



ANNUAL REPORT
2005 - 2006



TATA
TAX ADVANTAGE
(A Close Ended ELSS Fund)
FUND-1

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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 Fort House, 221, D. N. Road, Fort, Mumbai – 400 001.</p> | <p>AMC</p> <p>Tata Asset Management Ltd. Fort House, 221, D. N. Road, Fort, Mumbai – 400 001.</p> <p>REGISTRAR</p> <p>Computer Age Management Services (Pvt.) Limited Ground Floor, 178/10 Kodambakkam High Road, Opp. Hotel Palmgrove, Nungambakkam, Chennai - 600 034.</p> |
|---|--|

REPORT OF THE TRUSTEE TO THE UNITHOLDERS OF TATA TAX ADVANTAGE FUND 1 FOR THE YEAR ENDED 31ST MARCH, 2006

Dear Unitholder,

It gives us great pleasure to enclose schemewise audited financials as on 31st March, 2006. This Report is in continuation of the 'Performance and Portfolio of the Schemes' Report as on 31st March, 2006 published by us earlier.

Report of the Trustee on the operations of various schemes of the fund and the fund as a whole during the year and the future outlook of the fund

(I) FUNDS UNDER MANAGEMENT

Tata Mutual Fund today manages twenty six open ended schemes of which thirteen are equity schemes, two are balanced schemes, eleven are debt schemes and five are close ended scheme. The net assets under management were around Rs 9716.68 crores as on 31/03/06 which have increased from Rs.6784.04 crores as on 31/03/05 showing an increase of Rs 2932.64 crores. The AMC's continued focus on marketing and sales efforts has been showing good results and the total assets under management as on 30/06/06 were Rs 11158.71 crores.

The Year that was:

Equity :

Equity market continued with its onward journey picking further momentum during the year with most fundamental cues being positive and excess liquidity chasing stocks. The BSE Sensex rose about 73% in this period. FY '06 saw the BSE Sensex move decisively out of its ten year trading band. After starting with a correction in April'05, the index went up till October when, due to the fear of global liquidity tightening there was a sharp correction, after which the market climbed the wall of worry again. During the year, our market integrated much more with the other emerging markets. With a surge in global liquidity, it was a rally almost across geographies with most emerging markets participating to various degrees. It is pertinent to note that India was one of the more significant gainers.

There was record inflow from FIIs and more importantly, a lot of money raised by several new investors from diverse geographies came to the Indian market reflecting the growing interest global investors have in India. Significant money was raised by domestic mutual funds as well which also contributed to the liquidity. The year was also characterized by a number of IPOs that hit the market, a number of them at high valuations which is not a good sign.

In the first half of the year it was a broad rally with participation from both large and mid-cap segments. However, following the correction in October '05, risk appetite seems to have waned a bit and mid-caps underperformed till almost end of the year.

The monsoon was erratic, however, good and therefore seems to have had a positive impact on the agricultural production. GDP growth numbers for FY06 were revised upward for FY06 to 8.4% with strong manufacturing growth continuing, and services sector too continuing to do well. The GDP for the Jan-Mar'06 quarter has grown at 9.3%, which is one of the fastest growth rates we have seen in the recent past. In terms of corporate performance there was no let down with a growth rate above 20% from the BSE Sensex companies in aggregate. The earnings growth was dragged down by mainly two sectors –oil & gas and banking, both of which have a high weightage in the index.

Debt:

The year 2005-06 saw the G -Sec and Corporate Bond yields moving up. The reverse repo rate was hiked by 50 basis points during the year. The 10 year moved up from 7.15 % to 7.40 % levels. The main driver for yields going up has been liquidity tightening due to IMD redemption, surprise hike by RBI during the review of the credit policy, government running a surplus of around Rs 25000 to Rs 30000 Crores with RBI. Corporate bonds yields moved up sharply with the 3 months yield moving to 8.75 %- 9% and one year move to 8.60%- 8.80 % levels, a spread of 175 to 225 basis points over comparable Treasury bill yields. The 10 year corporate bond yields moved to 8.60 % levels, a spread of 120 basis points over the comparable G sec maturity. The year 2005- 06 was a landmark year as GDP grew by 8.4 % for the year.

FUTURE OUTLOOK:

EQUITY AND BALANCED FUNDS

Since the beginning of the year the market has seen increased volatility with the index crossing 12500 and then a sharp correction to below 9000. A confluence of factors can be attributed for this behaviour of the market, the main ones being the increased expectation of higher interest rates and therefore a pull out of excess liquidity from the market, heightened leveraged speculative activity across asset classes etc. The global environment is playing a larger role in deciding where market and stock valuations should be as our market and economy gets further integrated with others around the world. This coupled with the fact that we now have a very active F & O market would possibly result in higher volatility in the market going forward as well.

The economy continues to grow at a good pace and seems likely to grow at more than 8% even in the current year. If the monsoon is good this could even be higher as manufacturing and services continue to do well. This augurs well for the corporate sector and the market. The themes of infrastructure creation, higher consumption and sourcing from India will continue to be the key drivers going forward. Estimates currently point to a 15-18% growth in earnings for corporates in the current year which takes into account higher input prices, borrowing cost and possibly higher depreciation (on new assets created) as well. The two key issues to watch for are - any slow down in core demand and/or dilution of equity by companies which is increasingly becoming a threat to the forecasts.

Liquidity conditions could remain tight with every incremental rise in interest rate across economies. Equity risk premiums are rising and will lead to higher expectation of return and therefore new flows in the stock market would have higher return expectations and may come only at lower levels of the market. This year is likely to be a year of consolidation after the significant rally witnessed in the last three years. During the 2003-2006 bull run in India, we saw the under valuation getting corrected and then a re-rating of Indian equities. Going forward however, the market movement is more likely to track the growth in earnings.

DEBT OUTLOOK

Liquidity conditions which was deficit, in the last quarter of the financial year 2005-06, turned positive from April, with reverse repo amount increasing to Rs 70,000 Crores. RBI introduced MSS to check the surge in liquidity due to government spending and its intervention in the forex market to control rupee appreciation.

In the U.S, Fed fund rates was hiked to 5 % levels, due to pick up in inflationary pressures. There is expectations of further hikes in fed fund rates in the coming months to control inflationary pressures in their economy. Rates in Euro zone were raised to 2.75 % from 2.50 % levels and Japan is expected to raise rates as the economy is now coming out of recessionary phase. These developments has lead to liquidity tightening and risk appetite for emerging markets coming down.

RBI has stated in its review of its credit policy, it would give more importance to global factors while formulating its monetary policies. It has also highlighted the risk to inflation expectations due to insufficient pass through of oil prices.

The budgeted borrowing programme of Rs 1,65,000 Crores has lead to continuous supply of Government paper in the market. Lack of market participant's interest at the prevailing yield levels has led to market participants demanding higher yields in subsequent auctions. This has led to 10 year yields moving above 7.80 % levels.

The market is expected to be weak, as global factors are bond market negative, inflation is expected to move up in the band of 5.5% to 6 % levels in the coming months due to pass through effect of oil prices hike, and low base effect. Liquidity is expected to reduce in the coming months as credit growth is expected to be strong . The ten year is expected to trade in the range of 7.75 % - 8.50 %, during the current financial year.

A note on the scheme wise investment objective, policy of investment and performance has been appended at the end of the trustee report.

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 are the Sponsors and the Settlers 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 .

(II) 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. Tata Trustee Company Private Limited is the Trustee Company and Tata Asset Management Limited (TAML) is 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, 2006:-

| | 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 as applicable, for the Unitholders.

LAUNCHING OF NEW SCHEMES

The following new scheme is envisaged in the current year

- 1) Tata Fixed Horizon Fund Series 4:** A 5 years close ended pure debt scheme. The investment objective of the scheme is to generate regular income and / or capital appreciation by investing in wide range of debt and Money Market instruments.
- 2) Tata Fixed Horizon Fund Series 6:** A close ended pure debt fund comprising of eight schemes. The investment objective of the scheme is to generate regular income and / or capital appreciation by investing in wide range of debt and Money Market instruments.

The following new schemes are launched after 31st March, 2006 and upto the date of this Report:

- 1) Tata Equity Management Fund:** A 18-months close ended equity fund with an automatic conversion into an open ended scheme on expiry of 18-months from the date of allotment. The primary investment objective of the scheme is to seek to generate capital appreciation & provide long-term growth opportunities by investing in a portfolio constituted of equity & equity related instruments and the secondary objective is to generate consistent returns by investing in debt and money market securities. The fund will have the flexibility to invest in a wide range of companies with an objective to maximize the returns, at the same time trying to minimize the risk by reasonable diversification and using derivative as a risk management tool. This scheme was launched on 15th May, 2006.
- 2) Tata Capital Builder Fund:** A close ended equity scheme with a maturity period of 3 years, convertible into open ended at the end of three years. The investment objective of the scheme is to generate capital appreciation over a maturity period of the scheme by investing predominantly in equity and equity related instruments of companies across large, mid and small market capitalization. This scheme was launched on 18th July, 2006.

We also 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 : 25th July, 2006

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 Limited before the Board of the Trustee Company and approved by the Trustee Company on 31st May, 2006.
- 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.

INVESTMENT OBJECTIVES, POLICY OF INVESTMENT AND PERFORMANCE

Tata Tax Advantage Fund 1:

A close ended equity linked saving scheme. To provide medium to long term capital gains along with income tax benefit to its unitholders.

Performance at a glance (% as on 31st March, 2006)

| | Performance |
|---------------------------|-----------------|
| | Since Inception |
| Tata Tax Advantage Fund 1 | 0.54 (16/03/06) |
| BSE SENSEX | 3.69 |

Performance at a glance (% as on 30th June, 2006)

| | Performance |
|---------------------------|-------------------|
| | Since Inception |
| Tata Tax Advantage Fund 1 | -13.62 (16/03/06) |
| BSE SENSEX | -2.45 |

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

Past performance may or may not be sustained in future.

**AUDITORS' REPORT
TO THE BOARD OF DIRECTORS OF
TATA TRUSTEE COMPANY PRIVATE LIMITED**

TATA MUTUAL FUND – TATA TAX ADVANTAGE FUND -1

We have audited the attached Balance Sheet of Tata Mutual Fund – Tata Tax Advantage Fund-1 (the “Fund”) as at 31 March 2006 and the related Revenue Account for the period 27 March 2006 to 31 March 2006 annexed thereto. These financial statements are the responsibility of the Managements of the Trustee and the Asset Management companies. Our responsibility is to express an opinion on the financial statements. We report as follows:

- a) Our audit was conducted in accordance with generally accepted auditing standards in India. These 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.
- 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 2006 and
 - ii. in the case of the Revenue Account, of the excess of income over expenditure for the period 27 March 2006 to 31 March 2006.

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

Sanjiv V. Pilgaonkar
Partner
Membership No. 39826

Mumbai,
31st May, 2006

**Balance Sheet of Tata Tax Advantage Fund - 1
as at 31st March, 2006.**

| | Schedule | As At 31-Mar-06 (Rupees) |
|---|----------|--------------------------------|
| LIABILITIES | | |
| I Unit Capital | I | 1,351,867,648 |
| II Reserves & Surplus | II | 34,373,299 |
| III Loans | III | 0 |
| IV Current Liabilities and Provisions | IV | 135,708,354 |
| TOTAL | | 1,521,949,301 |
| ASSETS | | |
| V Investments | V | 1,334,527,412 |
| VI Deposits | VI | 0 |
| VII Other Current Assets | VII | 113,602,637 |
| VIII Fixed Assets | VIII | 0 |
| IX Deferred Revenue Expenditure | IX | 73,819,252 |
| TOTAL | | 1,521,949,301 |
| Significant Accounting Policies and Notes to the Accounts | XI | |

As per our report of even date attached
For S. B. BILLIMORIA & CO.
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner
Membership No. 39826

Mumbai,
31st May, 2006

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

Susim M. Datta
Chairman

On Behalf of the Investment Manager
Tata Asset Management Ltd.

Farrokh K. Kavarana
Chairman

Ved Prakash Chaturvedi
Managing Director

Hormuz A. Bulsara
Chief Operating Officer

M. Venugopal
Fund Manager

**Revenue Account of Tata Tax Advantage Fund-1
for the period from 16th January, 2006 to 31st March, 2006**

| | Schedule | Period Ended 31-Mar-06 (Rupees) |
|---|----------|---------------------------------------|
| INCOME | | |
| Dividend | | 0 |
| Interest | X | 8,719,148 |
| Profit on sale / Redemption of investments | | 0 |
| Profit on inter scheme transfer / sale of investments | | 0 |
| Other income | | 0 |
| TOTAL (A) | | 8,719,148 |
| EXPENSES AND LOSSES | | |
| Provision / (reversal) for depreciation in value of investments (for NPAs) | | 0 |
| Provision for outstanding accrued income considered doubtful | | 0 |
| Provision for doubtful deposits and current assets | | 0 |
| Loss on sale / redemption of investments | | 0 |
| Loss on inter scheme transfer / sale of investments | | 0 |
| Management fees | | 692,509 |
| Trusteeship fees | | 29,146 |
| Staff cost including salaries allowances, contributions to Provident Fund, Gratuity, etc. | | 0 |
| Office and administrative expenses | | 0 |
| Registration and local charges | | 0 |
| Commission to Agents (net of load utilised of Rs. Nil) | | 0 |
| Publicity expenses | | 89,516 |
| Audit fees | | 66,120 |
| Other operating expenses | | 345,499 |
| Deferred revenue expenses written off | | 324,748 |
| Depreciation of fixed assets | | 0 |
| Custodian fees | | 19,928 |
| Registrar fees | | 136,193 |
| Less : Amount recovered on sale of units on account of management expenses | | 0 |
| Provision / (reversal) for diminution in value of investments | | 372,276 |
| TOTAL (B) | | 2,075,935 |
| Surplus / (Deficit) (A - B) | | 6,643,213 |
| Increase / (decrease) in unrealised appreciation in value of investments | | 692,611 |
| Surplus / (Deficit) after considering unrealised appreciation / (diminution) in value of investments | | 7,335,824 |
| Add / (Less) : Income Equalisation Account | | 0 |
| | | 7,335,824 |

| | Schedule | Period Ended 31-Mar-06 (Rupees) |
|---|----------|---------------------------------------|
| Add : Surplus / (Deficit) brought forward | | 0 |
| Transfer from Reserves | | 0 |
| Prior Period Income | | 0 |
| Surplus / (Deficit) after adjustments | | 7,335,824 |
| Appropriations | | |
| Income Distribution / Units Capitalisation | | 0 |
| Tax on dividend distributed | | 0 |
| Transfer to Reserves | | 0 |
| Surplus / (Deficit) carried forward | | <u><u>7,335,824</u></u> |
| Income (Gross) as a percentage to Average Net Assets | | 14.70 |
| Recurring Expenses as a percentage to Average Net Assets | | 2.33 |
| Significant Accounting Policies and Notes to the Accounts | XI | |

As per our report of even date attached
For S. B. BILLIMORIA & CO.
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner
Membership No. 39826

Mumbai,
31st May, 2006

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

Susim M. Datta
Chairman

On Behalf of the Investment Manager
Tata Asset Management Ltd.

Farrokh K. Kavarana
Chairman

Ved Prakash Chaturvedi
Managing Director

Hormuz A. Bulsara
Chief Operating Officer

M. Venugopal
Fund Manager

**Schedules forming part of Balance Sheet
as at 31st March, 2006**

As At
31-Mar-06
(Rupees)

SCHEDULE I

Unit Capital

Initial Capital

(135,186,764.800 Units of the face value of Rs. 10/- each)

1,351,867,648

Unit Capital

Initial Unit Capital as on 16th March, 2006

(135,186,764.800 Units of the face value of Rs. 10/- each)

1,351,867,648

Add : Units sold during the period

(Nil Units of the face value of Rs. 10/- each)

0

1,351,867,648

Less : Units repurchased during the period

(Nil Units of the face value of Rs. 10/- each)

0

1,351,867,648

SCHEDULE II

Reserves & Surplus

Unit premium reserve

Opening Balance

0

Add : Addition / (deduction) during the period

0

0

Less : Transfer to / (from) revenue account for the period

0

Closing Balance

0

General Reserve

0

Income equalisation reserve

0

Other Reserves (Load)

Opening Balance

0

Add : Addition during the period

27,037,475

27,037,475

Less : Transfer to / (from) revenue account for the period

0

Closing Balance

27,037,475

Appropriation account

Opening Balance

0

Add : Excess / (Deficit) of Income over Expenditure (net of income distribution & corresponding tax)

7,335,824

Closing Balance

7,335,824

34,373,299

SCHEDULE III

Loans

Loan from Reserve Bank of India

0

From Settlor (Tata Sons Ltd. / Tata Investment Corporation Ltd.)

0

From Other Commercial Banks

0

From others

0

0

**Schedules forming part of Balance Sheet
as at 31st March, 2006**

As At
31-Mar-06
(Rupees)

SCHEDULE IV

Current Liabilities & Provisions

Current Liabilities

| | |
|--------------------------------------|--------------------|
| Management Fees Payable | 692,509 |
| Trusteeship Fees Payable | 29,146 |
| Selling Commission / Brokerage | 0 |
| Advertisement & Publicity | 90,170 |
| Audit Fees | 66,120 |
| Custodian Fees & Expenses | 19,928 |
| Registrar Expenses | 136,193 |
| Other Expenses | 355,951 |
| Interest payable on loans | 0 |
| Contract for purchase of investments | 61,397,226 |
| Bank account overdrawn as per books | 0 |
| Unclaimed distributed income | 0 |
| Others | 72,921,111 |
| | <u>135,708,354</u> |

Provisions

| | |
|--|--------------------|
| Provision for loss / depreciation in value of investments | 0 |
| Provision for doubtful deposits | 0 |
| Provision for outstanding and accrued income considered doubtful | 0 |
| Provision for gratuity | 0 |
| Provision for staff welfare fund | 0 |
| Proposed income distributed on initial capital and unit-capital | 0 |
| Other provisions | 0 |
| | <u>0</u> |
| | <u>135,708,354</u> |

SCHEDULE V

Investments

(Market / Yield to maturity / Fair value)

| | |
|---|----------------------|
| Equity Shares | 73,016,220 |
| Preference Shares | 0 |
| Warrants | 0 |
| Privately Placed Debentures / Bonds | 0 |
| Debentures listed / awaiting listing on recognised stock exchange | 0 |
| Zero Coupon Bonds / Deep discount Bonds | 0 |
| Fixed Coupon Floating Rate Note - Reset | 208,780,681 |
| Calls paid in advance | 0 |
| Term loans | 0 |
| Securitised Debt | 0 |
| Mumbai Inter Bank Offer Rate | 0 |
| Central and State Government Securities | 0 |
| Treasury Bills | 0 |
| Commercial Paper | 246,407,300 |
| Certificate Of Deposit | 651,727,211 |
| Repo Investment | 154,596,000 |
| | <u>1,334,527,412</u> |

SCHEDULE VI

Deposits

| | |
|--|----------|
| Deposits with scheduled banks (including Call Money) | 0 |
| Deposits with Companies / Institutions | 0 |
| Others | 0 |
| | <u>0</u> |

**Schedules forming part of Balance Sheet
as at 31st March, 2006**

| | As At 31-Mar-06 (Rupees) |
|--|---|
| SCHEDULE VII | |
| Other Current Assets | |
| Balances with banks in current account | 71,234,278 |
| Cash on hand | 0 |
| Sundry Debtors | 0 |
| Contract for sale of investments | 0 |
| Outstanding and accrued income | 6,374,359 |
| Advance, Deposits, etc. | 0 |
| Bridge Finance | 0 |
| Shares / Debentures application money, pending allotment | 35,975,000 |
| Others | 19,000 |
| | 113,602,637 |
| SCHEDULE VIII | |
| Fixed Assets (Net Block) | 0 |
| SCHEDULE IX | |
| Deferred Revenue Expenditure | |
| Amount incurred during the period | 74,144,000 |
| Less : Amount written off during the period | 324,748 |
| Amount deferred to subsequent years | 73,819,252 |

Schedules forming part of Revenue Account for the period ended 31st March, 2006

| | Period Ended 31-Mar-06 (Rupees) |
|--|--|
| SCHEDULE X | |
| Interest Income | |
| Call Money | 0 |
| Term Deposits | 0 |
| Debentures / Bonds / Asset Backed Securities | 1,310,106 |
| Commercial Paper | 1,469,736 |
| Government Securities | 0 |
| Repo Income | 2,371,169 |
| Others | 3,568,137 |
| | 8,719,148 |

Schedule XI - Statement of significant accounting policies of Tata Tax Advantage Fund 1 (TTAF1) and Notes forming part of the Accounts for the period from 16th January, 2006 to 31st March, 2006.

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 "weighted 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 accrued and a full provision is made against all outstanding interest on that investment.
- d) Other income of a miscellaneous nature is accounted when it is received on grounds of prudence.

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 ten years. 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, stamp charges and any charge customarily included in the broker note.
- 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 The Securities and Exchange Board of India (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 Limited (TAML).

The non – traded debt securities have been classified by TAML as "investment grade" and "below investment grade" as at 31st March, 2006. The values applied by TAML 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 TAML, 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 at 31st March, 2006 is Rs.208,780,681/-. The value of "below investment grade" debt securities as at 31st March, 2006 is Rs.Nil.

These balances exclude redemption proceeds due but not received and fully provided 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 instruments are valued on the basis of amortisation (cost plus accrued interest till the beginning of the day plus the difference uniformly amortised over the remaining maturity period of the instrument).

v. Government Securities :

Government securities are valued at the prices released by CRISIL, which is currently the only approved agency 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) the appreciation / diminution in investments is worked out on individual basis. The value of diminution as at the year end is reflected in the Revenue Account. Unrealised appreciation as at the year end is also routed through the Revenue Account but is reduced from the distributable income at the time of income distribution.

vii. Derivatives :

Traded derivatives are valued at year-end closing market rates on the principal stock exchange on which the security is traded. On an ongoing basis, in the absence of a quoted price on the valuation date for derivatives, the last available quoted price within a period of thirty days prior to valuation date is used for valuation purposes.

Non – traded derivatives are valued in good faith by Tata Asset Management Limited (TAML) on the basis of valuation principles laid down by SEBI.

B. Notes attached to and forming part of the accounts for the period from 16th January, 2006 to 31st March, 2006.

1. Investments made by the scheme as grouped under the major classification as per the balance sheet are as follows :

| Investments (Market / Yield to Maturity / Fair Value) | As at 31-3-06 Rs. |
|---|------------------------------|
| Equity Shares | 73,016,220 |
| Preference Shares | 0 |
| Warrants | 0 |
| Privately Placed Debentures / Bonds | 0 |
| Debentures listed / awaiting listing on recognised stock exchange | 0 |
| Zero Coupon Bonds / Deep discount Bonds | 0 |
| Fixed Coupon Floating Rate Note - Reset | 208,780,681 |
| Securitized Debt | 0 |
| Mumbai Inter Bank Offer Rate | 0 |
| Central and State Government Securities | 0 |
| Treasury Bills | 0 |
| Commercial Paper | 246,407,300 |
| Certificate of Deposit | 651,727,211 |
| Repo Investment | 154,596,000 |
| Total | 1,334,527,412 |

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 | Cement | 29.61 |
| | Chemicals | 11.37 |
| | Consumer Non Durable | 47.16 |
| | Finance | 11.86 |
| Commercial Papers | Banks | 100.00 |
| Certificate of Deposit | Banks | 100.00 |
| Fixed Coupon FRN - Reset | Finance | 100.00 |

3. A full list of investments of the scheme is available for inspection with the Asset Management Company.
4. The aggregate value of purchase and sale for the period from 16th January, 2006 to 31st March, 2006 expressed as a percentage of average daily net assets is as under :

| Particulars | As at 31-3-06 | |
|-----------------------------|---------------|-------|
| | Value Rs. | % |
| Aggregate value of Purchase | 1,179,611,076 | 87.19 |
| Aggregate value of Sale | 0 | 0 |

5. Investments made in group / associate companies as on 31st March, 2006 is Rs. Nil.

6. Investments made by the schemes of Tata Mutual Fund in companies or their subsidiaries (to the extent of information available) that have invested more than 5% of the net assets as at 31st March, 2006 of any scheme of the fund, in terms of Regulation 25 (11) :

| Company which has invested | Schemes in which companies have invested more than 5% of the net assets | Schemes which have invested* | Aggregate cost of acquisition during the period ended 31st March, 2006 Rs. | Outstanding as at 31st March, 2006 at Fair / Market Value Rs. |
|--------------------------------|---|------------------------------|--|---|
| HINDUSTAN ZINC LTD. | TFF | TSEF | 3,653,893.00 | - |
| | TFHA17 | TEOF | 7,243,622.00 | - |
| | TFHA18 | TEQPEF | 23,045,352.20 | 34,327,152.00 |
| | TFHA19 | TISF | 39,853,219.44 | 38,578,675.20 |
| | TDBF | TOIOS | 4,518,325.00 | 5,755,200.00 |
| | TFHA13 | | | |
| | TFHA15 | | | |
| PATNI COMPUTER SYSTEMS LTD. | TFHA15 | TLSTF | 11,492,848.18 | 11,108,925.00 |
| | TFHA17 | | | |
| | TFHA18 | | | |
| TATA STEEL LTD. | TLF | TCF | 178,023,187.11 | 177,012,000.00 |
| | TFHA6 | TBF | 12,086,291.00 | - |
| | TFHA8 | TFHA12 | 202,325,699.00 | 201,279,168.40 |
| | TFHA11 | TIFA | 61,477,014.54 | - |
| | TFHA12 | TIFN | 90,618.53 | 235,523.50 |
| | TFHA13 | TIFS | 98,954.15 | 139,464.00 |
| | TFHA14 | TISF | 107,277,122.00 | - |
| | TFHA15 | TMIF | 61,088,816.45 | - |
| | TFHA16 | TMPF | 102,076,604.21 | - |
| | TFHA20 | TSTBF | 207,223,600.00 | - |
| | | TPEF | 79,413,604.00 | 32,184,000.00 |
| | | TTSF | 20,415,333.00 | - |
| TATA CONSULTANCY SERVICES LTD. | TFHA17 | TIFN | 281,594.12 | 727,890.00 |
| | TFHA18 | TIFS | 153,647.54 | 114,849.00 |
| | TLMF | | | |
| | TFHA6 | | | |
| HCL TECHNOLOGY LTD. | TFHA17 | TSEF | 11,809,353.57 | 16,500,000.00 |
| | TFHA19 | TBF | 18,941,911.00 | - |
| | TSTBF | TEOF | 94,666,541.50 | 44,445,060.00 |
| | TFRSTF | TIFN | 63,685.84 | 166,166.80 |
| | TFHA6 | TLSTF | 3,119,315.00 | 9,900,000.00 |
| | TFHA8 | TMCF | 23,427,728.00 | - |
| | TFHA11 | TMIF | 7,601,886.00 | - |
| | TFHA15 | TMPF | 8,748,318.60 | - |
| | | TSIF | 21,557,015.00 | - |
| | | TPEF | 53,552,813.00 | - |
| | | TTSF | 27,161,640.10 | - |
| | | TOIOS | 1,889,604.00 | - |

| Company which has invested | Schemes in which companies have invested more than 5% of the net assets | Schemes which have invested* | Aggregate cost of acquisition during the period ended 31st March, 2006 Rs. | Outstanding as at 31st March, 2006 at Fair / Market Value Rs. |
|----------------------------|---|------------------------------|--|---|
| TATA TEA LTD. | TFHA17 TFHA8 TFHA15 TFHA16 | TCF | 46,099,992.20 | 26,038,500.00 |
| | | TDYF | 4,645,832.00 | - |
| | | TEOF | 23,329,821.00 | - |
| | | TIFN | 20,208.17 | 39,010.50 |
| | | TGF | 14,333,791.71 | - |
| | | TMCF | 94,404,719.10 | - |
| | | TPEF | 8,148,969.00 | - |
| | | TTSF | 10,412,772.00 | - |
| | | TOIOS | 4,645,832.00 | - |
| HINDALCO INDUSTRIES LTD. | TFHA17 TFHA20 TSTBF TFHA11 TFHA12 TFHA16 | TCF | 134,819,258.10 | 185,577,500.00 |
| | | TDYF | 5,278,518.52 | - |
| | | TBF | 101,919,225.30 | 100,677,825.60 |
| | | TEQPEF | 50,887,777.96 | 85,460,728.00 |
| | | TFF | 51,063,371.45 | - |
| | | TFHA11 | 153,441,015.45 | 149,859,006.30 |
| | | TFHA12 | 50,663,248.70 | 50,338,912.80 |
| | | TIFA | 100,572,172.75 | - |
| | | TIFN | 83,496.96 | 145,045.80 |
| | | TIFS | 68,006.44 | 88,939.50 |
| | | TGF | 20,506,895.00 | - |
| | | TISF | 128,693,083.35 | 25,439,722.00 |
| | | TLMF | 200,000,000.00 | - |
| | | TMIF | 101,453,137.89 | - |
| | | TMPF | 267,627,075.05 | - |
| | | TSTBF | 509,527,704.22 | - |
| | | TPEF | 30,814,318.00 | 36,490,000.00 |
| TTSF | 20,507,980.60 | - | | |
| TYCF | 52,083,150.00 | 100,240,783.55 | | |
| MAHINDRA & MAHINDRA LTD. | TLMF | TSEF | 6,251,258.40 | 32,929,021.00 |
| | | TDYF | 29,467,342.39 | 36,786,313.10 |
| | | TBF | 19,562,040.00 | 25,408,837.80 |
| | | TEOF | 55,267,348.40 | 87,794,000.00 |
| | | TEQPEF | 22,013,349.60 | 31,355,000.00 |
| | | TIFN | 39,994.45 | 115,377.20 |
| | | TGF | 13,647,886.70 | 14,423,300.00 |
| | | TMIF | 6,493,507.60 | 6,271,000.00 |
| | | TMPF | 13,943,690.90 | 7,525,200.00 |
| | | TPEF | 78,426,529.80 | 82,839,910.00 |
| TTSF | 32,382,923.00 | 34,490,500.00 | | |

| Company which has invested | Schemes in which companies have invested more than 5% of the net assets | Schemes which have invested* | Aggregate cost of acquisition during the period ended 31st March, 2006 Rs. | Outstanding as at 31st March, 2006 at Fair / Market Value Rs. |
|----------------------------|---|---|---|---|
| INDIAN HOTELS LTD. | TLMF | TBF TMTF TMIF TMPF TSIF TSTBF TPEF TTSF | 12,322,412.60 104,977,564.02 6,781,670.00 9,267,531.70 81,526,540.66 104,845,800.00 70,539,697.35 27,193,808.60 | 20,353,500.00 108,552,000.00 - - 140,057,861.10 - 55,567,768.80 23,067,300.00 |
| VIDESH SANCHAR NIGAM LTD. | TLMF TFHA18 TFHA21 TFHA15 TFHA16 | TCF TSEF TIFN TISF TSIF TTSF TYCF TOIOS | 74,057,236.00 42,333,134.00 41,117.74 194,975,724.44 91,559,533.50 35,094,955.25 13,940,983.50 3,820,472.00 | 56,059,554.80 47,185,000.00 106,152.20 80,345,202.45 30,670,250.00 - - 4,246,650.00 |
| RAYMOND LTD. | TFHA18 | TBF TLF TMTF TPEF TYCF | 12,562,065.44 400,003,390.00 27,968,192.14 19,229,814.12 4,215,945.00 | - - - - 22,402,949.80 |
| MARUTI UDYOG LTD. | TFHA18 TFHA13 | TSEF TBF TEOF TEQPEF TIFN TIFS TMIF TMPF TPEF TTSF TOIOS | 16,475,225.00 34,812,487.50 112,078,756.00 63,661,999.50 69,818.95 26,055.54 8,685,810.00 8,685,810.00 111,372,730.50 17,371,621.00 6,041,656.00 | 21,858,750.00 - 19,672,875.00 39,345,750.00 200,214.70 47,214.90 - - 32,350,950.00 - 6,557,625.00 |
| HINDUSTAN LEVER LTD. | TFHA19 TFHA20 TFHA11 TFHA13 TFHA15 | TCF TDYF TBF TEOF TIFN TIFS TLSTF TMPF TTAF1 TPEF TTSF TYCF TOIOS | 84,247,566.97 135,678,060.09 35,901,612.00 78,727,670.50 424,138.30 111,937.60 10,657,471.00 6,713,021.00 13,344,095.00 84,104,649.00 13,432,727.00 7,747,459.00 4,994,647.00 | 125,857,060.00 61,267,500.00 29,953,000.00 81,690,000.00 475,184.00 187,614.70 - - 13,615,000.00 125,258,000.00 - 23,417,800.00 - |

| Company which has invested | Schemes in which companies have invested more than 5% of the net assets | Schemes which have invested* | Aggregate cost of acquisition during the period ended 31st March, 2006 Rs. | Outstanding as at 31st March, 2006 at Fair / Market Value Rs. |
|-------------------------------|---|--|--|---|
| B. L. KASHYAP DEVELOPERS LTD. | TFHA19 | TCF TMCF TSIF | 16,280,395.00 8,490,575.00 6,844,520.00 | - - 11,731,607.20 |
| HERO HONDA MOTORS LTD. | TFHA20 TGFS TFHA14 | TDYF TIFN TIFS TPEF | 52,544,341.50 62,333.90 37,740.74 33,961,728.45 | 31,090,500.00 142,472.00 54,186.30 - |
| ITC LTD. | TFHA20 TFHA12 TFHA14 | TCF TDYF TBF TEOF TIFN TIFS TGF TLSTF TMCF TMIF TMPF TTAF1 TPEF TOIOS TTSF | 87,233,565.00 45,833,790.12 21,311,954.00 158,486,921.80 200,670.52 180,771.70 30,762,935.66 15,945,476.85 93,583,819.00 8,662,651.50 17,170,272.39 14,418,198.50 145,505,281.50 13,037,211.00 55,015,289.01 | 116,970,000.00 39,838,032.50 31,776,850.00 146,014,625.75 580,961.55 318,743.25 17,545,500.00 9,747,500.00 14,621,250.00 - 8,772,750.00 14,621,250.00 128,667,000.00 7,798,000.00 44,838,500.00 |
| WIPRO LTD. | TFHA20 TFHA21 TFHA14 TLF TFHA16 | TBF TEOF TIFN TIFS TGF TLSTF TMIF TMPF TSIF TPEF TTSF | 22,282,467.50 76,369,047.10 232,935.56 64,776.29 20,702,587.50 10,608,480.00 8,782,660.40 10,812,183.70 56,492,075.30 45,347,025.70 1,724,669.46 | - - 626,864.00 98,304.80 14,801,575.00 17,594,325.00 6,144,050.00 8,378,250.00 40,774,150.00 - - |
| RALLIS INDIA LTD. | TFHA21 | TMCF | 54,304,624.00 | 16,436,822.40 |

| Company which has invested | Schemes in which companies have invested more than 5% of the net assets | Schemes which have invested* | Aggregate cost of acquisition during the period ended 31st March, 2006 Rs. | Outstanding as at 31st March, 2006 at Fair / Market Value Rs. |
|----------------------------|---|------------------------------|--|---|
| LARSEN & TOUBRO LTD. | TFHA21 | TBF | 23,528,649.50 | 26,758,600.00 |
| | | TEOF | 95,456,566.02 | 112,198,809.80 |
| | | TIFN | 89,272.83 | 255,433.50 |
| | | TIFS | 90,657.41 | 175,147.20 |
| | | TGF | 37,173,215.63 | 19,217,540.00 |
| | | TISF | 172,972,960.25 | 398,180,131.00 |
| | | TMIF | 7,241,959.84 | 7,297,800.00 |
| | | TMPF | 7,759,195.24 | 8,757,360.00 |
| | | TPEF | 48,994,458.19 | 134,289,250.40 |
| BALAJI TELEFILMS | TMIF | TBF | 8,533,732.40 | - |
| | | TMCF | 31,567,753.83 | 43,308,540.75 |
| | | TSIF | 50,217,654.05 | 88,245,098.50 |
| | | TTSF | 14,881,900.75 | 24,951,041.75 |
| TRENT LTD. | TGSMF | TMCF | 25,521,252.44 | 30,169,800.00 |
| | | TSIF | 76,771,719.00 | 66,290,208.00 |
| BHARAT FORGE LTD. | TFRSTF | TSEF | 8,381,961.00 | 15,013,687.50 |
| | | TBF | 18,086,215.63 | 23,178,909.25 |
| | | TPEF | 31,998,952.40 | 35,588,000.00 |
| | | TTSF | 26,245,010.80 | 30,694,650.00 |
| | | TYCF | 458,622.00 | 20,045,830.70 |
| TATA MOTORS LTD. | TFHFA6 | TDYF | 59,220,892.00 | 33,573,600.00 |
| | | TBF | 44,543,522.00 | 25,646,500.00 |
| | | TEOF | 72,967,361.50 | 75,608,679.80 |
| | | TEQPEF | 19,680,872.00 | 28,910,600.00 |
| | | TIFN | 93,726.59 | 278,623.15 |
| | | TIFS | 70,356.07 | 137,092.20 |
| | | TPEF | 66,176,160.50 | 55,956,000.00 |
| | | TOIOS | 4,966,591.00 | 7,460,800.00 |
| TATA CHEMICALS LTD. | TFHFA8 | TCF | 105,919,347.68 | 117,760,740.45 |
| | | TEOF | 37,289,519.35 | 41,510,201.25 |
| | | TIFN | 17,805.66 | 45,347.80 |
| | | TGF | 15,254,435.95 | 11,873,250.00 |
| | | TMIF | 5,545,648.50 | - |
| | | TMPF | 7,796,253.50 | - |
| | | TTSF | 34,137,249.71 | 27,704,250.00 |
| | | TOIOS | 1,527,048.00 | - |

| Company which has invested | Schemes in which companies have invested more than 5% of the net assets | Schemes which have invested* | Aggregate cost of acquisition during the period ended 31st March, 2006 Rs. | Outstanding as at 31st March, 2006 at Fair / Market Value Rs. |
|---------------------------------|---|------------------------------|--|---|
| INFOSYS TECHNOLOGIES LTD. | TLF | TCF | 33,735,698.72 | - |
| | | TBF | 21,048,452.30 | - |
| | | TEOF | 25,581,039.20 | - |
| | | TIFN | 288,991.62 | 641,001.00 |
| | | TIFS | 315,803.58 | 357,702.00 |
| | | TGF | 15,977,995.00 | - |
| | | TLSTF | 7,193,089.10 | 12,668,612.50 |
| | | TMCF | 12,100,642.50 | - |
| | | TMIF | 5,760,346.20 | - |
| | | TMPF | 18,766,703.70 | - |
| | | TSIF | 167,891,538.00 | 78,098,270.00 |
| | | TPEF | 94,836,824.00 | 84,656,140.00 |
| | | TTSF | 15,401,710.40 | - |
| | | TOIOS | 3,399,960.00 | 4,173,190.00 |
| SASKEN COMMUNICATION LTD. | TFHA21 | TDYF | 2,315,820.00 | - |
| | | TBF | 639,340.00 | - |
| | | TEOF | 2,121,340.00 | - |
| | | TEQPEF | 839,800.00 | - |
| | | TGF | 377,260.00 | - |
| | | TLSTF | 237,640.00 | - |
| | | TMCF | 3,263,780.00 | - |
| | | TMIF | 72,800.00 | - |
| | | TSIF | 1,940,900.00 | - |
| | | TMPF | 155,740.00 | - |
| | | TYCF | 467,220.00 | - |
| | | TTSF | 496,600.00 | - |
| | | | | TOIOS |

TEGF / TBF - Tata Balanced Fund , TYCF - Tata Young Citizen Fund , TTSF96 - Tata Tax Savings Fund , TCS - Tata Select Equity Fund , TIFA - Tata Income Fund , TTOFE - Tata Pure Equity Fund , TLF - Tata Liquid Fund , TLS - Tata Life Science & Technology Fund , TGSFR - Tata Gilt Securities Fund , TINR - Tata Growth Fund , TSTBF - Tata Short Term Bond Fund , TIFP - Tata Income Plus Fund , TMIF - Tata Monthly Income Fund , TGSMF - Tata Gilt Short Maturity Fund , TIFNA - Tata Index Fund Nifty Option , TIFSA - Tata Index Fund Sensex Option , TEOF - Tata Equity Opportunities Fund , TDBF - Tata Dynamic Bond Fund , TFRLLTF - Tata Floating Rate Long Term Fund , TFRSTF - Tata Floating Rate Short Term Fund , TMPF - Tata Monthly Income Plus Fund , TEQPEF - Tata Equity P/E Fund , TDYF - Tata Dividend Yield Fund , TISF - Tata Infrastructure Fund , TSIF - Tata Service Industries Fund , TFHFA6 - Tata Fixed Horizon Fund 371 Days Plan A , TMCF - Tata Mid Cap Fund , TFF - Tata Floater Fund , TFHFA8 - Tata Fixed Horizon Fund Series 1 Plan C , TCF - Tata Contra Fund , TFHFA11 - Tata Fixed Horizon Fund Series 2 Plan B , TFHFA12 - Tata Fixed Horizon Fund Series 2 Plan A , TTAFA1 - Tata Tax Advantage Fund - 1 , TFHFA13 - Tata Fixed Horizon Fund Series 2 Plan C , TFHFA14 - Tata Fixed Horizon Fund Series 3 Scheme A , TFHFA15 - Tata Fixed Horizon Fund Series 3 Scheme F , TFHFA16 - Tata Fixed Horizon Fund Series 3 Scheme B , TFHFA17 - Tata Fixed Horizon Fund Series 3 Scheme C , TLMF - Tata Liquidity Management Fund , TFHFA18 - Tata Fixed Horizon Fund Series 3 Scheme D , TFHFA19 - Tata Fixed Horizon Fund Series 3 Scheme G , TFHFA20 - Tata Fixed Horizon Fund Series 5 Scheme A , TFHFA21 - Tata Fixed Horizon Fund Series 5 Scheme B , TFHFA1 - Tata Fixed Horizon Fund Annual Plan - Aug, 2004 , TFHFA2 - Tata Fixed Horizon Fund Annual Plan - Sept, 2004 , TFHFA3 - Tata Fixed Horizon Fund Annual Plan - Nov, 2004 , TFHFA4 - Tata Fixed Horizon Fund Annual Plan - Jan, 2005 , TOIOS - Tata Offshore India Opportunities Scheme

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

7. Movement in unit capital is as follows :

| Particulars | As at 31-3-06 | |
|---|------------------------|----------------------|
| | No. of units | Rs. |
| Initial Capital | 135,186,764.800 | 1,351,867,648 |
| Balance as at 16 th March, 2006 | 135,186,764.800 | 1,351,867,648 |
| Add : Units sold during the year | 0 | 0 |
| Less : Units repurchased during the year | 0 | 0 |
| Unit Capital as at 31st March | 135,186,764.800 | 1,351,867,648 |

8. 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.Nil 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 "Other Reserves" account in Schedule II.
9. 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 excess / deficit of the scheme is determined.
10. 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 1.00% of the daily net assets above Rs.100 crores and Trusteeship fees are paid at the rate of 0.05% of the daily net assets.
11. Contingent liabilities as at 31st March, 2006 are Rs.Nil.
12. Disclosure under Regulation 25(8) of the SEBI Regulation have been made in the table below in respect of amounts paid to parties associated with sponsors in which the Asset Management Company or its major shareholders have a substantial interest.

| Name of the Company | Nature of Payment | 2005 – 2006 Rs. | % equity capital held by the sponsors and its subsidiary / associates as at 31 st March, 2006 |
|--------------------------------------|-------------------|--------------------|--|
| Tata Asset Management Limited | Management Fees | 692,509 | 100%* |
| Tata Trustee Company Private Limited | Trusteeship Fees | 29,146 | 100%** |

*Tata Sons Limited – 67.90% and Tata Investment Corporation Limited – 32.10%

** Tata Sons Limited – 50.00% and Tata Investment Corporation Limited – 50.00%

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

| Particulars | As at 31-03-06 |
|-----------------|----------------|
| Face Value | 10.00 |
| Net Asset Value | 10.0543 |

14. Unprovided diminution and unrealized appreciation in the value of investments.

| Particulars | 2005 – 2006 Rs. |
|-------------------------|--------------------|
| Unrealised appreciation | 692,611 |
| Unprovided diminution | 0 |

15. There are no unit holders holding over 25% of the Net Asset Value of the Scheme as at 31st March, 2006
16. 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 at 31st March, 2006 securities aggregating to Rs.Nil are held in the name of Tata Trustee Company Private Limited A/c Tata Mutual Fund.
17. Unclaimed dividend amount, since the inception of the scheme have been invested separately, only in money market instruments and the investors who have claimed their dividend amount have been paid alongwith the appreciation earned on this amount as per SEBI circular MFD / CIR / 9 / 120 / 2000 dated 24th November, 2000. As at 31st March, 2006 the unclaimed dividend amount is Rs.Nil.
18. The scheme was launched on 16th January, 2006 and hence there are no figures for the previous year.

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

Susim M. Datta
Chairman

On Behalf of the Investment Manager
Tata Asset Management Ltd.

Farrokh K. Kavarana
Chairman

Ved Prakash Chaturvedi
Managing Director

Hormuz A. Bulsara
Chief Operating Officer

M. Venugopal
Fund Manager

HISTORICAL PER UNIT STATISTICS

| PARTICULARS | TTAF - 1 |
|---|------------------|
| | <i>31-Mar-06</i> |
| a) Net Assets Value per unit | G-10.0543 |
| (b) (i) Income other than profit on sale of Investments | 0.06 |
| (ii) Income from profit on inter-scheme Sales / transfer of Investments | 0.00 |
| (iii) Income from profit on sale of Investments | 0.00 |
| (iv) Transfer to Revenue Account from past year's Reserve | 0.00 |
| (c) Aggregate of Expenses, Write off, Amortisation and Charges | 0.01 |
| Provision for depreciation in value of investment | 0.00 |
| (d) Net Income | 0.05 |
| (e) Unrealised appreciation / depreciation in value of investments | 0.00 |
| (f) (i) Highest Repurchase Price (Initial Unitholder) | 10.062 |
| (ii) Lowest Repurchase Price (Initial Unitholder) | 10.0498 |
| (iii) Highest Repurchase Price (Fresh Unitholder) | 10.0620 |
| (iv) Lowest Repurchase Price (Fresh Unitholder) | 10.0498 |
| (v) Highest Ongoing Sale Price | 10.0620 |
| (vi) Lowest Ongoing Sale Price | 10.0498 |
| (vii) Highest Traded Price | N.A. |
| (viii) Lowest Traded Price | N.A. |
| (ix) Price-earning ratio | 193.74 |
| (g) Ratio of expenses to average net assets by percentage | 2.33 |
| (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) | 14.70 |

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 schemes will achieve their objectives. ● As with any investment in stocks, shares and securities the NAV of the units under the schemes 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 Schemes. ● Tata Tax Advantage Fund - 1 is only the name of the Scheme and does not in any manner indicate either the quality of the Schemes, 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. ● For scheme specific risk factors and other details please read the offer documents carefully before investing.

Investment Manager: TATA ASSET MANAGEMENT LTD. Trustee: TATA TRUSTEE COMPANY PVT. LTD.
E-mail: kiran@tataamc.com Website: www.tatamutualfund.com

Computer Age Management Services (P) Ltd: Contact : 1-800-33-4449

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