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# **ANNUAL REPORT**

## **2009 - 2010**

- Tata Fixed Income Portfolio Fund – Scheme AI

**STATUTORY DETAILS:**

<p><b>SPONSORS</b> <b>Tata Sons Limited</b> Bombay House, 24, Homi Modi Street, Mumbai - 400 001.</p> <p><b>Tata Investment Corporation Limited</b> Ewart House, 22, Homi Modi Street, Mumbai - 400 001.</p> <p><b>TRUSTEE</b> <b>Tata Trustee Company Limited</b> Mafatlal Centre, 9th Floor, Narman Point, Mumbai – 400 021.</p>	<p><b>AMC</b> <b>Tata Asset Management Ltd.</b> Mafatlal Centre, 9th Floor, Narman Point, Mumbai – 400 021.</p> <p><b>REGISTRAR</b> <b>Computer Age Management Services (Pvt.) Limited</b> Ground Floor, 178/10 Kodambakkam High Road, Opp. Hotel Palmgrove, Nungambakkam, Chennai - 600 034.</p> <p><b>Karvy Computershare Private Limited</b> Karvy Registry House, H.No. 8-2-596, Avenue-4, Street No.1, Banjara Hills, Hyderabad - 500 034.</p>
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# REPORT OF THE TRUSTEE TO THE UNITHOLDERS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010

Dear Unitholder,

It gives us great pleasure to enclose schemewise audited financials as on 31<sup>st</sup> March, 2010. This Report is in continuation of the 'Performance and Portfolio of the Schemes' Report as on 31<sup>st</sup> March, 2010 published by us earlier.

## 1. Scheme Performance, Future Outlook and Operations of the Schemes

### The year that was:

#### Debt:

The global economy after suffering one of the worst recessions in FY 2008-2009, started to recover in FY 2009-2010, on the back of massive stimulus by governments across the major economies. However, compared to developed economies, the emerging economies fared well. The GDP growth in India, which had slumped to 6.7% during 2008-2009, grew by 7.4% in FY 2009-10.

The financial market during 2009-10 was characterised by prevalence of comfortable liquidity conditions in money markets despite large government borrowing programme and rising pressure on medium to long-term government bond yield on the back of rising inflationary pressure.

During the year the headline Wholesale Price Index (WPI) inflation, firmed up significantly. While the initial inflationary pressure was largely due to rising food and fuel prices, reflecting the impact of a deficient monsoon on agricultural output and the increase in international crude prices, in the second half of the year, the inflation became increasingly generalized due to persistent supply side pressures. This was evident from the acceleration of inflation in non-food manufactured products from -0.4% in November 2009 to 4.7% in March 2010. These inflationary conditions, coupled with the stronger growth, forced RBI to reverse the accommodative monetary policy. RBI started the reversal of its accommodative policy by hiking CRR by 75 basis points and Repo and Reverse Repo by 25 basis points in Q4 of FY 2009-10.

During the year due to ample liquidity, the call rate hovered around the lower range of the Liquidity Adjustment Facility (LAF) corridor throughout the year. However, longer end of the yield curve continued to shift upwards indicating market concerns of fiscal deficit and rising inflationary pressures. While the medium to long-term bond yields, in general, moved up during the year, reflecting inflation and fiscal deficit concerns, the short-term yield softened till Q3 of 2009-10, reflecting the surplus liquidity conditions, followed by a hardening trend in Q4 as the surplus liquidity reduced and there was a general shift in the interest rate environment. The benchmark 10 year yield which was at 7.01% at the beginning of the year touched at high of 8% in Q4 of 2009-10, before closing at 7.84% towards the end of the year. The corporate bonds were stable, with 5 year AAA yield averaged around 8.25% and closed the year at 8.55%. However, the spread between the 5 Year AAA bond, which had hit a high of around 400 bps at the height of credit crisis in FY2008-09, narrowed down considerably to close the year at 101 bps,.

#### Tata Fixed Income Portfolio Fund

Underperformed due to small size of corpus resulting in inflexibility to make investments in odd lots and higher impact cost.

#### Performance at a glance (% as on 31<sup>st</sup> March, 2010)

	Last 1 year	Last 3 years	Last 5 years	Since Inception
<b>Tata Fixed Income Portfolio Fund</b>				
Scheme A1	RIP 0.43	NA	NA	RIP 5.09 (03/01/08)
<b>Crisil Liquid Fund Index</b>				
Scheme A1	RIP 3.69	NA	NA	RIP 6.30

**Past performance may or may not be sustained in future.**

**Return for period upto 1 year is absolute and for more than one year is compounded annualised. Returns are for growth option.**

#### FUTURE OUTLOOK:

#### DEBT OUTLOOK

Going ahead, we expect the RBI to continue with its policy of normalizing the accommodative monetary policy by hiking the Repo and Reverse Repo further during FY 2010-11. As a result of this, we expect that the easy liquidity conditions that prevailed in last year expected to reverse and the short term rates to move upward. However, the long term yield curve is expected to remain steady at higher levels in the initial period, before trending downwards in the later part of the year, as inflation cools off and the majority of the borrowing programme gets completed.

#### FUNDS UNDER MANAGEMENT - OPERATIONS

Tata Mutual Fund today manages thirty-nine open ended schemes of which sixteen are equity schemes, two are balanced schemes, twenty are debt schemes, one is Equity Linked Saving Scheme (ELSS) and nine are close ended schemes of which one is an equity scheme, three are balanced schemes, three are debt schemes, and two are Equity Linked Saving Scheme (ELSS). The average net assets under management were around Rs 21935.17 crores as on 31/03/10 which have increased from Rs. 17029.87 crores as on 31/03/09 showing an increase of Rs 4905.30 crores. The AMC's continued focus on marketing and sales efforts has been showing good results and the total average net assets under management as on 31/05/10 were Rs 22673.43 crores.

## **2. Brief Background of Sponsors, Trust, Trustee Co. and Asset Management Company (AMC).**

### **a) Tata Mutual Fund**

Tata Mutual Fund (TMF) was set up as a Trust by the Sponsors and the Settlers, Tata Sons Limited (TSL) and Tata Investment Corporation Limited (TICL) on 9<sup>th</sup> May, 1995 with Tata Trustee Company Limited as a Trustee in accordance with the provisions of the Indian Trusts Act, 1882 and is duly registered under the Indian Registration Act, 1908. The Trustee has entered into an Investment Management Agreement dated 9<sup>th</sup> May, 1995 with Tata Asset Management Limited to function as the Investment Manager for all the Schemes of Tata Mutual Fund (TMF). TMF was registered with SEBI on 30<sup>th</sup> June, 1995.

### **b) Tata Trustee Company Limited**

The Trustee is the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unitholders. The Trustee has been discharging its duties and carrying out the responsibilities as provided in the Regulations and the Trust Deed. The Trustee seeks to ensure that the Fund and the Schemes floated there under are managed by the AMC in accordance with the Trust Deed, the Regulations, directions and guidelines issued by the SEBI, the Stock Exchanges, the Association of Mutual Funds in India and other regulatory agencies.

### **c) Asset Management Company**

Tata Asset Management Limited (TAML) is a company incorporated under the Companies Act, 1956 on 15<sup>th</sup> March, 1994, having its Registered Office at Mafatlal Centre, 9<sup>th</sup> Floor, Nariman Point, Mumbai – 400 021. TAML has been appointed as the Asset Management Company for Tata Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated 9<sup>th</sup> May, 1995, and executed between TTCL and TAML.

The Trustee Company has appointed TAML as the Asset Management Company for TMF. The shareholders of TAML are TSL and TICL. TAML has entered into an Investment Management Agreement dated 9<sup>th</sup> May, 1995 with TTCL, pursuant to which TAML will run the operations of TMF and manage the assets of TMF's Schemes. TAML, having its registered office at, Mafatlal Centre, 9<sup>th</sup> Floor, Nariman Point, Mumbai – 400 021 is a Company incorporated under the Companies Act, 1956 on 15<sup>th</sup> March 1994 and was approved to act as an Asset Management Company for TMF by SEBI on 30<sup>th</sup> June, 1995. The network of TAML as on May 31, 2010 is approximately about Rs. 133.41 crores. TAML is currently managing thirty-nine open-ended schemes and nine close ended schemes.

## **3. Investment Objectives of the Schemes**

**TFIPF (Scheme A1):** An open ended debt schemes. Investment objective of the schemes is to generate returns and / or capital appreciation along with minimisation of interest rate risk. In order to achieve its investment objective, the scheme will invest predominantly in a portfolio of Debt & Money market instruments. In order to control the interest rate risk, average maturity of the portfolio will not exceed 30 days (TFIPFA1).

## **4. Significant Accounting Policies:**

Accounting policies are in accordance with Securities Exchange Board of India (Mutual Fund) Regulations 1996.

## **5. Unclaimed Dividend & Redemptions: Nil**

## **6. Statutory Information:**

- a. The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond their initial contribution (to the extent contributed) of Rs. 1 lakh for setting up the Fund, and such other accretions / additions to the same.
- b. The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- c. Full Annual Report shall be disclosed on the website ([www.tatamutualfund.com](http://www.tatamutualfund.com)) and shall be available for inspection at the Head Office of the mutual fund. Present and prospective unit holder can obtain copy of the trust deed, the full Annual Report of the Fund / AMC at a price.

7. Disclosure of Investors Complaints:

Redressal of Complaints received against Mutual Funds (MFs) during 2009-2010:

Name of Mutual Fund : TATA Mutual Fund

Total Number of Folios: 1662754

Com-plaint code	Type of complaint#	(a) No. of complaints pending at the beginning of the year	Action on (a) and (b)									
			(b) No of complaints received during the year	Resolved				Non Action-able*	Pending			
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months
I A	Non receipt of Dividend on Units	0	663	632	0	0	0		31	0	0	0
I B	Interest on delayed payment of Dividend	0	0	0	0	0	0		0	0	0	0
I C	Non receipt of Redemption Proceeds	0	54	54	0	0	0		0	0	0	0
I D	Interest on delayed payment of Redemption	0	64	64	0	0	0		0	0	0	0
II A	Non receipt of Statement of Account/Unit Certificate	1	15	16	0	0	0		0	0	0	0
II B	Discrepancy in Statement of Account	0	3	3	0	0	0		0	0	0	0
II C	Non receipt of Annual Report/Abridged Summary	0	1	1	0	0	0		0	0	0	0
III A	Wrong switch between Schemes	0	0	0	0	0	0		0	0	0	0
III B	Unauthorized switch between Schemes	0	0	0	0	0	0		0	0	0	0
III C	Deviation from Scheme attributes	0	0	0	0	0	0		0	0	0	0
III D	Wrong or excess charges/load	0	0	0	0	0	0		0	0	0	0
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	0	5	5	0	0	0		0	0	0	0
IV	Others	0	179	177	0	0	0		2	0	0	0
	<b>Total</b>	<b>1</b>	<b>984</b>	<b>952</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>33</b>	<b>0</b>	<b>0</b>	<b>0</b>

# including against its authorized persons/ distributors/ employees. etc.

\*Non actionable means the complaint that are incomplete / outside the scope of the mutual fund

For Tata Trustee Company Limited,

**S. M. Datta**  
Chairman

Place: Mumbai

Date: 20<sup>th</sup> July, 2010

Encl. Schemewise Audited Accounts and Auditor's Report

**Abbreviations of the Scheme Name:**

TFIPF - Tata Fixed Income Portfolio Fund  
 TFIPA1 – Scheme A1  
 Regular Plan: RIP(MD) - Monthly Dividend, RIP(G) – Growth  
 Institutional Plan: IP(MD) - Monthly Dividend, IP(G) – Growth

# AUDITORS' REPORT

## TO THE BOARD OF DIRECTORS OF TATA TRUSTEE COMPANY LIMITED

We have audited the attached Balance Sheet of **TATA MUTUAL FUND – TATA FIXED INCOME PORTFOLIO FUND SCHEME A1** ("the Fund") as at 31<sup>st</sup> March, 2010 and the Revenue Account of the Fund for the year ended on that date, annexed thereto, and report thereon as follows:

- a) The Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards 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.
- b) Our audit was conducted in accordance with the 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 the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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.
- c) 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.
- d) The Balance Sheet and the Revenue Account dealt with by this report are in agreement with the books of account of the Fund.
- e) The Fund does not hold any Non - traded securities.
- f) Without qualifying our opinion, we draw attention to Note No.15 of Schedule VII Part B wherein the Managements of the Tata Asset Management Limited and Tata Trustee Company Limited have explained their rationale regarding certain Accounting Standards issued by the Institute of Chartered Accountants of India as not being applicable to mutual funds.
- g) 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 in conformity with the accounting principles generally accepted in India:
  - (i) in the case of the Balance Sheet, of the state of affairs of the Fund as at 31<sup>st</sup> March, 2010 and
  - (ii) in the case of the Revenue Account, of the surplus of the Fund for the year ended on that date.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Registration No. 117365W)

**Z.F. Billimoria**  
Partner  
(Membership No. 42791)

MUMBAI, 20<sup>th</sup> July, 2010

**Balance Sheet of Tata Fixed Income Portfolio Fund - Scheme A1  
as at 31st March, 2010**

	Schedule	As At 31-Mar-10 (Rupees)	As At 31-Mar-09 (Rupees)
<b>LIABILITIES</b>			
Unit Capital	I	405,889	1,491,800
Reserves & Surplus	II	55,157	116,949
Current Liabilities & Provisions	III	31,349	60,238
<b>TOTAL</b>		<b>492,394</b>	<b>1,668,987</b>
<b>ASSETS</b>			
Investments	IV	-	845,936
Other Current Assets	V	492,394	823,051
<b>TOTAL</b>		<b>492,394</b>	<b>1,668,987</b>

Significant Accounting Policies and Notes to the Accounts

VII

In terms of our report attached.  
For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

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

**Z. F. Billimoria**  
Partner

**Director**

**Tata Asset Management Limited**

Mumbai, 20th July, 2010

**Authorised Signatory**

**Fund Manager**

**Revenue Account of Tata Fixed Income Portfolio Fund - Scheme A1  
for the year ended 31st March, 2010**

		Schedule	Year Ended 31-Mar-10 (Rupees)	Year Ended 31-Mar-09 (Rupees)
<b>INCOME</b>				
	Interest	VI	6,703	3,453,448
7400	Profit on inter- scheme transfer / sale of investments		-	381,325
7450	Other income		14,081	-
	<b>TOTAL (A)</b>		<b>20,784</b>	<b>3,922,160</b>
<b>EXPENSES AND LOSSES</b>				
4005	Management fees		336	18,927
4055	Trusteeship fees		5	378
6011	Commission to Agents (net of load utilised of Rs. 970/- (previous year Rs. 20,620/-))		-	-
4900	Audit fees		14,745	16,545
OE	Other operating expenses		-	-
CE	Custodian fees & expenses		-	8,365
	<b>TOTAL (B)</b>		<b>15,086</b>	<b>362,000</b>
	Surplus ( A - B )		5,698	3,560,160
7550	(Decrease) in unrealised appreciation in value of investments		-	(46,069)
	Surplus after considering unrealised appreciation in value of investments		5,698	3,514,091
2202	<b>Less : Income Equalisation Account</b>		(63,267)	(1,075,815)
	<b>Add : Surplus brought forward</b>		(57,569)	2,438,276
	Surplus after adjustments		116,443	163,228
	<b>Appropriations</b>			
4750	Income Distribution		3,383	2,122,588
4751	Tax on dividend distributed		479	362,473
	<b>Surplus carried forward (A-B)</b>		<b>55,012</b>	<b>116,443</b>
	Income (Gross) as a percentage to Average Net Assets		3.09	10.36
	Recurring Expenses as a percentage to Average Net Assets		2.24	0.12

Significant Accounting Policies and Notes to the Accounts

VII

In terms of our report attached.  
For **DELOITTE HASKINS & SELLS**  
Chartered Accountants

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

**Z. F. Billimoria**  
Partner

**Director**

**Tata Asset Management Limited**

Mumbai, 20th July, 2010

**Authorised Signatory**

**Fund Manager**



**Tata Fixed Income Portfolio Fund - Scheme A1**

	<b>As At 31-Mar-10 (Rupees)</b>	<b>As At 31-Mar-09 (Rupees)</b>
<b>Schedule I - Unit Capital</b>		
Initial Capital *		
(20,306,000.000 units of the face value of Rs. 10/- each)	203,060,000	203,060,000
<u>Unit Capital</u>		
Units Opening Balance		
( 149,179.965 Units (previous year 7,303,948.046 units) of the face value of Rs.10/- each)	1,491,800	73,039,480
<b>Add :</b> Units reissued during the period		
( 51,252.972 units (previous year 23,366,054.985 units) of the face value of Rs.10/- each)	512,530	233,660,550
	2,004,330	306,700,030
<b>Less :</b> Units repurchased during the period		
( 159,844.062 units (previous year 30,520,823.000 units) of the face value of Rs.10/- each)	1,598,441	305,208,230
Units Closing Balance		
( 40,588.875 units (previous year 149,179.965 units) of the face value of Rs.10/- each)	<b>405,889</b>	<b>1,491,800</b>

**Tata Fixed Income Portfolio Fund - Scheme A1**

	<b>As At 31-Mar-10 (Rupees)</b>	<b>As At 31-Mar-09 (Rupees)</b>
<b>Schedule II - Reserves &amp; Surplus</b>		
<b><u>Unit Premium Reserve</u></b>		
Opening Balance	506	(4)
<b><u>Add/(Less)</u></b> : Addition/(Deduction) during the year	(361)	510
Closing Balance	145	506
<b><u>Accumulated Load</u></b>		
Opening Balance	-	-
<b><u>Add</u></b> : Collection during the year	970	20,620
	970	20,620
<b><u>Less</u></b> : Utilised towards agents commission	970	20,620
Closing Balance	-	-
<b>Revenue Account</b>	<b>55,012</b>	116,443
	<b>55,157</b>	<b>116,949</b>

## Tata Fixed Income Portfolio Fund - Scheme A1

As At 31-Mar-10 (Rupees)	As At 31-Mar-09 (Rupees)
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### Schedule III - Current Liabilities & Provisions

#### Current Liabilities

Management Fees Payable	10	36
Trusteeship Fees Payable	8	327
Selling Commission / Brokerage	4	94
Audit Fees	16,545	16,545
Other Expenses	-	21
Repurchase amount payable	9,999	25,110
Income Distribution Payable	4,782	18,105
	<u>31,348</u>	<u>60,238</u>

**Tata Fixed Income Portfolio Fund - Scheme A1**

	<b>As At 31-Mar-10 (Rupees)</b>	<b>As At 31-Mar-09 (Rupees)</b>
<b>Schedule IV - Investments</b>		
<b>(Market / Yield to maturity / Fair value)</b>		
Reverse Repos	-	845,936
	<u>-</u>	<u>845,936</u>

**Tata Fixed Income Portfolio Fund - Scheme A1**

<b>As At</b>	<b>As At</b>
<b>31-Mar-10</b>	<b>31-Mar-09</b>
(Rupees)	(Rupees)

**Schedule V - Other Current Assets**

Balances with banks in current account	362,525	589,632
Outstanding and accrued income	-	112
Others*	129,869	233,307
	<b>492,394</b>	<b>823,051</b>

\* Refer Note No. 4 of Schedule VII Part B- Notes to the Accounts

**Tata Fixed Income Portfolio Fund - Scheme A1**

	<b>Year Ended 31-Mar-10 (Rupees)</b>	<b>Year Ended 31-Mar-09 (Rupees)</b>
<b>Schedule VI - Interest Income</b>		
Discounted Securities	-	2,751,357
Reverse Repos	6,703	702,091
	<b><u>6,703</u></b>	<b><u>3,453,448</u></b>

# TATA MUTUAL FUND

**Schedule VII - Statement of significant accounting policies and Notes forming part of the Accounts of Tata Fixed Income Portfolio Fund Scheme A1 (TFIPA1) for the year ended 31st March, 2010.**

## **A. SIGNIFICANT ACCOUNTING POLICIES**

### **1. INCOME RECOGNITION:**

- a) Profit or loss on sale of investments is recognised on trade dates. The cost of investments sold is determined on “weighted average cost basis”.
- b) 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.
- c) Discounts / premiums to redemption value on fixed income securities are amortised on a straight-line basis over the period upto redemption.
- 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. Investor related expenses viz: Registrar expenses, investor communications, investor meets etc. are allocated to the schemes in proportion to the number of live folios in the schemes.

### **3. INVESTMENTS:**

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.

#### 4. PORTFOLIO VALUATION FOR NAV CALCULATION

i. **Traded Securities (Other than Floating Rate Debt Securities):**

Traded Securities are valued at year-end closing market rates on the principal stock exchange (National Stock Exchange of India Ltd) 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 as per the Securities and Exchange Board of India (SEBI) (Mutual Fund) Regulations, 1996.

ii. **Thinly Traded Securities (Other than Floating Rate Debt Securities):**

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 The Securities and Exchange Board of India (SEBI) for the same.

iii. **Investment in Reverse Repo :**

Investment bought on 'Repo' basis are valued at cost plus accrued interest.

iv. **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, 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. The loss on investments sold or transferred during the period or year is charged to the revenue account instead of being first adjusted against the provision for depreciation, if already created in the previous year. However, this departure from the Guidance Note does not have any impact on the scheme's net assets and the financial statements of the scheme.

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.



**5. INCOME EQUALISATION RESERVE :**

Income Equalisation Reserve is being maintained by crediting / (debiting) the equalisation account in respect of sale / (repurchase) of units by an appropriate amount which represents the distributable income at the time of sale / (repurchase). It is reflected in the Revenue Account after the net excess / deficit of the scheme is determined.

**6. UNIT PREMIUM RESERVE AND ACCUMULATED LOAD :**

On repurchase / redemption / resale of units, the difference between the unit face value and the NAV (after adjusting income equalisation reserve) is disclosed as “Unit Premium Reserve”, while the difference between the NAV and the repurchase / resale price is disclosed as “Accumulated Load” which is considered for computation of the Net Asset Value. The accumulated load of Rs.970/- (previous year Rs.20,620/-) is utilised 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 “Accumulated Load” account in Schedule.

**B. Notes attached to and forming part of the accounts for the year ended 31<sup>st</sup> March, 2010.**

1. The aggregate value of purchases and sales (including redemptions) of investments for the year ended 31<sup>st</sup> March, 2010 expressed as a percentage of average daily net assets is as under :

Particulars	As at 31-3-10		As at 31-3-09	
	Value* Rs.	%	Value* Rs.	%
Aggregate value of Purchases	0.00	0.00	568,797,865	1502.63
Aggregate value of Sales (including redemptions)	0.00	0.00	620,948,987	1640.40

\*The amounts do not include CBLO and Reverse Repo transactions.

2. 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 31<sup>st</sup> March, 2010 of any scheme of the fund, in terms of Regulation 25 (11). (Refer Annexure 1).
3. Statement of Portfolio with industry wise classification as at 31<sup>st</sup> March, 2010. (Refer Annexure 2).
4. Amount receivable from AMC Rs.129,869/- (previous year Rs.233,307/-) is included under "Others" in "Other Current Assets".
5. In accordance with the Rules and Regulations of the scheme, Management Fees are paid at the rate of 0.0500% of the daily net assets (previous year : 0.0500% of the daily net assets) and Trusteeship Fees are paid at the rate of 0.0010% of the daily net assets (previous year : 0.0010% of the daily net assets).
6. Contingent liabilities as at 31<sup>st</sup> March, 2010 are Rs.Nil.

7. Disclosure under Regulation 25(8) of the SEBI (MF) Regulations, 1996 have been made in respect of brokerage and commission paid to parties associated with sponsors in which the Asset Management Company or its major shareholders have a substantial interest as per SEBI Circular dated 15<sup>th</sup> March, 2010.  
(Refer Annexure 3).
8. Disclosure under Regulation 25(8) of the SEBI (MF) Regulations 1996 have been made in the table below in respect of other payments made 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	2009-2010 Rs.	2008-2009 Rs.	% equity capital held by the sponsors & its subsidiary/associates as at 31 <sup>st</sup> March, 2010
Tata Asset Management Limited	Management Fees	336	18,927	100%*
Tata Trustee Company Limited	Trusteeship Fees	5	378	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%

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

Particulars	As at 31-03-10		As at 31-03-09	
Face Value	10.00		10.00	
Net Asset Value	Retail Investment Plan- Monthly Dividend Growth	10.1798 11.1775	Retail Investment Plan- Monthly Dividend Growth	10.1842 11.1293

10. Unprovided diminution and unrealised appreciation in the value of investments.

Particulars	2009-10 Rs.	2008-09 Rs.
Unrealised appreciation	Nil	Nil
Unprovided diminution	Nil	Nil

11. There are no unit holders holding over 25% of the Net Asset Value of the Scheme as at 31<sup>st</sup> March, 2010.
12. Unclaimed redemption/dividend amount, since the inception of the scheme has 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 24<sup>th</sup> November, 2000. As at 31<sup>st</sup> March, 2010 the unclaimed redemption/dividend amount is Rs.Nil for Nil investors (previous year Rs.Nil for Nil investors).

13. 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 31<sup>st</sup> March, 2010, reverse repos aggregating to Rs.Nil (previous year Rs.845,936/-) are held in the name of Tata Trustee Company Limited A/c Tata Mutual Fund.
14. No provision for income tax has been made since the income of the schemes is exempt u/s 10(23D) of the Income Tax Act 1961.
15. The Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India (ICAI) has opined that the Accounting Standards on Cash Flow Statement (AS-3), Segment Reporting (AS-17) and Related Party Disclosures (AS-18) issued by the ICAI are applicable to financial statements of schemes of mutual funds. The Management of Tata Asset Management Limited and Tata Trustee Company Ltd. is of the view that mutual funds are governed by a self contained regulatory framework, i.e. the SEBI (MF) Regulations, 1996 the Ninth and Eleventh Schedules of which lay down the specific Accounting Policies and Standards to be adopted and the disclosures to be made. Accordingly, the financial statements have been prepared on the basis of the SEBI (MF) Regulations, 1996.
16. The figures for the previous year have been regrouped and reclassified wherever necessary to conform with the current year figures.

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

**Director**

**Tata Asset Management Limited**

**Authorised Signatory**

**Fund Manager**

## Key Statistics for the year / period ended 31st March, 2010

	TFIPA1	
	31-Mar-10	31-Mar-09
1. Net Asset Value per unit Rs.		
Open	RIP (MD) -10.1842 RIP (G)-11.1293	RIP (MD) -10.0219 RIP (G) -10.2188 IP (MD) -10.0204
High	RIP (G)-11.1861 RIP (MD) -10.1969	RIP (MD) -10.2557 RIP (G)-11.1293 IP (MD)-10.1354 IP (G)-10.135
Low	RIP (G)-11.13 RIP (MD) -10.1798	RIP (MD) -10.0189 RIP(G)-10.2219 IP (MD)-9.9808 IP (G)-9.9804
End	RIP (MD) -10.1798 RIP (G)-11.1775	RIP (MD) -10.1842 RIP (G)-11.1293
2. Closing Assets Under Management (Rs. in Lakhs)		
End	4.32	15.80
Average (AAuM)	6.72	378.53
3. Gross income as % of AAuM <sup>1</sup>	3.09%	9.52%
4. Expense Ratio:		
<b>a. Total Expense as % of AAuM (plan wise)</b>	RIP (MD) -2.2400% RIP (G)-2.2400% IP (MD)-2.2400% IP (G)-2.2400%	RIP (MD) -0.1500% RIP (G)-0.1500% IP (MD)-0.1500% IP (G)-0.1500%
<b>b. Management Fee as % of AAuM (plan wise)</b>	RIP (MD) -0.0500% RIP (G)-0.0500% IP (MD)-0.0500% IP (G)-0.0500%	RIP (MD) -0.0500% RIP (G)-0.0500% IP (MD)-0.0500% IP (G)-0.0500%
5. Net Income <sup>2</sup> as a percentage of AAuM <sup>3</sup>	0.85%	9.40%
6. Portfolio turnover ratio <sup>4</sup>	N.A.	N.A.
7. Total Dividend / Bonus per unit distributed during the year / period (plan wise) (Rs.)	RIP (MD) -0.0488	RIP (MD) -0.6093 IP (MD)-0.2033
8. Returns:		
<b>a. Last One Year</b>		
<b>Scheme</b>	RIP : 0.43	RIP : 8.90
<b>Benchmark</b>	Crisil Liquid Fund Index	
	RIP : 3.69	RIP : 8.81
<b>b. Since Inception</b>		
<b>Scheme</b>	RIP : 5.09	RIP : 9.00
<b>Benchmark</b>	Crisil Liquid Fund Index	
	RIP : 6.30	RIP : 8.44

1. Gross income = amount against (A) in the Revenue account i.e. Income.
2. Net income = amount against (C) in the Revenue account i.e. NET REALISED GAINS / (LOSSES) FOR THE YEAR / PERIOD
3. AAuM=Average daily net assets
4. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year/period.
5. Inception Dates: TFIPA1 : 03/01/2008.
6. Past Performance may or may not be sustained in the future

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**Statutory Details: Constitution** : Tata Mutual Fund (TMF) has been set up as a Trust under the India Trusts Act, 1882. **Sponsors & Settlers:** Tata Sons Limited and Tata Investment Corporation Limited. **Trustee** : Tata Trustee Company Limited. **Investment Manager:** Tata Asset Management Limited. **Risk Factors** • **All investments in Mutual Fund & securities are subject to market risks & the NAV of the units issued under the schemes can go up or down depending on the factors & forces affecting the capital markets** • **Mutual Fund & securities investments are subject to market risks & there can be no assurance & no guarantee that the objectives of the scheme will be achieved** • Past performance of the previous scheme, the Sponsors or its group affiliates is not indicative of & does not guarantee the future performance of the schemes • **The above is only the name of the scheme & does not in any manner indicate either the quality of the scheme, it's future prospects or the returns** • The Sponsors are not responsible or liable for any loss resulting from the operations of the Mutual Fund beyond the contribution of an amount of Rs.1 lac made by them towards setting up of the Mutual Fund. Investments in debt securities are subject to interest rate risk, credit risk & liquidity risk • The present scheme are not guaranteed or assured return schemes • Investment in mutual fund units involves investment risk such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of capital. • **Kindly refer Scheme Information Document (SID), Statement of Additional Information (SAI) & Key Information Memorandum (KIM) of the scheme for applicable loads. For scheme specific risk factors & other details please read the SID/SAI/KIM of the scheme carefully before investing.**

**WEST ZONE:** **Mumbai:** Tata Asset Management Ltd., Mulla House, Ground Floor, 51, M.G. Road, Near Flora Fountain, Mumbai - 400001. Tel.: 022-66315191/92/93, Fax: 022- 66315194. **Borivali:** Ground Floor, Shop No. 8, Victor Park, Behind Indryani Saree Shop, Chandarvarkar Road, Borivali (West), Mumbai - 400 092. Tel.: 022-65278852. **Ahmedabad:** 402, 'Megha House', Mithakhali - Law Garden Road, Netaji Marg, Ahmedabad - 380 006. Tel.: 079- 6541 8989/ 6544 7799. Fax: 079-2646 6080. **Pune:** Tata Asset Management Ltd., Office No 33, 3rd Floor, Yashwant, Opp Lane No. 9, Prabhat Road, Pune – 411 004 Tel: (020) 41204949, Fax: (020) 4120 4953. **Surat:** 421, Jolly Plaza, Near Collector Office, Next to G.P. College, Athwa Gate, Surat - 395 001. Tel.: 0261-6554418 / 19, Fax: 0261-2470326. **Vadodara:** 202- 203 Madhav Complex, RC Dutt Road, GEB Circle, Alkapuri, Vadodara - 390 007. Tel.: 0265-6641888/2356114, Fax: 0265-6641999. **Rajkot:** Arhant Plaza, 201, 2nd Floor, Subhas Road, Near Moti Taki, Rajkot - 360001. Tel.: 0281-6624848/6544949. **Indore:** G-25, City Centre, 507 M.G. Road, Indore - 452 001. Tel.: 0731-4201806, Fax 0731-4201807. **Bhopal:** Tata Asset Management Ltd., MF-12, Block-A, Mansarovar Complex, Near Habibganj Railway Station, Bhopal - 462 016. Tel.: 0755- 4229379 / 4273914 / 2574198. **Nashik:** 5, Samriddhi Residency, Opp Hotel City Pride, Tilakwadi, Nashik - 422 002. Tel.: 0253-6605138 / 0253-6510315, Fax: 0253-2579098. **Goa:** Tata Asset Management Ltd, FO-4, 1st Floor, Indraprastha, Above Dena Bank, Dr Shirgaonkar Road, Panjim, Goa-403001. Tel.: 0832 - 6451135/36/2422135, Fax: 0832-2422135. **Jabalpur:** TATA Asset Management Ltd., Office No. 4, 1178, Napier Town, Home Sciences College Road, Jabalpur - 482 001(M.P). Tel.: 0761-4074263. **Nagpur:** "Mile Stone", 1st Floor, Near Lokmat Square, Wardha Road, Ramdaspath, Nagpur - 440 010, Tel.: 0712-650 2885 / 663 0425.

**EAST ZONE:** **Bhubaneswar:** Janpath Tower, Room-208, 2nd Flr, Ashok Nagar, Bhubaneswar - 751009. Tel.: 0674-2533818. **Dhanbad:** 4th flr, Room No-409, Shriram Plaza, Bank More, Dhanbad - 826 001. Tel.: 9234302478/0326-2300304. **Durgapur:** A 206, 1st Flr, Kamdhenu Bengal Shristi Complex, City Centre, Durgapur - 713 216. Tel.: 0343 - 6454797. **Guwahati:** 109, 1st Flr, Orion Tower, Christian Basti, G S Road, Guwahati - 781 005 (Assam). Tel.: 0361-2343084. **Kolkata:** Tata Centre, 1st Floor, 43, J L Nehru Road, Kolkata - 700 071. Tel.: 033-22883413/5, 22881534. Fax: 033-22881535. **Jamshedpur:** C/o Mithila Motors Ltd, 1st Floor, Bistupur, Jamshedpur - 831 001. Tel.: 0657-2756021/22/23/30. **Raipur:** 331 & 332, 3rd Flr, Lalganga Shopping Mall, G E Road, Raipur - 492 001 (Chhattisgarh). Tel.: 0771-2543354. **Ranchi:** 2nd floor, Shop no. 23 A, A.C. Market, G.E.L. Church Complex, Main road, Ranchi - 834 001 (Jharkhand). Tel.: 0651-2330704/2330226. **Patna:** 605, 6th Flr, Ashiana Hariniwas, New Dak Bunglow Chowk, Patna - 800 001. Tel.: 0612-2206497/6450120. **Bhilai:** Shop No.145, Ground Floor, Chauhan Estate, Near HDFC Bank, Bhilai - 490 001. Tel.: 0788-2295625.

**NORTH ZONE:** **Agra:** G-12, Block No.19/4, Vimal Tower, Sanjay Place, Agra - 282 002. Tel.: 0562-2525195. **Allahabad:** 43/1, S P Marg, 1st Floor, Opp. MAK Tower, Civil Lines, Allahabad (UP) - 211 001. Tel.: 0532-6451122. **Amritsar:** Mezzanine floor, S.C.O – 25, B Block, District Shopping Complex, Ranjit Avenue, Amritsar – 143 001. Tel.: 98140 82808. **Chandigarh:** Cabin No.3-4-5, 1st Floor, Meeting Point, SCO - 487/488, Sector- 35C, Chandigarh - 160 022. Tel.: 0172 - 5087322 /6450322/2605320, Fax: 0172 - 2603770. **Dehradun:** Shop No. 19, Ground Floor, Shree Radha Palace, 78, Rajpur Road, Dehradun-248001, Uttarakhand. Tel.: 0135-6450877. **Jaipur:** 233, 2nd Floor, Ganpati Plaza, M I Road, Jaipur - 302 001. Tel: 0141 - 2389387 Fax: 0141 - 5105178. **Kanpur:** 4th floor, Office no. 412 - 413, KAN Chambers, 14 / 113, Civil Lines, Kanpur - 208 001. Tel.: 0512 - 2306066, Fax: 0512 - 2306065. **Delhi:** 7th Floor, No. E - H, Vandana building, 11, Tolstoy Marg, Connaught Place, New Delhi 110 001. Tel.: 011-66324111/102/103/104/105, Fax: 011-66303202. **Lucknow:** Office No.2, Saran Chambers-I, 1st Floor, 5, Park Road, Lucknow - 226 001. Tel.: 0522-6452432/4001731, Fax: 0522-2235386. **Ludhiana:** Cabin No. 201, 2nd. Floor, SCO 18, Opp Ludhiana Stock Exchange, Feroze Gandhi Market, Ludhiana - 141 001. Tel.: 0161 - 5089667/6503366, Fax: 0161-2413498. **Moradabad:** Tata Asset Management Ltd., Ground floor, Near Hotel Rajmahal, Civil Lines, Moradabad – 244 001, Tel.: 0591 - 2410667, 6535002. **Jodhpur:** Jaya Enclave, 79/4, Opp IDBI Bank, 1st A Road, Sardarpura, Jodhpur - 342 001. Tel.: 0291-6450555/2631257, Fax: 0291-2631257. **Udaipur:** Office No - 4, 2nd Floor, Madhav Apartment, Opp GPO, Chetak Circle, Udaipur - 313 001. Tel.: 0294 - 6450979/ 2429371, Fax: 0294-2429371. **Varanasi:** D-64/127, C-H Arihant Complex, Sigra, Varanasi - 221010 Tel.: 0542 - 6544655. **Jalandhar:** 2nd Floor, Above ING Vyasya Bank, Namdev Chowk, Jalandhar 144 001 Tel.: 0181-5001024/25.

**SOUTH ZONE:** **Bangalore:** 4/6, Millers Road, High Grounds, Bangalore – 560 052. Tel.: 080-66561313 / 65335986 / 65335987, Fax: 080-22370512. **Calicut:** C-8 & 9, Friends Commercial Complex, Near Federal Towers, Arayadathu Palam, Mavoor Road, Calicut - 673016. Tel.: 0495-6450508. **Chennai:** TATA Asset Management Ltd, Riaz Garden, 3rd Floor, No:29, Kodambakkam High Road, Near Palmgrove Hotel, Nungambakkam, Chennai - 600 034. Tel.: 044-64541868/69/78, 64541863/64. Fax: 044-43546313. **Cochin:** 2nd Floor, Ajay Vihar, JOS Junction, M. G. Road, Cochin - 682 016. Tel.: 0484 - 2377580, 6533107, 6467813/14/15/16. Fax: 0484 - 237 7581. **Coimbatore:** 551 A, 1st Floor, West Lokamaniya Street, Near CAMS, R. S. Puram, Coimbatore - 641 002. Tel.: 0422 - 6502133/44, 4365635, Fax: 2546585. **Hyderabad:** 3rd floor, Block B, R R Estate, G.S MALL, Somajiguda, Hyderabad-82. Tel.: 040-65961237/38 & 65548290, Fax: 040-66363187. **Hubli:** 15 & 16, 2nd floor, Eureka Junction, Travellers Bangalow Road, Above ICICI Bank, Hubli - 580 029. Tel.: 0836-6450342 Fax: 4251510. **Kottayam:** CSI Ascension Square, Collectorate P.O., Kottayam-686002. Tel.: 9447559230. **Mangalore:** Tata Asset Management Ltd., Essel Towers, 1st Floor, Bunts Hostel Circle, Above UTI Bank, Mangalore - 575 003. Tel.: 0824-6450308. **Madurai:** A- 1st Floor, A.R Plaza, No:16/17, North Veli Street, Madurai-625001. Tel.: 0452-6454330 Fax: 0452-4246315. **Mysore:** 847, 1st Floor, New Kantharaja Urs Road, Above New Krishna Sweets & Bakery, Kuvempu Nagar, Mysore - 570023. Tel.: 0821-6450470 Fax: 4246676. **Salem:** Raj Towers, Ground Floor, No: 4, Brindavan Road, Fairlands, Salem - 636 016. Tel.: 0427-6451653 Fax: 4042028. **Thiruvananthapuram:** Krishna Tower, 4th Floor, Sasthamangalam, Trivandrum - 695 010 Tel.: 0471-6535431/2319139. **Trichy:** No.60/3, 'Krishna', 2nd Floor, Sastri Main Road, Tennur, Trichy - 620 017. Tel.: 0431-6455060. **Thrissur:** 4th Floor, Pathayappura buildings, Round South, Thrissur - 680 001. Tel.: 0487-6451286. **Vijaywada:** 5th Floor, KONA Heights, Opp. All India Radio, M. G. Road, Vijaywada - 520 010. Tel.: 0866-6532621. **Vishakhapatnam:** Door No. 47-15-14 & 15, Shop No: 102-B, Ground Floor, VRC Complex, Opp. TSR Complex, Beside Andhra Bank, Vishakhapatnam – 530 016. Tel.: 0891 – 6451883 Fax: 0891-2503292.