

# Deutsche Mutual Fund

Annual Report 2005-2006

1<sup>ST</sup> CHOICE FOR YOUR MONEY.





## Sponsors / Co-Sponsors

### Deutsche Asset Management (Asia) Limited

Registered Office :  
20 Raffles Place, #27-01 Ocean Towers,  
Singapore 048620.

### Deutsche India Holdings Private Limited

5th Floor, Nicholas Piramal Tower,  
Peninsula Corporate Park, Ganpatrao Kadam Marg,  
Lower Parel, Mumbai 400 013.

## Asset Management Company

### Deutsche Asset Management (India) Private Limited

Registered & Corporate Office :  
2nd Floor, 222, Kodak House, Dr. D. N. Road, Fort,  
Mumbai 400 001.

## Trustee

### Deutsche Trustee Services (India) Private Limited

Registered Office :  
2nd Floor, 222, Kodak House, Dr. D. N. Road,  
Fort, Mumbai 400 001.

## Custodian

### JP Morgan Chase Bank

Mafatlal Centre, 9th Floor,  
Nariman Point, Mumbai 400 021.

## Registrars & Transfer Agents

### Karvy Computershare Private Limited

46, Road No. 4, Street No. 1,  
Banjara Hills, Hyderabad 500 034.

## Auditors to the Fund & Tax Advisors

### Price Waterhouse

1102/1107 Raheja Chambers,  
Nariman Point, Mumbai 400 021.

## Board of Directors of the Trustee Company

Mr. Gunit Chadha - Chairman

Mr. M. H. Kania

Mr. A. S. Mitra

Mr. Y. B. Desai

Mr. Debabrata Bhadury

Mr. Eduoard Fernen Peter  
(Resigned w.e.f. August 22, 2006)

## Board of Directors of the Asset Management Company

Mr. K. M. Gherda - Chairman

Mr. V. P. Gokhale

Mr. Stephen Paul Harris

Mr. Carl Saldanha (Resigned w.e.f. August 22, 2006)

Mr. Bhalchandra Bhide

Mr. Sandeep Dasgupta

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# Trustee Report

Dear Investor,

It gives us great pleasure to welcome you to the Deutsche Mutual Fund – India (“the Mutual Fund” or “the Fund”). The Fund has now successfully completed three years and we furnish herein the audited financials of the various schemes as on 31st March, 2006.

- **Constitution of the Fund**

Deutsche Mutual Fund had been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated May 29, 2002. The Fund has been registered with SEBI vide registration number MF/047/02/10 dated 28th October, 2002. The Head Office of the Mutual Fund was shifted to 222, Kodak House, Dr. D. N. Road, Fort, Mumbai 400 001 w.e.f. February 6, 2006. Deutsche Trustee Services (India) Private Limited is the trustee to the fund and Deutsche Asset Management (India) Private Limited has been appointed as Asset Management Company to the Mutual Fund vide Investment Management Agreement dated 29th May, 2002.

- **Sponsors / Co-Sponsors**

Deutsche Mutual Fund had been set up as a trust settled by Deutsche Asset Management (Asia) Ltd. (DeAM Asia) (liability restricted to Rs. 1 lakh). Pursuant to an internal restructuring, the shareholding of Deutsche Asset Management (Asia) Limited (DeAM Asia) in Deutsche Asset Management (India) Private Limited (DeAM) & Deutsche Trustee Services India Private Limited (DTS) has been acquired by Deutsche India Holdings Private Limited (DIHPL). The Co-sponsors to the Fund are DeAM Asia and DIHPL.

DeAM Asia was incorporated in 1987 and is headquartered in Singapore. DeAM Asia is responsible for marketing and sourcing new assets in the region for investments into Asia and Global range of equity and fixed interest products. DeAM Asia has an Investment Adviser License issued by the Monetary Authority of Singapore (“MAS”).

DIHPL, a company incorporated under the Companies Act, 1956 having its registered office at 5th Floor, Nicholas Piramal Tower, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai, is the co-sponsor for Deutsche Mutual Fund by virtue of its contribution of more than 40% to the networth of Deutsche Asset Management (India) Pvt. Ltd. Consequently, Deutsche Asset Management (Asia) Limited (“DeAM Asia”) and Deutsche India Holdings Private Limited are the co-sponsors for the Deutsche Mutual Fund. The company has been formed to act as a holding and investment company for the various existing and future operating subsidiaries of the Deutsche Bank group that are engaged in the financial services and back office processing services.

Deutsche Asset Management is one of the largest fund manager globally providing asset management capabilities to a variety of clients worldwide, including foundations, non-profit organisations, public and private superannuation funds, high-net-worth individuals and retail investors. With over Euro 500 bn of assets under management as on June 30, 2006, Deutsche Asset Management is one of the top 10 asset managers in the world.

- **DWS Investments**

In the year 1956 in Germany several private banks including the Deutsche Bank signed DWS Investments’ contract of incorporation. DWS Investments is the retail mutual fund brand of Deutsche Bank group. With Deutsche Asset Management, DWS Investments is both the name of the issuer and branding name for retail mutual funds in Europe.

DWS Investments’ has a proud heritage spanning over 50 years in Germany and over 20 years of steady growth in Europe. However, now in year 2006, DWS Investments has gone pan global with the rebranding of Scudder as DWS Scudder in America and with the launch in Asia in April 2006. DWS Investments now manages Euro 241 bn of assets as on June 2006. In Europe, DWS Investments is one of the top three players in the international fund market. This sets DWS Investments significantly apart from its international competitors. The local DWS Investments entities are not just mere distribution centres, but rather part of a multi cultural network combining global with local know-how to develop customized investment solutions.

DWS Investments focuses on active management of a variety of securities funds. The company is convinced that independence, responsibility and flexibility in investment decisions are crucial in achieving above average investment performance. For years, DWS Investments mutual funds have been winning performance awards from independent rating agencies. In March 2006 for the twelfth time in succession, DWS Investments won the Standard & Poor’s Fund Award as the best mutual fund company in Germany. And there were similar awards in Austria, Switzerland, France, Italy, Spain, Belgium and Poland.

With this strength and pedigree, DWS Investments was therefore decided to be made into Global brand. On February 06, 2006, Scudder of America was rebranded as DWS Scudder and on April 26, 2006 DWS Investments was officially launched in Singapore. Following the global initiative by Deutsche Asset Management to develop DWS as the global retail fund brand, the name of the existing schemes of DeAM India have now been changed to “DWS XYZ Fund”. For example the name of “Deutsche Alpha Equity Fund” has changed to “DWS Alpha Equity Fund” and the same has been adapted for all future schemes launched. This has been made effective from May 02, 2006 and a complete rebranding and marketing exercise was undertaken. As on August 25, 2006, the Assets under Management are Rs. 7057 crore.

- **Awards**

DWS Premier Bond Fund - Regular Plan has been ranked ICRA MFR 1 by ICRA Online Limited and has been awarded the Silver Award for “Second Best Performance” in the category, Open Ended Debt Scheme - Long Term for its one year performance ending December 30, 2005. The rank indicates performance within the top 10% of the stated category, which had a total of 22 similar schemes, including the scheme.

The rank is an outcome of an objective and comparative analysis against various parameters, including :risk adjusted return, fund size, sector concentration, portfolio turnover, liquidity, company concentration and average maturity. The ranking methodology did not take into account entry and exit loads imposed by the Fund. The rank is neither a certificate of statutory compliance nor any guarantee on the future performance of DWS Premier Bond Fund - Regular Plan

# Trustee Report

## Report of the Board of Trustees 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

### The Year that was 2005-2006

Indian economy is experiencing one of its best phases in recent times. The upturn in India's business cycle continued to strengthen in FY'06. Full year GDP growth touched 8.4% year on year basis, beating both government and private sector forecasts. From the demand side, investment activity has started to complement the already strong consumption and the investment to GDP ratio is now above 30%.

Strong economic performance was aptly reflected in performance of corporate India. Corporate sector profits grew at over 20% in FY'06. Stock markets had yet another year of strong performance, as BSE Sensex ended FY'06 at 11280, showing an impressive gain of around 74%.

Strong economic performance led to unprecedented credit growth. Rising consumer demand and pick up in investment demand led to credit growth in excess of 31% for FY'06, on the back of an equally strong 30% growth in FY'05. Credit growth outstripped deposit growth. Credit deposit ratio touched a 30-year high at 70%, indicating pressure on available resources. Strong credit growth naturally pushed the interest rates higher. RBI raised repo rates by 75 bps during the year and 10-year bond yields rose 85 bps to 7.55% in March '06.

Inflation broadly remained well within the RBI's range of 5%-5.5%, partly due to limited fuel price hikes and partly due to problems of mis-measurement. The current account continued to widen although the full year reading of 1.4% of GDP was better than market estimates. Coupled with strong foreign portfolio flows of around USD 12.5 bn, overall liquidity conditions for asset price expansion remained favourable during the year. The only brief disruption was in January-March 2006 due to the redemption of the Indian Millennium Bonds and continued strong credit expansion.

Portfolio flows hit a record high both due to the growing recognition of corporate India's performance and partly due to easy liquidity conditions. Portfolio flows remained strong despite the government's slow pace of reforms.

### Market Outlook for 2006-2007

Indian economy remains to be one of the fastest growing economies worldwide & its buoyant growth rate of 8% seems achievable. Indian GDP growth is well supported by domestic consumption that is palpable in the sales demand for automobiles, expansion of the telecom users, unprecedented increase in aviation passengers, etc. The Industrial & capital goods sector is also experiencing robust growth as witnessed with increased capex cycle showing positive outlook for 2-3 years horizon. Infrastructural investment is at all time high level with a proposed expenditure of +US \$ 200 bn in next 5 years. Geopolitical tensions and resultant increase in crude prices will be the main risk factors for the Indian economy in the near future.

The economic optimism is likely to support equity market. Corporate sector is slated to record yet another year of 20% plus profit growth. However after a handsome 74% gain in equity indices in FY'06, returns are likely to moderate to a more sustainable level. FII flows play a very important role in determining direction of Indian equity market. Global demand for risk appetite and emerging market allocations need to be tracked closely to get a sense on likely direction of Indian market.

On the fixed income market, strong credit demand, volatile oil prices, rising inflation and rising global rates are likely to act as dampener to investor sentiment. Monetary policy currently seems focused on price stability. Bond markets are likely to stay volatile for sometime. Stability could emerge later in the year as and when any of these factors start easing. We believe, while interest rates could stay volatile for sometime, with an appropriate policy response the Authorities could better manage inflationary expectations and therefore stabilize interest rates in the economy.

### Performance Review

During the period under review, Deutsche Mutual Fund launched an equity scheme DWS Tax Saving Fund, one debt scheme, namely DWS Money Plus Fund and various close ended schemes under DWS Fixed Term Series. The total Assets Under Management in all the schemes was Rs. 2535.31 crores as at March 31, 2006.

#### Performance Record (As on March 31, 2006)

Particulars	DWS Alpha Equity Fund	Benchmark Returns NSE Nifty	DWS Investment Opportunity Fund	Benchmark Returns BSE 200 Index
1 Month	18.57%	10.64%	15.25%	9.08%
3 Months	30.11%	19.96%	25.78%	18.98%
6 Months	42.67%	30.78%	42.91%	28.65%
Last 1 Year	72.96%	67.12%	62.78%	62.82%
Since Inception	346.40%	215.61%	102.50%	88.62%

# Trustee Report

Particulars	DWS Premier Bond Fund - Regular	Benchmark Returns CRISIL Bond Fund Index	DWS Money Plus Fund	Benchmark Returns CRISIL Bond Fund Index
1 Month	-0.50%	-0.12%		
3 Months	-0.46%	-0.01%		
6 Months	-0.44%	0.58%		
Last 1 Year	4.19%	3.30%		
Since Inception	16.59%	11.91%	0.47%	0.34%

Particulars	DWS MIP Fund - Plan A	Benchmark Returns CRISIL MIP Blended Index	DWS MIP Fund - Plan B	Benchmark Returns CRISIL MIP Blended Index
1 Month	0.71%	1.44%	0.14%	1.44%
3 Months	1.99%	2.79%	1.99%	2.79%
6 Months	2.92%	4.72%	2.66%	4.72%
Last 1 Year	10.98%	11.23%	8.08%	11.23%
Since Inception	19.99%	14.92%	15.36%	14.92%

Particulars	DWS Short Maturity Fund	Benchmark Returns CRISIL Short Term Bond Fund Index	DWS Tax Saving Fund	Benchmark Returns S&P CNX Nifty
1 Month	0.14%	2.49%		
3 Months	0.56%	2.96%		
6 Months	1.27%	3.45%		
Last 1 Year	4.34%	6.22%		
Since Inception	17.66%	16.36%	8.08%	3.48%

Particulars	DWS Insta Cash Plus Fund - Regular Plan	Benchmark Returns CRISIL Liquid Fund Index	DWS Insta Cash Plus Fund - Institutional Plan	Benchmark Returns CRISIL Liquid Fund Index
Last 1 Month	0.53%	0.49%	0.54%	0.49%
Last 3 Months	1.45%	1.30%	1.49%	1.30%
Last 6 Months	2.82%	2.45%	2.90%	2.45%
Last 1 Year	5.56%	4.86%	5.72%	4.86%
Since Inception	17.45%	15.00%	9.72%	8.22%

Particulars	DWS Floating Rate Fund	Benchmark Returns CRISIL Liquid Fund Index
1 Month	0.53%	0.49%
3 Months	1.43%	1.30%
Last 6 Months	2.81%	2.45%
Last 1 Year	5.70%	4.86%
Since Inception	13.17%	11.17%

Particulars	DWS Fixed Term Fund	Benchmark Returns CRISIL Composite Bond Index	DWS Fixed Term Fund - Series 2	Benchmark Returns CRISIL Liquid Fund Index
Last 1 Month	0.59%	-0.19%	0.63%	0.58%
Last 3 Month	1.50%	0.07%	1.47%	1.38%
Last 6 Months	2.76%	0.58%	2.61%	2.48%
Since Inception	5.96%	3.29%	4.19%	3.74%

# Trustee Report

Particulars	DWS Fixed Term Fund – Series 3	Benchmark Returns CRISIL Liquid Fund Index	DWS Fixed Term Fund – Series 4	Benchmark Returns CRISIL Liquid Fund Index
Last 1 Month	0.53%	0.58%	0.12%	0.58%
Last 3 Months	1.07%	1.38%	0.92%	1.38%
Last 6 Months	1.90%	2.48%		
Since Inception	2.72%	3.07%	0.52%	1.70%

Particulars	DWS Fixed Term Fund – Series 5	Benchmark Returns CRISIL Liquid Fund Index	DWS Fixed Term Fund – Series 6	Benchmark Returns CRISIL Liquid Fund Index
Last 1 Month			0.24%	0.58%
Since Inception	0.17%	0.04%	0.35%	0.64%

Particulars	DWS Fixed Term Fund – Series 8	Benchmark Returns CRISIL Liquid Fund Index	DWS Fixed Term Fund – Series 9	Benchmark Returns CRISIL MIP Bond Index
Since Inception	0.17%	0.36%	0.18%	0.56%

- Past Performance may or may not be sustained in future and should not be used as basis of comparison with other investments.
- Performances calculated on Growth Plan NAV. Returns do not take in to account the entry load.
- Since inception returns are calculated on Rs. 10 invested on inception. Inception date is deemed as date of NFO closing for all schemes.

## Investment Objectives and Policy of Investment and Schemewise Operation During the Year:

### Equity Funds

#### DWS Alpha Equity Fund

The Investment objective of the scheme is to generate long-term capital growth from a diversified portfolio of equity and equity related securities of companies registered in, and/or listed on a regulated market of India. The Scheme invests in companies across a range of market capitalisations with a preference for medium and large companies.

It is a diversified equity fund launched in January 2003 with Dividend and Growth options. The scheme had a corpus of Rs. 67.11 crores as at 31st March, 2005 which decreased to Rs. 46.11 crores as at 31st March, 2006.

#### DWS Investment Opportunity Fund

The Investment objective of the scheme is to generate capital appreciation on the portfolio over a long term by actively investing in different asset classes as per market conditions. The investment manager has the discretion to invest upto 100% of the assets in the portfolio in equity market / equity related instruments at a given point of time however the equity allocation may fall to as low as 5% under certain circumstances, in which case, the fund shall be invested in debt and money market instruments at its discretion.

It is a dynamic allocation fund launched in January 2004 with Dividend and Growth options. The scheme had a corpus of Rs. 19.61 crores as at 31st March, 2005 which has decreased to Rs. 7.59 crores as at 31st March, 2006.

#### DWS Tax Saving Fund

This scheme is a open ended equity linked saving scheme with a Investment objective to generate long term capital appreciation from a portfolio that is invested predominantly in equity and equity related instruments.

It is a equity linked saving scheme launched in February 2006. The scheme had a corpus of Rs. 30.49 crores as at 31st March, 2006.

### Debt Funds

#### DWS Premier Bond Fund

The investment objective of the Scheme is to provide regular income by investing in debt securities including bonds and money market instruments.

The scheme was launched in January 2003. The scheme had a corpus of Rs. 19.77 crores as at 31st March, 2005 which has decreased to Rs. 4.20 crores as at March 31, 2006.

#### DWS Short Maturity Fund

The investment objective of the Scheme is to generate steady returns with low to medium market risk for investors by investing in a portfolio of short – medium term debt and money market securities.

The scheme was launched in January 2003 and had a corpus of Rs. 107 crores as at 31st March, 2005 which decreased to Rs. 104.40 crores as at March 31, 2006.

#### DWS Money Plus Fund

The investment objective of the scheme is to generate steady return by investing in debt and money market securities across the credit spectrum. The portfolio will be invested in money market instruments and investment grade debt securities with an aim to preserve capital and offer higher return and moderate liquidity over a short medium term.

The scheme was launched in February 2006. The scheme had a corpus of Rs. 80.63 crores as at March 31, 2006.

# Trustee Report

## DWS Insta Cash Plus Fund

The investment objective of the scheme is to generate steady returns with high liquidity by investing in a portfolio of short-term, high quality money market and debt instruments.

The scheme was launched in January 2003 with Dividend and Growth options. The scheme had a corpus of Rs. 966.33 Crores as at 31st March, 2005 which decreased to Rs. 728.44 crores as at March 31, 2006.

## DWS Floating Rate Fund

The investment objective of the Scheme is to provide income consistent with the prudent risk from a portfolio comprising substantially of floating rate debt instruments, fixed rate debt instruments swapped for floating rate returns and also fixed rate & money market instruments.

The scheme was launched in October 2003 and had a corpus of Rs. 458.59 Crores as at March 31, 2005 which decreased to Rs. 208.05 crores as at March 31, 2006.

## DWS MIP Fund

The investment objective of the Scheme is to generate regular income (No Assured Return) in order to make regular dividend payments and growth of capital.

The scheme was launched in January 2004 with two plans having equity exposure of 20% & 10% respectively. The scheme had a combined corpus of Rs. 40.48 crores as at March 31, 2005 which decreased to Rs. 9.95 crores as at March 31, 2006.

## DWS Fixed Term Fund – Series 1, 2, 3, 4, 5, 6 and 8

The investment objective of all the series under the Deutsche Fixed Term Schemes is to generate steady returns with low to medium market risk for investors by investing in a portfolio of short – medium term debt and money market securities.

## DWS Fixed Term Fund – Series 9

The investment objective of this series is to generate income by investing primarily into debt and money market instruments usually maturing in line with the time profile of the fund and to attain capital appreciation by investing a small portion in equity / equity related instruments.

The series had a combined corpus of Rs. 134.33 crores as at 31st March, 2005 which increased manifold to Rs. 973.67 crores as at March 31, 2006.

## Deutsche Dynamic Bond Fund

The Scheme Deutsche Dynamic Bond Fund was wound up on December 23, 2005 in compliance with the SEBI Circular No. SEBI/IMD/ CIR No. 10/22701/03 dated December 12, 2003.

## Deutsche Fixed Term Fund - Series 7

The scheme which was a close ended scheme was launched on 29th December 2005 and got matured on 28.03.2006.

## Dividends

Following dividends were paid out during the year in DWS Alpha Equity Fund and DWS Investment Opportunity Fund.

Scheme Name	Record Date	Dividend Rate
DWS Alpha Equity Fund	26.09.2005	5.00
DWS Alpha Equity Fund	09.01.2006	2.50
DWS Investment Opportunity Fund	09.02.2006	2.75

## Statutory Details

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.

On written request present and prospective unitholder / investor can obtain a copy of the Trust Deed, the annual report and the text of the relevant schemes. A copy of the Annual report of the AMC shall be provided to the unitholders on request.

## Liabilities and Responsibilities of Trustees

The Sponsor has appointed Deutsche Trustees Service (India) Private Limited as the Trustee for the Deutsche Mutual Fund. The Rights, Duties and Responsibilities of the Trustee shall be consistent with the Regulations and the Trust Deed. The Trustee shall discharge such duties and responsibilities as provided in the Regulations and the Trust Deed.

The Sponsor DeAM Asia is not responsible or liable for any loss resulting from the operation of the schemes beyond the initial contribution of Rs. 1 lakh made by it towards setting up of Deutsche Mutual Fund.

For and on behalf of the Board of Directors,  
Deutsche Trustee Services (India) Private Limited  
(Trustee to Deutsche Mutual Fund)

Gunit Chadha

Chairman

Place : Mumbai

Date : August 30, 2006

Notes :

- A copy of the Annual Report of the Fund will be posted to all the unitholders.
- The Annual results have been placed by Deutsche Asset Management (India) Private Limited before the Board of the Trustee Company and approved by the Trustee Company on August 30, 2006.



# Auditors' Report

To the Trustee,

## DEUTSCHE MUTUAL FUND

1. We have audited the Balance Sheet of Deutsche Mutual Fund – **DWS Alpha Equity Fund (formerly Deutsche Alpha Equity Fund)** ("The Scheme") as at March 31, 2006 and the related Revenue Account for the year ended on that date, both of which we have signed under reference to this report. These financial statements are the responsibility of the Trustee of Deutsche Mutual Fund and the Management of Deutsche Asset Management (India) Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned at March 31, 2006 by correspondence with the custodian and others. 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.
3. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us,
  - (i) The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable, and also give respectively, a true and fair view of the state of affairs of Deutsche Mutual Fund – DWS Alpha Equity Fund as at March 31, 2006 and its net surplus for the year ended on that date.
  - (ii) The Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended on that date, together with the notes thereon have been prepared in all material respects 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 and amendments thereto as applicable.
  - (iii) The method used to value equity shares awaiting listing in good faith as at March 31, 2006 as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Fund is fair and reasonable.

K. H. Vachha

*Partner*

Membership No. F/30798

For and on behalf of

**Price Waterhouse**

*Chartered Accountants*

Place : Mumbai

Date : August 30, 2006

# Balance Sheet

as at March 31, 2006

	Schedule	March 31, 2006 Rupees	March 31, 2005 Rupees
<b>Assets</b>			
Investments	1	433,773,622	631,721,013
Other Current Assets	2	64,144,903	56,194,387
<b>TOTAL</b>		<b>497,918,525</b>	687,915,400
<b>Liabilities</b>			
Unit Capital	3	225,979,061	398,176,404
Reserves and Surplus	4	235,169,971	272,963,388
Current Liabilities and Provisions	5	36,769,493	16,775,608
<b>TOTAL</b>		<b>497,918,525</b>	687,915,400

## Reconciliation of Net Asset Value Per Unit

	March 31, 2006			March 31, 2005		
	Growth Plan Rupees	Dividend Plan Rupees	Total Rupees	Growth Plan Rupees	Dividend Plan Rupees	Total Rupees
Net Assets as per Balance Sheet (Total Assets less Current Liabilities and Provisions) (Note 2.6)	141,522,383	319,626,649	461,149,032	138,780,496	532,359,296	671,139,792
Number of Units in Issue	3,170,254.789	19,427,651.347		5,377,804.835	34,439,835.680	
Net Asset Value per Unit	44.64	16.45		25.81	15.46	

Notes to the Financial Statements 8

The Schedules referred to herein form an integral part of the Financial Statements

This is the Balance Sheet referred to in our report of even date.

K. H. VACHHA  
Partner

For **Deutsche Trustee Services (India)  
Private Limited**

For **Deutsche Asset Management (India)  
Private Limited**

For and on behalf of  
PRICE WATERHOUSE  
Chartered Accountants

Gunit Chadha  
Director

M. H. Kania  
Director

Stephen Paul Harris  
Director

Sandeep Dasgupta  
Director

Y. B. Desai  
Director

A. S. Mitra  
Director

Kersi M. Gherda  
Director

Bhalchandra Bhide  
Director

Debabrata Bhadury  
Director

Eduoard Ferner Peter  
Director

Vijay P. Gokhale  
Director

Carl Saldanha  
Director

Place: Mumbai  
Date : August 30, 2006

Vinay Kulkarni  
Portfolio Manager

# Revenue Account

for the year ended March 31, 2006

	Schedule	April 01, 2005 to March 31, 2006 Rupees	April 01, 2004 to March 31, 2005 Rupees
<b>Income and Gains</b>			
Dividends (Note 2.4)		11,342,920	20,646,520
Interest and Discount	6	2,807,552	2,942,386
Net Profit on Sale of Investments (Note 2.3)		468,726,249	175,301,931
<b>TOTAL</b>		<b>482,876,721</b>	198,890,837
<b>Expenses And Losses</b>			
Investment Management and Advisory Fees (Note 3)		10,254,696	12,933,903
Trustee Fees and Expenses (Note 4)		84,088	105,652
Transfer Agent Fees and Expenses		1,036,175	1,280,749
Custodian Fees and Expenses (Note 5)		684,728	888,884
Audit Fees		9,266	188,033
Selling and Distribution Expenses		8,691,210	8,079,688
Other Operating Expenses		2,427,814	3,013,488
		23,187,977	26,490,397
Less: Expenses to be Reimbursed by the Investment Manager (Note 7)		2,422,243	350,043
<b>TOTAL</b>		<b>20,765,734</b>	26,140,354
Net Surplus for the Year		462,110,987	172,750,483
Net Change in Unrealised (Depreciation) / Appreciation in Value of Investments	7	(48,507,360)	(15,873,836)
<b>Net Surplus including Net Change in Unrealised (Depreciation) / Appreciation in Value of Investments</b>		<b>413,603,627</b>	156,876,647

	April 01, 2005 to March 31, 2006			April 01, 2004 to March 31, 2005		
	Growth Plan Rupees	Dividend Plan Rupees	Total Rupees	Growth Plan Rupees	Dividend Plan Rupees	Total Rupees
Net Surplus including Net Change in Unrealised (Depreciation) / Appreciation in Value of Investments by Plan	66,384,612	347,219,015	413,603,627	9,496,662	147,379,985	156,876,647
Transfer From Reserve Fund	–	38,678,726	38,678,726	–	92,760,306	92,760,306
Transfer From Dividend Equalisation Reserve (Note 2.8)	(23,667,143)	59,420,634	35,753,491	(66,970,584)	3,154,894	(63,815,690)
Dividend Distributions	–	(443,600,733)	(443,600,733)	–	(184,575,387)	(184,575,387)
Balance Transferred to Reserve Fund	42,717,469	1,717,642	44,435,111	(57,473,922)	58,719,798	1,245,876
Notes to the Financial Statements			8			

The Schedules referred to herein form an integral part of the Financial Statements

This is the Revenue Account referred to in our report of even date.

K. H. VACHHA  
Partner

For **Deutsche Trustee Services (India)  
Private Limited**

For **Deutsche Asset Management (India)  
Private Limited**

For and on behalf of  
**PRICE WATERHOUSE**  
Chartered Accountants

Gunit Chadha  
Director

M. H. Kania  
Director

Stephen Paul Harris  
Director

Sandeep Dasgupta  
Director

Y. B. Desai  
Director

A. S. Mitra  
Director

Kersi M. Gherda  
Director

Bhalchandra Bhide  
Director

Debabrata Bhadury  
Director

Eduoard Fernen Peter  
Director

Vijay P. Gokhale  
Director

Carl Saldanha  
Director

Place: Mumbai  
Date : August 30, 2006

Vinay Kulkarni  
Portfolio Manager

## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

	March 31, 2006		March 31, 2005	
	Market / Fair Value Rupees	Cost Rupees	Market / Fair Value Rupees	Cost Rupees
<b>Schedule 1</b>				
<b>Investments</b>				
(Notes 2.2, 2.3, 8, 9,10, 11 and 14)				
(Refer to the attached Statement of Portfolio Holding as at March 31, 2006)				
Equity Shares	433,773,622	376,497,217	631,721,013	525,937,248
<b>TOTAL</b>	<b>433,773,622</b>	<b>376,497,217</b>	631,721,013	525,937,248

### Schedule 2

#### Other Current Assets

	March 31, 2006 Rupees	March 31, 2005 Rupees
Balance with Banks		
– in Current Account		14,263,123
– in Dividend Account (Note 15)		1,238,817
Sales Contracts Awaiting Completion - Equity Shares		36,467,073
Application Money Pending Allotment - Equity Shares		5,162,500
Application Money Pending Allotment - Debentures / Bonds		4,500,000
Unit Subscription Receivable		50,000
Inter-Scheme Receivable - Others		26,000
Interest Receivable on :		
– Debentures / Bonds		878
Receivable from the Investment Manager		2,422,243
Tax Deducted at Source		14,269
<b>TOTAL</b>	<b>64,144,903</b>	56,194,387

	March 31, 2006		March 31, 2005	
	Rupees	Units	Rupees	Units

### Schedule 3

#### Unit Capital

##### Growth Plan

##### Issued and Subscribed:

Units of Rs.10 each fully paid-up	273,771,925	27,377,192.500	273,771,925	27,377,192.500
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##### Outstanding:

At the beginning of the year	53,778,048	5,377,804.835	161,460,672	16,146,067.225
Issued during the year	80,293,038	8,029,303.833	280,706,004	28,070,600.411

	134,071,086	13,407,108.668	442,166,676	44,216,667.636
Redeemed during the year	102,368,538	10,236,853.879	388,388,628	38,838,862.801

At the end of the year	31,702,548	3,170,254.789	53,778,048	5,377,804.835
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##### Dividend Plan

##### Issued and Subscribed:

Units of Rs.10 each fully paid-up	38,074,280	3,807,428.000	38,074,280	3,807,428.000
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##### Outstanding:

At the beginning of the year	344,398,356	34,439,835.680	545,305,800	54,530,580.036
Issued during the year	1,155,021,413	115,502,141.343	671,417,901	67,141,790.094

	1,499,419,769	149,941,977.023	1,216,723,701	121,672,370.130
Redeemed during the year	1,305,143,256	130,514,325.676	872,325,345	87,232,534.450

At the end of the year	194,276,513	19,427,651.347	344,398,356	34,439,835.680
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<b>TOTAL</b>	<b>225,979,061</b>	<b>22,597,906.136</b>	398,176,404	39,817,640.515
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## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

	March 31, 2006			March 31, 2005		
	Growth Plan Rupees	Dividend Plan Rupees	Total Rupees	Growth Plan Rupees	Dividend Plan Rupees	Total Rupees
<b>Schedule 4</b>						
<b>Reserves and Surplus</b>						
<b>Unit Premium Reserve (Note 2.7)</b>						
At the beginning of the year	(17,673,491)	97,148,491	79,475,000	17,899,830	197,862,256	215,762,086
Added during the year	(17,900,082)	(25,649,720)	(43,549,802)	(35,573,321)	(100,713,765)	(136,287,086)
At the end of the year	(35,573,573)	71,498,771	35,925,198	(17,673,491)	97,148,491	79,475,000
<b>Dividend Equalisation Reserve (Note 2.8)</b>						
Added during the year	(23,667,143)	59,420,634	35,753,491	(66,970,584)	3,154,894	(63,815,690)
Transfer to Revenue Account	23,667,143	(59,420,634)	(35,753,491)	66,970,584	(3,154,894)	63,815,690
At the end of the year	-	-	-	-	-	-
<b>Reserve Fund</b>						
At the beginning of the year	102,675,939	90,812,449	193,488,388	160,149,861	124,852,957	285,002,818
Transfer to Revenue Account	-	(38,678,726)	(38,678,726)	-	(92,760,306)	(92,760,306)
Balance Transferred from Revenue Account	42,717,469	1,717,642	44,435,111	(57,473,922)	58,719,798	1,245,876
At the end of the year [including net unrealised appreciation in value of investments Rs. 57,276,405 (2005 - Rs. 105,783,765)]	145,393,408	53,851,365	199,244,773	102,675,939	90,812,449	193,488,388
<b>TOTAL</b>	<b>109,819,835</b>	<b>125,350,136</b>	<b>235,169,971</b>	<b>85,002,448</b>	<b>187,960,940</b>	<b>272,963,388</b>

	March 31, 2006 Rupees	March 31, 2005 Rupees
<b>Schedule 5</b>		
<b>Current Liabilities and Provisions</b>		
<b>Current Liabilities</b>		
Investment Management and Advisory Fees	429,348	774,135
Trustee Fees and Expenses	3,435	6,193
Transfer Agent Fees and Expenses	47,473	83,698
Custodian Fees and Expenses	26,007	45,518
Audit Fees	29,832	188,033
Purchase Contracts Awaiting Completion - Equity Shares	32,009,409	9,281,678
Redemption of Units	457,125	3,095,294
Selling and Distribution Expenses	1,030,465	2,197,747
Inter-Scheme Payable - Others	25,000	-
Unclaimed Dividend (Note 15)	1,238,817	339,842
Unclaimed Redemption (Note 16)	562,506	55,264
Sundry Payables	910,076	708,206
<b>TOTAL</b>	<b>36,769,493</b>	<b>16,775,608</b>

## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

	April 01, 2005 to March 31, 2006 Rupees	April 01, 2004 to March 31, 2005 Rupees
<b>Schedule 6</b>		
<b>Interest and Discount</b>		
(Note 2.4)		
Debentures / Bonds	902,036	44,568
Treasury Bills	-	9,288
Reverse Repos	1,825,431	2,818,920
Commercial Paper / Certificate of Deposit	80,085	-
Others	-	69,610
<b>TOTAL</b>	<b>2,807,552</b>	<b>2,942,386</b>

	April 01, 2005 to March 31, 2006 Rupees	April 01, 2004 to March 31, 2005 Rupees
<b>Schedule 7</b>		
<b>Unrealised (Depreciation) / Appreciation in Value of Investments</b>		
(Note 8)		
Equity Shares		
At the beginning of the year	105,783,765	121,657,601
At the end of the year	57,276,405	105,783,765
<b>Net change in unrealised (depreciation) / appreciation in value of investments during the year</b>	<b>(48,507,360)</b>	<b>(15,873,836)</b>

## Schedule 8

### Notes to the Financial Statements

#### 1. Organisation

DWS Alpha Equity Fund (formerly Deutsche Alpha Equity Fund) (the "Scheme") is an open-ended scheme of Deutsche Mutual Fund (the "Fund") and was launched on January 14, 2003. Deutsche Mutual Fund has been sponsored by Deutsche Asset Management (Asia) Limited. Deutsche Asset Management (India) Private Limited incorporated under the Companies Act, 1956, has been appointed as the asset management company. The duration of the Scheme is perpetual. The Scheme closed for initial subscription on January 21, 2003 and reopened for issue and redemption of units on January 30, 2003. The investment objective of the Scheme is to generate long term capital growth from investment in a diversified portfolio of equity and equity related securities.

The Scheme has two plans - Growth Plan and Dividend Plan.

The Scheme will not declare dividend under the Growth Plan. The income earned on such units will remain invested within the Scheme and will be reflected in the net asset value.

The name of the Scheme has been changed from Deutsche Alpha Equity Fund to DWS Alpha Equity Fund subsequent to the year end for which necessary approvals have been received.

#### 2. Significant Accounting Policies

##### 2.1 Basis of Accounting

The Scheme maintains its books of account on an accrual basis. These financial statements 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 (the "Regulations") and amendments thereto, as applicable.

##### 2.2 Portfolio Valuation

Investments are stated at market / fair value at the Balance Sheet date / date of determination. In valuing the Scheme's investments:

## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

- i. Equity securities listed on a recognised stock exchange are valued at the last quoted closing price on the Bombay Stock Exchange Limited (BSE). If on a particular valuation day, a security is not traded on BSE, the value at which it is traded on the National Stock Exchange of India Limited (NSE) is used. If no sale is reported at that time, the last quoted closing price on the principal stock exchange on which the security is traded is used when it is not more than thirty days prior to the valuation date.
- ii. Non-traded and thinly traded equity securities, including those not traded within thirty days prior to the valuation date are valued at fair value as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by the Securities and Exchange Board of India (SEBI).
- iii. Equity shares awaiting listing are valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- iv. Debt securities listed on a recognised stock exchange are valued at the last quoted closing price on the NSE. If no sale is reported at that time, such security is valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- v. Non-traded and thinly traded debt securities, are valued at fair value as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by SEBI.
- vi. Privately placed debt securities are valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- vii. Instruments bought on 'repo' basis are valued at the resale price after deduction of applicable interest up to the date of resale.
- viii. Traded money market securities are valued at the yield at which they are traded on the valuation date. If no sale is reported at that time, such security is valued at the last traded price plus accretion of the difference between the face value and the last traded price. Non-traded money market instruments are valued at cost plus accrued interest.

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 Regulations) net unrealized appreciation / depreciation in the value of investments is determined separately for each category of investments. Further the change in net unrealized appreciation / depreciation, if any, between two Balance Sheet dates / dates of determination is recognized in the Revenue Account. Unrealized appreciation is reduced from the distributable income at the time of income distribution. At the end of the financial year, the balance in the Revenue Account including change in the net unrealised appreciation or depreciation in the value of investments is transferred to Reserve Fund.

### 2.3 Securities Transaction

Investment securities transactions are accounted for on a trade date basis. The Scheme uses the average cost method for determining the realized gain or loss on sale of investments.

### 2.4 Investment Income

Dividend and interest income are recorded on an accrual basis.

### 2.5 Initial Issue Expenses

Initial issue expenses of upto 1% of the amount mobilized during the initial offer period was borne by the Scheme and charged to the Revenue Account in the year of incurrence. Expenses over and above 1% were borne by the asset management company.

### 2.6 Net Asset Value for Growth / Dividend Plans

The net asset value of the units of the Scheme is determined separately for the units issued under the Growth and Dividend Plans.

For reporting the net asset value for the Plans, daily income earned, including realized and unrealized gain or loss in the value of investments and expenses incurred by the Scheme are allocated to the Plans in proportion to the value of the units outstanding.

### 2.7 Unit Premium Reserve

Upon issue and redemption of units, the net premium or discount to the face value of units is adjusted against the unit premium reserve of the Scheme, after an appropriate portion of the issue proceeds and redemption payout is credited or debited respectively to the dividend equalization reserve.

The unit premium reserve is available for dividend distribution except to the extent it is represented by unrealised net appreciation in value of investments.

### 2.8 Dividend Equalisation Reserve

The net distributable income relating to units issued / repurchased is transferred to / from dividend equalization reserve for determining the net surplus / deficit, transferred from / to unit premium reserve.

## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

### 2.9 Load

Load collected is retained under a separate account in the Scheme and is used to meet the selling and distribution expenses of the Scheme.

### 3. Investment Management and Advisory Fees

The Scheme has paid or provided for investment management and advisory fees payable to Deutsche Asset Management (India) Private Limited for managing the Scheme at an annual rate of 1.25% of the average daily net asset values recorded by the Scheme upto Rs.100 crores and at an annual rate of 1% of the excess over Rs.100 crores. All costs, charges and expenses incurred by Deutsche Asset Management (India) Private Limited in the administration and execution of the activities of the Scheme, except costs allowed to be charged to the Scheme under the Regulations and amendments thereto, as applicable, are on their own account for which they receive investment management and advisory fees.

### 4. Trustee Fees

In accordance with the Deed of Trust dated May 29, 2002 between Deutsche Asset Management (Asia) Limited (the "Settlor") and Deutsche Trustee Services (India) Private Limited (the "Trustee"), the Scheme has paid or provided for trustee fees payable to the Trustee at an annual rate of 0.01% of the average daily net asset values recorded by the Scheme.

### 5. Custodian Fees

J P Morgan Chase Bank provides custodial services to the Scheme for which it receives custody fees.

### 6. Income Taxes

No provision for taxation has been made as the Scheme qualifies as a recognised mutual fund under Section 10 (23D) of the Income Tax Act, 1961 of India. For taxes deducted at source from investment income which are recoverable, a receivable is recorded in books of account.

### 7. Limitation on Expenses

The total expenses chargeable to the Scheme is limited to an annual rate of 2.50% of the average daily net asset values recorded by the Scheme upto Rs.100 crores and at an annual rate of 2.25% of the excess over Rs.100 crores. Deutsche Asset Management (India) Private Limited has borne Rs.2,422,243 in excess of the above mentioned percentage of the average daily net assets allowable to be charged to the Scheme as total expenses for the year.

### 8. Aggregate Appreciation and Depreciation In Value of Investments

Aggregate appreciation and depreciation in value of investments is as follows:

	March 31, 2006 Rupees	March 31, 2005 Rupees
Equity Shares		
– Appreciation	58,246,031	117,501,006
– Depreciation	969,626	11,717,241

### 9. Aggregate Fair Value of Non-Traded Investments

Aggregate value of non-traded (including privately placed) investment as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee as at March 31, 2006 is Rs. 1,822,290.

### 10. Illiquid Securities

Illiquid security as a percentage of net asset value at March 31, 2006 is 0.40%.

### 11. Aggregate Value of Purchases and Sale of Investments

The aggregate value of investment securities purchased and sold (including matured) during the year is Rs. 4,441,647,854 (excluding accretion of discount Rs. 80,086) and Rs. 5,059,894,220 respectively being 528.21% and 601.74% of the average daily net assets.

### 12. Income and Expenses

The total income (including net profit on sale of investments and net change in unrealized appreciation / depreciation in value of investments) and expenditure is Rs. 434,369,361 and Rs. 20,765,734 respectively being 51.66% and 2.47% of the average daily net assets.

### 13. Disclosure Under Regulation 25(8) of the Securities and Exchange Board of India (Mutual Funds) Regulation, 1996 as amended

Deutsche Bank AG, Mumbai Branch and Kotak Mahindra Bank Limited, associate entities of Deutsche Asset Management (India) Private Limited were paid commission amounting to Rs. 431,876 and Rs. 667,347 respectively for procuring unit subscriptions for the Scheme. Further, Deutsche Equities India Private Limited was paid brokerage of Rs. 1,493,038 on purchase and sale of investments by the Scheme. The commission and brokerage paid were at rates similar to those offered to other distributors / brokers.



## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

### 14. Disclosure Under Regulation 25 (11) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended

Deutsche Mutual Fund has made the following investments in companies, which hold units in excess of 5% of the net asset value of any Scheme of Deutsche Mutual Fund.

Company Name	Schemes invested in by the Company	Investment made by Schemes of Deutsche Mutual Fund in the Company / Subsidiary	Aggregate for the period under Regulation 25(11) At Cost (Rupees in lakhs)	Outstanding as at March 31, 2006 At Market / Fair Value (Rupees in lakhs)
DSP Merrill Lynch Capital Limited	DWS Insta Cash Plus Fund	DWS Insta Cash Plus Fund	6,784.00	129.64
		DWS Fixed Term Fund - Series 7	4,216.78	-
		DWS Floating Rate Fund	3,401.99	-
		DWS Fixed Term Fund - Series 3	867.67	878.66
		DWS Short Maturity Fund	493.73	110.43
		DWS MIP Fund - Plan A	235.17	67.22
		DWS Fixed Term Fund - Series 2	197.10	201.66
		DWS MIP - Fund - Plan B	107.45	38.41
		DWS Fixed Term Fund	14.08	14.40
Grasim Industries Limited	DWS Fixed Term Fund - Series 3	DWS Alpha Equity Fund	678.02	329.27
		DWS Tax Saving Fund	220.54	246.95
		DWS Investment Opportunity Fund	55.14	61.74
		DWS Tax Saving Fund^	125.26	136.89
		DWS Alpha Equity Fund^	72.68	-
Hindustan Lever Limited	DWS Fixed Term Fund - Series 4 DWS Fixed Term Fund - Series 6	DWS Alpha Equity Fund	495.15	-
Hindustan Zinc Limited	DWS Insta Cash Plus Fund DWS Fixed Term Fund - Series 5	DWS Alpha Equity Fund	170.99	261.60
Infosys Technologies Limited	DWS Insta Cash Plus Fund	DWS Alpha Equity Fund	2,967.35	-
		DWS Investment Opportunity Fund	480.71	-
		DWS MIP Fund - Plan A	136.65	8.94
		DWS MIP Fund - Plan B	25.99	-
ITC Limited	DWS Floating Rate Fund DWS Short Maturity Fund DWS Fixed Term Fund - Series 7 DWS Insta Cash Plus Fund	DWS Alpha Equity Fund	1,316.00	136.47
		DWS Investment Opportunity Fund	413.51	48.74
		DWS Tax Saving Fund	171.58	97.48
		DWS MIP Fund - Plan A	28.10	12.67
		DWS MIP Fund - Plan B	12.20	-
Larsen & Toubro Limited	DWS Alpha Equity Fund DWS Insta Cash Plus Fund	DWS Alpha Equity Fund	1,765.39	152.04
		DWS Floating Rate Fund	1,000.00	-
		DWS Insta Cash Plus Fund	900.00	-
		DWS Investment Opportunity Fund	177.45	36.49
		DWS Tax Saving Fund	122.28	121.63
		DWS Short Maturity Fund	100.00	-
		DWS MIP Fund - Plan B	3.73	-
		DWS Insta Cash Plus Fund^^	18,202.34	2,200.00
		DWS Floating Rate Fund^^	3,800.00	1,297.19
		DWS Fixed Term Fund - Series 7^^	3,700.00	-
		DWS Short Maturity Fund^^	1,800.00	-
		DWS Fixed Term Fund^^	1,799.21	797.75
		DWS Fixed Term Fund - Series 2^^	1,698.95	1,698.03
		DWS Money Plus Fund ^^	200.00	-
Sterlite Industries India Limited	DWS Fixed Term Fund - Series 7	DWS Insta Cash Plus Fund	21,140.00	-
		DWS Floating Rate Fund	12,020.00	-
		DWS Short Maturity Fund	3,220.00	-

## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

Company Name	Schemes invested in by the Company	Investment made by Schemes of Deutsche Mutual Fund in the Company / Subsidiary	Aggregate for the period under Regulation 25(11) At Cost (Rupees in lakhs)	Outstanding as at March 31, 2006 At Market / Fair Value (Rupees in lakhs)
		DWS Fixed Term Fund - Series 7	1,000.00	–
		DWS Fixed Term Fund - Series 8	800.00	–
		DWS Alpha Equity Fund	662.57	384.88
		DWS Premier Bond Fund	160.00	–
		DWS MIP Fund - Plan A	100.00	–
		DWS Investment Opportunity Fund	67.51	78.73
		DWS MIP Fund - Plan B	50.00	–
		DWS Fixed Term Fund - Series 4	10.00	–
The Tata Steel Limited	DWS Insta Cash Plus Fund	DWS Alpha Equity Fund	2,065.32	375.48
	DWS Fixed Term Fund - Series 7	DWS Investment Opportunity Fund	822.49	–
		DWS Tax Saving Fund	116.78	134.10
		DWS MIP Fund - Plan A	116.41	–
		DWS MIP Fund - Plan B	35.50	–
The Bombay Dyeing and Manufacturing Company Limited	DWS Short Maturity Fund	DWS Fixed Term Fund - Series 2	2,000.00	–
Videsh Sanchar Nigam Limited	DWS Insta Cash Plus Fund	DWS Investment Opportunity Fund	94.30	–
	DWS Short Maturity Fund	DWS Alpha Equity Fund	73.24	–

^ DTSF and DAEF have invested in Ultratech Cemco which is a subsidiary of Grasim Industries Limited.

^^ DICPF, DFRF, DFTF-7, DSMF, DFTF, DFTF-2 and DMPF have invested in L&T Finance Limited which is a subsidiary of Larsen & Toubro Limited.

The above investments comprise equity shares, debentures / bonds, commercial paper, fixed deposits and other debt instruments. These investments have been made on account of their high credit quality and competitive yield for the investment in fixed income / money market instruments and in case of equity shares because of attractive valuations of these companies.

### 15. Unclaimed Dividend

As at March 31, 2006 unclaimed dividends aggregate Rs.1,238,817 payable to one hundred and ten investors. These details are based on confirmations received from the Scheme's Registrar and Transfer Agent that maintain information of unclaimed dividends on behalf of the Scheme.

### 16. Unclaimed Redemptions

As at March 31, 2006 unclaimed redemptions aggregate Rs.562,506 payable to six investors. These details are based on confirmations received from the Scheme's Registrar and Transfer Agent that maintain information of unclaimed redemptions on behalf of the Scheme.

### 17. Perspective Historical Per Unit Statistics\*

	April 01, 2005 to March 31, 2006 Rupees	April 01, 2004 to March 31, 2005 Rupees	April 01, 2003 to March 31, 2004 Rupees
(a) Net asset value per unit at the end of the year (Note 2.5)			
Growth Plan	44.64	25.81	21.03
Dividend Plan	16.45	15.46	15.92
(b) Gross Income			
(i) income other than profit on sale of investment	0.63	0.59	0.13
(ii) income from profit on inter scheme sales / transfer of investment	0.00	0.00	(0.00) #
(iii) income (net) from profit on sale of investments to third party	20.74	4.41	2.80
(iv) transfer of revenue account from past year's reserve	1.71	2.33	0.00

## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

	April 01, 2005 to March 31, 2006 Rupees	April 01, 2004 to March 31, 2005 Rupees	April 01, 2003 to March 31, 2004 Rupees
(c) Aggregate of expenses, writeoff, amortisation and charges	0.92	0.66	0.18
(d) Net income	20.45	4.34	2.75
(e) Net change in unrealised (depreciation) / appreciation in value of investments	(2.15)	(0.40)	1.88
(f) Redemption price			
– Highest			
Growth Plan	44.64	27.54	22.72
Dividend Plan	19.05	18.00	18.83
– Lowest			
Growth Plan	24.14	17.06	9.25
Dividend Plan	12.51	12.91	9.39
(g) Purchase price			
– Highest			
Growth Plan	44.64	27.42	22.72
Dividend Plan	19.05	18.00	18.83
– Lowest			
Growth Plan	24.14	17.06	9.25
Dividend Plan	12.51	12.91	9.25
(h) Price earnings ratio	NA	NA	NA
(i) Ratio of expenses to average daily net assets by percentage	2.47%	2.48%	2.48%
(j) Ratio of gross income (including net profit / loss on sale of investments and net change in unrealised appreciation / depreciation in value of investments) to average daily net assets by percentage	51.66%	17.35%	65.01%

\* The above per unit calculations are based on the number of units in issue at the end of the financial year.

# Below 0.01 per unit

### 18. Composition of Board of Directors of Investment Manager

An independent Director of Deutsche Asset Management (India) Private Limited ('the Company') had resigned from the Board of Directors ('the Board') with effect from October 31, 2005 due to which the composition of the Board was reduced to below the minimum requirement of 50% independent directors as required under the Regulations. An independent Director was appointed on the Board on February 6, 2006, after which the composition of the Board was in compliance with the Regulations. The Company has informed the Securities and Exchange Board of India of the same.

### 19. Prior Year's Figures

Prior year's figures have been regrouped / rearranged where appropriate.

Signatures to the Schedules 1 to 8 forming part of the Balance Sheet and the Revenue Account

K. H. VACHHA  
Partner

For **Deutsche Trustee Services (India) Private Limited**

For **Deutsche Asset Management (India) Private Limited**

For and on behalf of  
**PRICE WATERHOUSE**  
Chartered Accountants

Gunit Chadha  
Director

M. H. Kania  
Director

Stephen Paul Harris  
Director

Sandeep Dasgupta  
Director

Y. B. Desai  
Director

A. S. Mitra  
Director

Kersi M. Gherda  
Director

Bhalchandra Bhide  
Director

Debabrata Bhadury  
Director

Eduoard Fernen Peter  
Director

Vijay P. Gokhale  
Director

Carl Saldanha  
Director

Place: Mumbai  
Date : August 30, 2006

Vinay Kulkarni  
Portfolio Manager



Deutsche Asset Management   
A Member of the Deutsche Bank Group

# Statement of Portfolio Holding

as at March 31, 2006

(Referred to in Schedule 1 to the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006)

Description	Quantity	Market / Fair Value Rupees
<b>EQUITY SHARES (100%)</b>		
<b>Auto (6.65%)</b>		
Bajaj Auto Limited	10,500	28,841,925
		28,841,925
<b>Banks (8.05%)</b>		
State Bank of India	30,000	29,041,500
ICICI Bank Limited	10,000	5,892,500
		34,934,000
<b>Cement (11.01%)</b>		
Grasim Industries Limited@	16,000	32,927,200
The India Cements Limited	90,000	14,845,500
		47,772,700
<b>Construction (3.80%)</b>		
Jaiprakash Associates Limited	35,000	16,472,750
		16,472,750
<b>Consumer Non Durables (6.72%)</b>		
Sakthi Sugars Limited	70,000	15,484,000
ITC Limited@	70,000	13,646,500
		29,130,500
<b>Ferrous Metals (8.66%)</b>		
Tata Steel Limited@	70,000	37,548,000
		37,548,000
<b>Fertilisers (7.91%)</b>		
Tata Chemicals Limited	130,000	34,300,500
		34,300,500
<b>Industrial Capital Goods (3.50%)</b>		
Larsen and Toubro Limited@	6,250	15,203,750
		15,203,750
<b>Industrial Products (2.73%)</b>		
Jain Irrigation Systems Limited	40,000	10,030,000
Solar Explosives Limited*	9,591	1,822,290
		11,852,290
<b>Non - Ferrous Metals (18.05%)</b>		
Sterlite Industries (India) Limited@	22,000	38,487,900
Hindustan Zinc Limited@	50,000	26,160,000
Hindalco Industries Limited	75,000	13,683,750
		78,331,650
<b>Oil (2.72%)</b>		
Oil and Natural Gas Corporation Limited	9,000	11,785,500
		11,785,500

# Statement of Portfolio Holding

as at March 31, 2006

Description	Quantity	Market / Fair Value Rupees
<b>Petroleum Products (7.16%)</b>		
Reliance Industries Limited	39,000	31,053,750
		<b>31,053,750</b>
<b>Software (9.73%)</b>		
I-Flex Solutions Limited	16,000	21,150,400
Mphasis BFL Limited	101,016	21,041,633
		<b>42,192,033</b>
<b>Telecom - Services (3.31%)</b>		
Reliance Communication Ventures Limited	46,469	14,354,274
		<b>14,354,274</b>
<b>Total</b>		<b>(Cost - Rs. 376,497,217)</b>
<b>TOTAL INVESTMENTS</b>		<b>433,773,622</b>
		<b>(Cost - Rs. 376,497,217)</b>
		<b>433,773,622</b>

Confirmation has been received from J P Morgan Chase Bank, Mumbai Branch at the end of the financial year for the investments held by them.

- \* Equity shares awaiting listing valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee.
- @ Investment in companies which have invested more than five percent of the net asset value of any Scheme of Deutsche Mutual Fund

# Auditors' Report

To the Trustee,

## DEUTSCHE MUTUAL FUND

1. We have audited the Balance Sheet of Deutsche Mutual Fund – **DWS Premier Bond Fund (formerly Deutsche Premier Bond Fund)** ("The Scheme") as at March 31, 2006 and the related Revenue Account for the year ended on that date, both of which we have signed under reference to this report. These financial statements are the responsibility of the Trustee of Deutsche Mutual Fund and the Management of Deutsche Asset Management (India) Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned at March 31, 2006 by correspondence with the custodian. 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.
3. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us,
  - (i) The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable, and also give respectively, a true and fair view of the state of affairs of Deutsche Mutual Fund – DWS Premier Bond Fund as at March 31, 2006 and its net surplus for the year ended on that date.
  - (ii) The Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended on that date, together with the notes thereon have been prepared in all material respects 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 and amendments thereto as applicable.
  - (iii) The method used to value,
    - a) Privately placed securities in good faith and
    - b) Non-traded / thinly traded debt securities in accordance with guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by the Securities and Exchange Board of India as at March 31, 2006 as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund are fair and reasonable.
5. We draw attention to Note 17 - Schedule 8. In accordance with the Securities and Exchange Board of India circular dated December 12, 2003, the Institutional Plan of the Scheme has been wound up on April 9, 2005.

K. H. Vachha  
*Partner*  
Membership No. F/30798

For and on behalf of  
**Price Waterhouse**  
*Chartered Accountants*

Place : Mumbai  
Date : August 30, 2006

# Balance Sheet

as at March 31, 2006

	Schedule	March 31, 2006 Rupees	March 31, 2005 Rupees
<b>Assets</b>			
Investments	1	40,436,838	187,028,885
Other Current Assets	2	2,434,222	13,088,977
<b>TOTAL</b>		<b>42,871,060</b>	<b>200,117,862</b>
<b>Liabilities</b>			
Unit Capital	3	37,316,643	181,038,762
Reserves and Surplus	4	4,656,766	16,585,311
Current Liabilities and Provisions	5	897,651	2,493,789
<b>TOTAL</b>		<b>42,871,060</b>	<b>200,117,862</b>

## Reconciliation of Net Asset Value Per Unit

	Institutional Plan (Note 17)					Regular Plan					March 31, 2006
	March 31, 2006					March 31, 2006					
	Growth Option Rupees	Annual Dividend Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees	Total Rupees	Growth Option Rupees	Annual Dividend Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees	Total Rupees	
Net Assets as per Balance Sheet (Total Assets less Current Liabilities and Provisions) (Note 2.5)	-	-	-	-	-	30,179,900	2,301,563	8,200,208	1,291,738	41,973,409	41,973,409
Number of Units in Issue	-	-	-	-	-	2,588,491.080	213,026.611	806,949.524	123,196.942		
Net Asset Value per Unit	-	-	-	-	-	11.6593	10.8041	10.1620	10.4851		

	Institutional Plan					Regular Plan					March 31, 2005
	March 31, 2005					March 31, 2005					
	Growth Option Rupees	Annual Dividend Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees	Total Rupees	Growth Option Rupees	Annual Dividend Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees	Total Rupees	
Net Assets as per Balance Sheet (Total Assets less Current Liabilities and Provisions) (Note 2.5)	53,518,028	-	-	40,254,560	93,772,588	71,819,430	11,142,409	17,820,870	3,068,776	103,851,485	197,624,073
Number of Units in Issue	4,697,580.771	-	-	3,886,076.928	6,417,930.384	6,417,930.384	1,066,064.974	1,740,573.085	295,649.861		
Net Asset Value per Unit	11.3927	-	-	10.3587		11.1904	10.4519	10.2385	10.3798		

Notes to the Financial Statements 8

The schedules referred to herein form an integral part of the Financial Statements

This is the Balance Sheet referred to in our report of even date.

K. H. VACHHA  
Partner

For **Deutsche Trustee Services (India)  
Private Limited**

For **Deutsche Asset Management (India)  
Private Limited**

For and on behalf of  
**PRICE WATERHOUSE**  
Chartered Accountants

Gunit Chadha  
Director

M. H. Kania  
Director

Stephen Paul Harris  
Director

Sandeep Dasgupta  
Director

Y. B. Desai  
Director

A.S. Mitra  
Director

Kersi M. Gherda  
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Bhalchandra Bhide  
Director

Debabrata Bhadury  
Director

Eduoard Ferner Peter  
Director

Vijay P. Gokhale  
Director

Carl Saldanha  
Director

Place: Mumbai  
Date : August 30, 2006

Suresh Soni  
Portfolio Manager



Deutsche Asset Management  
A Member of the Deutsche Bank Group



# Revenue Account

for the year ended March 31, 2006

	Schedule	April 01, 2005 to March 31, 2006 Rupees	April 01, 2004 to March 31, 2005 Rupees
<b>Income and Gains</b>			
Interest and Discount	6	6,022,822	125,593,865
<b>TOTAL</b>		<b>6,022,822</b>	125,593,865
<b>Expenses and Losses</b>			
Net Loss on Sale of Investments (Including Net Loss on Inter - Scheme Sale of Investments Rs. 2,718,875, 2005: Rs.1,597,140 ) (Note 2.3)		1,170,443	86,911,958
Investment Management and Advisory Fees (Note 3)		743,023	9,797,291
Trustee Fees and Expenses (Note 4)		8,351	181,260
Transfer Agents Fees and Expenses		220,366	1,903,874
Custodian Fees and Expenses (Note 5)		79,388	1,543,764
Audit Fees		2,717	188,033
Selling and Distribution Expenses		457,462	8,706,858
Other Operating Expenses		340,674	2,126,413
		<b>3,022,424</b>	111,359,451
Less: Expenses to be Reimbursed by the Investment Manager (Note 7)		197,186	630,179
<b>TOTAL</b>		<b>2,825,238</b>	110,729,272
Net Surplus for the Year		3,197,584	14,864,593
Net Change in Unrealised Appreciation / (Depreciation) in Value of Investments	7	1,083,360	(40,346,521)
<b>Net Surplus / (Deficit) including Net Change in Unrealised Appreciation / Depreciation in Value of Investments</b>		<b>4,280,944</b>	(25,481,928)

	Institutional Plan (Note 17)					Regular Plan					April 01, 2005 to March 31, 2006 Total Rupees
	April 01, 2005 to April 9, 2005					April 01, 2005 to March 31, 2006					
	Growth Option Rupees	Annual Dividend Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees	Total Rupees	Growth Option Rupees	Annual Dividend Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees	Total Rupees	
Net Surplus including Net Change in Unrealised Appreciation / Depreciation in Value of Investments by Option	(109,768)	-	-	(27,525)	(137,293)	2,596,611	222,773	582,017	1,016,836	4,418,237	4,280,944
Transfer from Dividend Equalisation Reserve (Note 2.7)	5,702,918	-	-	64,206	5,767,124	3,909,023	125,796	71,625	241,176	4,347,620	10,114,744
Transfer from Reserve Fund	-	-	-	77,721	77,721	-	87,950	211,075	-	299,025	376,746
Dividend Distributions	-	-	-	(63,477)	(63,477)	-	(74,874)	(532,188)	(413,099)	(1,020,161)	(1,083,638)
Dividend Tax Thereon	-	-	-	(14,244)	(14,244)	-	(13,076)	(87,550)	(85,223)	(185,849)	(200,093)
Balance Transferred to Reserve Fund	5,593,150	-	-	36,681	5,629,831	6,505,634	348,569	244,979	759,690	7,858,872	13,488,703



# Revenue Account (Contd.)

for the year ended March 31, 2006

## Schedule

	Institutional Plan					Regular Plan					April 01, 2004 to March 31, 2005
	April 01, 2004 to March 31, 2005					April 01, 2004 to March 31, 2005					
	Growth Option Rupees	Annual Dividend Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees	Total Rupees	Growth Option Rupees	Annual Dividend Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees	Total Rupees	Total Rupees
Net Deficit including Net Change in Unrealised Appreciation in Value of Investments by Option	(15,119,037)	241	(1,888,751)	(3,072,692)	(20,080,239)	(3,360,556)	(263,026)	(1,197,787)	(580,320)	(5,401,689)	(25,481,928)
Transfer from Dividend Equalisation Reserve (Note 2.7)	(239,254,425)	(311,485)	(2,616,619)	(2,258,631)	(244,441,160)	(42,643,329)	(897,577)	(3,273,596)	(123,735)	(46,938,237)	(291,379,397)
Transfer from Reserve Fund	-	-	12,949,708	16,051,311	29,001,019	-	-	11,047,456	2,655,901	13,703,357	42,704,376
Dividend Distributions	-	-	(7,600,502)	(9,112,809)	(16,713,311)	-	-	(5,711,576)	(1,449,927)	(7,161,503)	(23,874,814)
Dividend Tax Thereon	-	-	(980,416)	(1,230,737)	(2,211,153)	-	-	(740,300)	(185,772)	(926,072)	(3,137,225)
Balance transferred to Reserve Fund	(254,373,462)	(311,244)	(136,580)	376,442	(254,444,844)	(46,003,885)	(1,160,603)	124,197	316,147	(46,724,144)	(301,168,988)

Notes to the Financial Statements

8

The schedules referred to herein form an integral part of the Financial Statements

This is the Revenue Account referred to in our report of even date.

K. H. VACHHA  
PartnerFor and on behalf of  
PRICE WATERHOUSE  
Chartered AccountantsFor Deutsche Trustee Services (India)  
Private LimitedGunit Chadha  
DirectorY. B. Desai  
DirectorDebabrata Bhadury  
DirectorM. H. Kania  
DirectorA.S. Mitra  
DirectorEduoard Fernen Peter  
DirectorFor Deutsche Asset Management (India)  
Private LimitedStephen Paul Harris  
DirectorKersi M. Gherda  
DirectorVijay P. Gokhale  
DirectorSuresh Soni  
Portfolio ManagerSandeep Dasgupta  
DirectorBhalchandra Bhide  
DirectorCarl Saldanha  
DirectorPlace: Mumbai  
Date : August 30, 2006

## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

	March 31, 2006		March 31, 2005	
	Market / Fair Value Rupees	Cost Rupees	Market / Fair Value Rupees	Cost Rupees
<b>Schedule 1</b>				
<b>Investments</b>				
(Notes 2.2, 2.3, 8, 9, 10,11 and 14)				
(Refer to the attached Statement of Portfolio Holding as at March 31, 2006)				
Privately Placed Non-Convertible Debentures / Bonds	6,568,604	6,858,537	26,826,698	28,281,580
Non-Convertible Debentures / Bonds Listed / Awaiting Listing	8,591,001	8,561,199	25,051,745	24,983,182
Securitised Debt	10,186,273	10,331,188	67,216,534	67,504,885
Government of India Securities	15,090,960	15,271,041	67,933,908	67,927,725
<b>TOTAL</b>	<b>40,436,838</b>	<b>41,021,965</b>	187,028,885	188,697,372

	March 31, 2006 Rupees	March 31, 2005 Rupees
<b>Schedule 2</b>		
<b>Other Current Assets</b>		
Balance with Banks		
– in Current Account	1,612,221	1,542,338
– in Dividend Account (Note 15)	214,524	286,794
Sales Contracts Awaiting Completion - Debentures / Bonds	–	5,661,570
Interest Receivables on :		
– Debentures / Bonds	86,275	3,259,821
– Government of India Securities	321,516	1,708,275
Receivable from Investment Manager	197,186	630,179
Miscellaneous Receivables	2,500	–
<b>TOTAL</b>	<b>2,434,222</b>	13,088,977

	March 31, 2006		March 31, 2005	
	Rupees	Units	Rupees	Units
<b>Schedule 3</b>				
<b>Unit Capital</b>				
<b>Institutional Plan</b>				
<b>Growth Option</b>				
<b>Issued and Subscribed:</b>				
Units of Rs.10 each fully paid-up	1,150,000,000	115,000,000.000	1,150,000,000	115,000,000.000
<b>Outstanding:</b>				
At the beginning of the year	46,975,808	4,697,580.771	2,376,095,127	237,609,512.713
Issued during the year	351,980	35,197.980	2,181,758,764	218,175,876.384
	47,327,788	4,732,778.751	4,557,853,891	455,785,389.097
Redeemed during the year	47,327,788	4,732,778.751	4,510,878,083	451,087,808.326
At the end of the year	–	–	46,975,808	4,697,580.771

## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

	March 31, 2006		March 31, 2005	
	Rupees	Units	Rupees	Units
<b>Unit Capital (Contd...)</b>				
<b>Annual Dividend Option</b>				
<b>Issued and Subscribed:</b>				
Units of Rs.10 each fully paid-up				
<b>Outstanding:</b>				
At the beginning of the year	–	–	182,705	18,270.457
Issued during the year	–	–	12,285	1,228.467
	–	–	194,990	19,498.924
Redeemed during the year	–	–	194,990	19,498.924
At the end of the year	–	–	–	–
<b>Quarterly Dividend Option</b>				
<b>Issued and Subscribed:</b>				
Units of Rs.10 each fully paid-up	20,000,000	2,000,000.000	20,000,000	2,000,000.000
<b>Outstanding:</b>				
At the beginning of the year	–	–	270,299,229	27,029,922.866
Issued during the year	–	–	82,219,445	8,221,944.512
	–	–	352,518,674	35,251,867.378
Redeemed during the year	–	–	352,518,674	35,251,867.378
At the end of the year	–	–	–	–
<b>Monthly Dividend Option</b>				
<b>Issued and Subscribed:</b>				
Units of Rs.10 each fully paid-up	65,000,000	6,500,000.000	65,000,000	6,500,000.000
<b>Outstanding:</b>				
At the beginning of the year	38,860,769	3,886,076.928	395,735,757	39,573,575.692
Issued during the year	46,181	4,618.058	126,057,978	12,605,797.798
	38,906,950	3,890,694.986	521,793,735	52,179,373.490
Redeemed during the year	38,906,950	3,890,694.986	482,932,966	48,293,296.562
At the end of the year	–	–	38,860,769	3,886,076.928
Total	–	–	85,836,577	8,583,657.699
<b>Regular Plan</b>				
<b>Growth Option</b>				
<b>Issued and Subscribed:</b>				
Units of Rs.10 each fully paid-up	216,554,198	21,655,419.800	216,554,198	21,655,419.800
<b>Outstanding:</b>				
At the beginning of the year	64,179,304	6,417,930.384	578,781,705	57,878,170.503
Issued during the year	13,492,468	1,349,246.787	165,638,262	16,563,826.153
	77,671,772	7,767,177.171	744,419,967	74,441,996.656
Redeemed during the year	51,786,861	5,178,686.091	680,240,663	68,024,066.272
At the end of the year	25,884,911	2,588,491.080	64,179,304	6,417,930.384
<b>Annual Dividend Option</b>				
<b>Issued and Subscribed:</b>				
Units of Rs.10 each fully paid-up	6,781,098	678,109.800	6,781,098	678,109.800
<b>Outstanding:</b>				
At the beginning of the year	10,660,650	1,066,064.974	80,204,803	8,020,480.268
Issued during the year	115,327	11,532.705	8,751,050	875,105.005
	10,775,977	1,077,597.679	88,955,853	8,895,585.273
Redeemed during the year	8,645,711	864,571.068	78,295,203	7,829,520.299
At the end of the year	2,130,266	213,026.611	10,660,650	1,066,064.974

## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

	March 31, 2006		March 31, 2005	
	Rupees	Units	Rupees	Units
<b>Unit Capital (Contd...)</b>				
<b>Quarterly Dividend Option</b>				
<b>Issued and Subscribed:</b>				
Units of Rs.10 each fully paid-up	13,553,150	1,355,315.000	13,553,150	1,355,315.000
<b>Outstanding:</b>				
At the beginning of the year	17,405,731	1,740,573.085	234,285,370	23,428,536.981
Issued during the year	227,063	22,706.298	28,311,704	2,831,170.437
	17,632,794	1,763,279.383	262,597,074	26,259,707.418
Redeemed during the year	9,563,299	956,329.859	245,191,343	24,519,134.333
At the end of the year	8,069,495	806,949.524	17,405,731	1,740,573.085
<b>Monthly Dividend Option</b>				
<b>Issued and Subscribed:</b>				
Units of Rs.10 each fully paid-up	14,533,000	1,453,300.000	14,533,000	1,453,300.000
<b>Outstanding:</b>				
At the beginning of the year	2,956,500	295,649.861	69,969,941	6,996,993.989
Issued during the year	56,137,034	5,613,703.399	16,354,464	1,635,446.365
	59,093,534	5,909,353.260	86,324,405	8,632,440.354
Redeemed during the year	57,861,563	5,786,156.318	83,367,905	8,336,790.493
At the end of the year	1,231,971	123,196.942	2,956,500	295,649.861
<b>Total</b>	<b>37,316,643</b>	<b>3,731,664.157</b>	<b>95,202,185</b>	<b>9,520,218.304</b>
<b>TOTAL</b>	<b>37,316,643</b>	<b>3,731,664.157</b>	<b>181,038,762</b>	<b>18,103,876.003</b>

	Institutional Plan					Regular Plan					
	March 31, 2006					March 31, 2006					March 31, 2006
	Growth Option Rupees	Annual Dividend Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees	Total Rupees	Growth Option Rupees	Annual Dividend Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees	Total Rupees	Total Rupees
Unit Premium Reserve (Note 2.6)											
At the beginning of the year	729,509	-	(45)	603,780	1,333,244	(1,029,140)	(155,851)	192,847	(419,780)	(1,411,924)	(78,680)
Added during the year	(12,135,370)	-	0	(1,352,751)	(13,488,121)	(9,850,771)	(571,081)	(318,330)	(812,199)	(11,552,381)	(25,040,502)
At the end of the year	(11,405,861)	-	(45)	(748,971)	(12,154,877)	(10,879,911)	(726,932)	(125,483)	(1,231,979)	(12,964,305)	(25,119,182)
Dividend Equalisation Reserve (Note 2.7)											
At the beginning of the year											
Added during the year	5,702,918	-	-	64,206	5,767,124	3,909,023	125,796	71,625	241,176	4,347,620	10,114,744
Transfer to Revenue Account	(5,702,918)	-	-	(64,206)	(5,767,124)	(3,909,023)	(125,796)	(71,625)	(241,176)	(4,347,620)	(10,114,744)
At the end of the year	-	-	-	-	-	-	-	-	-	-	-
Reserve Fund											
At the beginning of the year	5,812,711	-	45	790,011	6,602,767	8,669,266	637,610	222,292	532,056	10,061,224	16,663,991
Transfer to Revenue Account	-	-	-	(77,721)	(77,721)	-	(87,950)	(211,075)	-	(299,025)	(376,746)
Balance Transferred from Revenue Account	5,593,150	-	-	36,681	5,629,831	6,505,634	348,569	244,979	759,690	7,858,872	13,488,703
At the end of the year	11,405,861	-	45	748,971	12,154,877	15,174,900	898,229	256,196	1,291,746	17,621,071	29,775,948
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,294,989</b>	<b>171,297</b>	<b>130,713</b>	<b>59,767</b>	<b>4,656,766</b>	<b>4,656,766</b>

### Schedule 4 Reserves and Surplus

## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

	Institutional Plan					Regular Plan					March 31, 2005
	March 31, 2005					March 31, 2005					
	Growth Option Rupees	Annual Dividend Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees	Total Rupees	Growth Option Rupees	Annual Dividend Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees	Total Rupees	
<b>Reserves and Surplus (Contd...)</b>											
<b>Unit Premium Reserve (Note 2.6)</b>											
At the beginning of the year	25,056,604	(303,740)	5,069,119	5,633,170	35,455,153	9,109,306	1,159,514	2,672,981	892,875	13,834,676	49,289,829
Added during the year	(24,327,095)	303,740	(5,069,164)	(5,029,390)	(34,121,909)	(10,138,446)	(1,315,365)	(2,480,134)	(1,312,655)	(15,246,600)	(49,368,509)
At the end of the year	729,509	-	(45)	603,780	1,333,244	(1,029,140)	(155,851)	192,847	(419,780)	(1,411,924)	(78,680)
<b>Dividend Equalisation Reserve (Note 2.7)</b>											
Added during the year	(239,254,425)	(311,485)	(2,616,619)	(2,258,631)	(244,441,160)	(42,643,329)	(897,577)	(3,273,596)	(123,735)	(46,938,237)	(291,379,397)
Transfer to Revenue Account	239,254,425	311,485	2,616,619	2,258,631	244,441,160	42,643,329	897,577	3,273,596	123,735	46,938,237	291,379,397
At the end of the year	-	-	-	-	-	-	-	-	-	-	-
<b>Reserve Fund</b>											
At the beginning of the year	260,186,173	311,244	13,086,333	16,464,880	290,048,630	54,673,151	1,798,213	11,145,551	2,871,810	70,488,725	360,537,355
Transfer to Revenue Account	-	-	(12,949,708)	(16,051,311)	(29,001,019)	-	-	(11,047,456)	(2,655,901)	(13,703,357)	(42,704,376)
Balance Transferred from Revenue Account	(254,373,462)	(311,244)	(136,580)	376,442	(254,444,844)	(46,003,885)	(1,160,603)	124,197	316,147	(46,724,144)	(301,168,988)
At the end of the year [Including net unrealised depreciation in value of investments Rs.1,668,487 ]	5,812,711	-	45	790,011	6,602,767	8,669,266	637,610	222,292	532,056	10,061,224	16,663,991
<b>TOTAL</b>	<b>6,542,220</b>	<b>-</b>	<b>-</b>	<b>1,393,791</b>	<b>7,936,011</b>	<b>7,640,126</b>	<b>481,759</b>	<b>415,139</b>	<b>112,276</b>	<b>8,649,300</b>	<b>16,585,311</b>

March 31, 2006  
Rupees

March 31, 2005  
Rupees

### Schedule 5

#### Current Liabilities and Provisions

##### Current Liabilities

Investment Management and Advisory Fees	33,603	120,171
Trustee Fees and Expenses	373	1,816
Transfer Agent Fees and Expenses	11,384	90,892
Custodian Fees and Expenses	2,570	28,667
Audit Fees	2,717	188,033
Selling and Distribution Expenses	18,750	175,218
Purchase Contracts Awaiting Completion - Non-Convertible Debentures / Bonds	440,919	-
Redemption of Units	59,302	1,447,484
Unclaimed Dividend (Note 15)	214,524	286,794
Unclaimed Redemption (Note 16)	33,993	-
Sundry Payables	79,516	154,714
<b>TOTAL</b>	<b>897,651</b>	<b>2,493,789</b>

## Schedules

forming part of the Balance Sheet as at March 31, 2006 and  
the Revenue Account for the year ended March 31, 2006

	April 01, 2005 to March 31, 2006 Rupees	April 01, 2004 to March 31, 2005 Rupees
<b>Schedule 6</b>		
<b>Interest and Discount (Note 2.4)</b>		
Debentures / Bonds	2,749,481	67,582,749
Securitized Debt	989,661	10,524,639
Government of India Securities	1,733,698	44,342,477
Treasury Bills	155,697	1,701,506
Reverse Repos	372,603	1,442,494
Commercial Paper / Certificate of Deposit	21,682	–
<b>TOTAL</b>	<b>6,022,822</b>	<b>125,593,865</b>

	April 01, 2005 to March 31, 2006 Rupees	April 01, 2004 to March 31, 2005 Rupees
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### Schedule 7

**Unrealised Appreciation / (Depreciation) in Value of Investments**

(Note 8)

<b>(a) Privately Placed Non-Convertible Debentures / Bonds</b>		
At the beginning of the year	(1,454,882)	(449,746)
At the end of the year	(289,933)	(1,454,882)
Net change during the year	(I) 1,164,949	(1,005,136)
<b>(b) Non-Convertible Debentures / Bonds Listed / Awaiting Listing</b>		
At the beginning of the year	68,563	12,739,483
At the end of the year	29,802	68,563
Net change during the year	(II) (38,761)	(12,670,920)
<b>(c) Securitized Debt</b>		
At the beginning of the year	(288,351)	20,879,404
At the end of the year	(144,915)	(288,351)
Net change during the year	(III) 143,436	(21,167,755)
<b>(d) Government of India Securities</b>		
At the beginning of the year	6,183	5,508,893
At the end of the year	(180,081)	6,183
Net change during the year	(IV) (186,264)	(5,502,710)
<b>Net change in unrealised appreciation / (depreciation) in value of investments during the year</b>	<b>(I)+(II)+(III)+(IV) 1,083,360</b>	<b>(40,346,521)</b>

# Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

## Schedule 8

### Notes to the Financial Statements

#### 1. Organisation

DWS Premier Bond Fund (formerly, Deutsche Premier Bond Fund) (the "Scheme") is an open-ended income scheme of Deutsche Mutual Fund (the "Fund") and was launched on January 14, 2003. Deutsche Mutual Fund has been sponsored by Deutsche Asset Management (Asia) Limited. Deutsche Asset Management (India) Private Limited incorporated under the Companies Act, 1956, has been appointed as the asset management company. The duration of the Scheme is perpetual. The Scheme closed for initial subscription on January 21, 2003 and reopened for issue and redemption of units on January 30, 2003. The investment objective of the Scheme is to provide regular income by investing in debt securities including bonds and money market instruments.

The Scheme has two Plans - Institutional Plan and Regular Plan each offering four options - Growth Option, Annual Dividend Option, Quarterly Dividend Option and Monthly Dividend Option. During the year the Institutional Plan was discontinued / wound up with effect from April 09, 2005. Refer Note 17 below.

The Scheme will not declare dividend under the Growth Option of both the Plans. The income earned on such units will remain invested within the Scheme and will be reflected in the net asset value.

The name of the Scheme has been changed from Deutsche Premier Bond Fund to DWS Premier Bond Fund subsequent to the year end for which necessary approvals have been received.

#### 2. Significant Accounting Policies

##### 2.1 Basis of Accounting

The Scheme maintains its books of account on an accrual basis. These financial statements 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 (the "Regulation") and amendments thereto, as applicable.

##### 2.2 Portfolio Valuation

Investments are stated at market / fair value at the Balance Sheet date / date of determination. In valuing Scheme's investments:

- i. Debt securities listed on a recognised stock exchange are valued at the last quoted closing price on the National Stock Exchange of India Limited. If no sale is reported at that time, such security is valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- ii. Non-traded and thinly traded debt securities are valued at fair value as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable issued by the Securities and Exchange Board of India (SEBI).
- iii. Privately placed debt securities are valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- iv. Securitised debt securities are valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- v. Government securities are valued at prices obtained from The Credit Rating Information Services of India Limited in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by SEBI.
- vi. Instruments bought on 'repo' basis are valued at the resale price after deduction of applicable interest upto the date of resale.
- vii. Traded money market securities are valued at the yield at which they are traded on the valuation date. If no sale is reported at that time, such security is valued at the last traded price plus accretion of the difference between the face value and the last traded price. Non-traded money market instruments are valued at cost plus accrued interest.

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 Regulations) net unrealized appreciation / depreciation in the value of investments is determined separately for each category of investments. Further the change in net unrealised appreciation / depreciation, if any, between two Balance Sheet dates / dates of determination is recognized in the Revenue Account. Unrealized appreciation is reduced from the distributable income at the time of income distribution. At the end of the financial year, the balance in the Revenue Account including change in the net unrealised appreciation or depreciation in the value of investments is transferred to Reserve Fund.

##### 2.3 Securities Transaction

Investment securities transactions are accounted for on a trade date basis. The Scheme uses the average cost method for determining the realized gain or loss on sale of investments.

##### 2.4 Investment Income

Interest income is recorded on an accrual basis.

## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

### 2.5 Net Asset Value for Growth / Dividend Options

The net asset value of the units of the Scheme is determined separately for the units issued under the Growth and Dividend Options for the Institutional and Regular Plans.

For reporting the net asset value for the Options, daily income earned, including realized and unrealized gain or loss in the value of investments and expenses incurred by the Scheme are allocated to the Options in proportion to the value of the units outstanding.

### 2.6 Unit Premium Reserve

Upon issue and redemption of units, the net premium or discount to the face value of units is adjusted against the unit premium reserve of the Scheme after an appropriate portion of the issue proceeds and redemption payout is credited or debited respectively to the dividend equalization reserve.

The unit premium reserve is available for dividend distribution except to the extent it is represented by unrealized net appreciation in value of investments.

### 2.7 Dividend Equalization Reserve

The net distributable income relating to units issued / repurchased is transferred to / from dividend equalization reserve for determining the net surplus / deficit, transferred from / to unit premium reserve.

### 2.8 Load

Load collected is retained under a separate account in the Scheme and is used to meet selling and distribution expenses of the Scheme.

## 3. Investment Management and Advisory Fees

The Scheme has paid or provided for investment management and advisory fees payable to Deutsche Asset Management (India) Private Limited for managing the Scheme at an annual rate of 0.40% and 0.90% of the average daily net asset values of the Institutional Plan and Regular Plan respectively recorded by the Scheme. All costs, charges and expenses incurred by Deutsche Asset Management (India) Private Limited in the administration and execution of the activities of the Scheme, except costs allowed to be charged to the Scheme under the Regulations and amendments thereto as applicable, are on their own account for which they receive investment management and advisory fees.

## 4. Trustee Fees

In accordance with the Deed of Trust dated May 29, 2002 between Deutsche Asset Management (Asia) Limited ("The Settlor") and Deutsche Trustee Services (India) Private Limited (the "Trustee"), the Scheme has paid or provided for trustee fees payable to the Trustee at an annual rate of 0.01% of the average daily net asset values recorded by the Scheme.

## 5. Custodian Fees

J P Morgan Chase Bank provides custodial services to the Scheme for which it receives custody fees.

## 6. Income Taxes

No provision for taxation has been made as the Scheme qualifies as a recognized mutual fund under Section 10 (23D) of the Income Tax Act, 1961 of India.

## 7. Limitation on Expenses

The total expenses chargeable to the Scheme is limited to 1.06% and 2.00% of the average daily net assets of the Institutional Plan and Regular Plan respectively. Deutsche Asset Management (India) Private Limited has borne Rs. 197,186 in excess of the above mentioned percentage of the average daily net assets to be charged to the Scheme as total expenses for the year.

## 8. Aggregate Appreciation and Depreciation In Value of Investments

Aggregate appreciation and depreciation in value of investments is as follows:

	March 31, 2006 Rupees	March 31, 2005 Rupees
Privately Placed Non-Convertible Debentures / Bonds		
– Appreciation	–	1,164
– Depreciation	289,933	1,456,046
Non-Convertible Debentures / Bonds Listed / Awaiting Listing		
– Appreciation	29,802	95,920
– Depreciation	–	27,357
Securitized Debt		
– Appreciation	–	1,006,873
– Depreciation	144,915	1,295,224
Government of India Securities		
– Appreciation	–	7,308
– Depreciation	180,081	1,125



## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

### 9. Registered Securities

In accordance with Regulation 44(1) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, securities purchased should be held in the name of the Scheme. As at March 31, 2006 securities aggregating to Rs. 15,090,960 (market value) are held in the name of Deutsche Mutual Fund.

### 10. Aggregate Fair Value of Non-Traded Investments

Aggregate fair value of non traded (including privately placed) investments as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee as at March 31, 2006 is Rs. 25,345,878.

### 11. Aggregate Value of Purchases and Sale of Investments

The aggregate value of investment securities purchased and sold (including matured) during the financial year is Rs. 585,516,091 (excluding accretion of discount Rs. 1,570,693) and Rs. 733,591,748 respectively being 701.10% and 878.41% of the average daily net assets.

### 12. Income and Expenses

The total income (including net loss on sale of investments and net change in unrealized depreciation / appreciation in value of investments) and expenditure during the year is :

Plan	Total Income		Total Expenditure	
	Rupees	Percentage of Average Daily Net Assets	Rupees	Percentage of Average Daily Net Assets
<b>Institutional Plan</b>	(118,989)	-6.92%*	18,304	1.06%*
<b>Regular Plan</b>	6,054,728	7.42%	1,636,491	2.00%

\* Annualised

### 13. Disclosure Under Regulation 25(8) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended

Deutsche Bank AG, Mumbai Branch, and Kotak Mahindra Bank Limited associate entities of Deutsche Asset Management (India) Private Limited were paid commission amounting to Rs. 73,602 and Rs. 10,639 respectively for procuring unit subscriptions for the Scheme. The commission was at rates similar to those offered to other distributors.

### 14. Disclosure Under Regulation 25 (11) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended

Deutsche Mutual Fund has made the following investments in companies, which hold units in excess of 5% of the net asset value of any Scheme of Deutsche Mutual Fund.

Company Name	Schemes invested in by the Company	Investment made by Schemes of Deutsche Mutual Fund in the Company / Subsidiary	Aggregate for the period under Regulation 25(11) At Cost (Rupees in lakhs)	Outstanding as at March 31, 2006 At Market / Fair Value (Rupees in lakhs)
DSP Merrill Lynch Capital Limited	DWS Insta Cash Plus Fund	DWS Insta Cash Plus Fund	6,784.00	129.64
		DWS Fixed Term Fund - Series 7	4,216.78	-
		DWS Floating Rate Fund	3,401.99	-
		DWS Fixed Term Fund - Series 3	867.67	878.66
		DWS Short Maturity Fund	493.73	110.43
		DWS MIP Fund - Plan A	235.17	67.22
		DWS Fixed Term Fund - Series 2	197.10	201.66
		DWS MIP - Fund - Plan B	107.45	38.41
Grasim Industries Limited	DWS Fixed Term Fund - Series 3	DWS Fixed Term Fund	14.08	14.40
		DWS Alpha Equity Fund	678.02	329.27
		DWS Tax Saving Fund	220.54	246.95
		DWS Investment Opportunity Fund	55.14	61.74
Hindustan Lever Limited	DWS Fixed Term Fund - Series 4 DWS Fixed Term Fund - Series 6	DWS Tax Saving Fund^	125.26	136.89
		DWS Alpha Equity Fund^	72.68	-
		DWS Alpha Equity Fund	495.15	-
Hindustan Zinc Limited	DWS Fixed Term Fund - Series 5	DWS Alpha Equity Fund	170.99	261.60
		DWS Insta Cash Plus Fund		

## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

Company Name	Schemes invested in by the Company	Investment made by Schemes of Deutsche Mutual Fund in the Company / Subsidiary	Aggregate for the period under Regulation 25(11) At Cost (Rupees in lakhs)	Outstanding as at March 31, 2006 At Market / Fair Value (Rupees in lakhs)
Infosys Technologies Limited	DWS Insta Cash Plus Fund	DWS Alpha Equity Fund	2,967.35	–
		DWS Investment Opportunity Fund	480.71	–
		DWS MIP Fund - Plan A	136.65	8.94
		DWS MIP Fund - Plan B	25.99	–
ITC Limited	DWS Floating Rate Fund DWS Short Maturity Fund DWS Fixed Term Fund - Series 7 DWS Insta Cash Plus Fund	DWS Alpha Equity Fund	1,316.00	136.47
		DWS Investment Opportunity Fund	413.51	48.74
		DWS Tax Saving Fund	171.58	97.48
		DWS MIP Fund - Plan A	28.10	12.67
		DWS MIP Fund - Plan B	12.20	–
Larsen & Toubro Limited	DWS Alpha Equity Fund DWS Insta Cash Plus Fund	DWS Alpha Equity Fund	1,765.39	152.04
		DWS Floating Rate Fund	1,000.00	–
		DWS Insta Cash Plus Fund	900.00	–
		DWS Investment Opportunity Fund	177.45	36.49
		DWS Tax Saving Fund	122.28	121.63
		DWS Short Maturity Fund	100.00	–
		DWS MIP Fund - Plan B	3.73	–
		DWS Insta Cash Plus Fund^^	18,202.34	2,200.00
		DWS Floating Rate Fund^^	3,800.00	1,297.19
		DWS Fixed Term Fund - Series 7^^	3,700.00	–
		DWS Short Maturity Fund^^	1,800.00	–
DWS Fixed Term Fund^^	1,799.21	797.75		
DWS Fixed Term Fund - Series 2^^	1,698.95	1,698.03		
DWS Money Plus Fund ^^	200.00	–		
Sterlite Industries India Limited	DWS Fixed Term Fund - Series 7	DWS Insta Cash Plus Fund	21,140.00	–
		DWS Floating Rate Fund	12,020.00	–
		DWS Short Maturity Fund	3,220.00	–
		DWS Fixed Term Fund - Series 7	1,000.00	–
		DWS Fixed Term Fund - Series 8	800.00	–
		DWS Alpha Equity Fund	662.57	384.88
		DWS Premier Bond Fund	160.00	–
		DWS MIP Fund - Plan A	100.00	–
		DWS Investment Opportunity Fund	67.51	78.73
DWS MIP Fund - Plan B	50.00	–		
DWS Fixed Term Fund - Series 4	10.00	–		
The Tata Steel Limited	DWS Insta Cash Plus Fund DWS Fixed Term Fund - Series 7	DWS Alpha Equity Fund	2,065.32	375.48
		DWS Investment Opportunity Fund	822.49	–
		DWS Tax Saving Fund	116.78	134.10
		DWS MIP Fund - Plan A	116.41	–
DWS MIP Fund - Plan B	35.50	–		
The Bombay Dyeing and Manufacturing Company Limited	DWS Short Maturity Fund	DWS Fixed Term Fund - Series 2	2,000.00	–
Videsh Sanchar Nigam Limited	DWS Insta Cash Plus Fund DWS Short Maturity Fund	DWS Investment Opportunity Fund	94.30	–
		DWS Alpha Equity Fund	73.24	–

^ DTSF and DAEF have invested in Ultratech Cemco which is a subsidiary of Grasim Industries Limited.

^^ DICPF, DFRF, DFTF-7, DSMF, DFTF, DFTF-2 and DMPF have invested in L&T Finance Limited which is a subsidiary of Larsen & Toubro Limited.

The above investments comprise equity shares, debentures / bonds, commercial paper, fixed deposits and other debt instruments. These investments have been made on account of their high credit quality and competitive yield for the investment in fixed income / money market instruments and in case of equity shares because of attractive valuations of these companies.

## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

### 15. Unclaimed Dividend

As at March 31, 2006 unclaimed dividends aggregate Rs. 214,524 payable to fifty five investors. These details are based on confirmations received from the Scheme's Registrar and Transfer Agent that maintain information of unclaimed dividend on behalf of the Scheme.

### 16. Unclaimed Redemption

As at March 31, 2006 unclaimed redemptions aggregate Rs. 33,993 payable to three investors. These details are based on confirmations received from the Scheme's Registrar and Transfer Agent that maintain information of unclaimed redemptions on behalf of the Scheme.

### 17. Compliance with SEBI circular dated December 12, 2003

SEBI circular dated December 12, 2003 stated that as at December 31, 2004 and subsequently thereafter on a calendar quarter (on an average basis) each mutual funds scheme and individual plan(s) under the scheme should have a minimum of 20 investors and no single investor should account for more than 25% of the corpus of the scheme / plan(s). In case of the non compliance of the above requirement the scheme / plan(s) should be immediately wound up.

As at March 31, 2005, the Institutional Plan of the Scheme had one investor holding units in excess of 25% of the corpus of the Plan. Therefore, in accordance with the above mentioned circular the Institutional Plan of the Scheme has been wound up with effect from April 9, 2005. Accordingly the Revenue Account for the Institutional Plan has been prepared for the period April 1, 2005 to April 9, 2005. Units were redeemed on the basis of the net asset value as at April 9, 2005 (Rs.11.5860 per unit for Growth Option and Rs.10.2479 per unit for Monthly Dividend Option).

### 18. Perspective Historical Per Unit Statistics\*

	April 01, 2005 to March 31, 2006	April 01, 2004 to March 31, 2005	April 01, 2003 to March 31, 2004
(a) Net asset value per unit at the end of the year (Note 2.5)			
<b>Institutional Plan</b>			
Growth Option	-	11.3927	11.2005
Annual Dividend Option	-	-	10.4108
Quarterly Dividend Option	-	-	10.6717
Monthly Dividend Option	-	10.3587	10.5584
<b>Regular Plan</b>			
Growth Option	11.6593	11.1904	11.1020
Annual Dividend Option	10.8041	10.4519	10.3688
Quarterly Dividend Option	10.1620	10.2385	10.5898
Monthly Dividend Option	10.4851	10.3798	10.5380
(b) Gross Income			
(i) income other than profit on sale of investment	1.6140	6.9374	0.9643
(ii) income from profit / (loss) on inter-scheme sales / transfer of investment	(0.7286)	(0.0882)	0.0152
(iii) income (net) from profit / (loss) on sale of investment to third party	0.4149	(4.7125)	0.3640
(iv) transfer of revenue account from past year's reserve	0.1010	2.3589	0.0000
(c) Aggregate of expenses, writeoff, amortisation and charges	0.4434	1.3156	0.1640
(d) Net income	0.8569	0.8211	1.1795
(e) Net change in unrealised (depreciation) / appreciation in value of investments	0.2903	(2.2286)	0.0922
(f) Redemption price			
- Highest			
<b>Institutional Plan</b>			
Growth Option	11.3852	11.3877	11.1837
Annual Dividend Option	NA	10.4231	11.0826

## Schedules

forming part of the Balance Sheet as at March 31, 2006 and  
the Revenue Account for the year ended March 31, 2006

	April 01, 2005 to March 31, 2006	April 01, 2004 to March 31, 2005	April 01, 2003 to March 31, 2004
Quarterly Dividend Option	NA	10.5909	10.7044
Monthly Dividend Option	10.3318	10.5858	10.7014
<b>Regular Plan</b>			
Growth Option	11.7931	11.2013	11.1020
Annual Dividend Option	10.9174	10.4615	10.0483
Quarterly Dividend Option	10.4432	10.5898	10.6910
Monthly Dividend Option	10.6833	10.5652	10.7693
– Lowest			
<b>Institutional Plan</b>			
Growth Option	11.3586	10.9635	9.8872
Annual Dividend Option	NA	10.4231	10.4571
Quarterly Dividend Option	NA	10.2258	10.5151
Monthly Dividend Option	10.2479	10.1024	10.3243
<b>Regular Plan</b>			
Growth Option	11.1468	10.8305	9.8749
Annual Dividend Option	10.3309	10.1190	10.3894
Quarterly Dividend Option	10.0990	9.9916	10.0410
Monthly Dividend Option	10.3475	10.0521	10.1265
(g) Purchase price			
– Highest			
<b>Institutional Plan</b>			
Growth Option	11.3939	11.3927	11.2005
Annual Dividend Option	NA	10.4108	11.0379
Quarterly Dividend Option	NA	10.5731	10.6982
Monthly Dividend Option	10.3398	10.5472	10.7021
<b>Regular Plan</b>			
Growth Option	11.7916	11.2013	11.0868
Annual Dividend Option	10.9263	10.4608	11.0965
Quarterly Dividend Option	10.4313	10.5898	10.6910
Monthly Dividend Option	10.6604	10.5667	10.7693
– Lowest			
<b>Institutional Plan</b>			
Growth Option	11.3586	10.9671	10.1737
Annual Dividend Option	NA	10.4108	10.4108
Quarterly Dividend Option	NA	10.2292	10.1347
Monthly Dividend Option	10.2479	10.1812	9.8872
<b>Regular Plan</b>			
Growth Option	11.1552	10.8344	9.8749
Annual Dividend Option	10.3702	10.2173	9.9508
Quarterly Dividend Option	10.1285	9.9916	9.9666
Monthly Dividend Option	10.3716	10.1042	9.9508

## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

	April 01, 2005 to March 31, 2006	April 01, 2004 to March 31, 2005	April 01, 2003 to March 31, 2004
(h) Price earnings ratio	NA	NA	NA
(i) Ratio of expenses to daily average net assets by percentage			
<b>Institutional Plan</b>	1.06% @	1.11%	1.01%
<b>Regular Plan</b>	2.00%	2.01%	1.78%
(j) Ratio of gross income (including net profit / loss on sale of investments and net change in unrealised depreciation / appreciation in value of investments) to daily average net assets by percentage			
<b>Institutional Plan</b>	-6.92% @	-0.36%	10.48%
<b>Regular Plan</b>	7.42%	0.75%	10.04%

\* The above per unit calculations are based on the number of units in issue at the end of the financial year.

@ The ratio of expenses and gross income to average daily net assets by percentage has been annualised for the period April 01, 2005 to April 09, 2005.

### 19. Composition of Board of Directors of Investment Manager

An independent Director of Deutsche Asset Management (India) Private Limited ('the Company') had resigned from the Board of Directors ('the Board') with effect from October 31, 2005 due to which the composition of the Board was reduced to below the minimum requirement of 50% independent directors as required under the Regulations. An independent Director was appointed on the Board on February 6, 2006, after which the composition of the Board was in compliance with the Regulations. The Company has informed the Securities and Exchange Board of India of the same.

### 20. Prior Year's Figures

Prior year's figures have been re-grouped / re-arranged where appropriate.

Signatures to the Schedules 1 to 8 forming part of the Balance Sheet and the Revenue Account.

K. H. VACHHA  
Partner

For and on behalf of  
PRICE WATERHOUSE  
Chartered Accountants

For **Deutsche Trustee Services (India)  
Private Limited**

Gunit Chadha  
Director

Y. B. Desai  
Director

Debabrata Bhadury  
Director

M. H. Kania  
Director

A.S. Mitra  
Director

Eduoard Fernen Peter  
Director

For **Deutsche Asset Management (India)  
Private Limited**

Stephen Paul Harris  
Director

Kersi M. Gherda  
Director

Vijay P. Gokhale  
Director

Suresh Soni  
Portfolio Manager

Sandeep Dasgupta  
Director

Bhalchandra Bhide  
Director

Carl Saldanha  
Director

Place: Mumbai  
Date : August 30, 2006

# Statement of Portfolio Holding

as at March 31, 2006

(Referred to in Schedule 1 to the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006)

Description		Fair / Market Value Rupees
<b>Privately Placed Non-Convertible Debentures/Bonds (16.24%)</b>		
Banks (100%)		
7% ICICI Bank Limited 2012*		6,568,604
<b>Total</b>	<b>(Cost - Rs.6,858,537)</b>	<b>6,568,604</b>
<b>Non-Convertible Debentures/Bonds Listed/Awaiting Listing (21.25%)</b>		
Finance (55.99%)		
6.8% Sundaram Home Finance Limited 2008#		4,809,815
		4,809,815
Retailing (44.01%)		
2% Trent Limited 2010#		3,781,186
		3,781,186
<b>Total</b>	<b>(Cost - Rs.8,561,199)</b>	<b>8,591,001</b>
<b>Securitised Debt (25.19%)</b>		
Finance (100%)		
IBL Auto Srs Nov 04 IndusInd Bk Srs A PTC 2007*		2,642,114
Mum. Auto Rec Trust 2004 Ser III A2 PTC 2008 *		2,880,984
ICICI Bank NTPC Loan Securitisation Trust TR 12 PTC 2007*		4,663,175
<b>Total</b>	<b>(Cost - Rs.10,331,188)</b>	<b>10,186,273</b>
<b>Government of India Securities (37.32%)</b>		
9.39% Government of India 2011		15,090,960
<b>Total</b>	<b>(Cost - Rs.15,271,041)</b>	<b>15,090,960</b>
<b>TOTAL INVESTMENTS</b>	<b>(Cost - Rs. 41,021,965)</b>	<b>40,436,838</b>

Confirmation has been received from J P Morgan Chase Bank, Mumbai Branch at the end of the financial year for the investments held by them and from Standard Chartered Bank, Mumbai Branch for the securities held by them in the Constituent Subsidiary General Ledger (CSGL) account.

\* Fair value of non-traded (privately placed) debt securities as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee.

# Fair value of non-traded and thinly traded debt securities in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto as applicable issued by the Securities and Exchange Board of India (SEBI) as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee.

# Auditors' Report

To the Trustee,

## DEUTSCHE MUTUAL FUND

1. We have audited the Balance Sheet of Deutsche Mutual Fund – **DWS Short Maturity Fund (formerly Deutsche Short Maturity Fund)** ("The Scheme") as at March 31, 2006 and the related Revenue Account for the year ended on that date, both of which we have signed under reference to this report. These financial statements are the responsibility of the Trustee of Deutsche Mutual Fund and the Management of Deutsche Asset Management (India) Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned at March 31, 2006 by correspondence with the custodian and others. 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.
3. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us,
  - (i) The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable, and also give respectively, a true and fair view of the state of affairs of Deutsche Mutual Fund – DWS Short Maturity Fund as at March 31, 2006 and its net surplus for the year ended on that date.
  - (ii) The Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended on that date, together with the notes thereon have been prepared in all material respects 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 and amendments thereto as applicable.
  - (iii) The method used to value,
    - a) Privately placed securities in good faith and
    - b) Non traded / thinly traded debt securities in accordance with guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by the Securities and Exchange Board of Indiaas at March 31, 2006 as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund are fair and reasonable.

K. H. Vachha  
*Partner*  
Membership No. F/30798

For and on behalf of  
**Price Waterhouse**  
*Chartered Accountants*

Place : Mumbai  
Date : August 30, 2006

# Balance Sheet

as at March 31, 2006

	Schedule	March 31, 2006 Rupees	March 31, 2005 Rupees
<b>Assets</b>			
Investments	1	999,694,794	1,020,875,531
Deposits	2	–	20,000,000
Other Current Assets	3	48,031,018	31,019,893
<b>TOTAL</b>		<b>1,047,725,812</b>	<b>1,071,895,424</b>
<b>Liabilities</b>			
Unit Capital	4	996,490,918	1,020,775,217
Reserves and Surplus	5	47,485,850	49,259,570
Current Liabilities and Provisions	6	3,749,044	1,860,637
<b>TOTAL</b>		<b>1,047,725,812</b>	<b>1,071,895,424</b>

## Reconciliation of Net Asset Value Per Unit

	March 31, 2006				March 31, 2005			
	Growth Plan Rupees	Weekly Dividend Plan Rupees	Monthly Dividend Plan Rupees	Total Rupees	Growth Plan Rupees	Weekly Dividend Plan Rupees	Monthly Dividend Plan Rupees	Total Rupees
Net Assets as per Balance Sheet (Total Assets less Current Liabilities and Provisions) (Note 2.5)	272,412,577	679,755,301	91,808,890	1,043,976,768	299,553,802	471,943,514	298,537,471	1,070,034,787
Number of Units in Issue	23,152,178.955	67,346,744.440	9,150,168.460		26,563,807.686	46,207,661.131	29,306,052.887	
Net Asset Value per Unit	11.7662	10.0933	10.0336		11.2768	10.2135	10.1869	

Notes to the Financial Statements 9

The schedules referred to herein form an integral part of the Financial Statements

This is the Balance Sheet referred to in our report of even date.

K. H. VACHHA  
Partner

For **Deutsche Trustee Services (India) Private Limited**

For **Deutsche Asset Management (India) Private Limited**

For and on behalf of  
PRICE WATERHOUSE  
Chartered Accountants

Gunit Chadha  
Director

M. H. Kania  
Director

Stephen Paul Harris  
Director

Sandeep Dasgupta  
Director

Y. B. Desai  
Director

A. S. Mitra  
Director

Kersi M. Gherda  
Director

Bhalchandra Bhide  
Director

Debabrata Bhadury  
Director

Eduoard Ferner Peter  
Director

Vijay P. Gokhale  
Director

Carl Saldanha  
Director

Place: Mumbai  
Date : August 30, 2006

Suresh Soni  
Portfolio Manager



# Revenue Account

for the year ended March 31, 2006

	Schedule	April 01, 2005 to March 31, 2006 Rupees	April 01, 2004 to March 31, 2005 Rupees
<b>Income and Gains</b>			
Interest and Discount	7	238,607,578	157,894,582
<b>TOTAL</b>		<b>238,607,578</b>	157,894,582
<b>Expenses and Losses</b>			
Net Loss on Sale of Investments [Including Net Loss on Inter - Scheme Sale of Investments Rs. 28,094,360 (Previous Year-Net Gain Rs.16,469,558) (Note 2.3)		71,684,723	2,872,828
Investment Management and Advisory Fees (Note 3)		10,723,041	7,192,672
Trustee Fees and Expenses (Note 4)		329,461	233,420
Transfer Agent Fees and Expenses		2,778,761	1,913,030
Custodian Fees and Expenses (Note 5)		1,849,213	1,361,251
Audit Fees		67,542	188,033
Selling and Distribution Expenses		12,270,263	8,577,951
Other Operating Expenses		1,633,185	1,726,331
		<b>101,336,189</b>	24,065,516
Less: Expenses to be Reimbursed by the Investment Manager		-	184,627
<b>TOTAL</b>		<b>101,336,189</b>	23,880,889
Net Surplus for the year		137,271,389	134,013,693
Net Change in Unrealised Depreciation in Value of Investments	8	(12,360,843)	(41,689,279)
<b>Net Surplus including Net Change in Unrealised Depreciation in Value of Investments</b>		<b>124,910,546</b>	92,324,414

	April 01, 2005 to March 31, 2006				April 01, 2004 to March 31, 2005			
	Growth Plan Rupees	Weekly Dividend Plan Rupees	Monthly Dividend Plan Rupees	Total Rupees	Growth Plan Rupees	Weekly Dividend Plan Rupees	Monthly Dividend Plan Rupees	Total Rupees
Net Surplus including Net Change in Unrealised Depreciation in Value of Investments by Plan	65,758,242	47,637,817	11,514,487	124,910,546	39,053,401	22,806,248	30,464,765	92,324,414
Transfer from Dividend Equalisation Reserve (Note 2.7)	(60,367,159)	16,901,530	1,340,854	(42,124,775)	(133,327,732)	(4,846,984)	(10,414,653)	(148,589,369)
Transfer From Reserve Fund	-	6,642,574	4,864,476	11,507,050	-	16,731,626	23,227,313	39,958,939
Transfer From Unit Premium Reserve	-	-	18,058	18,058	-	-	-	-
Dividend Distributions	-	(56,831,808)	(14,588,617)	(71,420,425)	-	(24,919,272)	(35,146,935)	(60,066,207)
Dividend Tax Thereon	-	(12,607,022)	(3,015,266)	(15,622,288)	-	(4,086,821)	(5,749,134)	(9,835,955)
Balance Transferred to Reserve Fund	5,391,083	1,743,091	133,992	7,268,166	(94,274,331)	5,684,797	2,381,356	(86,208,178)

Notes to the Financial Statements 9  
The schedules referred to herein form an integral part of the Financial Statements

This is the Revenue Account referred to in our report of even date.

K. H. VACHHA  
Partner

For **Deutsche Trustee Services (India) Private Limited**

For **Deutsche Asset Management (India) Private Limited**

For and on behalf of  
**PRICE WATERHOUSE**  
Chartered Accountants

Gunit Chadha  
Director

M. H. Kania  
Director

Stephen Paul Harris  
Director

Sandeep Dasgupta  
Director

Y. B. Desai  
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A. S. Mitra  
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Kersi M. Gherda  
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Bhalchandra Bhide  
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Debabrata Bhadury  
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Eduoard Fernen Peter  
Director

Vijay P. Gokhale  
Director

Carl Saldanha  
Director

Place: Mumbai  
Date : August 30, 2006

Suresh Soni  
Portfolio Manager



Deutsche Asset Management  
A Member of the Deutsche Bank Group

# Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

	March 31, 2006		March 31, 2005	
	Market / Fair Value Rupees	Cost Rupees	Market / Fair Value Rupees	Cost Rupees
<b>Schedule 1</b>				
<b>Investments</b>				
(Notes 2.2, 2.3, 7, 8, 9, 10 and 13)				
(Refer to the attached Statement of Portfolio Holding as at March 31, 2006)				
Privately Placed Non-Convertible Debentures / Bonds	95,913,877	97,848,727	203,424,821	206,807,202
Non-Convertible Debentures / Bonds Listed / Awaiting Listing	408,929,230	417,502,378	293,741,555	299,800,182
Securitised Debt	384,501,101	392,229,486	270,532,879	267,149,480
Government of India Securities	34,867,200	35,056,000	53,835,242	53,833,395
Treasury Bills	–	–	57,544,841	57,553,419
Certificate of Deposit / Commercial Paper	75,483,386	75,483,386	141,796,193	141,796,193
<b>TOTAL</b>	<b>999,694,794</b>	<b>1,018,119,977</b>	1,020,875,531	1,026,939,871

	March 31, 2006 Rupees	March 31, 2005 Rupees

## Schedule 2

### Deposits

Deposits with Scheduled Banks	–	20,000,000
<b>TOTAL</b>	–	20,000,000

## Schedule 3

### Other Current Assets

Balances with Banks		
– in Current Account	2,228,800	8,516,406
– in Dividend Account (Note 14)	48,667	8,566
Sales Contracts Awaiting Completion - Debentures / Bonds	3,348,214	–
Application Money Pending Allotment - Debentures / Bonds	37,000,000	–
Interest Receivables on :		
– Debentures / Bonds	4,662,484	20,604,818
– Government of India Securities	742,853	1,701,914
– Deposits	–	3,562
Receivable from Investment Manager	–	184,627
<b>TOTAL</b>	<b>48,031,018</b>	31,019,893

## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

	March 31, 2006		March 31, 2005	
	Rupees	Units	Rupees	Units
<b>Schedule 4</b>				
<b>Unit Capital</b>				
<b>Growth Plan</b>				
<b>Issued and Subscribed :</b>				
Units of Rs.10 each fully paid-up	2,112,481,400	211,248,140.000	2,112,481,400	211,248,140.000
<b>Outstanding :</b>				
At the beginning of the year	265,638,078	26,563,807.686	1,762,131,537	176,213,153.629
Issued during the year	6,061,081,137	606,108,113.732	3,511,445,601	351,144,560.068
	6,326,719,215	632,671,921.418	5,273,577,138	527,357,713.697
Redeemed during the year	6,095,197,425	609,519,742.463	5,007,939,060	500,793,906.011
At the end of the year	231,521,790	23,152,178.955	265,638,078	26,563,807.686
<b>Weekly Dividend Plan</b>				
<b>Issued and Subscribed :</b>				
Units of Rs.10 each fully paid-up				
<b>Outstanding :</b>				
At the beginning of the year	462,076,611	46,207,661.131	738,720,613	73,872,061.269
Issued during the year	4,615,228,452	461,522,845.174	2,299,297,933	229,929,793.323
	5,077,305,063	507,730,506.305	3,038,018,546	303,801,854.592
Redeemed during the year	4,403,837,619	440,383,761.865	2,575,941,935	257,594,193.461
At the end of the year	673,467,444	67,346,744.440	462,076,611	46,207,661.131
<b>Monthly Dividend Plan</b>				
<b>Issued and Subscribed:</b>				
Units of Rs.10 each fully paid-up				
<b>Outstanding :</b>				
At the beginning of the year	293,060,528	29,306,052.887	1,015,688,503	101,568,850.346
Issued during the year	1,368,694,136	136,869,413.616	1,317,105,944	131,710,594.431
	1,661,754,664	166,175,466.503	2,332,794,447	233,279,444.777
Redeemed during the year	1,570,252,980	157,025,298.043	2,039,733,919	203,973,391.890
At the end of the year	91,501,684	9,150,168.460	293,060,528	29,306,052.887
<b>TOTAL</b>	<b>996,490,918</b>	<b>99,649,091.855</b>	1,020,775,217	102,077,521.704

	March 31, 2006				March 31, 2005			
	Growth Plan Rupees	Weekly Dividend Plan Rupees	Monthly Dividend Plan Rupees	Total Rupees	Growth Plan Rupees	Weekly Dividend Plan Rupees	Monthly Dividend Plan Rupees	Total Rupees
<b>Schedule 5</b>								
<b>Reserves and Surplus</b>								
<b>Unit Premium Reserve (Note 2.6)</b>								
At the beginning of the year	(3,392,000)	3,023,068	612,467	243,535	5,539,801	2,233,615	1,458,006	9,231,422
Added during the year	1,583,980	1,320,437	(421,195)	2,483,222	(8,931,801)	789,453	(845,539)	(8,987,887)
Transfer to Revenue Account	-	-	(18,058)	(18,058)	-	-	-	-
At the end of the year	(1,808,020)	4,343,505	173,214	2,708,699	(3,392,000)	3,023,068	612,467	243,535
<b>Dividend Equalisation Reserve (Note 2.7)</b>								
Added during the year	(60,367,159)	16,901,530	1,340,854	(42,124,775)	(133,327,732)	(4,846,984)	(10,414,653)	(148,589,369)
Transfer to Revenue Account	60,367,159	(16,901,530)	(1,340,854)	42,124,775	133,327,732	4,846,984	10,414,653	148,589,369
At the end of the year	-	-	-	-	-	-	-	-
<b>Reserve Fund</b>								
At the beginning of the year	37,307,724	6,843,835	4,864,476	49,016,035	131,582,055	17,890,664	25,710,433	175,183,152
Transfer to Revenue Account	-	(6,642,574)	(4,864,476)	(11,507,050)	-	(16,731,626)	(23,227,313)	(39,958,939)
Balance Transferred from Revenue Account	5,391,083	1,743,091	133,992	7,268,166	(94,274,331)	5,684,797	2,381,356	(86,208,178)
At the end of the year [including net unrealised depreciation in value of investments Rs.18,425,183 (Previous Year - Rs. 6,064,340)]	42,698,807	1,944,352	133,992	44,777,151	37,307,724	6,843,835	4,864,476	49,016,035
<b>TOTAL</b>	<b>40,890,787</b>	<b>6,287,857</b>	<b>307,206</b>	<b>47,485,850</b>	<b>33,915,724</b>	<b>9,866,903</b>	<b>5,476,943</b>	<b>49,259,570</b>

# Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

	March 31, 2006 Rupees	March 31, 2005 Rupees
<b>Schedule 6</b>		
<b>Current Liabilities and Provisions</b>		
<b>Current Liabilities</b>		
Investment Management and Advisory Fees	1,213,594	302,023
Trustee Fees and Expenses	12,479	10,067
Transfer Agent Fees and Expenses	105,130	92,283
Custodian Fees and Expenses	66,516	66,380
Audit Fees	67,542	188,033
Selling and Distribution Expenses	502,567	531,877
Purchase Contracts Awaiting Completion - Debentures / Bonds	2,204	-
Dividend Payable	317,180	382,977
Dividend Tax Payable	167,946	158,881
Unclaimed Dividend (Note 14)	48,667	8,566
Inter-Scheme Payable - Others	1,014,712	-
Sundry Payables	230,507	119,550
<b>TOTAL</b>	<b>3,749,044</b>	<b>1,860,637</b>

	April 01, 2005 to March 31, 2006 Rupees	April 01, 2004 to March 31, 2005 Rupees
<b>Schedule 7</b>		
<b>Interest and Discount</b>		
<b>(Note 2.4)</b>		
Debentures / Bonds	121,076,223	93,375,337
Securitised Debt	67,586,940	47,783,994
Government of India Securities	23,294,573	10,672,414
Treasury Bills	3,841,745	1,209,160
Reverse Repos	2,337,271	1,294,367
Deposits	225,479	1,430,761
Certificate of Deposit / Commercial Paper	20,245,347	2,128,549
<b>TOTAL</b>	<b>238,607,578</b>	<b>157,894,582</b>

	April 01, 2005 to March 31, 2006 Rupees	April 01, 2004 to March 31, 2005 Rupees
<b>Schedule 8</b>		
<b>Unrealised (Depreciation) / Appreciation in Value of Investments</b>		
<b>(Note 7)</b>		
<b>(a) Privately Placed Non-Convertible Debentures / Bonds</b>		
At the beginning of the year	(3,382,381)	(290,262)
At the end of the year	(1,934,850)	(3,382,381)
Net change during the year	(I) 1,447,531	(3,092,119)
<b>(b) Non-Convertible Debentures / Bonds Listed / Awaiting Listing</b>		
At the beginning of the year	(6,058,627)	(6,079,106)
At the end of the year	(8,573,148)	(6,058,627)
Net change during the year	(II) (2,514,521)	20,479

## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

		April 01, 2005 to March 31, 2006 Rupees	April 01, 2004 to March 31, 2005 Rupees
<b>Unrealised (Depreciation) / Appreciation in Value of Investments (Contd...)</b>			
(c) <b>Securitized Debt</b>			
At the beginning of the year		3,383,399	41,805,918
At the end of the year		(7,728,385)	3,383,399
Net change during the year	(III)	(11,111,784)	(38,422,519)
(d) <b>Government of India Securities</b>			
At the beginning of the year		1,847	188,389
At the end of the year		(188,800)	1,847
Net change during the year	(IV)	(190,647)	(186,542)
(e) <b>Treasury Bills</b>			
At the beginning of the year		(8,578)	–
At the end of the year		–	(8,578)
Net change during the year	(V)	8,578	(8,578)
<b>Net change in unrealised (depreciation) in value of investments during the year</b>	<b>(I)+(II)+(III)+(IV)+(V)</b>	<b>(12,360,843)</b>	<b>(41,689,279)</b>

## Schedule 9

### Notes to the Financial Statements

#### 1. Organisation

DWS Short Maturity Fund (formerly, Deutsche Short Maturity Fund) (the "Scheme") is an open-ended income scheme of Deutsche Mutual Fund (the "Fund") and was launched on January 14, 2003. Deutsche Mutual Fund has been sponsored by Deutsche Asset Management (Asia) Limited. Deutsche Asset Management (India) Private Limited incorporated under the Companies Act, 1956 has been appointed as the asset management company. The duration of the Scheme is perpetual. The Scheme closed for initial subscription on January 21, 2003 and reopened for issue and redemption of units on January 27, 2003. The investment objective of the Scheme is to generate steady returns with low volatility by investing in short-medium term debt and money market securities.

As at March 31, 2006 the Scheme has three plans - Growth Plan, Weekly Dividend Plan and Monthly Dividend Plan.

The Scheme will not declare dividend under the Growth Plan. The income earned on such units will remain invested within the Scheme and will be reflected in the net asset value.

The name of the Scheme has been changed from Deutsche Short Maturity Fund to DWS Short Maturity Fund subsequent to the year end for which necessary approvals have been received.

#### 2. Significant Accounting Policies

##### 2.1 Basis of Accounting

The Scheme maintains its books of account on an accrual basis. These financial statements 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 (the "Regulations") and amendments thereto, as applicable.

##### 2.2 Portfolio Valuation

Investments are stated at market / fair value at the Balance Sheet date / date of determination. In valuing the Scheme's investments:

- i. Debt securities listed on a recognised stock exchange are valued at the last quoted closing price on the National Stock Exchange of India Limited. If no sale is reported at that time, such security is valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- ii. Non-traded and thinly traded debt securities are valued at fair value as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable issued by the Securities and Exchange Board of India (SEBI).
- iii. Privately placed debt securities are valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.

# Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

- iv. Securitised debt securities are valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- v. Traded money market securities are valued at the yield at which they are traded on the valuation date. If no sale is reported at that time, such security is valued at the last traded price plus accretion of the difference between the face value and the last traded price. Non-traded money market instruments are valued at cost plus accrued interest.
- vi. Instruments bought on 'repo' basis are valued at the resale price after deduction of applicable interest upto the date of resale.
- vii. Government securities are valued at prices obtained from The Credit Rating Information Services of India Limited in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by SEBI.

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 Regulations) net unrealized appreciation / depreciation in the value of investments is determined separately for each category of investments. Further the change in net unrealized appreciation / depreciation, if any, between two Balance Sheet dates / dates of determination is recognized in the Revenue Account. Unrealized appreciation is reduced from the distributable income at the time of income distribution. At the end of the financial year, the balance in the Revenue Account including change in the net unrealized appreciation or depreciation in the value of investments is transferred to Reserve Fund.

## 2.3 Securities Transaction

Investment securities transactions are accounted for on a trade date basis. The Scheme uses the average cost method for determining the realized gain or loss on sale of investments.

## 2.4 Investment Income

Interest income is recorded on an accrual basis.

## 2.5 Net Asset Value for Growth / Dividend Plans

The net asset value of the units of the Scheme is determined separately for the units issued under the Growth and Dividend Plans.

For reporting the net asset value for the Plans, daily income earned, including realized and unrealized gain or loss in the value of investments and expenses incurred by the Scheme are allocated to the Plans in proportion to the value of the units outstanding.

## 2.6 Unit Premium Reserve

Upon issue and redemption of units, the net premium or discount to the face value of units is adjusted against the unit premium reserve of the Scheme, after an appropriate portion of the issue proceeds and redemption payout is credited or debited respectively to the dividend equalization reserve.

The unit premium reserve is available for dividend distribution except to the extent it is represented by unrealised net appreciation in value of investments.

## 2.7 Dividend Equalization Reserve

The net distributable income relating to units issued / repurchased is transferred to/from dividend equalization reserve for determining the net surplus / deficit, transferred from / to unit premium reserve.

## 3. Investment Management and Advisory Fees

The Scheme has paid or provided for investment management and advisory fees payable to Deutsche Asset Management (India) Private Limited for managing the Scheme at an annual rate of 0.33% of the average daily net asset values recorded by the Scheme. All costs, charges and expenses incurred by Deutsche Asset Management (India) Private Limited in the administration and execution of the activities of the Scheme, except costs allowed to be charged to the Scheme under the Regulations and amendments thereto as applicable, are on their own account for which they receive investment management and advisory fees.

## 4. Trustee Fees

In accordance with the Deed of Trust dated May 29, 2002 between Deutsche Asset Management (Asia) Limited (the "Settlor") and Deutsche Trustee Services (India) Private Limited (the "Trustee"), the Scheme has paid or provided for trustee fees payable to the Trustee at an annual rate of 0.01% of the average daily net asset values recorded by the Scheme.

## 5. Custodian Fees

J P Morgan Chase Bank provides custodial services to the Scheme for which it receives custody fees.

## 6. Income Taxes

No provision for taxation has been made as the Scheme qualifies as a recognized mutual fund under Section 10 (23D) of the Income Tax Act, 1961 of India.

## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

### 7. Aggregate Appreciation and Depreciation In Value of Investments

Aggregate appreciation and depreciation in value of investments is as follows:

	March 31, 2006 Rupees	March 31, 2005 Rupees
Privately Placed Non-Convertible Debentures / Bonds		
– Appreciation	–	73,758
– Depreciation	1,934,850	3,456,139
Non-Convertible Debentures / Bonds Listed / Awaiting Listing		
– Appreciation	–	288,068
– Depreciation	8,573,148	6,346,695
Securitised Debt		
– Appreciation	–	8,108,807
– Depreciation	7,728,385	4,725,408
Government of India Securities		
– Appreciation	–	2,842
– Depreciation	188,800	995
Treasury Bill		
– Appreciation	–	–
– Depreciation	–	8,578

### 8. Registered Securities

In accordance with Regulation 44(1) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, securities purchased should be held in the name of the Scheme. As at March 31, 2006 securities aggregating to Rs. 34,867,200 (market value) are held in the name of Deutsche Mutual Fund.

### 9. Aggregate Fair Value of Non-Traded Investments

Aggregate fair value of non-traded (including private placements) investments as determined by Deutsche Asset Management (India) Private Limited under the procedures approved by the Trustee as at March 31, 2006 is Rs. 964,827,594.

### 10. Aggregate Value of Purchases and Sale of Investments

The aggregate value of investment securities purchased and sold (including matured) during the financial year are Rs. 27,334,324,823 (excluding accretion of discount Rs. 78,747,898) and Rs. 27,350,207,892 respectively being 829.69% and 830.17% of the average daily net assets.

### 11. Income and Expenses

The total income (including net loss on sale of investments and net change in unrealized depreciation in the value of investments) and expenditure is Rs. 154,562,012 and Rs. 29,651,466 respectively being 4.69% and 0.90% of the average daily net assets.

### 12. Disclosure Under Regulation 25(8) of the Securities and Exchange Board of India (Mutual Funds) Regulation, 1996 as amended

Deutsche Bank AG, Mumbai Branch and Kotak Mahindra Bank Limited associate entities of Deutsche Asset Management (India) Private Limited were paid commission amounting to Rs.1,107,554 and Rs. 337,252 respectively for procuring unit subscriptions for the Scheme. The commission paid was at rates similar to those offered to other distributors.

### 13. Disclosure Under Regulation 25 (11) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended

Deutsche Mutual Fund has made the following investments in companies, which hold units in excess of 5% of the net asset value of any Scheme of Deutsche Mutual Fund.

Company Name	Schemes invested in by the Company	Investment made by Schemes of Deutsche Mutual Fund in the Company / Subsidiary	Aggregate for the period under Regulation 25(11) At Cost (Rupees in lakhs)	Outstanding as at March 31, 2006 At Market / Fair Value (Rupees in lakhs)
DSP Merrill Lynch Capital Limited	DWS Insta Cash Plus Fund	DWS Insta Cash Plus Fund	6,784.00	129.64
		DWS Fixed Term Fund - Series 7	4,216.78	–
		DWS Floating Rate Fund	3,401.99	–
		DWS Fixed Term Fund - Series 3	867.67	878.66
		DWS Short Maturity Fund	493.73	110.43
		DWS MIP Fund - Plan A	235.17	67.22
		DWS Fixed Term Fund - Series 2	197.10	201.66

# Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

Company Name	Schemes invested in by the Company	Investment made by Schemes of Deutsche Mutual Fund in the Company / Subsidiary	Aggregate for the period under Regulation 25(11) At Cost (Rupees in lakhs)	Outstanding as at March 31, 2006 At Market / Fair Value (Rupees in lakhs)
		DWS MIP - Fund - Plan B	107.45	38.41
		DWS Fixed Term Fund	14.08	14.40
Grasim Industries Limited	DWS Fixed Term Fund - Series 3	DWS Alpha Equity Fund	678.02	329.27
		DWS Tax Saving Fund	220.54	246.95
		DWS Investment Opportunity Fund	55.14	61.74
		DWS Tax Saving Fund^	125.26	136.89
		DWS Alpha Equity Fund^	72.68	-
Hindustan Lever Limited	DWS Fixed Term Fund - Series 4	DWS Alpha Equity Fund	495.15	-
	DWS Fixed Term Fund - Series 6			
Hindustan Zinc Limited	DWS Insta Cash Plus Fund	DWS Alpha Equity Fund	170.99	261.60
	DWS Fixed Term Fund - Series 5			
Infosys Technologies Limited	DWS Insta Cash Plus Fund	DWS Alpha Equity Fund	2,967.35	-
		DWS Investment Opportunity Fund	480.71	-
		DWS MIP Fund - Plan A	136.65	8.94
		DWS MIP Fund - Plan B	25.99	-
ITC Limited	DWS Floating Rate Fund	DWS Alpha Equity Fund	1,316.00	136.47
	DWS Short Maturity Fund	DWS Investment Opportunity Fund	413.51	48.74
	DWS Fixed Term Fund - Series 7	DWS Tax Saving Fund	171.58	97.48
	DWS Insta Cash Plus Fund	DWS MIP Fund - Plan A	28.10	12.67
		DWS MIP Fund - Plan B	12.20	-
Larsen & Toubro Limited	DWS Alpha Equity Fund	DWS Alpha Equity Fund	1,765.39	152.04
	DWS Insta Cash Plus Fund	DWS Floating Rate Fund	1,000.00	-
		DWS Insta Cash Plus Fund	900.00	-
		DWS Investment Opportunity Fund	177.45	36.49
		DWS Tax Saving Fund	122.28	121.63
		DWS Short Maturity Fund	100.00	-
		DWS MIP Fund - Plan B	3.73	-
		DWS Insta Cash Plus Fund^^	18,202.34	2,200.00
		DWS Floating Rate Fund^^	3,800.00	1,297.19
		DWS Fixed Term Fund - Series 7^^	3,700.00	-
		DWS Short Maturity Fund^^	1,800.00	-
		DWS Fixed Term Fund^^	1,799.21	797.75
		DWS Fixed Term Fund - Series 2^^	1,698.95	1,698.03
		DWS Money Plus Fund ^^	200.00	-
Sterlite Industries India Limited	DWS Fixed Term Fund - Series 7	DWS Insta Cash Plus Fund	21,140.00	-
		DWS Floating Rate Fund	12,020.00	-
		DWS Short Maturity Fund	3,220.00	-
		DWS Fixed Term Fund - Series 7	1,000.00	-
		DWS Fixed Term Fund - Series 8	800.00	-
		DWS Alpha Equity Fund	662.57	384.88
		DWS Premier Bond Fund	160.00	-
		DWS MIP Fund - Plan A	100.00	-
		DWS Investment Opportunity Fund	67.51	78.73
		DWS MIP Fund - Plan B	50.00	-
		DWS Fixed Term Fund - Series 4	10.00	-
The Tata Steel Limited	DWS Insta Cash Plus Fund	DWS Alpha Equity Fund	2,065.32	375.48
		DWS Investment Opportunity Fund	822.49	-



## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

Company Name	Schemes invested in by the Company	Investment made by Schemes of Deutsche Mutual Fund in the Company / Subsidiary	Aggregate for the period under Regulation 25(11) At Cost (Rupees in lakhs)	Outstanding as at March 31, 2006 At Market / Fair Value (Rupees in lakhs)
	DWS Fixed Term Fund - Series 7	DWS Tax Saving Fund DWS MIP Fund - Plan A DWS MIP Fund - Plan B	116.78 116.41 35.50	134.10 – –
The Bombay Dyeing and Manufacturing Company Limited	DWS Short Maturity Fund	DWS Fixed Term Fund - Series 2	2,000.00	–
Videsh Sanchar Nigam Limited	DWS Insta Cash Plus Fund DWS Short Maturity Fund	DWS Investment Opportunity Fund DWS Alpha Equity Fund	94.30 73.24	– –

^ DTSF and DAEF have invested in Ultratech Cemco which is a subsidiary of Grasim Industries Limited.

^^ DICPF, DFRF, DFTF-7, DSMF, DFTF, DFTF-2 and DMPF have invested in L&T Finance Limited which is a subsidiary of Larsen & Toubro Limited.

The above investments comprise equity shares, debentures / bonds, commercial paper, fixed deposits and other debt instruments. These investments have been made on account of their high credit quality and competitive yield for the investment in fixed income / money market instruments and in case of equity shares because of attractive valuations of these companies.

#### 14. Unclaimed Dividend

As at March 31, 2006 unclaimed dividends aggregate Rs. 48,667 payable to nine investors. These details are based on confirmations received from the Scheme's Registrar and Transfer Agent that maintain information of unclaimed dividends on behalf of the Scheme.

#### 15. Perspective Historical Per Unit Statistics\*

	April 01, 2005 to March 31, 2006 Rupees	April 01, 2004 to March 31, 2005 Rupees	April 01, 2003 to March 31, 2004 Rupees
(a) Net asset value per unit at the end of the year (Note 2.5)			
Growth Plan	11.7662	11.2768	10.7782
Weekly Dividend Plan	10.0933	10.2135	10.2724
Monthly Dividend Plan	10.0336	10.1869	10.2675
(b) Gross Income			
(i) income other than profit on sale of investment	2.3945	1.5468	0.9241
(ii) income from profit on inter scheme sales / transfer of investment	(0.2819)	0.1613	(0.0120)
(iii) income (net) from profit on sale of investments to third party	(0.4374)	(0.1895)	(0.0024)
(iv) transfer of revenue account from past year's reserve	0.1155	0.3915	0.0000
(c) Aggregate of expenses, writeoff, amortisation and charges	0.2976	0.2058	0.1367
(d) Net income	1.3775	1.3128	0.7730
(e) Net change in unrealised (depreciation) / appreciation in value of investments	(0.1240)	(0.4084)	0.1100
(f) Redemption Price			
– Highest			
Growth Plan	11.7662	11.2768	10.7782
Weekly Dividend Plan	10.2563	10.2898	10.2959
Monthly Dividend Plan	10.2123	10.2737	10.2836

# Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

	April 01, 2005 to March 31, 2006 Rupees	April 01, 2004 to March 31, 2005 Rupees	April 01, 2003 to March 31, 2004 Rupees
- Lowest			
Growth Plan	11.2786	10.7782	10.0686
Weekly Dividend Plan	10.0669	10.1506	10.1775
Monthly Dividend Plan	9.9852	10.1023	10.1362
(g) Purchase price			
- Highest			
Growth Plan	11.7662	11.2768	10.7782
Weekly Dividend Plan	10.2563	10.2935	10.2959
Monthly Dividend Plan	10.2123	10.2785	10.2836
- Lowest			
Growth Plan	11.2786	10.7782	10.0886
Weekly Dividend Plan	10.0669	10.1480	10.1411
Monthly Dividend Plan	9.9852	10.1023	10.0792
(h) Price earnings ratio	NA	NA	NA
(i) 'Ratio of expenses to daily average net assets by percentage	0.90%	0.90%	0.90%
(j) Ratio of gross income (including net loss on sale of investments and net change in unrealised depreciation / appreciation in value of investments) to daily average net assets by percentage	4.69%	4.87%	6.71%

\* The above per unit calculations are based on the number of units outstanding at the end of the financial year

## 16. Composition of Board of Directors of Investment Manager

An independent Director of Deutsche Asset Management (India) Private Limited ('the Company') had resigned from the Board of Directors ('the Board') with effect from October 31, 2005 due to which the composition of the Board was reduced to below the minimum requirement of 50% independent directors as required under the Regulations. An independent Director was appointed on the Board on February 6, 2006, after which the composition of the Board was in compliance with the Regulations. The Company has informed the Securities and Exchange Board of India of the same.

## 17. Prior Year's Figures

Prior year's figures have been re-grouped / re-arranged where appropriate.

Signatures to the Schedules 1 to 9 forming part of the Balance Sheet and the Revenue Account.

K. H. VACHHA  
Partner

For **Deutsche Trustee Services (India) Private Limited**

For **Deutsche Asset Management (India) Private Limited**

For and on behalf of  
PRICE WATERHOUSE  
Chartered Accountants

Gunit Chadha  
Director

M. H. Kania  
Director

Stephen Paul Harris  
Director

Sandeep Dasgupta  
Director

Y. B. Desai  
Director

A. S. Mitra  
Director

Kersi M. Gherda  
Director

Bhalchandra Bhide  
Director

Debabrata Bhadury  
Director

Eduoard Ferner Peter  
Director

Vijay P. Gokhale  
Director

Carl Saldanha  
Director

Place: Mumbai  
Date : August 30, 2006

Suresh Soni  
Portfolio Manager

# Statement of Portfolio Holding

as at March 31, 2006

(Referred to in Schedule 1 to the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006)

Description	Fair / Market Value Rupees
<b>Privately Placed Non-Convertible Debentures/Bonds (9.59%)</b>	
<b>Banks (100%)</b>	
9.75% ICICI Bank Limited 2006*	200,945
7% ICICI Bank Limited 2012*	38,942,438
12% Oreintal Bank of Commerce 2006*	50,028,766
11.5% Bank of Maharashtra 2006 *	6,741,728
<b>Total</b>	<b>(Cost - Rs. 97,848,727) 95,913,877</b>
<b>Non Convertible Debentures / Bonds Listed / Awaiting Listing (40.91%)</b>	
<b>Banks (1.76%)</b>	
10% Punjab National Bank Limited 2008#	7,216,384
	<b>7,216,384</b>
<b>Power (2.1%)</b>	
7.30% Rural Electrification Corporation Limited 2011#	2,893,233
7.30% Rural Electrification Corporation Limited 2012#	3,812,868
7.30% Rural Electrification Corporation Limited 2015#	1,879,810
	<b>8,585,911</b>
<b>Finance (85.17%)</b>	
1 Year Gsec+37 Bps LIC Housing Finance Limited 2012#	149,836,500
6.8% Sundaram Home Finance Limited 2008#	177,001,192
10.45% Indian Railway Finance Corporation 2009#	10,671,850
10.45% Indian Railway Finance Corporation 2010#	10,783,460
	<b>348,293,002</b>
<b>Retailing (10.97%)</b>	
2% Trent Limited 2010#	44,833,933
	<b>44,833,933</b>
<b>Total</b>	<b>(Cost - Rs.417,502,378) 408,929,230</b>
<b>Securitised Debt (38.46%)</b>	
<b>Finance (100%)</b>	
Asset Sec Trust Dec04 IV Srs A7 PTC 2008 *	9,628,952
GECSI Loan Trust Class D Senior PTC IRFC 2008 *	29,640,370
ICICI Bank NTPC Loan Securitisation Trust TR 12 PTC 2009 *	88,600,334
Retail Pool Trust June 2005 Series A2 Centurion Bank PTC 2008 *	66,651,894
Retail Trust II March 2005 Series A1 2008 *	61,458,408
UBL Trust Series 11 A2 Indus Ind Bank PTC 2008*	26,931,382
UBL Trust Series 12 Senior A2 Indus Ind Bank PTC 2008 *	101,589,761
<b>Total</b>	<b>(Cost - Rs.392,229,486) 384,501,101</b>

# Statement of Portfolio Holding

as at March 31, 2006

Description		Fair / Market Value Rupees
<b>Government of India Securities (3.49%)</b>		
9.39% Government of India 2011		34,867,200
<b>Total</b>	<b>(Cost - Rs.35,056,000)</b>	<b>34,867,200</b>
<b>Commercial Paper / Certificate of Deposit (7.55%)</b>		
<b>Commercial Paper ( 14.63%)</b>		
<b>Finance (100%)</b>		
DSP Merrill Lynch Capital 2006* <sup>@</sup>		11,043,302
		<b>11,043,302</b>
<b>Certificate of Deposit ( 85.37%)</b>		
<b>Banks (100%)</b>		
ICICI Bank Limited 2007*		64,440,084
		<b>64,440,084</b>
<b>Total</b>	<b>(Cost - Rs.75,483,386)</b>	<b>75,483,386</b>
<b>TOTAL INVESTMENTS</b>	<b>(Cost Rs. 1,018,119,977)</b>	<b>999,694,794</b>

Confirmation has been received from J P Morgan Chase Bank, Mumbai Branch at the end of the financial year for the investments held by them and from Standard Chartered Bank, Mumbai Branch for the securities held by them in the Constituent Subsidiary General Ledger (CSGL) Account.

\* Fair value of non-traded (privately placed ) debt securities as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee.

# Fair value of non-traded and thinly traded debt securities in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto as applicable issued by the Securities and Exchange Board of India (SEBI) as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee.

@ Investment in companies which have invested more than five percent of the net asset value of any Scheme of Deutsche Mutual Fund.

# Auditors' Report

To the Trustee,

## DEUTSCHE MUTUAL FUND

1. We have audited the Balance Sheet of Deutsche Mutual Fund – **DWS Insta Cash Plus Fund (formerly Deutsche Insta Cash Plus Fund)** ("The Scheme") as at March 31, 2006 and the related Revenue Account for the year ended on that day, both of which we have signed under reference to this report. These financial statements are the responsibility of the Trustee of Deutsche Mutual Fund and the Management of Deutsche Asset Management (India) Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned at March 31, 2006 by correspondence with the custodian and others. 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.
3. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us,
  - (i) The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable, and also give respectively, a true and fair view of the state of affairs of Deutsche Mutual Fund – DWS Insta Cash Plus Fund as at March 31, 2006 and its net surplus for the year ended on that date.
  - (ii) The Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended on that date, together with the notes thereon have been prepared in all material respects 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 and amendments thereto as applicable.
  - (iii) The method used to value,
    - a) Privately placed debt securities in good faith and
    - b) Non-traded / thinly traded debt securities in accordance with guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by the Securities and Exchange Board of India as at March 31, 2006 as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund are fair and reasonable.

K. H. Vachha  
*Partner*  
Membership No. F/30798

For and on behalf of  
**Price Waterhouse**  
*Chartered Accountants*

Place : Mumbai  
Date : August 30, 2006

# Balance Sheet

as at March 31, 2006

	Schedule	March 31, 2006 Rupees	March 31, 2005 Rupees
<b>Assets</b>			
Investments	1	6,343,909,888	8,709,639,960
Deposits	2	390,000,000	785,000,000
Other Current Assets	3	567,851,053	176,538,464
<b>TOTAL</b>		<b>7,301,760,941</b>	<b>9,671,178,424</b>
<b>Liabilities</b>			
Unit Capital	4	7,075,638,759	9,419,181,851
Reserves and Surplus	5	208,767,706	244,099,405
Current Liabilities and Provisions	6	17,354,476	7,897,168
<b>TOTAL</b>		<b>7,301,760,941</b>	<b>9,671,178,424</b>

## Reconciliation of Net Asset Value Per Unit

	Regular Plan March 31, 2006					Institutional Plan March 31, 2006					March 31, 2006
	Growth Option Rupees	Daily Dividend Option Rupees	Weekly Dividend Option Rupees	Regular Dividend Option Rupees	Total Rupees	Growth Option Rupees	Daily Dividend Option Rupees	Weekly Dividend Option Rupees	Regular Dividend Option Rupees	Total Rupees	Total Rupees
Net Assets as per Balance Sheet (Total Assets less Current Liabilities and Provisions) (Note 2.5)	295,845,576	376,853,636	315,246,379	142,351,246	1,130,296,837	1,480,740,706	3,468,155,999	1,103,291,922	101,921,001	6,154,109,628	7,284,406,465
Number of Units in Issue	25,188,351.947	36,584,179.713	31,018,599.031	13,943,022.425		134,962,574.001	346,140,625.743	109,613,384.623	10,113,138.388		
Net Asset Value per Unit	11.7453	10.3010	10.1631	10.2095		10.9715	10.0195	10.0653	10.0781		

	Regular Plan March 31, 2005					Institutional Plan March 31, 2005					March 31, 2005
	Growth Option Rupees	Daily Dividend Option Rupees	Weekly Dividend Option Rupees	Regular Dividend Option Rupees	Total Rupees	Growth Option Rupees	Daily Dividend Option Rupees	Weekly Dividend Option Rupees	Regular Dividend Option Rupees	Total Rupees	Total Rupees
Net Assets as per Balance Sheet (Total Assets less Current Liabilities and Provisions) (Note 2.5)	814,190,113	543,408,471	253,610,405	114,694,486	1,725,903,475	3,484,743,714	1,938,906,278	1,297,778,005	1,215,949,784	7,937,377,781	9,663,281,256
Number of Units in Issue	73,175,441.300	52,752,971.159	25,021,815.678	11,286,594.815		335,786,787.611	193,513,235.811	129,413,335.825	120,968,002.891		
Net Asset Value per Unit	11.1265	10.3010	10.1356	10.1620		10.3778	10.0195	10.0282	10.0518		

Notes to the Financial Statements

9

The Schedules referred to herein form an integral part of the Financial Statements

This is the Balance Sheet referred to in our report of even date.

K. H. VACHHA  
Partner

For **Deutsche Trustee Services  
(India) Private Limited**

For **Deutsche Asset Management (India)  
Private Limited**

For and on behalf of  
**PRICE WATERHOUSE**  
Chartered Accountants

Gunit Chadha  
Director

M. H. Kania  
Director

Stephen Paul Harris  
Director

Sandeep Dasgupta  
Director

Y. B. Desai  
Director

A. S. Mitra  
Director

Kersi M. Gherda  
Director

Bhalchandra Bhide  
Director

Debabrata Bhadury  
Director

Eduard Fernen Peter  
Director

Vijay P. Gokhale  
Director

Carl Saldanha  
Director

Place: Mumbai  
Date : August 30, 2006

Jignesh Barasara  
Portfolio Manager

# Revenue Account

for the year ended March 31, 2006

	Schedule	April 01, 2005 to March 31, 2006 Rupees	April 01, 2004 to March 31, 2005 Rupees
<b>Income and Gains</b>			
Interest and Discount	7	712,781,884	669,717,034
Net Profit on Sale of Investments [Net of Net Loss on Inter-Scheme Sale of Investments 2005: Rs.169,303] (Note 2.3)		-	8,855,606
<b>TOTAL</b>		<b>712,781,884</b>	<b>678,572,640</b>

## Expenses and Losses

Net Loss on Sale of Investments [Including Net Loss on Inter-Scheme Sale of Investments Rs. 28,243,032] (Note 2.3)		35,416,703	-
Investment Management and Advisory Fees (Note 3)		28,431,523	34,582,463
Trustee Fees and Expenses (Note 4)		1,144,725	500,000
Transfer Agent Fees and Expenses		7,942,062	8,825,641
Custodian Fees and Expenses (Note 5)		6,727,372	6,619,308
Audit Fees		471,272	300,000
Selling and Distribution Expenses		10,917,007	13,580,941
Other Operating Expenses		5,124,987	7,311,780
		<b>96,175,651</b>	<b>71,720,133</b>
Less : Expenses to be Reimbursed by the Investment Manager (Note 7)		1,127,343	1,987,671
<b>TOTAL</b>		<b>95,048,308</b>	<b>69,732,462</b>
Net Surplus for the year		617,733,576	608,840,178
Net Change in Unrealised Appreciation / (Depreciation) in Value of Investments	8	11,094,467	(21,948,678)
<b>Net Surplus including Net Change in Unrealised Appreciation / Depreciation in Value of Investments</b>		<b>628,828,043</b>	<b>586,891,500</b>

	Regular Plan					Institutional Plan					April 01, 2005 to March 31, 2006
	April 01, 2005 to March 31, 2006					April 01, 2005 to March 31, 2006					
	Growth Option Rupees	Daily Dividend Option Rupees	Weekly Dividend Option Rupees	Regular Dividend Option Rupees	Total Rupees	Growth Option Rupees	Daily Dividend Option Rupees	Weekly Dividend Option Rupees	Regular Dividend Option Rupees	Total Rupees	Total Rupees
Net Surplus including Net Change in Unrealised Appreciation / Depreciation in Value of Investments by Option	34,453,127	27,920,013	14,788,565	8,790,132	85,951,837	216,103,275	169,664,716	124,908,373	32,199,842	542,876,206	628,828,043
Transfer from Dividend Equalisation Reserve (Note 2.7)	73,429,044	4,665,608	(1,308,456)	(183,197)	76,602,999	211,896,185	(3,103,600)	4,625,652	4,034,851	217,453,088	294,056,087
Transfer from Reserve Fund	-	6,032,341	712,148	451,464	7,195,953	-	8,954,538	-	6,116,939	15,071,477	22,267,430
Dividend Distributions	-	(23,232,379)	(11,825,238)	(6,597,318)	(41,654,935)	-	(138,582,088)	(95,481,898)	(27,473,709)	(261,537,695)	(303,192,630)
Dividend Tax Thereon	-	(4,687,749)	(2,100,253)	(1,221,643)	(8,009,645)	-	(31,083,040)	(21,292,161)	(6,165,100)	(58,540,301)	(66,549,946)
Balance Transferred to Reserve Fund	107,882,171	10,697,834	266,766	1,239,438	120,086,209	427,999,460	5,850,526	12,759,966	8,712,823	455,322,775	575,408,984

# Revenue Account (Contd...)

for the year ended March 31, 2006

## Schedule

	Regular Plan					Institutional Plan					Total Rupees
	April 01, 2004 to March 31, 2005					June 25, 2004 to March 31, 2005					
	Growth Option Rupees	Daily Dividend Option Rupees	Weekly Dividend Option Rupees	Regular Dividend Option Rupees	Total Rupees	Growth Option Rupees	Daily Dividend Option Rupees	Weekly Dividend Option Rupees	Regular Dividend Option Rupees	Total Rupees	
Net Surplus including Net Change in Unrealised Appreciation in Value of Investments by Option	111,372,254	40,000,861	50,190,016	26,967,060	228,530,191	116,301,882	97,942,704	100,777,835	43,338,888	358,361,309	586,891,500
Transfer from Dividend Equalisation Reserve (Note 2.7)	(282,765,863)	(8,694,103)	(25,109,130)	(14,540,521)	(331,109,617)	10,703,720	530,625	(2,681,564)	(349,807)	8,202,974	(322,906,643)
Transfer from Reserve Fund	-	67,398	1,251,676	16,869,864	18,188,938	-	-	-	-	-	18,188,938
Dividend Distributions	-	(34,084,078)	(37,531,161)	(25,276,220)	(96,891,459)	-	(78,253,259)	(78,179,522)	(30,367,305)	(186,800,086)	(283,691,545)
Dividend Tax Thereon	-	(5,245,358)	(5,430,050)	(3,545,274)	(14,220,682)	-	(16,280,614)	(16,261,555)	(6,349,804)	(38,891,973)	(53,112,655)
Balance Transferred to Reserve Fund	(171,393,609)	(7,955,280)	(16,628,649)	474,909	(195,502,629)	127,005,602	3,939,456	3,655,194	6,271,972	140,872,224	(54,630,405)

Notes to the Financial Statements

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The schedules referred to herein form an integral part of the Financial Statements

This is the Revenue Account referred to in our report of even date.

**K. H. VACHHA**  
Partner

For **Deutsche Trustee Services (India) Private Limited**

For **Deutsche Asset Management (India) Private Limited**

For and on behalf of  
**PRICE WATERHOUSE**  
Chartered Accountants

**Gunit Chadha**  
Director

**M. H. Kania**  
Director

**Stephen Paul Harris**  
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**Bhalchandra Bhide**  
Director

**Debabrata Bhadury**  
Director

**Eduoard Ferner Peter**  
Director

**Vijay P. Gokhale**  
Director

**Carl Saldanha**  
Director

Place: Mumbai  
Date : August 30, 2006

**Jignesh Barasara**  
Portfolio Manager



## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

	March 31, 2006		March 31, 2005	
	Market / Fair Value Rupees	Cost Rupees	Market / Fair Value Rupees	Cost Rupees
<b>Schedule 1</b>				
<b>Investments</b>				
(Notes 2.2, 2.3, 8, 9, 10, and 13)				
(Refer to the attached Statement of Portfolio Holding as at March 31, 2006)				
Privately Placed Non-Convertible Debentures / Bonds	439,347,851	439,347,851	1,688,066,076	1,688,327,683
Non-Convertible Debentures / Bonds Listed / Awaiting Listing	2,777,467,422	2,774,791,712	1,011,633,533	1,010,138,924
Securitised Debt	1,336,863,358	1,343,258,797	3,004,825,931	3,020,646,436
Treasury Bills	–	–	972,927,967	973,154,660
Commercial Paper / Certificate of Deposit	1,790,231,257	1,790,231,257	2,032,186,453	2,032,186,453
<b>TOTAL</b>	<b>6,343,909,888</b>	<b>6,347,629,617</b>	<b>8,709,639,960</b>	<b>8,724,454,156</b>

	March 31, 2006 Rupees	March 31, 2005 Rupees
<b>Schedule 2</b>		
<b>Deposits</b>		
Deposits with Scheduled Banks	390,000,000	785,000,000
<b>TOTAL</b>	<b>390,000,000</b>	<b>785,000,000</b>

	March 31, 2006 Rupees	March 31, 2005 Rupees
<b>Schedule 3</b>		
<b>Other Current Assets</b>		
Balances with Banks		
– in Current Account	24,890,894	18,438,125
– in Dividend Account (Note 14)	1,303	–
Unit Subscription Receivable	700,000	–
Interest Receivable on :		
– Debentures / Bonds	60,138,678	45,450,552
– Securitised Debt	24,895,841	10,140,487
– Deposits	96,165	221,877
Application Money Pending Allotment		
– Securitised Debt	–	100,232,937
– Non-Convertible Debentures / Bonds	456,000,000	–
Receivable from Investment Manager	1,127,342	1,987,671
Inter-Scheme Receivable - Others	830	–
Miscellaneous Receivables	–	66,815
<b>TOTAL</b>	<b>567,851,053</b>	<b>176,538,464</b>

# Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

	March 31, 2006		March 31, 2005	
	Rupees	Units	Rupees	Units
<b>Schedule 4</b>				
<b>Unit Capital</b>				
<b>Regular Plan</b>				
<b>Growth Option</b>				
<b>Issued and Subscribed:</b>				
Units of Rs.10 each fully paid-up	597,290,000	59,729,000.000	597,290,000	59,729,000.000
<b>Outstanding :</b>				
At the beginning of the year	731,754,413	73,175,441.300	4,181,602,214	418,160,221.443
Issued during the year	3,180,865,241	318,086,524.128	18,349,907,256	1,834,990,725.606
	3,912,619,654	391,261,965.428	22,531,509,470	2,253,150,947.049
Redeemed during the year	3,660,736,135	366,073,613.481	21,799,755,057	2,179,975,505.749
At the end of the year	251,883,519	25,188,351.947	731,754,413	73,175,441.300
<b>Daily Dividend Option</b>				
<b>Issued and Subscribed:</b>				
Units of Rs.10 each fully paid-up				
<b>Outstanding :</b>				
At the beginning of the year	527,529,712	52,752,971.159	866,983,477	86,698,347.753
Issued during the year	3,156,345,931	315,634,593.142	9,024,196,626	902,419,662.564
	3,683,875,643	368,387,564.301	9,891,180,103	989,118,010.317
Redeemed during the year	3,318,033,845	331,803,384.588	9,363,650,391	936,365,039.158
At the end of the year	365,841,798	36,584,179.713	527,529,712	52,752,971.159
<b>Weekly Dividend Option</b>				
<b>Issued and Subscribed:</b>				
Units of Rs.10 each fully paid-up				
<b>Outstanding :</b>				
At the beginning of the year	250,218,157	25,021,815.678	2,521,633,031	252,163,303.037
Issued during the year	842,181,425	84,218,142.480	3,369,842,127	336,984,212.695
	1,092,399,582	109,239,958.158	5,891,475,158	589,147,515.732
Redeemed during the year	782,213,591	78,221,359.127	5,641,257,001	564,125,700.054
At the end of the year	310,185,991	31,018,599.031	250,218,157	25,021,815.678
<b>Regular Dividend Option</b>				
<b>Issued and Subscribed:</b>				
Units of Rs.10 each fully paid-up	50,100,000	5,010,000.000	50,100,000	5,010,000.000
<b>Outstanding :</b>				
At the beginning of the year	112,865,948	11,286,594.815	1,303,904,696	130,390,469.575
Issued during the year	471,167,123	47,116,712.331	2,145,699,914	214,569,991.447
	584,033,071	58,403,307.146	3,449,604,610	344,960,461.022
Redeemed during the year	444,602,847	44,460,284.721	3,336,738,662	333,673,866.207
At the end of the year	139,430,224	13,943,022.425	112,865,948	11,286,594.815
Total	1,067,341,532	106,734,153.116	1,622,368,230	162,236,822.952
<b>Institutional Plan</b>				
<b>Growth Option</b>				
<b>Issued and Subscribed:</b>				
Units of Rs.10 each fully paid-up				
<b>Outstanding :</b>				
At the beginning of the year	3,357,867,876	335,786,787.611	-	-
Issued during the year / period	84,143,150,671	8,414,315,067.078	40,249,701,353	4,024,970,135.353
	87,501,018,547	8,750,101,854.689	40,249,701,353	4,024,970,135.353
Redeemed during the year / period	86,151,392,807	8,615,139,280.688	36,891,833,477	3,689,183,347.742
At the end of the year / period	1,349,625,740	134,962,574.001	3,357,867,876	335,786,787.611

## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

	March 31, 2006		March 31, 2005	
	Rupees	Units	Rupees	Units
<b>Unit Capital (Contd...)</b>				
<b>Daily Dividend Option</b>				
<b>Issued and Subscribed:</b>				
Units of Rs.10 each fully paid-up				
At the beginning of the year	1,935,132,358	193,513,235.811	-	-
Issued during the year / period	48,467,902,301	4,846,790,230.077	23,147,639,305	2,314,763,930.497
	50,403,034,659	5,040,303,465.888	23,147,639,305	2,314,763,930.497
Redeemed during the year / period	46,941,628,402	4,694,162,840.145	21,212,506,947	2,121,250,694.686
At the end of the year / period	3,461,406,257	346,140,625.743	1,935,132,358	193,513,235.811
<b>Weekly Dividend Option</b>				
<b>Issued and Subscribed:</b>				
Units of Rs.10 each fully paid up				
<b>Outstanding :</b>				
At the beginning of the year	1,294,133,358	129,413,335.825	-	-
Issued during the year / period	15,331,846,309	1,533,184,630.931	13,848,797,949	1,384,879,794.916
	16,625,979,667	1,662,597,966.756	13,848,797,949	1,384,879,794.916
Redeemed during the year / period	15,529,845,821	1,552,984,582.133	12,554,664,591	1,255,466,459.091
At the end of the year / period	1,096,133,846	109,613,384.623	1,294,133,358	129,413,335.825
<b>Regular Dividend Option</b>				
<b>Issued and Subscribed:</b>				
Units of Rs.10 each fully paid-up				
<b>Outstanding :</b>				
At the beginning of the year	1,209,680,029	120,968,002.891	-	-
Issued during the year / period	2,102,957,869	210,295,786.882	2,867,043,030	286,704,303.047
	3,312,637,898	331,263,789.773	2,867,043,030	286,704,303.047
Redeemed during the year / period	3,211,506,514	321,150,651.385	1,657,363,001	165,736,300.156
At the end of the year / period	101,131,384	10,113,138.388	1,209,680,029	120,968,002.891
Total	6,008,297,227	600,829,722.755	7,796,813,621	779,681,362.138
<b>TOTAL</b>	<b>7,075,638,759</b>	<b>707,563,875.871</b>	9,419,181,852	941,918,185.090

	Regular Plan					Institutional Plan					March 31, 2006
	March 31, 2006					March 31, 2006					
	Growth Option	Daily Dividend Option	Weekly Dividend Option	Regular Dividend Option	Total	Growth Option	Daily Dividend Option	Weekly Dividend Option	Regular Dividend Option	Total	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Total Rupees

### Schedule 5

#### Reserves and Surplus

##### Unit Premium Reserve (Note 2.6)

At the beginning of the year	(2,615,227)	(369,879)	(2,509,935)	(300,154)	(5,795,195)	(129,764)	(165,536)	(10,547)	(2,217)	(308,064)	(6,103,259)
Added during the year	(146,355,814)	(9,532,414)	2,113,522	304,510	(153,470,196)	(423,760,332)	6,079,834	(9,246,537)	(8,076,022)	(435,003,057)	(588,473,253)
At the end of the year	(148,971,041)	(9,902,293)	(396,413)	4,356	(159,265,391)	(423,890,096)	5,914,298	(9,257,084)	(8,078,239)	(435,311,121)	(594,576,512)

##### Dividend Equalisation

##### Reserve (Note 2.7)

Added during the year	73,429,044	4,665,608	(1,308,456)	(183,197)	76,602,999	211,896,185	(3,103,600)	4,625,652	4,034,851	217,453,088	294,056,087
Transfer to Revenue Account	(73,429,044)	(4,665,608)	1,308,456	183,197	(76,602,999)	(211,896,185)	3,103,600	(4,625,652)	(4,034,851)	(217,453,088)	(294,056,087)
At the end of the year	-	-	-	-	-	-	-	-	-	-	-

## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

	Regular Plan					Institutional Plan					March 31, 2006
	March 31, 2006					March 31, 2006					
	Growth Option Rupees	Daily Dividend Option Rupees	Weekly Dividend Option Rupees	Regular Dividend Option Rupees	Total Rupees	Growth Option Rupees	Daily Dividend Option Rupees	Weekly Dividend Option Rupees	Regular Dividend Option Rupees	Total Rupees	
<b>Reserves and Surplus (Contd...)</b>											
<b>Reserve Fund</b>											
At the beginning of the year	85,050,927	16,248,638	5,902,183	2,128,692	109,330,440	127,005,602	3,939,456	3,655,194	6,271,972	140,872,224	250,202,664
Transfer to Revenue Account	-	(6,032,341)	(712,148)	(451,464)	(7,195,953)	-	(8,954,538)	-	(6,116,939)	(15,071,477)	(22,267,430)
Balance Transferred from Revenue Account	107,882,171	10,697,834	266,766	1,239,438	120,086,209	427,999,460	5,850,526	12,759,966	8,712,823	455,322,775	575,408,984
At the end of the year [including net unrealised depreciation in value of investments Rs. 3,719,729]	192,933,098	20,914,131	5,456,801	2,916,666	222,220,696	555,005,062	835,444	16,415,160	8,867,856	581,123,522	803,344,218
<b>TOTAL</b>	<b>43,962,057</b>	<b>11,011,838</b>	<b>5,060,388</b>	<b>2,921,022</b>	<b>62,955,305</b>	<b>131,114,966</b>	<b>6,749,742</b>	<b>7,158,076</b>	<b>789,617</b>	<b>145,812,401</b>	<b>208,767,706</b>

	Regular Plan					Institutional Plan					March 31, 2005
	March 31, 2005					March 31, 2005					
	Growth Option Rupees	Daily Dividend Option Rupees	Weekly Dividend Option Rupees	Regular Dividend Option Rupees	Total Rupees	Growth Option Rupees	Daily Dividend Option Rupees	Weekly Dividend Option Rupees	Regular Dividend Option Rupees	Total Rupees	
<b>Unit Premium Reserve (Note 2.6)</b>											
At the beginning of the year / period	3,940,165	1,192,065	2,390,789	3,891,084	11,414,103	-	-	-	-	-	11,414,103
Added during the year / period	(6,555,392)	(1,561,944)	(4,900,724)	(4,191,238)	(17,209,298)	(129,764)	(165,536)	(10,547)	(2,217)	(308,064)	(17,517,362)
At the end of the year / period	(2,615,227)	(369,879)	(2,509,935)	(300,154)	(5,795,195)	(129,764)	(165,536)	(10,547)	(2,217)	(308,064)	(6,103,259)
<b>Dividend Equalisation Reserve (Note 2.7)</b>											
Added during the year / period	(282,765,863)	(8,694,103)	(25,109,130)	(14,540,521)	(331,109,617)	10,703,720	530,625	(2,681,564)	(349,807)	8,202,974	(322,906,643)
Transfer to Revenue Account	282,765,863	8,694,103	25,109,130	14,540,521	331,109,617	(10,703,720)	(530,625)	2,681,564	349,807	(8,202,974)	322,906,643
At the end of the year / period	-	-	-	-	-	-	-	-	-	-	-
<b>Reserve Fund</b>											
At the beginning of the year / period	256,444,536	24,271,316	23,782,508	18,523,647	323,022,007	-	-	-	-	-	323,022,007
Transfer to Revenue Account	-	(67,398)	(1,251,676)	(16,869,864)	(18,188,938)	-	-	-	-	-	(18,188,938)
Balance Transferred from Revenue Account	(171,393,609)	(7,955,280)	(16,628,649)	474,909	(195,502,629)	127,005,602	3,939,456	3,655,194	6,271,972	140,872,224	(54,630,405)
At the end of the year / period [including net unrealised appreciation in value of investments Rs.14,814,196]	85,050,927	16,248,638	5,902,183	2,128,692	109,330,440	127,005,602	3,939,456	3,655,194	6,271,972	140,872,224	250,202,664
<b>TOTAL</b>	<b>82,435,700</b>	<b>15,878,759</b>	<b>3,392,248</b>	<b>1,828,538</b>	<b>103,535,245</b>	<b>126,875,838</b>	<b>3,773,920</b>	<b>3,644,647</b>	<b>6,269,755</b>	<b>140,564,160</b>	<b>244,099,405</b>

## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

	March 31, 2006 Rupees	March 31, 2005 Rupees
<b>Schedule 6</b>		
<b>Current Liabilities and Provisions</b>		
<b>Current Liabilities</b>		
Investment Management and Advisory Fees	1,678,892	2,240,182
Trustee Fees and Expenses	67,333	183
Transfer Agent Fees and Expenses	459,204	661,077
Custodian Fees and Expenses	431,006	453,228
Audit Fees	471,272	300,000
Selling and Distribution Expenses	677,289	875,115
Dividend Payable	620,684	1,666,497
Dividend Tax Payable	2,214,105	1,256,691
Unclaimed Dividend (Note 14)	1,303	-
Unclaimed Redemption (Note 15)	3,068	-
Inter-Scheme Payable - Others	7,643,554	-
Units Pending Allotment	2,500,000	-
Sundry Payables	586,766	444,195
<b>TOTAL</b>	<b>17,354,476</b>	<b>7,897,168</b>
	April 01, 2005 to March 31, 2006 Rupees	April 01, 2004 to to March 31, 2005 Rupees

### Schedule 7

#### Interest and Discount (Note 2.4)

Debentures / Bonds	290,622,466	235,466,072
Securitized Debt	153,224,828	155,041,807
Treasury Bills	9,220,144	59,281,347
Commercial Paper / Certificate of Deposit	195,713,472	118,716,240
Reverse Repos	17,946,022	10,408,016
Deposits	46,054,952	90,797,387
Others	-	6,165
<b>TOTAL</b>	<b>712,781,884</b>	<b>669,717,034</b>
	April 01, 2005 to March 31, 2006 Rupees	April 01, 2004 to to March 31, 2005 Rupees

### Schedule 8

#### Unrealised (Depreciation) / Appreciation in Value of Investments (Note 8)

<b>(a) Privately Placed Non-Convertible Debentures / Bonds</b>		
At the beginning of the year	(261,607)	(1,333,010)
At the end of the year	-	(261,607)
Net change during the year	(I) 261,607	1,071,403
<b>(b) Non-Convertible Debentures / Bonds Listed / Awaiting Listing</b>		
At the beginning of the year	1,494,609	(3,539,697)
At the end of the year	2,675,710	1,494,609
Net change during the year	(II) 1,181,101	5,034,306
<b>(c) Securitized Debt</b>		
At the beginning of the year	(15,820,505)	12,007,189
At the end of the year	(6,395,439)	(15,820,505)
Net change during the year	(III) 9,425,066	(27,827,694)
<b>(d) Treasury Bills</b>		
At the beginning of the year	(226,693)	-
At the end of the year	-	(226,693)
Net change during the year	(IV) 226,693	(226,693)
<b>Net change in unrealised (depreciation) / appreciation in value of investments during the year</b>	<b>(I) + (II) + (III) + (IV) 11,094,467</b>	<b>(21,948,678)</b>

# Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

## Schedule 9

### Notes to the Financial Statements

#### 1. Organisation

DWS Insta Cash Plus Fund (formerly Deutsche Insta Cash Plus Fund) (the "Scheme") is an open-ended Liquid Income Scheme of Deutsche Mutual Fund (the "Fund") and was launched on January 14, 2003. Deutsche Mutual Fund has been sponsored by Deutsche Asset Management (Asia) Limited. Deutsche Asset Management (India) Private Limited incorporated under the Companies Act, 1956, has been appointed as the asset management company. The duration of the Scheme is perpetual. The Scheme closed initial subscription on January 21, 2003 and reopened for issue and redemption of units on January 27, 2003. The investment objective of the Scheme is to generate steady returns along with high liquidity by investing in a portfolio of short term, high quality money market and debt instruments.

The Scheme has two Plans – Regular Plan and Institutional Plan each offering four Options - Growth Option, Daily Dividend Option, Weekly Dividend Option and Regular Dividend Option.

The Scheme will not declare dividend under the Growth Options of both the Plans. The income earned on such units will remain invested within the Scheme and will be reflected in the net asset value.

The name of the Scheme has been changed from Deutsche Insta Cash Plus Fund to DWS Insta Cash Plus Fund subsequent to the year end for which necessary approvals have been received.

#### 2. Significant Accounting Policies

##### 2.1 Basis of Accounting

The Scheme maintains its books of account on an accrual basis. These financial statements 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 (the "Regulations") and amendments thereto, as applicable.

##### 2.2 Portfolio Valuation

Investments are stated at market / fair value at the Balance Sheet date / date of determination. In valuing the Scheme's investments:

- (i) Debt securities listed on a recognised stock exchange are valued at the last quoted closing price on the National Stock Exchange of India Limited. If no sale is reported at that time, such security is valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- (ii) Non-traded and thinly traded debt securities are valued at fair value as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable issued by the Securities and Exchange Board of India (SEBI).
- (iii) Privately placed debt securities are valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- (iv) Securitised debt securities are valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- (v) Traded money market securities are valued at the yield at which they are traded on the valuation date. If no sale is reported at that time, such security is valued at the last traded price plus accretion of the difference between the face value and the last traded price. Non-traded money market instruments are valued at cost plus accrued interest.
- (vi) Instruments bought on 'repo' basis are valued at the resale price after deduction of applicable interest upto the date of resale.

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 Regulations) net unrealised appreciation / depreciation in the value of investments is determined separately for each category of investments. Further the change in net unrealised appreciation / depreciation, if any, between two Balance Sheet dates / dates of determination is recognized in the Revenue Account. Unrealized appreciation is reduced from the distributable income at the time of income distribution. At the end of the financial year, the balance in the Revenue Account including change in the net unrealised appreciation or depreciation in the value of investments is transferred to Reserve Fund.

##### 2.3 Securities Transaction

Investment securities transactions are accounted for on a trade date basis. The Scheme uses the average cost method for determining the realized gain or loss on sale of investments.

##### 2.4 Investment Income

Interest income is recorded on an accrual basis.

## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

### 2.5 Net Asset Value for Growth / Dividend Options

The net asset value of the units of the Scheme is determined separately for the units issued under the Growth and Dividend Options for the Regular and Institutional Plans.

For reporting the net asset value for the Options, daily income earned, including realized and unrealized gain or loss in the value of investments and expenses incurred by the Scheme are allocated to the Options in proportion to the value of the units outstanding.

### 2.6. Unit Premium Reserve

Upon issue and redemption of units, the net premium or discount to the face value of units is adjusted against the unit premium reserve of the Scheme after an appropriate portion of the issue proceeds and redemption payout is credited or debited respectively to the dividend equalization reserve.

The unit premium reserve is available for dividend distribution except to the extent it is represented by unrealized net appreciation in value of investments.

### 2.7 Dividend Equalization Reserve

The net distributable income relating to units issued / repurchased is transferred to/from dividend equalization reserve for determining the net surplus / deficit, transferred from / to unit premium reserve.

## 3. Investment Management and Advisory Fees

The Scheme has paid or provided for investment management and advisory fees payable to Deutsche Asset Management (India) Private Limited for managing the Scheme at an annual rate of 0.30% and 0.24% of the average daily net asset values of the Regular Plan and Institutional Plan respectively recorded by the Scheme. All costs, charges and expenses incurred by Deutsche Asset Management (India) Private Limited in the administration and execution of the activities of the Scheme, except costs allowed to be charged to the Scheme under the Regulations and amendments thereto as applicable, are on their own account for which they receive investment management and advisory fees.

## 4. Trustee Fees

In accordance with the Deed of Trust dated May 29, 2002 between Deutsche Asset Management (Asia) Limited ("The Settlor") and Deutsche Trustee Services (India) Private Limited (the "Trustee"), the Scheme has paid or provided for trustee fees payable to the Trustee at an annual rate of 0.01% of the average daily net asset values recorded by the Scheme.

## 5. Custodian Fees

JPMorgan Chase Bank provides custodial services to the Scheme for which it receives custody fees.

## 6. Income Taxes

No provision for income tax is made as the Scheme qualifies as a recognized Mutual Fund under Section 10 (23D) of the Income Tax Act, 1961 of India.

## 7. Limitation on Expenses

The total expenses chargeable to the Scheme is limited to 0.65% and 0.50% of the average daily net assets of Regular Plan and Institutional Plan respectively. Deutsche Asset Management (India) Private Limited has borne Rs.1,127,343 in excess of the above mentioned percentage of the average daily net assets to be charged to the Scheme as total expenses for the year.

## 8. Aggregate Appreciation and Depreciation In Value of Investments

Aggregate appreciation and depreciation in value of investments are as follows:

	March 31, 2006 Rupees	March 31, 2005 Rupees
Privately Placed Non-Convertible Debentures / Bonds		
– Appreciation	–	–
– Depreciation	–	261,607
Non-Convertible Debentures / Bonds Listed / Awaiting Listing		
– Appreciation	2,864,253	2,029,983
– Depreciation	(188,543)	535,374
Securitized Debt		
– Appreciation	–	1,317,544
– Depreciation	6,395,439	17,138,049
Treasury Bills		
– Appreciation	–	5,918
– Depreciation	–	232,611

## 9 Aggregate Fair Value of Non-Traded Investments

Aggregate fair value of non-traded (including privately placed) investments as determined by Deutsche Asset Management (India) Private Limited under the procedures approved by the Trustee as at March 31, 2006 is Rs. 6,343,909,888.

# Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

## 10. Aggregate Value of Purchases and Sale of Investments

The aggregate value of investment securities purchased and sold (including matured) during the financial year is Rs. 97,737,161,058 (excluding accretion of discount Rs. 264,827,539) and Rs. 100,343,396,433 respectively being 853.86% and 876.63% of the average daily net assets.

## 11. Income and Expenses

The total income (including net loss on sale of investments and net change in unrealized depreciation / appreciation in value of investments) and expenditure during the year is:

Plan	Total Income		Total Expenditure	
	Rupees	Percentage of Average Daily Net Assets	Rupees	Percentage of Average Daily Net Assets
Regular Plan	96,335,176	6.03%	10,383,339	0.65%
Institutional Plan	592,124,472	6.01%	49,248,266	0.50%

## 12. Disclosure Under Regulation 25(8) of the Securities and Exchange Board of India (Mutual Funds) Regulation, 1996 as amended

Deutsche Bank AG, Mumbai Branch and Kotak Mahindra Bank Limited, associate entities of Deutsche Asset Management (India) Private Limited were paid commission amounting to Rs. 1,276,453 and Rs. 182,698 respectively for procuring unit subscriptions for the Scheme. The commission was at rates similar to those offered to other distributors.

## 13. Disclosure Under Regulation 25 (11) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended

Deutsche Mutual Fund has made the following investments in companies, which hold units in excess of 5% of the net asset value of any Scheme of Deutsche Mutual Fund.

Company Name	Schemes invested in by the Company	Investment made by Schemes of Deutsche Mutual Fund in the Company / Subsidiary	Aggregate for the period under Regulation 25(11) At Cost (Rupees in lakhs)	Outstanding as at March 31, 2006 At Market / Fair Value (Rupees in lakhs)
DSP Merrill Lynch Capital Limited	DWS Insta Cash Plus Fund	DWS Insta Cash Plus Fund	6,784.00	129.64
		DWS Fixed Term Fund - Series 7	4,216.78	-
		DWS Floating Rate Fund	3,401.99	-
		DWS Fixed Term Fund - Series 3	867.67	878.66
		DWS Short Maturity Fund	493.73	110.43
		DWS MIP Fund - Plan A	235.17	67.22
		DWS Fixed Term Fund - Series 2	197.10	201.66
		DWS MIP - Fund - Plan B	107.45	38.41
Grasim Industries Limited	DWS Fixed Term Fund - Series 3	DWS Fixed Term Fund	14.08	14.40
		DWS Alpha Equity Fund	678.02	329.27
		DWS Tax Saving Fund	220.54	246.95
		DWS Investment Opportunity Fund	55.14	61.74
Hindustan Lever Limited	DWS Fixed Term Fund - Series 4 DWS Fixed Term Fund - Series 6	DWS Tax Saving Fund^	125.26	136.89
		DWS Alpha Equity Fund^	72.68	-
Hindustan Zinc Limited	DWS Fixed Term Fund - Series 4 DWS Fixed Term Fund - Series 6	DWS Alpha Equity Fund	495.15	-
		DWS Alpha Equity Fund	170.99	261.60
Infosys Technologies Limited	DWS Insta Cash Plus Fund	DWS Alpha Equity Fund	2,967.35	-
		DWS Investment Opportunity Fund	480.71	-
		DWS MIP Fund - Plan A	136.65	8.94
		DWS MIP Fund - Plan B	25.99	-
ITC Limited	DWS Insta Cash Plus Fund	DWS Alpha Equity Fund	1,316.00	136.47
		DWS Short Maturity Fund	413.51	48.74
		DWS Tax Saving Fund	171.58	97.48
		DWS Fixed Term Fund - Series 7	28.10	12.67
		DWS MIP Fund - Plan B	12.20	-



## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

Company Name	Schemes invested in by the Company	Investment made by Schemes of Deutsche Mutual Fund in the Company / Subsidiary	Aggregate for the period under Regulation 25(11) At Cost (Rupees in lakhs)	Outstanding as at March 31, 2006 At Market / Fair Value (Rupees in lakhs)
	DWS Insta Cash Plus Fund			
Larsen & Toubro Limited	DWS Alpha Equity Fund	DWS Alpha Equity Fund	1,765.39	152.04
	DWS Insta Cash Plus Fund	DWS Floating Rate Fund	1,000.00	-
		DWS Insta Cash Plus Fund	900.00	-
		DWS Investment Opportunity Fund	177.45	36.49
		DWS Tax Saving Fund	122.28	121.63
		DWS Short Maturity Fund	100.00	-
		DWS MIP Fund - Plan B	3.73	-
		DWS Insta Cash Plus Fund^^	18,202.34	2,200.00
		DWS Floating Rate Fund^^	3,800.00	1,297.19
		DWS Fixed Term Fund - Series 7^^	3,700.00	-
		DWS Short Maturity Fund^^	1,800.00	-
		DWS Fixed Term Fund^^	1,799.21	797.75
		DWS Fixed Term Fund - Series 2^^	1,698.95	1,698.03
		DWS Money Plus Fund ^^	200.00	-
Sterlite Industries India Limited	DWS Fixed Term Fund - Series 7	DWS Insta Cash Plus Fund	21,140.00	
		DWS Floating Rate Fund	12,020.00	-
		DWS Short Maturity Fund	3,220.00	-
		DWS Fixed Term Fund - Series 7	1,000.00	-
		DWS Fixed Term Fund - Series 8	800.00	-
		DWS Alpha Equity Fund	662.57	384.88
		DWS Premier Bond Fund	160.00	-
		DWS MIP Fund - Plan A	100.00	-
		DWS Investment Opportunity Fund	67.51	78.73
		DWS MIP Fund - Plan B	50.00	-
		DWS Fixed Term Fund - Series 4	10.00	-
The Tata Steel Limited	DWS Insta Cash Plus Fund	DWS Alpha Equity Fund	2,065.32	375.48
	DWS Fixed Term Fund - Series 7	DWS Investment Opportunity Fund	822.49	-
		DWS Tax Saving Fund	116.78	134.10
		DWS MIP Fund - Plan A	116.41	-
		DWS MIP Fund - Plan B	35.50	-
The Bombay Dyeing and Manufacturing Company Limited	DWS Short Maturity Fund	DWS Fixed Term Fund - Series 2	2,000.00	-
Videsh Sanchar Nigam Limited	DWS Insta Cash Plus Fund	DWS Investment Opportunity Fund	94.30	-
	DWS Short Maturity Fund	DWS Alpha Equity Fund	73.24	-

^ DTSF and DAEF have invested in Ultratech Cemco which is a subsidiary of Grasim Industries Limited.

^^ DICPF, DFRF, DFTF-7, DSMF, DFTF, DFTF-2 and DMPF have invested in L&T Finance Limited which is a subsidiary of Larsen & Toubro Limited.

The above investments comprise equity shares, debentures / bonds, commercial paper, fixed deposits and other debt instruments. These investments have been made on account of their high credit quality and competitive yield for the investment in fixed income / money market instruments and in case of equity shares because of attractive valuations of these companies.

#### 14. Unclaimed Dividend

As at March 31, 2006 unclaimed dividends aggregate Rs.1,303 payable to one investor. These details are based on confirmations received from the Scheme's Registrar and Transfer Agent that maintain information of unclaimed dividends on behalf of the Scheme.

#### 15. Unclaimed Redemptions

As at March 31, 2006 unclaimed redemptions aggregate Rs. 3,068 payable to one investor. These details are based on confirmations received from the Scheme's Registrar and Transfer Agent that maintain information of unclaimed redemptions on behalf of the Scheme.

# Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

## 16. Perspective Historical Per Unit Statistics\*

	April 01, 2005 to March 31, 2006 Rupees	April 01, 2004 to March 31, 2005 Rupees	April 01, 2003 to March 31, 2004 Rupees
(a) Net asset value per unit at the end of the year / period (Note 2.5)			
<b>Regular Plan</b>			
Growth Option	11.7453	11.1265	10.6227
Daily Dividend Option	10.3010	10.3010	10.2937
Weekly Dividend Option	10.1631	10.1356	10.1038
Regular Dividend Option	10.2095	10.1620	10.1719
<b>Institutional Plan</b>			
Growth Option	10.9715	10.3778	–
Daily Dividend Option	10.0195	10.0195	–
Weekly Dividend Option	10.0653	10.0282	–
Regular Dividend Option	10.0781	10.0518	–
(b) Gross Income			
(i) income other than profit on sale of investment	1.0074	0.7110	0.3283
(ii) income from profit / (loss) on inter scheme sales / transfer of investment	(0.0399)	(0.0002)	0.0006
(iii) income (net) from profit / (loss) on sale of investments to third party	(0.0101)	0.0096	0.0063
(iv) transfer of revenue account from past year's reserve	0.0315	0.0193	0.0000
(c) Aggregate of expenses, writeoff, amortisation and charges	0.0843	0.0740	0.0413
(d) Net income	0.8730	0.6464	0.2939
(e) Net change in unrealised (depreciation) / appreciation in value of investments	0.0157	(0.0233)	0.0079
(f) Redemption Price			
– Highest			
<b>Regular Plan</b>			
Growth Option	11.7431	11.1265	10.6227
Daily Dividend Option	10.3010	10.3097	10.2937
Weekly Dividend Option	10.1694	10.1440	10.1354
Regular Dividend Option	10.1993	10.1679	10.1823
<b>Institutional Plan</b>			
Growth Option	10.9693	10.3741	–
Daily Dividend Option	10.0195	10.0256	–
Weekly Dividend Option	10.0709	10.0356	–
Regular Dividend Option	10.0695	10.0378	–
– Lowest			
<b>Regular Plan</b>			
Growth Option	11.1316	10.6227	10.1128
Daily Dividend Option	10.3010	10.2937	10.2937
Weekly Dividend Option	10.1360	10.1003	10.0922
Regular Dividend Option	10.1304	10.1159	10.1253
<b>Institutional Plan</b>			
Growth Option	10.3826	10.0037	–
Daily Dividend Option	10.0195	10.0037	–
Weekly Dividend Option	10.0330	10.0037	–
Regular Dividend Option	10.0213	10.0017	–
(g) Purchase price			
– Highest			
<b>Regular Plan</b>			
Growth Option	11.7431	11.1243	10.6227
Daily Dividend Option	10.3010	10.3097	10.2937
Weekly Dividend Option	10.1712	10.1440	10.1354
Regular Dividend Option	10.2075	10.1719	10.1823

## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

	April 01, 2005 to March 31, 2006 Rupees	April 01, 2004 to March 31, 2005 Rupees	April 01, 2003 to March 31, 2004 Rupees
<b>Institutional Plan</b>			
Growth Option	10.9693	10.3757	–
Daily Dividend Option	10.0195	10.0283	–
Weekly Dividend Option	10.0715	10.0356	–
Regular Dividend Option	10.0621	10.0355	–
– Lowest			
<b>Regular Plan</b>			
Growth Option	11.1316	10.6227	10.1128
Daily Dividend Option	10.3010	10.2937	10.2937
Weekly Dividend Option	10.1360	10.1003	10.0922
Regular Dividend Option	10.1236	10.1159	10.1191
<b>Institutional Plan</b>			
Growth Option	10.3826	10.0000	–
Daily Dividend Option	10.0195	10.0000	–
Weekly Dividend Option	10.0288	10.0000	–
Regular Dividend Option	10.0110	10.0000	–
(h) Price earnings ratio	NA	NA	NA
(i) Ratio of expenses to daily average net assets by percentage			
<b>Regular Plan</b>	0.65%	0.65%	0.65%
<b>Institutional Plan</b>	0.50%	0.50%#	
(j) Ratio of gross income (including net profit / loss on sale of investments and net change in unrealised depreciation / appreciation in value of investments) to daily average net assets by percentage			
<b>Regular Plan</b>	6.03%	5.17%	5.38%
<b>Institutional Plan</b>	6.01%	5.36%#	–

\* The above per unit calculations are based on the number of units outstanding at the end of the financial year / period

# The ratios of expenses and gross income to average daily net assets by percentage has been annualised for the period June 26, 2004 to March 31, 2005

### 17. Composition of Board of Directors of Investment Manager

An independent Director of Deutsche Asset Management (India) Private Limited ('the Company') had resigned from the Board of Directors ('the Board') with effect from October 31, 2005 due to which the composition of the Board was reduced to below the minimum requirement of 50% independent directors as required under the Regulations. An independent Director was appointed on the Board on February 6, 2006, after which the composition of the Board was in compliance with the Regulations. The Company has informed the Securities and Exchange Board of India of the same.

### 18. Prior Year's Figures

Prior year's figures have been re-grouped / re-arranged where appropriate.

Signatures to the Schedules 1 to 9 forming part of the Balance Sheet and the Revenue Account.

K. H. VACHHA  
Partner

For **Deutsche Trustee Services  
(India) Private Limited**

For **Deutsche Asset Management (India)  
Private Limited**

For and on behalf of  
PRICE WATERHOUSE  
Chartered Accountants

Gunit Chadha  
Director

M. H. Kania  
Director

Stephen Paul Harris  
Director

Sandeep Dasgupta  
Director

Y. B. Desai  
Director

A. S. Mitra  
Director

Kersi M. Gherda  
Director

Bhalchandra Bhide  
Director

Debabrata Bhadury  
Director

Eduoard Fernen Peter  
Director

Vijay P. Gokhale  
Director

Carl Saldanha  
Director

Place: Mumbai  
Date : August 30, 2006

Jignesh Barasara  
Portfolio Manager



Deutsche Asset Management  
A Member of the Deutsche Bank Group



# Statement of Portfolio Holding

as at March 31, 2006

(Referred to in Schedule 1 to the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006)

Description	Market / Fair Value Rupees
<b>Privately Placed Non-Convertible Debentures / Bonds (6.93%)</b>	
<b>Finance (87.25%)</b>	
L&T Finance Limited 2008* <sup>@</sup>	220,000,000
Rabo India Finance Private Limited 2007*	100,000,000
Infrastructure Leasing and Financial Services Limited 2010*	54,345,152
SREI Infrastructure Finance Limited 2006*	9,002,699
	<b>383,347,851</b>
<b>Media and Entertainment (8.19%)</b>	
Deccan Chronicle Holdings Limited 2006*	36,000,000
	<b>36,000,000</b>
<b>Software (4.56%)</b>	
6.5% Ramco Systems Limited 2006*	20,000,000
	<b>20,000,000</b>
<b>Total</b>	<b>(Cost Rs. 439,347,851) 439,347,851</b>

## Non-Convertible Debentures/Bonds Listed/Awaiting Listing (43.78%)

<b>Banks (6.72%)</b>	
ICICI Bank Limited 2011#	100,000,000
Industrial Development Bank of India Limited 2009#	77,056,200
14% ICICI Bank Limited 2006#	9,554,350
	<b>186,610,550</b>
<b>Finance (79.96%)</b>	
Sundaram Home Finance Limited 2008#	274,262,772
Kotak Mahindra Investments Limited 2006#	250,000,000
Housing Development and Finance Corporation Limited 2007#	216,000,000
Cholamandalam Investment and Finance Co. Limited 2008#	203,000,000
Housing Development and Finance Corporation Limited 2006#	200,039,000
Mahindra and Mahindra Financial Services Limited 2007#	170,264,663
Dewan Housing Finance Corp. Limited 2010#	150,000,000
Citicorp Finance India Limited 2006#	130,000,000
Citicorp Finance India Limited 2006#	130,000,000
Citicorp Finance India Limited 2007#	100,981,100
Kotak Mahindra Prime Limited 2006#	100,000,000
Mahindra and Mahindra Financial Services Limited 2007#	90,341,607
Mahindra and Mahindra Financial Services Limited 2007#	50,240,972
Mahindra and Mahindra Financial Services Limited 2006#	50,112,508
Housing Development and Finance Corporation Limited 2006#	49,717,900
Housing Development and Finance Corporation Limited 2006#	31,000,000
LIC Housing Finance Limited 2011#	24,896,350
	<b>2,220,856,872</b>
<b>Media &amp; Entertainment (2.52%)</b>	
Deccan Chronicle Holdings Limited 2006#	70,000,000
	<b>70,000,000</b>
<b>Oil (10.80%)</b>	
Indian Oil Corporation Limited 2010#	300,000,000
	<b>300,000,000</b>
<b>Total</b>	<b>(Cost - Rs. 2,774,791,712) 2,777,467,422</b>

# Statement of Portfolio Holding

as at March 31, 2006

Description	Market / Fair Value Rupees
<b>Securitised Debt (21.07%)</b>	
Finance (100%)	
3 Year Gsec + 30 Bps GE Loan Trust Srs I PTC 2008*	250,000,000
AutoLoan Trust PTC GE Cap Serv Ind 2008*	236,236,028
IGD Loan Trst Srs I PTC 2007*	178,409,050
BHPC Auto Secur.Trust June 04 A2 PTC 2007*	118,905,204
UBL Trust Series 10 A2 IndusInd Bank PTC 2006*	90,170,037
1 Year Gsec+40 Bps Asset Securitisation Trust June 05 Ser A PTC 2008*	89,350,750
IBL Auto Srs Nov. 04 IndusInd Bk Srs A PTC 2007*	80,032,522
BHPC Auto Sec Trst Aug. 05 Srs B1 2010*	65,952,366
India Retail ABS Trust Ser 46 Ser A2 PTC 2009*	54,168,136
5 Year Gsec+70 Bps Fleet Trust Apr. 2004 PTC Ser A6 2007*	40,409,656
UBPP UTI Bank PTC SR A6 2007*	36,639,651
UBPP Srs I 2004 Srs A7 PTC 2007*	34,895,103
Retail Pool Trust Sept. 2004 Srs A2 PTC 2006*	32,038,333
GE Loan Trust Ser 1 PTC 2006*	10,000,000
Ind Retail ABS Trust Ser XIII A2 PTC 2006*	7,900,072
VE Trust 5 Series A6 PTC MMFSL 2006*	3,526,304
Indian Loan Sec Ser I Tr 2005 Ser A PTC 2007*	2,923,765
Mum. Auto Rec Trust 2004 Ser III A2 PTC 2007*	2,880,983
UBL Trust SR 2 UTI-PTC ALFL 2006*	1,396,779
HDFC Bank PTC Auto Loan Retail Ser I 2006*	1,028,619
<b>Total</b>	<b>(Cost - Rs. 1,343,258,797) 1,336,863,358</b>

## Commercial Paper / Certificate of Deposit (28.22%)

### Commercial Paper (19.52%)

Housing Development and Finance Corporation Limited*	197,561,949
IDBI Home Finance Limited *	54,823,832
Indiabulls Financial Services Limited*	36,808,141
GE Capital Services India*	26,906,805
DSP Merrill Lynch Capital* <sup>@</sup>	12,963,876
GE Countrywide Consumer Financial Services Limited*	10,206,029
GE Capital Transportation Financial Services Limited*	10,206,029
	<b>349,476,661</b>

### Certificate of Deposit (80.48%)

Karnataka Bank Limited*	485,318,397
ICICI Bank Limited*	303,788,968
Jammu And Kashmir Bank Limited*	227,635,936
Jammu And Kashmir Bank Limited*	148,559,681
Karnataka Bank Limited*	97,962,310
Yes Bank Limited*	96,909,955
Karnataka Bank Limited*	56,704,277
Karnataka Bank Limited*	23,875,072
	<b>1,440,754,596</b>

**Total (Cost - Rs. 1,790,231,257) 1,790,231,257**

**TOTAL INVESTMENTS (Cost - Rs. 6,347,629,617) 6,343,909,888**

Confirmation has been received from J P Morgan Chase Bank, Mumbai Branch at the end of the financial year for the investments held by them.

\* Fair value of non-traded (privately placed) debt securities as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee

# Fair value of non traded and thinly traded debt securities in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto as applicable issued by the Securities and Exchange Board of India

@ Investment in companies which have invested more than five per cent of the net asset value of any scheme of Deutsche Mutual Fund

# Auditors' Report

To the Trustee

## DEUTSCHE MUTUAL FUND

1. We have audited the Revenue Account of Deutsche Mutual Fund – **Deutsche Dynamic Bond Fund** ("The Scheme") for the period April 1, 2005 to December 16, 2005, which we have signed under reference to this report. No Balance Sheet of the Scheme has been prepared for the reasons disclosed in Schedule 5 – Note 2.1 to the Revenue Account. The Revenue Account is the responsibility of the Trustee of Deutsche Mutual Fund and the Management of Deutsche Asset Management (India) Private Limited (the "Management"). Our responsibility is to express an opinion on the Revenue Account based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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.
3. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. The Revenue Account referred to above is in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us,
  - (i) The Revenue Account together with the notes to the financial statements gives the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable, and also gives, a true and fair view of the net surplus of Deutsche Mutual Fund – Deutsche Dynamic Bond Fund for the period ended April 1, 2005 to December 16, 2005.
  - (ii) The Revenue Account for the period April 1, 2005 to December 16, 2005, together with the notes thereon have been prepared in all material respects 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 and amendments thereto as applicable.

K. H. Vachha  
*Partner*  
Membership No. F/30798

For and on behalf of  
**Price Waterhouse**  
*Chartered Accountants*

Place : Mumbai  
Date : August 30, 2006

# Revenue Account

for the period April 01, 2005 to December 16, 2005

	Schedule	April 01,2005 to December 16, 2005 Rupees	April 01,2004 to March 31, 2005 Rupees
<b>Income and Gains</b>			
Interest and Discount	3	116,737	15,114,008
<b>TOTAL</b>		<b>116,737</b>	<b>15,114,008</b>
<b>Expenses and Losses</b>			
Net Loss on Sale of Investments [Net of Net Profit on Inter - Scheme Sale of Investments Rs 9,504 (2005 - Rs.14,738)] (Note 2.3)		28,582	17,590,624
Investment Management and Advisory Fees (Note 3)		14,325	1,303,273
Trustee Fees and Expenses (Note 4)		191	23,940
Transfer Agents Fees and Expenses		77,383	912,139
Custodian Fees and Expenses (Note 5)		3,282	305,911
Audit Fees		10,000	78,975
Selling and Distribution Expenses		5,329	1,092,165
Other Operating Expenses		38,823	305,190
		<b>177,915</b>	<b>21,612,217</b>
Less: Expenses Reimbursed by the Investment Manager (Note 7)		110,843	816,541
<b>TOTAL</b>		<b>67,072</b>	<b>20,795,676</b>
Net Surplus / (Deficit) for the period / year		49,665	(5,681,668)
Net Change in Unrealised Depreciation in Value of Investments	4	(10,063)	(2,005,031)
<b>Net Surplus / (Deficit) including Net Change in Unrealised Depreciation in Value of Investments</b>		<b>39,602</b>	<b>(7,686,699)</b>

	Institutional Plan *				Regular Plan					
	April 01, 2004 to December 16, 2004				April 01, 2005 to December 16, 2005					
	Growth Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees	Total Rupees	Growth Option Rupees	Annual Dividend Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees	Total Rupees	Total Rupees
Net Surplus / (Deficit) including Net Change in Unrealised Depreciation in Value of Investments by Option	-	-	-	-	31,571	783	(3,988)	11,236	39,602	39,602
Transfer from Dividend Equalisation Reserve (Note 2.7)	-	-	-	-	(71,637)	(1,557)	(2,062)	(40,177)	(115,433)	(115,433)
Dividend Distributions	-	-	-	-	-	(2,156)	(21,627)	(49,142)	(72,925)	(72,925)
Dividend Tax thereon	-	-	-	-	-	(302)	(3,033)	(9,906)	(13,241)	(13,241)
Balance Transferred to Reserve Fund	-	-	-	-	(40,066)	(3,232)	(30,710)	(87,989)	(161,997)	(161,997)

\*Refer Note 1 - Schedule 5

# Revenue Account (Contd...)

for the period April 01, 2005 to December 16, 2005

## Schedule

	Institutional Plan *				Regular Plan					
	April 01, 2004 to December 16, 2004				April 01, 2004 to March 31, 2005					
	Growth Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees	Total Rupees	Growth Option Rupees	Annual Dividend Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees	Total Rupees	Total Rupees
Net (Deficit) / Surplus including Net Change in Unrealised										
Depreciation in Value of Investments by Option	(154,110)	-	(5,795,711)	(5,949,821)	(213,944)	4,395	(693,577)	(833,752)	(1,736,878)	(7,686,699)
Transfer from Dividend Equalisation Reserve (Note 2.7)	(8,487,683)	-	5,443,591	(3,044,092)	265,007	5,710	1,206,572	869,438	2,346,727	(697,365)
Balance Transferred to Reserve Fund	(8,641,793)	-	(352,120)	(8,993,913)	51,063	10,105	512,995	35,686	609,849	(8,384,064)

\*Refer Note 1 - Schedule 5

Notes to the Financial Statements

5

The schedules referred to herein form an integral part of the Financial Statements

This is the Revenue Account referred to in our report of even date.

K. H. VACHHA  
Partner

For **Deutsche Trustee Services (India)  
Private Limited**

For **Deutsche Asset Management (India)  
Private Limited**

For and on behalf of  
PRICE WATERHOUSE  
Chartered Accountants

Gunit Chadha  
Director

M. H. Kania  
Director

Stephen Paul Harris  
Director

Sandeep Dasgupta  
Director

Y. B. Desai  
Director

A. S. Mitra  
Director

Kersi M. Gherda  
Director

Bhalchandra Bhide  
Director

Debabrata Bhadury  
Director

Eduoard Ferner Peter  
Director

Vijay P. Gokhale  
Director

Carl Saldanha  
Director

Place: Mumbai  
Date : August 30, 2006

Suresh Soni  
Portfolio Manager



# Schedules

forming part of Financial Statements for the period April 01, 2005 to December 16, 2005

	March 31, 2006		March 31, 2005	
	Rupees	Units	Rupees	Units
<b>Schedule 1</b>				
<b>Unit Capital</b>				
<b>Institutional Plan</b>				
Growth Option				
Issued and Subscribed :				
Units of Rs.10 each fully paid-up			505,023,000	50,502,300.000
<b>Outstanding:</b>				
At the beginning of the period / year	-	-	585,860,367	58,586,036.679
Issued during the period / year	-	-	54,027,913	5,402,791.304
	-	-	639,888,280	63,988,827.983
Redeemed during the period / year	-	-	639,888,280	63,988,827.983
At the end of the period / year	-	-	-	-
Quarterly Dividend Option				
Issued and Subscribed :				
Units of Rs.10 each fully paid-up	-	-	-	-
<b>Outstanding:</b>				
At the beginning of the period / year	-	-	-	-
Issued during the period / year	-	-	-	-
	-	-	-	-
Redeemed during the period / year	-	-	-	-
At the end of the period / year	-	-	-	-
Monthly Dividend Option				
Issued and Subscribed :				
Units of Rs.10 each fully paid-up			330,000,000	33,000,000.000
<b>Outstanding:</b>				
At the beginning of the period / year	-	-	10,000,000	1,000,000.000
Issued during the period / year	-	-	256,982,755	25,698,275.465
	-	-	266,982,755	26,698,275.465
Redeemed during the period / year	-	-	266,982,755	26,698,275.465
At the end of the period / year	-	-	-	-
Total	-	-	-	-
<b>Regular Plan</b>				
Growth Option				
Issued and Subscribed :				
Units of Rs.10 each fully paid-up	30,105,000	3,010,500.000	30,105,000	3,010,500.000
<b>Outstanding:</b>				
At the beginning of the period / year	1,927,007	192,700.634	15,479,196	1,547,919.592
Issued during the period / year	381,559	38,155.943	15,272,608	1,527,260.774
	2,308,566	230,856.577	30,751,804	3,075,180.366
Redeemed during the period / year	2,308,566	230,856.577	28,824,797	2,882,479.732
At the end of the period / year	-	-	1,927,007	192,700.634

# Schedules

forming part of Financial Statements for the period April 01, 2005 to December 16, 2005

	March 31, 2006		March 31, 2005	
	Rupees	Units	Rupees	Units
<b>Unit Capital (Contd...)</b>				
<b>Annual Dividend Option</b>				
<b>Issued and Subscribed :</b>				
Units of Rs.10 each fully paid-up	805,000	80,500.000	805,000	80,500.000
<b>Outstanding:</b>				
At the beginning of the period / year	245,750	24,574.975	160,911	16,091.076
Issued during the period / year	104,338	10,433.780	543,012	54,301.196
	350,088	35,008.755	703,923	70,392.272
Redeemed during the period / year	350,088	35,008.755	458,173	45,817.297
At the end of the period / year	-	-	245,750	24,574.975
<b>Quarterly Dividend Option</b>				
<b>Issued and Subscribed :</b>				
Units of Rs.10 each fully paid-up	3,302,000	330,200.000	3,302,000	330,200.000
<b>Outstanding:</b>				
At the beginning of the period / year	3,218,999	321,899.851	18,286,428	1,828,642.785
Issued during the period / year	74,396	7,439.580	46,208,641	4,620,864.110
	3,293,395	329,339.431	64,495,069	6,449,506.895
Redeemed during the period / year	3,293,395	329,339.431	61,276,070	6,127,607.044
At the end of the period / year	-	-	3,218,999	321,899.851
<b>Monthly Dividend Option</b>				
<b>Issued and Subscribed :</b>				
Units of Rs.10 each fully paid-up	3,105,000	310,500.000	3,105,000	310,500.000
<b>Outstanding:</b>				
At the beginning of the period / year	3,539,786	353,978.566	7,468,653	746,865.296
Issued during the period / year	546,694	54,669.370	51,012,443	5,101,244.265
	4,086,480	408,647.936	58,481,096	5,848,109.561
Redeemed during the period / year	4,086,480	408,647.936	54,941,310	5,494,130.995
At the end of the period / year	-	-	3,539,786	353,978.566
Total	-	-	8,931,542	893,154.026
TOTAL	-	-	8,931,542	893,154.026

	Institutional Plan				Regular Plan				March 31, 2006	
	March 31, 2006				March 31, 2006					
	Growth Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees	Total Rupees	Growth Option Rupees	Annual Dividend Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees		Total Rupees
At the beginning of the period / year	(132,122)	(72,075)	(795)	(204,992)	(156,435)	(4,696)	(562,192)	3,241	(720,082)	(925,074)
Added during the period / year	-	-	-	-	(9,072)	(2,694)	(52,137)	(3,158)	(67,061)	(67,061)
Transfer to Reserve Fund	132,122	72,075	795	204,992	165,507	7,390	614,329	(83)	787,143	992,135
At the end of the period / year	-	-	-	-	-	-	-	-	-	-

## Schedule 2

### Reserves and Surplus

Unit Premium Reserve (Note 2.6)

At the beginning of the period / year	(132,122)	(72,075)	(795)	(204,992)	(156,435)	(4,696)	(562,192)	3,241	(720,082)	(925,074)
Added during the period / year	-	-	-	-	(9,072)	(2,694)	(52,137)	(3,158)	(67,061)	(67,061)
Transfer to Reserve Fund	132,122	72,075	795	204,992	165,507	7,390	614,329	(83)	787,143	992,135
At the end of the period / year	-	-	-	-	-	-	-	-	-	-

# Schedules

forming part of Financial Statements for the period April 01, 2005 to December 16, 2005

	Institutional Plan				Regular Plan					March 31, 2006
	March 31, 2006				March 31, 2006					
	Growth Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees	Total Rupees	Growth Option Rupees	Annual Dividend Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees	Total Rupees	

## Reserves and Surplus (Contd...)

Dividend Equalisation Reserve (Note 2.7)										
Added during the period / year	-	-	-	-	(71,637)	(1,557)	(2,062)	(40,177)	(115,433)	(115,433)
Transfer to Revenue Account	-	-	-	-	71,637	1,557	2,062	40,177	115,433	115,433
At the end of the period / year	-	-	-	-	-	-	-	-	-	-
<b>Reserve Fund</b>										
At the beginning of the period / year	132,122	72,075	795	204,992	206,089	11,029	645,157	87,989	950,264	1,155,256
Balance Transferred from Unit Premium Reserve	(132,122)	(72,075)	(795)	(204,992)	(165,507)	(7,390)	(614,329)	83	(787,143)	(992,135)
	-	-	-	-	40,582	3,639	30,828	88,072	163,121	163,121
Balance Transferred from Revenue Account	-	-	-	-	(40,066)	(3,232)	(30,710)	(87,989)	(161,997)	(161,997)
Utilisation towards Redemption	-	-	-	-	(516)	(407)	(118)	(83)	(1,124)	(1,124)
At the end of the period / year	-	-	-	-	-	-	-	-	-	-

	Institutional Plan				Regular Plan					March 31, 2005
	March 31, 2005				March 31, 2005					
	Growth Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees	Total Rupees	Growth Option Rupees	Annual Dividend Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees	Total Rupees	

## Reserves and Surplus

Unit Premium Reserve (Note 2.6)										
At the beginning of the year / period	(1,785,488)	(72,075)	(233,630)	(2,091,193)	(41,455)	257	2,008	2,495	(36,695)	(2,127,888)
Added during the year / period	1,653,366	-	232,835	1,886,201	(114,980)	(4,953)	(564,200)	746	(683,387)	1,202,814
At the end of the year / period	(132,122)	(72,075)	(795)	(204,992)	(156,435)	(4,696)	(562,192)	3,241	(720,082)	(925,074)
Dividend Equalisation Reserve (Note 2.7)										
Added during the year / period	(8,487,683)	-	5,443,591	(3,044,092)	265,007	5,710	1,206,572	869,438	2,346,727	(697,365)
Transfer to Revenue Account	8,487,683	-	(5,443,591)	3,044,092	(265,007)	(5,710)	(1,206,572)	(869,438)	(2,346,727)	697,365
At the end of the year / period	-	-	-	-	-	-	-	-	-	-
<b>Reserve Fund</b>										
At the beginning of the year / period	8,773,915	72,075	352,915	9,198,905	155,026	924	132,162	52,303	340,415	9,539,320
Balance Transferred from Revenue Account	(8,641,793)	-	(352,120)	(8,993,913)	51,063	10,105	512,995	35,686	609,849	(8,384,064)
At the end of the year / period [Including net unrealised depreciation in value of investments Rs.10,063]	132,122	72,075	795	204,992	206,089	11,029	645,157	87,989	950,264	1,155,256
TOTAL	-	-	-	-	49,654	6,333	82,965	91,230	230,182	230,182

# Schedules

forming part of Financial Statements for the period April 01, 2005 to December 16, 2005

	April 01, 2005 to December 16, 2005 Rupees	April 01, 2004 to March 31, 2005 Rupees
<b>Schedule 3</b>		
<b>Interest and Discount</b>		
(Note 2.4)		
Debentures / Bonds	67,859	4,292,334
Securitised Debt	8,733	73,586
Government of India Securities	24,301	8,972,542
Reverse Repos	11,459	714,924
Treasury Bills	3,010	1,060,622
Commercial Paper / Certificate of Deposit	1,375	-
<b>TOTAL</b>	<b>116,737</b>	<b>15,114,008</b>

## Schedule 4

### Unrealised (Depreciation) / Appreciation in Value of Investments

(Note 8)

<b>(a) Privately Placed Non-Convertible Debentures / Bonds</b>		
At the beginning of the period / year	2,815	255,500
At the end of the period / year	-	2,815
Net change during the period / year	(I) (2,815)	(252,685)
<b>(b) Non-Convertible Debentures / Bonds Listed / Awaiting Listing</b>		
At the beginning of the period / year	-	319,210
At the end of the period / year	-	-
Net change during the period / year	(II) -	(319,210)
<b>(c) Securitised Debt</b>		
At the beginning of the period / year	6,123	-
At the end of the period / year	-	6,123
Net change during the period / year	(III) (6,123)	6,123
<b>(d) Government of India Securities</b>		
At the beginning of the period / year	1,125	1,440,384
At the end of the period / year	-	1,125
Net change during the period / year	(IV) (1,125)	(1,439,259)
<b>Net change in unrealised (depreciation) in value of investments during the period / year</b>	<b>(I)+(II)+(III)+(IV) (10,063)</b>	<b>(2,005,031)</b>

# Schedules

forming part of Financial Statements for the period April 01, 2005 to December 16, 2005

## Schedule 5

### Notes to the Financial Statements

#### 1. Organisation

Deutsche Dynamic Bond Fund (the "Scheme") is an open-ended income scheme of Deutsche Mutual Fund (the "Fund") and was launched on October 16, 2003. Deutsche Mutual Fund has been sponsored by Deutsche Asset Management (Asia) Limited. Deutsche Asset Management (India) Private Limited incorporated under the Companies Act, 1956, has been appointed as the asset management company. The duration of the Scheme is perpetual. The Scheme closed for initial subscription on October 21, 2003 and reopened for issue and redemption of units on October 27, 2003. The investment objective of the Scheme is to generate reasonable returns along with liquidity to the unit holders by investing in high quality debt and money market instruments.

The Scheme has two Plans - Institutional Plan and Regular Plan each Plan offering four options - Growth Option, Annual Dividend Option, Quarterly Dividend Option and Monthly Dividend Option.

No subscription has been received in the Institutional Plan-Annual Dividend Option both during the initial public offer and subsequently. The Institutional Plan was discontinued / wound up as at December 16, 2004 pursuant to the investors redeeming out of Growth, Quarterly Dividend and Monthly Dividend Options of the Plan. During the year the Regular Plan was discontinued / wound up as at December 16, 2005 pursuant to the investors redeeming out of Growth, Annual Dividend, Quarterly Dividend and Monthly Dividend Options of the Plan.

The Scheme will not declare dividend under the Growth Option of both the Plans. The income earned on such units will remain invested within the Scheme and will be reflected in the net asset value.

#### 2. Significant Accounting Policies

##### 2.1 Basis of Accounting

The Scheme maintains its books of account on an accrual basis. These financial statements 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 (the "Regulations") and amendments thereto, as applicable.

In respect of the Plan of the Scheme discontinued / wound up during the year, investments have been liquidated on the date of winding up and the unit capital has been liquidated on the business day immediately following that date. Accordingly the Revenue Account for the Scheme has been prepared for the period ending on the date of winding up of the Plan.

Since there are no outstanding assets and liabilities as at March 31, 2006 in respect of the Plan of the Scheme discontinued / wound up during the year, a Balance Sheet has not been prepared as of that date for the Scheme.

Historical per unit statistics have not been disclosed for the Scheme in view of discontinuance / winding up of the Scheme.

##### 2.1 Portfolio Valuation

Investments are stated at market / fair value at the Balance Sheet date / date of determination. In valuing the Scheme's investments:

- i. Debt securities listed on a recognised stock exchange are valued at the last quoted closing price on the National Stock Exchange of India Limited. If no sale is reported at that time, such security is valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- ii. Non-traded and thinly traded debt securities are valued at fair value as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable issued by the Securities and Exchange Board of India (SEBI).
- iii. Privately placed debt securities are valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- iv. Securitised debt securities are valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- v. Traded money market securities are valued at the yield at which they are traded on the valuation date. If no sale is reported at that time, such security is valued at the last traded price plus accretion of the difference between the face value and the last traded price. Non-traded money market instruments are valued at cost plus accrued interest.
- vi. Instruments bought on 'repo' basis are valued at the resale price after deduction of applicable interest up to the date of resale.
- vii. Government securities are valued at prices obtained from The Credit Rating Information Services of India Limited in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by SEBI.

# Schedules

forming part of Financial Statements for the period April 01, 2005 to December 16, 2005

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 Regulations) net unrealized appreciation / depreciation in the value of investments is determined separately for each category of investments. Further the change in net unrealised appreciation / depreciation, if any, between two Balance Sheet dates / dates of determination is recognized in the Revenue Account. Unrealized appreciation is reduced from the distributable income at the time of income distribution. At the end of the financial year, the balance in the Revenue Account including change in the net unrealised appreciation or depreciation in the value of investments is transferred to Reserve Fund.

## 2.3 Securities Transaction

Investment securities transactions are accounted for on a trade date basis. The scheme uses the average cost method for determining the realized gain or loss on sale of investments.

## 2.4 Investment Income

Interest income is recorded on an accrual basis.

## 2.5 Net Asset Value for Growth / Dividend Option

The net asset value of the units of the Scheme is determined separately for the units issued under the Growth and Dividend Option for the Institutional and Regular Plan.

For reporting the net asset value for the Option, daily income earned, including realized and unrealized gain or loss in the value of investments and expenses incurred by the Scheme are allocated to the Options in proportion to the value of the units outstanding.

## 2.6 Unit Premium Reserve

Upon issue and redemption of units, the net premium or discount to the face value of units is adjusted against the unit premium reserve of the Scheme after an appropriate portion of the issue proceeds and redemption payout is credited or debited respectively to the dividend equalization reserve.

The unit premium reserve is available for dividend distribution except to the extent it is represented by unrealized net appreciation in value of investments.

## 2.7 Dividend Equalization Reserve

The net distributable income relating to units issued / repurchased is transferred to/from dividend equalization reserve for determining the net surplus / deficit, transferred from / to unit premium reserve.

## 2.8 Load

Load collected is retained under a separate account in the Scheme and is utilised to meet the selling and distribution expenses of the Scheme.

## 3. Investment Management and Advisory Fees

The Scheme has paid or provided for investment management and advisory fees payable to Deutsche Asset Management (India) Private Limited for managing the Scheme at an annual rate of 0.75% of the average daily net asset values of the Regular Plan recorded by the Scheme. All costs, charges and expenses incurred by Deutsche Asset Management (India) Private Limited in the administration and execution of the activities of the Scheme, except costs allowed to be charged to the Scheme under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto as applicable, are on their own account for which they receive investment management and advisory fees. All expenses subsequent to the discontinuance / winding of the Scheme will be borne by Deutsche Asset Management (India) Private Limited from the investment manager fees received from the Scheme.

## 4. Trustee Fees

In accordance with the Deed of Trust dated May 29, 2002 between Deutsche Asset Management (Asia) Limited ("The Settlor") and Deutsche Trustee Services (India) Private Limited (the "Trustee"), the Fund has paid or provided for trustee fees payable to the Trustee at an annual rate of 0.01% of the average daily net asset values recorded by the Scheme.

## 5. Custodian Fees

J P Morgan Chase Bank provides custodial services to the Scheme for which it receives custody fees.

## 6. Income Taxes

No provision for income tax has been made as the Scheme qualifies as a recognized Mutual Fund under Section 10 (23D) of the Income Tax Act, 1961, of India.

## 7. Limitation of Expenses

The total expenses chargeable to the Scheme is limited to 2.01% of the average daily net assets of the Regular Plan recorded by the Scheme. Deutsche Asset Management (India) Private Limited has borne Rs.110,843 in excess of the above mentioned percentage of the average daily net assets allowable to be charged to the Scheme as total expenses for the period.

## Schedules

forming part of Financial Statements for the period April 01, 2005 to December 16, 2005

### 8. Aggregate Appreciation and Depreciation In Value of Investments

Aggregate appreciation and depreciation in value of investments is as follows :

	December 16, 2005 Rupees	March 31, 2005 Rupees
Privately Placed Non-Convertible Debentures / Bonds		
– Appreciation	–	2,815
– Depreciation	2,815	–
Securitised Debt		
– Appreciation	–	6,123
– Depreciation	6,123	–
Government of India Securities		
– Appreciation	–	1,125
– Depreciation	1,125	–

### 9. Aggregate Value of Purchases and Sale of Investments

The aggregate value of investment securities purchased and sold (including matured) during the financial period are Rs. 6,737,625 (excluding accretion of discount Rs. 18,986) and Rs. 14,161,659 respectively being 243.74% and 512.30% of the average daily net assets.

### 10. Income and Expenses

The total income (including net loss on sale of investments and net change in unrealised depreciation in the value of investments) and expenditure during the period are:

Plan	Total Income		Total Expenditure	
	Rupees	Percentage of Average Daily Net Assets*	Rupees	Percentage of Average Daily Net Assets*
Regular Plan	78,092	4.08%	38,490	2.01%

\* Annualised

### 11. Disclosure Under Regulation 25(8) of the Securities and Exchange Board of India (Mutual Funds) Regulation, 1996 as amended

Deutsche Bank AG, Mumbai Branch and Kotak Mahindra Bank Limited associate entities of Deutsche Asset Management (India) Private Limited were paid commission amounting to Rs. 288 and Rs. 5,430 respectively for procuring unit subscriptions for the Scheme. The commission paid was at rates similar to those offered to other distributors.

### 12. Composition of Board of Directors of Investment Manager

An independent Director of Deutsche Asset Management (India) Private Limited ('the Company') had resigned from the Board of Directors ('the Board') with effect from October 31, 2005 due to which the composition of the Board was reduced to below the minimum requirement of 50% independent directors as required under the Regulations. An independent Director was appointed on the Board on February 6, 2006, after which the composition of the Board was in compliance with the Regulations. The Company has informed the Securities and Exchange Board of India of the same.

### 13. Prior Year's Figures

Prior year's figures have been re-grouped / re-arranged where appropriate.

Signatures to the Schedules 1 to 5 forming part of the Revenue Account.

K. H. VACHHA  
Partner

For **Deutsche Trustee Services (India)  
Private Limited**

For **Deutsche Asset Management (India)  
Private Limited**

For and on behalf of  
**PRICE WATERHOUSE**  
Chartered Accountants

Gunit Chadha  
Director

M. H. Kania  
Director

Stephen Paul Harris  
Director

Sandeep Dasgupta  
Director

Y. B. Desai  
Director

A. S. Mitra  
Director

Kersi M. Gherda  
Director

Bhalchandra Bhide  
Director

Debabrata Bhadury  
Director

Eduoard Fernen Peter  
Director

Vijay P. Gokhale  
Director

Carl Saldanha  
Director

Place: Mumbai  
Date : August 30, 2006

Suresh Soni  
Portfolio Manager



Deutsche Asset Management   
A Member of the Deutsche Bank Group

# Auditors' Report

To the Trustee,

## DEUTSCHE MUTUAL FUND

1. We have audited the Balance Sheet of Deutsche Mutual Fund – **DWS Floating Rate Fund (formerly Deutsche Floating Rate Fund)** ("The Scheme") as at March 31, 2006 and the related Revenue Account for the year ended on that date, both of which we have signed under reference to this report. These financial statements are the responsibility of the Trustee of Deutsche Mutual Fund and the Management of Deutsche Asset Management (India) Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned at March 31, 2006 by correspondence with the custodian. 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.
3. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us,
  - (i) The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable, and also give respectively, a true and fair view of the state of affairs of Deutsche Mutual Fund – DWS Floating Rate Fund as at March 31, 2006 and its net surplus for the year ended on that date.
  - (ii) The Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended on that date, together with the notes thereon have been prepared in all material respects 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 and amendments thereto as applicable.
  - (iii) The methods used to value,
    - a) Privately placed securities in good faith and
    - b) Non-traded thinly traded debt securities in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by the Securities and Exchange Board of Indiaas at March 31, 2006 as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund are fair and reasonable.

K. H. Vachha  
*Partner*  
Membership No. F/30798

For and on behalf of  
**Price Waterhouse**  
*Chartered Accountants*

Place : Mumbai  
Date : August 30, 2006



# Balance Sheet

as at March 31, 2006

	Schedule	March 31, 2006 Rupees	March 31, 2005 Rupees
<b>Assets</b>			
Investments	1	1,966,266,817	4,439,961,804
Deposits	2	–	90,000,000
Other Current Assets	3	116,420,377	61,533,850
<b>TOTAL</b>		<b>2,082,687,194</b>	<b>4,591,495,654</b>

## Liabilities

Unit Capital	4	1,906,701,959	4,379,994,332
Reserves and Surplus	5	173,776,321	205,886,250
Current Liabilities and Provisions	6	2,208,914	5,615,072
<b>TOTAL</b>		<b>2,082,687,194</b>	<b>4,591,495,654</b>

## Reconciliation of Net Asset Value Per Unit

	March 31, 2006				March 31, 2005			
	Growth Plan Rupees	Weekly Dividend Reinvestment Plan Rupees	Monthly Dividend Reinvestment Plan Rupees	Total Rupees	Growth Plan Rupees	Weekly Dividend Reinvestment Plan Rupees	Monthly Dividend Reinvestment Plan Rupees	Total Rupees
Net Assets as per Balance Sheet (Total Assets less Current Liabilities and Provisions ) (Note 2.5)	1,302,651,518	547,161,346	230,665,416	2,080,478,280	2,245,699,876	2,137,912,874	202,267,832	4,585,880,582
Number of Units in Issue	115,102,705.076	53,112,838.669	22,454,652.111		209,747,763.065	208,508,191.149	19,743,478.825	
Net Asset Value per Unit	11.3173	10.3019	10.2725		10.7067	10.2534	10.2448	

Notes to the Financial Statements 9

The schedules referred to herein form an integral part of the Financial Statements

This is the Balance Sheet referred to in our report of even date.

K. H. VACHHA  
Partner

For and on behalf of  
PRICE WATERHOUSE  
Chartered Accountants

For **Deutsche Trustee Services (India)  
Private Limited**

Gunit Chadha  
Director  
Y. B. Desai  
Director  
Debabrata Bhadury  
Director  
M. H. Kania  
Director  
A. S. Mitra  
Director  
Eduoard Fernen Peter  
Director

For **Deutsche Asset Management (India)  
Private Limited**

Stephen Paul Harris  
Director  
Kersi M. Gherda  
Director  
Vijay P. Gokhale  
Director  
Jignesh Barasara  
Portfolio Manager  
Sandeep Dasgupta  
Director  
Bhalchandra Bhide  
Director  
Carl Saldanha  
Director

Place: Mumbai  
Date : August 30, 2006



Deutsche Asset Management   
A Member of the Deutsche Bank Group

# Revenue Account

for the year ended March 31, 2006

Schedule	April 01, 2005 to March 31, 2006 Rupees	April 01, 2004 to March 31, 2005 Rupees	
<b>Income and Gains</b>			
Interest and Discount	7	462,892,141	253,408,572
<b>TOTAL</b>		<b>462,892,141</b>	<b>253,408,572</b>
<b>Expenses and Losses</b>			
Net Loss on Sale of Investments [Including Net Loss on Inter - Scheme Sale of Investments Rs. 20,249,293. (2005: Rs. 59,526 )] (Note 2.3)		22,795,427	2,202,242
Investment Management and Advisory Fees (Note 3)		23,846,019	14,548,233
Trustee Fees and Expenses (Note 4)		732,829	439,254
Transfer Agent Fees and Expenses		6,251,286	3,744,719
Custodian Fees and Expenses (Note 5)		3,756,256	2,109,387
Audit Fees		134,600	300,000
Selling and Distribution Expenses		11,093,497	6,603,955
Other Operating Expenses		3,657,027	2,722,003
		<b>72,266,941</b>	<b>32,669,793</b>
Less: Expenses to be Reimbursed by the Investment Manager (Note 7)		1,833,401	1,913,855
<b>TOTAL</b>		<b>70,433,540</b>	<b>30,755,938</b>
Net Surplus for the Year		392,458,601	222,652,634
Net Change in Unrealised Appreciation / (Depreciation) in Value of Investments	8	8,621,725	(8,455,105)
Unrealised (Depreciation) / Appreciation in Value of Interest Rate Swaps (Note 2.8 and 15)		(253,500)	280,900
<b>Net Surplus including Net Change in Unrealised Appreciation / Depreciation in Value of Investments and Unrealised Depreciation / Appreciation in Value of Interest Rate Swaps</b>		<b>400,826,826</b>	<b>214,478,429</b>

	April 01, 2005 to March 31, 2006				April 01, 2004 to March 31, 2005			
	Growth Plan Rupees	Weekly Dividend Reinvestment Plan Rupees	Monthly Dividend Reinvestment Plan Rupees	Total Rupees	Growth Plan Rupees	Weekly Dividend Reinvestment Plan Rupees	Monthly Dividend Reinvestment Plan Rupees	Total Rupees
Net Surplus including Net Change in Unrealised Appreciation / Depreciation in Value of Investments and Unrealised Depreciation / Appreciation in Value of Interest Rate Swaps by Plan	141,928,762	211,609,172	47,288,892	400,826,826	94,168,136	102,678,477	17,631,816	214,478,429
Transfer from Dividend Equalisation Reserve (Note 2.7)	(136,705,185)	(53,026,891)	150,784	(189,581,292)	49,484,563	31,808,247	1,713,600	83,006,410
Transferred from Reserve Fund	-	29,409,777	1,105,275	30,515,052	-	544,314	194,959	739,273
Dividend Distributions	-	(157,603,115)	(38,385,666)	(195,988,781)	-	(73,398,605)	(14,145,793)	(87,544,398)
Dividend Tax Thereon	-	(34,063,043)	(7,789,276)	(41,852,319)	-	(14,637,716)	(2,537,254)	(17,174,970)
Balance Transferred to Reserve Fund	5,223,577	(3,674,100)	2,370,009	<b>3,919,486</b>	143,652,699	46,994,717	2,857,328	193,504,744

Notes to the Financial Statements 9  
The schedules referred to herein form an integral part of the Financial Statements

This is the Revenue Account referred to in our report of even date.

<b>K. H. VACHHA</b> <i>Partner</i>	<b>For Deutsche Trustee Services (India) Private Limited</b>	<b>For Deutsche Asset Management (India) Private Limited</b>
For and on behalf of <b>PRICE WATERHOUSE</b> <i>Chartered Accountants</i>	<b>Gunit Chadha</b> <i>Director</i>	<b>Stephen Paul Harris</b> <i>Director</i>
	<b>Y. B. Desai</b> <i>Director</i>	<b>Kersi M. Gherda</b> <i>Director</i>
	<b>Debabrata Bhadury</b> <i>Director</i>	<b>Vijay P. Gokhale</b> <i>Director</i>
	<b>M. H. Kania</b> <i>Director</i>	<b>Jignesh Barasara</b> <i>Portfolio Manager</i>
	<b>A. S. Mitra</b> <i>Director</i>	
	<b>Eduoard Ferner Peter</b> <i>Director</i>	
		<b>Sandeep Dasgupta</b> <i>Director</i>
		<b>Bhalchandra Bhide</b> <i>Director</i>
		<b>Carl Saldanha</b> <i>Director</i>

Place: Mumbai  
Date : August 30, 2006

## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

	March 31, 2006		March 31, 2005	
	Market / Fair Value Rupees	Cost Rupees	Market / Fair Value Rupees	Cost Rupees
<b>Schedule 1</b>				
<b>Investments</b>				
(Notes 2.2, 2.3, 8, 9, 10, 11 and 14)				
(Refer to the attached Statement of Portfolio Holding as at March 31, 2006)				
Privately Placed Non-Convertible Debentures / Bonds	129,718,800	130,000,000	1,044,916,667	1,045,251,829
Non-Convertible Debentures / Bonds Listed / Awaiting Listing	1,672,610,115	1,672,021,107	1,142,021,857	1,144,501,994
Securitised Debt	113,949,052	114,183,224	1,780,101,371	1,785,805,121
Government of India Securities	49,988,850	49,805,000	49,988,850	49,805,000
Treasury Bills	–	–	93,611,873	93,640,913
Commercial Paper / Certificate of Deposit	–	–	329,321,186	329,321,186
<b>TOTAL</b>	<b>1,966,266,817</b>	<b>1,966,009,331</b>	<b>4,439,961,804</b>	<b>4,448,326,043</b>

	March 31, 2006 Rupees	March 31, 2005 Rupees
<b>Schedule 2</b>		
<b>Deposits</b>		
Deposits with Scheduled Bank	–	90,000,000
<b>TOTAL</b>	<b>–</b>	<b>90,000,000</b>

	March 31, 2006 Rupees	March 31, 2005 Rupees
<b>Schedule 3</b>		
<b>Other Current Assets</b>		
Balances with Banks in Current Account	3,063,064	3,327,098
Unrealised Appreciation in Value of Interest Rate Swaps (Note 2.8 and 15)	27,400	280,900
Interest Receivables on :		
– Debentures / Bonds	33,780,733	50,525,541
– Securitised Debt	293,522	4,351,608
– Government of India Securities	1,023,042	962,124
– Deposits	–	28,849
– Interest Rate Swaps	319,042	61,411
Application Money Pending Allotment - Debentures / Bonds	70,000,000	–
Receivable from Investment Manager	1,833,401	1,951,469
Inter-scheme Receivables - Others	6,080,173	44,850
<b>TOTAL</b>	<b>116,420,377</b>	<b>61,533,850</b>

# Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

	March 31, 2006		March 31, 2005	
	Rupees	Units	Rupees	Units
<b>Schedule 4</b>				
<b>Unit Capital</b>				
<b>Growth Plan</b>				
<b>Issued and Subscribed :</b>				
Units of Rs.10 each fully paid-up	92,500,000	9,250,000.000	92,500,000	9,250,000.000
<b>Outstanding :</b>				
At the beginning of the year	2,097,477,631	209,747,763.065	37,732,063	3,773,206.245
Issued during the year	8,622,524,701	862,252,470.122	9,469,049,133	946,904,913.295
	10,720,002,332	1,072,000,233.187	9,506,781,196	950,678,119.540
Redeemed during the year	9,568,975,281	956,897,528.111	7,409,303,565	740,930,356.475
At the end of the year	1,151,027,051	115,102,705.076	2,097,477,631	209,747,763.065
<b>Weekly Dividend Reinvestment Plan</b>				
<b>Issued and Subscribed :</b>				
Units of Rs.10 each fully paid-up	10,000,000	1,000,000.000	10,000,000	1,000,000.000
<b>Outstanding :</b>				
At the beginning of the year	2,085,081,912	208,508,191.149	92,852,904	9,285,290.376
Issued during the year	14,440,686,248	1,444,068,624.790	8,883,685,529	888,368,552.883
	16,525,768,160	1,652,576,815.939	8,976,538,433	897,653,843.259
Redeemed during the year	15,994,639,773	1,599,463,977.270	6,891,456,521	689,145,652.110
At the end of the year	531,128,387	53,112,838.669	2,085,081,912	208,508,191.149
<b>Monthly Dividend Reinvestment Plan</b>				
<b>Issued and Subscribed :</b>				
Units of Rs.10 each fully paid-up	250,000	25,000.000	250,000	25,000.000
<b>Outstanding :</b>				
At the beginning of the year	197,434,789	19,743,478.825	97,088,302	9,708,830.160
Issued during the year	2,176,430,985	217,643,098.593	805,299,177	80,529,917.713
	2,373,865,774	237,386,577.418	902,387,479	90,238,747.873
Redeemed during the year	2,149,319,253	214,931,925.307	704,952,690	70,495,269.048
At the end of the year	224,546,521	22,454,652.111	197,434,789	19,743,478.825
<b>TOTAL</b>	<b>1,906,701,959</b>	<b>190,670,195.856</b>	<b>4,379,994,332</b>	<b>437,999,433.039</b>

## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

	March 31, 2006				March 31, 2005			
	Growth Plan Rupees	Weekly Dividend Reinvestment Plan Rupees	Monthly Dividend Reinvestment Plan Rupees	Total Rupees	Growth Plan Rupees	Weekly Dividend Reinvestment Plan Rupees	Monthly Dividend Reinvestment Plan Rupees	Total Rupees
<b>Schedule 5</b>								
<b>Reserves and Surplus</b>								
Unit Premium Reserve (Note 2.6)								
At the beginning of the year	3,809,562	4,975,940	415,837	9,201,339	(115)	(33)	5,054	4,906
Added during the year	(1,821,355)	(3,714,126)	21,118	(5,514,363)	3,809,677	4,975,973	410,783	9,196,433
At the end of the year	1,988,207	1,261,814	436,955	3,686,976	3,809,562	4,975,940	415,837	9,201,339
Dividend Equalisation Reserve (Note 2.7)								
Added during the year	(136,705,185)	(53,026,891)	150,784	(189,581,292)	49,484,563	31,808,247	1,713,600	83,006,410
Transfer to Revenue Account	136,705,185	53,026,891	(150,784)	189,581,292	(49,484,563)	(31,808,247)	(1,713,600)	(83,006,410)
At the end of the year	-	-	-	-	-	-	-	-
Reserve Fund								
At the beginning of the year	144,412,683	47,855,022	4,417,206	196,684,911	759,984	1,404,619	1,754,837	3,919,440
Transfer to Revenue Account	-	(29,409,777)	(1,105,275)	(30,515,052)	-	(544,314)	(194,959)	(739,273)
Balance Transferred from Revenue Account	5,223,577	(3,674,100)	2,370,009	3,919,486	143,652,699	46,994,717	2,857,328	193,504,744
At the end of the year **	149,636,260	14,771,145	5,681,940	170,089,345	144,412,683	47,855,022	4,417,206	196,684,911
<b>TOTAL</b>	<b>151,624,467</b>	<b>16,032,959</b>	<b>6,118,895</b>	<b>173,776,321</b>	<b>148,222,245</b>	<b>52,830,962</b>	<b>4,833,043</b>	<b>205,886,250</b>

\*\* including net unrealised appreciation in value of investments Rs. 257,486 (2005 : Unrealised depreciation Rs.8,364,239) and unrealised appreciation in value of Interest Rate Swaps Rs. 27,400 (2005: Rs. 280,900)

	March 31, 2006 Rupees	March 31, 2005 Rupees
<b>Schedule 6</b>		
<b>Current Liabilities and Provisions</b>		
<b>Current Liabilities</b>		
Investment Management and Advisory Fees	428,733	1,450,994
Trustee Fees and Expenses	19,185	39,204
Transfer Agent Fees and Expenses	186,110	380,378
Custodian Fees and Expenses	106,567	198,061
Audit Fees	134,600	300,000
Selling and Distribution Expenses	358,766	626,845
Unclaimed Redemption (Note 16)	1,472	-
Dividend Payable	526,051	1,666,081
Dividend Tax Payable	240,587	620,598
Sundry Payables	206,843	332,911
<b>TOTAL</b>	<b>2,208,914</b>	<b>5,615,072</b>

# Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

	April 01, 2005 to March 31, 2006 Rupees	April 01, 2004 to March 31, 2005 Rupees
<b>Schedule 7</b>		
<b>Interest and Discount</b>		
(Note 2.4)		
Debentures / Bonds	266,486,250	146,132,768
Securitised Debt	136,400,797	60,954,818
Government of India Securities	6,788,013	1,896,958
Treasury Bills	2,216,833	7,577,781
Commercial Paper / Certificate of Deposit	45,013,523	8,123,860
Interest Rate Swaps (Net) (Note 2.8)	478,052	61,411
Reverse Repos	2,409,908	1,884,008
Deposits	3,098,765	26,776,968
<b>TOTAL</b>	<b>462,892,141</b>	<b>253,408,572</b>

	April 01, 2005 to March 31, 2006 Rupees	April 01, 2004 to March 31, 2005 Rupees
<b>Schedule 8</b>		
<b>Unrealised Appreciation / Depreciation in Value of Investments</b>		
(Note 8)		
<b>(a) Privately Placed Non-Convertible Debentures / Bonds</b>		
At the beginning of the year	(335,162)	–
At the end of the year	(281,200)	(335,162)
Net change during the year	(I) 53,962	(335,162)
<b>(b) Non-Convertible Debentures / Bonds Listed / Awaiting Listing</b>		
At the beginning of the year	(2,480,137)	9,515
At the end of the year	589,008	(2,480,137)
Net change during the year	(II) 3,069,145	(2,489,652)
<b>(c) Securitized Debt</b>		
At the beginning of the year	(5,703,750)	81,351
At the end of the year	(234,172)	(5,703,750)
Net change during the year	(III) 5,469,578	(5,785,101)
<b>(d) Government of India Securities</b>		
At the beginning of the year	183,850	–
At the end of the year	183,850	183,850
Net change during the year	(IV) –	183,850
<b>(e) Treasury Bills</b>		
At the beginning of the year	(29,040)	–
At the end of the year	–	(29,040)
Net change during the year	(V) 29,040	(29,040)
<b>Net change in unrealised appreciation / (depreciation) in value of investments during the year</b>	<b>(I)+(II)+(III)+(IV)+(V) 8,621,725</b>	<b>(8,455,105)</b>

# Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year April 01, 2005 to March 31, 2006

## Schedule 9

### Notes to the Financial Statements

#### 1. Organisation

DWS Floating Rate Fund (formerly, Deutsche Floating Rate Fund) (the "Scheme") is an open-ended income scheme of Deutsche Mutual Fund (the "Fund") and was launched on October 16, 2003. Deutsche Mutual Fund has been sponsored by Deutsche Asset Management (Asia) Limited. Deutsche Asset Management (India) Private Limited incorporated under the Companies Act, 1956, has been appointed as the asset management company. The duration of the Scheme is perpetual. The Scheme closed for initial subscription on October 21, 2003 and reopened for issue and redemption of units on October 27, 2003. The investment objective of the Scheme is to generate income consistent with prudent risk by investing in a portfolio of floating rate and fixed rate debt instruments and money market instruments.

The Scheme has two plans - Growth Plan and Dividend Plan. The Dividend Plan offers two options – Weekly Dividend Reinvestment Option and Monthly Dividend Reinvestment Option.

The Scheme will not declare dividend under the Growth Plan. The income earned on such units will remain invested within the Scheme and will be reflected in the net asset value.

The name of the Scheme has been changed from Deutsche Floating Rate Fund to DWS Floating Rate Fund subsequent to the year end for which necessary approvals have been received.

#### 2. Significant Accounting Policies

##### 2.1 Basis of Accounting

The Scheme maintains its books of account on an accrual basis. These financial statements 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 (the "Regulations") and amendments thereto, as applicable.

##### 2.2 Portfolio Valuation

Investments are stated at market / fair value at the Balance Sheet date / date of determination. In valuing Scheme's investments:

- i. Debt securities listed on a recognised stock exchange are valued at the last quoted closing price on the National Stock Exchange of India Limited. If no sale is reported at that time, such security is valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- ii. Non-traded and thinly traded debt securities are valued at fair value as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable issued by the Securities and Exchange Board of India (SEBI).
- iii. Privately placed debt securities are valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- iv. Securitised debt securities are valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- v. Traded money market securities are valued at the yield at which they are traded on the valuation date. If no sale is reported at that time, such security is valued at the last traded price plus accretion of the difference between the face value and the last traded price. Non-traded money market instruments are valued at cost plus accrued interest.
- vi. Instruments bought on 'repo' basis are valued at the resale price after deduction of applicable interest upto the date of resale.
- vii. Government securities are valued at prices obtained from The Credit Rating Information Services of India Limited in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by SEBI.

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 Regulations) net unrealized appreciation / depreciation in the value of investments is determined separately for each category of investments. Further the change in net unrealized appreciation / depreciation, if any, between two Balance Sheet dates / dates of determination is recognized in the Revenue Account. Unrealized appreciation is reduced from the distributable income at the time of income distribution. At the end of the financial year, the balance in the Revenue Account including change in the net unrealized appreciation or depreciation in the value of investments is transferred to Reserve Fund.

##### 2.3 Securities Transaction

Investment securities transactions are accounted for on a trade date basis. The Scheme uses the average cost method for determining the realized gain or loss on sale of investments.

##### 2.4 Investment Income

Interest income is recorded on an accrual basis.

##### 2.5 Net Asset Value for Growth / Dividend Plans

The net asset value of the units of the Scheme is determined separately for the units issued under the Growth and Dividend Plans.

# Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year April 01, 2005 to March 31, 2006

For reporting the net asset value for the Plans, daily income earned, including realized and unrealized gain or loss in the value of investments and expenses incurred by the Scheme are allocated to the Plans in proportion to the value of the units outstanding.

## 2.6 Unit Premium Reserve

Upon issue and redemption of units, the net premium or discount to the face value of units is adjusted against the unit premium reserve of the Scheme after an appropriate portion of the issue proceeds and redemption payout is credited or debited respectively to the dividend equalization reserve.

The unit premium reserve is available for dividend distribution except to the extent it is represented by unrealized net appreciation in value of investments.

## 2.7 Dividend Equalization Reserve

The net distributable income relating to units issued / repurchased is transferred to / from dividend equalization reserve for determining the net surplus / deficit, transferred from / to unit premium reserve.

## 2.8 Interest Rate Swaps

Interest rate swaps with a maturity period of more than 182 days are marked to market and net present value of differences in outflows and inflows is recorded as unrealized appreciation / depreciation in the Revenue Account. Interest rate swaps with a maturity period of less than 182 days are valued at the price as on the 183rd day plus accretion / amortization of the difference between the face value and the last price on the 183rd day.

## 3. Investment Management and Advisory Fees

The Scheme has paid or provided for investment management and advisory fees payable to Deutsche Asset Management (India) Private Limited for managing the Scheme at an annual rate of 0.33% of the average daily net asset values recorded by the Scheme. All costs, charges and expenses incurred by Deutsche Asset Management (India) Private Limited in the administration and execution of the activities of the Scheme, except costs allowed to be charged to the Scheme under the Regulations and amendments thereto as applicable, are on their own account for which they receive investment management and advisory fees.

## 4. Trustee Fees

In accordance with the Deed of Trust dated May 29, 2002 between Deutsche Asset Management (Asia) Limited ("The Settlor") and Deutsche Trustee Services (India) Private Limited (the "Trustee"), the Scheme has paid or provided for trustee fees payable to the Trustee at an annual rate of 0.01% of the average daily net asset values recorded by the Scheme.

## 5. Custodian Fees

J P Morgan Chase Bank provides custodial services to the Scheme for which it receives custody fees.

## 6. Income Taxes

No provision for taxation has been made as the Scheme qualifies as a recognized Mutual Fund under Section 10 (23D) of the Income Tax Act, 1961 of India.

## 7. Limitation on Expenses

The total expenses chargeable to the Scheme is limited to 0.65% of the average daily net assets recorded by the Scheme. Deutsche Asset Management (India) Private Limited has borne Rs.1,833,401 in excess of the above mentioned percentage of the average daily net assets to be charged to the Scheme as total expenses for the year.

## 8. Aggregate Appreciation and Depreciation In Value of Investments

Aggregate appreciation and depreciation in value of investments is as follows :

	March 31, 2006 Rupees	March 31, 2005 Rupees
Privately Placed Non-Convertible Debentures / Bonds		
– Appreciation	–	–
– Depreciation	281,200	335,162
Non-Convertible Debentures / Bonds Listed / Awaiting Listing		
– Appreciation	1,019,658	251,300
– Depreciation	430,650	2,731,437
Securitized Debt		
– Appreciation	–	449,792
– Depreciation	234,172	6,153,542
Government of India Securities		
– Appreciation	183,850	183,850
– Depreciation	–	–
Treasury Bills		
– Appreciation	–	–
– Depreciation	–	29,040



## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year April 01, 2005 to March 31, 2006

### 9. Registered Securities

In accordance with Regulation 44(1) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, securities purchased should be held in the name of the Scheme. As at March 31, 2006 securities aggregating to Rs. 49,988,850 (market value) are held in the name of Deutsche Mutual Fund.

### 10. Aggregate Fair Value of Non-Traded Investments

Aggregate fair value of non-traded (including privately placed) investments as determined by Deutsche Asset Management (India) Private Limited under the procedures approved by the Trustee as at March 31, 2006 is Rs.1,916,277,967.

### 11. Aggregate Value of Purchases and Sale of Investments

The aggregate value of investment securities purchased and sold (including matured) during the financial year is Rs. 39,300,963,965 (excluding accretion of discount Rs. 95,806,837) and Rs. 41,856,292,087 respectively being 536.24% and 571.11% of the average daily net assets.

### 12. Income and Expenses

The total income (including net loss on sale of investments, net change in unrealised appreciation / depreciation in the value of investments and unrealised depreciation in value of interest rate swaps) and expenditure is Rs. 448,464,939 and Rs. 47,638,113 respectively being 6.12% and 0.65% of the average daily net assets.

### 13. Disclosure Under Regulation 25(8) of the Securities and Exchange Board of India (Mutual Funds) Regulation, 1996 as amended

Deutsche Bank AG, Mumbai Branch and Kotak Mahindra Bank Limited associate entities of Deutsche Asset Management (India) Private Limited were paid commission amounting to Rs. 976,011 and Rs. 93,267 respectively for procuring unit subscriptions for the Scheme. The commission paid was at rates similar to those offered to other distributors.

### 14. Disclosure Under Regulation 25 (11) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended

Deutsche Mutual Fund has made the following investments in companies, which hold units in excess of 5% of the net asset value of any Scheme of Deutsche Mutual Fund.

Company Name	Schemes invested in by the Company	Investment made by Schemes of Deutsche Mutual Fund in the Company / Subsidiary	Aggregate for the period under Regulation 25(11) At Cost (Rupees in lakhs)	Outstanding as at March 31, 2006 At Market / Fair Value (Rupees in lakhs)
DSP Merrill Lynch Capital Limited	DWS Insta Cash Plus Fund	DWS Insta Cash Plus Fund	6,784.00	129.64
		DWS Fixed Term Fund - Series 7	4,216.78	-
		DWS Floating Rate Fund	3,401.99	-
		DWS Fixed Term Fund - Series 3	867.67	878.66
		DWS Short Maturity Fund	493.73	110.43
		DWS MIP Fund - Plan A	235.17	67.22
		DWS Fixed Term Fund - Series 2	197.10	201.66
		DWS MIP - Fund - Plan B	107.45	38.41
Grasim Industries Limited	DWS Fixed Term Fund - Series 3	DWS Fixed Term Fund	14.08	14.40
		DWS Alpha Equity Fund	678.02	329.27
		DWS Tax Saving Fund	220.54	246.95
		DWS Investment Opportunity Fund	55.14	61.74
		DWS Tax Saving Fund^	125.26	136.89
Hindustan Lever Limited	DWS Fixed Term Fund - Series 4 DWS Fixed Term Fund - Series 6	DWS Alpha Equity Fund^	72.68	-
		DWS Alpha Equity Fund	495.15	-
Hindustan Zinc Limited	DWS Insta Cash Plus Fund DWS Fixed Term Fund - Series 5	DWS Alpha Equity Fund	170.99	261.60
Infosys Technologies Limited	DWS Insta Cash Plus Fund	DWS Alpha Equity Fund	2,967.35	-
		DWS Investment Opportunity Fund	480.71	-
		DWS MIP Fund - Plan A	136.65	8.94
		DWS MIP Fund - Plan B	25.99	-
ITC Limited	DWS Floating Rate Fund DWS Short Maturity Fund	DWS Alpha Equity Fund	1,316.00	136.47
		DWS Investment Opportunity Fund	413.51	48.74
		DWS Tax Saving Fund	171.58	97.48

# Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year April 01, 2005 to March 31, 2006

Company Name	Schemes invested in by the Company	Investment made by Schemes of Deutsche Mutual Fund in the Company / Subsidiary	Aggregate for the period under Regulation 25(11) At Cost (Rupees in lakhs)	Outstanding as at March 31, 2006 At Market / Fair Value (Rupees in lakhs)
	DWS Fixed Term Fund - Series 7	DWS MIP Fund - Plan A	28.10	12.67
	DWS Insta Cash Plus Fund	DWS MIP Fund - Plan B	12.20	-
Larsen & Toubro Limited	DWS Alpha Equity Fund	DWS Alpha Equity Fund	1,765.39	152.04
	DWS Insta Cash Plus Fund	DWS Floating Rate Fund	1,000.00	-
		DWS Insta Cash Plus Fund	900.00	-
		DWS Investment Opportunity Fund	177.45	36.49
		DWS Tax Saving Fund	122.28	121.63
		DWS Short Maturity Fund	100.00	-
		DWS MIP Fund - Plan B	3.73	-
		DWS Insta Cash Plus Fund^^	18,202.34	2,200.00
		DWS Floating Rate Fund^^	3,800.00	1,297.19
		DWS Fixed Term Fund - Series 7^^	3,700.00	-
		DWS Short Maturity Fund^^	1,800.00	-
		DWS Fixed Term Fund^^	1,799.21	797.75
		DWS Fixed Term Fund - Series 2^^	1,698.95	1,698.03
		DWS Money Plus Fund ^^	200.00	-
Sterlite Industries India Limited	DWS Fixed Term Fund - Series 7	DWS Insta Cash Plus Fund	21,140.00	-
		DWS Floating Rate Fund	12,020.00	-
		DWS Short Maturity Fund	3,220.00	-
		DWS Fixed Term Fund - Series 7	1,000.00	-
		DWS Fixed Term Fund - Series 8	800.00	-
		DWS Alpha Equity Fund	662.57	384.88
		DWS Premier Bond Fund	160.00	-
		DWS MIP Fund - Plan A	100.00	-
		DWS Investment Opportunity Fund	67.51	78.73
		DWS MIP Fund - Plan B	50.00	-
		DWS Fixed Term Fund - Series 4	10.00	-
The Tata Steel Limited	DWS Insta Cash Plus Fund	DWS Alpha Equity Fund	2,065.32	375.48
	DWS Fixed Term Fund - Series 7	DWS Investment Opportunity Fund	822.49	-
		DWS Tax Saving Fund	116.78	134.10
		DWS MIP Fund - Plan A	116.41	-
		DWS MIP Fund - Plan B	35.50	-
The Bombay Dyeing and Manufacturing Company Limited	DWS Short Maturity Fund	DWS Fixed Term Fund - Series 2	2,000.00	-
Videsh Sanchar Nigam Limited	DWS Insta Cash Plus Fund	DWS Investment Opportunity Fund	94.30	-
	DWS Short Maturity Fund	DWS Alpha Equity Fund	73.24	-

^ DTSF and DAEF have invested in Ultratech Cemco which is a subsidiary of Grasim Industries Limited.

^^ DICPF, DFRF, DFTF-7, DSMF, DFTF, DFTF-2 and DMPF have invested in L&T Finance Limited which is a subsidiary of Larsen & Toubro Limited.

The above investments comprise equity shares, debentures / bonds, commercial paper, fixed deposits and other debt instruments. These investments have been made on account of their high credit quality and competitive yield for the investment in fixed income / money market instruments and in case of equity shares because of attractive valuations of these companies.

## 15. Interest Rate Swaps

The notional value of interest rate swaps outstanding as at March 31, 2006 aggregates to Rs.100,000,000.

## 16. Unclaimed Redemption

As at March 31, 2006 unclaimed redemptions aggregate Rs.1,472 payable to one investor. These details are based on confirmations received from the Scheme's Registrar and Transfer Agent that maintain information of unclaimed redemptions on behalf of the Scheme.

## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year April 01, 2005 to March 31, 2006

### 17. Perspective Historical Per Unit Statistics\*

	April 01, 2005 to March 31, 2006 Rupees	April 01, 2004 to March 31, 2005 Rupees	October 16, 2003 to March 31, 2004 Rupees
(a) Net asset value per unit at the end of the year / period (Note 2.5)			
Growth Plan	11.3173	10.7067	10.2014
Weekly Dividend Reinvestment Plan	10.3019	10.2534	10.1513
Monthly Dividend Reinvestment Plan	10.2725	10.2448	10.1813
(b) Gross Income			
(i) income other than profit on sale of investment	2.4277	0.5785	0.2539
(ii) income from loss on inter-scheme sales / transfer of investment	(0.1062)	(0.0001)	(0.0005)
(iii) income (net) from loss on sale of investments to third party	(0.0134)	(0.0049)	(0.0016)
(iv) transfer of revenue account from past year's reserve	0.1600	0.0017	NA
(c) Aggregate of expenses, writeoff, amortisation and charges	0.2498	0.0652	0.0328
(d) Net income	2.0583	0.5083	0.2190
(e) Net change in unrealised appreciation / (depreciation) in value of investments and Interest Rate Swaps	0.0439	(0.0187)	0.0040
(f) Redemption Price			
– Highest			
Growth Plan	11.3173	10.7067	10.1984
Weekly Dividend Reinvestment Plan	10.3097	10.2616	10.1513
Monthly Dividend Reinvestment Plan	10.2681	10.2476	10.1783
– Lowest			
Growth Plan	10.7085	10.2180	10.0173
Weekly Dividend Reinvestment Plan	10.2551	10.1513	10.0780
Monthly Dividend Reinvestment Plan	10.2039	10.1887	10.0277
(g) Purchase price			
– Highest			
Growth Plan	11.3173	10.7052	10.1933
Weekly Dividend Reinvestment Plan	10.3086	10.2616	10.1513
Monthly Dividend Reinvestment Plan	10.2725	10.2448	10.1707
– Lowest			
Growth Plan	10.7136	10.2113	10.0000
Weekly Dividend Reinvestment Plan	10.2553	10.1480	10.0000
Monthly Dividend Reinvestment Plan	10.2015	10.1629	10.0000
(h) Price earnings ratio	NA	NA	NA
(i) Ratio of expenses to daily average net assets by percentage	0.65%	0.65%	0.65% @
(j) Ratio of gross income (including net loss on sale of investments and net change in unrealised depreciation / appreciation in value of investments and interest rate swaps) to daily average net assets by percentage	6.12%	5.54%	5.05% @

\* The above per unit calculations are based on the number of units outstanding at the end of the financial year / period

@ The ratio of expenses and gross income to average daily net assets by percentage has been annualised for the period October 23, 2003 to March 31, 2004.

# Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year April 01, 2005 to March 31, 2006

## 18. Composition of Board of Directors of Investment Manager

An independent Director of Deutsche Asset Management (India) Private Limited ('the Company') had resigned from the Board of Directors ('the Board') with effect from October 31, 2005 due to which the composition of the Board was reduced to below the minimum requirement of 50% independent directors as required under the Regulations. An independent Director was appointed on the Board on February 6, 2006, after which the composition of the Board was in compliance with the Regulations. The Company has informed the Securities and Exchange Board of India of the same.

## 19. Prior Year's Figures

Prior year's figures have been re-grouped/ re-arranged where appropriate.

Signatures to the Schedules 1 to 9 forming part of the Balance Sheet and the Revenue Account.

**K. H. VACHHA**  
*Partner*

For **Deutsche Trustee Services (India)  
Private Limited**

For **Deutsche Asset Management (India)  
Private Limited**

For and on behalf of  
**PRICE WATERHOUSE**  
*Chartered Accountants*

**Gunit Chadha**  
*Director*

**M. H. Kania**  
*Director*

**Stephen Paul Harris**  
*Director*

**Sandeep Dasgupta**  
*Director*

**Y. B. Desai**  
*Director*

**A. S. Mitra**  
*Director*

**Kersi M. Gherda**  
*Director*

**Bhalchandra Bhide**  
*Director*

**Debabrata Bhadury**  
*Director*

**Eduoard Fernen Peter**  
*Director*

**Vijay P. Gokhale**  
*Director*

**Carl Saldanha**  
*Director*

Place: Mumbai  
Date : August 30, 2006

**Jignesh Barasara**  
*Portfolio Manager*

# Statement of Portfolio Holding

as at March 31, 2006

(Referred to in Schedule 1 to the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006)

Description	Market / Fair Value Rupees
<b>Privately Placed Non-Convertible Debentures / Bonds (6.60%)</b>	
Finance (100%)	
L&T Finance Limited M+110 2008 * @	30,000,000
L&T Finance Limited 6.60 RESET 15MNTS 2008 * \$@	99,718,800
<b>Total</b>	<b>(Cost - Rs.130,000,000) 129,718,800</b>
<b>Non-Convertible Debentures / Bonds Listed / Awaiting Listing (85.06%)</b>	
Banks (12.04%)	
Export Import Bank of India 1YGSC+33 2010 #	100,000,000
UTI Bank Limited INB+85 2010 #	101,475,500
	<b>201,475,500</b>
Finance (53.56%)	
Cholamandalam Investment & Finance Co. Limited 1YGS+50 2008 #	47,000,000
Cholamandalam Investment & Finance Co. Limited INBMK+45 2008 #	100,000,000
ICICI Bank Limited INBK+50 2011 #	100,000,000
Indian Railway Finance Corporation Limited. 5Y-1Y INBMK+560 2010 #	497,007,019
Sundaram Home Finance Limited IN+10 2008#	126,120,846
Industrial Development Bank of India Limited. GSEC+130 2009 #	25,685,400
	<b>895,813,265</b>
Consumer Finance (34.40%)	
Housing Development Finance Corporation INBK+25 2008 #	150,112,800
Housing Development Finance Corporation INBK+54 2009 #	100,639,200
LIC Housing Finance Limited 1YRINBMK+37 2012 #	299,673,000
LIC Housing Finance Limited REU1YRBMK+60 2011 #	24,896,350
	<b>575,321,350</b>
<b>Total</b>	<b>(Cost - Rs. 1,672,021,107) 1,672,610,115</b>
<b>Securitised Debt (5.8%)</b>	
Finance (100%)	
India Retail ABS Trust SerXLI Ser A PTC 2009*	104,735,989
Retail Pool Trust June 2005 Series A2 PTC 2008 *	8,331,487
VE Trust 5 Series A6 PTC MMFSL 2006 *	881,576
<b>Total</b>	<b>(Cost - Rs.114,183,224) 113,949,052</b>
<b>Government of India Securities (2.54%)</b>	
GOI Floating Rate Bonds November 2006	49,988,850
<b>Total</b>	<b>(Cost - Rs. 49,805,000) 49,988,850</b>
<b>TOTAL INVESTMENTS</b>	<b>(Cost - Rs. 1,966,009,331) 1,966,266,817</b>

Confirmation has been received from J P Morgan Chase Bank, Mumbai Branch at the end of the financial year for the investments held by them and from Standard Chartered Bank, Mumbai Branch for the securities held by them in the Constituent Subsidiary General Ledger (CSGL) Account.

\* Fair value of non-traded (privately placed) debt securities as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee.

# Fair value of non-traded and thinly traded debt securities in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto as applicable issued by the Securities and Exchange Board of India (SEBI) as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee.

@ Investment in companies which have invested more than five per cent of the net asset value of any Scheme of Deutsche Mutual Fund

\$ Indicates securities fully marked as underlying for interest rate swaps.

# Auditors' Report

To the Trustee,

## DEUTSCHE MUTUAL FUND

1. We have audited the Balance Sheet of Deutsche Mutual Fund – **DWS Investment Opportunity Fund (formerly Deutsche Investment Opportunity Fund)** ("the Scheme") as at March 31, 2006 and the related Revenue Account for the year ended on that date, both of which we have signed under reference to this report. These financial statements are the responsibility of the Trustee of Deutsche Mutual Fund and the Management of Deutsche Asset Management (India) Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned at March 31, 2006 by correspondence with the custodian. 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.
3. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us,
  - (i) The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable, and also give respectively, a true and fair view of the state of affairs of Deutsche Mutual Fund – DWS Investment Opportunity Fund as at March 31, 2006 and its net surplus for the year ended on that date.
  - (ii) The Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended on that date, together with the notes thereon have been prepared in all material respects 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 and amendments thereto as applicable.
  - (iii) The method used to value equity shares awaiting listing in good faith as at March 31, 2006 as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund is fair and reasonable.

K. H. Vachha  
*Partner*  
Membership No. F/30798

For and on behalf of  
**Price Waterhouse**  
*Chartered Accountants*

Place : Mumbai  
Date : August 30, 2006

# Balance Sheet

as at March 31, 2006

	Schedule	March 31, 2006 Rupees	March 31, 2005 Rupees
<b>Assets</b>			
Investments	1	68,700,625	188,239,211
Other Current Assets	2	7,985,627	11,030,214
<b>TOTAL</b>		<b>76,686,252</b>	199,269,425
<b>Liabilities</b>			
Unit Capital	3	45,487,406	168,346,387
Reserves and Surplus	4	30,444,609	27,722,852
Current Liabilities and Provisions	5	754,237	3,200,186
<b>TOTAL</b>		<b>76,686,252</b>	199,269,425

## Reconciliation of Net Asset Value Per Unit

	March 31, 2006			March 31, 2005		
	Growth Plan Rupees	Dividend Plan Rupees	Total Rupees	Growth Plan Rupees	Dividend Plan Rupees	Total Rupees
Net Assets as per Balance Sheet (Total Assets less Current Liabilities and Provisions) (Note 2.6)	23,908,785	52,023,230	75,932,015	41,720,220	154,349,019	196,069,239
Number of Units in Issue	1,180,755.671	3,367,984.980		3,353,781.257	13,480,857.517	
Net Asset Value per Unit	20.25	15.45		12.44	11.45	

Notes to the Financial Statements 8

The schedules referred to herein form an integral part of the Financial Statements

This is the Balance Sheet referred to in our report of even date.

K. H. VACHHA  
Partner

For and on behalf of  
PRICE WATERHOUSE  
Chartered Accountants

For **Deutsche Trustee Services (India)  
Private Limited**

Gunit Chadha  
Director

Y. B. Desai  
Director

Debabrata Bhadury  
Director

M. H. Kania  
Director

A. S. Mitra  
Director

Eduoard Fernen Peter  
Director

For **Deutsche Asset Management (India)  
Private Limited**

Stephen Paul Harris  
Director

Kersi M. Gherda  
Director

Vijay P. Gokhale  
Director

Vinay Kulkarni  
Portfolio Manager

Sandeep Dasgupta  
Director

Bhalchandra Bhide  
Director

Carl Saldanha  
Director

Place: Mumbai  
Date : August 30, 2006



Deutsche Asset Management

# Revenue Account

for the year ended March 31, 2006

	Schedule	April 01, 2005 to March 31, 2006 Rupees	April 01, 2004 to March 31, 2005 Rupees
<b>Income and Gains</b>			
Dividends (Note 2.4)		2,363,403	7,866,670
Interest and Discount	6	787,280	897,514
Net Profit on Sale of Investments (Note 2.3)		156,265,279	27,973,445
<b>TOTAL</b>		<b>159,415,962</b>	<b>36,737,629</b>
<b>Expenses and Losses</b>			
Investment Management and Advisory Fees (Note 3)		2,737,561	4,432,785
Trustee Fees and Expenses (Note 4)		21,900	35,462
Transfer Agent Fees and Expenses		555,282	545,265
Custodian Fees and Expenses (Note 5)		188,771	315,349
Audit Fees		4,910	78,975
Selling and Distribution Expenses		1,372,356	2,039,959
Other Operating Expenses		692,628	1,279,842
		<b>5,573,408</b>	<b>8,727,637</b>
Less : Expenses to be Reimbursed by the Investment Manager (Note 7)		645,800	748,624
<b>TOTAL</b>		<b>4,927,608</b>	<b>7,979,013</b>
<b>Net Surplus for the Year</b>		<b>154,488,354</b>	<b>28,758,616</b>
Net Change in Unrealised (Depreciation)/ Appreciation in Value of Investments	7	(28,903,881)	38,566,702
<b>Net Surplus including Net Change in Unrealised Depreciation / Appreciation in Value of Investments</b>		<b>125,584,473</b>	<b>67,325,318</b>

	April 01, 2005 to March 31, 2006			April 01, 2004 to March 31, 2005		
	Growth Plan Rupees	Dividend Plan Rupees	Total Rupees	Growth Plan Rupees	Dividend Plan Rupees	Total Rupees
Net Surplus including Net Change in Unrealised Depreciation / Appreciation in Value of Investments by Plan	11,101,776	114,482,697	125,584,473	14,918,236	52,407,082	67,325,318
Transfer From Dividend Equalisation Reserve (Note 2.8)	(8,995,066)	(17,292,877)	(26,287,943)	3,182,722	(2,544,980)	637,742
Dividend Distribution	-	(88,173,704)	(88,173,704)	-	(15,814,632)	(15,814,632)
Balance Transferred to Reserve Fund	2,106,710	9,016,116	11,122,826	18,100,958	34,047,470	52,148,428

Notes to the Financial Statements 8

The Schedules referred to herein form an integral part of the Financial Statements

This is the Revenue Account referred to in our report of even date.

<b>K. H. VACHHA</b> <i>Partner</i>	<b>For Deutsche Trustee Services (India) Private Limited</b>		<b>For Deutsche Asset Management (India) Private Limited</b>	
For and on behalf of <b>PRICE WATERHOUSE</b> <i>Chartered Accountants</i>	<b>Gunit Chadha</b> <i>Director</i>	<b>M. H. Kania</b> <i>Director</i>	<b>Stephen Paul Harris</b> <i>Director</i>	<b>Sandeep Dasgupta</b> <i>Director</i>
	<b>Y. B. Desai</b> <i>Director</i>	<b>A. S. Mitra</b> <i>Director</i>	<b>Kersi M. Gherda</b> <i>Director</i>	<b>Bhalchandra Bhide</b> <i>Director</i>
	<b>Debabrata Bhadury</b> <i>Director</i>	<b>Eduoard Ferner Peter</b> <i>Director</i>	<b>Vijay P. Gokhale</b> <i>Director</i>	<b>Carl Saldanha</b> <i>Director</i>
Place: Mumbai Date : August 30, 2006			<b>Vinay Kulkarni</b> <i>Portfolio Manager</i>	



## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

	March 31, 2006		March 31, 2005	
	Market / Fair Value Rupees	Cost Rupees	Market / Fair Value Rupees	Cost Rupees
<b>Schedule 1</b>				
<b>Investments</b>				
(Notes 2.2, 2.3, 8, 9, 10, 11 and 14)				
(Refer to the attached Statement of Portfolio Holding as at March 31, 2006)				
Equity Shares	68,700,625	59,265,581	188,239,211	149,900,286
<b>TOTAL</b>	<b>68,700,625</b>	<b>59,265,581</b>	188,239,211	149,900,286

	March 31, 2006		March 31, 2005	
	Rupees	Rupees	Rupees	Rupees
<b>Schedule 2</b>				
<b>Other Current Assets</b>				
Balance with Banks				
– in Current Account			6,379,385	10,197,719
– in Dividend Account (Note 15)			17,622	–
Unit Subscription Receivable			–	66,000
Inter-Scheme Receivable - Others			10,000	–
Dividend Receivable			–	12,551
Application Money Pending Allotment - Equity Shares			927,500	–
Receivable from the Investment Manager			645,800	748,624
Tax Deducted at Source			5,320	5,320
<b>TOTAL</b>			<b>7,985,627</b>	11,030,214

	March 31, 2006		March 31, 2005	
	Rupees	Units	Rupees	Units
<b>Schedule 3</b>				
<b>Unit Capital</b>				
<b>Growth Plan</b>				
<b>Issued and Subscribed:</b>				
Units of Rs.10 each fully paid-up	75,311,027	7,531,102.700	75,311,027	7,531,102.700
<b>Outstanding:</b>				
At the beginning of the year	33,537,812	3,353,781.257	178,143,794	17,814,379.424
Issued during the year	14,480,043	1,448,004.342	85,577,193	8,557,719.337
	48,017,855	4,801,785.599	263,720,987	26,372,098.761
Redeemed during the year	36,210,299	3,621,029.928	230,183,175	23,018,317.504
At the end of the year	11,807,556	1,180,755.671	33,537,812	3,353,781.257
<b>Dividend Plan</b>				
<b>Issued and Subscribed:</b>				
Units of Rs.10 each fully paid-up	206,718,379	20,671,837.890	206,718,379	20,671,837.890
<b>Outstanding:</b>				
At the beginning of the year	134,808,575	13,480,857.517	292,888,687	29,288,868.716
Issued during the year	342,447,537	34,244,753.712	156,095,007	15,609,500.656
	477,256,112	47,725,611.229	448,983,694	44,898,369.372
Redeemed during the year	443,576,262	44,357,626.249	314,175,119	31,417,511.855
At the end of the year	33,679,850	3,367,984.980	134,808,575	13,480,857.517
<b>TOTAL</b>	<b>45,487,406</b>	<b>4,548,740.651</b>	168,346,387	16,834,638.774

## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

	March 31, 2006			March 31, 2005		
	Growth Plan Rupees	Dividend Plan Rupees	Total Rupees	Growth Plan Rupees	Dividend Plan Rupees	Total Rupees
<b>Schedule 4</b>						
<b>Reserves and Surplus</b>						
<b>Unit Premium Reserve (Note 2.7)</b>						
At the beginning of the year	(8,799,694)	(12,499,303)	(21,298,997)	213,832	519,760	733,592
Added during the year	1,812,111	(10,213,180)	(8,401,069)	(9,013,526)	(13,019,063)	(22,032,589)
At the end of the year	(6,987,583)	(22,712,483)	(29,700,066)	(8,799,694)	(12,499,303)	(21,298,997)
<b>Dividend Equalisation Reserve (Note 2.8)</b>						
Added during the year	(8,995,066)	(17,292,877)	(26,287,943)	3,182,722	(2,544,980)	637,742
Transferred to Revenue Account	8,995,066	17,292,877	26,287,943	(3,182,722)	2,544,980	(637,742)
At the end of the year	-	-	-	-	-	-
<b>Reserve Fund</b>						
At the beginning of the year	16,982,102	32,039,747	49,021,849	(1,118,856)	(2,007,723)	(3,126,579)
Balance Transferred from Revenue Account	2,106,710	9,016,116	11,122,826	18,100,958	34,047,470	52,148,428
At the end of the year [including net unrealised appreciation in value of investments Rs. 9,435,044 (2005 - unrealised appreciation Rs. 38,338,925)]	19,088,812	41,055,863	60,144,675	16,982,102	32,039,747	49,021,849
<b>TOTAL</b>	<b>12,101,229</b>	<b>18,343,380</b>	<b>30,444,609</b>	<b>8,182,408</b>	<b>19,540,444</b>	<b>27,722,852</b>

	March 31, 2006 Rupees	March 31, 2005 Rupees
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## Schedule 5

### Current Liabilities and Provisions

#### Current Liabilities

Investment Management and Advisory Fees	74,761	222,311
Trustee Fees and Expenses	598	1,779
Transfer Agent Fees and Expenses	44,672	46,729
Custodian Fees and Expenses	9,552	14,581
Audit Fees	4,910	78,975
Redemption of Units	140,478	2,232,005
Selling and Distribution Expenses	179,655	252,109
Unclaimed Dividend (Note 15)	17,622	-
Unclaimed Redemption (Note 16)	23,517	-
Initial Issue Expenses Payable to Investment Manager	88,601	88,601
Sundry Payables	169,871	263,096
<b>TOTAL</b>	<b>754,237</b>	<b>3,200,186</b>

## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

	April 01, 2005 to March 31, 2006 Rupees	April 01, 2004 to March 31, 2005 Rupees
<b>Schedule 6</b>		
<b>Interest and Discount</b>		
<b>(Note 2.4)</b>		
Debentures / Bonds	60,702	16,907
Treasury Bills	–	3,456
Commercial Paper / Certificate of Deposit	3,498	–
Reverse Repos	723,080	851,202
Others	–	25,949
<b>TOTAL</b>	<b>787,280</b>	<b>897,514</b>

	April 01, 2005 to March 31, 2006 Rupees	April 01, 2004 to March 31, 2005 Rupees
<b>Schedule 7</b>		
<b>Unrealised (Depreciation) / Appreciation in Value of Investments</b>		
<b>(Note 8)</b>		
Equity Shares		
At the beginning of the year	38,338,925	(227,777)
At the end of the year	9,435,044	38,338,925
<b>Net change in unrealised (depreciation) / appreciation in value of investments during the year</b>	<b>(28,903,881)</b>	<b>38,566,702</b>

## Schedule 8

### Notes to the Financial Statements

#### 1. Organisation

DWS Investment Opportunity Fund (formerly, Deutsche Investment Opportunity Fund (the "Scheme") is an open-ended scheme of Deutsche Mutual Fund (the "Fund") and was launched on January 15, 2004. Deutsche Mutual Fund has been sponsored by Deutsche Asset Management (Asia) Limited. Deutsche Asset Management (India) Private Limited incorporated under the Companies Act, 1956, has been appointed as the asset management company. The duration of the Scheme is perpetual. The Scheme closed for initial subscription on January 29, 2004 and reopened for issue and redemption of units on February 11, 2004. The investment objective of the Scheme is to generate capital appreciation on the portfolio over a long term period by actively investing in different asset classes as per market conditions.

The Scheme has two plans - Growth Plan and Dividend Plan.

The Scheme will not declare dividend under the Growth Plan. The income earned on such units will remain invested within the Scheme and will be reflected in the net asset value.

The name of the Scheme has been changed from Deutsche Investment Opportunity Fund to DWS Investment Opportunity Fund subsequent to the year end for which necessary approvals have been received.

#### 2. Significant Accounting Policies

##### 2.1 Basis of Accounting

The Scheme maintains its books of account on an accrual basis. These financial statements 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 (the "Regulations") and amendments thereto, as applicable.

##### 2.2 Portfolio Valuation

Investments are stated at market / fair value at the Balance Sheet date / date of determination. In valuing the Scheme's investments:

- i. Equity securities listed on a recognized stock exchange are valued at the last quoted closing price on the Bombay Stock Exchange Limited (BSE). If on a particular valuation day, a security is not traded on BSE, the value at which it is traded on the National Stock Exchange of India Limited (NSE) is used. If no sale is reported at that time, the last quoted closing

# Schedules

## forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

price on the principal stock exchange on which the security is traded is used when it is not more than thirty days prior to the valuation date.

- ii. Non-traded and thinly traded equity securities, including those not traded within thirty days prior to the valuation date are valued at fair value as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by the Securities and Exchange Board of India (SEBI).
- iii. Equity shares awaiting listing are valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- iv. Debt securities listed on a recognized stock exchange are valued at the last quoted closing price on the NSE. If no sale is reported at that time, such security is valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- v. Non-traded and thinly traded debt securities are valued at fair value as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by SEBI.
- vi. Privately placed debt securities are valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- vii. Instruments bought on 'repo' basis are valued at the resale price after deduction of applicable interest up to the date of resale.
- viii. Traded money market securities are valued at the yield at which they are traded on the valuation date. If no sale is reported at that time, such security is valued at the last traded price plus accretion of the difference between the face value and the last traded price. Non-traded money market instruments are valued at cost plus accrued interest.

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 Regulations) net unrealized appreciation / depreciation in the value of investments is determined separately for each category of investments. Further the change in net unrealized appreciation / depreciation, if any, between two Balance Sheet dates / dates of determination is recognized in the Revenue Account. Unrealized appreciation is reduced from the distributable income at the time of income distribution. At the end of the financial year, the balance in the Revenue Account including change in the net unrealized appreciation or depreciation in the value of investments is transferred to Reserve Fund.

### 2.3 Securities Transaction

Investment securities transactions are accounted for on a trade date basis. The Scheme uses the average cost method for determining the realized gain or loss on sale of investments.

### 2.4 Investment Income

Dividend and interest income are recorded on an accrual basis.

### 2.5 Initial Issue Expenses

Initial issue expenses of upto 2% of the amount mobilized during the initial offer period was borne by the Scheme and charged to the Revenue Account in the year of incurrence. Expenses over and above 2% were borne by the asset management company.

### 2.6 Net Asset Value for Growth / Dividend Plans

The net asset value of the units of the Scheme is determined separately for the units issued under the Growth and Dividend Plans.

For reporting the net asset value for the Plans, daily income earned, including realized and unrealized gain or loss in the value of investments and expenses incurred by the Scheme are allocated to the Plans in proportion to the value of the units outstanding.

### 2.7 Unit Premium Reserve

Upon issue and redemption of units, the net premium or discount to the face value of units is adjusted against the unit premium reserve of the Scheme, after an appropriate portion of the issue proceeds and redemption payout is credited or debited respectively to the dividend equalization reserve.

The unit premium reserve is available for dividend distribution except to the extent it is represented by unrealized net appreciation in value of investments.

### 2.8 Dividend Equalisation Reserve

The net distributable income relating to units issued / repurchased is transferred to / from dividend equalization reserve for determining the net surplus / deficit, transferred from / to unit premium reserve.

# Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

## 2.9 Load

Load collected is retained under a separate account in the Scheme and is used to meet the selling and distribution expenses of the Scheme.

## 3. Investment Management and Advisory Fees

The Scheme has paid or provided for investment management and advisory fees payable to Deutsche Asset Management (India) Private Limited for managing the Scheme at an annual rate of 1.25% of the average daily net asset values recorded by the Scheme up to Rs.100 crores. All costs, charges and expenses incurred by Deutsche Asset Management (India) Private Limited in the administration and execution of the activities of the Scheme, except costs allowed to be charged to the Scheme under the Regulations and amendments thereto, as applicable, are on their own account for which they receive investment management and advisory fees.

## 4. Trustee Fees

In accordance with the Deed of Trust dated May 29, 2002 between Deutsche Asset Management (Asia) Limited (the "Settlor") and Deutsche Trustee Services (India) Private Limited (the "Trustee"), the Scheme has paid or provided for trustee fees payable to the Trustee at an annual rate of 0.01% of the average daily net asset values recorded by the Scheme.

## 5. Custodian Fees

J P Morgan Chase Bank provides custodial services to the Scheme for which it receives custody fees.

## 6. Income Taxes

No provision for taxation has been made as the Scheme qualifies as a recognized mutual fund under Section 10 (23D) of the Income Tax Act, 1961 of India. For taxes deducted at source from investment income which are recoverable, a receivable is recorded in the books of account.

## 7. Limitation on Expenses

The total expenses chargeable to the Scheme is limited to an annual rate of 2.25% of the average daily net asset values recorded by the Scheme upto Rs.100 crores. Deutsche Asset Management (India) Private Limited has borne Rs. 645,800 in excess of the above mentioned percentage of the average daily net assets allowable to be charged to the Scheme as total expenses for the year.

## 8. Aggregate Appreciation and Depreciation In Value of Investments

Aggregate appreciation and depreciation in value of investments is as follows:

	March 31, 2006 Rupees	March 31, 2005 Rupees
Equity Shares		
- Appreciation	10,102,648	41,814,331
- Depreciation	667,604	3,475,406

## 9. Aggregate Fair Value of Non-Traded Investments

Aggregate fair value of non-traded (including privately placed) investments as determined by Deutsche Asset Management (India) Private Limited under the procedures approved by the Trustee as at March 31, 2006 is Rs.364,420.

## 10. Illiquid Securities

Illiquid security as a percentage of net asset value at March 31, 2006 is 0.17%.

## 11. Aggregate Value of Purchases and Sale of Investments

The aggregate value of investment securities purchased and sold (including matured) during the financial year are Rs. 893,195,239 (excluding accretion of discount Rs. 3,498) and Rs. 1,140,098,721 respectively being 407.84% and 520.58% of the average daily net assets.

## 12. Income and Expenses

The total income (including net profit on sale of investments and net change in unrealized appreciation / depreciation in the value of investments) and expenditure is Rs. 130,512,081 and Rs. 4,927,608 respectively being 59.59% and 2.25% of average daily net assets.

## 13. Disclosure Under Regulation 25(8) of the Securities and Exchange Board of India (Mutual Funds) Regulation, 1996 as amended

Deutsche Bank AG, Mumbai Branch and Kotak Mahindra Bank Limited, associate entities of Deutsche Asset Management (India) Private Limited were paid commission amounting to Rs. 91,025 and Rs. 831,622 respectively for procuring unit subscriptions for the Scheme. Further Deutsche Equities India Private Limited was paid brokerage of Rs. 360,935 on purchase and sale of investments by the Scheme. The commission and brokerage paid were at rates similar to those offered to other distributors / brokers.

# Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

## 14. Disclosure Under Regulation 25 (11) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended

Deutsche Mutual Fund has made the following investments in companies, which hold units in excess of 5% of the net asset value of any Scheme of Deutsche Mutual Fund.

Company Name	Schemes invested in by the Company	Investment made by Schemes of Deutsche Mutual Fund in the Company / Subsidiary	Aggregate for the period under Regulation 25(11) At Cost (Rupees in lakhs)	Outstanding as at March 31, 2006 At Market / Fair Value (Rupees in lakhs)
DSP Merrill Lynch Capital Limited	DWS Insta Cash Plus Fund	DWS Insta Cash Plus Fund	6,784.00	129.64
		DWS Fixed Term Fund - Series 7	4,216.78	-
		DWS Floating Rate Fund	3,401.99	-
		DWS Fixed Term Fund - Series 3	867.67	878.66
		DWS Short Maturity Fund	493.73	110.43
		DWS MIP Fund - Plan A	235.17	67.22
		DWS Fixed Term Fund - Series 2	197.10	201.66
		DWS MIP - Fund - Plan B	107.45	38.41
		DWS Fixed Term Fund	14.08	14.40
Grasim Industries Limited	DWS Fixed Term Fund - Series 3	DWS Alpha Equity Fund	678.02	329.27
		DWS Tax Saving Fund	220.54	246.95
		DWS Investment Opportunity Fund	55.14	61.74
		DWS Tax Saving Fund^	125.26	136.89
		DWS Alpha Equity Fund^	72.68	-
Hindustan Lever Limited	DWS Fixed Term Fund - Series 4 DWS Fixed Term Fund - Series 6	DWS Alpha Equity Fund	495.15	-
Hindustan Zinc Limited	DWS Insta Cash Plus Fund DWS Fixed Term Fund - Series 5	DWS Alpha Equity Fund	170.99	261.60
Infosys Technologies Limited	DWS Insta Cash Plus Fund	DWS Alpha Equity Fund	2,967.35	-
		DWS Investment Opportunity Fund	480.71	-
		DWS MIP Fund - Plan A	136.65	8.94
		DWS MIP Fund - Plan B	25.99	-
ITC Limited	DWS Floating Rate Fund DWS Short Maturity Fund DWS Fixed Term Fund - Series 7 DWS Insta Cash Plus Fund	DWS Alpha Equity Fund	1,316.00	136.47
		DWS Investment Opportunity Fund	413.51	48.74
		DWS Tax Saving Fund	171.58	97.48
		DWS MIP Fund - Plan A	28.10	12.67
		DWS MIP Fund - Plan B	12.20	-
Larsen & Toubro Limited	DWS Alpha Equity Fund DWS Insta Cash Plus Fund	DWS Alpha Equity Fund	1,765.39	152.04
		DWS Floating Rate Fund	1,000.00	-
		DWS Insta Cash Plus Fund	900.00	-
		DWS Investment Opportunity Fund	177.45	36.49
		DWS Tax Saving Fund	122.28	121.63
		DWS Short Maturity Fund	100.00	-
		DWS MIP Fund - Plan B	3.73	-
		DWS Insta Cash Plus Fund^^	18,202.34	2,200.00
		DWS Floating Rate Fund^^	3,800.00	1,297.19
		DWS Fixed Term Fund - Series 7^^	3,700.00	-
		DWS Short Maturity Fund^^	1,800.00	-
DWS Fixed Term Fund^^	1,799.21	797.75		
DWS Fixed Term Fund - Series 2^^	1,698.95	1,698.03		
DWS Money Plus Fund ^^	200.00	-		
Sterlite Industries India Limited	DWS Fixed Term Fund - Series 7	DWS Insta Cash Plus Fund	21,140.00	-
		DWS Floating Rate Fund	12,020.00	-

## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

Company Name	Schemes invested in by the Company	Investment made by Schemes of Deutsche Mutual Fund in the Company / Subsidiary	Aggregate for the period under Regulation 25(11) At Cost (Rupees in lakhs)	Outstanding as at March 31, 2006 At Market / Fair Value (Rupees in lakhs)
		DWS Short Maturity Fund	3,220.00	–
		DWS Fixed Term Fund - Series 7	1,000.00	–
		DWS Fixed Term Fund - Series 8	800.00	–
		DWS Alpha Equity Fund	662.57	384.88
		DWS Premier Bond Fund	160.00	–
		DWS MIP Fund - Plan A	100.00	–
		DWS Investment Opportunity Fund	67.51	78.73
		DWS MIP Fund - Plan B	50.00	–
		DWS Fixed Term Fund - Series 4	10.00	–
The Tata Steel Limited	DWS Insta Cash Plus Fund	DWS Alpha Equity Fund	2,065.32	375.48
	DWS Fixed Term Fund - Series 7	DWS Investment Opportunity Fund	822.49	–
		DWS Tax Saving Fund	116.78	134.10
		DWS MIP Fund - Plan A	116.41	–
		DWS MIP Fund - Plan B	35.50	–
The Bombay Dyeing and Manufacturing Company Limited	DWS Short Maturity Fund	DWS Fixed Term Fund - Series 2	2,000.00	–
Videsh Sanchar Nigam Limited	DWS Insta Cash Plus Fund	DWS Investment Opportunity Fund	94.30	–
	DWS Short Maturity Fund	DWS Alpha Equity Fund	73.24	–

^ DTSF and DAEF have invested in Ultratech Cemco which is a subsidiary of Grasim Industries Limited.

^^ DICPF, DFRF, DFTF-7, DSMF, DFTF, DFTF-2 and DMPF have invested in L&T Finance Limited which is a subsidiary of Larsen & Toubro Limited.

The above investments comprise equity shares, debentures / bonds, commercial paper, fixed deposits and other debt instruments. These investments have been made on account of their high credit quality and competitive yield for the investment in fixed income / money market instruments and in case of equity shares because of attractive valuations of these companies.

### 15. Unclaimed Dividend

As at March 31, 2006 unclaimed dividends aggregate Rs. 17,622 payable to fourteen investors. These details are based on confirmations received from the Scheme's Registrar and Transfer Agent that maintain information of unclaimed dividends on behalf of the Scheme.

### 16. Unclaimed Redemption

As at March 31, 2006 unclaimed redemptions aggregate Rs. 23,517 payable to three investors. These details are based on confirmations received from the Scheme's Registrar and Transfer Agent that maintain information of unclaimed redemptions on behalf of the Scheme.

### 17. Perspective Historical Per Unit Statistics \*

	April 01, 2005 to March 31, 2006 Rupees	April 01, 2004 to March 31, 2005 Rupees	January 15, 2004 to March 31, 2004 Rupees
(a) Net asset value per unit at the end of the year / period (Note 2.6)			
Growth Plan	20.25	12.44	9.95
Dividend Plan	15.45	11.45	9.95
(b) Gross Income			
(i) income other than profit on sale of investment	0.69	0.52	0.01
(ii) income from profit on inter-scheme sales / transfer of investment	0.00	0.00	0.00
(iii) income (net) from profit on sale of investments to third party	34.35	1.66	0.06
(iv) transfer of revenue account from past year's reserve	0.00	0.00	NA

## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

	April 01, 2005 to March 31, 2006 Rupees	April 01, 2004 to March 31, 2005 Rupees	January 15, 2004 to March 31, 2004 Rupees
(c) Aggregate of expenses, writeoff, amortisation and charges ( ^ including initial issue expenses)	1.08	0.47	0.15 ^
(d) Net income	33.96	1.71	(0.08)
(e) Net change in unrealised (depreciation) / appreciation in value of investments	(6.35)	2.29	(0.00)#
(f) Redemption price			
– Highest			
Growth Plan	20.25	13.19	10.64
Dividend Plan	15.90	12.92	10.64
– Lowest			
Growth Plan	11.42	7.98	9.42
Dividend Plan	10.51	7.98	9.42
(g) Purchase price			
– Highest			
Growth Plan	19.81	13.14	10.64
Dividend Plan	15.90	12.92	10.64
– Lowest			
Growth Plan	11.42	7.98	9.42
Dividend Plan	10.51	7.98	9.42
(h) Price earnings ratio	NA	NA	NA
(i) Ratio of expenses (excluding initial issue expenses) to average daily net assets by percentage	2.25%	2.25%	2.23%@
(j) Ratio of gross income (including net profit on sale of investments and net change in unrealised appreciation / depreciation in value of investments) to average daily net assets by percentage	59.59%	21.28%	5.27%@

\* The above per unit calculations are based on the number of units in issue at the end of the financial year / period

@ The ratio of expenses and gross income to average daily net assets by percentage have been annualised for the period February 05, 2004 to March 31, 2004.

# Below Rs. 0.01 per unit

### 18. Composition of Board of Directors of Investment Manager

An independent Director of Deutsche Asset Management (India) Private Limited ('the Company') had resigned from the Board of Directors ('the Board') with effect from October 31, 2005 due to which the composition of the Board was reduced to below the minimum requirement of 50% independent directors as required under the Regulations. An independent Director was appointed on the Board on February 6, 2006, after which the composition of the Board was in compliance with the Regulations. The Company has informed the Securities and Exchange Board of India of the same.

### 19. Prior Year's Figures

Prior year's figures have been regrouped / rearranged where appropriate.

Signatures to the Schedules 1 to 8 forming part of the Balance Sheet and the Revenue Account.

K. H. VACHHA  
Partner

For **Deutsche Trustee Services (India)  
Private Limited**

For **Deutsche Asset Management (India)  
Private Limited**

For and on behalf of  
PRICE WATERHOUSE  
Chartered Accountants

Gunit Chadha  
Director

M. H. Kania  
Director

Stephen Paul Harris  
Director

Sandeep Dasgupta  
Director

Y. B. Desai  
Director

A. S. Mitra  
Director

Kersi M. Gherda  
Director

Bhalchandra Bhide  
Director

Debabrata Bhadury  
Director

Eduoard Ferner Peter  
Director

Vijay P. Gokhale  
Director

Carl Saldanha  
Director

Place: Mumbai  
Date : August 30, 2006

Vinay Kulkarni  
Portfolio Manager



# Statement of Portfolio Holding

as at March 31, 2006

(Referred to in Schedule 1 to the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006)

Description	Quantity	Market / Fair Value Rupees
<b>Equity Shares (100%)</b>		
<b>Auto (4.00%)</b>		
Bajaj Auto Limited	1,000	2,746,850
		<b>2,746,850</b>
<b>Banks (8.45%)</b>		
State Bank of India	6,000	5,808,300
		<b>5,808,300</b>
<b>Cement (8.99%)</b>		
Grasim Industries Limited@	3,000	6,173,850
		<b>6,173,850</b>
<b>Consumer Non-Durables (7.09%)</b>		
ITC Limited@	25,000	4,873,750
		<b>4,873,750</b>
<b>Industrial Capital Goods (13.58%)</b>		
McNally Bharat Engineering Company Limited	30,000	4,191,000
ABG Heavy Industries Limited	5,000	1,484,500
Larsen and Toubro Limited@	1,500	3,648,900
		<b>9,324,400</b>
<b>Industrial Products (14.52%)</b>		
Bharat Forge Limited	12,000	5,338,200
Jain Irrigation Systems Limited	17,000	4,262,750
Solar Explosives Limited*	1,918	364,420
		<b>9,965,370</b>
<b>Media and Entertainment (8.33%)</b>		
Entertainment Network India Limited	9,000	1,975,950
INOX Leisure Limited	17,685	3,750,104
		<b>5,726,054</b>
<b>Non - Ferrous Metals (11.46%)</b>		
Sterlite Industries (India) Limited@	4,500	7,872,525
		<b>7,872,525</b>
<b>Petroleum Products (9.27%)</b>		
Reliance Industries Limited	8,000	6,370,000
		<b>6,370,000</b>
<b>Software (6.06%)</b>		
Mphasis BFL Limited	20,000	4,166,000
		<b>4,166,000</b>
<b>Telecom - Services (6.37%)</b>		
Reliance Communication Ventures Limited	14,177	4,379,275
		<b>4,379,275</b>
<b>Textile Products (1.88%)</b>		
Raymond Limited	2,500	1,294,250
		<b>1,294,250</b>
<b>TOTAL INVESTMENTS</b>	<b>(Cost - Rs. 59,265,581)</b>	<b>68,700,625</b>

Confirmation has been received from J P Morgan Chase Bank, Mumbai Branch at the end of the financial year for the investments held by them.

\* Equity shares awaiting listing valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee.

@ Investment in companies which have invested more than five per cent of the net asset value of any Scheme of Deutsche Mutual Fund.

# Auditors' Report

To the Trustee

## DEUTSCHE MUTUAL FUND

1. We have audited the Balance Sheet of Deutsche Mutual Fund – **DWS MIP Fund (formerly Deutsche MIP Fund)** ("The Scheme") as at March 31, 2006 and the related Revenue Account for the year ended on that date, both of which we have signed under reference to this report. These financial statements are the responsibility of the Trustee of Deutsche Mutual Fund and the Management of Deutsche Asset Management (India) Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned at March 31, 2006 by correspondence with the custodian and others. 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.
3. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us,
  - (i) The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable, and also give respectively, a true and fair view of the state of affairs of Deutsche Mutual Fund – DWS MIP Fund as at March 31, 2006 and its net surplus for the year ended on that date.
  - (ii) The Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended on that date, together with the notes thereon have been prepared in all material respects 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 and amendments thereto as applicable.
  - (iii) The methods used to value,
    - a) Equity Shares awaiting listing in good faith.
    - b) Privately placed debt securities in good faith and
    - c) Non-traded / thinly traded debt securities in accordance with guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by the Securities and Exchange Board of Indiaas at March 31, 2006 as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund are fair and reasonable.

K. H. Vachha  
*Partner*  
Membership No. F/30798

For and on behalf of  
**Price Waterhouse**  
*Chartered Accountants*

Place : Mumbai  
Date : August 30, 2006

# Balance Sheet

as at March 31, 2006

Schedule	PLAN A	PLAN B	PLAN A	PLAN B
	March 31, 2006 Rupees	March 31, 2006 Rupees	March 31, 2005 Rupees	March 31, 2005 Rupees
<b>Assets</b>				
Investments	1	66,836,279	29,198,475	246,224,196
Other Current Assets	2	2,883,796	1,683,296	9,751,119
<b>TOTAL</b>		<b>69,720,075</b>	<b>30,881,771</b>	255,975,315
<b>Liabilities</b>				
Unit Capital	3	61,666,244	28,017,031	239,270,044
Reserves and Surplus	4	7,346,362	2,509,257	15,452,021
Current Liabilities and Provisions	5	707,469	355,483	1,253,250
<b>TOTAL</b>		<b>69,720,075</b>	<b>30,881,771</b>	255,975,315

## Reconciliation of Net Asset Value Per Unit

	PLAN A					PLAN B				
	March 31, 2006					March 31, 2006				
	Growth Option Rupees	Monthly Dividend Option Rupees	Quarterly Dividend Option Rupees	Annual Dividend Option Rupees	Total Rupees	Growth Option Rupees	Monthly Dividend Option Rupees	Quarterly Dividend Option Rupees	Annual Dividend Option Rupees	Total Rupees
Net Assets as per Balance Sheet (Total Assets less Current Liabilities and Provisions ) (Note 2.5)	25,414,683	11,496,614	21,321,784	10,779,525	69,012,606	14,547,801	6,094,701	8,838,755	1,045,031	30,526,288
Number of Units in Issue	2,118,078.082	1,098,833.020	1,996,381.913	953,331.339		1,261,072.338	593,469.859	851,185.491	95,975.339	
Net Asset Value per Unit	11.9989	10.4626	10.6802	11.3072		11.5361	10.2696	10.3841	10.8885	

	PLAN A					PLAN B				
	March 31, 2005					March 31, 2005				
	Growth Option Rupees	Monthly Dividend Option Rupees	Quarterly Dividend Option Rupees	Annual Dividend Option Rupees	Total Rupees	Growth Option Rupees	Monthly Dividend Option Rupees	Quarterly Dividend Option Rupees	Annual Dividend Option Rupees	Total Rupees
Net Assets as per Balance Sheet (Total Assets less Current Liabilities and Provisions ) (Note 2.5)	153,771,995	37,480,306	51,932,265	11,537,499	254,722,065	58,050,292	30,757,770	57,432,814	3,832,966	150,073,842
Number of Units in Issue	14,222,555.824	3,649,509.910	4,987,815.857	1,067,122.729		5,438,500.002	3,032,162.240	5,595,125.988	359,095.119	
Net Asset Value per Unit	10.8118	10.2700	10.4118	10.8118		10.6740	10.1438	10.2648	10.6740	

Notes to the Financial Statements. 8

The Schedules referred to herein form an integral part of the Financial Statements

This is the Balance Sheet referred to in our report of even date.

K. H. VACHHA  
Partner

For Deutsche Trustee Services (India)  
Private Limited

For Deutsche Asset Management (India)  
Private Limited

For and on behalf of  
PRICE WATERHOUSE  
Chartered Accountants

Gunit Chadha  
Director

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Director

Eduoard Fernen Peter  
Director

Vijay P. Gokhale  
Director

Carl Saldanha  
Director

Place: Mumbai  
Date : August 30, 2006

Suresh Soni  
Portfolio Manager

Vinay Kulkarni  
Portfolio Manager



Deutsche Asset Management  
A Member of the Deutsche Bank Group



# Revenue Account

for the year ended March 31, 2006

Schedule	PLAN A	PLAN B	PLAN A	PLAN B
	April 01, 2005 to March 31, 2006 Rupees	April 01, 2005 to March 31, 2006 Rupees	April 01, 2004 to March 31, 2005 Rupees	April 01, 2004 to March 31, 2005 Rupees
<b>Income and Gains</b>				
Dividends (Note 2.4)	493,766	94,765	1,093,633	261,275
Interest and Discount	6	10,932,973	6,028,756	19,027,093
Net Profit on Sale of Investments [Net of Net Loss on Inter-scheme Sale of Investments Rs. 1,741,310 (2005: Net Profit Rs. 37,279) under Plan A and Rs. 3,915,401 (2005: Rs. 2,578,472) under Plan B] (Note 2.3)	10,896,328	118,173	158,857	1,160,801
<b>TOTAL</b>	<b>22,323,067</b>	<b>6,241,694</b>	25,875,645	20,449,169

## Expenses and Losses

Investment Management and Advisory Fees (Note 3)	1,582,674	689,045	5,109,152	2,776,510
Trustee Fees and Expenses (Note 4)	15,827	6,890	41,164	23,843
Transfer Agent Fees and Expenses	547,009	538,735	550,050	534,650
Custodian Fees and Expenses (Note 5)	116,456	67,254	296,181	161,618
Audit Fees	4,464	1,973	78,975	78,975
Selling and Distribution Expenses	1,265,462	357,215	2,311,246	1,734,697
Other Operating Expenses	402,910	239,213	875,086	452,582
	<b>3,934,802</b>	<b>1,900,325</b>	9,261,854	5,762,875
Less: Expenses to be Reimbursed by the Investment Manager (Note 7)	373,785	354,988	-	393,212
<b>TOTAL</b>	<b>3,561,017</b>	<b>1,545,337</b>	9,261,854	5,369,663
Net Surplus for the Year	18,762,050	4,696,357	16,613,791	15,079,506
Net Change in Unrealised (Depreciation) / Appreciation in Value of Investments	7	(2,578,733)	763,864	2,491,879
<b>Net Surplus including Net Change in Unrealised Depreciation / Appreciation in Value of Investments</b>	<b>16,183,317</b>	<b>5,460,221</b>	19,105,670	12,779,560

	PLAN A					PLAN B				
	April 01, 2005 to March 31, 2006					April 01, 2005 to March 31, 2006				
	Growth Option Rupees	Monthly Dividend Option Rupees	Quarterly Dividend Option Rupees	Annual Dividend Option Rupees	Total Rupees	Growth Option Rupees	Monthly Dividend Option Rupees	Quarterly Dividend Option Rupees	Annual Dividend Option Rupees	Total Rupees
Net Surplus including Net Change in Unrealised Depreciation / Appreciation in Value of Investments by Option	10,791,677	1,499,512	2,996,543	895,585	16,183,317	2,592,027	1,255,926	1,483,064	129,204	5,460,221
Transfer from Dividend Equalisation Reserve (Note 2.7)	(17,319,359)	(320,783)	(943,230)	33,134	(18,550,238)	(3,663,336)	(337,834)	(762,020)	(32,417)	(4,795,607)
Transfer from Reserve Fund	-	608,568	988,614	666,952	2,264,134	-	359,688	1,217,630	215,457	1,792,775
Dividend Distributions	-	(1,465,824)	(2,085,851)	(584,917)	(4,136,592)	-	(714,341)	(1,629,611)	(186,821)	(2,530,773)
Dividend Tax Thereon	-	(253,525)	(322,069)	(82,035)	(657,629)	-	(122,482)	(281,406)	(28,636)	(432,524)
Balance Transferred to Reserve Fund	(6,527,682)	67,948	634,007	928,719	(4,897,008)	(1,071,309)	440,957	27,657	96,787	(505,908)

# Revenue Account (Contd...)

for the year ended March 31, 2006

Schedule

	PLAN A					PLAN B				
	April 01, 2004 to March 31, 2005					April 01, 2004 to March 31, 2005				
	Growth Option Rupees	Monthly Dividend Option Rupees	Quarterly Dividend Option Rupees	Annual Dividend Option Rupees	Total Rupees	Growth Option Rupees	Monthly Dividend Option Rupees	Quarterly Dividend Option Rupees	Annual Dividend Option Rupees	Total Rupees
Net Surplus including Net Unrealised Appreciation / Depreciation in Value of Investments by Option Transfer from Dividend Equalisation Reserve (Note 2.7) Transfer from Reserve Fund Dividend Distributions Dividend Tax Thereon	9,512,240	2,494,336	5,306,208	1,792,886	19,105,670	4,973,615	2,825,237	4,724,377	256,331	12,779,560
Balance Transferred to Reserve Fund	1,143,978	672,391	(518,089)	(588,151)	710,129	(1,740,531)	(411,864)	(677,066)	(58,092)	(2,887,553)
	-	149,859	-	-	149,859	-	405,832	23,480	-	429,312
	-	(2,336,761)	(2,710,165)	-	(5,046,926)	-	(2,320,830)	(2,674,871)	-	(4,995,701)
	-	(373,876)	(397,152)	-	(771,028)	-	(369,184)	(477,898)	-	(847,082)
	10,656,218	605,949	1,680,802	1,204,735	14,147,704	3,233,084	129,191	918,022	198,239	4,478,536

Notes to the Financial Statements 8

The schedules referred to herein form an integral part of the Financial Statements

This is the Revenue Account referred to in our report of even date.

K. H. VACHHA  
Partner

For Deutsche Trustee Services (India)  
Private Limited

For Deutsche Asset Management (India)  
Private Limited

For and on behalf of  
PRICE WATERHOUSE  
Chartered Accountants

Gunit Chadha  
Director

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Debabrata Bhadury  
Director

Eduoard Fernen Peter  
Director

Vijay P. Gokhale  
Director

Carl Saldanha  
Director

Place: Mumbai  
Date : August 30, 2006

Suresh Soni  
Portfolio Manager

Vinay Kulkarni  
Portfolio Manager

# Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

	PLAN A		PLAN B		PLAN A		PLAN B	
	March 31, 2006		March 31, 2006		March 31, 2005		March 31, 2005	
	Market / Fair Value Rupees	Cost Rupees	Market / Fair Value Rupees	Cost Rupees	Market / Fair Value Rupees	Cost Rupees	Market / Fair Value Rupees	Cost Rupees

## Schedule 1

### Investments

(Notes 2.2, 2.3, 8, 9, 10, 11, 12 and 15)

(Refer to the attached Statement of Portfolio Holding as at March 31, 2006)

Equity Shares	8,313,898	4,584,969	1,746,911	862,400	31,612,081	26,317,404	11,906,116	10,160,673
Privately Placed Non-Convertible Debentures / Bonds	-	-	3,646,418	3,807,459	19,176,636	19,242,632	3,806,086	3,807,459
Non-Convertible Debentures / Bonds Listed / Awaiting Listing	14,081,944	14,499,028	3,670,226	3,754,811	32,891,546	33,457,347	31,138,561	32,176,119
Securitized Debt	25,728,798	27,493,048	9,973,286	11,342,637	97,896,433	98,453,240	52,179,329	54,395,438
Government of India Securities	2,179,200	2,191,000	4,358,400	4,382,000	64,647,500	64,639,045	24,306,000	24,314,175
Treasury Bills	-	-	-	-	-	-	441,792	441,950
Commercial Papers / Certificate of Deposit	16,532,439	16,532,439	5,803,234	5,803,234	-	-	1,973,407	1,973,407
<b>TOTAL</b>	<b>66,836,279</b>	<b>65,300,484</b>	<b>29,198,475</b>	<b>29,952,541</b>	246,224,196	242,109,668	125,751,291	127,269,221

	PLAN A	PLAN B	PLAN A	PLAN B
	March 31, 2006 Rupees	March 31, 2006 Rupees	March 31, 2005 Rupees	March 31, 2005 Rupees

## Schedule 2

### Other Current Assets

Balances with Banks				
- in Current Account	1,445,149	748,676	6,388,138	22,224,035
- in Dividend Account (Note 17)	24,866	22,008	3,025	405
Unit Subscription Receivable	-	-	45,000	-
Interest Receivables on :				
- Debentures / Bonds	76,314	61,194	1,590,810	1,495,425
- Government of India Securities	46,428	92,857	1,722,457	647,950
- Securitized Debt	570	-	-	-
Application Money Pending Allotment - Equity Shares	912,500	402,500	-	-
Receivable from Investment Manager	373,780	354,988	-	393,212
Tax Deducted at Source	1,689	1,073	1,689	1,073
Other Receivables	2,500	-	-	-
<b>TOTAL</b>	<b>2,883,796</b>	<b>1,683,296</b>	9,751,119	24,762,100

## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

	PLAN A		PLAN B		PLAN A		PLAN B	
	March 31, 2006		March 31, 2006		March 31, 2005		March 31, 2005	
	Rupees	Units	Rupees	Units	Rupees	Units	Rupees	Units
<b>Schedule 3</b>								
<b>Unit Capital</b>								
<b>Growth Option</b>								
<b>Issued and Subscribed :</b>								
Units of Rs.10 each fully paid-up	328,029,370	32,802,937.000	130,757,769	13,075,776.900	328,029,370	32,802,937.000	130,757,769	13,075,776.900
<b>Outstanding :</b>								
At the beginning of the year	142,225,559	14,222,555.824	54,385,001	5,438,500.002	244,347,374	24,434,737.301	39,652,128	3,965,212.765
Issued during the year	50,461,533	5,046,153.347	3,701,237	370,123.726	340,966,740	34,096,674.004	114,563,866	11,456,386.567
Redeemed during the year	192,687,092	19,268,709.171	58,086,238	5,808,623.728	585,314,114	58,531,411.305	154,215,994	15,421,599.332
At the end of the year	171,506,311	17,150,631.089	45,475,514	4,547,551.390	443,088,555	44,308,855.481	99,830,993	9,983,099.330
At the end of the year	21,180,781	2,118,078.082	12,610,724	1,261,072.338	142,225,559	14,222,555.824	54,385,001	5,438,500.002
<b>Monthly Dividend Option</b>								
<b>Issued and Subscribed :</b>								
Units of Rs.10 each fully paid-up	57,651,822	5,765,182.200	80,412,599	8,041,259.900	57,651,822	5,765,182.200	80,412,599	8,041,259.900
<b>Outstanding :</b>								
At the beginning of the year	36,495,100	3,649,509.910	30,321,622	3,032,162.240	50,596,434	5,059,643.373	89,701,012	8,970,101.238
Issued during the year	24,576,153	2,457,615.293	24,398,824	2,439,882.406	57,934,036	5,793,403.571	38,547,770	3,854,776.968
Redeemed during the year	61,071,253	6,107,125.203	54,720,446	5,472,044.646	108,530,470	10,853,046.944	128,248,782	12,824,878.206
At the end of the year	50,082,922	5,008,292.183	48,785,748	4,878,574.787	72,035,370	7,203,537.034	97,927,160	9,792,715.966
At the end of the year	10,988,331	1,098,833.020	5,934,698	593,469.859	36,495,100	3,649,509.910	30,321,622	3,032,162.240
<b>Quarterly Dividend Option</b>								
<b>Issued and Subscribed :</b>								
Units of Rs.10 each fully paid-up	83,356,958	8,335,695.800	88,979,052	8,897,905.200	83,356,958	8,335,695.800	88,979,052	8,897,905.200
<b>Outstanding :</b>								
At the beginning of the year	49,878,158	4,987,815.857	55,951,260	5,595,125.988	114,897,465	11,489,746.483	88,181,406	8,818,140.601
Issued during the year	3,968,206	396,820.576	1,536,066	153,606.588	53,989,806	5,398,980.646	32,437,759	3,243,775.947
Redeemed during the year	53,846,364	5,384,636.433	57,487,326	5,748,732.576	168,887,271	16,888,727.129	120,619,165	12,061,916.548
At the end of the year	33,882,545	3,388,254.520	48,975,471	4,897,547.085	119,009,113	11,900,911.272	64,667,906	6,466,790.560
At the end of the year	19,963,819	1,996,381.913	8,511,855	851,185.491	49,878,158	4,987,815.857	55,951,259	5,595,125.988
<b>Annual Dividend Option</b>								
<b>Issued and Subscribed :</b>								
Units of Rs.10 each fully paid-up	9,172,225	917,222.480	5,675,376	567,537.600	9,172,225	917,222.480	5,675,376	567,537.600
<b>Outstanding :</b>								
At the beginning of the year	10,671,227	1,067,122.729	3,590,951	359,095.119	56,446,598	5,644,659.794	5,978,178	597,817.785
Issued during the year	4,625,448	462,544.826	130,980	13,097.951	4,296,110	429,611.000	1,545,257	154,525.745
Redeemed during the year	15,296,675	1,529,667.555	3,721,931	372,193.070	60,742,708	6,074,270.794	7,523,435	752,343.530
At the end of the year	5,763,362	576,336.216	2,762,177	276,217.731	50,071,481	5,007,148.065	3,932,484	393,248.411
At the end of the year	9,533,313	953,331.339	959,754	95,975.339	10,671,227	1,067,122.729	3,590,951	359,095.119
<b>TOTAL</b>	<b>61,666,244</b>	<b>6,166,624.354</b>	<b>28,017,031</b>	<b>2,801,703.027</b>	<b>239,270,044</b>	<b>23,927,004.320</b>	<b>144,248,833</b>	<b>14,424,883.349</b>

# Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

	PLAN A					PLAN B				
	March 31, 2006					March 31, 2006				
	Growth Option Rupees	Monthly Dividend Option Rupees	Quarterly Dividend Option Rupees	Annual Dividend Option Rupees	Total Rupees	Growth Option Rupees	Monthly Dividend Option Rupees	Quarterly Dividend Option Rupees	Annual Dividend Option Rupees	Total Rupees
<b>Schedule 4</b>										
<b>Reserves and Surplus</b>										
<b>Unit Premium Reserve (Note 2.6)</b>										
At the beginning of the year	(1,146,584)	187,501	(291,832)	(216,238)	(1,467,153)	46,465	54,078	(57,678)	584	43,449
Added during the year	(784,852)	63,697	(341,535)	118,173	(944,517)	(656,905)	(357,414)	35,318	(38,068)	(1,017,069)
At the end of the year	(1,931,436)	251,198	(633,367)	(98,065)	(2,411,670)	(610,440)	(303,336)	(22,360)	(37,484)	(973,620)
<b>Dividend Equalisation Reserve (Note 2.7)</b>										
Added during the year	(17,319,359)	(320,783)	(943,230)	33,134	(18,550,238)	(3,663,336)	(337,834)	(762,020)	(32,417)	(4,795,607)
Transfer to Revenue Account	17,319,359	320,783	943,230	(33,134)	18,550,238	3,663,336	337,834	762,020	32,417	4,795,607
At the end of the year	-	-	-	-	-	-	-	-	-	-
<b>Reserve Fund</b>										
At the beginning of the year	12,693,020	797,705	2,345,939	1,082,510	16,919,174	3,618,826	382,070	1,539,233	241,431	5,781,560
Transfer to Revenue Account	-	(608,568)	(988,614)	(666,952)	(2,264,134)	-	(359,688)	(1,217,630)	(215,457)	(1,792,775)
Balance Transferred from Revenue Account	(6,527,682)	67,948	634,007	928,719	(4,897,008)	(1,071,309)	440,957	27,657	96,787	(505,908)
At the end of the year **	6,165,338	257,085	1,991,332	1,344,277	9,758,032	2,547,517	463,339	349,260	122,761	3,482,877
<b>TOTAL</b>	<b>4,233,902</b>	<b>508,283</b>	<b>1,357,965</b>	<b>1,246,212</b>	<b>7,346,362</b>	<b>1,937,077</b>	<b>160,003</b>	<b>326,900</b>	<b>85,277</b>	<b>2,509,257</b>

	PLAN A					PLAN B				
	March 31, 2005					March 31, 2005				
	Growth Option Rupees	Monthly Dividend Option Rupees	Quarterly Dividend Option Rupees	Annual Dividend Option Rupees	Total Rupees	Growth Option Rupees	Monthly Dividend Option Rupees	Quarterly Dividend Option Rupees	Annual Dividend Option Rupees	Total Rupees
<b>Reserves and Surplus</b>										
<b>Unit Premium Reserve (Note 2.6)</b>										
At the beginning of the year	(562,452)	(36,325)	28,135	462,814	(107,828)	(94,540)	44	2,905	711	(90,880)
Added during the year	(584,132)	223,826	(319,967)	(679,052)	(1,359,325)	141,005	54,034	(60,583)	(127)	134,329
At the end of the year	(1,146,584)	187,501	(291,832)	(216,238)	(1,467,153)	46,465	54,078	(57,678)	584	43,449
<b>Dividend Equalisation Reserve (Note 2.7)</b>										
Added during the year	1,143,978	672,391	(518,089)	(588,151)	710,129	(1,740,531)	(411,864)	(677,066)	(58,092)	(2,887,553)
Transfer to Revenue Account	(1,143,978)	(672,391)	518,089	588,151	(710,129)	1,740,531	411,864	677,066	58,092	2,887,553
At the end of the year	-	-	-	-	-	-	-	-	-	-



## Schedules

forming part of the Balance Sheet as at March 31, 2005 and the Revenue Account for the year ended March 31, 2005

	PLAN A					PLAN B				
	March 31, 2005					March 31, 2005				
	Growth Option Rupees	Monthly Dividend Option Rupees	Quarterly Dividend Option Rupees	Annual Dividend Option Rupees	Total Rupees	Growth Option Rupees	Monthly Dividend Option Rupees	Quarterly Dividend Option Rupees	Annual Dividend Option Rupees	Total Rupees
<b>Reserves and Surplus (Contd...)</b>										
<b>Reserve Fund</b>										
At the beginning of the year	2,036,802	341,615	665,137	(122,225)	2,921,329	385,742	658,711	644,691	43,192	1,732,336
Transfer to Revenue Account	-	(149,859)	-	-	(149,859)	-	(405,832)	(23,480)	-	(429,312)
Balance Transferred from Revenue Account	10,656,218	605,949	1,680,802	1,204,735	14,147,704	3,233,084	129,191	918,022	198,239	4,478,536
At the end of the year **	12,693,020	797,705	2,345,939	1,082,510	16,919,174	3,618,826	382,070	1,539,233	241,431	5,781,560
<b>TOTAL</b>	<b>11,546,436</b>	<b>985,206</b>	<b>2,054,107</b>	<b>866,272</b>	<b>15,452,021</b>	<b>3,665,291</b>	<b>436,148</b>	<b>1,481,555</b>	<b>242,015</b>	<b>5,825,009</b>

\*\* including net unrealised appreciation in value of investments Rs.1,535,795 (2005: Rs. 4,114,528) for Plan A and net unrealised depreciation in value of investments of Rs.754,066 (2005: Rs.1,517,930) for Plan B

	PLAN A	PLAN B	PLAN A	PLAN B
	March 31, 2006 Rupees	March 31, 2006 Rupees	March 31, 2005 Rupees	March 31, 2005 Rupees

### Schedule 5

#### Current Liabilities and Provisions

	PLAN A	PLAN B	PLAN A	PLAN B
	March 31, 2006 Rupees	March 31, 2006 Rupees	March 31, 2005 Rupees	March 31, 2005 Rupees
<b>Current Liabilities</b>				
Investment Management and Advisory Fees	288,279	27,821	442,569	130,871
Trustee Fees and Expenses	601	279	2,144	1,309
Transfer Agent Fees and Expenses	44,669	44,340	47,293	46,039
Custodian Fees and Expenses	3,785	1,859	26,692	9,208
Audit Fees	4,464	1,973	78,975	78,975
Selling and Distribution Expenses	34,244	15,814	182,610	86,526
Dividend Payable	524	-	-	-
Dividend Distribution Tax Payable	16,374	13,464	-	-
Redemption of Units	108,806	196,232	-	10,663
Inter-Scheme payable - Others	26,000	-	-	-
Unclaimed Redemption (Note 16)	51,875	-	305,289	-
Unclaimed Dividend (Note 17)	24,866	22,008	3,025	405
Sundry Payables	102,982	31,693	164,653	75,553
<b>TOTAL</b>	<b>707,469</b>	<b>355,483</b>	<b>1,253,250</b>	<b>439,549</b>

# Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

	PLAN A	PLAN B	PLAN A	PLAN B
	April 01, 2005 to March 31, 2006	April 01, 2005 to March 31, 2006	April 01, 2004 to March 31, 2005	April 01, 2004 to March 31, 2005
	Rupees	Rupees	Rupees	Rupees

## Schedule 6

### Interest and Discount (Note 2.4)

Debentures / Bonds	3,940,289	1,939,544	11,581,677	6,624,184
Securitized Debt	4,946,508	3,184,500	6,354,584	8,831,652
Government of India Securities	790,081	428,711	5,700,249	2,248,839
Treasury Bills	164,351	56,438	423,718	631,252
Commercial Paper / Certificate of Deposit	665,013	141,764	1,497	5,589
Reverse Repos	426,731	277,799	553,189	680,344
Others	-	-	8,241	5,233
<b>TOTAL</b>	<b>10,932,973</b>	<b>6,028,756</b>	24,623,155	19,027,093

	PLAN A	PLAN B	PLAN A	PLAN B
	April 01, 2005 to March 31, 2006	April 01, 2005 to March 31, 2006	April 01, 2004 to March 31, 2005	April 01, 2004 to March 31, 2005
	Rupees	Rupees	Rupees	Rupees

## Schedule 7

### Unrealised Depreciation / Appreciation in Value of Investments (Note 8)

(a) Equity Shares				
At beginning of the year	5,294,677	1,745,443	(271,107)	260,384
At the end of the year	3,728,929	884,511	5,294,677	1,745,443
Net change during the year	(I)	(1,565,748)	(860,932)	5,565,784
(b) Privately Placed Non-Convertible Debentures / Bonds				
At beginning of the year	(65,996)	(1,373)	84,253	-
At the end of the year	-	(161,041)	(65,996)	(1,373)
Net change during the year	(II)	65,996	(159,668)	(1,373)
(c) Non-Convertible Debentures / Bonds Listed / Awaiting Listing				
At beginning of the year	(565,801)	(1,037,558)	449,555	(102,341)
At the end of the year	(417,084)	(84,585)	(565,801)	(1,037,558)
Net change during the year	(III)	148,717	952,973	(935,217)
(d) Securitized Debt				
At beginning of the year	(556,807)	(2,216,109)	1,140,123	611,973
At the end of the year	(1,764,250)	(1,369,351)	(556,807)	(2,216,109)
Net change during the year	(IV)	(1,207,443)	846,758	(1,696,930)
(e) Government of India Securities				
At beginning of the year	8,455	(8,175)	219,825	12,000
At the end of the year	(11,800)	(23,600)	8,455	(8,175)
Net change during the year	(V)	(20,255)	(15,425)	(211,370)
(f) Treasury Bills				
At beginning of the year	-	(158)	-	-
At the end of the year	-	-	-	(158)
Net change during the year	(VI)	-	158	(158)
<b>Net change in unrealised (depreciation) / appreciation in value of investments during the year</b>		(I)+(II)+(III)+(IV)+(V)+(VI)		
		<b>(2,578,733)</b>	<b>763,864</b>	2,491,879
				<b>(2,299,946)</b>

# Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

## Schedule 8

### Notes to the Financial Statements

#### 1. Organisation

DWS MIP Fund (formerly Deutsche MIP Fund) (the "Scheme") is an open-ended income scheme of Deutsche Mutual Fund (the "Fund") and was launched on January 15, 2004. Deutsche Mutual Fund has been sponsored by Deutsche Asset Management (Asia) Limited. Deutsche Asset Management (India) Private Limited incorporated under the Companies Act, 1956, has been appointed as the asset management company. The duration of the Scheme is perpetual. The Scheme closed for initial subscription on January 29, 2004, and reopened for issue and redemption of units on February 11, 2004. The investment objective of the Scheme is to generate regular income by investing primarily in fixed income securities or money market instruments.

The Scheme has two plans – Plan A and Plan B each with a separate portfolio and each offering four options – Growth Option, Monthly Dividend Option, Quarterly Dividend Option and Annual Dividend Option.

The Scheme will not declare dividend under the Growth Option of both the Plans. The income earned on such units will remain invested within the Scheme and will be reflected in the net asset value.

The name of the Scheme has been changed from Deutsche MIP Fund to DWS MIP Fund subsequent to the year end for which necessary approvals have been received.

#### 2. Significant Accounting Policies

##### 2.1 Basis of Accounting

The Scheme maintains its books of account on an accrual basis. These financial statements 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 (the "Regulations") and amendments thereto, as applicable.

##### 2.2 Portfolio Valuation

Investments are stated at market / fair value at the Balance Sheet date / date of determination. In valuing the Scheme's investments:

- i. Equity securities listed on a recognised stock exchange are valued at the last quoted closing price on the Bombay Stock Exchange Limited (BSE). If on a particular valuation day, a security is not traded on BSE, the value at which it is traded on the National Stock Exchange of India Limited (NSE) is used. If no sale is reported at that time, the last quoted closing price on the principal stock exchange on which the security is traded is used when it is not more than thirty days prior to the valuation date.
- ii. Non-traded and thinly traded equity securities, including those not traded within thirty days prior to the valuation date are valued at fair value as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by the Securities and Exchange Board of India (SEBI).
- iii. Equity shares awaiting listing are valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- iv. Debt securities listed on a recognised stock exchange are valued at the last quoted closing price on the NSE. If no sale is reported at that time, such security is valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- v. Non-traded and thinly traded debt securities, are valued at fair value as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by SEBI.
- vi. Privately placed debt securities are valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- vii. Securitised debt securities are valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- viii. Government securities are valued at prices obtained from The Credit Rating Information Services of India Limited in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by SEBI.
- ix. Instruments bought on 'repo' basis are valued at the resale price after deduction of applicable interest up to the date of resale.
- x. Traded money market securities are valued at the yield at which they are traded on the valuation date. If no sale is reported at that time, such security is valued at the last traded price plus accretion of the difference between the face value and the last traded price. Non-traded money market instruments are valued at cost plus accrued interest.

# Schedules

## forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

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 Regulations) net unrealized appreciation / depreciation in the value of investments is determined separately for each category of investments. Further the change in net unrealised appreciation / depreciation, if any, between two Balance Sheet dates / dates of determination is recognized in the Revenue Account. Unrealized appreciation is reduced from the distributable income at the time of income distribution. At the end of the financial year, the balance in the Revenue Account including change in the net unrealised appreciation or depreciation in the value of investments is transferred to Reserve Fund.

### 2.3 Securities Transaction

Investment securities transactions are accounted for on a trade date basis. The Scheme uses the average cost method for determining the realized gain or loss on sale of investments.

### 2.4 Investment Income

Dividend and interest income is recorded on an accrual basis.

### 2.5 Net Asset Value for Growth / Dividend Options

The net asset value of the units of the Scheme is determined separately for the units issued under the Growth and Dividend Options for Plan A and Plan B.

For reporting the net asset value for the Plans, daily income earned, including realized and unrealized gain or loss in the value of investments and expenses incurred by the Scheme are allocated to the Options in proportion to the value of the units outstanding.

### 2.6 Unit Premium Reserve

Upon issue and redemption of units, the net premium or discount to the face value of units is adjusted against the unit premium reserve of the Scheme after an appropriate portion of the issue proceeds and redemption payout is credited or debited respectively to the dividend equalization reserve.

The unit premium reserve is available for dividend distribution except to the extent it is represented by unrealized net appreciation in value of investments.

### 2.7 Dividend Equalization Reserve

The net distributable income relating to units issued / repurchased is transferred to/from dividend equalization reserve for determining the net surplus / deficit, transferred from / to unit premium reserve.

### 2.8 Load

Load collected is retained under a separate account in the Scheme and is utilised to meet the selling and distribution expenses of the Scheme.

## 3. Investment Management and Advisory Fees

The Scheme has paid or provided for investment management and advisory fees payable to Deutsche Asset Management (India) Private Limited for managing the Scheme at an annual rate of 1.00% of the average daily net asset values of both, Plan A and Plan B recorded by the Scheme. All costs, charges and expenses incurred by Deutsche Asset Management (India) Private Limited in the administration and execution of the activities of the Scheme, except costs allowed to be charged to the Scheme under the Regulations and amendments thereto as applicable, are on their own account for which they receive investment management and advisory fees.

## 4. Trustee Fees

In accordance with the Deed of Trust dated May 29, 2002 between Deutsche Asset Management (Asia) Limited ("The Settlor") and Deutsche Trustee Services (India) Private Limited (the "Trustee"), the Scheme has paid or provided for trustee fees payable to the Trustee at an annual rate of 0.01% of the average daily net asset values recorded by the Scheme.

## 5. Custodian Fees

J P Morgan Chase Bank provides custodial services to the Scheme for which it receives custody fees.

## 6. Income Taxes

No provision for taxation has been made as the Scheme qualifies as a recognized Mutual Fund under Section 10 (23D) of the Income Tax Act, 1961 of India. For taxes deducted at source from investment income which are recoverable, a receivable is recorded in the books of account.

## 7. Limitation on Expenses

The total expenses chargeable to the Scheme is limited to 2.25% and 2.24% of the average daily net assets of each of Plan A and Plan B respectively. Deutsche Asset Management (India) Private Limited has borne Rs.373,785 under Plan A and Rs. 354,988 under Plan B in excess of the above mentioned percentage of the average daily net assets to be charged to the Scheme as total expenses for the year.

## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

### 8. Aggregate Appreciation and Depreciation In Value of Investments

Aggregate appreciation and depreciation in value of investments is as follows :

	PLAN A	PLAN B	PLAN A	PLAN B
	March 31, 2006 Rupees	March 31, 2006 Rupees	March 31, 2005 Rupees	March 31, 2005 Rupees
Equity Shares				
– Appreciation	3,728,929	884,511	5,886,721	2,080,636
– Depreciation	–	–	592,044	335,193
Privately Placed Non-Convertible Debentures / Bonds				
– Appreciation	–	–	1,656	–
– Depreciation	–	161,041	67,652	1,373
Non-Convertible Debentures / Bonds Listed / Awaiting Listing				
– Appreciation	–	–	–	–
– Depreciation	417,084	84,585	565,801	1,037,558
Securitized Debt				
– Appreciation	–	–	499,322	318,164
– Depreciation	1,764,250	1,369,351	1,056,129	2,534,273
Government of India Securities				
– Appreciation	–	–	9,455	–
– Depreciation	11,800	23,600	1,000	8,175
Treasury Bills				
– Appreciation	–	–	–	–
– Depreciation	–	–	–	158

### 9. Registered Securities

In accordance with Regulation 44(1) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, securities purchased should be held in the name of the Scheme. As at March 31, 2006 securities aggregating to Rs. 2,179,200 (market value) under Plan A and Rs.4,358,400 (market value) under Plan B, are held in the name of Deutsche Mutual Fund.

### 10. Aggregate Fair Value of Non-Traded Investments

Aggregate fair value of non-traded (including privately placed) investments as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee as at March 31, 2006 is Rs. 56,707,601 and Rs. 23,266,444 for Plan A and Plan B respectively.

### 11. Illiquid Securities

Illiquid Securities as a percentage of net asset value for Plan A is 0.53% and for Plan B is 0.57% as at March 31, 2006.

### 12. Aggregate Value of Purchases and Sale of Investments

The aggregate value of investment securities purchased (excluding accretion of discount Rs. 5,801,031 for Plan A and Rs. 3,422,877 for Plan B) and sold (including matured) during the financial year is:

Plan	Aggregate Purchases		Aggregate Sales	
	Rupees	Percentage of Average Daily Net Assets	Rupees	Percentage of Average Daily Net Assets
<b>Plan A</b>	756,231,874	477.82%	949,738,417	600.08%
<b>Plan B</b>	338,684,337	491.53%	439,542,067	637.90%

### 13. Income and Expenses

The total income (including net profit / loss on sale of investments and net change in unrealized appreciation / depreciation in the value of investments) and expenditure during the year is:

Plan	Total Income		Total Expenditure	
	Rupees	Percentage of Average Daily Net Assets	Rupees	Percentage of Average Daily Net Assets
<b>Plan A</b>	19,744,334	12.48%	3,561,017	2.25%
<b>Plan B</b>	7,005,558	10.17%	1,545,337	2.24%

## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

### 14. Disclosure Under Regulation 25(8) of the Securities and Exchange Board of India (Mutual Funds) Regulation, 1996 as amended

Deutsche Bank AG, Mumbai Branch and Kotak Mahindra Bank Limited, associate entities of Deutsche Asset Management (India) Private Limited were paid commission amounting to Rs. 244,532 and Rs. 3,396 respectively under Plan A and Rs. 88,718 and Rs. 725 respectively under Plan B for procuring unit subscriptions for the Scheme. Further Deutsche Equities India Private Limited, an associate entity of Deutsche Asset Management (India) Private Limited was paid brokerage of Rs. 4,869 under Plan A and Rs. 1,419 under Plan B on purchase and sale of investments by the Scheme. The commission and brokerage paid were at rates similar to those offered to other distributors / brokers.

### 15. Disclosure Under Regulation 25 (11) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended

Deutsche Mutual Fund has made the following investments in companies, which hold units in excess of 5% of the net asset value of any Scheme of Deutsche Mutual Fund.

Company Name	Schemes invested in by the Company	Investment made by Schemes of Deutsche Mutual Fund in the Company / Subsidiary	Aggregate for the period under Regulation 25(11) At Cost (Rupees in lakhs)	Outstanding as at March 31, 2006 At Market / Fair Value (Rupees in lakhs)
DSP Merrill Lynch Capital Limited	DWS Insta Cash Plus Fund	DWS Insta Cash Plus Fund	6,784.00	129.64
		DWS Fixed Term Fund - Series 7	4,216.78	-
		DWS Floating Rate Fund	3,401.99	-
		DWS Fixed Term Fund - Series 3	867.67	878.66
		DWS Short Maturity Fund	493.73	110.43
		DWS MIP Fund - Plan A	235.17	67.22
		DWS Fixed Term Fund - Series 2	197.10	201.66
		DWS MIP - Fund - Plan B	107.45	38.41
Grasim Industries Limited	DWS Fixed Term Fund - Series 3	DWS Fixed Term Fund	14.08	14.40
		DWS Alpha Equity Fund	678.02	329.27
		DWS Tax Saving Fund	220.54	246.95
		DWS Investment Opportunity Fund	55.14	61.74
		DWS Tax Saving Fund^	125.26	136.89
Hindustan Lever Limited	DWS Fixed Term Fund - Series 4 DWS Fixed Term Fund - Series 6	DWS Alpha Equity Fund^	72.68	-
		DWS Alpha Equity Fund	495.15	-
Hindustan Zinc Limited	DWS Insta Cash Plus Fund DWS Fixed Term Fund - Series 5	DWS Alpha Equity Fund	170.99	261.60
Infosys Technologies Limited	DWS Insta Cash Plus Fund	DWS Alpha Equity Fund	2,967.35	-
		DWS Investment Opportunity Fund	480.71	-
		DWS MIP Fund - Plan A	136.65	8.94
		DWS MIP Fund - Plan B	25.99	-
ITC Limited	DWS Floating Rate Fund DWS Short Maturity Fund DWS Fixed Term Fund - Series 7 DWS Insta Cash Plus Fund	DWS Alpha Equity Fund	1,316.00	136.47
		DWS Investment Opportunity Fund	413.51	48.74
		DWS Tax Saving Fund	171.58	97.48
		DWS MIP Fund - Plan A	28.10	12.67
		DWS MIP Fund - Plan B	12.20	-
Larsen & Toubro Limited	DWS Alpha Equity Fund DWS Insta Cash Plus Fund	DWS Alpha Equity Fund	1,765.39	152.04
		DWS Floating Rate Fund	1,000.00	-
		DWS Insta Cash Plus Fund	900.00	-
		DWS Investment Opportunity Fund	177.45	36.49
		DWS Tax Saving Fund	122.28	121.63
		DWS Short Maturity Fund	100.00	-
	DWS MIP Fund - Plan B	3.73	-	

## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

Company Name	Schemes invested in by the Company	Investment made by Schemes of Deutsche Mutual Fund in the Company / Subsidiary	Aggregate for the period under Regulation 25(11) At Cost (Rupees in lakhs)	Outstanding as at March 31, 2006 At Market / Fair Value (Rupees in lakhs)
		DWS Insta Cash Plus Fund^^	18,202.34	2,200.00
		DWS Floating Rate Fund^^	3,800.00	1,297.19
		DWS Fixed Term Fund - Series 7^^	3,700.00	-
		DWS Short Maturity Fund^^	1,800.00	-
		DWS Fixed Term Fund^^	1,799.21	797.75
		DWS Fixed Term Fund - Series 2^^	1,698.95	1,698.03
		DWS Money Plus Fund ^^	200.00	-
Sterlite Industries India Limited	DWS Fixed Term Fund - Series 7	DWS Insta Cash Plus Fund	21,140.00	-
		DWS Floating Rate Fund	12,020.00	-
		DWS Short Maturity Fund	3,220.00	-
		DWS Fixed Term Fund - Series 7	1,000.00	-
		DWS Fixed Term Fund - Series 8	800.00	-
		DWS Alpha Equity Fund	662.57	384.88
		DWS Premier Bond Fund	160.00	-
		DWS MIP Fund - Plan A	100.00	-
		DWS Investment Opportunity Fund	67.51	78.73
		DWS MIP Fund - Plan B	50.00	-
The Tata Steel Limited	DWS Insta Cash Plus Fund	DWS Alpha Equity Fund	2,065.32	375.48
		DWS Investment Opportunity Fund	822.49	-
		DWS Fixed Term Fund - Series 7	116.78	134.10
		DWS MIP Fund - Plan A	116.41	-
		DWS MIP Fund - Plan B	35.50	-
The Bombay Dyeing and Manufacturing Company Limited	DWS Short Maturity Fund	DWS Fixed Term Fund - Series 2	2,000.00	-
Videsh Sanchar Nigam Limited	DWS Insta Cash Plus Fund	DWS Investment Opportunity Fund	94.30	-
		DWS Alpha Equity Fund	73.24	-
		DWS Short Maturity Fund		

^ DTSF and DAEF have invested in Ultratech Cemco which is a subsidiary of Grasim Industries Limited.

^^ DICPF, DFRF, DFTF-7, DSMF, DFTF, DFTF-2 and DMPF have invested in L&T Finance Limited which is a subsidiary of Larsen & Toubro Limited.

The above investments comprise equity shares, debentures / bonds, commercial paper, fixed deposits and other debt instruments. These investments have been made on account of their high credit quality and competitive yield for the investment in fixed income / money market instruments and in case of equity shares because of attractive valuations of these companies.

### 16. Unclaimed Redemption

As at March 31, 2006 unclaimed redemptions aggregate Rs. 51,875 being payable to one investor for Plan A. These details are based on confirmations received from the Scheme's Registrar and Transfer Agent that maintain information of unclaimed redemptions on behalf of the Scheme.

### 17. Unclaimed Dividend

As at March 31, 2006 unclaimed dividends aggregate Rs. 24,866 being payable to thirty nine investors for Plan A and Rs. 22,008 being payable to twenty one investors for Plan B. These details are based on confirmations received from the Scheme's Registrar and Transfer Agent that maintain information of unclaimed dividends on behalf of the Scheme.

# Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

## 18. Perspective Historical Per Unit Statistics\*

	PLAN A	PLAN B	PLAN A	PLAN B	PLAN A	PLAN B
	April 01, 2005 to March 31, 2006	April 01, 2005 to March 31, 2006	April 01, 2004 to March 31, 2005	April 01, 2004 to March 31, 2005	January 15, 2004 to March 31, 2004	January 15, 2004 to March 31, 2004
(a) Net asset value per unit at the end of the year / period (Note 2.5)						
Growth Option	11.9989	11.5361	10.8118	10.6740	10.0603	10.0734
Monthly Dividend Option	10.4626	10.2696	10.2700	10.1438	10.0603	10.0734
Quarterly Dividend Option	10.6802	10.3841	10.4118	10.2648	10.0603	10.0734
Annual Dividend Option	11.3072	10.8885	10.8118	10.6740	10.0603	10.0734
(b) Gross Income						
(i) income other than profit on sale of investment	1.8530	2.1856	1.0748	1.3372	0.0841	0.1099
(ii) income from profit on inter scheme sales / transfer of investment	(0.2824)	(1.3975)	0.0016	(0.1788)	0.0000	0.0001
(iii) income (net) from profit on sale of investments to third party	2.0494	1.4397	0.0051	0.2592	(0.0149)	(0.0113)
(iv) transfer of revenue account from past year's reserve	0.3672	0.7698	0.0063	0.0298	NA	NA
(c) Aggregate of expenses, writeoff, amortisation and charges	0.5775	0.5516	0.3871	0.3722	0.0368	0.0444
(d) Net income	3.0425	1.6763	0.6944	1.0454	0.0324	0.0542
(e) Net change in unrealised appreciation / (depreciation) in value of investments	(0.4182)	0.2726	0.1041	(0.1594)	0.0348	0.0350
(f) Redemption Price						
– Highest						
Growth Option	11.9989	11.5656	10.8741	10.7039	10.1066	10.0908
Monthly Dividend Option	10.6078	10.3533	10.3927	10.2465	10.0825	10.0518
Quarterly Dividend Option	10.8479	10.4736	10.4929	10.3444	10.0749	10.0732
Annual Dividend Option	11.2959	10.8885	10.8741	10.7039	10.8250	10.0000
– Lowest						
Growth Option	10.6891	10.6226	9.8803	10.0577	9.9620	9.9859
Monthly Dividend Option	10.0600	10.0382	9.8203	9.9969	9.9835	10.0000
Quarterly Dividend Option	10.1216	10.0514	9.8950	10.0732	9.9676	9.9830
Annual Dividend Option	10.0729	10.0266	9.8950	10.0524	9.9620	10.0000
(g) Purchase price						
– Highest						
Growth Option	11.9964	11.5656	10.8741	10.6918	10.1066	10.1075
Monthly Dividend Option	10.6244	10.3247	10.3747	10.3277	10.1066	10.0758



## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006

	PLAN A	PLAN B	PLAN A	PLAN B	PLAN A	PLAN B
	April 01, 2005 to March 31, 2006	April 01, 2005 to March 31, 2006	April 01, 2004 to March 31, 2005	April 01, 2004 to March 31, 2005	January 15, 2004 to March 31, 2004	January 15, 2004 to March 31, 2004
Quarterly Dividend Option	10.8543	10.3832	10.4975	10.3444	10.1066	10.0818
Annual Dividend Option	11.2507	10.7690	10.8299	10.4387	10.1066	10.1075
– Lowest						
Growth Option	10.7195	10.6612	9.8803	10.0439	9.9620	9.9793
Monthly Dividend Option	10.0600	10.0204	9.8381	10.0192	9.9717	9.9877
Quarterly Dividend Option	10.1216	10.1238	9.8982	10.0732	9.9620	9.9793
Annual Dividend Option	10.1386	10.0934	9.8982	10.1140	9.9793	9.9830
(h) Price earnings ratio	NA	NA	NA	NA	NA	NA
(i) Ratio of expenses to daily average net assets by percentage	2.25%	2.24%	2.25%	2.25%	2.25%@	2.25%@
(j) Ratio of gross income (including net profit / loss on sale of investments and net change in unrealised appreciation / depreciation in value of investments) to daily average net assets by percentage	12.48%	10.17%	6.90%	7.62%	6.35%@	6.77%@

\* The above per unit calculations are based on the number of units outstanding at the end of the financial year / period

@ The ratio of expenses and gross income to average daily net assets by percentage has been annualised for the period February 05, 2004 to March 31, 2004.

### 19. Composition of Board of Directors of Investment Manager

An independent Director of Deutsche Asset Management (India) Private Limited ('the Company') had resigned from the Board of Directors ('the Board') with effect from October 31, 2005 due to which the composition of the Board was reduced to below the minimum requirement of 50% independent directors as required under the Regulations. An independent Director was appointed on the Board on February 6, 2006, after which the composition of the Board was in compliance with the Regulations. The Company has informed the Securities and Exchange Board of India of the same.

### 20. Prior Year's Figures

Prior year's figures have been re-grouped / re-arranged where appropriate.

Signatures to the Schedules 1 to 8 forming part of the Balance Sheet and the Revenue Account.

K. H. VACHHA  
Partner

For **Deutsche Trustee Services (India) Private Limited**

For **Deutsche Asset Management (India) Private Limited**

For and on behalf of  
**PRICE WATERHOUSE**  
Chartered Accountants

Gunit Chadha  
Director

M. H. Kania  
Director

Stephen Paul Harris  
Director

Sandeep Dasgupta  
Director

Y. B. Desai  
Director

A. S. Mitra  
Director

Kersi M. Gherda  
Director

Bhalchandra Bhide  
Director

Debabrata Bhadury  
Director

Eduoard Fernen Peter  
Director

Vijay P. Gokhale  
Director

Carl Saldanha  
Director

Place: Mumbai  
Date : August 30, 2006

Suresh Soni  
Portfolio Manager

Vinay Kulkarni  
Portfolio Manager



Deutsche Asset Management   
A Member of the Deutsche Bank Group

# Statement of Portfolio Holding

as at March 31, 2006

(Referred to in Schedule 1 to the Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended March 31, 2006)

## PLAN A

Description	Quantity	Market / Fair Value Rupees
<b>Equity Shares (12.44%)</b>		
<b>Banks (2.53%)</b>		
Syndicate Bank Limited	2,350	209,973
		209,973
<b>Consumer Non-Durables (40.30%)</b>		
Tata Tea Limited	2,400	2,083,080
ITC Limited@	6,500	1,267,175
		3,350,255
<b>Industrial Products (4.38%)</b>		
Solar Explosives Limited###	1,918	364,420
		364,420
<b>Media &amp; Entertainment (3.5%)</b>		
INOX Leisure Limited	1,374	291,357
		291,357
<b>Petroleum Products (6.59%)</b>		
Reliance Industries Limited	688	547,820
		547,820
<b>Software (40.69%)</b>		
Infosys Technologies Limited@	300	894,255
Tata Consultancy Services Limited	1,300	2,488,395
		3,382,650
<b>Telecom - Service (2.01%)</b>		
Reliance Communication Ventures Limited	542	167,424
		167,424
<b>Total</b>	<b>(Cost - Rs.4,584,969)</b>	<b>8,313,898</b>
<b>Non-Convertible Debentures / Bonds Listed / Awaiting Listing (21.07%)</b>		
<b>Finance (68.31%)</b>		
6.8 % Sundaram Home Finance Limited 2008#		9,619,630
		9,619,630
<b>Retailing (31.69%)</b>		
2% Trent Limited 2010#		4,462,314
		4,462,314
<b>Total</b>	<b>(Cost - Rs.14,499,028)</b>	<b>14,081,944</b>
<b>Securitized Debt (38.49%)</b>		
<b>Finance (100%)</b>		
IBL Auto Srs Nov. 04 IndusInd Bk Srs A PTC 2007*		5,284,228
Indian Loan Sec Ser I Tr 2005 Ser A PTC 2007*		2,923,765
ICICI Bank NTPC Loan Securitisation Trust TR 12 PTC 2009*		9,326,351
Retail Trust II March 2005 Series A1 2008*		8,194,454
<b>Total</b>	<b>(Cost - Rs. 27,493,048)</b>	<b>25,728,798</b>

# Statement of Portfolio Holding

as at March 31, 2006

Description		Market / Fair Value Rupees
<b>Government of India Securities (3.26%)</b>		
9.39% Government of India 2011		2,179,200
<b>Total</b>	<b>(Cost - Rs. 2,191,000)</b>	<b>2,179,200</b>
<b>Commercial Paper / Certificate of Deposit (24.74%)</b>		
<b>Commercial Paper (40.66%)</b>		
DSP Merrill Lynch Capital 2006* <sup>@</sup>		6,722,009
		6,722,009
<b>Certificate of Deposit (59.34%)</b>		
Karnataka Bank Limited 2006*		9,810,430
		9,810,430
<b>Total</b>	<b>(Cost - Rs.16,532,439)</b>	<b>16,532,439</b>
<b>TOTAL INVESTMENTS</b>	<b>(Cost - Rs. 65,300,484)</b>	<b>66,836,279</b>

Confirmation has been received from J P Morgan Chase Bank, Mumbai Branch at the end of the financial year for the investments held by them and from Standard Chartered Bank, Mumbai Branch for securities held by them in Constituent Subsidiary General Ledger (CSGL) Account.

## Equity Shares awaiting listing at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee.

\* Fair value of non-traded (privately placed) debt securities as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee.

# Fair value of non-traded and thinly traded debt securities in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto as applicable issued by the Securities and Exchange Board of India as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee.

@ Investment in companies which have invested more than five per cent of the net asset value of any Scheme of Deutsche Mutual Fund.

# Statement of Portfolio Holding

as at March 31, 2006

## PLAN B

Description	Quantity	Market / Fair Value Rupees
<b>Equity Shares (5.98%)</b>		
<b>Industrial Products (9.92%)</b>		
Solar Explosives Limited###	912	173,280
		173,280
<b>Media and Entertainment (7.11%)</b>		
INOX Leisure Limited	586	124,261
		124,261
<b>Retailing (82.97%)</b>		
Shoppers Stop Limited	2,600	1,449,370
		1,449,370
<b>Total</b>	<b>(Cost - Rs. 862,400)</b>	<b>1,746,911</b>
<b>Privately Placed Non-Convertible Debentures / Bonds (12.49%)</b>		
<b>Banks (100%)</b>		
Industrial Development Bank of India Limited. Stepup 2007*		3,646,418
<b>Total</b>	<b>(Cost - Rs.3,807,459)</b>	<b>3,646,418</b>
<b>Non Convertible Debentures / Bonds Listed / Awaiting Listing (12.57%)</b>		
<b>Finance (26.21%)</b>		
6.8% Sundaram Home Finance Limited 2008#		961,963
		961,963
<b>Retailing (73.79%)</b>		
2% Trent Limited 2010#		2,708,263
		2,708,263
<b>Total</b>	<b>(Cost - Rs. 3,754,811)</b>	<b>3,670,226</b>
<b>Securitised Debt (34.15%)</b>		
<b>Finance (100%)</b>		
UBL Trust Series 6 A2 Dec. 03 ALFL PTC 2006*		2,603,464
Asset Sec Trust 2004 I Chola. PTC Ser A2 2006*		1,266,156
ICICI Bank NTPC Loan Securitisation Trust TR 12 PTC 2009*		4,663,175
Mum. Auto Rec Trust 2004 Ser III A2 PTC 2007*		1,440,491
<b>Total</b>	<b>(Cost - Rs.11,342,637)</b>	<b>9,973,286</b>

# Statement of Portfolio Holding

as at March 31, 2006

Description	Quantity	Market / Fair Value Rupees
<b>Government of India Securities (14.93%)</b>		
9.39% Government of India 2011		4,358,400
<b>Total</b>	<b>(Cost - Rs. 4,382,000)</b>	<b>4,358,400</b>
<b>Commercial Paper / Certificate of Deposit (19.88%)</b>		
<b>Commercial Paper (66.19%)</b>		
DSP Merrill Lynch Capital 2006* <sup>@</sup>		3,841,148
		3,841,148
<b>Certificate of Deposit (33.81%)</b>		
Karnataka Bank Limited 2006*		1,962,086
		1,962,086
<b>Total</b>	<b>(Cost - Rs. 5,803,234)</b>	<b>5,803,234</b>
<b>TOTAL INVESTMENTS</b>	<b>(Cost - Rs. 29,952,541)</b>	<b>29,198,475</b>

Confirmation has been received from J P Morgan Chase Bank, Mumbai Branch at the end of the financial year for the investments held by them and from Standard Chartered Bank, Mumbai Branch for securities held by them in Constituent Subsidiary General Ledger (CSGL) Account.

## Equity Shares awaiting listing at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee.

\* Fair value of non-traded (privately placed) debt securities as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee.

# Fair value of non-traded and thinly traded debt securities in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto as applicable issued by the Securities and Exchange Board of India as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee.

@ Investment in companies which have invested more than five per cent of the net asset value of any Scheme of Deutsche Mutual Fund.

# Auditors' Report

To the Trustee

## DEUTSCHE MUTUAL FUND

1. We have audited the Balance Sheet of Deutsche Mutual Fund – **DWS Money Plus Fund (formerly Deutsche Money Plus Fund)** ("The Scheme") as at March 31, 2006 and the related Revenue Account for the period February 10, 2006 to March 31, 2006, both of which we have signed under reference to this report. These financial statements are the responsibility of the Trustee of Deutsche Mutual Fund and the Management of Deutsche Asset Management (India) Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned at March 31, 2006 by correspondence with the custodian. 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.
3. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us,
  - (i) The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable, and also give respectively, a true and fair view of the state of affairs of Deutsche Mutual Fund – DWS Money Plus Fund as at March 31, 2006 and its net surplus for the period February 10, 2006 to March 31, 2006.
  - (ii) The Balance Sheet as at March 31, 2006 and the Revenue Account for the period February 10, 2006 to March 31, 2006, together with the notes thereon have been prepared in all material respects 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 and amendments thereto as applicable.
  - (iii) The methods used to value,
    - a) Privately placed securities in good faith and
    - b) Non-traded thinly traded debt securities in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by the Securities and Exchange Board of Indiaas at March 31, 2006 as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund are fair and reasonable.

K. H. Vachha  
*Partner*  
Membership No. F30798

For and on behalf of  
**Price Waterhouse**  
*Chartered Accountants*

Place : Mumbai  
Date : August 30, 2006

# Balance Sheet

as at March 31, 2006

	Schedule	March 31, 2006 Rupees
<b>Assets</b>		
Investments	1	683,221,290
Other Current Assets	2	143,701,937
<b>TOTAL</b>		<b>826,923,227</b>
<b>Liabilities</b>		
Unit Capital	3	802,555,982
Reserves and Surplus	4	3,784,190
Current Liabilities and Provisions	5	20,583,055
<b>TOTAL</b>		<b>826,923,227</b>

## Reconciliation of Net Asset Value Per Unit

	March 31, 2006		Total Rupees
	Growth Plan Rupees	Dividend Plan Rupees	
Net Assets as per Balance Sheet (Total Assets less Current Liabilities and Provisions) (Note 2.5)	242,782,912	563,557,260	806,340,172
Number of Units in Issue	24,164,311.878	56,091,286.248	
Net Asset Value per Unit	10.0472	10.0471	

Notes to the Financial Statements . 8

The schedules referred to herein form an integral part of the Financial Statements

This is the Balance Sheet referred to in our report of even date .

K. H. VACHHA  
*Partner*

For **Deutsche Trustee Services (India)  
Private Limited**

For **Deutsche Asset Management (India)  
Private Limited**

For and on behalf of  
**PRICE WATERHOUSE**  
*Chartered Accountants*

Gunit Chadha  
*Director*

M. H. Kania  
*Director*

Stephen Paul Harris  
*Director*

Sandeep Dasgupta  
*Director*

Y. B. Desai  
*Director*

A. S. Mitra  
*Director*

Kersi M. Gherda  
*Director*

Bhalchandra Bhide  
*Director*

Debabrata Bhadury  
*Director*

Eduoard Fernen Peter  
*Director*

Vijay P. Gokhale  
*Director*

Carl Saldanha  
*Director*

Place: Mumbai  
Date : August 30, 2006

Suresh Soni  
*Portfolio Manager*



Deutsche Asset Management   
A Member of the Deutsche Bank Group

# Revenue Account

for the period February 10, 2006 to March 31, 2006

	Schedule	February 10, 2006 to March 31, 2006 Rupees
<b>Income and Gains</b>		
Interest and Discount	6	3,565,676
Net Profit on Sale of Investments (Note 2.3)		63,677
<b>TOTAL</b>		<b>3,629,353</b>
<b>Expenses and Losses</b>		
Investment Management and Advisory Fees (Note 3)		125,289
Trustee Fees and Expenses (Note 4)		3,580
Transfer Agent Fees and Expenses		24,570
Custodian Fees and Expenses (Note 5)		31,090
Audit Fees		52,164
Selling and Distribution Expenses		1,153
Other Operating Expenses		42,617
		<b>280,463</b>
Less: Expenses to be Reimbursed by the Investment Manager (Note 7)		29,886
<b>TOTAL</b>		<b>250,577</b>
Net Surplus for the Period		3,378,776
Net Unrealised Depreciation in Value of Investments	7	(2,903)
<b>Net Surplus including Net Unrealised Depreciation in Value of Investments</b>		<b>3,375,873</b>

	February 10, 2006 to March 31, 2006		
	Growth Plan Rupees	Dividend Plan Rupees	Total Rupees
Net Surplus including Net Unrealised Depreciation in Value of Investments by Plan	1,135,069	2,240,804	3,375,873
Transfer From Income Equalisation Reserve (Note 2.7)	4,714	400,605	405,319
<b>Balance Transferred to Reserve Fund</b>	<b>1,139,783</b>	<b>2,641,409</b>	<b>3,781,192</b>

Notes to the Financial Statements . 8  
The Schedules referred to herein form an integral part of the Financial Statements

This is the Revenue Account referred to in our report of even date.

<b>K. H. VACHHA</b> <i>Partner</i>	<b>For Deutsche Trustee Services (India) Private Limited</b>		<b>For Deutsche Asset Management (India) Private Limited</b>	
For and on behalf of <b>PRICE WATERHOUSE</b> <i>Chartered Accountants</i>	<b>Gunit Chadha</b> <i>Director</i>	<b>M. H. Kania</b> <i>Director</i>	<b>Stephen Paul Harris</b> <i>Director</i>	<b>Sandeep Dasgupta</b> <i>Director</i>
	<b>Y. B. Desai</b> <i>Director</i>	<b>A. S. Mitra</b> <i>Director</i>	<b>Kersi M. Gherda</b> <i>Director</i>	<b>Bhalchandra Bhide</b> <i>Director</i>
	<b>Debabrata Bhadury</b> <i>Director</i>	<b>Eduoard Ferner Peter</b> <i>Director</i>	<b>Vijay P. Gokhale</b> <i>Director</i>	<b>Carl Saldanha</b> <i>Director</i>
Place: Mumbai Date : August 30, 2006			<b>Suresh Soni</b> <i>Portfolio Manager</i>	



## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the period February 10, 2006 to March 31, 2006

	March 31, 2006	
	Fair Value Rupees	Cost Rupees
<b>Schedule 1</b>		
<b>Investments</b>		
(Notes 2.2, 2.3, 8, 9, 10 and 13)		
(Refer to the attached Statement of Portfolio Holding as at March 31, 2006)		
Privately Placed Non-Convertible Debentures / Bonds	280,000,000	280,000,000
Non-Convertible Debentures / Bonds Listed / Awaiting Listing	3,952,464	3,946,440
Securitised Debt	116,664,046	116,672,973
Commercial Paper / Certificate of Deposit	282,604,780	282,604,780
<b>TOTAL</b>	<b>683,221,290</b>	<b>683,224,193</b>

	March 31, 2006 Rupees
<b>Schedule 2</b>	
<b>Other Current Assets</b>	
Balance with Banks in Current Account	13,431,454
Interest Receivables on :	
– Debentures / Bonds	2,240,597
Application Money Pending Allotment - Debentures / Bonds	128,000,000
Receivable from the Investment Manager	29,886
<b>TOTAL</b>	<b>143,701,937</b>

	March 31, 2006	
	Rupees	Units
<b>Schedule 3</b>		
<b>Unit Capital</b>		
<b>Growth Plan</b>		
<b>Issued and Subscribed:</b>		
Units of Rs.10 each fully paid-up	240,476,000	24,047,600.000
<b>Outstanding:</b>		
Initial issue and subscription	240,476,000	24,047,600.000
Issued during the period	1,167,119	116,711.878
	241,643,119	24,164,311.878
Redeemed during the period	–	–
At the end of the period	241,643,119	24,164,311.878
<b>Dividend Plan</b>		
<b>Issued and Subscribed:</b>		
Units of Rs.10 each fully paid-up	449,960,280	44,996,027.977
<b>Outstanding:</b>		
Initial issue and subscription	449,960,280	44,996,027.977
Issued during the period	310,153,786	31,015,378.589
	760,114,066	76,011,406.566
Redeemed during the period	199,201,203	19,920,120.318
At the end of the period	560,912,863	56,091,286.248
<b>TOTAL</b>	<b>802,555,982</b>	<b>80,255,598.126</b>

## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the period February 10, 2006 to March 31, 2006

	March 31, 2006		
	Growth Plan Rupees	Dividend Plan Rupees	Total Rupees
<b>Schedule 4</b>			
<b>Reserves and Surplus</b>			
Unit Premium Reserve (Note 2.6)			
Added during the period	10	2,988	2,998
At the end of the period	10	2,988	2,998
Income Equalisation Reserve (Note 2.7)			
Added during the period	4,714	400,605	405,319
Transferred to Revenue Account	(4,714)	(400,605)	(405,319)
At the end of the period	-	-	-
<b>Reserve Fund</b>			
Balance Transferred from Revenue Account	1,139,783	2,641,409	3,781,192
At the end of the period [including net unrealised depreciation in value of investments Rs. 2,903]	1,139,783	2,641,409	3,781,192
<b>TOTAL</b>	<b>1,139,793</b>	<b>2,644,397</b>	<b>3,784,190</b>

March 31, 2006  
Rupees

### Schedule 5

#### Current Liabilities and Provisions

##### Current Liabilities

Investment Management and Advisory Fees	125,289
Trustee Fees and Expenses	3,580
Transfer Agent Fees and Expenses	24,570
Custodian Fees and Expenses	31,090
Audit Fees	52,164
Selling and Distribution Expenses	267,585
Units Pending Allotment	20,000,000
Load Payable	34,362
Sundry Payables	44,415
<b>TOTAL</b>	<b>20,583,055</b>

February 10, 2006  
to March 31, 2006  
Rupees

### Schedule 6

#### Interest and Discount

##### (Note 2.4)

Debentures / Bonds	1,537,326
Securitised Debt	524,420
Commercial Paper / Certificate of Deposit	1,268,996
Reverse Repos	234,934
<b>TOTAL</b>	<b>3,565,676</b>

# Schedules

forming part of the Balance Sheet as at March 31, 2006 and  
the Revenue Account for the period February 10, 2006 to March 31, 2006

February 10, 2006  
to March 31, 2006  
Rupees

## Schedule 7

### Unrealised Depreciation in Value of Investments

(Note 8)

<b>(a) Non-Convertible Debentures / Bonds Listed / Awaiting Listing</b>		
At the beginning of the period		–
At the end of the period		6,024
Net movement during the period	(I)	6,024
<b>(b) Securitised Debt</b>		
At the beginning of the period		–
At the end of the period		(8,927)
Net movement during the period	(II)	(8,927)
<b>Net movement in unrealised depreciation in value of investments</b>	<b>(I)+(II)</b>	<b>(2,903)</b>

## Schedule 8

### Notes to the Financial Statements

#### 1. Organisation

DWS Money Plus Fund (formerly Deutsche Money Plus Fund) (the "Scheme") is an open-ended debt scheme of Deutsche Mutual Fund (the "Fund") and was launched on February 10, 2006. Deutsche Mutual Fund has been sponsored by Deutsche Asset Management (Asia) Limited. Deutsche Asset Management (India) Private Limited incorporated under the Companies Act, 1956 has been appointed as the asset management company. The duration of the Scheme is perpetual. The Scheme closed for initial subscription on March 09, 2006 and reopened for issue and redemption of units on March 14, 2006. The investment objective of the Scheme is to generate steady return by investing in debt and money market securities across the credit spectrum.

The Scheme has two plans - Growth Plan and Dividend Plan.

The Scheme will not declare dividend under the Growth Plan. The income earned on such units will remain invested within the Scheme and will be reflected in the net asset value.

The name of the Scheme has been changed from Deutsche Money Plus Fund to DWS Money Plus Fund subsequent to the year end for which necessary approvals have been received.

#### 2. Significant Accounting Policies

##### 2.1 Basis of Accounting

The Scheme maintains its books of account on an accrual basis. These financial statements 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 (the "Regulations") and amendments thereto, as applicable.

##### 2.2 Portfolio Valuation

Investments are stated at market / fair value at the Balance Sheet date / date of determination. In valuing the Scheme's investments:

- i. Debt securities listed on a recognised stock exchange are valued at the last quoted closing price on the National Stock Exchange of India Limited. If no sale is reported at that time, such security is valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- ii. Non-traded and thinly traded debt securities are valued at fair value as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable issued by the Securities and Exchange Board of India (SEBI).
- iii. Privately placed debt securities are valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.

# Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the period February 10, 2006 to March 31, 2006

- iv. Securitised debt securities are valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- v. Traded money market securities are valued at the yield at which they are traded on the valuation date. If no sale is reported at that time, such security is valued at the last traded price plus accretion of the difference between the face value and the last traded price. Non-traded money market instruments are valued at cost plus accrued interest.
- vi. Instruments bought on 'repo' basis are valued at the resale price after deduction of applicable interest upto the date of resale.

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 Regulations) net unrealised appreciation / depreciation in the value of investments is determined separately for each category of investments. Further the change in net unrealised appreciation / depreciation, if any, between two Balance Sheet dates / dates of determination is recognized in the Revenue Account. Unrealized appreciation is reduced from the distributable income at the time of income distribution. At the end of the financial year, the balance in the Revenue Account including change in the net unrealised appreciation or depreciation in the value of investments is transferred to Reserve Fund.

## 2.3 Securities Transaction

Investment securities transactions are accounted for on a trade date basis. The Scheme uses the average cost method for determining the realized gain or loss on sale of investments.

## 2.4 Investment Income

Interest income is recorded on an accrual basis.

## 2.5 Net Asset Value for Growth / Dividend Plans

The net asset value of the units of the Scheme is determined separately for the units issued under the Growth and Dividend Plans.

For reporting the net asset value for the Plans, daily income earned, including realized and unrealized gain or loss in the value of investments and expenses incurred by the Scheme are allocated to the Plans in proportion to the value of the units outstanding.

## 2.6 Unit Premium Reserve

Upon issue and redemption of units, the net premium or discount to the face value of units is adjusted against the unit premium reserve of the Scheme, after an appropriate portion of the issue proceeds and redemption payout is credited or debited respectively to the income equalization reserve.

The unit premium reserve is available for dividend distribution except to the extent it is represented by unrealised net appreciation in value of investments.

## 2.7 Income Equalization Reserve

The net distributable income relating to units issued / repurchased is transferred to / from income equalization reserve for determining the net surplus / deficit, transferred from / to unit premium reserve.

## 2.8 Load

Load collected is retained under a separate account in the Scheme and is used to meet the selling and distribution expenses of the Scheme.

## 3. Investment Management and Advisory Fees

The Scheme has paid or provided for investment management and advisory fees payable to Deutsche Asset Management (India) Private Limited for managing the Scheme at an annual rate of 0.35% of the average daily net asset values recorded by the Scheme. All costs, charges and expenses incurred by Deutsche Asset Management (India) Private Limited in the administration and execution of the activities of the Scheme, except costs allowed to be charged to the Scheme under the Regulations and amendments thereto as applicable, are on their own account for which they receive investment management and advisory fees.

## 4. Trustee Fees

In accordance with the Deed of Trust dated May 29, 2002 between Deutsche Asset Management (Asia) Limited (the "Settlor") and Deutsche Trustee Services (India) Private Limited (the "Trustee"), the Scheme has paid or provided for trustee fees payable to the Trustee at an annual rate of 0.01% of the average daily net asset values recorded by the Scheme.

## 5. Custodian Fees

J P Morgan Chase Bank provides custodial services to the Scheme for which it receives custody fees.

## 6. Income Taxes

No provision for taxation has been made as the Scheme qualifies as a recognized mutual fund under Section 10 (23D) of the Income Tax Act, 1961 of India.

## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the period February 10, 2006 to March 31, 2006

### 7. Limitation of Expenses

The total expenses chargeable to the Scheme is limited to 0.70% (annualised) of the average daily net assets recorded by the Scheme. Deutsche Asset Management (India) Private Limited has borne Rs. 29,886 which is in excess of the above mentioned percentage of the average daily net assets allowable to be charged to the Scheme as total expenses for the period.

### 8. Aggregate Appreciation and Depreciation In Value of Investments

Aggregate appreciation and depreciation in value of investments is as follows:

	March 31, 2006 Rupees
Non-Convertible Debentures / Bonds Listed / Awaiting Listing	
– Appreciation	6,024
– Depreciation	–
Securitised Debt	
– Appreciation	–
– Depreciation	8,927

### 9. Aggregate Fair Value of Non-Traded Investments

Aggregate fair value of non-traded (including private placements) investments as determined by Deutsche Asset Management (India) Private Limited under the procedures approved by the Trustee as at March 31, 2006 is Rs. 683,221,290.

### 10. Aggregate Value of Purchases and Sale of Investments

The aggregate value of investment securities purchased and sold (including matured) during the financial year are Rs. 1,142,823,135 (excluding accretion of discount Rs. 1,309,912) and Rs. 460,972,531 respectively being 157.44% and 63.51% of the average daily net assets.

### 11. Income and Expenses

The total income (including net profit on sale of investments and net unrealized depreciation in the value of investments) and expenditure is Rs. 3,626,450 and Rs. 250,577 respectively being 10.13% (annualised) and 0.70% (annualised) of the average daily net assets.

### 12. Disclosure Under Regulation 25(8) of the Securities and Exchange Board of India (Mutual Funds) Regulation, 1996 as amended

Deutsche Bank AG, Mumbai Branch and Kotak Mahindra Bank Limited associate entities of Deutsche Asset Management (India) Private Limited were paid commission amounting to Rs. 220,263 and Rs. 995 respectively for procuring unit subscriptions for the Scheme. The commission paid was at rates similar to those offered to other distributors.

### 13. Disclosure Under Regulation 25 (11) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended

Deutsche Mutual Fund has made the following investments in companies, which hold units in excess of 5% of the net asset value of any Scheme of Deutsche Mutual Fund.

Company Name	Schemes invested in by the Company	Investment made by Schemes of Deutsche Mutual Fund in the Company / Subsidiary	Aggregate for the period under Regulation 25(11) At Cost (Rupees in lakhs)	Outstanding as at March 31, 2006 At Market / Fair Value (Rupees in lakhs)
DSP Merrill Lynch Capital Limited	DWS Insta Cash Plus Fund	DWS Insta Cash Plus Fund	6,784.00	129.64
		DWS Fixed Term Fund - Series 7	4,216.78	–
		DWS Floating Rate Fund	3,401.99	–
		DWS Fixed Term Fund - Series 3	867.67	878.66
		DWS Short Maturity Fund	493.73	110.43
		DWS MIP Fund - Plan A	235.17	67.22
		DWS Fixed Term Fund - Series 2	197.10	201.66
		DWS MIP - Fund - Plan B	107.45	38.41
		DWS Fixed Term Fund	14.08	14.40
Grasim Industries Limited	DWS Fixed Term Fund - Series 3	DWS Alpha Equity Fund	678.02	329.27
		DWS Tax Saving Fund	220.54	246.95
		DWS Investment Opportunity Fund	55.14	61.74

# Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the period February 10, 2006 to March 31, 2006

Company Name	Schemes invested in by the Company	Investment made by Schemes of Deutsche Mutual Fund in the Company / Subsidiary	Aggregate for the period under Regulation 25(11) At Cost (Rupees in lakhs)	Outstanding as at March 31, 2006 At Market / Fair Value (Rupees in lakhs)
		DWS Tax Saving Fund^	125.26	136.89
		DWS Alpha Equity Fund^	72.68	-
Hindustan Lever Limited	DWS Fixed Term Fund - Series 4 DWS Fixed Term Fund - Series 6	DWS Alpha Equity Fund	495.15	-
Hindustan Zinc Limited	DWS Insta Cash Plus Fund DWS Fixed Term Fund - Series 5	DWS Alpha Equity Fund	170.99	261.60
Infosys Technologies Limited	DWS Insta Cash Plus Fund	DWS Alpha Equity Fund DWS Investment Opportunity Fund DWS MIP Fund - Plan A DWS MIP Fund - Plan B	2,967.35 480.71 136.65 25.99	- - 8.94 -
ITC Limited	DWS Floating Rate Fund DWS Short Maturity Fund DWS Fixed Term Fund - Series 7 DWS Insta Cash Plus Fund	DWS Alpha Equity Fund DWS Investment Opportunity Fund DWS Tax Saving Fund DWS MIP Fund - Plan A DWS MIP Fund - Plan B	1,316.00 413.51 171.58 28.10 12.20	136.47 48.74 97.48 12.67 -
Larsen & Toubro Limited	DWS Alpha Equity Fund DWS Insta Cash Plus Fund	DWS Alpha Equity Fund DWS Floating Rate Fund DWS Insta Cash Plus Fund DWS Investment Opportunity Fund DWS Tax Saving Fund DWS Short Maturity Fund DWS MIP Fund - Plan B DWS Insta Cash Plus Fund^^ DWS Floating Rate Fund^^ DWS Fixed Term Fund - Series 7^^ DWS Short Maturity Fund^^ DWS Fixed Term Fund^^ DWS Fixed Term Fund - Series 2^^ DWS Money Plus Fund ^^	1,765.39 1,000.00 900.00 177.45 122.28 100.00 3.73 18,202.34 3,800.00 3,700.00 1,800.00 1,799.21 1,698.95 200.00	152.04 - - 36.49 121.63 - - - 2,200.00 1,297.19 - - 797.75 1,698.03 -
Sterlite Industries India Limited	DWS Fixed Term Fund - Series 7	DWS Insta Cash Plus Fund DWS Floating Rate Fund DWS Short Maturity Fund DWS Fixed Term Fund - Series 7 DWS Fixed Term Fund - Series 8 DWS Alpha Equity Fund DWS Premier Bond Fund DWS MIP Fund - Plan A DWS Investment Opportunity Fund DWS MIP Fund - Plan B DWS Fixed Term Fund - Series 4	21,140.00 12,020.00 3,220.00 1,000.00 800.00 662.57 160.00 100.00 67.51 50.00 10.00	- - - - - 384.88 - - 78.73 - -
The Tata Steel Limited	DWS Insta Cash Plus Fund DWS Fixed Term Fund - Series 7	DWS Alpha Equity Fund DWS Investment Opportunity Fund DWS Tax Saving Fund DWS MIP Fund - Plan A DWS MIP Fund - Plan B	2,065.32 822.49 116.78 116.41 35.50	375.48 - 134.10 - -

## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the period February 10, 2006 to March 31, 2006

Company Name	Schemes invested in by the Company	Investment made by Schemes of Deutsche Mutual Fund in the Company / Subsidiary	Aggregate for the period under Regulation 25(11) At Cost (Rupees in lakhs)	Outstanding as at March 31, 2006 At Market / Fair Value (Rupees in lakhs)
The Bombay Dyeing and Manufacturing Company Limited	DWS Short Maturity Fund	DWS Fixed Term Fund - Series 2	2,000.00	–
Videsh Sanchar Nigam Limited	DWS Insta Cash Plus Fund DWS Short Maturity Fund	DWS Investment Opportunity Fund DWS Alpha Equity Fund	94.30 73.24	– –

^ DTSF and DAEF have invested in Ultratech Cemco which is a subsidiary of Grasim Industries Limited.

^^ DICPF, DFRF, DFTF-7, DSMF, DFTF, DFTF-2 and DMPF have invested in L&T Finance Limited which is a subsidiary of Larsen & Toubro Limited.

The above investments comprise equity shares, debentures / bonds, commercial paper, fixed deposits and other debt instruments. These investments have been made on account of their high credit quality and competitive yield for the investment in fixed income / money market instruments and in case of equity shares because of attractive valuations of these companies.

### 14. Perspective Historical Per Unit Statistics\*

	February 10, 2006 to March 31, 2006
(a) Net asset value per unit at the end of the period (Note 2.6)	
Growth Plan	10.0472
Dividend Plan	10.0472
(b) Gross Income	
(i) income other than profit on sale of investment	0.0444
(ii) income from profit on inter-scheme sales / transfer of investment	0.0000
(iii) income (net) from profit on sale of investments to third party	0.0008
(iv) transfer of revenue account from past year's reserve	NA
(c) Aggregate of expenses, writeoff, amortisation and charges	0.0031
(d) Net income	0.0421
(e) Net unrealised depreciation in value of investments	(0.0000)#
(f) Redemption price	
– Highest	
Growth Plan	–
Dividend Plan	10.0423
– Lowest	
Growth Plan	–
Dividend Plan	10.0423
(g) Purchase price	
– Highest	
Growth Plan	10.0423
Dividend Plan	10.0472
– Lowest	
Growth Plan	10.0000
Dividend Plan	10.0000
(h) Price earnings ratio	NA
(i) Ratio of expenses (excluding initial issue expenses) to average daily net assets by percentage	0.70%@
(j) Ratio of gross income (including net profit on sale of investments and net unrealised depreciation in value of investments) to average daily net assets by percentage	10.13%@

\* The above per unit calculations are based on the number of units in issue at the end of the financial period

# Below 0.01 per unit

@ The ratio of expenses and gross income to average daily net assets by percentage have been annualised for the period March 14, 2006 to March 31, 2006

# Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the period February 10, 2006 to March 31, 2006

## 15. Composition of Board of Directors of Investment Manager

An independent Director of Deutsche Asset Management (India) Private Limited ('the Company') had resigned from the Board of Directors ('the Board') with effect from October 31, 2005 due to which the composition of the Board was reduced to below the minimum requirement of 50% independent directors as required under the Regulations. An independent Director was appointed on the Board on February 6, 2006, after which the composition of the Board was in compliance with the Regulations. The Company has informed the Securities and Exchange Board of India of the same.

## 16. Prior Year's Figures

As these are the first financial statement of the Scheme since the date of its commencement, there are no comparative figures.

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Signatures to the Schedules 1 to 8 forming part of the Balance Sheet and the Revenue Account

**K. H. VACHHA**  
*Partner*

For **Deutsche Trustee Services (India) Private Limited**

For **Deutsche Asset Management (India) Private Limited**

For and on behalf of  
**PRICE WATERHOUSE**  
*Chartered Accountants*

**Gunit Chadha**  
*Director*

**M. H. Kania**  
*Director*

**Stephen Paul Harris**  
*Director*

**Sandeep Dasgupta**  
*Director*

**Y. B. Desai**  
*Director*

**A. S. Mitra**  
*Director*

**Kersi M. Gherda**  
*Director*

**Bhalchandra Bhide**  
*Director*

**Debabrata Bhadury**  
*Director*

**Eduoard Ferner Peter**  
*Director*

**Vijay P. Gokhale**  
*Director*

**Carl Saldanha**  
*Director*

Place: Mumbai  
Date : August 30, 2006

**Suresh Soni**  
*Portfolio Manager*



# Statement of Portfolio Holding

as at March 31, 2006

(Referred to in Schedule 1 to the Balance Sheet as at March 31, 2006 and the Revenue Account for the period February 10, 2006 to March 31, 2006)

Description		Fair Value Rupees
<b>Privately Placed Non-Convertible Debentures / Bonds (40.98%)</b>		
Finance (32.14%)		
9.00% JM Fin. and Invst. Consultancy Services Private Limited 2006*		90,000,000
		90,000,000
Consumer Finance (32.14%)		
Rabo India Finance Private Limited 2007*		90,000,000
		90,000,000
Construction & Engineering (35.72%)		
8.95% Hindustan Construction Company Limited 2006*		100,000,000
		100,000,000
<b>Total</b>	<b>(Cost Rs. 280,000,000)</b>	<b>280,000,000</b>
<b>Non Convertible Debentures / Bonds Listed / Awaiting Listing (0.58%)</b>		
Finance (100%)		
6.2% Sundaram Home Finance Limited 2006#		3,952,464
		3,952,464
<b>Total</b>	<b>(Cost - Rs. 3,946,440)</b>	<b>3,952,464</b>
<b>Securitised Debt (17.08%)</b>		
Finance (100%)		
India Loan Securitisation Trust 2005 Srs IV A1 PTC*		87,648,938
Indian Retail ABS Trust Ser 45 A3 PTC*		29,015,108
<b>Total</b>	<b>(Cost - Rs. 116,672,973)</b>	<b>116,664,046</b>
<b>Commercial Paper / Certificate of Deposit (41.36%)</b>		
Commercial Paper (34.80%)		
Simplex Infrastructures Limited#		98,343,842
		98,343,842
Certificate of Deposit (65.20%)		
Allahabad Bank#		92,200,177
ICICI Bank Limited#		92,060,761
		184,260,938
<b>Total</b>	<b>(Cost - Rs. 282,604,780)</b>	<b>282,604,780</b>
<b>TOTAL INVESTMENTS</b>	<b>(Cost - Rs. 683,224,193)</b>	<b>683,221,290</b>

Confirmation has been received from J P Morgan Chase Bank, Mumbai Branch at the end of the financial year for the investments held by them.

\* Fair value of non-traded (privately placed) debt securities as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee.

# Fair value of non-traded and thinly traded debt securities in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto as applicable issued by the Securities and Exchange Board of India (SEBI) as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee.

# Auditors' Report

To the Trustee,

## DEUTSCHE MUTUAL FUND

1. We have audited the Balance Sheet of Deutsche Mutual Fund – **DWS Fixed Term Fund (formerly Deutsche Fixed Term Fund)** ("The Scheme") as at March 31, 2006 and the related Revenue Account for the year ended on that day, both of which we have signed under reference to this report. These financial statements are the responsibility of the Trustee of Deutsche Mutual Fund and the Management of Deutsche Asset Management (India) Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned at March 31, 2006 by correspondence with the custodian. 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.
3. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us,
  - (i) The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable, and also give respectively, a true and fair view of the state of affairs of Deutsche Mutual Fund – DWS Fixed Term Fund as at March 31, 2006 and its net surplus for the year ended on that date.
  - (ii) The Balance Sheet as at March 31, 2006 and the Revenue Account for the year ended on that date, together with the notes thereon have been prepared in all material respects 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 and amendments thereto as applicable.
  - (iii) The methods used to value,
    - a) Privately placed debt securities in good faith and
    - b) Non-traded / thinly traded debt securities in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by the Securities and Exchange Board of Indiaas at March 31, 2006 as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund are fair and reasonable.

K. H. Vachha  
Partner  
Membership No. F/30798

For and on behalf of  
Price Waterhouse  
Chartered Accountants

Place : Mumbai  
Date : August 30, 2006

To the Trustee,

## DEUTSCHE MUTUAL FUND

1. We have audited the Balance Sheet of Deutsche Mutual Fund – **DWS Fixed Term Fund – Series 2 (formerly Deutsche Fixed Term Fund – Series 2)** ("The Scheme") as at March 31, 2006 and the related Revenue Account for the period June 20, 2005 to March 31, 2006, both of which we have signed under reference to this report. These financial statements are the responsibility of the Trustee of Deutsche Mutual Fund and the Management of Deutsche Asset Management (India) Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned at March 31, 2006 by correspondence with the custodian. 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.
3. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us,
  - (i) The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable, and also give respectively, a true and fair view of the state of affairs of Deutsche Mutual Fund – DWS Fixed Term Fund – Series 2 as at March 31, 2006 and its net surplus for the the period June 20, 2005 to March 31, 2006.
  - (ii) The Balance Sheet as at March 31, 2006 and the Revenue Account for the period June 20, 2005 to March 31, 2006, together with the notes thereon have been prepared in all material respects 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 and amendments thereto as applicable.
  - (iii) The methods used to value,
    - a) Privately placed debt securities in good faith and
    - b) Non-traded / thinly traded debt securities in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by the Securities and Exchange Board of Indiaas at March 31, 2006 as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund are fair and reasonable.

K. H. Vachha  
Partner  
Membership No. F/30798

For and on behalf of  
Price Waterhouse  
Chartered Accountants

Place : Mumbai  
Date : August 30, 2006

# Auditors' Report

To the Trustee,

## DEUTSCHE MUTUAL FUND

1. We have audited the Balance Sheet of Deutsche Mutual Fund – **DWS Fixed Term Fund – Series 3 (formerly Deutsche Fixed Term Fund – Series 3)** ("The Scheme") as at March 31, 2006 and the related Revenue Account for the period August 10, 2005 to March 31, 2006, both of which we have signed under reference to this report. These financial statements are the responsibility of the Trustee of Deutsche Mutual Fund and the Management of Deutsche Asset Management (India) Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned at March 31, 2006 by correspondence with the custodian. 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.
3. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us,
  - (i) The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable, and also give respectively, a true and fair view of the state of affairs of Deutsche Mutual Fund – DWS Fixed Term Fund – Series 3 as at March 31, 2006 and its net surplus for the the period August 10, 2005 to March 31, 2006.
  - (ii) The Balance Sheet as at March 31, 2006 and the Revenue Account for the period August 10, 2005 to March 31, 2006, together with the notes thereon have been prepared in all material respects 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 and amendments thereto as applicable.
  - (iii) The methods used to value,
    - a) Privately placed debt securities in good faith and
    - b) Non-traded / thinly traded debt securities in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by the Securities and Exchange Board of Indiaas at March 31, 2006 as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund are fair and reasonable.

K. H. Vachha  
Partner  
Membership No. F/30798

For and on behalf of  
Price Waterhouse  
Chartered Accountants

Place : Mumbai  
Date : August 30, 2006

To the Trustee,

## DEUTSCHE MUTUAL FUND

1. We have audited the Balance Sheet of Deutsche Mutual Fund – **DWS Fixed Term Fund – Series 4 (formerly Deutsche Fixed Term Fund – Series 4)** ("The Scheme") as at March 31, 2006 and the related Revenue Account for the period November 21, 2005 to March 31, 2006, both of which we have signed under reference to this report. These financial statements are the responsibility of the Trustee of Deutsche Mutual Fund and the Management of Deutsche Asset Management (India) Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned at March 31, 2006 by correspondence with the custodian. 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.
3. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us,
  - (i) The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable, and also give respectively, a true and fair view of the state of affairs of Deutsche Mutual Fund – DWS Fixed Term Fund – Series 4 as at March 31, 2006 and its net surplus for the the period November 21, 2005 to March 31, 2006.
  - (ii) The Balance Sheet as at March 31, 2006 and the Revenue Account for the period November 21, 2005 to March 31, 2006, together with the notes thereon have been prepared in all material respects 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 and amendments thereto as applicable.
  - (iii) The methods used to value,
    - a) Privately placed debt securities in good faith and
    - b) Non-traded / thinly traded debt securities in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by the Securities and Exchange Board of Indiaas at March 31, 2006 as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund are fair and reasonable.

K. H. Vachha  
Partner  
Membership No. F/30798

For and on behalf of  
Price Waterhouse  
Chartered Accountants

Place : Mumbai  
Date : August 30, 2006



Deutsche Asset Management   
A Member of the Deutsche Bank Group

# Auditors' Report

To the Trustee,

## DEUTSCHE MUTUAL FUND

1. We have audited the Balance Sheet of Deutsche Mutual Fund – **DWS Fixed Term Fund – Series 5 (formerly Deutsche Fixed Term Fund – Series 5)** ("The Scheme") as at March 31, 2006 and the related Revenue Account for the period March 21, 2006 to March 31, 2006, both of which we have signed under reference to this report. These financial statements are the responsibility of the Trustee of Deutsche Mutual Fund and the Management of Deutsche Asset Management (India) Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned at March 31, 2006 by correspondence with the custodian. 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.
3. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us,
  - (i) The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable, and also give respectively, a true and fair view of the state of affairs of Deutsche Mutual Fund – DWS Fixed Term Fund – Series 5 as at March 31, 2006 and its net surplus for the the period March 21, 2006 to March 31, 2006.
  - (ii) The Balance Sheet as at March 31, 2006 and the Revenue Account for the period March 21, 2006 to March 31, 2006, together with the notes thereon have been prepared in all material respects 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 and amendments thereto as applicable.
  - (iii) The methods used to value,
    - a) Privately placed debt securities in good faith and
    - b) Non-traded / thinly traded debt securities in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by the Securities and Exchange Board of India

as at March 31, 2006 as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund are fair and reasonable.

K. H. Vachha  
Partner  
Membership No. F/30798

For and on behalf of  
Price Waterhouse  
Chartered Accountants

Place : Mumbai  
Date : August 30, 2006

To the Trustee,

## DEUTSCHE MUTUAL FUND

1. We have audited the Balance Sheet of Deutsche Mutual Fund – **DWS Fixed Term Fund – Series 6 (formerly Deutsche Fixed Term Fund – Series 6)** ("The Scheme") as at March 31, 2006 and the related Revenue Account for the period February 17, 2006 to March 31, 2006, both of which we have signed under reference to this report. These financial statements are the responsibility of the Trustee of Deutsche Mutual Fund and the Management of Deutsche Asset Management (India) Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned at March 31, 2006 by correspondence with the custodian. 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.
3. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us,
  - (i) The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable, and also give respectively, a true and fair view of the state of affairs of Deutsche Mutual Fund – DWS Fixed Term Fund – Series 6 as at March 31, 2006 and its net surplus for the the period February 17, 2006 to March 31, 2006.
  - (ii) The Balance Sheet as at March 31, 2006 and the Revenue Account for the period February 17, 2006 to March 31, 2006, together with the notes thereon have been prepared in all material respects 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 and amendments thereto as applicable.
  - (iii) The methods used to value,
    - a) Privately placed debt securities in good faith and
    - b) Non-traded / thinly traded debt securities in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by the Securities and Exchange Board of India

as at March 31, 2006 as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund are fair and reasonable.

K. H. Vachha  
Partner  
Membership No. F/30798

For and on behalf of  
Price Waterhouse  
Chartered Accountants

Place : Mumbai  
Date : August 30, 2006

# Auditors' Report

To the Trustee,

## DEUTSCHE MUTUAL FUND

1. We have audited the Balance Sheet of Deutsche Mutual Fund – **DWS Fixed Term Fund – Series 8 (formerly Deutsche Fixed Term Fund – Series 8)** ("The Scheme") as at March 31, 2006 and the related Revenue Account for the period March 7, 2006 to March 31, 2006, both of which we have signed under reference to this report. These financial statements are the responsibility of the Trustee of Deutsche Mutual Fund and the Management of Deutsche Asset Management (India) Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned at March 31, 2006 by correspondence with the custodian. 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.
3. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us,
  - (i) The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable, and also give respectively, a true and fair view of the state of affairs of Deutsche Mutual Fund – DWS Fixed Term Fund – Series 8 as at March 31, 2006 and its net surplus for the the period March 7, 2006 to March 31, 2006.
  - (ii) The Balance Sheet as at March 31, 2006 and the Revenue Account for the period March 7, 2006 to March 31, 2006, together with the notes thereon have been prepared in all material respects 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 and amendments thereto as applicable.
  - (iii) The methods used to value,
    - a) Privately placed debt securities in good faith and
    - b) Non-traded / thinly traded debt securities in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by the Securities and Exchange Board of Indiaas at March 31, 2006 as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund are fair and reasonable.

K. H. Vachha  
Partner  
Membership No. F/30798

For and on behalf of  
Price Waterhouse  
Chartered Accountants

Place : Mumbai  
Date : August 30, 2006

To the Trustee,

## DEUTSCHE MUTUAL FUND

1. We have audited the Balance Sheet of Deutsche Mutual Fund – **DWS Fixed Term Fund – Series 9 (formerly Deutsche Fixed Term Fund – Series 9)** ("The Scheme") as at March 31, 2006 and the related Revenue Account for the period March 16, 2006 to March 31, 2006, both of which we have signed under reference to this report. These financial statements are the responsibility of the Trustee of Deutsche Mutual Fund and the Management of Deutsche Asset Management (India) Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned at March 31, 2006 by correspondence with the custodian. 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.
3. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us,
  - (i) The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable, and also give respectively, a true and fair view of the state of affairs of Deutsche Mutual Fund – DWS Fixed Term Fund – Series 9 as at March 31, 2006 and its net surplus for the the period March 16, 2006 to March 31, 2006.
  - (ii) The Balance Sheet as at March 31, 2006 and the Revenue Account for the period March 16, 2006 to March 31, 2006, together with the notes thereon have been prepared in all material respects 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 and amendments thereto as applicable.
  - (iii) The methods used to value,
    - a) Privately placed debt securities in good faith and
    - b) Non-traded / thinly traded debt securities in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by the Securities and Exchange Board of Indiaas at March 31, 2006 as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund are fair and reasonable.

K. H. Vachha  
Partner  
Membership No. F/30798

For and on behalf of  
Price Waterhouse  
Chartered Accountants

Place : Mumbai  
Date : August 30, 2006



# Balance Sheet

as at March 31, 2006

Schedule	DWS FIXED TERM FUND		DWS FIXED TERM FUND - SERIES 2	
	March 31, 2006 Rupees	March 31, 2005 Rupees	March 31, 2006 Rupees	
<b>Assets</b>				
Investments	1	1,315,282,362	970,566,469	1,520,156,025
Deposits	2	-	100,000,000	-
Other Current Assets	3	95,768,444	272,915,931	64,255,095
<b>TOTAL</b>		<b>1,411,050,806</b>	<b>1,343,482,400</b>	<b>1,584,411,120</b>
<b>Liabilities</b>				
Unit Capital	4	1,330,522,230	1,343,022,230	1,516,933,878
Reserves and Surplus	5	79,358,875	392,410	63,559,002
Current Liabilities and Provisions	6	1,169,701	67,760	3,918,240
<b>TOTAL</b>		<b>1,411,050,806</b>	<b>1,343,482,400</b>	<b>1,584,411,120</b>

## Reconciliation of Net Asset Value Per Unit

	DWS FIXED TERM FUND			DWS FIXED TERM FUND			DWS FIXED TERM FUND - S ERIES 2		
	March 31, 2006			March 31, 2005			March 31, 2006		
	Growth Option Rupees	Dividend Option Rupees	Total Rupees	Growth Option Rupees	Dividend Option Rupees	Total Rupees	Growth Option Rupees	Dividend Option Rupees	Total Rupees
Net Assets as per Balance Sheet (Total Assets less Current Liabilities and Provisions) (Note 2.5)	1,409,457,247	423,858	1,409,881,105	1,343,014,523	400,117	1,343,414,640	1,579,450,980	1,041,900	1,580,492,880
Number of Units in Issue	133,012,222.999	40,000.000	134,262,222.999	40,000.000		151,593,387.787	100,000.000		
Net Asset Value per Unit	10.5964	10.5964	10.0029	10.0029		10.4190	10.4190		

Notes to the Financial Statements 9

The schedules referred to herein form an integral part of the Financial Statements

This is the Balance Sheet referred to in our report of even date.

**K. H. VACHHA**  
Partner

For and on behalf of  
**PRICE WATERHOUSE**  
Chartered Accountants

Place: Mumbai  
Date : August 30, 2006

For **Deutsche Trustee Services (India)  
Private Limited**

Gunit Chadha  
Director

Y. B. Desai  
Director

Debabrata Bhadury  
Director

M. H. Kania  
Director

A. S. Mitra  
Director

Eduoard Ferner Peter  
Director

For **Deutsche Asset Management (India)  
Private Limited**

Stephen Paul Harris  
Director

Kersi M. Gherda  
Director

Vijay P. Gokhale  
Director

Suresh Soni  
Portfolio Manager

Sandeep Dasgupta  
Director

Bhalchandra Bhide  
Director

Carl Saldanha  
Director

# Balance Sheet (Contd.)

as at March 31, 2006

Schedule	DWS FIXED TERM FUND - SERIES 3	DWS FIXED TERM FUND - SERIES 4	DWS FIXED TERM FUND - SERIES 5	
	March 31, 2006 Rupees	March 31, 2006 Rupees	March 31, 2006 Rupees	
<b>Assets</b>				
Investments	1	1,178,596,178	569,695,474	1,446,583,801
Deposits	2	-	-	-
Other Current Assets	3	16,227,213	18,057,731	835,459,406
<b>TOTAL</b>		<b>1,194,823,391</b>	<b>587,753,205</b>	<b>2,282,043,207</b>
<b>Liabilities</b>				
Unit Capital	4	1,150,269,980	582,842,515	2,256,654,707
Reserves and Surplus	5	31,316,921	3,005,492	1,257,758
Current Liabilities and Provisions	6	13,236,490	1,905,198	24,130,742
<b>TOTAL</b>		<b>1,194,823,391</b>	<b>587,753,205</b>	<b>2,282,043,207</b>

## Reconciliation of Net Asset Value Per Unit

	DWS FIXED TERM FUND - SERIES 3			DWS FIXED TERM FUND - SERIES 4			DWS FIXED TERM FUND - SERIES 5		
	March 31, 2006			March 31, 2006			March 31, 2006		
	Growth Option Rupees	Dividend Option Rupees	Total Rupees	Growth Option Rupees	Dividend Option Rupees	Total Rupees	Growth Option Rupees	Dividend Option Rupees	Total Rupees
Net Assets as per Balance Sheet (Total Assets less Current Liabilities and Provisions) (Note 2.5)	1,181,550,948	35,953	1,181,586,901	585,425,841	422,166	585,848,007	2,256,505,682	1,406,783	2,257,912,465
Number of Units in Issue	115,023,497.978	3,500.000	58,242,251.441	42,000.000		225,524,870.654	140,600.006		
Net Asset Value per Unit	10.2723	10.2723	10.0516	10.0516		10.0056	10.0056		

Notes to the Financial Statements 9

The schedules referred to herein form an integral part of the Financial Statements

This is the Balance Sheet referred to in our report of even date.

K. H. VACHHA  
Partner

For **Deutsche Trustee Services (India)  
Private Limited**

For **Deutsche Asset Management (India)  
Private Limited**

For and on behalf of  
**PRICE WATERHOUSE**  
Chartered Accountants

Gunit Chadha  
Director

M. H. Kania  
Director

Stephen Paul Harris  
Director

Sandeep Dasgupta  
Director

Y. B. Desai  
Director

A. S. Mitra  
Director

Kersi M. Gherda  
Director

Bhalchandra Bhide  
Director

Debabrata Bhadury  
Director

Eduoard Fernen Peter  
Director

Vijay P. Gokhale  
Director

Carl Saldanha  
Director

Place: Mumbai  
Date : August 30, 2006

Suresh Soni  
Portfolio Manager



Deutsche Asset Management   
A Member of the Deutsche Bank Group

# Balance Sheet (Contd..)

as at March 31, 2006

Schedule	DWS FIXED TERM FUND – SERIES 6	DWS FIXED TERM FUND – SERIES 8	DWS FIXED TERM FUND – SERIES 9
	March 31, 2006 Rupees	March 31, 2006 Rupees	March 31, 2006 Rupees
<b>Assets</b>			
Investments	1,151,082,105	3,278,974,885	1,303,982,623
Deposits	–	–	–
Other Current Assets	122,426,441	75,849,594	180,794,881
<b>TOTAL</b>	<b>1,273,508,546</b>	<b>3,354,824,479</b>	<b>1,484,777,504</b>
<b>Liabilities</b>			
Unit Capital	1,267,693,743	3,346,485,558	1,481,908,202
Reserves and Surplus	4,444,547	5,542,803	2,622,186
Current Liabilities and Provisions	1,370,256	2,796,118	247,116
<b>TOTAL</b>	<b>1,273,508,546</b>	<b>3,354,824,479</b>	<b>1,484,777,504</b>

## Reconciliation of Net Asset Value Per Unit

	DWS FIXED TERM FUND – SERIES 6			DWS FIXED TERM FUND – SERIES 8			DWS FIXED TERM FUND – SERIES 9		
	March 31, 2006			March 31, 2006			March 31, 2006		
	Growth Option Rupees	Dividend Option Rupees	Total Rupees	Growth Option Rupees	Dividend Option Rupees	Total Rupees	Growth Option Rupees	Dividend Option Rupees	Total Rupees
Net Assets as per Balance Sheet (Total Assets less Current Liabilities and Provisions) (Note 2.5)	1,238,019,086	34,119,204	1,272,138,290	499,015,919	2,853,012,442	3,352,028,361	1,048,284,830	436,245,558	1,484,530,388
Number of Units in Issue	123,369,374.326	3,400,000.000		49,650,182.864	284,998,372.858		104,643,320.219	43,547,500.000	
Net Asset Value per Unit	10.0351	10.0351		10.0506	10.0106		10.0177	10.0177	

Notes to the Financial Statements 9

The schedules referred to herein form an integral part of the Financial Statements

This is the Balance Sheet referred to in our report of even date.

K. H. VACHHA  
Partner

For **Deutsche Trustee Services (India)  
Private Limited**

For **Deutsche Asset Management (India)  
Private Limited**

For and on behalf of  
PRICE WATERHOUSE  
Chartered Accountants

Gunit Chadha  
Director

M. H. Kania  
Director

Stephen Paul Harris  
Director

Sandeep Dasgupta  
Director

Y. B. Desai  
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A. S. Mitra  
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Kersi M. Gherda  
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Bhalchandra Bhide  
Director

Debabrata Bhadury  
Director

Eduoard Ferner Peter  
Director

Vijay P. Gokhale  
Director

Carl Saldanha  
Director

Place: Mumbai  
Date : August 30, 2006

Suresh Soni  
Portfolio Manager



# Revenue Account

for the year / period ended March 31, 2006

Schedule	DWS FIXED TERM FUND		DWS FIXED TERM FUND - SERIES 2	
	April 01, 2005 to March 31, 2006 Rupees	March 29, 2005 to March 31, 2005 Rupees	June 20, 2005 to March 31, 2006 Rupees	
<b>Income and Gains</b>				
Interest and Discount	7	99,419,142	417,197	89,274,142
Net Profit on Sale of Investments (Note 2.3)		-	-	-
<b>TOTAL</b>		<b>99,419,142</b>	<b>417,197</b>	<b>89,274,142</b>
<b>Expenses and Losses</b>				
Net Loss on Sale of Investments (including Net Loss on Inter-scheme Sale of Investments Rs. 33,684 for DWS Fixed Term Fund and Rs. 5,290,692 for DWS Fixed Term Fund - Series 2) (Note 2.3)		4,710,841	-	8,749,145
Investment Management and Advisory Fees (Note 3)		2,782,040	11,041	2,590,642
Trustee Fees and Expenses (Note 4)		138,104	736	131,424
Transfer Agent Fees and Expenses		231,485	811	193,497
Custodian Fees and Expenses (Note 5)		167,837	11,195	161,647
Audit Fees		91,215	20,000	102,252
Selling and Distribution Expenses		1,556,061	-	1,402,428
Other Operating Expenses		442,184	6,727	420,034
		10,119,767	50,510	13,751,069
Less: Expenses to be Reimbursed by the Investment Manager (Note 7)		-	32,107	-
<b>TOTAL</b>		<b>10,119,767</b>	<b>18,403</b>	<b>13,751,069</b>
Net Surplus for the Year		89,299,375	398,794	75,523,073
Net Movement in Unrealised Appreciation / (Depreciation) in Value of Investments	8	(9,738,160)	(6,384)	(5,226,227)
Unrealised Depreciation in Value of Interest Rate Swaps (Note 2.8 and 14)		-	-	(510,380)
Net Surplus including Net Movement in Unrealised Appreciation / Depreciation in Value of Investments		79,561,215	392,410	69,786,466

Schedule	DWS FIXED TERM FUND			DWS FIXED TERM FUND			DWS FIXED TERM FUND - SERIES 2		
	April 01, 2005 to March 31, 2006			March 29, 2005 to March 31, 2005			June 20, 2005 to March 31, 2006		
	Growth Option Rupees	Dividend Option Rupees	Total Rupees	Growth Option Rupees	Dividend Option Rupees	Total Rupees	Growth Option Rupees	Dividend Option Rupees	Total Rupees
Net Surplus including Net Movement in Unrealised Appreciation / Depreciation in Value of Investments and Interest Rate Swaps by Option	79,537,474	23,741	79,561,215	392,293	117	392,410	63,519,177	6,267,289	69,786,466
Dividend Distributions	-	-	-	-	-	-	-	-	-
Dividend Tax thereon	-	-	-	-	-	-	-	-	-
Balance Transferred to Reserve Fund	79,537,474	23,741	79,561,215	392,293	117	392,410	63,519,177	6,267,289	69,786,466
Notes to the Financial Statements	9								
The Schedules referred to herein form an integral part of the Financial Statements									

This is the Revenue Account referred to in our report of even date.

**K. H. VACHHA**  
Partner

For and on behalf of  
**PRICE WATERHOUSE**  
Chartered Accountants

For **Deutsche Trustee Services (India)  
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Portfolio Manager

Sandeep Dasgupta  
Director

Bhalchandra Bhide  
Director

Carl Saldanha  
Director

Place: Mumbai  
Date : August 30, 2006



Deutsche Asset Management  
A Member of the Deutsche Bank Group



# Revenue Account (Contd..)

for the year / period ended March 31, 2006

Schedule	DWS FIXED TERM FUND - SERIES 3		DWS FIXED TERM FUND - SERIES 4		DWS FIXED TERM FUND - SERIES 5	
	August 10, 2005 to March 31, 2006 Rupees		November 21, 2005 to March 31, 2006 Rupees		March 21, 2006 to March 31, 2006 Rupees	
<b>Income and Gains</b>						
Interest and Discount	7	69,178,218		13,462,961		1,285,306
Net Profit on Sale of Investments (Note 2.3)		-		-		-
<b>TOTAL</b>		<b>69,178,218</b>		<b>13,462,961</b>		<b>1,285,306</b>
<b>Expenses and Losses</b>						
Net Loss on Sale of Investments [including Net Loss on Inter-scheme Sale of Investments Rs. 3,651,079 for DWS Fixed Term Fund Series - 3 and Rs. 124,235 for DWS Fixed Term Fund - Series 4] (Note 2.3)		16,892,837		5,170,299		-
Investment Management and Advisory Fees (Note 3)		513,614		531,222		18,806
Trustee Fees and Expenses (Note 4)		111,721		19,599		1,881
Transfer Agent Fees and Expenses		179,224		36,378		3,219
Custodian Fees and Expenses (Note 5)		112,828		35,018		21,012
Audit Fees		76,445		37,899		148,025
Selling and Distribution Expenses		387,391		383,741		713
Other Operating Expenses		164,159		116,659		74,365
		18,438,219		6,330,815		268,021
Less: Expenses to be Reimbursed by the Investment Manager (Note 7)		-		403,329		221,006
<b>TOTAL</b>		<b>18,438,219</b>		<b>5,927,486</b>		<b>47,015</b>
Net Surplus for the Year		50,739,999		7,535,475		1,238,291
Net Unrealised Appreciation / (Depreciation) in Value of Investments	8	(4,469,078)		(4,711,613)		19,467
Unrealised Depreciation in Value of Interest Rate Swaps		-		-		-
<b>Net Surplus including Net Unrealised Appreciation / Depreciation in Value of Investments</b>		<b>46,270,921</b>		<b>2,823,862</b>		<b>1,257,758</b>

Schedule	DWS FIXED TERM FUND - SERIES 3			DWS FIXED TERM FUND - SERIES 4			DWS FIXED TERM FUND - SERIES 5		
	August 10, 2005 to March 31, 2006			November 21, 2005 to March 31, 2006			March 21, 2006 to March 31, 2006		
	Growth Option Rupees	Dividend Option Rupees	Total Rupees	Growth Option Rupees	Dividend Option Rupees	Total Rupees	Growth Option Rupees	Dividend Option Rupees	Total Rupees
Net Surplus including Net Movement in Unrealised Appreciation / Depreciation in Value of Investments and Interest Rate Swaps by Option	36,677,968	9,592,953	46,270,921	2,821,696	2,166	2,823,862	1,256,975	783	1,257,758
Dividend Distributions	-	-	-	-	-	-	-	-	-
Dividend Tax thereon	-	-	-	-	-	-	-	-	-
<b>Balance Transferred to Reserve Fund</b>	<b>36,677,968</b>	<b>9,592,953</b>	<b>46,270,921</b>	<b>2,821,696</b>	<b>2,166</b>	<b>2,823,862</b>	<b>1,256,975</b>	<b>783</b>	<b>1,257,758</b>

Notes to the Financial Statements 9

The Schedules referred to herein form an integral part of the Financial Statements

This is the Revenue Account referred to in our report of even date.

**K. H. VACHHA**  
Partner

For and on behalf of  
**PRICE WATERHOUSE**  
Chartered Accountants

For **Deutsche Trustee Services (India)  
Private Limited**

Gunit Chadha  
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Portfolio Manager

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Director

Bhalchandra Bhide  
Director

Carl Saldanha  
Director

Place: Mumbai  
Date : August 30, 2006

# Revenue Account (Contd.)

for the year / period ended March 31, 2006

Schedule	DWS FIXED TERM FUND - SERIES 6	DWS FIXED TERM FUND - SERIES 8	DWS FIXED TERM FUND - SERIES 9
	February 14, 2006 to March 31, 2006 Rupees	March 7, 2006 to March 31, 2006 Rupees	March 16, 2006 to March 31, 2006 Rupees
<b>Income and Gains</b>			
Interest and Discount	11,510,411	17,279,566	2,659,786
Net Profit on Sale of Investments [including Net Profit on Inter-scheme Sale of investments Rs. 26] (Note 2.3)	-	-	26
<b>TOTAL</b>	<b>11,510,411</b>	<b>17,279,566</b>	<b>2,659,812</b>
<b>Expenses and Losses</b>			
Net Loss on Sale of Investments [including Net Loss on Inter-scheme Sale of Investments Rs. 1,086,670 for DWS Fixed Term Fund - Series 6 and Net off Net profit on Inter-scheme Sale of Investments Rs. 24,642 for DWS Fixed Term Fund - Series 8] (Note 2.3)	1,080,670	117,587	-
Investment Management and Advisory Fees (Note 3)	164,369	232,499	48,786
Trustee Fees and Expenses (Note 4)	14,943	21,136	3,252
Transfer Agent Fees and Expenses	23,506	43,017	6,331
Custodian Fees and Expenses (Note 5)	27,598	30,809	13,628
Audit Fees	82,300	216,861	96,041
Selling and Distribution Expenses	1,054,565	8,051	1,239
Other Operating Expenses	85,568	161,148	68,324
	2,533,519	831,108	237,601
Less: Expenses to be Reimbursed by the Investment Manager (Note 7)	1,079,282	185,115	140,028
<b>TOTAL</b>	<b>1,454,237</b>	<b>645,993</b>	<b>97,573</b>
Net Surplus for the Year	10,056,174	16,633,573	2,562,239
Net Unrealised Appreciation / (Depreciation) in Value of Investments	(5,611,627)	309,165	59,947
Unrealised Depreciation in Value of Interest Rate Swaps	-	-	-
<b>Net Surplus including Net Unrealised Appreciation / (Depreciation) in Value of Investments</b>	<b>4,444,547</b>	<b>16,942,738</b>	<b>2,622,186</b>

Schedule	DWS FIXED TERM FUND - SERIES 6			DWS FIXED TERM FUND - SERIES 8			DWS FIXED TERM FUND - SERIES 9		
	February 14, 2006 to March 31, 2006			March 7, 2006 to March 31, 2006			March 16, 2006 to March 31, 2006		
	Growth Option Rupees	Dividend Option Rupees	Total Rupees	Growth Option Rupees	Dividend Option Rupees	Total Rupees	Growth Option Rupees	Dividend Option Rupees	Total Rupees
Net Surplus including Net Movement in Unrealised Appreciation / Depreciation in Value of Investments and Interest Rate Swaps by Option	4,325,343	119,204	4,444,547	2,514,090	14,428,648	16,942,738	1,851,628	770,558	2,622,186
Dividend Distributions	-	-	-	-	(9,316,538)	(9,316,538)	-	-	-
Dividend Tax thereon	-	-	-	-	(2,083,397)	(2,083,397)	-	-	-
Balance Transferred to Reserve Fund	4,325,343	119,204	4,444,547	2,514,090	3,028,713	5,542,803	1,851,628	770,558	2,622,186

Notes to the Financial Statements 9  
The Schedules referred to herein form an integral part of the Financial Statements

This is the Revenue Account referred to in our report of even date.

**K. H. VACHHA**  
Partner

For and on behalf of  
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Chartered Accountants

For **Deutsche Trustee Services (India)  
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Director

Suresh Soni  
Portfolio Manager

Sandeep Dasgupta  
Director

Bhalchandra Bhide  
Director

Carl Saldanha  
Director

Place: Mumbai  
Date : August 30, 2006



Deutsche Asset Management  
A Member of the Deutsche Bank Group

# Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year / period ended March 31, 2006

	DWS FIXED TERM FUND		DWS FIXED TERM FUND		DWS FIXED TERM FUND – SERIES 2	
	March 31, 2006		March 31, 2005		March 31, 2006	
	Market / Fair Value Rupees	Cost Rupees	Market / Fair Value Rupees	Cost Rupees	Market / Fair Value Rupees	Cost Rupees

## Schedule 1

### Investments

(Notes 2.2, 2.3, 8, 9, 10 and 13)

(Refer to the attached Statement of Portfolio Holding as at March 31, 2006)

Privately Placed Non-Convertible Debentures / Bonds	755,374,462	756,055,238	366,695,110	366,680,050	344,839,565	345,055,684
Non-Convertible Debentures / Bonds Listed / Awaiting Listing	267,442,915	271,316,476	285,266,713	285,321,838	476,512,564	477,298,119
Securitised Debt	135,131,036	140,321,243	271,280,012	271,246,331	421,115,790	425,340,343
Commercial Papers / Certificate of Deposit	157,333,949	157,333,949	47,324,634	47,324,634	277,688,106	277,688,106
<b>TOTAL</b>	<b>1,315,282,362</b>	<b>1,325,026,906</b>	<b>970,566,469</b>	<b>970,572,853</b>	<b>1,520,156,025</b>	<b>1,525,382,252</b>

	DWS FIXED TERM FUND – SERIES 3		DWS FIXED TERM FUND – SERIES 4		DWS FIXED TERM FUND – SERIES 5	
	March 31, 2006		March 31, 2006		March 31, 2006	
	Market / Fair Value Rupees	Cost Rupees	Market / Fair Value Rupees	Cost Rupees	Market / Fair Value Rupees	Cost Rupees

### Investments

(Notes 2.2, 2.3, 8, 9, 10 and 13)

(Refer to the attached Statement of Portfolio Holding as at March 31, 2006)

Privately Placed Non-Convertible Debentures / Bonds	9,848,730	10,083,186	78,380,140	78,447,510	168,906,670	168,913,330
Non-Convertible Debentures / Bonds Listed / Awaiting Listing	321,325,584	324,000,000	189,399,805	193,312,860	16,797,972	16,796,765
Securitised Debt	728,196,034	729,756,240	301,915,529	302,646,717	1,155,107,556	1,155,082,636
Commercial Papers / Certificate of Deposit	119,225,830	119,225,830	–	–	105,771,603	105,771,603
<b>TOTAL</b>	<b>1,178,596,178</b>	<b>1,183,065,256</b>	<b>569,695,474</b>	<b>574,407,087</b>	<b>1,446,583,801</b>	<b>1,446,564,334</b>

	DWS FIXED TERM FUND – SERIES 6		DWS FIXED TERM FUND – SERIES 8		DWS FIXED TERM FUND – SERIES 9	
	March 31, 2006		March 31, 2006		March 31, 2006	
	Market / Fair Value Rupees	Cost Rupees	Market / Fair Value Rupees	Cost Rupees	Market / Fair Value Rupees	Cost Rupees

### Investments

(Notes 2.2, 2.3, 8, 9, 10 and 13)

(Refer to the attached Statement of Portfolio Holding as at March 31, 2006)

Privately Placed Non-Convertible Debentures / Bonds	582,236,842	585,293,342	1,878,127,694	1,878,159,978	19,510,820	19,490,320
Non-Convertible Debentures / Bonds Listed / Awaiting Listing	186,854,047	188,189,102	452,407,986	452,639,555	100,070,052	100,070,052
Securitised Debt	381,991,216	383,211,288	715,010,930	714,437,912	263,428,601	263,389,154
Commercial Papers / Certificate of Deposit	–	–	233,428,275	233,428,275	920,973,150	920,973,150
<b>TOTAL</b>	<b>1,151,082,105</b>	<b>1,156,693,732</b>	<b>3,278,974,885</b>	<b>3,278,665,720</b>	<b>1,303,982,623</b>	<b>1,303,922,676</b>

## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year / period ended March 31, 2006

	DWS FIXED TERM FUND	DWS FIXED TERM FUND	DWS FIXED TERM FUND - SERIES 2	DWS FIXED TERM FUND - SERIES 3	DWS FIXED TERM FUND - SERIES 4	DWS FIXED TERM FUND - SERIES 5	DWS FIXED TERM FUND - SERIES 6	DWS FIXED TERM FUND - SERIES 8	DWS FIXED TERM FUND - SERIES 9
	March 31, 2006 Rupees	March 31, 2005 Rupees	March 31, 2006 Rupees	March 31, 2006 Rupees	March 31, 2006 Rupees	March 31, 2006 Rupees	March 31, 2006 Rupees	March 31, 2006 Rupees	March 31, 2006 Rupees

### Schedule 2

#### Deposits

Deposits with Scheduled Banks	-	100,000,000	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>100,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	DWS FIXED TERM FUND	DWS FIXED TERM FUND	DWS FIXED TERM FUND - SERIES 2	DWS FIXED TERM FUND - SERIES 3	DWS FIXED TERM FUND - SERIES 4	DWS FIXED TERM FUND - SERIES 5	DWS FIXED TERM FUND - SERIES 6	DWS FIXED TERM FUND - SERIES 8	DWS FIXED TERM FUND - SERIES 9
	March 31, 2006 Rupees	March 31, 2005 Rupees	March 31, 2006 Rupees	March 31, 2006 Rupees	March 31, 2006 Rupees	March 31, 2006 Rupees	March 31, 2006 Rupees	March 31, 2006 Rupees	March 31, 2006 Rupees

### Schedule 3

#### Other Current Assets

Balance with Banks in Current Account	410,361	1,459,205	782,219	1,310,637	957,851	74,799,999	2,039,654	493,301	1,616,312
Sales Contracts Awaiting Completion - Equity Shares	-	-	23,773,804	-	-	-	-	-	-
Interest Receivables on :									
- Debentures / Bonds	38,334,702	21,392,564	26,222,303	13,158,560	8,159,052	2,573,939	9,804,480	18,855,326	4,283,720
- Securitised Debt	-	-	13,387,251	1,199,847	187,924	330	1,208	1,261,140	110
- Deposits	-	32,055	-	-	-	-	-	-	-
Application Money Pending Allotment									
- Equity Shares	-	-	-	-	-	-	-	-	4,800,000
- Debentures / Bonds	57,000,000	250,000,000	-	-	7,000,000	757,864,132	109,501,817	52,500,000	169,954,711
Receivable from the Investment Manager	-	32,107	-	-	1,752,904	221,006	1,079,282	185,115	140,028
Inter Scheme Receivable - Others	23,381	-	89,518	558,169	-	-	-	2,554,712	-
<b>TOTAL</b>	<b>95,768,444</b>	<b>272,915,931</b>	<b>64,255,095</b>	<b>16,227,213</b>	<b>18,057,731</b>	<b>835,459,406</b>	<b>122,426,441</b>	<b>75,849,594</b>	<b>180,794,881</b>

# Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year / period ended March 31, 2006

	DWS FIXED TERM FUND		DWS FIXED TERM FUND		DWS FIXED TERM FUND – SERIES 2	
	March 31, 2006		March 31, 2005		March 31, 2006	
	Rupees	Units	Rupees	Units	Rupees	Units
<b>Schedule 4</b>						
<b>Unit Capital</b>						
<b>Growth Option</b>						
<b>Issued and Subscribed:</b>						
Units of Rs.10 each fully paid-up	1,342,622,230	134,262,222.999	1,342,622,230	134,262,222.999	1,516,023,878	151,602,387.787
<b>Outstanding:</b>						
At the beginning of the year / period	1,342,622,230	134,262,222.999	-	-	-	-
Initial issue and subscription	-	-	1,342,622,230	134,262,222.999	1,516,023,878	151,602,387.787
Issued during the year / period	-	-	-	-	-	-
	1,342,622,230	134,262,222.999	1,342,622,230	134,262,222.999	1,516,023,878	151,602,387.787
Redeemed during the year / period	12,500,000	1,250,000.000	-	-	90,000	9,000.000
At the end of the year / period	1,330,122,230	133,012,222.999	1,342,622,230	134,262,222.999	1,515,933,878	151,593,387.787
<b>Dividend Option</b>						
<b>Issued and Subscribed:</b>						
Units of Rs.10 each fully paid-up	400,000	40,000.000	400,000	40,000.000	151,045,531	15,104,553.060
<b>Outstanding:</b>						
At the beginning of the year / period	400,000	40,000.000	-	-	-	-
Initial issue and subscription	-	-	400,000	40,000.000	151,045,531	15,104,553.060
Issued during the year / period	-	-	-	-	-	-
	400,000	40,000.000	400,000	40,000.000	151,045,531	15,104,553.060
Redeemed during the year / period	-	-	-	-	150,045,531	15,004,553.060
At the end of the year / period	400,000	40,000.000	400,000	40,000.000	1,000,000	100,000.000
<b>TOTAL</b>	<b>1,330,522,230</b>	<b>133,052,222.999</b>	<b>1,343,022,230</b>	<b>134,302,222.999</b>	<b>1,516,933,878</b>	<b>151,693,387.787</b>
<b>DWS FIXED TERM FUND – SERIES 3</b>						
<b>DWS FIXED TERM FUND – SERIES 4</b>						
<b>DWS FIXED TERM FUND – SERIES 5</b>						
March 31, 2006		March 31, 2006		March 31, 2006		
Rupees	Units	Rupees	Units	Rupees	Units	
<b>Unit Capital</b>						
<b>Growth Option</b>						
<b>Issued and Subscribed:</b>						
Units of Rs.10 each fully paid-up	1,350,234,980	135,023,497.978	627,604,145	62,760,414.456	2,255,248,707	225,524,870.654
<b>Outstanding:</b>						
At the beginning of the year / period	-	-	-	-	-	-
Initial issue and subscription	1,350,234,980	135,023,497.978	627,604,145	62,760,414.456	2,255,248,707	225,524,870.654
Issued during the year / period	-	-	-	-	-	-
	1,350,234,980	135,023,497.978	627,604,145	62,760,414.456	2,255,248,707	225,524,870.654
Redeemed during the year / period	200,000,000	20,000,000.000	45,181,630	4,518,163.015	-	-
At the end of the year / period	1,150,234,980	115,023,497.978	582,422,515	58,242,251.441	2,255,248,707	225,524,870.654
<b>Dividend Option</b>						
<b>Issued and Subscribed:</b>						
Units of Rs.10 each fully paid-up	440,035,000	44,003,500.000	420,000	42,000.000	1,406,000	140,600.006
<b>Outstanding:</b>						
At the beginning of the year / period	-	-	-	-	-	-
Initial issue and subscription	440,035,000	44,003,500.000	420,000	42,000.000	1,406,000	140,600.006
Issued during the year / period	-	-	-	-	-	-
	440,035,000	44,003,500.000	420,000	42,000.000	1,406,000	140,600.006
Redeemed during the year / period	440,000,000	44,000,000.000	-	-	-	-
At the end of the year / period	35,000	3,500.000	420,000	42,000.000	1,406,000	140,600.006
<b>TOTAL</b>	<b>1,150,269,980</b>	<b>115,026,997.978</b>	<b>582,842,515</b>	<b>58,284,251.441</b>	<b>2,256,654,707</b>	<b>225,665,470.660</b>

## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year / period ended March 31, 2006

	DWS FIXED TERM FUND – SERIES 6		DWS FIXED TERM FUND – SERIES 8		DWS FIXED TERM FUND – SERIES 9	
	March 31, 2006		March 31, 2006		March 31, 2006	
	Rupees	Units	Rupees	Units	Rupees	Units
<b>Unit Capital</b>						
<b>Growth Option</b>						
<b>Issued and Subscribed:</b>						
Units of Rs.10 each fully paid-up	1,233,693,743	123,369,374.326	496,501,829	49,650,182.864	1,046,433,202	104,643,320.219
<b>Outstanding:</b>						
At the beginning of the year / period	-	-	-	-	-	-
Initial issue and subscription	1,233,693,743	123,369,374.326	496,501,829	49,650,182.864	1,046,433,202	104,643,320.219
Issued during the year / period	-	-	-	-	-	-
	1,233,693,743	123,369,374.326	496,501,829	49,650,182.864	1,046,433,202	104,643,320.219
Redeemed during the year / period	-	-	-	-	-	-
At the end of the year / period	1,233,693,743	123,369,374.326	496,501,829	49,650,182.864	1,046,433,202	104,643,320.219
<b>Dividend Option</b>						
<b>Issued and Subscribed:</b>						
Units of Rs.10 each fully paid-up	34,000,000	3,400,000.000	2,849,983,729	284,998,372.858	435,475,000	43,547,500.000
<b>Outstanding:</b>						
At the beginning of the year / period	-	-	-	-	-	-
Initial issue and subscription	34,000,000	3,400,000.000	2,849,983,729	284,998,372.858	435,475,000	43,547,500.000
Issued during the year / period	-	-	-	-	-	-
	34,000,000	3,400,000.000	2,849,983,729	284,998,372.858	435,475,000	43,547,500.000
Redeemed during the year / period	-	-	-	-	-	-
At the end of the year / period	34,000,000	3,400,000.000	2,849,983,729	284,998,372.858	435,475,000	43,547,500.000
<b>TOTAL</b>	<b>1,267,693,743</b>	<b>126,769,374.326</b>	<b>3,346,485,558</b>	<b>334,648,555.722</b>	<b>1,481,908,202</b>	<b>148,190,820.219</b>

	DWS FIXED TERM FUND			DWS FIXED TERM FUND			DWS FIXED TERM FUND – SERIES 2		
	March 31, 2006	March 31, 2006	March 31, 2006	March 31, 2005	March 31, 2005	March 31, 2005	March 31, 2006	March 31, 2006	March 31, 2006
	Growth Option Rupees	Dividend Option Rupees	Total Rupees	Growth Option Rupees	Dividend Option Rupees	Total Rupees	Growth Option Rupees	Dividend Option Rupees	Total Rupees
At the beginning of the year / period	-	-	-	-	-	-	-	-	-
Added during the year / period	(594,750)	-	(594,750)	-	-	-	(2,075)	(6,225,389)	(6,227,464)
At the end of the year / period	(594,750)	-	(594,750)	-	-	-	(2,075)	(6,225,389)	(6,227,464)
<b>Reserve Fund</b>									
At the beginning of the year	392,293	117	392,410	-	-	-	-	-	-
Balance Transferred from Revenue Account	79,537,474	23,741	79,561,215	392,293	117	392,410	63,519,177	6,267,289	69,786,466
At the end of the year / period [including net unrealised depreciation in value of investments Rs. 9,744,544 (2005–Rs. 6,384) for DWS Fixed Term Fund and Rs. 5,226,227 for DWS Fixed Term Fund – Series 2 and net unrealised depreciation in value of Interest Rate Swaps Rs. 510,380 for DWS Fixed Term Fund – Series 2]	79,929,767	23,858	79,953,625	392,293	117	392,410	63,519,177	6,267,289	69,786,466
<b>TOTAL</b>	<b>79,335,017</b>	<b>23,858</b>	<b>79,358,875</b>	<b>392,293</b>	<b>117</b>	<b>392,410</b>	<b>63,517,102</b>	<b>41,900</b>	<b>63,559,002</b>

### Schedule 5

#### Reserves and Surplus

##### Unit Premium Reserve (Note 2.7)

At the beginning of the year	-	-	-	-	-	-	-	-	-
Added during the year / period	(594,750)	-	(594,750)	-	-	-	(2,075)	(6,225,389)	(6,227,464)
At the end of the year / period	(594,750)	-	(594,750)	-	-	-	(2,075)	(6,225,389)	(6,227,464)

##### Reserve Fund

At the beginning of the year	392,293	117	392,410	-	-	-	-	-	-
Balance Transferred from Revenue Account	79,537,474	23,741	79,561,215	392,293	117	392,410	63,519,177	6,267,289	69,786,466

At the end of the year / period [including net unrealised depreciation in value of investments Rs. 9,744,544 (2005–Rs. 6,384) for DWS Fixed Term Fund and Rs. 5,226,227 for DWS Fixed Term Fund – Series 2 and net unrealised depreciation in value of Interest Rate Swaps Rs. 510,380 for

DWS Fixed Term Fund – Series 2]	79,929,767	23,858	79,953,625	392,293	117	392,410	63,519,177	6,267,289	69,786,466
<b>TOTAL</b>	<b>79,335,017</b>	<b>23,858</b>	<b>79,358,875</b>	<b>392,293</b>	<b>117</b>	<b>392,410</b>	<b>63,517,102</b>	<b>41,900</b>	<b>63,559,002</b>

# Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year / period ended March 31, 2006

	DWS FIXED TERM FUND – SERIES 3			DWS FIXED TERM FUND – SERIES 4			DWS FIXED TERM FUND – SERIES 5		
	March 31, 2006	March 31, 2006	March 31, 2006	March 31, 2006	March 31, 2006	March 31, 2006	March 31, 2006	March 31, 2006	March 31, 2006
	Growth Option Rupees	Dividend Option Rupees	Total Rupees	Growth Option Rupees	Dividend Option Rupees	Total Rupees	Growth Option Rupees	Dividend Option Rupees	Total Rupees
<b>Reserves and Surplus</b>									
Unit Premium Reserve (Note 2.7)									
At the beginning of the period									
Added during the period	(5,362,000)	(9,592,000)	(14,954,000)	181,630	-	181,630	-	-	-
At the end of the period	(5,362,000)	(9,592,000)	(14,954,000)	181,630	-	181,630	-	-	-
<b>Reserve Fund</b>									
At the beginning of the period									
Balance Transferred from Revenue Account	36,677,968	9,592,953	46,270,921	2,821,696	2,166	2,823,862	1,256,975	783	1,257,758
At the end of the period [including net unrealised depreciation in value of investments Rs. 4,469,078 for DWS Fixed Term Fund – Series 3, Rs. 4,711,613 for DWS Fixed Term Fund – Series 4 and net unrealised appreciation in the value of investments for Rs. 19,467 for DWS Fixed Term Fund – Series 5]	36,677,968	9,592,953	46,270,921	2,821,696	2,166	2,823,862	1,256,975	783	1,257,758
<b>TOTAL</b>	<b>31,315,968</b>	<b>953</b>	<b>31,316,921</b>	<b>3,003,326</b>	<b>2,166</b>	<b>3,005,492</b>	<b>1,256,975</b>	<b>783</b>	<b>1,257,758</b>

	DWS FIXED TERM FUND – SERIES 6			DWS FIXED TERM FUND – SERIES 8			DWS FIXED TERM FUND – SERIES 9		
	March 31, 2006	March 31, 2006	March 31, 2006	March 31, 2006	March 31, 2006	March 31, 2006	March 31, 2006	March 31, 2006	March 31, 2006
	Growth Option Rupees	Dividend Option Rupees	Total Rupees	Growth Option Rupees	Dividend Option Rupees	Total Rupees	Growth Option Rupees	Dividend Option Rupees	Total Rupees
<b>Reserves and Surplus</b>									
Unit Premium Reserve (Note 2.7)									
At the beginning of the period	-	-	-	-	-	-	-	-	-
Added during the period	-	-	-	-	-	-	-	-	-
At the end of the period	-	-	-	-	-	-	-	-	-
<b>Reserve Fund</b>									
At the beginning of the period									
Balance Transferred from Revenue Account	4,325,343	119,204	4,444,547	2,514,090	3,028,713	5,542,803	1,851,628	770,558	2,622,186
At the end of the period [including net unrealised depreciation in value of investments Rs. 5,611,627 for DWS Fixed Term Fund – Series 6 and net unrealised appreciation in the value of investments Rs. 309,165 and Rs. 59,947 for DWS Fixed Term Fund – Series 8 and DWS Fixed Term Fund – Series 9 respectively].	4,325,343	119,204	4,444,547	2,514,090	3,028,713	5,542,803	1,851,628	770,558	2,622,186
<b>TOTAL</b>	<b>4,325,343</b>	<b>119,204</b>	<b>4,444,547</b>	<b>2,514,090</b>	<b>3,028,713</b>	<b>5,542,803</b>	<b>1,851,628</b>	<b>770,558</b>	<b>2,622,186</b>



## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year / period ended March 31, 2006

	DWS FIXED TERM FUND	DWS FIXED TERM FUND	DWS FIXED TERM FUND - SERIES 2	DWS FIXED TERM FUND - SERIES 3	DWS FIXED TERM FUND - SERIES 4	DWS FIXED TERM FUND - SERIES 5	DWS FIXED TERM FUND - SERIES 6	DWS FIXED TERM FUND - SERIES 8	DWS FIXED TERM FUND - SERIES 9
	March 31, 2006 Rupees	March 31, 2005 Rupees	March 31, 2006 Rupees	March 31, 2006 Rupees	March 31, 2006 Rupees	March 31, 2006 Rupees	March 31, 2006 Rupees	March 31, 2006 Rupees	March 31, 2006 Rupees

### Schedule 6

#### Current Liabilities and Provisions

##### Current Liabilities

	DWS FIXED TERM FUND	DWS FIXED TERM FUND	DWS FIXED TERM FUND - SERIES 2	DWS FIXED TERM FUND - SERIES 3	DWS FIXED TERM FUND - SERIES 4	DWS FIXED TERM FUND - SERIES 5	DWS FIXED TERM FUND - SERIES 6	DWS FIXED TERM FUND - SERIES 8	DWS FIXED TERM FUND - SERIES 9
	March 31, 2006 Rupees	March 31, 2005 Rupees	March 31, 2006 Rupees	March 31, 2006 Rupees	March 31, 2006 Rupees	March 31, 2006 Rupees	March 31, 2006 Rupees	March 31, 2006 Rupees	March 31, 2006 Rupees
Investment Management and Advisory Fees	156,071	11,041	73,497	341,397	68,533	18,806	118,474	232,499	48,786
Trustee Fees and Expenses	11,934	736	14,699	11,864	4,963	1,881	10,770	21,136	3,252
Transfer Agent Fees and Expenses	24,891	811	30,424	24,187	10,346	3,219	11,961	43,017	6,331
Custodian Fees and Expenses	13,461	11,195	16,592	13,940	5,868	21,012	11,774	30,809	13,628
Audit Fees	91,215	20,000	102,252	76,445	37,899	148,025	82,300	216,861	96,041
Purchase Contracts Awaiting Completion	-	-	-	-	-	23,773,804	-	8,051	-
Dividend Distribution Tax	-	-	-	-	-	-	-	2,083,397	-
Selling and Distribution Expenses	4,552	-	5,555	4,411	383,741	713	1,054,565	-	1,239
Interest Payable for Interest Rate Swaps	-	-	1,406,837	-	-	-	-	-	-
Unrealised Depreciation in Value of Interest Rate Swaps (Note 2.8 and 14)	-	-	510,380	-	-	-	-	-	-
Load Charges Payable	131,000	-	1,110,238	12,665,496	1,349,575	-	-	-	-
Excess Interest Payable	652,397	-	-	-	-	-	-	-	-
Inter Scheme Payable - Others	-	-	558,169	-	-	89,518	-	-	10,315
Sundry Payables	84,180	23,977	89,597	98,750	44,273	73,764	80,412	160,348	67,524
<b>TOTAL</b>	<b>1,169,701</b>	<b>67,760</b>	<b>3,918,240</b>	<b>13,236,490</b>	<b>1,905,198</b>	<b>24,130,742</b>	<b>1,370,256</b>	<b>2,796,118</b>	<b>247,116</b>

	DWS FIXED TERM FUND	DWS FIXED TERM FUND	DWS FIXED TERM FUND - SERIES 2	DWS FIXED TERM FUND - SERIES 3	DWS FIXED TERM FUND - SERIES 4	DWS FIXED TERM FUND - SERIES 5	DWS FIXED TERM FUND - SERIES 6	DWS FIXED TERM FUND - SERIES 8	DWS FIXED TERM FUND - SERIES 9
	April 01, 2005 to March 31, 2006 Rupees	March 29, 2005 to March 31, 2005 Rupees	June 20, 2005 to March 31, 2006 Rupees	August 10, 2005 to March 31, 2006 Rupees	November 21, 2005 to March 31, 2006 Rupees	March 21, 2006 to March 31, 2006 Rupees	February 14, 2006 to March 31, 2006 Rupees	March 7, 2006 to March 31, 2006 Rupees	March 16, 2006 to March 31, 2006 Rupees

### Schedule 7

#### Interest and Discount

##### (Note 2.4)

	DWS FIXED TERM FUND	DWS FIXED TERM FUND	DWS FIXED TERM FUND - SERIES 2	DWS FIXED TERM FUND - SERIES 3	DWS FIXED TERM FUND - SERIES 4	DWS FIXED TERM FUND - SERIES 5	DWS FIXED TERM FUND - SERIES 6	DWS FIXED TERM FUND - SERIES 8	DWS FIXED TERM FUND - SERIES 9
	April 01, 2005 to March 31, 2006 Rupees	March 29, 2005 to March 31, 2005 Rupees	June 20, 2005 to March 31, 2006 Rupees	August 10, 2005 to March 31, 2006 Rupees	November 21, 2005 to March 31, 2006 Rupees	March 21, 2006 to March 31, 2006 Rupees	February 14, 2006 to March 31, 2006 Rupees	March 7, 2006 to March 31, 2006 Rupees	March 16, 2006 to March 31, 2006 Rupees
Debentures / Bonds	66,839,007	317,786	33,425,105	33,968,720	7,423,274	450,053	8,806,508	14,496,089	452,688
Securitised Debt	27,703,913	26,230	39,784,209	26,507,262	4,679,015	564,049	2,689,760	1,435,116	315,050
Deposits	190,986	32,055	-	-	-	-	-	-	-
Certificate of Deposit / Commercial Papers	4,583,973	8,034	17,251,212	8,572,935	1,320,123	63,350	-	1,318,545	1,888,372
Reverse Repos	101,263	33,092	220,453	129,301	40,549	207,854	14,143	29,816	3,676
Interest Rate Swaps	-	-	(1,406,837)	-	-	-	-	-	-
<b>TOTAL</b>	<b>99,419,142</b>	<b>417,197</b>	<b>89,274,142</b>	<b>69,178,218</b>	<b>13,462,961</b>	<b>1,285,306</b>	<b>11,510,411</b>	<b>17,279,566</b>	<b>2,659,786</b>

# Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year / period ended March 31, 2006

	DWS FIXED TERM FUND	DWS FIXED TERM FUND	DWS FIXED TERM FUND - SERIES 2	DWS FIXED TERM FUND - SERIES 3	DWS FIXED TERM FUND - SERIES 4	DWS FIXED TERM FUND - SERIES 5	DWS FIXED TERM FUND - SERIES 6	DWS FIXED TERM FUND - SERIES 8	DWS FIXED TERM FUND - SERIES 9
	April 01, 2005 to March 31, 2006 Rupees	March 29, 2005 to March 31, 2005 Rupees	June 20, 2005 to March 31, 2006 Rupees	August 10, 2005 to March 31, 2006 Rupees	November 21, 2005 to March 31, 2006 Rupees	March 21, 2006 to March 31, 2006 Rupees	February 14, 2006 to March 31, 2006 Rupees	March 7, 2006 to March 31, 2006 Rupees	March 16, 2006 to March 31, 2006 Rupees

## Schedule 8

### Unrealised Appreciation / Depreciation in Value of Investments

(Note 8)

(a) Privately Placed Non-Convertible Debentures / Bonds									
At the beginning of the year / period	15,060	-	-	-	-	-	-	-	-
At the end of the year / period	(680,776)	15,060	(216,119)	(234,456)	(67,370)	(6,660)	(3,056,500)	(32,284)	20,500
Net change during the year / period	(I) (695,836)	15,060	(216,119)	(234,456)	(67,370)	(6,660)	(3,056,500)	(32,284)	20,500
(b) Non-Convertible Debentures / Bonds Listed / Awaiting Listing									
At the beginning of the year / period	(55,125)	-	-	-	-	-	-	-	-
At the end of the year / period	(3,873,561)	(55,125)	(785,555)	(2,674,416)	(3,913,055)	1,207	(1,335,055)	(231,569)	-
Net change during the year / period	(II) (3,818,436)	(55,125)	(785,555)	(2,674,416)	(3,913,055)	1,207	(1,335,055)	(231,569)	-
(c) Securitised Debt									
At the beginning of the year / period	33,681	-	-	-	-	-	-	-	-
At the end of the year / period	(5,190,207)	33,681	(4,224,553)	(1,560,206)	(731,188)	24,920	(1,220,072)	573,018	39,447
Net change during the year / period	(III) (5,223,888)	33,681	(4,224,553)	(1,560,206)	(731,188)	24,920	(1,220,072)	573,018	39,447
Net change in unrealised depreciation in value of investments during the year / period	(I) + (II) + (III) (9,738,160)	(6,384)	(5,226,227)	(4,469,078)	(4,711,613)	19,467	(5,611,627)	309,165	59,947

# Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year / period ended March 31, 2006

## Schedule 9

### Notes to the Financial Statements

#### 1. Organisation

DWS Fixed Term Series (formerly Deutsche Fixed Term Series) (the "Scheme") is a close-ended fixed income scheme of Deutsche Mutual Fund (the "Fund") offering a series of fixed maturity plans. Deutsche Mutual Fund has been sponsored by Deutsche Asset Management (Asia) Limited. Deutsche Asset Management (India) Private Limited incorporated under the Companies Act, 1956 has been appointed as the asset management company. The investment objective of the Scheme is to generate regular income by investing in a portfolio of high credit quality fixed / floating rate securities usually maturing in line with the time profile of the Scheme.

The name of the Scheme has been changed from Deutsche Fixed Term Series to DWS Fixed Term Series subsequent to the year end for which necessary approvals have been received.

The key features of the fixed term series presented in these financial statements are mentioned below :

Scheme Name	New Fund Offering (NFO) Open Date	NFO Close Date	Date of Allotment	Tenure of the Scheme	Options Offered
DWS Fixed Term Fund	March 29, 2005	March 29, 2005	March 30, 2005	389 days from the date of allotment	Growth and Dividend Options
DWS Fixed Term Fund - Series 2	June 20, 2005	June 22, 2005	June 23, 2005	389 days from the date of allotment	Growth and Dividend Options
DWS Fixed Term Fund - Series 3	August 10, 2005	August 11, 2005	August 12, 2006	375 days from the date of allotment	Growth and Dividend Options
DWS Fixed Term Fund - Series 4	November 21, 2005	December 1, 2005	December 2, 2005	494 days from the date of allotment	Growth and Dividend Options
DWS Fixed Term Fund - Series 5	March 21, 2006	March 28, 2006	March 29, 2006	375 days from the date of allotment	Growth and Dividend Options
DWS Fixed Term Fund - Series 6	February 14, 2006	February 16, 2006	February 17, 2006	14 months from the date of allotment	Growth and Dividend Options
DWS Fixed Term Fund - Series 8	March 7, 2006	March 8, 2006	March 9, 2006	90 days from the date of allotment	Growth and Dividend Options
DWS Fixed Term Fund - Series 9	March 16, 2006	March 23, 2006	March 24, 2006	13 months from the date of allotment	Growth and Dividend Options

The Scheme will not declare dividend under the Growth Option of any of the Series. The income earned on such units will remain invested within the Scheme and will be reflected in the net asset value of these Options.

#### 2. Significant Accounting Policies

##### 2.1 Basis of Accounting

The Schemes maintains their books of account on an accrual basis. These financial statements 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 (the "Regulations") and amendments thereto, as applicable.

##### 2.2 Portfolio Valuation

Investments are stated at market / fair value at the Balance Sheet date / date of determination. In valuing the Scheme's investments:

- Debt securities listed on a recognised stock exchange are valued at the last quoted closing price on the National Stock Exchange of India Limited. If no sale is reported at that time, such security is valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- Non-traded and thinly traded debt securities are valued at fair value as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable issued by the Securities and Exchange Board of India (SEBI).
- Privately placed debt securities are valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- Securitized debt securities are valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- Traded money market securities are valued at the yield at which they are traded on the valuation date. If no sale is

# Schedules

## forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year / period ended March 31, 2006

reported at that time, such security is valued at the last traded price plus accretion of the difference between the face value and the last traded price. Non-traded money market instruments are valued at cost plus accrued interest.

- (vi) Instruments bought on 'repo' basis are valued at the resale price after deduction of applicable interest upto the date of resale.

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 Regulations) net unrealized appreciation / depreciation in the value of investments is determined separately for each category of investments. Further the change in net unrealized appreciation / depreciation, if any, between two Balance Sheet dates / dates of determination is recognized in the Revenue Account. Unrealized appreciation is reduced from the distributable income at the time of income distribution. At the end of the financial year, the balance in the Revenue Account including change in the net unrealized appreciation or depreciation in the value of investments is transferred to Reserve Fund.

### 2.3 Securities Transaction

Investment securities transactions are accounted for on a trade date basis. The Scheme uses the average cost method for determining the realized gain or loss on sale of investments.

### 2.4 Investment Income

Interest income is recorded on an accrual basis.

### 2.5 Net Asset Value for Growth / Dividend Options

The net asset value of the units of the Schemes is determined separately for the units issued under the Growth and Dividend Options.

For reporting the net asset value for the Options, weekly income earned, including realized and unrealized gain or loss in the value of investments and expenses incurred by the Schemes are allocated to the Options in proportion to the value of the units outstanding.

### 2.6 Unit Premium Reserve

Unit holders have the option of redeeming the units prior to the specified termination date of the Schemes at the prevailing net asset value subject to an exit load as applicable. The premium / discount on redemption of units will be debited / credited to unit premium reserve.

### 2.7 Load

Load collected on redemption of units prior to the specified termination date of the Schemes is retained under a separate account in the Scheme and is used to meet the selling and distribution expenses of the Scheme.

### 2.8 Interest Rate Swaps

Interest rate swaps with a maturity of more than 182 days are marked to market and net present value of differences in outflows and inflows is recorded as unrealized appreciation / depreciation in the Revenue Account. Interest rate swaps with maturity period of less than 182 days are valued at the price as on the 183rd day plus accretion / amortization of the difference between the face value and the last price on the 183rd day.

## 3. Investment Management and Advisory Fees

The Schemes have paid or provided for investment management and advisory fees payable to Deutsche Asset Management (India) Private Limited for managing the Schemes at an annual rate of the average weekly net asset values recorded by their respective Schemes as follows :

Name of the Series	Investment Management and Advisory fees as a percentage of the average weekly net asset value (Annualised)
DWS Fixed Term Fund	0.20%
DWS Fixed Term Fund – Series 2	0.20%
DWS Fixed Term Fund – Series 3	0.05%
DWS Fixed Term Fund – Series 4	0.27%
DWS Fixed Term Fund - Series 5	0.10%
DWS Fixed Term Fund - Series 6	0.11%
DWS Fixed Term Fund - Series 8	0.11%
DWS Fixed Term Fund - Series 9	0.15%

All costs, charges and expenses incurred by Deutsche Asset Management (India) Private Limited in the administration and execution of the activities of the Scheme, except costs allowed to be charged to the Scheme under the Regulations, and amendments thereto as applicable, are on their own account for which they receive investment management and advisory fees

## 4. Trustee Fees

In accordance with the Deed of Trust dated May 29, 2002 between Deutsche Asset Management (Asia) Limited ("The Settlor") and Deutsche Trustee Services (India) Private Limited (the "Trustee"), the Schemes have paid or provided for trustee fees payable to the Trustee at an annual rate of 0.01% of the average weekly net asset values recorded by the Scheme.

## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year / period ended March 31, 2006

### 5. Custodian Fees

J P Morgan Chase Bank provides custodial services to the Schemes for which it receives custody fees.

### 6. Income Taxes

No provision for taxation is made as the Schemes qualify as a recognized mutual fund under Section 10 (23D) of the Income Tax Act, 1961.

### 7. Limitation of Expenses

The total expenses chargeable to the Schemes are limited to the below mentioned percentage of the average weekly net assets recorded by the Schemes. Deutsche Asset Management (India) Private Limited has borne the below mentioned amounts in case of the Schemes, in excess of the percentages of the average weekly net assets to be charged to the Schemes as total expenses for the year / period.

Name of the Series	Expense Limit (Annualised)	Amount Borne by Deutsche AMC
DWS Fixed Term Fund	0.39%	–
DWS Fixed Term Fund - Series 2	0.38%	–
DWS Fixed Term Fund - Series 3	0.14%	–
DWS Fixed Term Fund - Series 4	0.39%	403,329
DWS Fixed Term Fund - Series 5	0.25%	221,006
DWS Fixed Term Fund - Series 6	0.25%	1,079,282
DWS Fixed Term Fund - Series 8	0.25%	185,115
DWS Fixed Term Fund - Series 9	0.30%	140,028

### 8. Aggregate Appreciation and Depreciation In Value of Investments

Aggregate appreciation and depreciation in value of investments is as follows:

	DWS Fixed Term Fund	DWS Fixed Term Fund - Series 2	DWS Fixed Term Fund - Series 3	DWS Fixed Term Fund - Series 4	DWS Fixed Term Fund - Series 5	DWS Fixed Term Fund - Series 6	DWS Fixed Term Fund - Series 8	DWS Fixed Term Fund - Series 9
	March 31, 2006	March 31, 2005	March 31, 2006	March 31, 2006	March 31, 2006	March 31, 2006	March 31, 2006	March 31, 2006
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Privately Placed								
Non-Convertible Debentures / Bonds								
- Appreciation	694,700	28,300	–	–	77,910	–	–	20,500
- Depreciation	1,375,476	13,240	216,119	234,456	145,280	6,660	3,056,500	32,284
Non-Convertible Debentures / Bonds Listed / Awaiting Listing								
- Appreciation	–	1,047	–	–	–	1,207	–	–
- Depreciation	3,873,561	56,172	785,555	2,674,416	3,913,055	–	1,335,055	231,569
Securitized Debt								
- Appreciation	583	33,681	–	168,319	133,672	88,490	–	576,691
- Depreciation	5,190,790	–	4,224,553	1,728,525	864,860	63,570	1,220,072	3,673

### 9. Aggregate Fair Value of Non-Traded Investments

Aggregate fair value of non traded (including private placement) / thinly traded investments as determined by Deutsche Asset Management (India) Private Limited under the procedures approved by the Trustees as at March 31, 2006 is as follows:

Name of the Series	Fair Value (Rupees)
DWS Fixed Term Fund	1,315,282,362
DWS Fixed Term Fund - Series 2	1,520,156,025
DWS Fixed Term Fund - Series 3	1,178,596,178
DWS Fixed Term Fund - Series 4	569,695,474
DWS Fixed Term Fund - Series 5	1,446,583,801
DWS Fixed Term Fund - Series 6	1,151,082,105
DWS Fixed Term Fund - Series 8	3,278,974,885
DWS Fixed Term Fund - Series 9	1,303,982,623

# Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year / period ended March 31, 2006

## 10. Aggregate Value of Purchases and Sale of Investments

The aggregate value of investment securities purchased and sold (including matured) during the year / period (excluding accretion of discount) are as follows:

Name of the Series	Accretion of Discount		Aggregate Purchases		Aggregate Sales	
	Rupees	Rupees	Percentage of Average Weekly Net Assets	Rupees	Percentage of Average Weekly Net Assets	
DWS Fixed Term Fund	32,450,342	2,033,179,976	147.20%	1,706,465,424	123.55%	
DWS Fixed Term Fund - Series 2	41,424,544	3,271,787,590	192.37%	1,779,080,737	104.61%	
DWS Fixed Term Fund - Series 3	28,602,332	3,820,306,379	217.68%	2,648,950,618	150.93%	
DWS Fixed Term Fund - Series 4	3,434,355	1,136,735,659	190.80%	560,592,628	94.09%	
DWS Fixed Term Fund - Series 5	620,348	1,695,943,986	74.12%	250,000,000	10.93%	
DWS Fixed Term Fund - Series 6	2,721,995	1,435,277,864	113.15%	280,225,457	22.09%	
DWS Fixed Term Fund - Series 8	2,826,412	4,827,626,696	143.93%	1,551,669,801	46.26%	
DWS Fixed Term Fund - Series 9	2,201,785	1,410,712,723	95.06%	108,991,858	7.34%	

## 11. Income and Expenses

The total income (including net profit / loss on sale of investments and net movement in unrealized appreciation / depreciation in the value of investments and interest rate swaps) and expenditure during the year / period are as follows:

Name of the Series	Total Income		Total Expenses	
	Rupees	Percentage of Average Weekly Net Assets*	Rupees	Percentage of Average Weekly Net Assets*
DWS Fixed Term Fund	84,970,141	6.15%	5,408,926	0.39%
DWS Fixed Term Fund - Series 2	74,788,390	5.69%	5,001,924	0.38%
DWS Fixed Term Fund - Series 3	47,816,303	4.29%	1,545,382	0.14%
DWS Fixed Term Fund - Series 4	3,581,049	1.83%	757,187	0.39%
DWS Fixed Term Fund - Series 5	1,304,773	6.94%	47,015	0.25%
DWS Fixed Term Fund - Series 6	4,818,114	3.22%	373,567	0.25%
DWS Fixed Term Fund - Series 8	17,471,144	8.27%	528,406	0.25%
DWS Fixed Term Fund - Series 9	2,719,759	8.36%	97,573	0.30%

\* Annualised

## 12. Disclosure Under Regulation 25(8) of the Securities and Exchange Board of India (Mutual Funds) Regulation, 1996 as amended

Deutsche Bank AG, Mumbai Branch and Kotak Mahindra Bank Limited, associate entities of Deutsche Asset Management (India) Private Limited were paid commission for procuring unit subscriptions for the Schemes as follows :

Name of the Series	Deutsche Bank AG (Rupees)	Kotak Mahindra Bank (Rupees)
DWS Fixed Term Fund	261,600	100,000
DWS Fixed Term Fund - Series 4	21,468	9,074
DWS Fixed Term Fund - Series 6	222,877	Nil

The commission paid was at rates similar to those offered to other distributors.

## Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year / period ended March 31, 2006

### 13. Disclosure Under Regulation 25 (11) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended

Deutsche Mutual Fund has made the following investments in companies, which hold units in excess of 5% of the net asset value of any Scheme of Deutsche Mutual Fund.

Company Name	Schemes invested in by the Company	Investment made by Schemes of Deutsche Mutual Fund in the Company / Subsidiary	Aggregate for the period under Regulation 25(11) At Cost (Rupees in lakhs)	Outstanding as at March 31, 2006 At Market / Fair Value (Rupees in lakhs)
DSP Merrill Lynch Capital Limited	DWS Insta Cash Plus Fund	DWS Insta Cash Plus Fund	6,784.00	129.64
		DWS Fixed Term Fund - Series 7	4,216.78	-
		DWS Floating Rate Fund	3,401.99	-
		DWS Fixed Term Fund - Series 3	867.67	878.66
		DWS Short Maturity Fund	493.73	110.43
		DWS MIP Fund - Plan A	235.17	67.22
		DWS Fixed Term Fund - Series 2	197.10	201.66
		DWS MIP - Fund - Plan B	107.45	38.41
		DWS Fixed Term Fund	14.08	14.40
Grasim Industries Limited	DWS Fixed Term Fund - Series 3	DWS Alpha Equity Fund	678.02	329.27
		DWS Tax Saving Fund	220.54	246.95
		DWS Investment Opportunity Fund	55.14	61.74
		DWS Tax Saving Fund^	125.26	136.89
Hindustan Lever Limited	DWS Fixed Term Fund - Series 4 DWS Fixed Term Fund - Series 6	DWS Alpha Equity Fund	495.15	-
Hindustan Zinc Limited	DWS Insta Cash Plus Fund DWS Fixed Term Fund - Series 5	DWS Alpha Equity Fund	170.99	261.60
Infosys Technologies Limited	DWS Insta Cash Plus Fund	DWS Alpha Equity Fund	2,967.35	-
		DWS Investment Opportunity Fund	480.71	-
		DWS MIP Fund - Plan A	136.65	8.94
		DWS MIP Fund - Plan B	25.99	-
ITC Limited	DWS Floating Rate Fund DWS Short Maturity Fund DWS Fixed Term Fund - Series 7 DWS Insta Cash Plus Fund	DWS Alpha Equity Fund	1,316.00	136.47
		DWS Investment Opportunity Fund	413.51	48.74
		DWS Tax Saving Fund	171.58	97.48
		DWS MIP Fund - Plan A	28.10	12.67
		DWS MIP Fund - Plan B	12.20	-
Larsen & Toubro Limited	DWS Alpha Equity Fund DWS Insta Cash Plus Fund	DWS Alpha Equity Fund	1,765.39	152.04
		DWS Floating Rate Fund	1,000.00	-
		DWS Insta Cash Plus Fund	900.00	-
		DWS Investment Opportunity Fund	177.45	36.49
		DWS Tax Saving Fund	122.28	121.63
		DWS Short Maturity Fund	100.00	-
		DWS MIP Fund - Plan B	3.73	-
		DWS Insta Cash Plus Fund^^	18,202.34	2,200.00
		DWS Floating Rate Fund^^	3,800.00	1,297.19
		DWS Fixed Term Fund - Series 7^^	3,700.00	-
		DWS Short Maturity Fund^^	1,800.00	-
		DWS Fixed Term Fund^^	1,799.21	797.75
		DWS Fixed Term Fund - Series 2^^	1,698.95	1,698.03
DWS Money Plus Fund ^^	200.00	-		
Sterlite Industries India Limited	DWS Fixed Term Fund - Series 7	DWS Insta Cash Plus Fund	21,140.00	-
		DWS Floating Rate Fund	12,020.00	-
		DWS Short Maturity Fund	3,220.00	-
		DWS Fixed Term Fund - Series 7	1,000.00	-

# Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the year / period ended March 31, 2006

Company Name	Schemes invested in by the Company	Investment made by Schemes of Deutsche Mutual Fund in the Company / Subsidiary	Aggregate for the period under Regulation 25(11) At Cost (Rupees in lakhs)	Outstanding as at March 31, 2006 At Market / Fair Value (Rupees in lakhs)
		DWS Fixed Term Fund - Series 8	800.00	–
		DWS Alpha Equity Fund	662.57	384.88
		DWS Premier Bond Fund	160.00	–
		DWS MIP Fund - Plan A	100.00	–
		DWS Investment Opportunity Fund	67.51	78.73
		DWS MIP Fund - Plan B	50.00	–
		DWS Fixed Term Fund - Series 4	10.00	–
The Tata Steel Limited	DWS Insta Cash Plus Fund	DWS Alpha Equity Fund	2,065.32	375.48
	DWS Fixed Term Fund - Series 7	DWS Investment Opportunity Fund	822.49	–
		DWS Tax Saving Fund	116.78	134.10
		DWS MIP Fund - Plan A	116.41	–
		DWS MIP Fund - Plan B	35.50	–
The Bombay Dyeing and Manufacturing Company Limited	DWS Short Maturity Fund	DWS Fixed Term Fund - Series 2	2,000.00	–
Videsh Sanchar Nigam Limited	DWS Insta Cash Plus Fund	DWS Investment Opportunity Fund	94.30	–
	DWS Short Maturity Fund	DWS Alpha Equity Fund	73.24	–

^ DTSF and DAEF have invested in Ultratech Cemco which is a subsidiary of Grasim Industries Limited.

^^ DICPF, DFRF, DFTF-7, DSMF, DFTF, DFTF-2 and DMPF have invested in L&T Finance Limited which is a subsidiary of Larsen & Toubro Limited.

The above investments comprise equity shares, debentures / bonds, commercial paper, fixed deposits and other debt instruments. These investments have been made on account of their high credit quality and competitive yield for the investment in fixed income / money market instruments and in case of equity shares because of attractive valuations of these companies.

## 14. Interest Rate Swaps

The notional value of interest rate swaps in respect of DWS Fixed Term Fund - Series 2 outstanding as at March 31, 2006, aggregates to Rs. 160,000,000.

## 15. Unit Holdings (in excess of 25% of the Net Assets of the Scheme) as at March 31, 2006:

Name of the Scheme : DWS Fixed Term Fund - Series 4

Number of Investors : 2

Percentage Holding : 51.53%

## 16. Composition of Board of Directors of Investment Manager

An independent Director of Deutsche Asset Management (India) Private Limited ('the Company') had resigned from the Board of Directors ('the Board') with effect from October 31, 2005 due to which the composition of the Board was reduced to below the minimum requirement of 50% independent directors as required under the Regulations. An independent Director was appointed on the Board on February 6, 2006, after which the composition of the Board was in compliance with the Regulations. The Company has informed the Securities and Exchange Board of India of the same.

## 17. Prior Year's Figures

As these are the first financial statements of the Scheme except for DWS Fixed Term Fund since the date of its commencement, there are no comparative figures except for DWS Fixed Term Fund.

Signatures to the Schedules 1 to 9 forming part of the Balance Sheet and the Revenue Account.

K. H. VACHHA  
Partner

For and on behalf of  
PRICE WATERHOUSE  
Chartered Accountants

For **Deutsche Trustee Services (India) Private Limited**

Gunit Chadha  
Director

Y. B. Desai  
Director

Debabrata Bhadury  
Director

M. H. Kania  
Director

A. S. Mitra  
Director

Eduard Ferner Peter  
Director

For **Deutsche Asset Management (India) Private Limited**

Stephen Paul Harris  
Director

Kersi M. Gherda  
Director

Vijay P. Gokhale  
Director

Suresh Soni  
Portfolio Manager

Sandeep Dasgupta  
Director

Bhalchandra Bhide  
Director

Carl Saldanha  
Director

Place: Mumbai  
Date : August 30, 2006



# Statement of Portfolio Holding

as at March 31, 2006

(Referred to in Schedule 1 to the Balance Sheet as at March 31, 2006 and the Revenue Account for the year / period ended March 31, 2006)

## DWS FIXED TERM FUND

Description	Market / Fair Value Rupees
<b>Privately Placed Non-Convertible Debentures/Bonds (57.43%)</b>	
<b>Banks (6.04%)</b>	
11% United Bank of India 2006 *	2,018,242
11.5% Bank of Maharashtra 2006*	43,569,672
	<b>45,587,914</b>
<b>Finance (88.67%)</b>	
6.30% Kotak Mahindra Investments Limited 2006 *	48,996,129
6.30% Kotak Mahindra Investments Limited 2006 *	99,991,800
6% IDBI Capital Market Services Limited 2006 *	199,967,800
6.60% L&T Finance Limited 2008 *@	79,775,040
SREI Infrastructure Finance Limited 2006 *	191,055,778
8.25% Kotak Mahindra Investments Limited 2006 *	50,000,000
	<b>669,786,547</b>
<b>Software (5.29%)</b>	
6.5% Ramco Systems Limited 2006 *	40,000,000
	<b>40,000,000</b>
<b>Total</b>	<b>(Cost - Rs. 756,055,238) 755,374,462</b>
<b>Non-Convertible Debentures / Bonds Listed / Awaiting Listing (20.33%)</b>	
<b>Banks (12.22%)</b>	
Central Bank of India #	6,048,426
UCO Bank Ltd. #	11,612,884
State Bank of Indore #	15,015,870
	<b>32,677,180</b>
<b>Finance (56.36%)</b>	
10.45% Indian Railway Finance Corporation Limited 2006 #	13,105,859
14% Industrial Development Bank of India Limited 2006 #	20,019,400
6.3% Kotak Mahindra Prime Limited 2006 #	99,986,800
14% ICICI Bank Limited 2006 #	10,560,071
9.70% Power Finance Corporation Limited 2006 #	7,056,497
	<b>150,728,627</b>
<b>Oil (1.51%)</b>	
10.25% Indian Oil Corporation Limited 2006 #	4,037,108
	<b>4,037,108</b>
<b>Media &amp; Entertainment (29.91%)</b>	
Deccan Chronicle Holdings Limited 2006 #	80,000,000
	<b>80,000,000</b>
<b>Total</b>	<b>(Cost - Rs. 271,316,476) 267,442,915</b>
<b>Securitised Debt (10.27%)</b>	
<b>Finance (100%)</b>	
UBL Trust Series 6 A2 Dec03 ALFL PTC 2006 *	2,603,464
GECSI Loan Trust Ser I SeniorCert Class B PTC 2006 *	25,313,507
IBL Auto Srs Nov 04 IndusInd Bk Srs A PTC 2007 *	77,364,771
IBL Auto Srs Nov 04 IndusInd Bk Srs A PTC 2007 *	2,630,969
IBL Auto Srs Nov 04 IndusInd Bk Srs A PTC 2007 *	5,284,228
UBL Trust Srs 15 Srs A3 PTC 2010 *	21,235,708
UBL Trust SR 2 UTI-PTC ALFL 2006 *	698,389
	<b>135,131,036</b>
<b>Total</b>	<b>(Cost - Rs. 140,321,243) 135,131,036</b>

# Statement of Portfolio Holding

as at March 31, 2006

Description	Market / Fair Value Rupees
<b>Commercial Paper / Certificate of Deposit (11.97%)</b>	
<b>Commercial Paper (72.68%)</b>	
Indiabulls Financial Services Limited #	112,911,454
DSP Merrill Lynch Capital @#	1,440,431
	<b>114,351,885</b>
<b>Certificate of Deposit (27.32%)</b>	
Karnataka Bank Limited #	6,484,588
Karnataka Bank Limited #	36,497,476
	<b>42,982,064</b>
<b>Total</b>	<b>(Cost - Rs.157,333,949) 157,333,949</b>
<b>TOTAL INVESTMENTS</b>	<b>(Cost Rs. 1,325,026,906) 1,315,282,362</b>

Confirmation has been received from J P Morgan Chase Bank, Mumbai Branch at the end of the financial year / period for the investments held by them

\* Fair value of non traded (privately placed) debt securities as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee.

# Fair value of non traded and thinly traded debt securities in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto as applicable issued by the Securities and Exchange Board of India as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee.

@ Investment in companies which have invested more than five percent of the net asset value of any scheme of Deutsche Mutual Fund

## DWS FIXED TERM FUND - SERIES 2

Description	Market / Fair Value Rupees
<b>Privately Placed Non-Convertible Debentures / Bonds (22.68%)</b>	
<b>Finance (100%)</b>	
Citicorp Finance India Limited *	120,000,000
L&T Finance Limited 2008 *@\$	100,000,000
11% United Bank of India 2006 *	4,036,484
6.60 %L & T Finance Limited 2008 *@	69,803,160
6.30% Kotak Mahindra Investments Limited 2006 *	999,921
8.25% Kotak Mahindra Investments Limited 2006 *	50,000,000
<b>Total</b>	<b>(Cost - Rs. 345,055,684) 344,839,565</b>
<b>Non-Convertible Debentures / Bonds Listed / Awaiting Listing (31.35%)</b>	
<b>Finance (100%)</b>	
Citicorp Finance India Limited #	120,000,000
Central Bank Of India #	4,032,284
Sundaram Home Finance Limited #	153,157,980
Kotak Mahindra Investments Limited #	99,661,300
Kotak Mahindra Investments Limited #	99,661,000
<b>Total</b>	<b>(Cost - Rs.477,298,119) 476,512,564</b>
<b>Securitized Debt (27.70%)</b>	
<b>Finance (100%)</b>	
UBL Trust Series 6 A2 Dec 03 ALFL PTC 2006 *	4,556,061
GE Loan Trust Ser 1 PTC 2006 *\$	240,000,000
Indian Retail ABS Trust XXXIV PTC Ser IO A1 2007 *	60,092,015
BHPC Auto Sec Trst Aug 05 Srs B1 2010 *	65,952,363
UBL Trust Series 12 Senior A2 PTC 2008 *	16,931,627
UBL Trust Series 10 A2 IndusInd Bank PTC 2006 *	31,212,705
VE Trust 7 UTI Mahindra and Mahindra Fin PTC 2007 *	2,371,019
<b>Total</b>	<b>(Cost - Rs. 425,340,343) 421,115,790</b>

# Statement of Portfolio Holding

as at March 31, 2006

Description	Market / Fair Value Rupees
<b>Commercial Paper / Certificate of Deposit (18.27%)</b>	
<b>Commercial Paper (75.39%)</b>	
Indiabulls Financial Services Limited #	47,253,698
Indiabulls Financial Services Limited #	128,216,903
DSP Merrill Lynch Capital @#	20,166,032
IDBI Home Finance #	13,705,963
	209,342,597
<b>Certificate of Deposit (24.61%)</b>	
Karnataka Bank Limited #	42,188,871
Karnataka Bank Limited #	18,766,003
Karnataka Bank Limited #	7,390,635
	68,345,509
<b>Total</b>	<b>(Cost - Rs.277,688,106) 277,688,106</b>
<b>TOTAL INVESTMENTS</b>	<b>(Cost - Rs.1,525,382,252) 1,520,156,025</b>

Confirmation has been received from J P Morgan Chase Bank, Mumbai Branch at the end of the financial year / period for the investments held by them

\* Fair value of non traded (privately placed) debt securities as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee.

# Fair value of non traded and thinly traded debt securities in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto as applicable issued by the Securities and Exchange Board of India as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee.

@ Investment in companies which have invested more than five percent of the net asset value of any scheme of Deutsche Mutual Fund

\$ Indicates securities fully marked as underlying for Interest Rate Swaps.

## DWS FIXED TERM FUND - SERIES 3

Description	Market / Fair Value Rupees
<b>Privately Placed Non-Convertible Debentures/Bonds (0.83%)</b>	
<b>Banks (48.97%)</b>	
9.75 % ICICI Bank Limited 2006 *	4,822,680
	4,822,680
<b>Finance (51.03%)</b>	
9.75% GE Capital Services India 2007 *	5,026,050
	5,026,050
<b>Total</b>	<b>(Cost - Rs.10,083,186) 9,848,730</b>
<b>Non-Convertible Debentures / Bonds Listed / Awaiting Listing (27.26%)</b>	
<b>Finance (100%)</b>	
6.2% Sundaram Home Finance Limited 2006 #	73,120,584
6.40% Kotak Mahindra Investments Limited 2006 #	248,205,000
<b>Total</b>	<b>(Cost - Rs.324,000,000) 321,325,584</b>
<b>Securitised Debt (61.79%)</b>	
<b>Finance (100%)</b>	
Asset Secu Trust Dec04 IV Srs A7 PTC 2008 *	77,031,622
India Retail ABS Trust Ser 46 Ser A2 PTC 2009 *	216,672,542
Retail Pool Trust June 2005 Series A2 PTC 2008 *	8,331,487
Retail Trust II March 2005 Series A1 2008 *	20,486,136
Mum. Auto Rec Trust 2004 Ser III A2 PTC 2007 *	1,440,491
BHPC Auto Sec Trst Aug 05 Srs B1 2010 *	244,965,942
UBL Trust Srs 15 Srs A3 PTC 2010 *	159,267,813
<b>Total</b>	<b>(Cost - Rs. 729,756,240) 728,196,034</b>



Deutsche Asset Management   
A Member of the Deutsche Bank Group

# Statement of Portfolio Holding

as at March 31, 2006

Description		Market / Fair Value Rupees
<b>Commercial Paper / Certificate of Deposit (10.12%)</b>		
<b>Commercial Paper (100%)</b>		
Indiabulls Financial Services Limited #		1,989,629
DSP Merrill Lynch Capital @#		87,866,280
IDBI Home Finance #		29,369,921
<b>Total</b>	<b>(Cost - Rs. 119,225,830)</b>	<b>119,225,830</b>
<b>TOTAL INVESTMENTS</b>	<b>(Cost Rs. 1,183,065,256)</b>	<b>1,178,596,178</b>

Confirmation has been received from J P Morgan Chase Bank, Mumbai Branch at the end of the financial year / period for the investments held by them

- \* Fair value of non traded (privately placed) debt securities as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee.
- # Fair value of non traded and thinly traded debt securities in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto as applicable issued by the Securities and Exchange Board of India as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee.
- @ Investment in companies which have invested more than five percent of the net asset value of any scheme of Deutsche Mutual Fund

## DWS FIXED TERM FUND - SERIES 4

Description		Market / Fair Value Rupees
<b>Privately Placed Non-Convertible Debentures/Bonds (13.76%)</b>		
<b>Finance (100%)</b>		
7.05% ICICI Securities Limited 2007 *		58,532,460
8.5 % Kotak Securities Limited 2007 *		19,847,680
		78,380,140
<b>Total</b>	<b>(Cost - Rs. 78,447,510)</b>	<b>78,380,140</b>
<b>Non-Convertible Debentures / Bonds Listed / Awaiting Listing (33.25%)</b>		
<b>Banks (2.73%)</b>		
12 % Punjab National Bank 2007 #		5,180,305
		5,180,305
<b>Consumer Finance (8.38%)</b>		
8.10% CitiFinancial Consumer Finance India Limited 2007 #		15,875,952
		15,875,952
<b>Finance (86.73%)</b>		
12.30% Industrial Development Bank of India Limited 2007 #		10,354,790
6.65% Citicorp Maruti Finance Limited 2007 #		86,919,091
9.70% Power Finance Corporation Limited 2007 #		7,128,730
6.98 % Indian Railway Finance Corporation Limited 2007 #		4,937,288
6.65% Mahindra and Mahindra Financial Services Limited #		54,918,360
		164,258,259
<b>Oil (2.16%)</b>		
10.25% Indian Oil Corporation Limited 2007 #		4,085,289
		4,085,289
<b>Total</b>	<b>(Cost - Rs. 193,312,860)</b>	<b>189,399,805</b>

# Statement of Portfolio Holding

as at March 31, 2006

Description	Market / Fair Value Rupees
<b>Securitised Debt (52.99%)</b>	
<b>Finance (100%)</b>	
Asset Secu Trust Dec04 IV Srs A7 PTC 2008 *	57,773,717
Centurion Bk Retail Pool Trust Feb 2005 PTC Ser P 2007 *	42,617,521
IBL Auto Srs Nov 04 IndusInd Bk Srs A PTC 2007 *	2,642,114
India Retail ABS Trust Ser XLI Ser A PTC 2009*	13,704,479
India Retail ABS Trust Ser 47 Ser A1 PTC 2008 *	67,551,912
Indian Loan Sec Ser I Tr 2005 Ser A PTC 2007 *	38,008,947
ICICI Bank NTPC Loan Securitisation Trust TR 12 PTC 2009 *	18,652,702
Retail Trust II March 2005 Series A1 2008 *	49,166,726
Mum. Auto Rec Trust 2004 Ser III A2 PTC 2007 *	5,761,966
UBL Trust Series 13 Indusind Bank Ser A2 PTC 2007*	6,035,445
<b>Total</b>	<b>(Cost - Rs. 302,646,717) 301,915,529</b>
<b>TOTAL INVESTMENTS</b>	<b>(Cost - Rs. 574,407,087) 569,695,474</b>

Confirmation has been received from J P Morgan Chase Bank, Mumbai Branch at the end of the financial year / period for the investments held by them

\* Fair value of non traded (privately placed) debt securities as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee.

# Fair value of non traded and thinly traded debt securities in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto as applicable issued by the Securities and Exchange Board of India as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee.

@ Investment in companies which have invested more than five percent of the net asset value of any scheme of Deutsche Mutual Fund

## DWS FIXED TERM FUND - SERIES 5

Description	Market / Fair Value Rupees
<b>Privately Placed Non-Convertible Debentures/Bonds (11.68%)</b>	
<b>Consumer Finance (64.71%)</b>	
8.05 % Rabo India Finance Private Limited 2007 *	109,291,930
	<b>109,291,930</b>
<b>Finance (35.29%)</b>	
8.05%GE Capital Services India 2007 *	59,614,740
	<b>59,614,740</b>
<b>Total</b>	<b>(Cost - Rs. 168,913,330) 168,906,670</b>
<b>Non-Convertible Debentures / Bonds Listed / Awaiting Listing (1.16%)</b>	
<b>Finance (100%)</b>	
6.2% Sundaram Home Finance Limited 2006 #	16,797,972
<b>Total</b>	<b>(Cost - Rs. 16,796,765) 16,797,972</b>
<b>Securitized Debt (79.85%)</b>	
<b>Finance (100%)</b>	
Centurion Bk Retail Pool Trust Feb 2005 PTC Ser P 2007 *	14,205,840
IBL Auto Srs Nov 04 IndusInd Bk Srs A PTC 2007 *	84,190,993
IBL Auto Srs Nov 04 IndusInd Bk Srs A PTC 2007 *	84,547,655
Indian Infrastructure Equipment Receivable Trust Oct 2005 Srs A1 2007 *	88,303,862
India Retail ABS Trust Ser 45 A3 PTC 2007 *	203,105,755
India Retail ABS Trust Ser XLI Ser A PTC 2009 *	89,079,115
India Retail ABS Trust XXXIV PTC Ser IO A1 2007 *	15,813,688
GECSI Loan Trust Class D Senior PTC IRFC 2008 *	19,760,246
ICICI Bank NTPC Loan Securitisation Trust TR 12 PTC 2009 *	4,663,175

# Statement of Portfolio Holding

as at March 31, 2006

Description		Market / Fair Value Rupees
Retail Pool Trust June 2005 Series A1 PTC 2007 *		70,930,739
Retail Trust II March 2005 Series A1 2008 *		311,389,267
UBL Series 11 A2 PTC 2008 *		107,725,527
UBL Trust Series 12 Senior A2 PTC 2008 *		8,465,813
UBL Trust Series Jun 2005 Srs 14 A1 PTC 2007 *		52,925,881
<b>Total</b>	<b>(Cost - Rs. 1,155,082,636)</b>	<b>1,155,107,556</b>
<b>Commercial Paper / Certificate of Deposit (7.31%)</b>		
<b>Commercial Paper (100%)</b>		
GE Capital Transportation Financial Services Limited #		105,771,603
<b>Total</b>	<b>(Cost - Rs. 105,771,603)</b>	<b>105,771,603</b>
<b>TOTAL INVESTMENTS</b>	<b>(Cost - Rs. 1,446,564,334)</b>	<b>1,446,583,801</b>

Confirmation has been received from J P Morgan Chase Bank, Mumbai Branch at the end of the financial year / period for the investments held by them

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# Fair value of non traded and thinly traded debt securities in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto as applicable issued by the Securities and Exchange Board of India as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee.

@ Investment in companies which have invested more than five percent of the net asset value of any scheme of Deutsche Mutual Fund

## DWS FIXED TERM FUND - SERIES 6

Description		Market / Fair Value Rupees
<b>Privately Placed Non-Convertible Debentures / Bonds (50.58%)</b>		
<b>Consumer Finance (23.89%)</b>		
8.05% Countrywide Consumer Financial Services Limited 2007 *		99,357,900
8.05 % Rabo India Finance Private Limited 2007 *		39,742,520
		<b>139,100,420</b>
<b>Finance (76.11%)</b>		
7.05 % ICICI Securities Limited 2007 *		68,287,870
8.05% GE Capital Services India 2007 *		39,743,160
8.5% Kotak Securities Limited 2007		129,009,920
Industrial Development Bank of India Limited 2007 *		6,482,522
8.50% Kotak Mahindra Investments Limited 2006 *		150,000,000
8.20% Kotak Mahindra Prime Limited 2007 *		49,612,950
		<b>443,136,422</b>
<b>TOTAL</b>	<b>(Cost - Rs. 585,293,342)</b>	<b>582,236,842</b>
<b>Non-Convertible Debentures / Bonds Listed / Awaiting Listing (16.23%)</b>		
<b>Consumer Finance (71.16%)</b>		
8.10% CitiFinancial Consumer Finance India Limited 2007 #		132,961,098
		<b>132,961,098</b>
<b>Finance (28.84%)</b>		
6.65% Citicorp Maruti Finance Limited 2007 #		10,742,809
6.65% Mahindra and Mahindra Financial Services Limited #		43,150,140
		<b>53,892,949</b>
<b>Total</b>	<b>(Cost - Rs. 188,189,102)</b>	<b>186,854,047</b>

# Statement of Portfolio Holding

as at March 31, 2006

Description	Market / Fair Value Rupees
<b>Securitised Debt (33.19%)</b>	
<b>Finance (100%)</b>	
Centurion Bk Retail Pool Trust Feb 2005 PTC Ser P 2007 *	14,205,840
Indian Retail ABS Trust Ser 49 A3 PTC 2007 *	69,802,077
Indian Retail ABS Trust XXXIV PTC Ser IO A1 2007 *	3,162,738
Retail Pool Trust June 2005 Series A1 PTC 2007 *	76,841,634
UBL Trust Series Jun 2005 Srs 14 A1 PTC 2007 *	123,493,720
UBL Trust Series 13 Indusind Bank Ser A2 PTC 2007 *	30,177,226
IL and FS Trust Company Limited 2007 *	2,661,482
VE Trust 7 UTI Mahindra and Mahindra Fin PTC 2007 *	61,646,499
<b>Total</b>	<b>(Cost - Rs. 383,211,288) 381,991,216</b>
<b>TOTAL INVESTMENTS</b>	<b>(Cost - Rs. 1,156,693,732) 1,151,082,105</b>

Confirmation has been received from J P Morgan Chase Bank, Mumbai Branch at the end of the financial year / period for the investments held by them

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- # Fair value of non traded and thinly traded debt securities in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto as applicable issued by the Securities and Exchange Board of India as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee.
- @ Investment in companies which have invested more than five percent of the net asset value of any scheme of Deutsche Mutual Fund

## DWS FIXED TERM FUND - SERIES 8

Description	Market / Fair Value Rupees
<b>Privately Placed Non-Convertible Debentures / Bonds (57.28%)</b>	
<b>Banks (0.75%)</b>	
11% United Bank of India 2006 *	14,127,694
	14,127,694
<b>Consumer Finance (0.53%)</b>	
8.05 % Rabo India Finance Private Limited 2007 *	10,000,000
	10,000,000
<b>Construction &amp; Engineering (7.99%)</b>	
8.95% Hindustan Construction Co Limited 2006 *	150,000,000
	150,000,000
<b>Finance (87.32%)</b>	
9.00% JM Fin And Invst Consultancy Services Pvt Limited 2006 *	10,000,000
8.90% Kotak Mahindra Investments Limited 2006 *	240,000,000
8.90% Kotak Mahindra Investments Limited 2006 *	250,000,000
8.9% JM Fin And Invst Consultancy Services Pvt Limited 2006 *	150,000,000
8.82% Canbank Factors Limited 2006 *	300,000,000
8.82% Canbank Factors Limited 2006 *	200,000,000
8.85% Kotak Securities Limited 2006 *	250,000,000
8.85% Kotak Securities Limited 2006 *	240,000,000
	1,640,000,000
<b>Media &amp; Entertainment (3.41%)</b>	
Deccan Chronicle Holdings Limited 2006 *	64,000,000
	64,000,000
<b>Total</b>	<b>(Cost - Rs. 1,878,159,978) 1,878,127,694</b>

# Statement of Portfolio Holding

as at March 31, 2006

Description	Market / Fair Value Rupees
<b>Non-Convertible Debentures / Bonds Listed / Awaiting Listing (13.80%)</b>	
<b>Banks (24.18%)</b>	
11% Central Bank of India 2006 #	90,726,390
11% UCO Bank Limited 2006 #	18,681,596
	<b>109,407,986</b>
<b>Finance (75.82%)</b>	
Dewan Housing Finance Corp Limited 2007 #	50,000,000
Housing Development and Finance Corporation Limited 2006 #	69,000,000
Housing Development and Finance Corporation Limited 2007 #	224,000,000
	<b>343,000,000</b>
<b>Total</b>	<b>(Cost - Rs. 452,639,555) 452,407,986</b>
<b>Securitized Debt (21.80%)</b>	
<b>Finance (100%)</b>	
Asset Sec Trust 2004 I Chola. PTC Ser A2 2006 *	27,855,429
Goldstar Trust July 2004 Srs A1 PTC 2006 *	28,465,722
IBL Auto Srs Nov 04 IndusInd Bk Srs A PTC 2007 *	18,674,255
IBL Auto Srs Nov 04 IndusInd Bk Srs A PTC 2007 *	7,926,343
India Loan Securitisation Trust 2005 Srs IV A1 PTC 2006 *	236,608,903
India Retail ABS Trust Ser 47 Ser A1 PTC 2008 *	120,092,288
Indian Retail ABS Trust Srs XXXIII Srs A1 PTC 2007 *	75,771,697
UBL Trust Srs 15 Srs A3 PTC 2010 *	84,942,834
UBL Trust Series 13 Indusind Bank Ser A2 PTC 2007 *	114,673,460
<b>Total</b>	<b>(Cost - Rs. 714,437,912) 715,010,930</b>
<b>Commercial Paper / Certificate of Deposit (7.12%)</b>	
<b>Commercial Paper (71.65%)</b>	
Indiabulls Financial Services Ltd #	19,725,685
Simplex Infrastructures Ltd #	147,515,765
	<b>167,241,450</b>
<b>Certificate of Deposit (28.35%)</b>	
Jammu And Kashmir Bank Limited #	17,133,891
Karur Vysya Bank Limited #	49,052,933
	<b>66,186,825</b>
<b>Total</b>	<b>(Cost - Rs.233,428,275) 233,428,275</b>
<b>TOTAL INVESTMENTS</b>	<b>(Cost - Rs. 3,278,665,720) 3,278,974,885</b>

Confirmation has been received from J P Morgan Chase Bank, Mumbai Branch at the end of the financial year / period for the investments held by them

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# Fair value of non traded and thinly traded debt securities in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto as applicable issued by the Securities and Exchange Board of India as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee.

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# Statement of Portfolio Holding

as at March 31, 2006

## DWS FIXED TERM FUND - SERIES 9

Description	Market / Fair Value Rupees
<b>Privately Placed Non-Convertible Debentures / Bonds (1.50%)</b>	
Finance (100%)	
7.05 % ICICI Securities Limited 2007 *	19,510,820
<b>Total</b>	<b>19,510,820</b>
	(Cost - Rs. 19,490,320)
<b>Non-Convertible Debentures/Bonds Listed/Awaiting Listing (7.67%)</b>	
Finance (100%)	
Housing Development and Finance Corporation Limited 2007 #	60,000,000
Mahindra and Mahindra Financial Services Limited 2007 #	10,037,956
Mahindra and Mahindra Financial Services Limited 2007 #	30,032,096
<b>Total</b>	<b>100,070,052</b>
	(Cost - Rs. 100,070,052)
<b>Securitised Debt (20.20%)</b>	
Finance (100%)	
IBL Auto Srs Nov 04 IndusInd Bk Srs A PTC 2007 *	23,779,028
Indian Retail ABS Trust Ser 45 A3 PTC 2007 *	96,717,026
Indian Retail ABS Trust Ser 49 A3 PTC 2007 *	9,971,725
India Retail ABS Trust Ser XLI Ser A PTC 2009 *	102,783,595
UBL Trust Series 13 Indusind Bank Ser A2 PTC 2007 *	30,177,226
<b>Total</b>	<b>263,428,601</b>
	(Cost - Rs. 263,389,154)
<b>Commercial Paper / Certificate of Deposit (70.63%)</b>	
Commercial Paper (84.98%)	
GE Capital Services India #	205,048,408
GE Countrywide Consumer Financial Services Limited #	221,749,183
GE Capital Transportation Financial Services Limited #	115,977,606
Infrastructure Leasing and Financial Services Limited #	138,509,557
Standard Chartered Investment And Loans (India) Limited #	101,388,130
	<b>782,672,885</b>
Certificate of Deposit (15.02%)	
Allahabad Bank #	138,300,265
	<b>138,300,265</b>
<b>Total</b>	<b>920,973,150</b>
	(Cost - Rs. 920,973,150)
<b>TOTAL INVESTMENTS</b>	<b>1,303,982,623</b>
	(Cost - Rs. 1,303,922,676)

Confirmation has been received from J P Morgan Chase Bank, Mumbai Branch at the end of the financial year / period for the investments held by them.

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- # Fair value of non traded and thinly traded debt securities in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto as applicable issued by the Securities and Exchange Board of India as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee.
- @ Investment in companies which have invested more than five percent of the net asset value of any scheme of Deutsche Mutual Fund

# Auditors' Report

To the Trustee

## DEUTSCHE MUTUAL FUND

1. We have audited the Revenue Account of Deutsche Mutual Fund – **Deutsche Fixed Term Fund - Series 7** ("The Scheme") for the period December 28, 2005 to March 29, 2006, which we have signed under reference to this report. No Balance Sheet of the Scheme has been prepared for the reasons disclosed in Schedule 4 – Note 2.1 to the Revenue Account. The Revenue Account is the responsibility of the Trustee of Deutsche Mutual Fund and the Management of Deutsche Asset Management (India) Private Limited (the "Management"). Our responsibility is to express an opinion on the Revenue Account based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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.
3. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. The Revenue Account referred to above is in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us,
  - (i) The Revenue Account together with the notes to the financial statements gives the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable, and also gives, a true and fair view of the net surplus of Deutsche Mutual Fund – Deutsche Fixed Term Fund - Series 7 for the period December 28, 2005 to March 29, 2006.
  - (ii) The Revenue Account for the period December 28, 2005 to March 29, 2006, together with the notes thereon have been prepared in all material respects 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 and amendments thereto as applicable.

K. H. Vachha  
*Partner*  
Membership No. F/30798

For and on behalf of  
**Price Waterhouse**  
*Chartered Accountants*

Place : Mumbai  
Date : August 30, 2006

# Revenue Account

for the period December 28, 2005 to March 29, 2006

Matured Series	Schedule	90 Days Series December 28, 2005 to March 29, 2006 Rupees
Maturity Date		March 29 ,2006

## Income And Gains

Interest and Discount	3	43,157,652
<b>TOTAL</b>		<b>43,157,652</b>

## Expenses and Losses

Net Loss on Sale of Investments (including Net Loss on Inter-scheme Sale of Investments Rs.1,211,207) (Note 2.3)		1,577,008
Investment Management and Advisory Fees (Note 3)		952,505
Trustee Fees and Expenses (Note 4)		61,222
Transfer Agent Fees and Expenses		125,242
Custodian Fees and Expenses (Note 5)		83,486
Audit Fees		159,760
Selling and Distribution Expenses		580,133
Other Operating Expenses		267,570
		<b>3,806,926</b>
Less : Expenses Reimbursed by the Investment Manager (Note 7)		451,430
<b>TOTAL</b>		<b>3,355,496</b>
<b>Net Surplus for the Period</b>		<b>39,802,156</b>

	December 28, 2005 to March 29, 2006		
	Growth Option Rupees	Dividend Option Rupees	Total Rupees
Net Surplus for the Period	4,963,608	34,838,548	39,802,156
Dividend Distributions	–	(28,460,158)	(28,460,158)
Dividend Tax thereon	–	(6,378,390)	(6,378,390)
Balance Transferred to Reserve Fund	4,963,608	–	4,963,608

Notes to the Financial Statements 4

The Schedules referred to herein form an integral part of the Financial Statements

This is the Revenue Account referred to in our report of even date

K. H. VACHHA  
Partner

For **Deutsche Trustee Services (India)  
Private Limited**

For **Deutsche Asset Management (India)  
Private Limited**

For and on behalf of  
**PRICE WATERHOUSE**  
Chartered Accountants

Gunit Chadha  
Director

M. H. Kania  
Director

Stephen Paul Harris  
Director

Sandeep Dasgupta  
Director

Y. B. Desai  
Director

A. S. Mitra  
Director

Kersi M. Gherda  
Director

Bhalchandra Bhide  
Director

Debabrata Bhadury  
Director

Eduoard Fernen Peter  
Director

Vijay P. Gokhale  
Director

Carl Saldanha  
Director

Place: Mumbai  
Date : August 30, 2006

Suresh Soni  
Portfolio Manager



Deutsche Asset Management

# Schedules

forming part of Financial Statements for the period December 28, 2005 to March 29, 2006

	90 Days Series	
	Rupees	Units
<b>Schedule 1</b>		
<b>Unit Capital</b>		
<b>Matured Series</b>		
Growth Option		
Issued and Subscribed :		
Units of Rs.10 each fully paid-up	307,327,957	30,732,795.746
Outstanding:		
Initial issue and subscription	307,327,957	30,732,795.746
Issued during the period	-	-
	307,327,957	30,732,795.746
Matured during the period	307,327,957	30,732,795.746
At the end of the period	-	-
Dividend Option		
Issued and Subscribed:		
Units of Rs.10 each fully paid-up	2,157,072,325	215,707,232.536
Outstanding:		
Initial issue and subscription	2,157,072,325	215,707,232.536
Issued during the period	-	-
	2,157,072,325	215,707,232.536
Matured during the period	2,157,072,325	215,707,232.536
At the end of the period	-	-
TOTAL	-	-

	90 Days Series		
	March 31, 2006 Growth Option Rupees	March 31, 2006 Dividend Option Rupees	March 31, 2006 Total Rupees

## Schedule 2

### Reserves and Surplus

#### Matured Series

##### Reserve Fund

Balance Transferred from Revenue Account	4,963,608		4,963,608
Utilisation towards Redemption	(4,963,608)	-	(4,963,608)
At the end of the period	-	-	-
TOTAL	-	-	-

December 28, 2005  
to March 29, 2006  
Rupees

## Schedule 3

### Interest and Discount

#### (Note 2.4)

Debentures / Bonds	21,530,586
Securitized Debt	9,120,136
Certificate of Deposit / Commercial Papers	11,464,823
Reverse Repos	1,042,107
TOTAL	<b>43,157,652</b>

# Schedules

forming part of Financial Statements for the period December 28, 2005 to March 29, 2006

## Schedule 4

### Notes to the Financial Statements

#### 1. Organisation

Deutsche Fixed Term Fund - Series 7 (the "Scheme") is a close-ended fixed term fund of Deutsche Mutual Fund (the "Fund") and was launched on December 28, 2005. Deutsche Mutual Fund has been sponsored by Deutsche Asset Management (Asia) Limited. Deutsche Asset Management (India) Private Limited incorporated under the Companies Act, 1956 has been appointed as the asset management company. The duration of the Scheme is 90 days from the date of allotment. The Scheme closed for initial subscription on December 29, 2005. The investment objective of the Scheme is to generate income by investing into debt and money market securities normally maturing in line with the time profile of the Scheme.

The Scheme has two options - Growth Option and Dividend Option.

The Scheme will not declare dividend under the Growth Option. The income earned on such units will remain invested within the Scheme and will be reflected in the net asset value.

The Growth Option and Dividend Option launched on December 28, 2005 have matured on March 29, 2006.

#### 2. Significant Accounting Policies

##### 2.1 Basis of Accounting

The Scheme maintains its books of account on an accrual basis. These financial statements 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 (the "Regulations") and amendments thereto, as applicable.

Investments have been liquidated on the maturity date and the unit capital has been liquidated on the business day immediately following the date of maturity. Accordingly the Revenue Account for the Scheme matured during the year has been prepared for the period ending on the maturity date.

Since there are no outstanding assets and liabilities as at March 31, 2006 in respect of the Scheme matured during the year, a Balance sheet has not been prepared as of that date for the Scheme.

Historical per unit statistics have not been disclosed for the Scheme as the Scheme has matured during the year.

##### 2.1 Portfolio Valuation

Investments are stated at market / fair value at the Balance Sheet date/date of determination. In valuing the Scheme's investments:

- (i) Debt securities listed on a recognised stock exchange are valued at the last quoted closing price on the National Stock Exchange of India Limited. If no sale is reported at that time, such security is valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- (ii) Non-traded and thinly traded debt securities are valued at fair value as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable issued by the Securities and Exchange Board of India (SEBI).
- (iii) Privately placed debt securities are valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- (iv) Securitised debt securities are valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- (v) Traded money market securities are valued at the yield at which they are traded on the valuation date. If no sale is reported at that time, such security is valued at the last traded price plus accretion of the difference between the face value and the last traded price. Non traded money market instruments are valued at cost plus accrued interest.
- (vi) Instruments bought on 'repo' basis are valued at the resale price after deduction of applicable interest upto the date of resale.

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 Regulations) net unrealized appreciation / depreciation in the value of investments is determined separately for each category of investments. Further the change in net unrealised appreciation / depreciation, if any, between two Balance Sheet dates / dates of determination is recognized in the Revenue Account. Unrealized appreciation is reduced from the distributable income at the time of income distribution. At the end of the financial year, the balance in the Revenue Account including change in the net unrealised appreciation or depreciation in the value of investments is transferred to Reserve Fund.

# Schedules

forming part of Financial Statements for the period December 28, 2005 to March 29, 2006

## 2.3 Securities Transaction

Investment securities transactions are accounted for on a trade date basis. The Scheme uses the average cost method for determining the realized gain or loss on sale of investments.

## 2.4 Investment Income

Interest income is recorded on an accrual basis.

## 2.5 Net Asset Value for Growth / Dividend Options

The net asset value of the units of the Scheme is determined separately for the units issued under the Growth and Dividend Options.

For reporting the net asset value for the Options, weekly income earned, including realized and unrealized gain or loss in the value of investments and expenses incurred by the Scheme are allocated to the Options in proportion to the value of the units outstanding.

## 2.6 Unit Premium Reserve

In accordance with the Offer Document dated December 23, 2005 unit holders have the option of redeeming the units prior to the specified termination date of the Scheme at the prevailing net asset value subject to an exit load as applicable. The premium / discount on redemption of units will be debited / credited to unit premium reserve.

## 2.7 Load

Load collected on redemption of units prior to the specified termination date of the Scheme is retained under a separate account in the Scheme and is used to meet the selling and distribution expenses of the Scheme.

## 3. Investment Management and Advisory Fees

The Scheme has paid or provided for investment management and advisory fees payable to Deutsche Asset Management (India) Private Limited for managing the Scheme at an annual rate of 0.16% of the average weekly net asset values recorded by the Scheme. All costs, charges and expenses incurred by Deutsche Asset Management (India) Private Limited in the administration and execution of the activities of the Scheme, except costs allowed to be charged to the Scheme under the Regulations, and amendments thereto as applicable, are on their own account for which they receive investment management and advisory fees. All expenses subsequent to the maturity of the Scheme will be borne by Deutsche Asset Management (India) Private Limited from the investment manager fees received from the Scheme.

## 4. Trustee Fees

In accordance with the Deed of Trust dated May 29, 2002 between Deutsche Asset Management (Asia) Limited ("The Settlor") and Deutsche Trustee Services (India) Private Limited (the "Trustee"), the Scheme has paid or provided for trustee fees payable to the Trustee at an annual rate of 0.01% of the average weekly net asset values recorded by the Scheme.

## 5. Custodian Fees

J P Morgan Chase Bank provides custodial services to the Scheme for which it receives custody fees.

## 6. Income Taxes

No provision for taxation has been made as the Scheme qualifies as a recognized mutual fund under Section 10 (23D) of the Income Tax Act, 1961.

## 7. Limitation of Expenses

The total expenses chargeable to the Scheme is limited to 0.29% of the average weekly net assets recorded by the Scheme. Deutsche Asset Management (India) Private Limited has borne Rs. 451,430 in excess of the above mentioned percentage of the average weekly net assets allowable to be charged to the Scheme as total expenses for the period.

## 8. Aggregate Value of Purchases and Sale of Investments

The aggregate value of investment securities purchased and sold (including matured) during the financial period is Rs. 10,969,293,118 (excluding accretion of discount Rs. 14,737,776) and Rs. 10,982,453,887 respectively being 441.79% and 442.32% of the average weekly net assets.

## 9. Income and Expenses

The total income and expenditure is Rs. 41,580,644 and Rs. 1,778,488 respectively being 6.79% and 0.29% (annualised) of the average weekly net assets.

## 10. Disclosure Under Regulation 25(8) of the Securities and Exchange Board of India (Mutual Funds) Regulation, 1996 as amended

# Schedules

forming part of Financial Statements for the period December 28, 2005 to March 29, 2006

Deutsche Bank AG, Mumbai Branch and Kotak Mahindra Bank Limited, associate entities of Deutsche Asset Management (India) Private Limited were paid commission amounting to Rs. 52,056 and Rs. 11,188 respectively for procuring unit subscriptions for the Scheme. The commission was at rates similar to those offered to other distributors.

## 11. Composition of Board of Directors of Investment Manager

An independent Director of Deutsche Asset Management (India) Private Limited ('the Company') had resigned from the Board of Directors ('the Board') with effect from October 31, 2005 due to which the composition of the Board was reduced to below the minimum requirement of 50% independent directors as required under the Regulations. An independent Director was appointed on the Board on February 6, 2006, after which the composition of the Board was in compliance with the Regulations. The Company has informed the Securities and Exchange Board of India of the same

## 12. Prior Period's Figures.

As these are the first financial statements of the Scheme since the date of its commencement, there are no comparative figures.

Signatures to the Schedules 1 to 4 forming part of the Revenue Account.

K. H. VACHHA  
*Partner*

For **Deutsche Trustee Services (India)  
Private Limited**

For **Deutsche Asset Management (India)  
Private Limited**

For and on behalf of  
**PRICE WATERHOUSE**  
*Chartered Accountants*

Gunit Chadha  
*Director*

M. H. Kania  
*Director*

Stephen Paul Harris  
*Director*

Sandeep Dasgupta  
*Director*

Y. B. Desai  
*Director*

A. S. Mitra  
*Director*

Kersi M. Gherda  
*Director*

Bhalchandra Bhide  
*Director*

Debabrata Bhadury  
*Director*

Eduoard Fernen Peter  
*Director*

Vijay P. Gokhale  
*Director*

Carl Saldanha  
*Director*

Place: Mumbai  
Date : August 30, 2006

Suresh Soni  
*Portfolio Manager*

#### Statutory Details :

Deutsche Mutual Fund had been set up as a trust settled by Deutsche Asset Management (Asia) Ltd. (DeAM Asia) (liability restricted to Rs. 1 lakh). Pursuant to an internal restructuring the shareholdings of Deutsche Asset Management (Asia) Limited and United Associates Holdings India Pvt. Ltd. in Deutsche Asset Management (India) Pvt. Ltd. and Deutsche Trustee Services India Pvt. Ltd. have been acquired by Deutsche India Holdings Private Limited ('DIHPL'). The Co-sponsors to the Fund are DeAM Asia and DIHPL. The Trustee of the Mutual Fund is Deutsche Trustee Services (India) Private Limited and the Investment Manager is Deutsche Asset Management (India) Private Ltd. The Sponsors are not responsible or liable for any loss resulting from the operation of the Scheme beyond the initial contribution of an amount of Rs.1 lakh collectively made by them towards setting up the Fund or such other accretions and additions to the initial corpus set up by the Sponsors.

#### Standard Risk Factors :

Mutual funds, like securities investments, are subject to market and other risks and there can be no guarantee against loss resulting from an investment in the Scheme nor can there be any assurance that the Scheme's objectives will be achieved. As with any investment in securities, the NAV of the Units issued under the Scheme can go up or down depending on various factors that may affect the values of the Scheme's investments. In addition to the factors that affect the value of individual securities, the NAV of the Scheme can be expected to fluctuate with movements in the broader equity and bond markets and may be influenced by factors affecting capital markets in general, such as, but not limited to, changes in interest rates, currency exchange rates, changes in governmental policies, taxation, political, economic or other developments and increased volatility in the stock and bond markets. Neither the past performance of the Sponsor / AMC / Mutual Fund / Scheme nor their affiliates / associates indicate the future performance of the scheme of the mutual fund. As per SEBI Circular, each scheme and individual plan(s) under the scheme should have a minimum of 20 investors and no single investor should account for more than 25% of the corpus of such scheme / plan(s). The name of the Scheme(s) do not in any manner indicate the quality of the Scheme(s), its future prospects or returns. Investors in the Schemes are not being offered a guaranteed or assured rate of return. **Please refer to the Offer Document for scheme specific risk factors before investing.**









**Deutsche Asset Management (India)  
Private Limited**  
2nd Floor, 222, Kodak House,  
Dr. D. N. Road, Fort, Mumbai - 400 001.

**Tel: +91 (22) 6658 4000  
Fax: +91 (22) 2207 4411**

**E-mail: [dws.mutual@db.com](mailto:dws.mutual@db.com)  
Website: [www.dws-india.com](http://www.dws-india.com)  
SMS: 'DWS' to 7333**

## Contacts

### DWS Investments

**MUMBAI** : 2nd Floor, 222, Kodak House, Dr. D. N. Road, Mumbai - 400 001. Tel: +91 (22) 6658 4600  
**NEW DELHI** : ECE House, 28, Kasturba Gandhi Marg, New Delhi - 110 001. Tel : +91 (11) 4152 2646 / 4152 2014  
**BANGALORE** : Raheja Tower, 26-27, M.G. Road, Bangalore - 560 001. Tel : +91 (80) 6693 5651 / 52 / 2559 0110  
**KOLKATA** : Brooke House, 9 Shakespeare Sarani, Kolkata - 700 071. Tel : +91 (33) 2282 4040 / 2282 2077  
**CHENNAI** : Kothari Building, Ground Floor, 114 M. G. Road, Nungambakkam, Chennai - 600 034. Tel: +91 (44) 5500 9516, 5500 9400 Fax: +91 (44) 5500 9515 / 16

### Karvy Investor Service Centres

**AHMEDABAD**: 201-203, Shail Building, Opp. Madhusudan House, Near Navrangpura Tel. Exchange, Off C. G. Road, Ahmedabad 380 006. Tel. : 079-26420422 / 26402967  
**BANGALORE** : 1st Floor, Surya Building, Rathna Avenue 51 / 25, Richmond Road, Bangalore 560 025. Tel.: 080-25320085 / 86  
**BARODA** : 31-34, Payal Complex, Near Vadodara Stock Exchange, Sayajiguj, Baroda 390 005. Tel.: 0265-2225210 / 2361514  
**CHENNAI** : Flat 2 - B, First Floor, Wellington Estate No. 24, Ethiraj Salai, Commander-in-Chief Road, Chennai 600 105. Tel.: 044-52028858 (D) / 52028512  
**COCHIN** : G 39, Panampally Nagar, Cochin 682 036. Tel.: 0484-310884 / 322152  
**HYDERABAD** : Karvy Plaza, Road No. 10, Banjara Hills, Hyderabad 500 034. Tel.: 040-23312454 Extn. 488 / 119  
**INDORE** : 105-106-107, DM Towers, Above Standard Chartered Bank, Indore 452 001. Tel.: 0731-3014204 / 05  
**KOLKATA** : 49, Jatindas Road, Kolkata 700 029. Tel.: 033-24659267 (D) / 24659263  
**LUCKNOW** : 94, Mahatma Gandhi Marg, (Opp. Governor House) Hazratganj, Lucknow 226 001. Tel.: 0522-2236828 / 19  
**MUMBAI** : 16-22, Bake House, Ground Floor, Maharashtra Chamber of Commerce Lane, Opp. Msc Bank, Fort, Mumbai 400 023. Tel.: 022-56346513 (D) / 56381746 to 50  
**NEW DELHI** : 105-108, Arunachal Building, 19, Barakhamba Road, Connaught Place, New Delhi 110 001. Tel.: 011-51511627 (D)  
**PUNE** : 202, Mahadkar Chambers, Opp. Karishma Heights, Karve Road, Pune 411 029. Tel.: 020-25456890 / 870 / 4028431  
**SURAT** : G / 16, Empire State Building, Near Udhana Darwaja, Ring Road, Surat 395 002. Tel.: 0261-3017155 / 156



**Deutsche Asset Management**  
A Member of the Deutsche Bank Group

