids received from the QIB Bidders at or above the Offer Price shall be grouped together to determine the total demand under this portion. The Allotment to all the QIB Bidders will be made at the Offer Price.

- The QIB Portion shall be available for Allotment to QIB Bidders who have bid in the Offer at a price that is equal to or greater than the Offer Price.

- Allotment shall be undertaken in the following manner:

  (a) In the first instance allocation to Mutual Funds for not less than 5% of the QIB Portion shall be determined as follows:

    (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for not less than 5% of the QIB Portion.

    (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full Allotment to the extent of valid bids received above the Offer Price.

    (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for Allotment to all QIB Bidders as set out in (b) below;

  (b) In the second instance Allotment to all QIBs shall be determined as follows:

    (i) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Offer Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.

    (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.

    (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

- The aggregate Allotment to QIB Bidders shall not be less than 24,007,500 Equity Shares

D. For Employee Reservation Portion

- Bids received from the Eligible Employees at or above the Offer Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Eligible Employees will be made at the Offer Price.

- If the aggregate demand in this category is less than or equal to 485,000 Equity Shares at or above the Offer Price, full allocation shall be made to the Eligible Employees to the extent of their demand.

- If the aggregate demand in this category is greater than [●] Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis up to a minimum of [•] Equity Shares and in multiple of [•] Equity Share thereafter. For the method of proportionate basis of allocation, refer below.

- Only Eligible Employees are eligible to apply under Employee Reservation Portion.

The Equity Shares being offered for sale to the public through this issue by the Selling Shareholders constitutes [●]% of the post issue capital.

Method of Proportionate Basis of Allotment in the Offer

In the event of the Offer being over-subscribed, the Company shall finalise the basis of Allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrar to the Offer shall be responsible for ensuring that the basis of Allotment is finalised in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

a) Bidders will be categorised according to the number of Equity Shares applied for.

b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.

c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.

d) In all Bids where the proportionate Allotment is less than [•] Equity Shares per Bidder, the Allotment shall be made as follows:

    - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and

    - Each successful Bidder shall be Allotted a minimum of [•] Equity Shares.

e) If the proportionate Allotment to a Bidder is a number that is more than [•] but is not a multiple of 1 (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.

f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

PAYMENT OF REFUND

Bidders must note that on the basis of name of the Bidders, Depository Participant’s name, DP ID, Beneficiary Account number provided by them in the Bid cum Application Form, the Registrar to the Offer will obtain, from the Depositories, the Bidders’ bank account details, including the nine digit Magnetic Ink Character Recognition (“MICR”) code as appearing on a cheque leaf. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders’ sole risk and neither the Company, the Registrar to the Offer, Escrow Collection Bank(s), Bankers to the Offer nor the BRLMs shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

Mode of making refunds

The payment of refund, if any, would be done through various modes in the following order of preference:

1. ECS – Payment of refund would be done through ECS for applicants having an account at any of the following [●] centres: [●]. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of

the abovementioned fifteen centres, except where the applicant, being eligible, opts to receive refund through direct credit or RTGS.

2. Direct Credit – Applicants having bank accounts with the Refund Banker(s), as mentioned in the Bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.

3. RTGS – Applicants having a bank account at any of the abovementioned fifteen centres and whose refund amount exceeds Rs. 5 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid cum Application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

4. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. The process flow in respect of refunds by way of NEFT is at an evolving stage, hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.

5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Letters of Allotment or Refund Orders

The Company and the Selling Shareholders shall give credit to the beneficiary account with depository participants within two working days from the date of the finalisation of basis of allotment. Applicants residing at (15) fifteen centres where clearing houses are managed by the RBI, will get refunds through ECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. Our Company shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500, by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk within 15 days of the Bid/Offer Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within fifteen days of closure of Bid / Offer.

We shall use best efforts to ensure that steps for completion of all the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within seven working days of finalisation of the basis of Allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI DIP Guidelines, our Company further undertakes that:

- Allotment of Equity Shares will be made only in dematerialised form within 15 days from the Bid/Offer Closing Date; and

- We shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if Allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Offer.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by our Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Undertakings

Our Company undertakes the following:

- That the complaints received in respect of this Offer shall be attended to by our Company expeditiously;

- That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of Allotment;

- That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Offer by the Company.

- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of the Bid/ Offer Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

- That the certificates of the securities/ refund orders to the non-resident Indians shall be despatched within specified time; and

- No further issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

The Company shall not have recourse to the Offer proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Undertakings by the Selling Shareholders

The Selling Shareholders, jointly and severally undertake the following:

- that the Equity Shares being sold pursuant to the Offer for Sale, have been held by us for a period of more than one year and the Equity Shares are free and clear of any liens or encumbrances, and shall be transferred to the successful Bidders within the specified time;

- that no further offer of Equity Shares shall be made till the Equity Shares are listed or until the Bid monies are refunded on account of non-listing, under subscription, etc and

- that the Selling Shareholders shall not have recourse to the proceeds of the Offer until the approval for the trading of the Equity Shares from all the stock exchanges where listing is sought has been received.

Utilisation of Offer Proceeds

As this is an Offer, the Company not receive any proceeds from the sale of the Equity Shares by the Selling Shareholders.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Under the guidelines issued by the Government of India, foreign direct investment in AMCs under the Foreign Direct Investment Regime is permitted up to 100%. However, under the Foreign Policy Manual, the minimum capitalization norms have been prescribed as follows:-

1. For FDI up to 51%, US 0.5 million to be brought in up-front;

2. If the FDI is above 51% and up to 75%, US $ 5 million to be brought upfront; and

3. If the FDI is above 75% and up to 100%, US $50 million out of which $ 7.5 million to be brought in upfront and the balance in 24 months.

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of GoI and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. As per current foreign investment policies, foreign investment in the port and SEZ sector is permitted up to 100% under the automatic route.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the Equity Shares to be issued is not less than the price at which the Equity Shares are issued to residents.

Transfers of Equity Shares previously required the prior approval of the FIPB. However, vide a RBI circular dated October 4, 2004 issued by the RBI, the transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment (FDI) Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the non-resident shareholding is within the sectoral limits under the FDI policy, and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI. Since the transfer of Equity Shares by the Selling Shareholders to the bidders will not be carried out through the stock exchange settlement mechanism and will not be at a price as per the pricing guidelines prescribed by the RBI, but will be carried out through the SEBI prescribed book building, allocation, issue and transfer process for a public offer and at the common issue price determined through the book building mechanism, therefore the Company shall apply to the RBI for necessary approval in due course.

As per the existing policy of the Government of India, OCBs cannot participate in this Offer.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the Securities Act) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Bidders. The Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of UTI Asset Management Company Limited.

Pursuant to Schedule II of the Companies Act and SEBI Guidelines, the main provisions of the Articles of Association of UTI Asset Management Company Limited are set forth below:

TABLE 'A' EXCLUDED

Article 1 provides that "the regulations contained in Table A, in the First Schedule to the Companies Act, 1956, shall not apply to this Company, except in so far as the same are repeated, contained or expressly made applicable in these Articles or by the said Act. The regulations for the management of the Company and for the observance of the members thereof and their representatives shall, subject to any exercise of the statutory powers of the Company with reference to the repeal or alteration of, or additions to, its regulations by Special Resolution, as prescribed by the Companies Act. 1956, be such as are contained in these Articles"

Increase of capital

Article 8 provides that, "the Company in general meeting may from time to time increase its share capital by the creation of further shares, such increases to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Act, the further shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the general meeting resolving upon the creation thereof shall direct, and if no direction be given as the Board shall determine; and in particular, such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company, and with a right of voting at general meetings of the Company."

Further Issue of Shares

Article 9 provides:

(1) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of Shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed Capital of the Company by issue and allotment of further Shares.

  (i) Such further Shares shall be offered to the Persons who, at the date of the offer, are holders of the Equity Shares of the Company, in proportion, as nearly as circumstances admit, to the Capital Paid up on those Shares at that date;

  (ii) the offer aforesaid shall be made by notice specifying the number of Shares offered and limiting a time, not being less than fifteen days from the date of the offer, within which the offer if not accepted, will be deemed to have been declined;

  (iii) the offer aforesaid shall be deemed to include a right exercisable by the Person concerned to renounce the Shares offered to him or any of them in favour of any other person and the notice shall contain a statement of this right;

  (iv) after the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the Shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the Company.

(2) Notwithstanding anything contained in clause (1) of this Article, the further Shares aforesaid may be offered to any Persons (whether or not those persons include the persons who at the date of the offer are holders of Equity Shares of the Company), in any manner whatsoever;

  (i) if such offer is authorised by a Special Resolution of the Company in General Meeting or,

(ii) where no such resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in that General Meeting (including the casting vote, if any, of the Chairman) by Members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board in this behalf, that the proposal is most beneficial to the Company.

(3) Nothing in sub-clause (iii) of (1) hereof shall be deemed

(i) To extend the time within which the offer should be accepted; or

(ii) To authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the Shares comprised in the renunciation.

(4) Nothing in this Article shall apply to the increase of the subscribed Capital of the Company caused by the exercise of an option attached to the Debentures issued by the Company:

(i) To convert such Debentures or loans into Shares in the Company; or

(ii) To subscribe for Shares in the Company

Provided that the terms of Issue of such Debentures or the terms of such loans include a term providing for such option and such term:

(i) Either has been approved by the Central Government before the issue of Debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and

(ii) In the case of Debentures or loans other than Debentures issued to, or loans obtained from the Government or any institution specified by the Central Government in this behalf, has also been approved by the Special Resolution passed by the Company in General Meeting before the issue of the loans.

<u>Reduction of Capital</u>

Article 14 provides that, “The company may, by special resolution reduce in any manner and with and subject to, any incident authorized and consent required by law its share capital, any capital redemption reserve account, and any share premium account.

<u>Consolidation, division and sub-division</u>

Article 15 provides that, “subject to the provisions of these Articles, the Company, in general meeting by ordinary resolution, shall have power to alter the conditions of the Memorandum relating to Share Capital as follows-

(i) Consolidate and divide all or any of its Share Capital into Shares of larger denomination than its existing Shares;

(ii) sub-divide its Shares or any of them into Shares of smaller amount than is fixed by the Memorandum so, however, that, in the sub-division, the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in the case of the Share, from which the reduced Share is derived;

(iii) cancel any Shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any Person and diminish the amount of its Share Capital by the amount of the Shares as cancelled, provided, however, that the cancellation of Shares in pursuance of the exercise of this power shall not be deemed to be a reduction of Share Capital within the meaning of the Act.

MODIFICATION OF RIGHTS

Power to modify rights

Article 17 provides that, "whenever the capital, by reason the issue of preference shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Section 106 and 107 of the Act, be modified, commuted, affected or abrogated, or dealt with by agreement between the Company and any person purporting to contract on behalf of that class provided such agreement is ratified in writing by holders of at least three- fourths in nominal value of the issued shares of that class or is confirmed by a resolution passed by the votes of not less than three-fourths of the votes of the holders of shares of that class at a separate general meeting of the holders of shares of that class and all the provisions contained in these Articles as to general meetings shall mutatis mutandis apply to every such meeting but so that if at any adjourned meeting of such holders the quorum as specified in Article 92 is not present, those who are present shall be the quorum. This article is not to derogate from any power the Company would have if this article were omitted."

Issue of shares on pari passu

Article 18 provides that, "the rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not unless otherwise expressly provided by the terms of the issue of the shares of that class be deemed to be varied by the creation or issue of further shares ranking pari passu therewith."

Acceptance of Shares

Article 25 provides that, "subject to the provisions of these Articles, any application signed by or on behalf of an applicant for shares in the Company followed by an allotment of any share therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register of Members shall, for the purposes of these Articles, be a member, provided that no share shall be applied for by or allotted to a minor, insolvent or person of unsound mind."

UNDERWRITING AND BROKERAGE

Article 36 provides that, "the Company may, subject to the provisions of Section 76 and other applicable provisions if any of the Act, at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) or in consideration of his procuring or agreeing to procure subscriptions (whether absolutely or conditionally) for any share in, or debentures of the Company. The Commission may be satisfied by the payment of cash or allotment of fully or partly paid shares or debentures or partly in the one way and partly in the other."

Article 37 provides that, "the Company may pay a reasonable sum for brokerage on any issue of shares and debentures."

CALLS

Board may make calls

Article 38 provides that, "the Board of Directors may, from time to time, by a resolution passed at a meeting of the Board make such call as it may think fit upon the members in respect of all moneys unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at a fixed time, and each member shall pay the amount of every call so made on him to the persons and at the times and place appointed by the Board of Directors. A call may be made payable by instalments."

When interest on call or instalment payable

Article 43 provides that, "if any member fails to pay a call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board of Directors, but nothing in this Article shall render it compulsory upon the Board of Directors to demand or recover any interest from any such member."

Proof on Trial in Suit for Money due on shares

Article 44 provides that, "subject to the provisions of the Act and these Articles, on the trial or hearing of any action or suit brought by the Company against any member or his representatives for the recovery of any debt or any money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the member in respect of whose shares the money is sought to be recovered, appears entered on the register of members as the holder, at or subsequent to the date at which the money sought to be recovered is alleged to have become due, of the shares in respect of which debt is alleged to have become due, of the shares in respect of which such money is sought to be recovered; that the resolution making the call is duly recorded in the minute book; and that the notice of such call was duly given to the member or his representatives sued in pursuance of these presents, and it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum was present at the Board at which any call was made, nor that the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt."

Payment in anticipation of calls may carry interest

According to Article 45, "the Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any Member willing to advance the same whole or any part of the moneys due upon the Shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the Shares in respect of which such advance has been made, the Company may pay interest at such rate, as the Member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced. The Members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable. The provisions of these Articles shall mutatis mutandis apply to the calls on Debentures of the Company."

CONVERSION OF SHARES INTO STOCK AND RECONVERSION

Shares may be converted into stock

Article 66 provides that,

"(1) the company may, by ordinary resolution-

(a) Convert any paid-up shares into stock; and

(b) Reconvert any stock into paid-up shares of any denomination.

(2) The holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit.

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so however that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

(3) The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up)

shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

(4) Such of the regulations of the company (other than those relating to share warrants), as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder" in those regulations shall include "stock" and "stockholder" respectively."

TRANSFER AND TRANSMISSION OF SHARES

Transfer not to be registered except on production of instrument of transfer

Article 69 provides that, "subject to the provisions of the Act, and these Articles, no transfer of shares in, or debentures of the Company shall be registered, unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name address and occupation, if any, of the transferee has been delivered to the Company along with the certificate relating to the shares or debentures or if no such certificate is in existence, along with the letter of allotment of the shares or debentures. The transferor shall be deemed to remain the holder of such shares until the name of the transferee is entered in the register in respect thereof. Shares of different classes shall not be included in the same instrument of transfer."

Directors may refuse to register transfer

Article 71 provides that, "subject to the provisions of Section 111A, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the Company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to any Shares or interest of a Member in, or Debentures of, the Company. The Board may also, subject to Section 111, decline to register the transfer of a share, not being a fully paid share, to a person of whom they do not approve or any transfer of shares on which the company has lien.

The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the Person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on Shares."

Application for transfer

Article 73 provides that:

(i) An application for the registration of a transfer of shares may be made either by the transferor or by the transferee.

(ii) Where the application is made by the transferor and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.

(iii) For the purpose of clause (2) hereof notice to the transferee shall be deemed to have been duly given if it is despatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.

(iv) If the Company refuses to register the transfer of any share or transmission of right therein, the Company shall within one month from the date on which the instrument of transfer, or the intimation of transmission as the case may be, was delivered to the Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission as the case may be.

(v) Nothing in these Articles shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares of the Company has been transmitted by operation of law.

(vi) Any transfer of shares shall take effect only by the approval of the Board of Directors of the Company, which the Board of Directors may grant or refuse at its sole and absolute discretion.

(vii) Every such instrument of transfer shall be duly stamped and shall be executed by or on behalf of both the transferor and transferee and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register of Members in respect thereof. The name, addresses and occupation, if any, of the transferee shall be specified in the instrument o transfer. All joint transferors and / or joint transferees shall sign the instrument of transfer. The shares of the company shall be transferred as per FORM No. 7B pursuant to Section 108(1A) of the Act."

Closure of transfer books

Article 76 provides that, "the Board may after giving not less than seven days previous notice by advertisement as required by Section 154 of the Act, close the Register of Members or the Register of Debenture Holders for any period or periods not exceeding in the aggregate, 45 (forty-five) days in each year, but not exceeding 30 (thirty) days at any one time."

Fee on transfer or transmission

According to Article 77 provides that, "no fee shall be charged in respect of the transfer or transmission of any shares of any class or denomination."

Transmission Clause

Article 80 provides that, "subject to the provisions of the Act and these Articles, any person becoming entitled to a share in consequence of the death, bankruptcy or insolvency of any member, or by any lawful means other than by a transfer in accordance with these presents, may with the consent of the Board (which it shall not be under any obligation to give) upon producing such evidence as the Board thinks sufficient, either be registered himself as the holder of the share or elect to have some person nominated by him, approved by the Board, registered as such holder, provided nevertheless, that if such person shall elect to have his nominee registered, he shall testify the election by executing to his nominee an instrument of transfer of the share in accordance with the provisions herein contained and until he does so he shall not be freed from any liability in respect of the share."

Transfer by legal representative

Article 83 provides that, "a transfer of a share in the Company of a deceased member thereof made by his legal representative shall, although the legal representative is not himself a member be as valid as if he had been a member at the time of the execution of the instrument of transfer."

GENERAL MEETINGS

Annual General Meeting

Article 89 provides that, "all general meeting other than Annual General Meetings shall be called Extra Ordinary General Meeting. The Board may, whenever it thinks fit, call an extraordinary general meeting. If at any time there are not within India directors capable of acting who are sufficient in number to form a quorum any director or the two members of the Company may call an Extraordinary General Meeting in the same manner as nearly as possible, as that in which such a meeting may be called by the board."

Notice for meeting

Article 90 provides that,

"(1) A general meeting of the Company may be called by giving not less than twenty-one day's notice in writing.

(2) A general meeting may be called after giving shorter notice than that specified in sub-clause (1) hereof if consent is accorded thereto:

(i) In case of an annual general meeting, by all the members entitled to vote thereat and,

(ii) in case of any other meeting by members of the Company holding not less than ninety five per cent of such part of the paid up share capital of the Company as gives a right to vote at that meeting.

Provided that where any members of the Company are entitled to vote on some resolutions to be moved at the meeting and not on the others, those members shall be taken into account for the purpose of this sub-clause in respect of the former resolution or resolutions and not in respect of the latter."

PROCEEDINGS AT GENERAL MEETINGS

Quorum at general meeting

Article 94 provides that, "Five members entitled to vote and present in person shall be a quorum for a general meeting. When more than one of the joint holders of a share is present, not more than one of them shall be counted for determining the quorum. Several executors or administrators of a deceased person in whose sole name, a share stands shall, for the purpose of this Article, be deemed joint holders thereof. A body corporate being a member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act. The President of India or the Governor of a State being a member of the Company shall be deemed to be personally present if he is represented in accordance with Section 187 A of the Act.

If quorum not present, meeting to be dissolved or adjourned

Article 96 provides that,

"(1) If within half an hour from the time appointed for holding the meeting a quorum is not present the meeting if called upon the requisition of members shall stand dissolved, but in any other case, it shall stand adjourned to the same day in the next week, at the same time and place or if that day is a public holiday until the next succeeding day in the next week which is not a public holiday, or to such other day, time and place as the Board may determine.

(2) If at the adjourned meeting, a quorum is not present within half an hour from the time appointed for holding the meeting, the members present shall be a quorum and may transact the business for which the meeting was called."

Time and manner of taking poll

Article 104 provides that, "Any poll duly demanded on the election of a Chairman of a meeting or on any question of adjournment shall be taken forthwith, save as aforesaid, any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll."

Scrutineers at poll

Article 105 provides that, "where a poll is to be taken, the chairman of the meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report thereon to him. The Chairman shall have power, at any time, before the result of the poll is declared to remove a secrutineer from office and to fill vacancies in the office of the scrutineer arising from such removal or from any other cause of the two scrutineers so to be appointed, one shall always be a member (not being an officer or employee of the Company) present at the meeting provided such a member is available and is willing to be appointed."

VOTES OF MEMBERS

Members in arrears not to vote

Article 108 provides that, "

(a) No member shall be entitled to vote either personally or by proxy at any general meeting or meetings of a class of shareholders either upon a show of hands or upon a poll in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has, and has exercised, any right or lien.

(b) Where the shares of the Company are held in trust, the voting power in respect of such shares shall be regulated by the provisions of Section 187B of the Act."

Number of votes to which member entitled

Article 109 provides that, "subject to the provisions of these Articles and without prejudice to any special privileges or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the Company, every member not disqualified by the last preceding Article shall be entitled to be present, and to speak and vote at such meeting, and on a show of hands every member present in person shall have one vote and upon a poll the voting right of every member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company. Provided, how ever, if any preference shareholder be present at any meeting of the Company, save as provided in clause (b) of sub section (2) of Section 87, he shall have a right to vote only on resolutions placed before the meeting which directly affect the rights attached to his preference shares."

Casting of votes by a Member entitled to more than one vote

Article 110 provides that, "On a poll taken at a meeting of the Company, a Member entitled to more than one vote, or his proxy or other person entitled to vote for him as the case may be, need not, if he votes use all his votes or cast in the same way all the votes he uses."

Casting of vote by members non compos mentis and minors may vote

Article 111 provides that, "without prejudice to Article 70 a member of unsound mind or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by his committee or other legal guardian, and any such committee or legal guardian may, on a poll, vote by proxy. If any member be a minor, the vote in respect of his share or shares shall be by his guardian, or any one of his guardians, if more than one, to be selected in case of dispute by the Chairman of the meeting."

Vote of joint-members

According to Article 112, "if there be joint registered holders of any shares, any one of such persons may vote at any meeting or any appoint another person (whether a member or not) as his proxy in respect of such shares, as if he were solely entitled thereto, but the proxy so appointed shall not have any right to speak at the meeting and, if more than one of such joint- holders be present at any meeting, that one of the said persons so present whose name stands higher on the Register shall alone be entitled to be present at the meeting. Several executors or administrators of a deceased member in whose name shares stand shall for the purpose of these Articles be deemed joint-holders thereof."

Voting in person or by proxy, deceased and insolvent member

Article 113 provides that, "subject to the provisions of these Articles, votes may be given either personally or by an attorney or by proxy. A body corporate being a Member may vote either by proxy or by a representative duly authorized in accordance with Section 187 of the Act and such representative shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise it if it were an individual member."

Voting in respect of shares of deceased and insolvent member

According to Article 114, "any person entitled under these Articles to transfer any share may vote at any General Meeting in respect thereof in the same manner as if he were, the registered holder of such shares provided that, at least forty- eight hours before the time of holding the meeting or adjourned meeting as the case may be, at which he proposes to vote, he shall satisfy the Directors of his right to transfer such shares and give such indemnity (if any) as the Directors may require, or the Directors shall have previously admitted his right to vote at such meeting in respect thereof."

Proxies

Article 115 provides that, "every proxy (whether a member or not) shall be appointed in writing under the hand appointer or his attorney, or if such appointer is a corporation, under the common seal of such corporation, or be signed by an officer or any attorney duly authorised by it, and any Committee or guardian may appoint such proxy. The proxy so appointed shall not have any right to speak at the meeting."

Deposit of instrument of appointment

Article 118 provides that, "the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority shall be deposited at the Registered Office not later than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution."

Chairman of the meeting to be the judge of validity of any vote

According to Article 122, "the Chairman of any meeting shall be the judge of the validity of every vote tendered at meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll."

Minutes of General Meeting and inspection thereof by Members

Article 123 provides that,

"(1) The Company shall cause the minutes of all proceedings of every General Meeting to be kept by making within thirty days of the conclusion of every such meeting concerned entries thereof in books kept for that purpose with their pages consecutively numbered.

(2) Every page of every such book shall be initialed or signed and the last page of the record of proceedings so each meeting in such book shall be dated and signed by the Chairman of the same meeting within the aforesaid period of thirty days or, in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for the purpose.

(3) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.

(4) All appointments of officers made at any meeting aforesaid shall be included in the minutes of the meeting.

(5) Nothing herein contained shall require or be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman of the meeting is or could reasonably be regarded as defamatory of any person or is irrelevant or immaterial to the proceedings, or is detrimental to the interests of the Company. The Chairman of the meeting shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the aforesaid grounds.

(6) Any such minutes shall be evidence of the proceedings recorded therein.

(7) The book containing the minutes of proceedings of General Meetings shall be kept at the office of the Company and shall be open during business hours for such periods not being less in the aggregate than two hours in each day as the Directors determine, to the inspection of any member without charge."

DIRECTORS

Power of Directors to appoint additional Directors and to fill casual vacancies

According to Article 125, "subject to the provisions of Section 260, 263, 264, and 284 (6) of the Act and subject to these Articles the Directors shall have power at any time and from time to time to appoint any other person as a Director either to fill a casual vacancy or as an addition to the Board but so that the total member of Directors shall not at any time exceed the maximum number fixed."

Nominee Directors

Article 126 provides that , "whenever the Company enters into an agreement or contract with the Central or State Government, a local authority, bank of financial institution, or any person or persons (hereafter referred to as "the appointer") for borrowing any money or for providing any guarantee or security or for underwriting shares or debentures or other securities of the Company, the Board shall have, subject to the provisions of Section 255 of the Act, the power to agree that such appointer shall have if and to the extent provided by the terms of such agreement or contract, the right to appoint or nominate, by a notice in writing addressed to the Company, one or more Directors on the Board, for such period and upon such conditions as may be mentioned in the agreement or contract and that such Director or Directors may not be liable to retire by rotation nor be required to hold any qualification shares. The Board may also agree that any such Director or Directors may be removed from time to time by the appointer entitled to appoint or nominate them and the appointer may appoint another or others in his or their place and also fill any vacancy which may occur as a results of any Director or Directors ceasing to hold that office for any reason whatsoever. The Directors appointed or nominated under this Article shall be entitled to exercise and enjoy all or any of the rights and privileges exercised and enjoyed by the other directors of the Company, including payment of remuneration and travelling expenses to such Directors, as may be agreed by the Company with the appointer."

Debenture Director

If it is provided by the trust deed securing or otherwise in connection with any issue of debentures of the Company, that any person or persons shall have power to nominate a Director of the Company, then in the case of any and every issue of debentures, the person or persons having such power may exercise such power from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to as Debenture Director. A Debenture Director may be removed from office at any time by the person or persons in whom for the time being is vested the power under which he was appointed and another Director may be appointed in his place. A Debenture Director shall not be bound to hold any qualification shares.

Remuneration of Directors

Article 129 provides that,

"(1) Payment of remuneration to Director including Managing and Whole the Directors, and Manager, if any, shall be subject to the provisions of Section 198, 309, 310 and 311 of the Act or any statutory modifications thereof, either by the of monthly payment and/or by way of specified percentage of the net profits of the Company calculated in the manner laid down in Section 349, 350 and 351 of the Act.

(2) If any Director being willing, shall be called upon to perform extra services or to make any special exertions in going or residing abroad or in negotiating or carrying into effect any contract or arrangement by the Company or otherwise for any purpose of the Company, the Company may remunerate such Director either by a fixed sum and/or percentage of profits or otherwise, as may be permissible under the Act."

Sitting Fees

Article 130 provides that,

“(1) The fees payable to a Director for attending each meeting of the Board shall be such amount subject to the limit prescribed under the Act, as the Board may determine from time to time.

(2) Travelling and daily allowance of the Director while travelling on the Company's business including the attendance of Board Meetings may be fixed by the Board of Directors from time to time or in the event the same is not fixed by the Board the same shall be reimbursed as per actuals.”

<u>Payment of Pension etc. to Director who held salaried office etc. with the company</u>

The Board on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director who has held any office or place of profit, salaried or otherwise, with the Company, or to his widow or dependents and may make contributions to any fund such as a provident fund and pay premiums for the purchase or provision of any gratuity, pension or allowance.

<u>Disclosure of Interest of Directors</u>

Article 133 provides that,

“(1) Every Director of the Company who is in any way, whether directly or indirectly concerned or interested in any contract or arrangement, or proposed contract or arrangement, entered into or to be entered into, by or on behalf of the Company shall disclose the nature of his concern or interest at a meeting of the Board of Directors.

(2) (a) In the case of a proposed contract or arrangement the disclosure required to be made by a Director under clause (1) shall be made at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration or if a Director was not, at the date of that meeting, concerned or interested in the proposed contract or arrangement, at the first meeting of the Board held after he becomes so concerned or interested.

(b) In the case of any other contract or arrangement, required disclosure shall be made at the first meeting of the Board held after the Director becomes concerned or interested in the contract or arrangement.

(3) (a) For the purpose of clause (1) and (2) hereof, a general notice given to the Board by a Director to the effect that he is a Director or a member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm, shall be deemed to be a sufficient disclosure of concern or interest in relation to any contract or arrangement so made.

(b) Any such general notice shall expire at the end of the financial year in which it is given but may be renewed for a further period of one financial year at a time, by a fresh notice in the last month of the financial year in which it would otherwise have expired.

(c) No such general notice and no renewal thereof shall be effective unless either it is given at a meeting of the Board, or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.

(d) Nothing in this Article shall apply to any contract or arrangement entered into between two companies when any one of the Directors of the Company or two of them together holds or hold not more than two percent of the paid up share capital in the other Company.

<u>Interested Director not to participate or vote on Board’s proceedings</u>

Article 134 provides that, “no Director of the Company shall, as Director, take part in the discussion of or vote on any contract or arrangement entered into or to be entered into by or on behalf of the Company if he is in any way whether directly or indirectly, concerned or interested in the contract or arrangement, nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote and if he does vote his vote shall be void, provided however, that a Director may vote on any contract of indemnity against any loss which the Directors or any one or more of them may suffer by reason of becoming or being sureties or surety for the Company."

RETIREMENT AND ROTATION OF DIRECTORS

Retirement by rotation

Article 136 provides that,

"(1) At every annual general meeting, one third of such of the Directors for the time being as are liable to retire by rotation, or if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office.

(2) The Directors to retire by rotation at every annual general meeting shall be those who have been longest in the office since their last appointment but as between persons who become Directors on the same day, those who are to retire shall, in default of and subject to any agreement among themselves, be determined by lot.

(3) At the annual general meeting at which a Director retires as aforesaid the Company may fill up the vacancy by appointing the retiring Director who shall be eligible for reappointment or some other person thereto.

(4) If the place of the retiring Director is not filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week at the same time and place or if that is a public holiday, till the next succeeding day which is not a public holiday at the same time and place. If at the adjourned meeting also the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been reappointed at the adjourned meeting unless :–

    (a) At the meeting or at the previous meeting, a resolution for the reappointment of such Director has been put to vote and lost;

    (b) the retiring Director has by a notice in writing addressed to the Company or its Board of Directors, expressed his unwillingness to be so reappointed ;

    (c) he is not qualified or is disqualified for appointment;

    (d) a resolution, whether special or ordinary, is required for his appointment by virtue of any of the provisions of the Act; or,

    (e) the provision to sub section (2) of Section 263 of the Act is applicable to the case.

REMOVAL OF DIRECTORS

Removal of Directors

Article 140 provides that,

"(1) The Company may by ordinary resolution remove a Director not being a Nominee Director appointed under Article 142 or a Debenture Director appointed under Article 143 and not being a Director appointed by the Central Government in pursuance of Section 408 of the Act before the expiry of his period of office.

(2) Special notice shall be required of any resolution to remove a director under this article or to appoint somebody instead of a director so removed at the meeting at which he is removed.

(3) On receipt of notice of a resolution to remove a Director under this Article, the Company shall forthwith send a copy thereof to the Director concerned and the Director shall be entitled to be heard on the resolution at the meeting.

(4) Where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the company(not exceeding a reasonable length) and requests their notification to members of the Company, the Company shall unless the representations are received by it too late for it to do so:-

(a) In any notice of the resolution given to the members of the Company, state the fact of the representations having been made, and

(b) send a copy of the representations to every member of the Company to whom the notice of the meeting is sent (whether before or after receipt of the representation by the Company) and if a copy of the representation is not sent as aforesaid because they were received too late or because of the Company's default the Director may (without prejudice to his right to be heard orally) require that the representations shall be read out at the meeting, provided that copies of the representations need not be sent out and the representations need not be read out at the meeting, if on the application either of the Company or of any other person who claims to be aggrieved a court of competent jurisdiction is satisfied that the rights conferred by this sub-clause are being abused to secure needless publicity for defamatory matter.

(5) A vacancy created by the removal of a Director under this Article may if he had been appointed by the Company in general meeting or by the Board under Article 141 hereof, be filled by the appointment of another Director in his stead by the meeting at which he is removed provided special notice of the intended appointment has been given. A Director so appointed shall hold office until the date up to which his predecessor would have held office if he had not been removed as aforesaid.

(6) If the vacancy is not filled up under clause (5) hereof it may be filled as a casual vacancy in accordance with the provisions, so far as they may be applicable of Article 141 hereof and all the provisions of that Article, shall apply accordingly. Provided that the Director who is removed from office under this Article shall not be reappointed as a Director by the Board of Directors.

(7) Nothing contained in this Article shall be taken —

(a) as depriving a person removed thereunder of any compensation or damages payable to him in respect of any appointment terminating with that as Director, or

(b) as derogating from any power to remove a Director which may exist apart from this Article."

DIRECTORS

Proceedings of Directors

Article 141 provides that, "the Board or Directors may meet together for the dispatch of business, adjourn and otherwise regulate its meetings and proceedings as it may think fit. A meeting of the Board of Directors shall be held at least once in every three months and at least four such meetings shall be held in every year. The Chairman, if any, or, in his absence, the Vice Chairman, if any, of the Board of Directors may at any time, and the Managing Director, if any, or the Secretary on the requisition of a Director, shall summon a meeting of the Board. Notice of every meeting of the Board of Directors of the Company shall be given in writing to every Director for the time being in India, and at his usual address in India to every other Director"

Quorum

Article 142 provides that, "Subject to Section 287 of the Act the quorum for the meeting of the Board shall be one third of the total strength of the Board (any fraction contained in the one third being rounded off as one) or two Directors whichever is higher; provided that where at any meeting the number of interested Directors exceeds or is equal to two thirds of the total strength, the number of the remaining Directors, that is to say the number of the Directors who are not interested and are present at the meeting, being not less than two shall be the quorum during such time. For the purpose of clause (1)- “Total strength” means the total strength of the Board of Directors of the Company as determined in pursuance of the Act, after deducting therefrom the number of Directors if any, whose places may be vacant at the time, and “Interested Directors” means any Director whose presence cannot by reason of Article 151 hereof or any other provisions in the Act, be counted for the purpose of forming a quorum at a meeting of the Board, the time of discussion or vote on any matter.”

Board may appoint Chairman

Article 144 provides that, “the Board may elect a Chairman of the Board and may elect also a Vice Chairman of the Board each of whom shall hold office for a period determined by the Board. The Chairman and, in his absence, the Vice Chairman, shall preside at all meetings of the Board and each of them shall perform such other functions as are assigned to them respectively under the Articles. If neither Chairman nor Vice Chairman be present within five minutes of the time appointed for holding a Board Meeting, the Directors present may choose one of their number to be the Chairman of the Meeting.”

Power of Board meetings

Article 145 provides that, “a meeting of the Board at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions which by or under the Act or the Articles are for the time being vested in or exercisable by the Board generally. Subject to the restrictions contained in Section 292 of the Act, the Board may delegate any of its powers to a Committee of the Board consisting of such number of numbers of its body or any other person as it thinks fit and it may from time to time revoke and discharge any such committee. Any such committee of the Board so formed, shall in the exercise of the power so delegated conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such committee of the Board in conformity with such regulations and in fulfillment of the purposes of their appointment, but not otherwise shall have the like force and effect as if done by the Board.”

All acts of the Board or Committee valid notwithstanding defective appointment

Article 147 provides that,

“(i) All acts done by any meeting of the Board or by a Committee of the Board, or by any person acting as Director shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such directors or committee or person acting as aforesaid or that they or any of them were or was disqualified or had vacated office, or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be valid as if every such person had been duly appointed and was qualified to be a director and had not vacated office or his appointed had not been terminated. Provided that nothing in his article shall be deemed to give validity to acts done by a director after his appointment has been shown to the Company to be invalid or to have terminated.

(ii) No resolution shall be deemed to have been duly passed by the Board or by a committee thereof by circulation unless the resolution has been circulated in draft, together with the necessary papers if any, to all the directors or to all the members of the committee, then in India (not being less in number than the quorum fixed for a meeting of the Board or committee as the case may be) and to all other directors or members at their usual address in India or by a majority of them as are entitled to vote on the resolution.

(iii) A resolution passed by circular without a meeting of the Board or of a Committee of the Board shall subject to the provisions of sub-clause (1) hereof be as valid and effectual as a resolution duly passed at a meeting of the Board or of the committee duly called and held.”

General Powers of the Board

Article 148 provides that, "subject to the provisions of the Act and these Articles the Board of Directors of the Company shall be entitled to exercise all such powers and to do all such acts and things as the Company is authorised to exercise and do. Provided that the Board shall not exercise any power or do any act or thing which is directed or required, whether by the Act or any other act or by the Memorandum of Association of the Company or these Articles or otherwise, to be exercised or done by the company in general meeting. Provided further that in exercising any such power or doing any such act or thing the Board shall be subject to the provisions contained in this behalf in the Act or in any other act or in the Memorandum of Association or in any regulations not inconsistent therewith and duly made thereunder including regulations made by the Company in general meeting. No regulation made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made."

Execution of Indemnity

Article 149 provides that, "if the Directors or any of them or Manager and other officer or any person (whether officer of the Company or not) employed by the Company, or as an auditor, or servant of the Company shall become personally liable for the payment of any sum primarily due from the Company the Board may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity against any loss which the Directors or any one or more of them may suffer by reason of becoming or being sureties or surety for the Company."

Power of Attorney

Article 150 provides that, "at any time and from time to time by Power of Attorney under the seal of the Company, to appoint any person or persons to be Attorney or Attorneys of the Company, to appoint any person or persons to be Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also except in their limits authorised by the Board the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board may from time to time think fit; and any such appointment may (if the Board think fit) be made in favour of the member or any of the members of any Local Board, established as aforesaid or in favour of any Company or the share-holders, Directors, nominees or Managers of any Company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such Power of Attorney may contain such powers for the protection convenience of persons dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them."

MANAGING DIRECTOR

Board may appoint Managing Director

Article 151 provides that, "subject to the provisions of the Act, the Board of Directors may from time to time appoint one or more of their body to be Managing Director or Managing Directors or Whole-time Director or Whole-time Directors of the Company on such terms and conditions and for such period that it may consider proper. Subject to the provisions of the Act and these Articles a Managing Director or the Whole-time Director shall not while he continues to hold that office be subject to retirement by rotation and he shall not be taken into account in determining the Directors liable to retire, by rotation or the number of Directors to retire, but he shall, subject to the terms of any contract between him and the Company, be subject to the same provisions as to resignation and removal as the other directors of the Company."

Remuneration of Managing Directors

Article 152 provides that, "the remuneration of a Managing Director shall from time to time be fixed by the Board and may be by way of salary or commission or participation in profits or by any or all of these modes or in any other form and shall be subject to the limitations prescribed in the Act."

Directors may confer power on Managing Director

Article 153 provides that, "subject to the provisions of the Act and to the restrictions contained in these articles the Board may, from time to time, entrust to and confer upon a Managing Director for the time being such of the powers exercisable by the Board under these articles as it may think fit and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as it thinks expedient and it may confer such powers either collaterally with or to the exclusion of or in substitution for all or any of the powers of the Board in that behalf, and may from time to time revoke, withdraw, alter or vary all or any of such powers."

DIVIDENDS

Apportionment of Dividends

Article 162 provides that,

"All dividends shall be apportioned and paid proportionate to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly."

Declaration of Dividends

Article 163 provides that,

(a) The Company in general meeting may subject to the provisions of the Act declare a dividend to be paid to the members according to their rights and interests in the profits and may fix the time for payment, but no dividend shall exceed the amount recommended by the Board.

(b) The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks proper as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the company) as the Board may, from time to time, think fit.

(c) The Board may also carry forward profits which it may think not prudent to divide, without setting them aside as a reserve.

Dividend out of profits only

Article 164 provides that, "No dividend shall be payable except out of the profits of the Company arrived at as laid down in the Act."

Interim Dividends

Article 167 provides that, "the Board of Directors may from time to time pay to the members such interim dividends as in its judgment the position of the Company justifies."

Unpaid Or Unclaimed Dividend

Article 174 provides that,

“(1) Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, it shall transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the Company in that behalf in any scheduled bank to be called unpaid dividend account of the Company.

(2) Any money transferred to the unpaid dividend account, which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the Company to the fund known as the Investor Education and Protection Fund established under Section 205C of the Act.

(3) No unclaimed or unpaid dividend shall be forfeited by the Board.”

CAPITALISATION OF PROFITS

Capitalization of profits

Article 176 provides that,

“(1) Any general meeting may, upon the recommendation of the Board, resolve that-

(i) any moneys, investments or other assets forming part of the undistributed profits of the Company standing to the credit of the profit and loss account or of the reserve accounts or any capital redemption reserve fund or otherwise available for distribution and

(ii) That such sum be set free for distribution in the manner specified in clause (2) among members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

(2) The sum aforesaid shall not be paid in cash but shall be applied subject to the provisions contained in clause (3) either in or towards:-

(a) paying up any amount for the time being unpaid on shares held by such members respectively;

(b) paying up in full, un-issued shares of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportions aforesaid; or

(c) partly in the way specified in sub-clause (i) and partly in that specified in sub clause (ii).

(3) A share premium account and a capital redemption reserve fund may, for the purpose of this regulation only, be applied in paying up of un-issued shares to be issued to members of the Company as fully paid bonus shares

(4) The Board shall give effect to the resolutions passed by the Company in pursuance of this regulation.

WINDING UP

Winding up

Article 189 provides that,

“(1) If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide among the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.

(2) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between members or different classes of members.

(3) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no member shall be compelled to accept any shares or other securities whereon there is a liability.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following Contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These Contracts, copies of which have been attached to the copy of this Draft Red Herring Prospectus, delivered to the Registrar of Companies, Maharashtra, Mumbai for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office of our Company from 10.00 am to 4.00 pm on working days from the date of the Red Herring Prospectus until the Bid/Offer Closing Date.

Material Contracts to the Offer

1. Letters of engagement dated January 9, 2008 from our Company for appointment of the BRLMs.

2. Memorandum of Understanding between our Company, the Selling Shareholders and the BRLMs dated January 9, 2008.

3. Memorandum of Understanding between our Company and the Registrar to the Offer dated January 9, 2008.

4. Escrow Agreement dated [•] between the Company, the Selling Shareholders, the BRLMs, the Escrow Banks and the Registrar to the Offer.

5. Syndicate Agreement dated [•] between the Company, the Selling Shareholders, the BRLMs and the Syndicate Members.

6. Underwriting Agreement dated [•] between the Company, the Selling Shareholders, the BRLMs and the Syndicate Members.

Material Documents

1. Our Memorandum and Articles of Association as amended from time to time.

2. Our certification of incorporation.

3. Board resolutions in relation to the Offer.

4. Shareholders' resolutions in relation to the Offer.

5. Board Resolution and letters of authority received from each of the Selling Shareholders.

6. Letter dated September 14, 2007 by the Government of India approved the change in the shareholding pattern of the Company.

7. Consents of Bankers to the Company, BRLMs, Syndicate Members, Registrar to the Offer, Bankers to the Issue, Domestic Legal Counsel to the Company, Domestic Legal Counsel to the Underwriters, International Legal Counsel to the Underwriters, Directors of the Company, IPO Grading Agency, Company Secretary and Compliance Officer, as referred to, in their respective capacities.

8. Initial listing applications dated [•] and [•] filed with BSE and NSE respectively.

9. In-principle listing approval dated [•] and [•] from BSE and NSE respectively.

10. Tripartite Agreement between NSDL, our Company, the Registrar and Transfer Agent to our Company, dated [●].

11. Tripartite Agreement between CDSL, our Company and the Registrar to the Offer dated [●].

12. Trust Deed dated December 9, 2002 between the Sponsor and the Trustee for settling the UTI Mutual Fund.

13. Investment Management Agreement dated December 9, 2002 between the UTI Mutual Fund and the Company for providing services of an asset manager to the trust.

14. Memorandum of Understanding dated August 2, 2006 between Shinsei Bank Limited, UTIIL and the Company for providing fund structuring, operations, investment management and product development of onshore Japanese structure and/or any overseas structure set up in any country to facilitate investments by Japanese investors in Indian listed securities.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes

DECLARATION

All relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or guidelines issued, as the case may be. We further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

Signed by the Directors of our Company

Mr. U.K. Sinha

Mr. P.R. Khanna

Dr.K.C. Mishra

Ms. Anita Ramachandran

Mr. Prithvi Haldea

Mr. S.C. Bhargava

Signed by the Selling Shareholders

State Bank of India
[#] through its representative

Life Insurance Corporation of India
[#] through its representative

Punjab National Bank
[#] through its representative

Bank of Baroda
[#] through its representative

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Signed by the Chief Financial Officer

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Signed by the Company Secretary

Date: January 9, 2008

Place: Mumbai