

TATA YOUNG CITIZENS' FUND

ANNUAL REPORT 2003 - 2004



With expertise comes trust

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STATUTORY DETAILS

<p>SPONSORS</p> <p>Tata Sons Limited Bombay House, 24, Homi Modi Street, Mumbai - 400 001.</p> <p>Tata Investment Corporation Limited Ewart House, 22, Homi Modi Street, Mumbai - 400 001.</p> <p>TRUSTEE</p> <p>Tata Trustee Company Private Limited Mulla House, 51 M. G. Road, Mumbai - 400 001.</p>	<p>AMC</p> <p>Tata Asset Management Ltd. Mulla House, 51, M. G. Road, Mumbai - 400 001.</p> <p>REGISTRAR</p> <p>Computer Age Management Services (Pvt.) Limited Rayala Towers (Third Floor), 781/785, Anna Salai, Chennai – 600 002.</p> <p>CUSTODIAN</p> <p>ABN Amro Bank N. V., 71/72, Sakhar Bhavan, 7th Floor, Nariman Point, Mumbai 400 021.</p>
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REPORT OF THE TRUSTEES TO THE UNITHOLDERS OF TATA YOUNG CITIZENS' FUND FOR THE YEAR ENDED 31ST MARCH 2004

Dear Unitholder,

It gives us great pleasure to enclose schemewise audited financials as on 31st March, 2004. This Report is in continuation of the 'Performance and Portfolio of the Schemes' Report as on 31st March, 2004 published by us earlier.

(I) CONSTITUTION OF THE FUND

Tata Mutual Fund (TMF) has been constituted as a Trust in accordance with the provisions of The Indian Trusts Act, 1882 (2 of 1882) and is registered as a Trust under The Indian Registration Act, 1908. TMF was registered with the Securities & Exchange Board of India (SEBI) and commenced operations by launching its first scheme on 30th August, 1995. Tata Sons Limited (TSL) and Tata Investment Corporation Limited (TICL), are the Settlers and Sponsors of Tata Mutual Fund. TSL and TICL, have made an aggregate initial contribution of Rs. 1 lakh towards setting up of TMF. With effect from 25th February 2004 TD Bank Financial Group ceased to be a sponsor of Tata Mutual Fund. Tata Trustee Company Private Limited is the Trustee Company and Tata Asset Management Limited (TAML) as the Asset Management Company of Tata Mutual Fund.

The Shareholding pattern of Tata Asset Management Ltd (TAML) and Tata Trustee Company Private Ltd (TTCPL) as on 31st March, 2004 is:

	TAML	TTCPL
Tata Sons Ltd	67.91%	50%
Tata Investment Corporation Limited	32.09%	50%

The main object of TMF is to formulate and devise various collective Schemes of savings and investments from the general public and to provide them with reasonable income / returns and ensure liquidity of investments for the Unitholders.

(II) FUNDS UNDER MANAGEMENT

We manage twenty open ended schemes of which eight are equity schemes, two are balanced schemes and ten are debt schemes. The total net assets under management was around Rs 4013 crores as on 31/03/04 which has increased from Rs. 1027 crores as on 31/03/03 showing an increase of Rs 2986 crores. The AMC's continued focus on marketing and sales efforts has been showing good results and the total assets under management as on 31/08/04 were Rs 6298.32 crores.

Report of the Trustee on the operations / performance of the scheme during the year and the future outlook :-

The Year that was:

Equity :

The year ending March 2004 was a dream year for equities with the BSE Sensex going up from to 3050 levels in March'03 to 6200 levels by January 2004 before finally correcting and closing at 5600 levels in March 2004. The year also marked record FII investments which is an indicator of long term positive outlook towards the country. A very good monsoon after two years of sub-normal rainfall bolstered sentiment and aided GDP growth of 8.2% in the year 2003-04. The market rally was very broad-based and it witnessed participation from pharmaceuticals, banking, automobiles, auto-ancillaries, power, engineering, steel, etc. One of the highlights of last year was the outperformance of the mid-caps in most sectors given their relative valuations and business outlook. The rally that we witnessed last year was the result of the economic revival on the back of low interest rates, restructured enterprises and robust business outlook.

Debt:

The year 2003-04 saw the G -Sec and Corporate Bond yields moving down. The repo rate was cut by 50 basis points during the year. The 10 year moved down from 6.11 % to 5.15 % levels. The main driver for yields coming down has been abundant liquidity conditions created due to RBI intervention in the forex market to control appreciation of the rupee. FII portfolio flows totalled 10 billion during the year. Corporate bonds were well bid and spreads remained in the 60 to 80 basis points over corresponding G Sec maturity. The year 2003- 04 was a landmark year as GDP grew by 8.2 % for the year, and the fiscal deficit was 4.8 % of GDP, lower than the budgeted number.

FUTURE OUTLOOK:

EQUITY

Companies have been benefiting from higher commodity prices, outsourcing potential and positive domestic demand drivers. Focus on infrastructure and reforms should continue to benefit the overall macro-economic environment. The monsoons which did play truant in the initial period have now starting to normalize and we expect the positive impact of near normal monsoons for the current year. Interest rates have started to harden but we see no immediate impact on the economy. Rising oil prices are a matter of concern, but the recent correction that we have witnessed is comforting. We are quite positive on the long-term drivers of low interest rates, favorable demographics and outsourcing potential which is not just restricted to software but also manufacturing, particularly in sectors like automobiles, auto-ancillaries, pharmaceuticals and textiles.

DEBT OUTLOOK

There has been an upward movement in yields in the current financial year. The factors which have influenced upward movement in yields are globally rising interest rates, high oil and commodity prices. The positive for the market is the liquidity prevailing in the system. The slope of the yield curve has steepened and the 1 year is trading in the band of 5.10 %- 5.30 % and the 10 year is trading in the band of 6.00 % to 6.50 % levels.

Inflation during the current year has moved up to above 7 % levels due to higher manufacturing and commodity prices. RBI Governor has stated higher inflation is due to supply side shock and excess liquidity prevailing in the system. He has also stated market players should prepare themselves for interest rate cycles. RBI Governor stated he will revisit monetary policy stance if rise in global rates and oil prices are more than what he has factored when formulating monetary policy. The fiscal measures taken by the government to control inflation has been to cut excise and custom duty on Oil, cut the import and

excise duty on steel. The MSS issue size has been increased to 80,000 Crores with a review on MSS around 70,000 Crores. Market participants feel inflation may come down due to these measures initiated by the government. The yields on the debt market will now be a function of the expected inflation numbers and the global outlook on the economy.

Tata Young Citizens' Fund:

The investment objective of Tata Young Citizens Fund is to provide long term capital growth along with steady capital accretion to its unitholders, while at all times emphasising the importance of capital preservation. The Scheme offers 2 options to investors : one, a lock-in till the donee attains 18 years of age, and two, no lock-in period. Around 50% of the funds available under this scheme can be invested in equity and equity related instruments in both established as well as emerging growth companies . The balance portion is invested in debt and money market instruments. For equity investments, the scheme has a philosophy of investing in well managed mid and large market capitalisation companies that are likely to deliver superior growth over the long term. To reduce risk within the assets allocated to equity, the scheme follows a policy of sectoral diversification. The debt portion of investment comprised of predominantly good quality corporate debentures / bonds.

The Scheme delivered a relatively good overall performance as compared to the benchmark index, viz. Crisil Balanced Index.

Performance at a glance (% as on 31st March, 2004)

	Last 1 year	Last 3 years	Last 5 years	Since Inception
Tata Young Citizens' Fund	56.86	18.71	13.66	14.76 (30/08/95)
Crisil Balanced Fund Index	52.18	N.A.	N.A.	NA

Performance at a glance (% as on 31st August, 2004)

	Last 1 year	Last 3 years	Last 5 years	Since Inception
Tata Young Citizens' Fund	19.99	19.85	11.18	14.02 (30/08/95)
Crisil Balanced Fund Index	15.55	N.A.	N.A.	NA

Return for period upto 1 year is absolute and for more than one year is compounded annualised.

Past performance may or may not be sustained in future. No data for benchmark index is available prior to 30th March 2002.

LIABILITIES AND RESPONSIBILITIES OF TRUSTEES

Tata Mutual Fund was constituted as a Trust in accordance with the provisions of the Indian Trust Act 1882 and is registered as a Trust under The Indian Registration Act 1908. Tata Sons Limited and Tata Investment Corporation Limited the initial Sponsors are the Settlers and have made an initial contribution of Rs 1 lakh towards setting up of Tata Mutual Fund. The Trustee i.e Tata Trustee Company Private Limited is accountable for the funds and property of the respective schemes of Tata Mutual Fund which it holds in trust for the benefit of the unitholders in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and the provisions of the Trust Deed. The Trustee Company has appointed Tata Asset Management Limited to manage the schemes of Tata Mutual Fund. The Trustee Company is responsible to ensure that the asset management company fulfils the various functions assigned to it under the Securities & Exchange Board of India (Mutual Fund) Regulations 1996 and the Trust Deed .

LAUNCHING OF NEW SCHEMES

The following new schemes are envisaged in the current year

- 1) **Tata Equity P/E Fund:** An equity scheme with atleast 70% investments in companies whose trailing P/E at the time of investments is lower than the trailing P/E of the BSE Sensex. This scheme was launched on 17th May 2004 and grossed over Rs 100 crores in the initial issue.
- 2) **Tata MIP Floater Fund:** An open ended debt scheme. Monthly income is not assured and is subject to availability of distributable income. The scheme has a monthly income option. The fund will invest at least 65% of the corpus in floating rate and money market instruments along with maximum of 20% investments in equity shares.
- 3) **Tata Plan Your Savings Fund:** A Fund of Funds scheme which invests in schemes floated by the AMC and even other AMC's. The various investment plans offer investors of different age profile a method to plan their savings based on their life cycle stage and age in an easy to understand manner.
- 4) **Tata Infrastructure Fund:** A scheme investing predominantly in equity shares of infrastructure sector companies.
- 5) **Tata Dividend Yield Fund:** A scheme investing predominantly in equity shares of companies which have a higher dividend yield than the dividend yield of the BSE SENSEX.

PROPOSED CHANGES IN THE SCHEME

Trading in Derivatives

The Fund may invest in derivatives instruments such as Futures, Options, Forward Rate Agreements (FRAs) & Interest Rate Swaps (IRS) or such other instruments as may be permitted under the regulations. The use of derivatives will only be done for hedging and portfolio balancing in accordance with the SEBI (Mutual Funds) Regulations, 1996 and within the parameters approved by the Trustee Company.

The Scheme may use techniques and instruments such as trading in derivative instruments to hedge the risk of fluctuations in the value of the investment portfolio. A derivative is an instrument whose value is derived from the value of one or more of the underlying assets which can be commodities, precious metals, bonds, currency, etc. Common examples of Derivative instruments are Interest Rate Swaps, Forward Rate Agreements, Futures, Options, etc. The Scheme may write (sell) and purchase call and put options in securities in which it invests and on securities indices based on securities in which the scheme invests. Through the purchase and sale of futures contracts and related options on those contracts the Fund would seek to hedge against a decline in securities owned by the Fund or an increase in the prices of securities which the Fund plans to purchase. The Fund would sell futures contracts on securities indices in anticipation of a fall in stock prices, to offset a decline in the value of its equity

portfolio. When this type of hedging is successful, the futures contract increase in value while the Fund's investment portfolio declines in value and thereby keep the Fund's net asset value from declining as much as it otherwise would. Similarly, when the Fund is not fully invested, and an increase in the price of equities is expected, the Fund would purchase futures contracts to gain rapid market exposure that may partially or entirely offset increase in the cost of the equity securities it intends to purchase.

Example 1. Hedging against an anticipated rise in equity prices

The scheme has a corpus of Rs.100 crores and has invested Rs.85 crores in equity and still has a cash of Rs.15 crores available to invest. The Fund may buy index futures of a value of Rs.15 crores. The scheme may reduce the exposure to the future contract by taking an offsetting position as investments are made in the equities the scheme wants to invest in. Here, if the market rises, the scheme gains by having invested in the index futures.

Event	Gain / (Loss) from derivative position	Gain / (Loss) from cash market position	Overall Gain / (Loss) to Scheme
5% rise in equity price	$15 * 5\% = \text{Rs. } 0.75 \text{ crs}$	$85 * 5\% = \text{Rs. } 4.25 \text{ Crs}$	Rs. 5 crores
5% fall in equity price	$15 * 5\% = (\text{Rs. } 0.75 \text{ crs})$	$85 * 5\% = (\text{Rs. } 4.25 \text{ Crs})$	(Rs. 5 crores)

Example 2:- Hedging against anticipated fall in equity prices:-

If the Fund has a negative view on the market and would not like to sell stocks as the market might be weak, the scheme of the Fund can go short on index futures. Later, the scheme can sell the stocks and unwind the future positions. A short position in the future would offset the long position in the underlying stocks and this can curtail potential loss in the portfolio.

For eg. the scheme has a corpus of Rs.100 crores and is fully invested in equities. If fund manager wishes to reduce the equity exposure to Rs. 80 crores in a short time, he would sell index future contracts of Rs. 20 crores.

Event	Gain / (Loss) from derivative position	Gain / (Loss) from cash market position	Overall Gain / (Loss) to Scheme
5% fall in equity price	$20 * 5\% = \text{Rs. } 1 \text{ crs}$	$80 * 5\% = (\text{Rs. } 4.00 \text{ Crs})$	(Rs. 3 crores)
5% rise in equity price	$20 * 5\% = (\text{Rs. } 1 \text{ crs})$	$80 * 5\% = \text{Rs. } 4 \text{ Crs}$	Rs. 3 crores

Example 3 : Use of IRS

Assuming the Scheme is having 10% of the portfolio in cash. The fund manager has a view that the interest rate scenario is soft and call rates are unlikely to spurt over the next three months. The fund manager would therefore prefer to receive a higher rate of return on his cash, which he is lending in the overnight call market. In other words, he would like to move to a 91 days fixed interest rate from overnight floating rate.

1. Say Notional Amount : Rs. 2 crores
2. Benchmark : NSE MIBOR
3. Tenor : 91 Days
4. Fixed Rate : 10.25%
5. At the end of 91 days;
6. The Scheme pays : compounded call rates for 91 days is 9.90%
7. TMF receives : Fixed rate at 10.25% for 91 days.

In practice, however the difference of the two amounts is settled. Here the Scheme receives $\text{Rs. } 20000000 \times 0.35\% \times 91 / 365 = 17452$. The players in IRS are scheduled commercial banks, primary dealers, corporate, mutual funds and All India Financial Institutions.

Risks associated with Derivatives

Derivative products are specialised instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to access the risk that a derivative adds to the portfolio and the ability to forecast price of interest rate movements correctly. There is a possibility that a loss may be sustained by the portfolio as a result of the failure of another party (usually referred to as the "counterparty") to comply with the terms of the derivatives contract. Other risks in using derivatives include the risk of mis-pricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. Also, the market for derivative instruments is nascent in India.

Exposure to Derivatives

The scheme will have a maximum derivative net position of 50% of the net assets of the scheme. The limits on equity derivatives exposure per scrip / instrument and derivative positions are given below:

SR NO.	DERIVATIVE	ACTION	DESCRIPTION	LIMIT
1	Index futures	Buy	Buy futures against cash to protect against rising market	To the extent of cash / equivalents in rising market the portfolio. Max. limit 50% of equity portfolio
2	Index futures	Sell	Hedging of portfolio against expected market downturn	Up to 50% of equity portfolio of the fund
3	Index Options - Call	Buy	Buy index calls against cash (existing / expected) to protect against rising market	To the extent of cash / equivalents in the portfolio. Max. limit 50% of equity portfolio

SR NO.	DERIVATIVE	ACTION	DESCRIPTION	LIMIT
4	Index Options - Call	Sell	Covered Call Sale- against existing portfolio	Up to 50 % of equity portfolio of the fund
5	Index Options - Put	Buy	Buy index puts to hedge existing portfolio	Up to 50% of equity portfolio of the fund
6	Index Options - Put	Sell	Covered Put Sale- Possible top sell index puts against existing / expected cash	To the extent of cash / equivalents in the portfolio. Max. limit 50 % of equity portfolio
7	Stock futures	Buy	Buy against cash to protect against rising share prices	To the extent of cash / equivalents in the portfolio. Max. limit 50% of equity portfolio; per scrip limit 10% of the net assets of the scheme
8	Stock futures	Sell	Sell against existing stock – Hedging against downside on existing stock in the face of expected volatility in the stock price	To the extent of the particular scrip holding in the portfolio; per scrip limit 10% of the net assets of the scheme
9	Stock options - Call	Buy	Buy against cash to protect against rising share prices	To the extent of cash / equivalents in the portfolio. Max. limit 50 % of portfolio; per scrip limit 10% of the net assets of the scheme
10	Stock options - Call	Sell	Sell against existing stock	To the extent of the particular scrip holding in the portfolio; limit 10% of the net assets of the scheme
11	Stock options - Put	Buy	Purchase against existing stock. Hedging against downside on existing stock in the face of expected volatility in the stock price	To the extent of the particular scrip holding in the portfolio; limit 10% of the net assets of the scheme
12	Stock options - Put	Sell	Covered Put Sale against cash	To the extent of cash / equivalents in the portfolio. limit 10% of the net assets of the scheme

We take this opportunity to express our sincere thanks to you, our valued customers as also the various regulatory authorities, and our co-partners in Mutual Fund operations viz. our Intermediaries, Agents, Bankers, Auditors, Solicitors, Registrars, Custodians and Brokers for their valuable support throughout the years.

With best wishes,

***On behalf of the Board of Directors of
Tata Trustee Company Private Limited***

S. M. Datta

Chairman

Date :1st September 2004

Encl. Schemewise Audited Accounts and Auditor's Report

NOTE

The price and redemption value of the units, and income from them , can go up as well as down with the fluctuations in the market value of its underlying investments.

Note:

- 1) A copy of the Annual Report of the Fund will be posted to all the unitholders. In case of non-receipt a Unitholder on request can obtain from the Fund a copy of the Annual Report of the scheme in which he has invested.
- 2) The Annual results have been placed by the Tata Asset Management Ltd. before the Board of the Trustee Company and approved by the Trustee Company on 28th May 2004.
- 3) The Annual Report of the Asset Management Company has been displayed on our website www.tatamutualfund.com. A copy of the same shall be provided to the unitholders on request.
- 4) On a written request, present and prospective unitholders / investors can obtain copy of the Trust Deed, the annual report (at a price)and the text of the relevant scheme.



AUDITORS' REPORT

**TO THE BOARD OF DIRECTORS OF
TATA TRUSTEE COMPANY PRIVATE LIMITED
TATA MUTUAL FUND – TATA YOUNG CITIZENS' FUND**

We have audited the attached Balance Sheet of Tata Mutual Fund – Tata Young Citizens' Fund (the "Fund") as at 31 March 2004 and the related Revenue Account for the year ended on that date and report thereon as follows:

- a) Our audit was conducted in accordance with generally accepted auditing standards in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- b) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- c) The Balance Sheet and the Revenue Account dealt with by this report are in agreement with the books of account of the Fund.
- d) The Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with accounting policies and standards as specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996. These financial statements are the responsibility of the Managements of the Trustee and the Asset Management companies.
- e) Non - traded securities have been valued in accordance with the guidelines notified by the Securities and Exchange Board of India. In our opinion, these valuations are fair and reasonable.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and give a true and fair view:
 - i. in the case of the Balance Sheet of the state of affairs of the Fund as at 31 March 2004 and
 - ii. in the case of the Revenue Account, of the excess of revenue over expenditure for the year ended on that date.

For **S. B. BILLIMORIA & CO.**
Chartered Accountants

P. R. Ramesh
Partner

Membership No. 70928

Mumbai,
28 May 2004

Balance Sheet of Tata Young Citizens' Fund as at 31st March, 2004

Schedule	As At 31-Mar-04 (Rupees)	As At 31-Mar-03 (Rupees)
LIABILITIES		
I Unit Capital I	744,834,597	619,501,135
II Reserves & Surplus II	211,077,871	14,063,230
III Loans III	0	0
IV Current Liabilities and Provisions IV	6,531,175	7,852,422
TOTAL	<u>962,443,643</u>	<u>641,416,787</u>
ASSETS		
V Investments V	926,768,106	608,576,027
VI Deposits VI	0	17,700,000
VII Other Current Assets VII	35,675,537	15,106,707
VIII Fixed Assets VIII	0	0
IX Deferred Revenue Expenditure IX	0	34,053
TOTAL	<u>962,443,643</u>	<u>641,416,787</u>
Significant Accounting Policies and Notes to Accounts XI		

Revenue Account of Tata Young Citizens' Fund for the year ended 31st March, 2004

	Schedule	Year Ended 31-Mar-04 (Rupees)	Year Ended 31-Mar-03 (Rupees)
INCOME			
1 Dividend		15,232,108	7,680,090
2 Interest	X	28,802,658	29,755,482
3 Profit on Sale / Redemption of Investments		213,910,916	48,669,086
4 Profit on Inter Scheme transfer / sale of Investments		0	0
5 Other Income (Including premium receivable on Redemption of Investments)		0	1,206,337
TOTAL (A)		257,945,682	87,310,995
EXPENSES AND LOSSES			
6 Provision for depreciation in value of Investments		(900,000)	900,000
7 Provision for outstanding accrued Income considered doubtful		0	0
8 Provision for doubtful deposits and current assets		0	0
9 Loss on Sale / Redemption of Investments		23,646,680	42,473,813
10 Loss on Inter scheme transfer / Sale of Investments		0	0
11 Management fees		10,404,805	7,987,305
12 Trusteeship fees		416,234	322,658
13 Staff cost including salaries allowances, contributions to Provident Fund, Gratuity, etc.		0	0
14 Office and administrative expenses		0	0
15 Registration and Local Charges		0	0
16 Commission to Agents		249,880	314,509
17 Publicity expenses		2,782,627	2,305,873
18 Audit Fees		54,000	54,632
19 Other operating expenses		3,877,265	2,189,259
20 Deferred revenue expenses written off		34,052	1,918,287
21 Depreciation of Fixed Assets		0	0
22 Custodian Fees		790,312	859,460
23 Registrar Fees		2,243,178	1,963,456
24 Less : Amount recovered on sale of units on account of management expenses		0	0
TOTAL (B)		43,599,033	61,289,252
26 Surplus / (Deficit) (A - B)		214,346,649	26,021,743
27 Net change in unrealised appreciation / (diminution) in value of investments (Refer note 16)		138,761,606	(24,965,093)
28 Surplus / (Deficit) after considering unrealised appreciation / (diminution) in value of investments		353,108,255	1,056,650
29 Add : Income Equalisation Account		(4,892,682)	63,182
		348,215,573	1,119,832
30 Add : Surplus / (Deficit) brought Forward		13,431,498	12,311,666
31 Transfer from Reserves		0	0
32 Prior Period Income		0	0
33 Surplus / (Deficit) after adjustments		361,647,071	13,431,498
Appropriations			
34 Income Distribution / Units Capitalisation		150,945,582	0
35 Tax on dividend distributed		0	0
36 Transfer to Reserves		0	0
37 Surplus / (Deficit) carried forward		210,701,489	13,431,498
Income as a percentage to Average Net Assets		31.07	13.53
Recurring Expenses as a percentage to Average Net Assets		2.50	2.48
Significant Accounting Policies and Notes to Accounts	XI		

Schedules forming part of Balance Sheet as at 31st March, 2004

	As At 31-Mar-04 (Rupees)	As At 31-Mar-03 (Rupees)
I UNIT CAPITAL :		
Initial Capital (20,588,580.000 Units of the face value of Rs. 10/- each)	<u>205,885,800</u>	<u>205,885,800</u>
Unit Capital		
Balance as on 1st April, 2003 (61,950,113.500 Units of the face value of Rs. 10/- each)	619,501,135	646,560,058
Add : Bonus units allotted (15,094,558.200 Units of the face value of Rs. 10/- each)	150,945,582	0
Add : Units sold during the year (2,425,076.200 Units of the face value of Rs. 10/- each)	<u>24,250,762</u>	<u>5,393,513</u>
	794,697,479	651,953,571
Less : Units repurchased / redeemed during the Year (4,986,288.200 Units of the face value of Rs. 10/- each)	<u>49,862,882</u>	<u>32,452,436</u>
	<u>744,834,597</u>	<u>619,501,135</u>
II RESERVES & SURPLUS		
Unit premium reserve		
Balance as on 1st April, 2003	631,732	1,165,059
Add : Addition during the year	<u>(257,366)</u>	<u>(533,327)</u>
	374,366	631,732
Less : Transfer to / (from) Revenue Account for the year	<u>0</u>	<u>0</u>
Balance as on 31st March, 2004	374,366	631,732
General Reserve	0	0
Income equalisation reserve	0	0
Other Reserves (Load)		
Balance as on 1st April, 2003	0	0
Add : Addition during the year	<u>1,046,196</u>	<u>337,885</u>
	1,046,196	337,885
Less : Transfer to / (from) Revenue Account for the year	<u>1,044,180</u>	<u>337,885</u>
Balance as on 31st March, 2004	2,016	0
Appropriation account		
Balance as on 1st April, 2003	13,431,498	12,311,666
Add : Excess of Income over Expenditure	<u>197,269,991</u>	<u>1,119,832</u>
Balance as on 31st March, 2004	<u>210,701,489</u>	<u>13,431,498</u>
	<u>211,077,871</u>	<u>14,063,230</u>
III LOANS		
Loan from Reserve Bank of India	0	0
From Settlor (TSL / TICL)	0	0
From Other Commercial Banks	0	0
From others	0	0
	<u>0</u>	<u>0</u>
IV CURRENT LIABILITIES AND PROVISIONS		
<u>CURRENT LIABILITIES</u>		
Management Fees Payable	1,017,262	683,176
Trusteeship Fees Payable	40,692	27,327
Selling Commission	142,657	0
Advertisement & Publicity	426,870	2,121,154
Audit Fees	54,000	54,543
Custodian Fees & Expenses	38,272	48,799
Registrar Fees & Expenses	282,227	699,988
Other Expenses	54,197	54,544
Interest payable on loans	0	0
Contract for purchase of investments	4,296,418	3,622,849
Bank account overdrawn as per books	0	0
Unclaimed distributed income	0	0
Others	<u>178,580</u>	<u>540,042</u>
	<u>6,531,175</u>	<u>7,852,422</u>

Schedules forming part of Balance Sheet as at 31st March, 2004

	As At 31-Mar-04 (Rupees)	As At 31-Mar-03 (Rupees)
PROVISIONS		
Provision for loss / depreciation in value of investments	0	0
Provision for doubtful deposits	0	0
Provision for outstanding and accrued income considered doubtful	0	0
Provision for gratuity	0	0
Provision for staff welfare fund	0	0
Proposed income distributed on initial capital and unit-capital	0	0
Other provisions	0	0
	0	0
	6,531,175	7,852,422
V INVESTMENTS (Market / YTM / Fair value)		
Equity Shares	470,018,334	302,063,242
Preference Shares	515,956	0
Privately Placed Debentures / Bonds	0	20,000,000
Debentures and Bonds listed / awaiting listing on recognised stock exchange	286,254,816	160,766,785
Call paid in advance	0	0
Term Loans	0	0
Central & State Government Securities (including Treasury Bills)	169,979,000	125,746,000
Commercial Paper	0	0
Quoted Warrants / Deep Discount Bonds	0	0
Mutual Fund Units	0	0
Others	0	0
	926,768,106	608,576,027
VI DEPOSITS		
Deposits with scheduled Banks (including Call Money)	0	17,700,000
Deposits with Companies / Institutions	0	0
Others	0	0
	0	17,700,000
VII OTHER CURRENT ASSETS		
Balances with Banks in Current Account	4,731,159	716,701
Cash on Hand	0	0
Sundry Debtors	152,500	0
Contract for sale of investments	19,633,631	4,422,280
Outstanding & accrued income	11,158,247	9,967,726
Advance, Deposits, etc.	0	0
Bridge Finance	0	0
Shares / Debentures application money, pending allotment	0	0
Others (redemption proceeds receivable and unclaimed dividend / redemption receivable)	0	0
	35,675,537	15,106,707
VIII FIXED ASSETS		
Leasehold land	0	0
Freehold land	0	0
Office building and premises	0	0
Furniture & fixtures and office equipment	0	0
Other assets	0	0
	0	0
IX DEFERRED REVENUE EXPENDITURE		
Opening balance	34,053	1,952,340
Less : Amount written off during the year	34,053	1,918,287
Amount deferred to subsequent years	0	34,053

Schedule forming part of Revenue Account for the year ended 31st March, 2004

	As At 31-Mar-04 (Rupees)	As At 31-Mar-03 (Rupees)
X INTEREST INCOME		
Call Money	1,493,886	2,073,067
Term Deposit	19,144	128,924
Debentures / Bonds / Asset Backed Securities	18,205,155	15,959,089
Commercial Paper	0	0
Government Securities	8,708,628	6,010,969
Repo Income	359,715	0
Others (including Discount Income)	16,130	5,583,433
	28,802,658	29,755,482

Significant Accounting Policies and Notes to Accounts **XI**

XI. Statement of significant accounting policies of Tata Young Citizens' Fund (TYCF) and Notes forming part of the Accounts for the year ended 31 March 2004.

A. SIGNIFICANT ACCOUNTING POLICIES

1. INCOME RECOGNITION:

- a) Dividend income is accounted on ex-dividend dates.
- b) Profit or loss on sale of investments is recognised on trade dates. The cost of investments sold is determined on an average cost basis.
- c) Interest on investments is accounted on an accrual basis. Interest on an investment that is past due for three months is not accrued and a full provision is made against all outstanding interest on that investment.
- d) Discounts/ premiums to redemption value, on fixed income securities are amortised on a straight-line basis over the period to redemption.
- e) Other income of a miscellaneous nature is accounted when it is received.

2. EXPENSES:

- a) All expenses are accounted on an accrual basis.
- b) Expenses not identifiable with any particular scheme are generally allocated to the schemes in proportion to their net assets.

3. DEFERRED REVENUE EXPENDITURE:

Initial issue expenses are written off over a period of five years from the date of conversion i.e. 30 October 1998. The unamortised portion of the initial issue expenses is included in the NAV.

4. INVESTMENTS:

- a) Purchase and sale of investments are recorded on the date of the transaction, at cost and sale price respectively, after considering brokerage/commission.
- b) Rights entitlement pending formal allotment is accounted as investments at issue price plus acquisition cost, if any.
- c) Bonus entitlement is recognised on ex-bonus dates.

5. PORTFOLIO VALUATION FOR NAV CALCULATION

i. Traded Securities :

Traded Securities are valued at year-end closing market rates on the principal stock exchange on which the security is traded (excluding accrued interest, if any, which is accounted separately).

In the absence of a quoted price on the valuation date for debt securities (other than Government Securities), the last available quoted price within a period of fifteen days prior to the valuation date is used for valuation purposes.

In the absence of a quoted price on the valuation date for equity instruments, the last available quoted price within a period of thirty days prior to the valuation date is used for valuation purposes.

ii. Thinly Traded Securities :

Thinly traded equity / equity related securities are those securities whose trade in a month, are both less than Rs.5 lacs and the total volume is less than 50,000 shares. These have been valued on the basis of valuation principles laid down by SEBI for the same.

Debt securities (other than Government Securities) are considered as thinly traded if on the valuation date, there are no individual trades in those securities in marketable lots (presently Rs.5 crores) on the principal stock exchange or any other stock exchange. These have been valued on the basis of valuation principles laid down by SEBI for the same.

iii. Non-Traded Securities :

Non – traded debt securities of over 182 days to maturity are valued in good faith on a yield to maturity basis by Tata Asset Management Private Limited (TAMPL).

The non – traded debt securities have been classified by TAMPL as “investment grade” and “below investment grade” as on 31 March 2004. The values applied by TAMPL for “investment grade” debt securities are on the basis of valuation yields determined by CRISIL (Credit Rating Information Services Of India Limited). In the opinion of TAMPL, these yields determine fair and reasonable values and such basis of valuation is approved by the Tata Trustee Company Private Limited. The aggregate fair value of “investment grade” debt securities as on 31 March 2004 is Rs.2,862.55 lacs (previous year Rs.1,807.66 lacs). The value of “below investment grade” debt securities as on 31 March 2004 is Rs.NIL (previous year Rs.9.00 lacs).

These balances exclude redemption proceeds due but not received and fully provided Rs.Nil (previous year Rs.Nil).

These securities have been valued on the basis of valuation principles laid down by SEBI for the same.

Non – traded debt securities with residual maturity of upto 182 days are valued on the basis of amortization (cost plus accrued interest till the beginning of the day plus the difference between the redemption value (inclusive of interest) and the cost spread uniformly over the remaining maturity period of the instruments).

This basis of valuation is in accordance with SEBI guidelines.

iv. Money Market Securities :

Money market securities are valued on the basis of amortisation (cost plus accrued interest).

v. Government Securities :

Government securities are valued at the last quoted closing price on the principal stock exchange on which the security is traded. Government securities which are not traded on a recognised stock exchange are valued at the prices given by CRISIL, which is an approved agency as suggested by Association of Mutual Funds in India (AMFI).

vi. Unrealised Gain / Loss in value of Investments :

Following the issue of the Guidance Note on Accounting for Investments in the Financial Statements of Mutual Funds by the Institute of Chartered Accountants of India (pursuant to the Eleventh Schedule of the SEBI Regulations) net unrealised gain or loss in the value of investments is determined separately for each category of investments. Further the change in net unrealised gain / (loss), if any, between two balance sheet dates is recognised in the revenue account. However, unrealised appreciation is reduced from the distributable income at the time of income distribution.

6. NON PERFORMING ASSETS

Non Performing Assets are provided as per SEBI Guidelines.

B. Notes attached to and forming part of the accounts for the year ended 31 March 2004.

- Investments made by the schemes as grouped under the major classification as per the balance sheet are as follows :

Investments (Market / YTM / Fair Value)	As at 31-3-04 Rs.	As at 31-3-03 Rs.
Equity Shares	470,018,334	302,063,242
Preference Shares	515,956	0
Privately placed Debentures / Bonds	0	20,000,000
Debentures and Bonds listed / awaiting listing on recognised stock exchange	286,254,816	160,766,785
Central & State Government Securities (including Treasury Bills)	169,979,000	125,746,000
Total	926,768,106	608,576,027

2. As per the major classification given above, industry wise classification for the industries in which the scheme has invested more than 5% of the total exposure in that major classification is as follows :

Major Classification	Industry Wise Classification	Percentage of Exposure
Equity Shares	Automobile Manufacturer	11.57
	Banks	9.47
	Heavy Electrical Equipments	10.69
	Marine	5.70
	Steel	11.10
	Heavy Electrical Equipment	100.00
Preference Shares		
Non Convertible Debentures		
Listed	Aluminium	18.96
	Commodity Chemicals	7.16
	Electric Utilities	11.33
	Heavy Electrical Equipment	18.91
	Automobile Manufacturer	7.45
	Banks	21.58
	Consumer Finance	7.52
	Government of India	100.00
Government Securities		

3. Total value of Illiquid Securities - Rs.438/-
Average Net Assets as on 31 March 2004 - Rs.830,172,180/-
% of Total value of Illiquid Securities to Avg. Net Assets - 0.00
Illiquid Securities are separately indicated in Annexure XII
4. A full list of investments of the scheme is available for inspection with the Asset Management Company.
5. The aggregate value of purchase and sale for the year ended 31 March 2004, expressed as a percentage of average daily net assets is as under :

Particulars	As at 31-3-04		As at 31-3-03	
	Value	%	Value	%
Aggregate value of Purchase	1,256,774,630	151.39	490,582,529	76.03
Aggregate value of Sale	1,264,011,107	152.26	485,721,571	75.27

6. Investments made in group companies are as follows :

Name of the Company	Amount invested Rs.
Tata Power Company Limited	11,685,450
Tata Iron & Steel Co. Limited	9,587,500
Tata Motors Limited	15,105,270
Tata Telecom Limited	4,318,996
Aggregate value of investments in group companies	40,697,216

7. Investments made by the schemes of Tata Mutual Fund in companies or their subsidiaries that have invested more than 5% of the net assets of any scheme, in terms of Regulation 25 (11) are as follows:

Company which has invested	Scheme in which Co. have invested more than 5% of the net assets	Schemes which have invested	Aggregate cost of acquisition during the year ended 31 March, 2004 Rs.	Outstanding as at 31 March, 2004 at Fair / Market Value Rs.
Bajaj Auto Limited	Tata Income Fund	Tata Balanced Fund	56,719,536	27,361,500
		Tata Index Fund Nifty Option - A	24,958,505	4,353,863
		Tata Index Fund Nifty Option - B	958,210	NIL
		Tata Index Fund Sensex Option - A	428,933	518,044
		Tata Index Fund Sensex Option - B	2,066,470	NIL
		Tata Growth Fund	22,702,793	7,752,425
		Tata Ind Tax Shield Option - A	3,472,878	NIL
		Tata Ind Tax Shield Option - B	1,249,488	NIL
		Tata Monthly Income Fund	680,584	NIL
		Tata Pure Equity fund	29,031,665	NIL

Company which has invested	Scheme in which Co. have invested more than 5% of the net assets	Schemes which have invested	Aggregate cost of acquisition during the year ended 31 March, 2004 Rs.	Outstanding as at 31 March, 2004 at Fair / Market Value Rs.
		Tata Select Equity Fund	32,709,662	17,328,950
		Tata Tax Saving Fund	14,497,815	NIL
		Tata Young Citizen Fund	26,700,058	12,312,675
Bank of Baroda	Tata Index Fund Nifty Option - A Tata Liquid Fund	Tata Balanced Fund	28,010,658	NIL
		Tata Equity Opportunities Fund	20,772,770	NIL
		Tata Growth Fund	23,120,547	NIL
		Tata Ind Tax Shield Option - A	1,425,874	NIL
		Tata Ind Tax Shield Option - B	777,750	NIL
		Tata Monthly Income Fund	6,727,150	NIL
		Tata Pure Equity fund	34,931,007	NIL
		Tata Tax Saving Fund	14,595,222	NIL
		Tata Young Citizen Fund	26,051,544	NIL
HCL Technologies Limited	Tata Short Term Bond Fund Tata Income Fund	Tata Balanced Fund	22,491,625	NIL
		Tata Index Fund Nifty Option - A	20,178,504	3,462,351
		Tata Index Fund Nifty Option - B	845,486	NIL
		Tata Index Fund Sensex Option - A	204,302	NIL
		Tata Index Fund Sensex Option - B	1,844,047	NIL
		Tata Growth Fund	10,602,980	NIL
		Tata Life Sciences & Technology Fund	5,311,467	NIL
		Tata Select Equity Fund	10,627,171	NIL
		Tata Young Citizen Fund	15,034,572	NIL
HDFC Bank Limited	Tata Short Term Bond Fund	Tata Index Fund Nifty Option - A	23,307,313	5,096,081
		Tata Index Fund Nifty Option - B	1,315,668	NIL
		Tata Index Fund Sensex Option - A	684,292	691,245
Hero Honda Motors Limited	Tata Income Fund	Tata Balanced Fund	53,774,649	11,770,800
		Tata Equity Opportunities Fund	114,087,908	102,298,551
		Tata Index Fund Nifty Option - A	20,401,520	4,628,320
		Tata Index Fund Nifty Option - B	826,950	NI
		Tata Index Fund Sensex Option - A	291,053	392,850
		Tata Index Fund Sensex Option - B	1,767,430	NIL
		Tata Growth Fund	13,171,190	NIL
		Tata Ind Tax Shield Option - A	1,042,080	NIL
		Tata Ind Tax Shield Option - B	521,040	NIL
		Tata Monthly Income Fund	31,832,053	26,508,823
		Tata MIP Plus Fund	26,243,585	25,993,850
		Tata Pure Equity fund	55,141,319	58,854,000
		Tata Select Equity Fund	45,228,371	12,506,475
		Tata Tax Saving Fund	6,511,000	NIL
		Tata Young Citizen Fund	37,058,077	7,847,200
Industrial Development Bank of India	Tata Liquid Fund	Tata Balanced Fund	70,000,000	NIL
	Tata Index Fund Nifty Option - A	Tata Equity Opportunities Fund	13,564,276	14,092,793
		Tata Floating Rate Short Term Fund	100,000,000	150,000,000
		Tata Income Fund	550,000,000	283,669,529
		Tata Income Plus Fund	700,000,000	239,004,352
		Tata Liquid Fund	7,222,972,578	380,034,250
		Tata Monthly Income Fund	463,970,983	350,493,210
		Tata MIP Plus Fund	100,000,000	250,767,752
		Tata Short Term Bond Fund	2,300,000,000	NIL
		Tata Young Citizen Fund	80,000,000	NIL

Company which has invested	Scheme in which Co. have invested more than 5% of the net assets	Schemes which have invested	Aggregate cost of acquisition during the year ended 31 March, 2004 Rs.	Outstanding as at 31 March, 2004 at Fair / Market Value Rs.
Larson & Toubro Limited	Tata Pure Equity fund	Tata Balanced Fund	44,415,347	22,399,650
		Tata Equity Opportunities Fund	139,461,669	140,043,186
		Tata Index Fund Nifty Option - A	26,722,161	6,748,038
		Tata Index Fund Nifty Option - B	902,370	NIL
		Tata Index Fund Sensex Option - A	535,736	1,030,384
		Tata Index Fund Sensex Option - B	1,925,403	NIL
		Tata Growth Fund	25,769,384	11,295,741
		Tata Ind Tax Shield Option - A	864,356	NIL
		Tata Ind Tax Shield Option - B	531,870	NIL
		Tata Monthly Income Fund	31,960,950	35,035,350
		Tata MIP Plus Fund	36,531,783	37,648,643
		Tata Pure Equity fund	73,284,970	57,435,000
		Tata Select Equity Fund	22,847,505	18,379,200
		Tata Tax Saving Fund	7,312,678	NIL
Tata Young Citizen Fund	20,062,625	15,564,885		
Raymond Limited	Tata Short Term Bond Fund	Tata Balanced Fund	12,701,589	11,078,557
		Tata Equity Opportunities Fund	52,850,065	55,072,740
		Tata Income Fund	630,000,000	NIL
		Tata Growth Fund	5,946,306	2,697,000
		Tata Income Plus Fund	375,874,450	NIL
		Tata Liquid Fund	1,400,000,000	NIL
		Tata Liquid High Investment Fund	100,000,000	NIL
		Tata Monthly Income Fund	14,446,640	15,283,000
		Tata Pure Equity fund	24,729,229	25,267,294
		Tata Select Equity Fund	15,365,883	12,265,776
		Tata Short Term Bond Fund	620,000,000	NIL
		Tata Tax Saving Fund	8,785,286	8,855,150
Tata Young Citizen Fund	9,060,609	8,091,000		
Tata Chemicals Limited	Tata Dynamic Bond Fund	Tata Balanced Fund	26,279,456	NIL
		Tata Index Fund Nifty Option - A	6,181,353	1,083,518
		Tata Index Fund Nifty Option - B	216,052	NIL
		Tata Growth Fund	7,340,400	NIL
		Tata Ind Tax Shield Option - A	1,383,971	NIL
		Tata Ind Tax Shield Option - B	1,077,347	NIL
		Tata Pure Equity fund	16,689,773	NIL
		Tata Select Equity Fund	6,663,370	NIL
		Tata Tax Saving Fund	16,114,945	NIL
Tata Young Citizen Fund	17,695,545	NIL		
Tata Motors Limited	Tata Floating Rate Short Term Fund Tata Liquid Fund	Tata Balanced Fund	15,308,760	17,290,920
		Tata Equity Opportunities Fund	80,722,418	23,653,590
		Tata Index Fund Nifty Option - A	36,152,051	7,961,138
		Tata Index Fund Nifty Option - B	966,160	NIL
		Tata Index Fund Sensex Option - A	464,338	836,375
		Tata Index Fund Sensex Option - B	2,068,958	NIL
		Tata Growth Fund	12,762,614	7,844,055
		Tata Ind Tax Shield Option - A	3,388,495	NIL
		Tata Ind Tax Shield Option - B	1,737,712	NIL
		Tata Liquid Fund	67,263,561	NIL
		Tata Monthly Income Fund	17,743,320	NIL
		Tata Pure Equity fund	99,967,531	22,575,336
		Tata Select Equity Fund	7,175,125	8,791,170

Company which has invested	Scheme in which Co. have invested more than 5% of the net assets	Schemes which have invested	Aggregate cost of acquisition during the year ended 31 March, 2004 Rs.	Outstanding as at 31 March, 2004 at Fair / Market Value Rs.
		Tata Short Term Bond Fund	182,702,180	NIL
		Tata Tax Saving Fund	47,584,926	17,349,204
		Tata Young Citizen Fund	10,567,239	15,105,270
Tata Iron & Steel Company Limited	Tata Income Plus Fund	Tata Balanced Fund	37,591,701	16,297,216
	Tata Dynamic Bond Fund	Tata Equity Opportunities Fund	213,555,364	74,590,750
	Tata Floating Rate Short Term Fund	Tata Index Fund Nifty Option - A	35,495,155	6,687,787
	Tata Liquid Fund	Tata Index Fund Nifty Option - B	982,506	NIL
		Tata Index Fund Sensex Option - A	527,472	851,370
		Tata Index Fund Sensex Option - B	2,142,324	NIL
		Tata Growth Fund	20,135,034	3,835,000
		Tata Ind Tax Shield Option - A	2,451,052	NIL
		Tata Ind Tax Shield Option - B	1,310,088	NIL
		Tata Monthly Income Fund	24,663,510	NIL
		Tata MIP Plus Fund	24,965,258	23,201,750
		Tata Pure Equity fund	184,335,434	41,533,050
		Tata Select Equity Fund	32,665,740	11,696,750
		Tata Tax Saving Fund	64,878,419	NIL
		Tata Young Citizen Fund	32,221,734	9,587,500
Videsh Sanchar Nigam Limited	Tata Floating Rate Short Term Fund	Tata Index Fund Nifty Option – A	10,591,847	2,761,672
		Tata Index Fund Nifty Option – B	468,007	NIL
Industrial Development Finance Corporation	Tata Income Plus Fund	Tata Liquid Fund	843,325,950	NIL
		Tata Short Term Bond Fund	246,997,500	NIL

All the above companies are growth oriented blue chip companies with a proven track record.

8. Movement in unit capital is as follows :

Particulars	As at 31-3-2004		As at 31-3-2003	
	No of units	Rs.	No of units	Rs.
Initial Capital	20,588,580.000	205,885,800	20,588,580.000	205,885,800
Balance as on 1st April	61,950,113.500	619,501,135	64,656,005.800	646,560,058
Add : Bonus Units Alloted	15,094,558.200	150,945,582	0.000	0
Add : Units sold during the year	2,425,076.200	24,250,762	539,351.300	5,393,513
Less: Units purchased during the year	4,986,288.200	49,862,882	3,245,243.600	32,452,436
Unit Capital balance as on 31st March	74,483,459.700	744,834,597	61,950,113.500	619,501,135

9. On repurchase/redemption/resale of units, the difference between the unit face value and the NAV (after adjusting for income equalisation reserve) is disclosed as "Unit Premium Reserve", while the difference between the NAV and the repurchase / resale price is disclosed as redemption and resale load under "Other Reserves". The sale and redemption load / reserve of Rs. 1,044,180/- (previous year Rs.337,885) is used by the Fund to cover the cost of raising / redeeming units on a continuous basis by way of providing redemption / distribution related services to the Fund relating to the sale, promotion and marketing of the scheme and costs associated with liquidating the Fund's investment securities, including payments for postage, application processing, disseminating NAV related information, etc. and also payments to brokers for their services in connection with the distribution/ redemption of the units. The utilisation of the load reserve is disclosed in the movements in the "Other Reserves" account in Schedule II.
10. Income Equalisation Reserve is being maintained by crediting / (debiting) the equalisation account in respect of sale / (or repurchase) of units by an appropriate amount which represents the distributable income at the time of sale / (or repurchase). It is reflected in the Revenue Account after the net deficit of the scheme is determined.
11. In accordance with the rules and regulations of the scheme, Management fees are paid at the rate of 1.25% of the daily net assets upto Rs.100 crores and 1% of the daily net assets above Rs.100 crores. Trustee fees are paid at the rate of 0.05% of the daily net assets.

12. Contingent liabilities are Rs. Nil (previous year Rs. Nil).

13. Payments to Affiliated Companies :

During the year, after this scheme became open ended on October 30, 1998 the following amounts were paid as selling commission and brokerage on purchase / sale of securities by the scheme to associate / Tata Group Companies for their marketing efforts in mobilising subscriptions for the units of the scheme, in the normal course of business :

Name of the Company	2003-2004 Rs.	2002-2003 Rs.
Tata TD Waterhouse Securities Limited	234,719	216,808
Tata Share Registry Limited	8,109	8,651
Tata Investment Corporation Limited	37	33
Tata Sons Limited.	0	7
Tata Finance Limited.	6	5

14. During the year, the scheme made a payment of Rs.Nil (previous year Rs.681,649/-) to Tata Share Registry Limited. (a Group Company) who are SEBI approved Registrars and who were the Registrar and Transfer Agents for the schemes of Tata Mutual Fund upto 9 August 2002.

15. Net Asset Value Per Unit (Rs.) :

Particulars	As on 31-3-04	As on 31-3-03
Face Value	10.00	10.00
Net Asset Value	12.8339	10.2268

16. Net change in unrealised appreciation / (diminution) in the value of investments comprises of Rs.138,761,606/- (previous year Rs.(24,965,093/-)).

Particulars	2003-2004 Rs.	2002-2003 Rs.
Appreciation / (Diminution) at the end of the year	152,237,761	13,476,155
Appreciation / (Diminution) at the beginning of the year	13,476,155	38,441,248
Net Change in Unrealised appreciation / (diminution)	138,761,606	(24,965,093)

17. There are no unit holders holding over 25% of the Net Asset Value of the Scheme as at 31 March 2004.

18. Unclaimed redemption amount, since the inception of the scheme have been invested separately, only in money market instruments and the investors who have claimed their redemption amount have been paid alongwith the appreciation earned on this amount as per SEBI circular MFD / CIR / 9 / 120 / 2000 dated 24 November, 2000. As on 31 March, 2004 the unclaimed redemption amount is Rs.18,530/- for 7 investors.

19. In accordance with Regulation 44 (1) of the SEBI (Mutual Funds) Regulations, 1996, securities purchased should be held in the name of the scheme. As on 31 March 2004 equity securities aggregating to Rs.438/- (previous year Rs.438/-), debt securities aggregating to Rs.Nil (previous year Rs.8,932,175/-) and government securities aggregating to Rs.169,979,000/- (previous year Rs.125,746,000/-) are held in the name of Tata Trustee Company Private Limited A/c Tata Mutual Fund.

20. The figures for the previous year have been regrouped and reclassified wherever necessary.

On Behalf of the Board of Directors of
Tata Trustee Co. Pvt. Ltd.

S. M. Datta
Chairman

On Behalf of the Investment Manager
Tata Asset Management Ltd.

F. K Kavarana
Chairman

Ved Prakash Chaturvedi
Chief Executive Officer

H. A. Bulsara
Sr. Vice President (Fin)
& Company Secretary

M. Venugopal
Fund Manager

Tata Young Citizens' Fund

Perspective Historical Per Unit Statistics

Per Unit Statistics As On	31-Mar-04	31-Mar-03	31-Mar-02
(a) Net Assets Value per unit	12.8339	10.2268	10.2098
(b) (i) Income other than profit on sale of Investments	0.59	0.62	0.56
(ii) Income from profit on inter-scheme Sales / transfer of Investments	0.00	0.00	0.00
(iii) Income from profit on sale of Investments	2.87	0.79	0.64
(iv) Transfer to Revenue Account from past year's Reserve	0.00	0.00	0.00
(c) Aggregate of Expenses, Write off, Amortisation and Charges	0.28	0.98	2.15
Provision for depreciation in value of investment	(0.01)	0.00	0.06
(d) Net Income	3.20	0.42	(1.01)
(e) Unrealised appreciation / depreciation in value of investments	1.86	(0.40)	1.62
(f) (i) Highest Repurchase Price (Initial Unitholder)	14.6034	10.7125	10.4311
(ii) Lowest Repurchase Price (Initial Unitholder)	9.9846	9.6624	8.4425
(iii) Highest Repurchase Price (Fresh Unitholder)	14.6034	10.7125	10.4311
(iv) Lowest Repurchase Price (Fresh Unitholder)	9.9846	9.6624	8.4425
(v) Highest Ongoing Sale Price	15.2809	10.8732	10.5354
(vi) Lowest Ongoing Sale Price	10.4478	9.8073	8.5269
(vii) Highest Traded Price	NA	NA	N.A
(viii) Lowest Traded Price	NA	NA	N.A
(ix) Price-earning ratio	4.07	24.35	(10.11)
(g) Ratio of expenses to average net assets by percentage	2.50	2.48	2.50
(h) Ratio of gross income to average net assets by percentage (excluding transfer to revenue account from past year's reserve but excluding unrealised appreciation on investments)	31.07	13.53	12.60

Statutory Details: Constitution: Tata Mutual Fund has been set up as a trust under the Indian Trust Act, 1882. **Sponsors and Settlers:** Tata Sons Ltd., Tata Investment Corporation Ltd. **Risk Factors:** ● Mutual Fund and securities investments are subject to market risks and there can be no assurance and no guarantee that the scheme will achieve its objectives. ● As with any investment in stocks, shares and securities the NAV of the units under the scheme can go up or down, depending upon the factors and forces affecting the capital market. ● Past performance of the previous Schemes, the Sponsors or its Group affiliates is not indicative of and does not guarantee the future performance of the Scheme. ● Tata Young Citizens' Fund is only the name of the Scheme and do not in any manner indicate either the quality of the Scheme, its future prospects or the returns. ● The sponsors are not responsible or liable for any loss resulting from the operations of the scheme beyond the initial contribution of Rs.1 lac made by them towards setting up the Mutual Fund. ● Investment in fixed income securities are subject to interest rate risk, credit risk and liquidity risk. ● Pursuant to allotment of bonus units the NAV of the schemes would fall in proportion to the bonus allotted and as a result the total value of units held by the investor would remain same. ● For scheme specific risk factors and other details please read the offer documents carefully before investing.

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