

Deutsche Mutual Fund

DWS Equity Schemes

Annual Report 2006-2007

1ST CHOICE FOR YOUR MONEY.



Deutsche Bank Group

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

Board of Directors of the Asset Management Company

Mr. K. M. Gherda - Chairman

Mr. V. P. Gokhale

Mr. Stephen Paul Harris

Mr. Bhalchandra Bhide

Mr. Vijai Mantri

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Trustee Report

Dear Investor,

It gives us great pleasure to welcome you to Deutsche Mutual Fund - India ("the Mutual Fund" or "the Fund"). The Fund has now successfully completed four years and we furnish herein the audited financials of the various schemes as on **31st March, 2007**.

- **Highlights of the year 2006-07**

The Fund launched nineteen new schemes during the year and consequently the Assets Under Management (AUM) rose by 132% from Rs. 2,535 Crores as on March 31, 2006 to Rs. 5,905 Crores as on March 31, 2007. The gross collection under all the New Fund Offers launched during the year was approximately Rs. 4,588 Crores.

- **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. 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.

- **Sponsor**

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). DeAM Asia and Deutsche India Holdings Private Limited (DIHPL) are the co-sponsors of the Mutual Fund. During the Financial Year 2005-06 the entire shareholding of DeAM Asia in Deutsche Asset Management (India) Private Limited (DeAM) was transferred to DIHPL. Further, during the Financial Year 2006-07, 23,02,500, 3% Cumulative Redeemable Preference Shares of Rs.100/- each held by DIHPL in DeAM were converted into 2,30,25,000 Equity Shares of Rs.10/- each fully paid-up at par in the ratio of 1:10. Pursuant to the above conversion, DIHPL now holds 98.025% of the paid-up share capital of DeAM.

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.

- **DWS Investments**

DWS Investments is the retail mutual fund management division of Deutsche Asset Management, Deutsche Bank Group's asset management network. As one of the largest global fund management companies, Deutsche Asset Management oversees EUR 557 billion (as of 31 May, 2007) worth of assets for clients worldwide. DWS Investments is the largest mutual fund company in Germany and among the top ten players globally in terms of assets under management. It has been recognized by Standard & Poor's as Germany's top fund manager for 13 consecutive years (1995 - 2007). Since 1956, DWS Investments has pursued a consistent strategy: one that focuses on quality, innovation, performance and trust.

- **Directors**

Mr. Ayaz Ebrahim was appointed as an Additional Director on the Board of Deutsche Trustee Services (India) Private Limited on December 29, 2006.

Mr. Sandeep Dasgupta resigned from the Board of Deutsche Asset Management (India) Private Limited on December 8, 2006. Mr. Vijai Mantri was appointed as an associate Director to fill in the casual vacancy caused by the resignation of Mr. Sandeep Dasgupta, on the Board of Deutsche Asset Management (India) Private Limited on January 16, 2007.

- **Awards**

DWS Insta Cash Plus Fund - Institutional Plan has been ranked ICRA MFR 1 by ICRA Mutual Funds Awards 2007 in the category Open ended Liquid Fund - Institutional Plan for its 1 year performance till December 31, 2006. The rank indicates performance within the top 10% of the stated category.

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 Insta Cash Plus Fund - Institutional Plan. Ranking Source & Publisher: ICRA Online

- **Investor Service Initiatives**

To increase the geographical reach and spread the network, we added 3 new branches viz. Ahmedabad, Hyderabad and Pune which totaled to 8 branches at the year end. Further, new collection centres of Karvy Computershare Private Limited were also added which totaled to 26 at the year end.

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 2006-2007

The Indian economy maintained its strong growth momentum, with FY07 seeing the economy grow at the fastest pace in recent times. Consumption led demand is now being complemented by the investment cycle as is evident by the steady rise in recent times, of the investment to GDP ratio which is now above 33%. The upturn in India's business cycle, supported by the twin drivers of capital expenditure and infrastructure spending, continued to strengthen in FY07. Full year GDP growth was 9.4% for the year, beating all forecasts.

The strong economic environment led to an impressive performance by corporate India. Corporate sector profits grew at over 35% in FY07. This was reflected in the stock market seeing yet another year of positive returns with the BSE Sensex showing an impressive gain of around 15.9% for the financial year. Impressive performance by many index heavyweights at the corporate level and earnings upgrades across many sectors were some of the factors leading to the rise in the Index.

The strong growth did lead to some hiccups along the way. Strong credit growth and asset price inflation led to concerns of an overheating economy. Inflation became a major issue for policy makers and financial markets during the latter half of the year. During latter part of the FY07, inflation as measured by the WPI, crossed 6.6% before closing at 5.94% at the year end. The RBI then proactively stepped in to tighten monetary policy to cool the inflationary pressures. The RBI raised repo rates by 75 bps during the year and 10-year bond yields rose 45 bps to 7.98% in March'07.

Market Outlook for 2007-2008

The Indian economy is likely to remain one of the fastest growing economies in the world. Various forecasts put the growth estimates at around 8.5% for the coming year. Corporate capital expenditure and large infrastructure build up are expected to drive growth in the economy. Infrastructural investment is at an all time high level and with a proposed expenditure of US \$ 320 bn in next 5 years, the growth in industrial production is likely to remain strong in the coming years. The services sector growth will continue to be driven by IT services exports, financial services and other sectors. Lower growth in agriculture sector is a matter of concern and the government has come out with a series of initiatives for the sector. This should help in boosting longer term growth in the sector.

The Indian rupee has witnessed unprecedented appreciation since April 2007. This may have some impact in terms of pressure on profitability in sectors having high dependence on exports like Information Technology, pharmaceuticals, auto ancillaries, textiles etc. On the positive side, the stronger rupee will help in reducing the impact of higher crude oil prices.

The strong momentum in the economy provides a favourable environment for equities. The corporate sector is expected to grow profits by around 20%. The strong performance by equities in the past few months does factor in the positive fundamentals to an extent. Liquidity in the markets remains strong. Apart from FII's, domestic players like private sector insurance companies and mutual funds are also investing significantly in equities, which is positive from a longer term point of view. Key risks to the markets include a sustained rise in the crude oil prices that may pressure inflation and also reduce consumption. Any reduction in global risk appetite may also induce some volatility in the markets.

On the fixed income market, we could see some stabilization in interest rates after sustained rise for last few years. Benign inflation and fall of credit growth pointed to a stable/ benign rate environment. The RBI is however likely to keep a close watch on money market liquidity in view of volatile crude oil prices.

Performance Review

During the period under review, Deutsche Mutual Fund launched various schemes under DWS Fixed Term Series. The total Assets Under Management were Rs. 5905.28 crores as at March 31, 2007.

Performance Record (As on March 31, 2007)

| Particulars | DWS Investment Opportunity Fund | Benchmark Returns BSE 200 Index | DWS Alpha Equity Fund | Benchmark Returns NSE Nifty |
|-----------------|---------------------------------|---------------------------------|-----------------------|-----------------------------|
| Last 1 Year* | 8.35% | 10.20% | 8.24% | 12.31% |
| Last 2 Years | 32.80% | 33.95% | 36.83% | 37.02% |
| Last 3 Years | 30.16% | 28.51% | 31.96% | 29.20% |
| Since Inception | 28.13% | 25.96% | 45.62% | 35.25% |

| Particulars | DWS Premier Bond Fund | Benchmark Returns CRISIL Composite Bond Fund Index | DWS Money Plus Fund | Benchmark Returns CRISIL Liquid Fund Index |
|-----------------|-----------------------|--|---------------------|--|
| Last 1 Year* | 2.80% | 3.72% | 7.70% | 6.41% |
| Last 2 Years | 3.49% | 3.51% | N.A. | N.A. |
| Last 3 Years | 2.59% | 2.39% | N.A. | N.A. |
| Since Inception | 4.42% | 3.62% | 7.81% | 6.41% |

Trustee Report

| Particulars | DWS MIP Fund – Plan A | Benchmark Returns CRISIL MIP Blended Index | DWS MIP Fund – Plan B | Benchmark Returns CRISIL MIP Blended Index |
|-----------------|--------------------------|---|--------------------------|---|
| Last 1 Year* | 3.74% | 5.49% | 2.57% | 5.49% |
| Last 2 Years | 7.30% | 8.32% | 5.29% | 8.32% |
| Last 3 Years | 7.31% | 6.30% | 5.51% | 6.30% |
| Since Inception | 7.15% | 6.26% | 5.45% | 6.26% |

| Particulars | DWS Short Maturity Fund | Benchmark Returns CRISIL Short Term Bond Fund Index | DWS Tax Saving Fund | Benchmark Returns S&P CNX 500 |
|-----------------|----------------------------|---|---------------------|----------------------------------|
| Last 1 Year* | 6.30% | 5.68% | -8.67% | 8.07% |
| Last 2 Years | 5.32% | 4.76% | N.A. | N.A. |
| Last 3 Years | 5.09% | 4.18% | N.A. | N.A. |
| Since Inception | 5.48% | 4.49% | -1.25% | 11.50% |

| Particulars | DWS Insta Cash Plus Fund (Regular) | Benchmark Returns CRISIL Liquid Fund Index | DWS Insta Cash Plus Fund (Institutiona) | Benchmark Returns CRISIL Liquid Fund Index |
|-----------------|---------------------------------------|---|--|---|
| Last 1 Year* | 7.19% | 6.37% | 7.35% | 6.37% |
| Last 2 Years | 6.37% | 5.61% | 6.53% | 5.61% |
| Last 3 Years | 5.83% | 5.13% | N.A. | N.A. |
| Since Inception | 5.65% | 4.92% | 6.10% | 5.22% |

| Particulars | DWS Floating Rate Fund | Benchmark Returns CRISIL Liquid Fund Index | DWS Fixed Term Fund Series - 4 | Benchmark Returns CRISIL Liquid Fund Index |
|-----------------|------------------------|---|-----------------------------------|---|
| Last 1 Year* | 7.15% | 6.37% | 7.81% | 6.41% |
| Last 2 Years | 6.42% | 5.61% | N.A. | N.A. |
| Last 3 Years | 5.93% | 5.13% | N.A. | N.A. |
| Since Inception | 5.76% | 4.99% | 6.21% | 6.11% |

| 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 Year* | 8.51% | 6.41% | 8.26% | 6.41% |
| Since Inception | 8.46% | 6.38% | 7.67% | 6.30% |

* Absolute Returns, other performance figures are based on CAGR. 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 Scheme-wise 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. 46.11 crores as at 31st March, 2006 which increased by more than 100% during the year and was Rs. 102.72 crores as at 31st March, 2007.

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.

Trustee Report

It is a dynamic allocation fund launched in January 2004 with Dividend and Growth options. The scheme had a corpus of Rs. 7.59 crores as at 31st March, 2006 which has increased to Rs. 8.93 crores as at 31st March, 2007.

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 which increased to Rs. 32.94 crores as at 31st March, 2007

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. 4.20 crores as at March 31, 2006 which has decreased to Rs. 1.65 crores as at March 31, 2007.

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. 104.40 crores as at March 31, 2006 which increased to Rs. 10.56 crores as at March 31, 2007.

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.

With effect from November 1, 2006, the existing plan under this Scheme was renamed as Regular Plan and a new plan, viz. Institutional Plan was introduced.

The scheme was launched in February 2006. The scheme had a corpus of Rs. 80.63 crores as at March 31, 2006 and increased manifold to Rs. 670.41 crores as at March 31, 2007.

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. 728.44 crores as at March 31, 2006 which decreased to Rs. 513.13 crores as at March 31, 2007.

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. 208.05 crores as at March 31, 2006 which decreased to Rs. 51.71crores as at March 31, 2007

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. 9.95 crores as at March 31, 2006 which decreased to Rs. 6.34 crores as at March 31, 2007.

DWS Fixed Maturity Plan

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.

The series had a combined corpus of Rs. 1,315.45 crores as at March 31, 2006 which increased manifold to Rs. 4,506.87crores as at March 31, 2007.

Trustee Report

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.

Acknowledgements

The Trustees wish to thank the Government of India, the Securities and Exchange Board of India (SEBI), the Reserve Bank of India (RBI), and the Association of Mutual Funds in India (AMFI) for their support and directions.

The Trustees also wish to thank all unitholders for their strong support.

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 : September 6, 2007

Notes :

- A copy of the Annual Report of the Fund will be posted to all the unit holders.
- 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 September 6, 2007.

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, 2007 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, 2007 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 Alpha Equity Fund as at March 31, 2007 and its net surplus for the year ended on that date.
 - (ii) The Balance Sheet as at March 31, 2007 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 as at March 31, 2007 as determined in good faith 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 : September 6, 2007

Balance Sheet

as at March 31, 2007

| | Schedule | March 31, 2007 Rupees | March 31, 2006 Rupees |
|------------------------------------|----------|--------------------------|--------------------------|
| Assets | | | |
| Investments | 1 | 1,006,577,295 | 433,773,622 |
| Other Current Assets | 2 | 27,687,308 | 64,144,903 |
| TOTAL | | 1,034,264,603 | 497,918,525 |
| Liabilities | | | |
| Unit Capital | 3 | 574,736,452 | 225,979,061 |
| Reserves and Surplus | 4 | 452,564,084 | 235,169,971 |
| Current Liabilities and Provisions | 5 | 6,964,067 | 36,769,493 |
| TOTAL | | 1,034,264,603 | 497,918,525 |

Reconciliation of Net Asset Value Per Unit

| | March 31, 2007 | | | March 31, 2006 | | |
|---|-----------------------|-------------------------|-----------------|-----------------------|-------------------------|-----------------|
| | 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) | 276,204,345 | 751,096,191 | 1,027,300,536 | 141,522,383 | 319,626,649 | 461,149,032 |
| Number of Units in Issue | 5,716,678.316 | 51,756,966.977 | | 3,170,254.789 | 19,427,651.347 | |
| Net Asset Value per Unit | 48.32 | 14.51 | | 44.64 | 16.45 | |

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 **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

Vijai Mantri
Director

Y. B. Desai
Director

A. S. Mitra
Director

Kersi M. Gherda
Director

Bhalchandra Bhide
Director

Debabrata Bhadury
Director

Vijay P. Gokhale
Director

Place: Mumbai
Date : September 6, 2007

Suresh Soni
Portfolio Manager

Revenue Account

for the year ended March 31, 2007

| | Schedule | April 01, 2006 to March 31, 2007 Rupees | April 01, 2005 to March 31, 2006 Rupees |
|---|----------|---|---|
| Income and Gains | | | |
| Dividends (Note 2.4) | | 13,537,437 | 11,342,920 |
| Interest and Discount | 6 | 1,305,082 | 2,807,552 |
| Net Profit on Sale of Investments (Including Net Profit on Inter-scheme Sale of investments Rs. 5) (Previous Year Rs. Nil) (Note 2.3) | | 172,134,636 | 468,726,249 |
| TOTAL | | 186,977,155 | 482,876,721 |
| Expenses and Losses | | | |
| Investment Management and Advisory Fees (Note 3) | | 13,218,403 | 10,254,696 |
| Trustee Fees and Expenses (Note 4) | | 109,937 | 84,088 |
| Transfer Agent Fees and Expenses | | 1,324,099 | 1,036,175 |
| Custodian Fees and Expenses (Note 5) | | 839,568 | 684,728 |
| Audit Fees | | 38,272 | 9,266 |
| Selling and Distribution Expenses | | 9,287,666 | 8,691,210 |
| Miscellaneous Receivables Written Off | | 29,042 | - |
| Other Operating Expenses | | 3,163,844 | 2,427,814 |
| | | 28,010,831 | 23,187,977 |
| Less: Expenses to be Reimbursed by the Investment Manager (Note 7) | | 1,035,584 | 2,422,243 |
| TOTAL | | 26,975,247 | 20,765,734 |
| Net Surplus for the Year | | 160,001,908 | 462,110,987 |
| Net Change in Unrealised (Depreciation) / Appreciation in Value of Investments | 7 | (52,092,740) | (48,507,360) |
| Net Surplus including Net Change in Unrealised Depreciation / Appreciation in Value of Investments | | 107,909,168 | 413,603,627 |

| | April 01, 2006 to March 31, 2007 | | | April 01, 2005 to March 31, 2006 | | |
|---|----------------------------------|-------------------------|-----------------|----------------------------------|-------------------------|-----------------|
| | 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 | 25,058,805 | 82,850,363 | 107,909,168 | 66,384,612 | 347,219,015 | 413,603,627 |
| Transfer From Reserve Fund | - | - | - | - | 38,678,726 | 38,678,726 |
| Transfer From Dividend Equalisation Reserve (Note 2.8) | 91,826,466 | 214,909,328 | 306,735,794 | (23,667,143) | 59,420,634 | 35,753,491 |
| Dividend Distributions | - | (255,982,998) | (255,982,998) | - | (443,600,733) | (443,600,733) |
| Balance Transferred to Reserve Fund | 116,885,271 | 41,776,693 | 158,661,964 | 42,717,469 | 1,717,642 | 44,435,111 |

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

Vijai Mantri
Director

Y. B. Desai
Director

A. S. Mitra
Director

Kersi M. Gherda
Director

Bhalchandra Bhide
Director

Debabrata Bhadury
Director

Vijay P. Gokhale
Director

Place: Mumbai
Date : September 6, 2007

Suresh Soni
Portfolio Manager

Schedules

forming part of the Balance Sheet as at March 31, 2007 and
the Revenue Account for the year ended March 31, 2007

| | March 31, 2007 | | March 31, 2006 | |
|---|-------------------------------|----------------------|-------------------------------|----------------|
| | Market / Fair Value Rupees | Cost Rupees | Market / Fair Value Rupees | Cost Rupees |
| Schedule 1 | | | | |
| Investments | | | | |
| (Notes 2.2, 2.3, 8, 9, 10, 11 and 14) | | | | |
| (Refer to the attached Statement of Portfolio Holding as at March 31, 2007) | | | | |
| Equity Shares | 1,006,577,295 | 1,001,393,630 | 433,773,622 | 376,497,217 |
| TOTAL | 1,006,577,295 | 1,001,393,630 | 433,773,622 | 376,497,217 |

| | March 31, 2007 | | March 31, 2006 | |
|--|----------------|--------|-------------------|------------|
| | Rupees | Rupees | Rupees | Rupees |
| Schedule 2 | | | | |
| Other Current Assets | | | | |
| Balance with Banks | | | | |
| - in Current Account | | | 18,042,421 | 14,263,123 |
| - in Dividend Account (Note 15) | | | 227,303 | 1,238,817 |
| Sales Contracts Awaiting Completion - Equity Shares | | | - | 36,467,073 |
| Application Money Pending Allotment - Equity Shares | | | 6,930,000 | 5,162,500 |
| Application Money Pending Allotment - Debentures / Bonds | | | - | 4,500,000 |
| Unit Subscription Receivable | | | 1,056,000 | 50,000 |
| Inter-Scheme Receivable - Others | | | - | 26,000 |
| Interest Receivable on : | | | | |
| - Debentures / Bonds | | | - | 878 |
| Dividend Receivable | | | 396,000 | - |
| Receivable from the Investment Manager | | | 1,035,584 | 2,422,243 |
| Tax Deducted at Source | | | - | 14,269 |
| TOTAL | | | 27,687,308 | 64,144,903 |

| | March 31, 2007 | | March 31, 2006 | |
|--|----------------|-------|----------------|-------|
| | 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 |
|-----------------------------------|-------------|----------------|-------------|----------------|

Outstanding:

| | | | | |
|------------------------------|------------|---------------|------------|---------------|
| At the beginning of the year | 31,702,548 | 3,170,254.789 | 53,778,048 | 5,377,804.835 |
| Issued during the year | 83,627,510 | 8,362,751.009 | 80,293,038 | 8,029,303.833 |

| | | | | |
|--------------------------|-------------|----------------|-------------|----------------|
| Redeemed during the year | 115,330,058 | 11,533,005.798 | 134,071,086 | 13,407,108.668 |
| | 58,163,275 | 5,816,327.482 | 102,368,538 | 10,236,853.879 |

| | | | | |
|------------------------|------------|---------------|------------|---------------|
| At the end of the year | 57,166,783 | 5,716,678.316 | 31,702,548 | 3,170,254.789 |
|------------------------|------------|---------------|------------|---------------|

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 |
|-----------------------------------|------------|---------------|------------|---------------|

Outstanding:

| | | | | |
|------------------------------|---------------|-----------------|---------------|-----------------|
| At the beginning of the year | 194,276,513 | 19,427,651.347 | 344,398,356 | 34,439,835.680 |
| Issued during the year | 1,113,029,435 | 111,302,943.489 | 1,155,021,413 | 115,502,141.343 |

| | | | | |
|--------------------------|---------------|-----------------|---------------|-----------------|
| Redeemed during the year | 1,307,305,948 | 130,730,594.836 | 1,499,419,769 | 149,941,977.023 |
| | 789,736,279 | 78,973,627.859 | 1,305,143,256 | 130,514,325.676 |

| | | | | |
|------------------------|-------------|----------------|-------------|----------------|
| At the end of the year | 517,569,669 | 51,756,966.977 | 194,276,513 | 19,427,651.347 |
|------------------------|-------------|----------------|-------------|----------------|

| | | | | |
|--------------|--------------------|-----------------------|-------------|----------------|
| TOTAL | 574,736,452 | 57,473,645.293 | 225,979,061 | 22,597,906.136 |
|--------------|--------------------|-----------------------|-------------|----------------|

Schedules

forming part of the Balance Sheet as at March 31, 2007 and
the Revenue Account for the year ended March 31, 2007

| | March 31, 2007 | | | March 31, 2006 | | |
|---|-----------------------|-------------------------|--------------------|-----------------------|-------------------------|--------------------|
| | Growth Plan Rupees | Dividend Plan Rupees | Total Rupees | Growth Plan Rupees | Dividend Plan Rupees | Total Rupees |
| Schedule 4 | | | | | | |
| Reserves and Surplus | | | | | | |
| Unit Premium Reserve (Note 2.7) | | | | | | |
| At the beginning of the year | (35,573,573) | 71,498,771 | 35,925,198 | (17,673,491) | 97,148,491 | 79,475,000 |
| Added during the year | (7,667,544) | 66,399,693 | 58,732,149 | (17,900,082) | (25,649,720) | (43,549,802) |
| At the end of the year | (43,241,117) | 137,898,464 | 94,657,347 | (35,573,573) | 71,498,771 | 35,925,198 |
| Dividend Equalisation Reserve (Note 2.8) | | | | | | |
| Added during the year | 91,826,466 | 214,909,328 | 306,735,794 | (23,667,143) | 59,420,634 | 35,753,491 |
| Transfer to Revenue Account | (91,826,466) | (214,909,328) | (306,735,794) | 23,667,143 | (59,420,634) | (35,753,491) |
| At the end of the year | - | - | - | - | - | - |
| Reserve Fund | | | | | | |
| At the beginning of the year | 145,393,408 | 53,851,365 | 199,244,773 | 102,675,939 | 90,812,449 | 193,488,388 |
| Transfer to Revenue Account | - | - | - | - | (38,678,726) | (38,678,726) |
| Balance Transferred from Revenue Account | 116,885,271 | 41,776,693 | 158,661,964 | 42,717,469 | 1,717,642 | 44,435,111 |
| At the end of the year [including net unrealised appreciation in value of investments Rs.5,183,665 (2006: Rs. 57,276,405)] | 262,278,679 | 95,628,058 | 357,906,737 | 145,393,408 | 53,851,365 | 199,244,773 |
| TOTAL | 219,037,562 | 233,526,522 | 452,564,084 | 109,819,835 | 125,350,136 | 235,169,971 |

| | March 31, 2007 Rupees | March 31, 2006 Rupees |
|--|--------------------------|--------------------------|
| Schedule 5 | | |
| Current Liabilities and Provisions | | |
| Current Liabilities | | |
| Investment Management and Advisory Fees | 1,059,586 | 429,348 |
| Trustee Fees and Expenses | 8,493 | 3,435 |
| Transfer Agent Fees and Expenses | 86,351 | 47,473 |
| Custodian Fees and Expenses | 61,765 | 26,007 |
| Audit Fees | 38,272 | 29,832 |
| Purchase Contracts Awaiting Completion - Equity Shares | - | 32,009,409 |
| Redemption of Units | 2,316,558 | 457,125 |
| Selling and Distribution Expenses | 1,604,611 | 1,030,465 |
| Inter-Scheme Payable - Switch Out | 434,432 | - |
| - Others | 23,640 | 25,000 |
| Unclaimed Dividend (Note 15) | 227,303 | 1,238,817 |
| Unclaimed Redemption | - | 562,506 |
| Sundry Payables | 1,103,056 | 910,076 |
| TOTAL | 6,964,067 | 36,769,493 |

Schedules

forming part of the Balance Sheet as at March 31, 2007 and the Revenue Account for the year ended March 31, 2007

| | April 01, 2006 to March 31, 2007 Rupees | April 01, 2005 to March 31, 2006 Rupees |
|---|---|---|
| Schedule 6 | | |
| Interest and Discount | | |
| (Note 2.4) | | |
| Debentures / Bonds | 202,795 | 902,036 |
| Reverse Repos | 1,065,123 | 1,825,431 |
| Commercial Paper / Certificate of Deposit | 37,164 | 80,085 |
| TOTAL | 1,305,082 | 2,807,552 |

| | April 01, 2006 to March 31, 2007 Rupees | April 01, 2005 to March 31, 2006 Rupees |
|--|---|---|
| Schedule 7 | | |
| Unrealised Depreciation / Appreciation in Value of Investments | | |
| (Note 8) | | |
| Equity Shares | | |
| At the beginning of the year | 57,276,405 | 105,783,765 |
| At the end of the year | 5,183,665 | 57,276,405 |
| Net change in unrealised (depreciation) / appreciation in value of investments during the year | (52,092,740) | (48,507,360) |

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 with effect from May 2, 2006 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

Schedules

forming part of the Balance Sheet as at March 31, 2007 and the Revenue Account for the year ended March 31, 2007

- 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 mobilised 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, 2007 and the Revenue Account for the year ended March 31, 2007

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

JP 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.1,035,584 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, 2007 Rupees | March 31, 2006 Rupees |
|----------------|--------------------------|--------------------------|
| Equity Shares | | |
| – Appreciation | 68,559,725 | 58,246,031 |
| – Depreciation | 63,376,060 | 969,626 |

9. Aggregate Fair Value of Non-Traded Investments

Aggregate fair 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, 2007 is Rs. 7,182,000.

10. Illiquid Securities

As at March 31, 2007, the Scheme held the following illiquid securities aggregating Rs. 7,182,000.

| Company name | Fair Value (Rupees) | Percentage of Fair Value to Net Assets |
|-----------------------|---------------------|--|
| Dish TV India Limited | 7,182,000 | 0.70 |

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. 3,719,455,291 (excluding accretion of discount Rs. 37,164) and Rs. 3,266,730,678 respectively being 338.33% and 297.15% of the average daily net assets.

12. Income and Expenses

The total income (including net profit on sale of investments and net change in unrealised depreciation / appreciation in value of investments) and expenditure is Rs. 134,884,415 and Rs. 26,975,247 respectively being 12.27% and 2.45% 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. 2,577,496 and Rs. 325,870 respectively for procuring unit subscriptions for the Scheme. Further, Deutsche Equities India Private Limited was paid brokerage of Rs. 1,294,409 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.

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forming part of the Balance Sheet as at March 31, 2007 and
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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, 2007 At Market / Fair Value (Rupees In Lakhs) |
|-----------------------------------|------------------------------------|--|--|---|
| Celebrity Fashions Limited | DWS Short Maturity Fund | DWS Alpha Equity Fund | 53.84 | – |
| | | DWS Investment Opportunity Fund | 17.13 | – |
| | | DWS MIP Fund - Plan A | 3.67 | – |
| | | DWS MIP Fund - Plan B | 1.71 | – |
| DSP Merrill Lynch Capital Limited | DWS Insta Cash Plus Fund | DWS Alpha Equity Fund | 54.89 | – |
| | | DWS Floating Rate Fund | 4,189.75 | 9.86 |
| | | DWS Insta Cash Plus Fund | 76,148.04 | 1,458.83 |
| | | DWS Money Plus Fund | 88,680.54 | 19.71 |
| | | DWS Premier Bond Fund | 44.56 | – |
| | | DWS Short Maturity Fund | 3,163.35 | – |
| | | DWS Fixed Term Fund Series - 11 | 87.10 | – |
| | | DWS Fixed Term Fund Series - 12 | 2,252.13 | – |
| | | DWS Fixed Term Fund Series - 13 | 1,500.00 | – |
| | | DWS Fixed Term Fund Series - 16 | 99.83 | – |
| | | DWS Fixed Term Fund Series - 17 | 2,294.02 | 1,959.61 |
| | | DWS Fixed Term Fund Series - 18 | 1,509.10 | 1,478.08 |
| | | DWS Fixed Term Fund Series - 19 | 10,000.00 | 9,861.05 |
| | | DWS Fixed Term Fund Series - 2 | 211.56 | – |
| | | DWS Fixed Term Fund Series - 20 | 69.51 | 48.93 |
| | | DWS Fixed Term Fund Series - 21 | 537.16 | – |
| | | DWS Fixed Term Fund Series - 24 | 59.10 | 59.14 |
| | | DWS Fixed Term Fund Series - 26 | 1,728.89 | 88.72 |
| | | DWS Fixed Term Fund Series - 27 | 29.55 | 29.57 |
| | | DWS Fixed Term Fund Series - 3 | 1,719.12 | – |
| | | DWS Fixed Term Fund Series - 4 | 126.40 | 29.57 |
| | | DWS Fixed Term Fund Series - 5 | 86.33 | – |
| | | DWS Fixed Term Fund Series - 6 | 184.57 | 88.72 |
| DWS Fixed Term Fund Series - 7 | 4,216.78 | – | | |
| DWS Fixed Term Fund Series - 8 | 196.21 | – | | |
| DWS Fixed Term Fund Series - 9 | 49.25 | 49.29 | | |
| DWS Fixed Term Fund | 14.08 | – | | |
| DWS MIP Fund - Plan A | 235.17 | – | | |
| DWS MIP Fund - Plan B | 137.16 | – | | |
| Grasim Industries Limited | DWS Fixed Term Fund Series - 10 | DWS Alpha Equity Fund | 1,801.80 | 428.71 |
| | | DWS Insta Cash Plus Fund | 4,300.00 | – |
| | | DWS Investment Opportunity Fund | 103.34 | 39.73 |
| | | DWS Tax Saving Fund | 220.54 | – |
| HCL Technologies Limited | DWS Fixed Term Fund Series - 22 | DWS Fixed Term Fund Series - 23 | – | – |
| | | DWS Fixed Term Fund Series - 14 | 795.61 | – |
| | | DWS Tax Saving Fund [^] | 71.52 | – |
| Hero Honda Motors Limited | DWS Fixed Term Fund Series - 16 | DWS Fixed Term Fund Series - 14 | 0.62 | – |
| | | DWS Investment Opportunity Fund | – | – |
| Hindalco Industries Limited | DWS Fixed Term Fund Series - 13 | DWS Fixed Term Fund Series - 10 | 478.40 | – |
| | | DWS Floating Rate Fund | 205.61 | – |

Schedules

forming part of the Balance Sheet as at March 31, 2007 and
the Revenue Account for the year ended March 31, 2007

| 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, 2007 At Market / Fair Value (Rupees In Lakhs) |
|------------------------------|---|---|---|---|
| | DWS Money Plus Fund | DWS Short Maturity Fund | 822.42 | – |
| | DWS Fixed Term Fund Series - 28 | DWS Fixed Term Fund Series - 4 DWS Tax Saving Fund | 935.13 120.94 | – – |
| Hindustan Lever Limited | DWS Fixed Term Fund Series - 13 DWS Fixed Term Fund Series - 22 DWS Fixed Term Fund Series - 27 | DWS Alpha Equity Fund DWS Investment Opportunity Fund | 725.21 12.22 | – – |
| Hindustan Zinc Limited | DWS Fixed Term Fund Series - 13 DWS Fixed Term Fund Series - 20 DWS Fixed Term Fund Series - 21 DWS Fixed Term Fund Series - 24 | DWS Alpha Equity Fund DWS Tax Saving Fund | 170.99 77.25 | – – |
| ICI India | DWS Fixed Term Fund Series - 21 | DWS Fixed Term Fund Series - 7 | 500.00 | – |
| Infosys Technologies Limited | DWS Insta Cash Plus Fund | DWS Alpha Equity Fund DWS Investment Opportunity Fund DWS MIP Fund - Plan A DWS Tax Saving Fund | 3,172.02 79.80 34.56 403.93 | 724.54 17.71 13.36 230.34 |
| ITC Limited | DWS Insta Cash Plus Fund DWS Floating Rate Fund DWS Fixed Term Fund Series - 14 DWS Fixed Term Fund Series - 16 DWS Fixed Term Fund Series - 23 | DWS Alpha Equity Fund DWS Investment Opportunity Fund DWS MIP Fund - Plan A DWS Tax Saving Fund | 1,840.20 376.99 7.73 274.99 | 488.80 38.35 – 164.69 |
| Larsen and Toubro Limited | DWS Insta Cash Plus Fund | DWS Alpha Equity Fund DWS Floating Rate Fund DWS Insta Cash Plus Fund DWS Short Maturity Fund DWS Investment Opportunity Fund DWS Tax Saving Fund DWS Floating Rate Fund^^ DWS Insta Cash Plus Fund^^ DWS Money Plus Fund^^ DWS Short Maturity Fund^^ DWS Fixed Term Fund Series - 10^^ DWS Fixed Term Fund Series - 13^^ DWS Fixed Term Fund Series - 14^^ DWS Fixed Term Fund Series - 15^^ DWS Fixed Term Fund Series - 16^^ DWS Fixed Term Fund Series - 19^^ DWS Fixed Term Fund Series - 2^^ DWS Fixed Term Fund Series - 20^^ DWS Fixed Term Fund Series - 25^^ DWS Fixed Term Fund Series - 5^^ DWS Fixed Term Fund Series - 7^^ DWS Fixed Term Fund^^ DWS Money Plus Fund^^^ | 1,938.29 1,000.00 900.00 100.00 181.88 318.52 6,100.00 81,157.10 67,472.40 7,229.74 113.08 6,214.57 4,310.28 37.59 216.12 4,604.21 1,698.95 999.82 990.77 200.00 3,700.00 1,799.21 500.00 | 582.89 – – – 32.38 153.82 – 200.00 10,400.00 – 117.32 – 3,566.28 – 224.87 4,722.73 – – 986.22 – – – – |

Schedules

forming part of the Balance Sheet as at March 31, 2007 and
the Revenue Account for the year ended March 31, 2007

| 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, 2007 At Market / Fair Value (Rupees In Lakhs) |
|-----------------------------------|---|--|--|---|
| Patni Computer Systems Limited | DWS Fixed Term Fund Series - 25 DWS Fixed Term Fund Series - 21 DWS Fixed Term Fund Series - 12 | DWS Alpha Equity Fund | 400.31 | – |
| | | DWS Investment Opportunity Fund | 186.56 | – |
| | | | | |
| Ranbaxy Holding Company | DWS Insta Cash Plus Fund | DWS Money Plus Fund | 45,000.00 | 500.00 |
| | | DWS Fixed Term Fund Series - 27 | 800.00 | 800.00 |
| | | DWS Fixed Term Fund Series - 28 | 3,700.00 | 3,700.00 |
| | | DWS Alpha Equity Fund | 108.81 | – |
| | | DWS Floating Rate Fund | 6,900.00 | – |
| | | DWS Insta Cash Plus Fund | 5,000.00 | – |
| | | DWS Short Maturity Fund | 3,500.00 | – |
| | | DWS Fixed Term Fund Series - 12 | 2,200.00 | – |
| Reliance Petroleum Limited | DWS Insta Cash Plus Fund | DWS Alpha Equity Fund | 11.19 | – |
| | | DWS Fixed Term Fund Series - 9 | 34.38 | – |
| | | DWS Investment Opportunity Fund | 1.90 | – |
| | | DWS MIP Fund - Plan A | 1.76 | – |
| | | DWS MIP Fund - Plan B | 0.70 | – |
| | | DWS Tax Saving Fund | 7.53 | – |
| Tata Chemicals Limited | DWS Fixed Term Fund Series - 27 | DWS Investment Opportunity Fund | 27.18 | – |
| Tata Consultancy Services Limited | DWS Money Plus Fund DWS Fixed Term Fund Series - 23 DWS Fixed Term Fund Series - 24 | DWS Alpha Equity Fund | 1,128.29 | 246.94 |
| | | DWS Tax Saving Fund | 133.93 | 86.18 |
| | | | | |
| Tata Steel Limited | DWS Insta Cash Plus Fund | DWS Alpha Equity Fund | 1,263.16 | – |
| | | DWS Investment Opportunity Fund | 510.16 | – |
| | | DWS Tax Saving Fund | 116.78 | – |
| Videsh Sanchar Nigam Limited | DWS Money Plus Fund DWS Fixed Term Fund Series - 12 DWS Fixed Term Fund Series 13 | DWS Investment Opportunity Fund | 94.30 | – |
| | | | | |
| | | | | |
| Wipro Limited | DWS Money Plus Fund | DWS Tax Saving Fund | 127.27 | – |

^ DTSF and DAEF have invested in HCL Technologies Limited which is a subsidiary of HCL Corporation Limited.

^^ DICPF, DFRF, DFTF-7, DSMF, DFTF, DFTF-2, DFTF-10, DFTF-13, DFTF-14, DFTF-15, DFTF-16, DFTF-19, DFTF-20, DFTF-25, DFTF-5 and DMPF have invested in L & T Finance Limited which is a subsidiary of Larsen & Toubro Limited.

^^^ DMPF have invested in Tractors Engineers 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.

(Note: The following abbreviations have been used above: DTSF - DWS Tax Saving Fund, DAEF - DWS Alpha Equity Fund, DICPF - DWS Insta Cash Plus Fund, DFRF - DWS Floating Rate Fund, DFTF-7 - DWS Fixed Term Fund - Series-7, DSMF - DWS Short Maturity Fund, DFTF - DWS Fixed Term Fund, DFTF-2 - DWS Fixed Term Fund - Series 2, DFTF-10 - DWS Fixed Term Fund - Series 10, DFTF-13 - DWS Fixed Term Fund - Series 13, DFTF-14 - DWS Fixed Term Fund - Series 14, DFTF-15 - DWS Fixed Term Fund - Series 15, DFTF-16 - DWS Fixed Term Fund - Series 16, DFTF-19 - DWS Fixed Term Fund - Series 19, DFTF-20 - DWS Fixed Term Fund - Series 20, DFTF-25 - DWS Fixed Term Fund - Series 25, DFTF-5 - DWS Fixed Term Fund - Series 5 and DMPF - DWS Money Plus Fund)

Schedules

forming part of the Balance Sheet as at March 31, 2007 and the Revenue Account for the year ended March 31, 2007

15. Unclaimed Dividend

As at March 31, 2007 unclaimed dividends aggregate Rs. 227,303 payable to thirty four 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. Perspective Historical Per Unit Statistics*

| | April 01,2006 to March 31, 2007 Rupees | April 01,2005 to March 31, 2006 Rupees | April 01,2004 to March 31, 2005 Rupees |
|---|--|--|--|
| (a) Net asset value per unit at the end of the period (Note 2.5) | | | |
| Growth Plan | 48.32 | 44.64 | 25.81 |
| Dividend Plan | 14.51 | 16.45 | 15.46 |
| (b) Gross Income | | | |
| (i) income other than profit on sale of investment. | 0.26 | 0.63 | 0.59 |
| (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 | 3.00 | 20.74 | 4.40 |
| (iv) transfer of revenue account from past year's reserve | 0.00 | 0.00 | 0.00 |
| (c) Aggregate of expenses, writeoff, amortisation and charges | 0.47 | 0.92 | 0.66 |
| (d) Net income | 2.78 | 20.45 | 4.34 |
| (e) Net change in unrealised (depreciation) / appreciation in value of investments | (0.91) | (2.15) | (0.40) |
| (f) Redemption price | | | |
| – Highest | | | |
| Growth Plan | 54.74 | 44.64 | 27.54 |
| Dividend Plan | 20.07 | 19.05 | 18.00 |
| – Lowest | | | |
| Growth Plan | 34.24 | 24.14 | 17.06 |
| Dividend Plan | 12.61 | 12.51 | 12.91 |
| (g) Purchase price | | | |
| – Highest | | | |
| Growth Plan | 52.34 | 44.64 | 27.42 |
| Dividend Plan | 19.19 | 19.48 | 18.00 |
| – Lowest | | | |
| Growth Plan | 32.74 | 24.14 | 17.06 |
| Dividend Plan | 12.05 | 12.51 | 12.91 |
| (h) Price earnings ratio | NA | NA | NA |
| (i) Ratio of expenses (excluding initial issue expenses) to average daily net assets by percentage | 2.45% | 2.47% | 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 | 12.25% | 51.66% | 17.35%# |

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

Below 0.01 per unit

Schedules

forming part of the Balance Sheet as at March 31, 2007 and
the Revenue Account for the year ended March 31, 2007

17. 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 and on behalf of
PRICE WATERHOUSE
Chartered Accountants

Place: Mumbai
Date : September 6, 2007

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

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

Stephen Paul Harris
Director

Kersi M. Gherda
Director

Vijay P. Gokhale
Director

Suresh Soni
Portfolio Manager

Vijai Mantri
Director

Bhalchandra Bhide
Director

Statement of Portfolio Holding

as at March 31, 2007

(Referred to in Schedule 1 to the Balance Sheet as at March 31, 2007 and the Revenue Account for the year ended March 31, 2007)

| Description | Quantity | Market / Fair Value Rupees |
|--|----------|-------------------------------|
| EQUITY SHARES (100%) | | |
| Auto (7.82%) | | |
| Tata Motors Limited | 80,000 | 58,220,000 |
| Maruti Udyog Limited | 25,000 | 20,492,500 |
| | | 78,712,500 |
| Auto Ancillaries (3.42%) | | |
| Amtek Auto Limited | 93,278 | 34,386,935 |
| | | 34,386,935 |
| Banks (7.25%) | | |
| Punjab National Bank | 90,000 | 42,448,500 |
| State Bank of India | 19,000 | 18,865,100 |
| Industrial Development Bank of India Limited | 150,000 | 11,632,500 |
| | | 72,946,100 |
| Chemical (7.00%) | | |
| Indian Petrochemicals Corporation Limited | 260,000 | 70,486,000 |
| | | 70,486,000 |
| Cement (5.14%) | | |
| Grasim Industries Limited@ | 20,500 | 42,870,625 |
| The India Cements Limited | 55,000 | 8,910,000 |
| | | 51,780,625 |
| Consumer Non-Durables (4.85%) | | |
| ITC Limited@ | 325,000 | 48,880,000 |
| | | 48,880,000 |
| Diversified (5.79%) | | |
| Larsen and Toubro Limited@ | 36,000 | 58,289,400 |
| | | 58,289,400 |
| Finance (0.91%) | | |
| Infrastructure Development Finance Company Limited | 109,091 | 9,130,917 |
| | | 9,130,917 |
| Industrial Capital Goods (13.69%) | | |
| Bharat Heavy Electricals Limited | 35,000 | 79,126,250 |
| Siemens Limited | 40,000 | 43,626,000 |
| Suzlon Energy Limited | 15,000 | 15,029,250 |
| | | 137,781,500 |
| Media & Entertainment (2.46%) | | |
| Zee Entertainment Enterprises Limited | 70,000 | 17,545,500 |
| Dish TV India Ltd.* | 40,250 | 7,182,000 |
| | | 24,727,500 |
| Minerals / Mining (3.38%) | | |
| Sesa Goa Limited | 20,000 | 34,016,000 |
| | | 34,016,000 |
| Pesticides (2.20%) | | |
| United Phosphorus Limited | 68,286 | 22,162,221 |
| | | 22,162,221 |

Statement of Portfolio Holding

as at March 31, 2007

| Description | Quantity | Market / Fair Value Rupees |
|---------------------------------------|-----------------------------------|-------------------------------|
| Petroleum Products (3.81%) | | |
| Reliance Industries Limited | 28,000 | 38,313,800 |
| | | 38,313,800 |
| Pharmaceuticals (6.88%) | | |
| Sun Pharmaceutical Industries Limited | 40,000 | 42,160,000 |
| Cipla Limited | 115,000 | 27,105,500 |
| | | 69,265,500 |
| Software (16.42%) | | |
| Infosys Technologies Limited@ | 36,000 | 72,453,600 |
| Satyam Computer Services Limited | 145,000 | 68,164,500 |
| Tata Consultancy Services Limited@ | 20,000 | 24,624,000 |
| | | 165,242,100 |
| Telecom - Services (5.87%) | | |
| Bharti Airtel Limited | 55,000 | 41,976,000 |
| Reliance Communication Limited | 35,000 | 14,700,000 |
| Idea Cellular Limited | 25,773 | 2,436,837 |
| | | 59,112,837 |
| Textile Products (3.11%) | | |
| Bombay Rayon Fashions Limited | 195,896 | 31,343,360 |
| | | 31,343,360 |
| Total | (Cost - Rs. 1,001,393,630) | 1,006,577,295 |
| TOTAL INVESTMENTS | (Cost - Rs. 1,001,393,630) | 1,006,577,295 |

Confirmation has been received from JP 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 Investment Opportunity Fund (formerly Deutsche Investment Opportunity Fund)** ("The Scheme") as at March 31, 2007 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, 2007 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, 2007 and its net surplus for the year ended on that date.
 - (ii) The Balance Sheet as at March 31, 2007 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 as at March 31, 2007 as determined in good faith 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 : September 6, 2007

Balance Sheet

as at March 31, 2007

| | Schedule | March 31, 2007 Rupees | March 31, 2006 Rupees |
|------------------------------------|----------|--------------------------|--------------------------|
| Assets | | | |
| Investments | 1 | 84,665,350 | 68,700,625 |
| Other Current Assets | 2 | 5,243,922 | 7,985,627 |
| TOTAL | | 89,909,272 | 76,686,252 |
| Liabilities | | | |
| Unit Capital | 3 | 49,315,601 | 45,487,406 |
| Reserves and Surplus | 4 | 40,019,936 | 30,444,609 |
| Current Liabilities and Provisions | 5 | 573,735 | 754,237 |
| TOTAL | | 89,909,272 | 76,686,252 |

Reconciliation of Net Asset Value Per Unit

| | March 31, 2007 | | | March 31, 2006 | | |
|---|-----------------------|-------------------------|-----------------|-----------------------|-------------------------|-----------------|
| | 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) " | 28,626,411 | 60,709,126 | 89,335,537 | 23,908,785 | 52,023,230 | 75,932,015 |
| Number of Units in Issue | 1,304,866.612 | 3,626,693.485 | | 1,180,755.671 | 3,367,984.980 | |
| Net Asset Value per Unit | 21.94 | 16.74 | | 20.25 | 15.45 | |

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

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

Stephen Paul Harris
Director

Kersi M. Gherda
Director

Vijay P. Gokhale
Director

Suresh Soni
Portfolio Manager

Vijai Mantri
Director
Bhalchandra Bhide
Director

Place: Mumbai
Date : September 6, 2007



Revenue Account

for the year ended March 31, 2007

| | Schedule | April 01, 2006 to March 31, 2007 Rupees | April 01, 2005 to March 31, 2006 Rupees |
|--|----------|---|---|
| Income and Gains | | | |
| Dividends (Note 2.4) | | 1,004,618 | 2,363,403 |
| Interest and Discount | 6 | 77,320 | 787,280 |
| Net Profit on Sale of Investments (Note 2.3) | | 11,729,260 | 156,265,279 |
| TOTAL | | 12,811,198 | 159,415,962 |

Expenses And Losses

| | | | |
|---|---|------------------|--------------------|
| Investment Management and Advisory Fees (Note 3) | | 1,041,297 | 2,737,561 |
| Trustee Fees and Expenses (Note 4) | | 8,330 | 21,900 |
| Transfer Agent Fees and Expenses | | 536,118 | 555,282 |
| Custodian Fees and Expenses (Note 5) | | 69,361 | 188,771 |
| Audit Fees | | 3,327 | 4,910 |
| Selling and Distribution Expenses | | 522,933 | 1,372,356 |
| Miscellaneous Receivables Written off | | 6,043 | - |
| Other Operating Expenses | | 459,527 | 692,628 |
| | | 2,646,936 | 5,573,408 |
| Less: Expenses to be Reimbursed by the Investment Manager (Note 7) | | 772,598 | 645,800 |
| TOTAL | | 1,874,338 | 4,927,608 |
| Net Surplus for the Year | | 10,936,860 | 154,488,354 |
| Net Change in Unrealised (Depreciation) / Appreciation in Value of Investments | 7 | (5,063,712) | (28,903,881) |
| Net Surplus including Net Change in Unrealised (Depreciation) / Appreciation in Value of Investments | | 5,873,148 | 125,584,473 |

| | April 01, 2006 to March 31, 2007 | | | April 01, 2005 to March 31, 2006 | | |
|--|----------------------------------|-------------------------|-----------------|----------------------------------|-------------------------|-----------------|
| | 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 | 1,192,901 | 4,680,247 | 5,873,148 | 11,101,776 | 114,482,697 | 125,584,473 |
| Transfer From Dividend Equalisation Reserve (Note 2.8) | 2,861,989 | 2,291,423 | 5,153,412 | (8,995,066) | (17,292,877) | (26,287,943) |
| Dividend Distribution | - | - | - | - | (88,173,704) | (88,173,704) |
| Prior Year's Dividend Distribution | - | (3,407) | (3,407) | - | - | - |
| Balance Transferred to Reserve Fund | 4,054,890 | 6,968,263 | 11,023,153 | 2,106,710 | 9,016,116 | 11,122,826 |

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

Vijai Mantri
Director

Y. B. Desai
Director

A. S. Mitra
Director

Kersi M. Gherda
Director

Bhalchandra Bhide
Director

Debabrata Bhadury
Director

Vijay P. Gokhale
Director

Place: Mumbai
Date : September 6, 2007

Suresh Soni
Portfolio Manager

Schedules

forming part of the Balance Sheet as at March 31, 2007 and
the Revenue Account for the year ended March 31, 2007

| | March 31, 2007 | | March 31, 2006 | |
|--|-------------------------------|-------------------|-------------------------------|----------------|
| | Market / Fair Value Rupees | Cost Rupees | Market / Fair Value Rupees | Cost Rupees |
| Schedule 1 | | | | |
| Investments | | | | |
| (Notes 2.2, 2.3, 8, 9, 10, 11 and 14) | | | | |
| (Refer to the attached Statement of Portfolio Holding as at March 31, 2007) | | | | |
| Equity Shares | 84,665,350 | 80,294,018 | 68,700,625 | 59,265,581 |
| TOTAL | 84,665,350 | 80,294,018 | 68,700,625 | 59,265,581 |

| | March 31, 2007 | | March 31, 2006 | |
|---|----------------|--|------------------|-----------|
| | Rupees | | Rupees | |
| Schedule 2 | | | | |
| Other Current Assets | | | | |
| Balance with Banks | | | | |
| – in Current Account | | | 3,577,903 | 6,379,385 |
| – in Dividend Account (Note 15) | | | 61,171 | 17,622 |
| Unit Subscription Receivable | | | 5,000 | – |
| Inter-Scheme Receivable - Switch In | | | 200,000 | – |
| Inter-Scheme Receivable - Others | | | – | 10,000 |
| Dividend Receivable | | | 33,250 | – |
| Application Money Pending Allotment - Equity Shares | | | 594,000 | 927,500 |
| Receivable from the Investment Manager | | | 772,598 | 645,800 |
| Tax Deducted at Source | | | – | 5,320 |
| TOTAL | | | 5,243,922 | 7,985,627 |

| | March 31, 2007 | | March 31, 2006 | |
|-----------------------------------|-------------------|----------------------|----------------|----------------|
| | Rupees | Units | Rupees | Units |
| Schedule 3 | | | | |
| Unit Capital | | | | |
| Growth Plan | | | | |
| Issued and Subscribed: | | | | |
| Units of Rs.10 each fully paid up | 75,311,027 | 7,531,102.700 | 75,311,027 | 7,531,102.700 |
| Outstanding: | | | | |
| At the beginning of the year | 11,807,556 | 1,180,755.671 | 33,537,812 | 3,353,781.257 |
| Issued during the year | 8,853,858 | 885,385.762 | 14,480,043 | 1,448,004.342 |
| | 20,661,414 | 2,066,141.433 | 48,017,855 | 4,801,785.599 |
| Redeemed during the year | 7,612,748 | 761,274.821 | 36,210,299 | 3,621,029.928 |
| At the end of the year | 13,048,666 | 1,304,866.612 | 11,807,556 | 1,180,755.671 |
| Dividend Plan | | | | |
| Issued and Subscribed: | | | | |
| Units of Rs.10 each fully paid up | 206,718,379 | 20,671,837.890 | 206,718,379 | 20,671,837.890 |
| Outstanding: | | | | |
| At the beginning of the year | 33,679,850 | 3,367,984.980 | 134,808,575 | 13,480,857.517 |
| Issued during the year | 22,908,494 | 2,290,849.360 | 342,447,537 | 34,244,753.712 |
| | 56,588,344 | 5,658,834.340 | 477,256,112 | 47,725,611.229 |
| Redeemed during the year | 20,321,409 | 2,032,140.855 | 443,576,262 | 44,357,626.249 |
| At the end of the year | 36,266,935 | 3,626,693.485 | 33,679,850 | 3,367,984.980 |
| TOTAL | 49,315,601 | 4,931,560.097 | 45,487,406 | 4,548,740.651 |

Schedules

forming part of the Balance Sheet as at March 31, 2007 and
the Revenue Account for the year ended March 31, 2007

| | March 31, 2007 | | | March 31, 2006 | | |
|---|-----------------------|-------------------------|-------------------|-----------------------|-------------------------|-------------------|
| | Growth Plan Rupees | Dividend Plan Rupees | Total Rupees | Growth Plan Rupees | Dividend Plan Rupees | Total Rupees |
| Schedule 4 | | | | | | |
| Reserves and Surplus | | | | | | |
| Unit Premium Reserve (Note 2.7) | | | | | | |
| At the beginning of the year | (6,987,583) | (22,712,483) | (29,700,066) | (8,799,694) | (12,499,303) | (21,298,997) |
| Added during the year | (578,374) | (869,452) | (1,447,826) | 1,812,111 | (10,213,180) | (8,401,069) |
| At the end of the year | (7,565,957) | (23,581,935) | (31,147,892) | (6,987,583) | (22,712,483) | (29,700,066) |
| Dividend Equalisation Reserve (Note 2.8) | | | | | | |
| Added during the year | 2,861,989 | 2,291,423 | 5,153,412 | (8,995,066) | (17,292,877) | (26,287,943) |
| Transferred to Revenue Account | (2,861,989) | (2,291,423) | (5,153,412) | 8,995,066 | 17,292,877 | 26,287,943 |
| At the end of the year | - | - | - | - | - | - |
| Reserve Fund | | | | | | |
| At the beginning of the year | 19,088,812 | 41,055,863 | 60,144,675 | 16,982,102 | 32,039,747 | 49,021,849 |
| Balance Transferred from Revenue Account | 4,054,890 | 6,968,263 | 11,023,153 | 2,106,710 | 9,016,116 | 11,122,826 |
| At the end of the year [including net unrealised appreciation in value of investments Rs.4,371,332 (2006: Rs. 9,435,044)] | 23,143,702 | 48,024,126 | 71,167,828 | 19,088,812 | 41,055,863 | 60,144,675 |
| TOTAL | 15,577,745 | 24,442,191 | 40,019,936 | 12,101,229 | 18,343,380 | 30,444,609 |

| | March 31, 2007 Rupees | March 31, 2006 Rupees |
|--|--------------------------|--------------------------|
| Schedule 5 | | |
| Current Liabilities and Provisions | | |
| Current Liabilities | | |
| Investment Management and Advisory Fees | 95,906 | 74,761 |
| Trustee Fees and Expenses | 767 | 598 |
| Transfer Agent Fees and Expenses | 45,779 | 44,672 |
| Custodian Fees and Expenses | 6,058 | 9,552 |
| Audit Fees | 3,327 | 4,910 |
| Redemption of Units | 43,776 | 140,478 |
| Selling and Distribution Expenses | 108,325 | 179,655 |
| Unclaimed Dividend (Note 15) | 61,171 | 17,622 |
| Unclaimed Redemption (Note 16) | 5,833 | 23,517 |
| Initial Issue Expenses Payable to Investment Manager | 88,601 | 88,601 |
| Sundry Payables | 114,192 | 169,871 |
| TOTAL | 573,735 | 754,237 |

Schedules

forming part of the Balance Sheet as at March 31, 2007 and the Revenue Account for the year ended March 31, 2007

| | April 01, 2006 to March 31, 2007 Rupees | April 01, 2005 to March 31, 2006 Rupees |
|---|---|---|
| Schedule 6 | | |
| Interest and Discount | | |
| (Note 2.4) | | |
| Debentures / Bonds | – | 60,702 |
| Commercial Paper / Certificate of Deposit | 2,366 | 3,498 |
| Reverse Repos | 74,954 | 723,080 |
| TOTAL | 77,320 | 787,280 |

| | April 01, 2006 to March 31, 2007 Rupees | April 01, 2005 to March 31, 2006 Rupees |
|---|---|---|
| Schedule 7 | | |
| Unrealised (Depreciation) / Appreciation in Value of Investments | | |
| (Note 8) | | |
| Equity Shares | | |
| At the beginning of the year | 9,435,044 | 38,338,925 |
| At the end of the year | 4,371,332 | 9,435,044 |
| Net change in unrealised (depreciation) / appreciation in value of investments during the year | (5,063,712) | (28,903,881) |

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 with effect from May 2, 2006 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 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

Schedules

forming part of the Balance Sheet as at March 31, 2007 and
the Revenue Account for the year ended March 31, 2007

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 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. Unrealised 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 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 realised and unrealised 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.

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.

Schedules

forming part of the Balance Sheet as at March 31, 2007 and
the Revenue Account for the year ended March 31, 2007

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

JPMorgan 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. 772,598 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, 2007 Rupees | March 31, 2006 Rupees |
|----------------|--------------------------|--------------------------|
| Equity Shares | | |
| – Appreciation | 10,298,198 | 10,102,648 |
| – Depreciation | 5,926,866 | 667,604 |

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, 2007 is Rs.1,562,730.

10. Illiquid Securities

As at March 31, 2007, the Scheme held the following illiquid securities aggregating Rs. 1,562,730.

| Company name | Fair Value (Rupees) | Percentage of Fair Value to Net Assets |
|---------------------------|---------------------|--|
| Dish TV India Limited | 1,539,000 | 1.72 |
| McDowell Holdings Limited | 23,730 | 0.03 |
| Total | 1,562,730 | 1.75 |

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. 162,473,178 (excluding accretion of discount Rs. 2,366) and Rs. 153,176,367 respectively being 195.04% and 183.88% of the average daily net assets.

12. Income and Expenses

The total income (including net profit on sale of investments and net change in unrealised appreciation / depreciation in the value of investments) and expenditure is Rs. 7,747,486 and Rs. 1,874,338 respectively being 9.30% and 2.25% 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. 17,505 and Rs. 4,488 respectively for procuring unit subscriptions for the Scheme. Further Deutsche Equities India Private Limited was paid brokerage of Rs. 35,583 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, 2007 and
the Revenue Account for the year ended March 31, 2007

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, 2007 At Market / Fair Value (Rupees In Lakhs) |
|-----------------------------------|---|--|--|---|
| Celebrity Fashions Limited | DWS Short Maturity Fund | DWS Alpha Equity Fund | 53.84 | – |
| | | DWS Investment Opportunity Fund | 17.13 | – |
| | | DWS MIP Fund - Plan A | 3.67 | – |
| | | DWS MIP Fund - Plan B | 1.71 | – |
| DSP Merrill Lynch Capital Limited | DWS Insta Cash Plus Fund | DWS Alpha Equity Fund | 54.89 | – |
| | | DWS Floating Rate Fund | 4,189.75 | 9.86 |
| | | DWS Insta Cash Plus Fund | 76,148.04 | 1,458.83 |
| | | DWS Money Plus Fund | 88,680.54 | 19.71 |
| | | DWS Premier Bond Fund | 44.56 | – |
| | | DWS Short Maturity Fund | 3,163.35 | – |
| | | DWS Fixed Term Fund Series - 11 | 87.10 | – |
| | | DWS Fixed Term Fund Series - 12 | 2,252.13 | – |
| | | DWS Fixed Term Fund Series - 13 | 1,500.00 | – |
| | | DWS Fixed Term Fund Series - 16 | 99.83 | – |
| | | DWS Fixed Term Fund Series - 17 | 2,294.02 | 1,959.61 |
| | | DWS Fixed Term Fund Series - 18 | 1,509.10 | 1,478.08 |
| | | DWS Fixed Term Fund Series - 19 | 10,000.00 | 9,861.05 |
| | | DWS Fixed Term Fund Series - 2 | 211.56 | – |
| | | DWS Fixed Term Fund Series - 20 | 69.51 | 48.93 |
| | | DWS Fixed Term Fund Series - 21 | 537.16 | – |
| | | DWS Fixed Term Fund Series - 24 | 59.10 | 59.14 |
| | | DWS Fixed Term Fund Series - 26 | 1,728.89 | 88.72 |
| | | DWS Fixed Term Fund Series - 27 | 29.55 | 29.57 |
| | | DWS Fixed Term Fund Series - 3 | 1,719.12 | – |
| | | DWS Fixed Term Fund Series - 4 | 126.40 | 29.57 |
| | | DWS Fixed Term Fund Series - 5 | 86.33 | – |
| DWS Fixed Term Fund Series - 6 | 184.57 | 88.72 | | |
| DWS Fixed Term Fund Series - 7 | 4,216.78 | – | | |
| DWS Fixed Term Fund Series - 8 | 196.21 | – | | |
| DWS Fixed Term Fund Series - 9 | 49.25 | 49.29 | | |
| DWS Fixed Term Fund | 14.08 | – | | |
| DWS MIP Fund - Plan A | 235.17 | – | | |
| DWS MIP Fund - Plan B | 137.16 | – | | |
| Grasim Industries Limited | DWS Fixed Term Fund Series - 10 DWS Fixed Term Fund Series - 22 DWS Fixed Term Fund Series - 23 | DWS Alpha Equity Fund | 1,801.80 | 428.71 |
| | | DWS Insta Cash Plus Fund | 4,300.00 | – |
| | | DWS Investment Opportunity Fund | 103.34 | 39.73 |
| | | DWS Tax Saving Fund | 220.54 | – |
| HCL Technologies Limited | DWS Fixed Term Fund Series - 14 DWS Fixed Term Fund Series - 16 | DWS Alpha Equity Fund [^] | 795.61 | – |
| | | DWS Tax Saving Fund [^] | 71.52 | – |
| Hero Honda Motors Limited | DWS Fixed Term Fund Series - 14 | DWS Investment Opportunity Fund | 0.62 | – |
| Hindalco Industries Limited | DWS Fixed Term Fund Series - 10 DWS Fixed Term Fund Series - 13 DWS Money Plus Fund | DWS Alpha Equity Fund | 478.40 | – |
| | | DWS Floating Rate Fund | 205.61 | – |
| | | DWS Short Maturity Fund | 822.42 | – |

Schedules

forming part of the Balance Sheet as at March 31, 2007 and
the Revenue Account for the year ended March 31, 2007

| 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, 2007 At Market / Fair Value (Rupees In Lakhs) |
|------------------------------|---|---|---|---|
| | DWS Fixed Term Fund Series - 28 | DWS Fixed Term Fund Series - 4 DWS Tax Saving Fund | 935.13 120.94 | – – |
| Hindustan Lever Limited | DWS Fixed Term Fund Series - 13 DWS Fixed Term Fund Series - 22 DWS Fixed Term Fund Series - 27 | DWS Alpha Equity Fund DWS Investment Opportunity Fund | 725.21 12.22 | – – |
| Hindustan Zinc Limited | DWS Fixed Term Fund Series - 13 DWS Fixed Term Fund Series - 20 DWS Fixed Term Fund Series - 21 DWS Fixed Term Fund Series - 24 | DWS Alpha Equity Fund DWS Tax Saving Fund | 170.99 77.25 | – – |
| ICI India | DWS Fixed Term Fund Series - 21 | DWS Fixed Term Fund Series - 7 | 500.00 | – |
| Infosys Technologies Limited | DWS Insta Cash Plus Fund | DWS Alpha Equity Fund DWS Investment Opportunity Fund DWS MIP Fund - Plan A DWS Tax Saving Fund | 3,172.02 79.80 34.56 403.93 | 724.54 17.71 13.36 230.34 |
| ITC Limited | DWS Insta Cash Plus Fund DWS Floating Rate Fund DWS Fixed Term Fund Series - 14 DWS Fixed Term Fund Series - 16 DWS Fixed Term Fund Series - 23 | DWS Alpha Equity Fund DWS Investment Opportunity Fund DWS MIP Fund - Plan A DWS Tax Saving Fund | 1,840.20 376.99 7.73 274.99 | 488.80 38.35 – 164.69 |
| Larsen and Toubro Limited | DWS Insta Cash Plus Fund | DWS Alpha Equity Fund DWS Floating Rate Fund DWS Insta Cash Plus Fund DWS Short Maturity Fund DWS Investment Opportunity Fund DWS Tax Saving Fund DWS Floating Rate Fund^^ DWS Insta Cash Plus Fund^^ DWS Money Plus Fund^^ DWS Short Maturity Fund^^ DWS Fixed Term Fund Series - 10^^ DWS Fixed Term Fund Series - 13^^ DWS Fixed Term Fund Series - 14^^ DWS Fixed Term Fund Series - 15^^ DWS Fixed Term Fund Series - 16^^ DWS Fixed Term Fund Series - 19^^ DWS Fixed Term Fund Series - 2^^ DWS Fixed Term Fund Series - 20^^ DWS Fixed Term Fund Series - 25^^ DWS Fixed Term Fund Series - 5^^ DWS Fixed Term Fund Series - 7^^ DWS Fixed Term Fund^^ DWS Money Plus Fund^^^ | 1,938.29 1,000.00 900.00 100.00 181.88 318.52 6,100.00 81,157.10 67,472.40 7,229.74 113.08 6,214.57 4,310.28 37.59 216.12 4,604.21 1,698.95 999.82 990.77 200.00 3,700.00 1,799.21 500.00 | 582.89 – – – 32.38 153.82 – 200.00 10,400.00 – 117.32 – 3,566.28 – 224.87 4,722.73 – – 986.22 – – – – |

Schedules

forming part of the Balance Sheet as at March 31, 2007 and
the Revenue Account for the year ended March 31, 2007

| 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, 2007 At Market / Fair Value (Rupees In Lakhs) |
|-----------------------------------|------------------------------------|--|--|---|
| Patni Computer Systems Limited | DWS Fixed Term Fund Series - 25 | DWS Alpha Equity Fund | 400.31 | – |
| | DWS Fixed Term Fund Series - 21 | DWS Investment Opportunity Fund | 186.56 | – |
| | DWS Fixed Term Fund Series - 12 | | | |
| Ranbaxy Holding Company | DWS Insta Cash Plus Fund | DWS Money Plus Fund | 45,000.00 | 500.00 |
| | | DWS Fixed Term Fund Series - 27 | 800.00 | 800.00 |
| | | DWS Fixed Term Fund Series - 28 | 3,700.00 | 3,700.00 |
| | | DWS Alpha Equity Fund | 108.81 | – |
| | | DWS Floating Rate Fund | 6,900.00 | – |
| | | DWS Insta Cash Plus Fund | 5,000.00 | – |
| | | DWS Short Maturity Fund | 3,500.00 | – |
| | | DWS Fixed Term Fund Series - 12 | 2,200.00 | – |
| Reliance Petroleum Limited | DWS Insta Cash Plus Fund | DWS Alpha Equity Fund | 11.19 | – |
| | | DWS Fixed Term Fund Series - 9 | 34.38 | – |
| | | DWS Investment Opportunity Fund | 1.90 | – |
| | | DWS MIP Fund - Plan A | 1.76 | – |
| | | DWS MIP Fund - Plan B | 0.70 | – |
| | | DWS Tax Saving Fund | 7.53 | – |
| Tata Chemicals Limited | DWS Fixed Term Fund Series - 27 | DWS Investment Opportunity Fund | 27.18 | – |
| Tata Consultancy Services Limited | DWS Money Plus Fund | DWS Alpha Equity Fund | 1,128.29 | 246.94 |
| | | DWS Fixed Term Fund Series - 23 | 133.93 | 86.18 |
| Tata Steel Limited | DWS Insta Cash Plus Fund | DWS Fixed Term Fund Series - 24 | | |
| | | DWS Alpha Equity Fund | 1,263.16 | – |
| | | DWS Investment Opportunity Fund | 510.16 | – |
| Videsh Sanchar Nigam Limited | DWS Money Plus Fund | DWS Tax Saving Fund | 116.78 | – |
| | | DWS Investment Opportunity Fund | 94.30 | – |
| | | DWS Fixed Term Fund Series - 12 | | |
| Wipro Limited | DWS Money Plus Fund | DWS Fixed Term Fund Series 13 | | |
| | | DWS Tax Saving Fund | 127.27 | – |

^ DTSF and DAEF have invested in HCL Technologies Limited which is a subsidiary of HCL Corporation Limited.

^^ DICPF, DFRF, DFTF-7, DSMF, DFTF, DFTF-2, DFTF-10, DFTF-13, DFTF-14, DFTF-15, DFTF-16, DFTF-19, DFTF-20, DFTF-25, DFTF-5 and DMPF have invested in L & T Finance Limited which is a subsidiary of Larsen & Toubro Limited.

^^^ DMPF have invested in Tractors Engineers 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.

(Note: The following abbreviations have been used above: DTSF - DWS Tax Saving Fund, DAEF - DWS Alpha Equity Fund, DICPF - DWS Insta Cash Plus Fund, DFRF - DWS Floating Rate Fund, DFTF-7 - DWS Fixed Term Fund - Series-7, DSMF - DWS Short Maturity Fund, DFTF - DWS Fixed Term Fund, DFTF-2 - DWS Fixed Term Fund - Series 2, DFTF-10 - DWS Fixed Term Fund - Series 10, DFTF-13 - DWS Fixed Term Fund - Series 13, DFTF-14 - DWS Fixed Term Fund - Series 14, DFTF-15 - DWS Fixed Term Fund - Series 15, DFTF-16 - DWS Fixed Term Fund - Series 16, DFTF-19 - DWS Fixed Term Fund - Series 19, DFTF-20 - DWS Fixed Term Fund - Series 20, DFTF-25 - DWS Fixed Term Fund - Series 25, DFTF-5 - DWS Fixed Term Fund - Series 5 and DMPF - DWS Money Plus Fund)

Schedules

forming part of the Balance Sheet as at March 31, 2007 and the Revenue Account for the year ended March 31, 2007

15. Unclaimed Dividend

As at March 31, 2007 unclaimed dividends aggregate Rs. 61,171 payable to sixteen 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, 2007 unclaimed redemptions aggregate Rs 5,833 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.

17. Perspective Historical Per Unit Statistics*

| | April 01, 2006 to March 31, 2007 Rupees | April 01, 2005 to March 31, 2006 Rupees | April 01, 2004 to March 31, 2005 Rupees |
|--|---|---|---|
| (a) Net asset value per unit at the end of the year / period (Note 2.6) | | | |
| Growth Plan | 21.94 | 20.25 | 12.44 |
| Dividend Plan | 16.74 | 15.45 | 11.45 |
| (b) Gross Income | | | |
| (i) income other than profit on sale of investment | 0.22 | 0.69 | 0.52 |
| (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 | 2.38 | 34.35 | 1.66 |
| (iv) transfer of revenue account from past year's reserve | 0.00 | 0.00 | 0.00 |
| (c) Aggregate of expenses, writeoff, amortisation and charges | 0.38 | 1.08 | 0.47 |
| (d) Net income | 2.22 | 33.96 | 1.71 |
| (e) Net change in unrealised appreciation / (depreciation) in value of investments | (1.03) | (6.35) | 2.29 |
| (f) Redemption price | | | |
| – Highest | | | |
| Growth Plan | 25.05 | 20.25 | 13.19 |
| Dividend Plan | 19.11 | 15.90 | 12.92 |
| – Lowest | | | |
| Growth Plan | 15.41 | 11.42 | 7.98 |
| Dividend Plan | 11.75 | 10.51 | 7.98 |
| (g) Purchase price | | | |
| – Highest | | | |
| Growth Plan | 23.95 | 19.81 | 13.14 |
| Dividend Plan | 18.27 | 15.90 | 12.92 |
| – Lowest | | | |
| Growth Plan | 14.73 | 11.42 | 7.98 |
| Dividend Plan | 11.23 | 10.51 | 7.98 |
| (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% | 2.25% |
| (j) Ratio of gross income (including net loss on sale of investments and net unrealised appreciation / depreciation in value of investments) to average daily net assets by percentage @ | 9.30% | 59.59% | 21.28% |

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

Less than Rs. 0.01

Schedules

forming part of the Balance Sheet as at March 31, 2007 and
the Revenue Account for the year ended March 31, 2007

18. 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

Vijai Mantri
Director

Y. B. Desai
Director

A. S. Mitra
Director

Kersi M. Gherda
Director

Bhalchandra Bhide
Director

Debabrata Bhadury
Director

Vijay P. Gokhale
Director

Place: Mumbai

Date : September 6, 2007

Suresh Soni

Portfolio Manager

Statement of Portfolio Holding

as at March 31, 2007

(Referred to in Schedule 1 to the Balance Sheet as at March 31, 2007 and the Revenue Account for the year ended March 31, 2007)

| Description | Quantity | Market / Fair Value Rupees |
|--|----------|-------------------------------|
| Equity Shares (100%) | | |
| Auto (2.24%) | | |
| Tata Motors Limited | 2,600 | 1,892,150 |
| | | 1,892,150 |
| Auto Ancillaries (2.83%) | | |
| Amtek Auto Limited | 6,500 | 2,396,225 |
| | | 2,396,225 |
| Banks (2.29%) | | |
| Industrial Development Bank of India Limited | 25,000 | 1,938,750 |
| | | 1,938,750 |
| Cement (4.69%) | | |
| Grasim Industries Limited@ | 1,900 | 3,973,375 |
| | | 3,973,375 |
| Construction (2.46%) | | |
| Indiabulls Real Estate Limited | 7,000 | 2,086,700 |
| | | 2,086,700 |
| Consumer Non Durables (14.95%) | | |
| United Spirits Limited | 7,500 | 6,207,000 |
| ITC Limited@ | 25,500 | 3,835,200 |
| Radico Khaitan Limited | 19,792 | 2,616,502 |
| | | 12,658,702 |
| Diversified (3.83%) | | |
| Larsen and Toubro Limited@ | 2,000 | 3,238,300 |
| | | 3,238,300 |
| Minerals / Mining (8.04%) | | |
| Sesa Goa Limited | 4,000 | 6,803,200 |
| | | 6,803,200 |
| Finance (3.47%) | | |
| Indiabulls Financial Services Limited | 7,000 | 2,915,500 |
| McDowell Holdings Limited* | 1,500 | 23,730 |
| | | 2,939,230 |
| Industrial Capital Goods (9.00%) | | |
| Bharat Heavy Electricals Limited | 1,820 | 4,114,565 |
| Suzlon Energy Limited | 3,500 | 3,506,825 |
| | | 7,621,390 |
| Industrial Products (4.83%) | | |
| Jain Irrigation Systems Limited | 9,800 | 4,091,990 |
| | | 4,091,990 |
| Media and Entertainment (6.26%) | | |
| Zee Entertainment Enterprises Limited | 15,000 | 3,759,750 |
| Dish TV India Limited* | 8,625 | 1,539,000 |
| | | 5,298,750 |
| Pesticides (4.79%) | | |
| United Phosphorus Limited | 12,500 | 4,056,875 |
| | | 4,056,875 |

Statement of Portfolio Holding

as at March 31, 2007

| Description | Quantity | Market / Fair Value Rupees |
|------------------------------------|--------------------------------|-------------------------------|
| Petroleum Products (9.21%) | | |
| Reliance Industries Limited | 5,700 | 7,799,595 |
| | | 7,799,595 |
| Pharmaceuticals (4.40%) | | |
| Cipla Limited | 15,800 | 3,724,060 |
| | | 3,724,060 |
| Software (5.98%) | | |
| Satyam Computer Services Limited | 7,000 | 3,290,700 |
| Infosys Technologies Limited@ | 880 | 1,771,088 |
| | | 5,061,788 |
| Telecom - Services (5.23%) | | |
| Reliance Communications Limited | 10,000 | 4,200,000 |
| Idea Cellular Limited | 2,394 | 226,353 |
| | | 4,426,353 |
| Textile Products (4.63%) | | |
| Bombay Rayon Fashions Limited | 24,487 | 3,917,920 |
| | | 3,917,920 |
| Transportation (0.87%) | | |
| Great Eastern Shipping Co. Limited | 3,648 | 739,997 |
| | | 739,997 |
| TOTAL INVESTMENTS | (Cost - Rs. 80,294,018) | 84,665,350 |

Confirmation has been received from JP 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 Tax Saving Fund (formerly Deutsche Tax Saving Fund)** ("The Scheme") as at March 31, 2007 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, 2007 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, *subject to paragraph 4.1 below and the related note to the financial statements*, a true and fair view of the state of affairs of Deutsche Mutual Fund - DWS Tax Saving Fund as at March 31, 2007 and its net deficit for the year ended on that date.
 - (ii) The Balance Sheet as at March 31, 2007 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.
- 4.1 *Schedule 9 Note 11 relating to redemption of 11,400 units and 39,500 units of the Growth Plan and Dividend Plan respectively of the Scheme within one year from the date of allotment of the units to the deceased unitholder.*

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

For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Mumbai
Date : September 6, 2007

Balance Sheet

as at March 31, 2007

| | Schedule | March 31, 2007 Rupees | March 31, 2006 Rupees |
|------------------------------------|----------|--------------------------|--------------------------|
| Assets | | | |
| Investments | 1 | 306,515,983 | 288,234,786 |
| Other Current Assets | 2 | 14,725,643 | 35,653,497 |
| Deferred Revenue Expenditure | 3 | 10,798,861 | 16,288,317 |
| TOTAL | | 332,040,487 | 340,176,600 |
| Liabilities | | | |
| Unit Capital | 4 | 333,732,515 | 282,096,656 |
| Reserves and Surplus | 5 | (4,289,085) | 22,794,474 |
| Current Liabilities and Provisions | 6 | 2,597,057 | 35,285,470 |
| TOTAL | | 332,040,487 | 340,176,600 |

Reconciliation of Net Asset Value Per Unit

| | March 31, 2007 | | | March 31, 2006 | | |
|---|-----------------------|-------------------------|-----------------|-----------------------|-------------------------|-----------------|
| | 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 2.5) | 138,347,004 | 191,096,426 | 329,443,430 | 122,887,315 | 182,003,815 | 304,891,130 |
| Number of Units in Issue | 14,014,816.927 | 19,358,434.401 | | 11,369,993.141 | 16,839,672.348 | |
| Net Asset Value per Unit | 9.8715 | 9.8715 | | 10.8080 | 10.8080 | |

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

Vijai Mantri
Director

Y. B. Desai
Director

A. S. Mitra
Director

Kersi M. Gherda
Director

Bhalchandra Bhide
Director

Debabrata Bhadury
Director

Vijay P. Gokhale
Director

Place: Mumbai
Date : September 6, 2007

Suresh Soni
Portfolio Manager

Revenue Account

for the year ended March 31, 2007

| Schedule | April 01, 2006 to March 31, 2007 Rupees | January 24, 2006 to March 31, 2006 Rupees |
|---|---|---|
| Income and Gains | | |
| Dividends (Note 2.4) | 4,806,664 | 32,400 |
| Interest and Discount | 7 | 306,961 |
| Net Profit on Sale of Investments (Note 2.3) | - | 7,180,151 |
| TOTAL | 5,113,625 | 7,864,213 |
| Expenses and Losses | | |
| Net Loss on Sale of Investments (Note 2.3) | 1,743,852 | - |
| Investment Management and Advisory Fees (Note 3) | 3,766,271 | 118,718 |
| Trustee Fees and Expenses (Note 4) | 31,485 | 950 |
| Transfer Agent Fees and Expenses | 561,587 | 12,198 |
| Custodian Fees and Expenses (Note 5) | 258,906 | 24,733 |
| Audit Fees | 12,272 | 19,726 |
| Selling and Distribution Expenses | 4,275,564 | 64,778 |
| Initial Issue Expenses (Note 2.9) | 5,489,456 | 180,480 |
| Other Operating Expenses | 884,718 | 1,531,499 |
| | 17,024,111 | 1,953,082 |
| Less: Expenses to be Reimbursed by the Investment Manager (Note 7) | 1,919,621 | 1,535,167 |
| TOTAL | 15,104,490 | 417,915 |
| Net (Deficit) / Surplus for the Year / Period | (9,990,865) | 7,446,298 |
| Net Change in Unrealised (Depreciation) / Appreciation in Value of Investments | 8 | (17,170,325) |
| Net (Deficit) / Surplus including Net Change in Unrealised (Depreciation) / Appreciation in Value of Investments | (27,161,190) | 22,360,676 |

| | April 01, 2006 to March 31, 2007 | | | January 24, 2006 to March 31, 2006 | | |
|---|----------------------------------|-------------------------|-----------------|------------------------------------|-------------------------|-----------------|
| | Growth Plan Rupees | Dividend Plan Rupees | Total Rupees | Growth Plan Rupees | Dividend Plan Rupees | Total Rupees |
| Net (Deficit) / Surplus including Net Change in Unrealised (Depreciation) / Appreciation in Value of Investments by Plan | (11,108,539) | (16,052,651) | (27,161,190) | 9,017,574 | 13,343,102 | 22,360,676 |
| Transfer From Dividend Equalisation Reserve (Note 2.7) | (923,031) | (920,256) | (1,843,287) | 58,317 | 90,801 | 149,118 |
| Balance Transferred to Reserve Fund | (12,031,570) | (16,972,907) | (29,004,477) | 9,075,891 | 13,433,903 | 22,509,794 |

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

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Y. B. Desai
Director

A. S. Mitra
Director

Kersi M. Gherda
Director

Bhalchandra Bhide
Director

Debabrata Bhadury
Director

Vijay P. Gokhale
Director

Place: Mumbai
Date : September 6, 2007

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, 2007 and
the Revenue Account for the year ended March 31, 2007

| | March 31, 2007 | | March 31, 2006 | |
|---|-------------------------------|--------------------|-------------------------------|----------------|
| | Market / Fair Value Rupees | Cost Rupees | Market / Fair Value Rupees | Cost Rupees |
| Schedule 1 | | | | |
| Investments | | | | |
| (Notes 2.2, 2.3, 8, 9 and 13) | | | | |
| (Refer to the attached Statement of Portfolio Holding as at March 31, 2007) | | | | |
| Equity Shares | 306,515,983 | 308,771,930 | 288,234,786 | 273,320,408 |
| TOTAL | 306,515,983 | 308,771,930 | 288,234,786 | 273,320,408 |

| | March 31, 2007 Rupees | | March 31, 2006 Rupees | |
|---|--------------------------|--|--------------------------|------------|
| | Schedule 2 | | | |
| Other Current Assets | | | | |
| Balance with Banks in Current Account | | | 10,102,022 | 17,601,861 |
| Sales Contracts Awaiting Completion - Equity Shares | | | – | 11,176,969 |
| Application Money Pending Allotment - Equity Shares | | | 2,178,000 | 3,582,500 |
| Unit Subscription Receivable | | | 413,000 | 1,742,000 |
| Dividend Receivable | | | 104,500 | – |
| Receivable from the Investment Manager | | | 1,919,621 | 1,535,167 |
| Inter-Scheme Receivable - Others | | | 8,500 | 15,000 |
| TOTAL | | | 14,725,643 | 35,653,497 |

| | March 31, 2007 Rupees | | March 31, 2006 Rupees | |
|--|--------------------------|--|--------------------------|------------|
| | Schedule 3 | | | |
| Deferred Revenue Expenditure | | | | |
| At the beginning of the year / period | | | 16,288,317 | – |
| Incurred during the year / period | | | – | 16,468,797 |
| Amortised during the year / period | | | 5,489,456 | 180,480 |
| At the end of the year / period | | | 10,798,861 | 16,288,317 |

| | March 31, 2007 | | March 31, 2006 | |
|--|--------------------|-----------------------|----------------|----------------|
| | Rupees | Units | Rupees | Units |
| Schedule 4 | | | | |
| Unit Capital | | | | |
| Growth Plan | | | | |
| Issued and Subscribed: | | | | |
| Units of Rs.10 each fully paid-up | 110,699,576 | 11,069,957.576 | 110,699,576 | 11,069,957.576 |
| Outstanding: | | | | |
| At the beginning of the year / period | 113,699,932 | 11,369,993.141 | – | – |
| Initial Issue and Subscription | – | – | 110,699,576 | 11,069,957.576 |
| Issued during the year / period | 26,567,238 | 2,656,723.786 | 3,000,356 | 300,035.565 |
| | 140,267,170 | 14,026,716.927 | 113,699,932 | 11,369,993.141 |
| Redeemed during the year / period | 119,000 | 11,900.000 | – | – |
| At the end of the year / period | 140,148,170 | 14,014,816.927 | 113,699,932 | 11,369,993.141 |

Schedules

forming part of the Balance Sheet as at March 31, 2007 and the Revenue Account for the year ended March 31, 2007

| | March 31, 2007 | | March 31, 2006 | |
|---------------------------------------|--------------------|-----------------------|--------------------|-----------------------|
| | Rupees | Units | Rupees | Units |
| Dividend Plan | | | | |
| Issued and Subscribed: | | | | |
| Units of Rs.10 each fully paid-up | 163,780,371 | 16,378,037.052 | 163,780,371 | 16,378,037.052 |
| Outstanding: | | | | |
| At the beginning of the year / period | 168,396,724 | 16,839,672.348 | - | - |
| Initial Issue and Subscription | - | - | 163,780,371 | 16,378,037.052 |
| Issued during the year / period | 25,587,621 | 2,558,762.053 | 4,616,353 | 461,635.296 |
| Redeemed during the year / period | 193,984,345 | 19,398,434.401 | 168,396,724 | 16,839,672.348 |
| | 400,000 | 40,000.000 | - | - |
| At the end of the year / period | 193,584,345 | 19,358,434.401 | 168,396,724 | 16,839,672.348 |
| TOTAL | 333,732,515 | 33,373,251.328 | 282,096,656 | 28,209,665.489 |

| | March 31, 2007 | | | March 31, 2006 | | |
|--|--------------------|----------------------|--------------|--------------------|----------------------|--------------|
| | Growth Plan Rupees | Dividend Plan Rupees | Total Rupees | Growth Plan Rupees | Dividend Plan Rupees | Total Rupees |

Schedule 5

Reserves and Surplus

| | | | | | | |
|--|--------------------|--------------------|--------------------|------------------|-------------------|-------------------|
| Unit Premium Reserve (Note 2.6) | | | | | | |
| At the beginning of the year / period | 111,492 | 173,188 | 284,680 | - | - | - |
| Added during the year / period | 1,043,021 | 877,897 | 1,920,918 | 111,492 | 173,188 | 284,680 |
| At the end of the year / period | 1,154,513 | 1,051,085 | 2,205,598 | 111,492 | 173,188 | 284,680 |
| Dividend Equalisation Reserve (Note 2.7) | | | | | | |
| Added during the year / period | (923,031) | (920,256) | (1,843,287) | 58,317 | 90,801 | 149,118 |
| Transferred to Revenue Account | 923,031 | 920,256 | 1,843,287 | (58,317) | (90,801) | (149,118) |
| At the end of the year / period | - | - | - | - | - | - |
| Reserve Fund | | | | | | |
| At the beginning of the year / period | 9,075,891 | 13,433,903 | 22,509,794 | - | - | - |
| Balance Transferred from Revenue Account | (12,031,570) | (16,972,907) | (29,004,477) | 9,075,891 | 13,433,903 | 22,509,794 |
| At the end of the year / period [including net unrealised depreciation in value of investments Rs. 22,55,947 (2006: net unrealised appreciation Rs. 14,914,378)] | (2,955,679) | (3,539,004) | (6,494,683) | 9,075,891 | 13,433,903 | 22,509,794 |
| TOTAL | (1,801,166) | (2,487,919) | (4,289,085) | 9,187,383 | 13,607,091 | 22,794,474 |

Schedules

forming part of the Balance Sheet as at March 31, 2007 and the Revenue Account for the year ended March 31, 2007

| | March 31, 2007 Rupees | March 31, 2006 Rupees |
|--|--------------------------|--------------------------|
| Schedule 6 | | |
| Current Liabilities and Provisions | | |
| Current Liabilities | | |
| Investment Management and Advisory Fees | 173,248 | 118,718 |
| Trustee Fees and Expenses | 2,741 | 950 |
| Transfer Agent Fees and Expenses | 48,054 | 12,198 |
| Custodian Fees and Expenses | 20,802 | 20,582 |
| Audit Fees | 12,272 | 19,726 |
| Purchase Contracts Awaiting Completion - Equity Shares | – | 16,867,318 |
| Selling and Distribution Expenses | 259,357 | 245,931 |
| Inter Scheme Payable - Others | 40,000 | – |
| Units Pending Allotment | – | 1,000 |
| Initial Issue Expenses Payable to Investment Manager | 1,173,978 | 16,468,797 |
| Sundry Payables | 866,605 | 1,530,250 |
| TOTAL | 2,597,057 | 35,285,470 |

| | April 01, 2006 to March 31, 2007 Rupees | January 24, 2006 to March 31, 2006 Rupees |
|--|---|---|
| | | |

Schedule 7

Interest and Discount

(Note 2.4)

| | April 01, 2006 to March 31, 2007 Rupees | January 24, 2006 to March 31, 2006 Rupees |
|--------------------|---|---|
| Debentures / Bonds | 61,597 | 7,167 |
| Reverse Repos | 245,364 | 644,495 |
| TOTAL | 306,961 | 651,662 |

| | April 01, 2006 to March 31, 2007 Rupees | January 24, 2006 to March 31, 2006 Rupees |
|--|---|---|
| | | |

Schedule 8

Unrealised Appreciation in Value of Investments

(Note 8)

Equity Shares

| | | |
|---|--------------|------------|
| At the beginning of the year / period | 14,914,378 | – |
| At the end of the year / period | (2,255,947) | 14,914,378 |
| Net change in unrealised (depreciation) / appreciation in value of investments during the year / period | (17,170,325) | 14,914,378 |

Schedules

forming part of the Balance Sheet as at March 31, 2007 and the Revenue Account for the year ended March 31, 2007

Schedule 9

Notes to the Financial Statements

1. Organisation

DWS Tax Saving Fund (formerly Deutsche Tax Saving Fund) (the "Scheme") is an open-ended equity linked savings scheme of Deutsche Mutual Fund (the "Fund") and was launched on January 24, 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 February 22, 2006 and reopened for issue and redemption of units on March 24, 2006. The Scheme has been prepared pursuant to the notification dated November 3, 2005 and December 13, 2005 issued by the Department of Economic Affairs, Ministry of Finance, Government of India or such other scheme as the Central Government may by notification in the Official Gazette specify under Section 80C of the Income Tax Act, 1961. The investment objective of the Scheme is to generate long term capital appreciation from a portfolio that is invested predominantly in equity and equity related instruments.

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 Tax Saving Fund to DWS Tax Saving Fund with effect from May 2, 2006 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. Instruments bought on 'repo' basis are valued at the resale price after deduction of applicable interest up to 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.

Schedules

forming part of the Balance Sheet as at March 31, 2007 and the Revenue Account for the year ended March 31, 2007

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 realised gain or loss on sale of investments.

2.4 Investment Income

Dividend and interest income are 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 realised and unrealised 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 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.

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.

2.9 Initial Issue Expenses

Initial issue expenses comprise those costs directly associated with the issue of units of the Scheme and include advertising expenses, agents commissions, marketing expenses, printing and distribution expenses and other miscellaneous expenses. Initial issue expenses upto 6% of the amount collected in the initial offer were borne by the Scheme and are being amortised over a period of three years from the date of allotment of units.

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. 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

JP 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.

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. Deutsche Asset Management (India) Private Limited has borne Rs.1,919,621 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.

Schedules

forming part of the Balance Sheet as at March 31, 2007 and the Revenue Account for the year ended March 31, 2007

8. Aggregate Appreciation and Depreciation in Value of Investments

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

| | March 31, 2007 Rupees | March 31, 2006 Rupees |
|----------------|--------------------------|--------------------------|
| Equity Shares | | |
| – Appreciation | 17,828,092 | 17,385,575 |
| – Depreciation | 20,084,039 | 2,471,197 |

9. 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. 713,333,726 and Rs. 676,138,352 respectively being 226.56% and 214.75% 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 / appreciation in value of investments) and expenditure (excluding initial issue expenses) is Rs. (13,800,552) and Rs. 7,871,182 respectively being (4.38)% and 2.50% of the average daily net assets.

11. Redemption of Units

In terms of the Offer Document of the Scheme dated July 5, 2005 units can only be redeemed after the completion of one year from the date of allotment in the event of death of the unitholder. During the year, the Scheme has redeemed 11,900 units and 39,500 units of face value of Rs. 10 each of the Growth Plan and Dividend Plan respectively of the Scheme within a period of one year from the allotment of the units to the deceased unitholder.

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. 541,055 and Rs. 23,970 respectively for procuring unit subscriptions for the Scheme. Further, Deutsche Equities India Private Limited was paid brokerage of Rs. 139,499 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.

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, 2007 At Market / Fair Value (Rupees In Lakhs) |
|-----------------------------------|------------------------------------|--|--|---|
| Celebrity Fashions Limited | DWS Short Maturity Fund | DWS Alpha Equity Fund | 53.84 | – |
| | | DWS Investment Opportunity Fund | 17.13 | – |
| | | DWS MIP Fund - Plan A | 3.67 | – |
| | | DWS MIP Fund - Plan B | 1.71 | – |
| DSP Merrill Lynch Capital Limited | DWS Insta Cash Plus Fund | DWS Alpha Equity Fund | 54.89 | – |
| | | DWS Floating Rate Fund | 4,189.75 | 9.86 |
| | | DWS Insta Cash Plus Fund | 76,148.04 | 1,458.83 |
| | | DWS Money Plus Fund | 88,680.54 | 19.71 |
| | | DWS Premier Bond Fund | 44.56 | – |
| | | DWS Short Maturity Fund | 3,163.35 | – |
| | | DWS Fixed Term Fund Series - 11 | 87.10 | – |
| | | DWS Fixed Term Fund Series - 12 | 2,252.13 | – |
| | | DWS Fixed Term Fund Series - 13 | 1,500.00 | – |
| | | DWS Fixed Term Fund Series - 16 | 99.83 | – |
| | | DWS Fixed Term Fund Series - 17 | 2,294.02 | 1,959.61 |
| | | DWS Fixed Term Fund Series - 18 | 1,509.10 | 1,478.08 |
| | | DWS Fixed Term Fund Series - 19 | 10,000.00 | 9,861.05 |
| | | DWS Fixed Term Fund Series - 2 | 211.56 | – |
| DWS Fixed Term Fund Series - 20 | 69.51 | 48.93 | | |
| DWS Fixed Term Fund Series - 21 | 537.16 | – | | |
| DWS Fixed Term Fund Series - 24 | 59.10 | 59.14 | | |

Schedules

forming part of the Balance Sheet as at March 31, 2007 and
the Revenue Account for the year ended March 31, 2007

| 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, 2007 At Market / Fair Value (Rupees In Lakhs) |
|------------------------------|------------------------------------|--|--|---|
| | | DWS Fixed Term Fund Series - 26 | 1,728.89 | 88.72 |
| | | DWS Fixed Term Fund Series - 27 | 29.55 | 29.57 |
| | | DWS Fixed Term Fund Series - 3 | 1,719.12 | - |
| | | DWS Fixed Term Fund Series - 4 | 126.40 | 29.57 |
| | | DWS Fixed Term Fund Series - 5 | 86.33 | - |
| | | DWS Fixed Term Fund Series - 6 | 184.57 | 88.72 |
| | | DWS Fixed Term Fund Series - 7 | 4,216.78 | - |
| | | DWS Fixed Term Fund Series - 8 | 196.21 | - |
| | | DWS Fixed Term Fund Series - 9 | 49.25 | 49.29 |
| | | DWS Fixed Term Fund | 14.08 | - |
| | | DWS MIP Fund - Plan A | 235.17 | - |
| | | DWS MIP Fund - Plan B | 137.16 | - |
| Grasim Industries Limited | DWS Fixed Term Fund Series - 10 | DWS Alpha Equity Fund | 1,801.80 | 428.71 |
| | DWS Fixed Term Fund Series - 22 | DWS Insta Cash Plus Fund | 4,300.00 | - |
| | DWS Fixed Term Fund Series - 23 | DWS Investment Opportunity Fund | 103.34 | 39.73 |
| | | DWS Tax Saving Fund | 220.54 | - |
| HCL Technologies Limited | DWS Fixed Term Fund Series - 14 | DWS Alpha Equity Fund^ | 795.61 | - |
| | DWS Fixed Term Fund Series - 16 | DWS Tax Saving Fund^ | 71.52 | - |
| Hero Honda Motors Limited | DWS Fixed Term Fund Series - 14 | DWS Investment Opportunity Fund | 0.62 | - |
| Hindalco Industries Limited | DWS Fixed Term Fund Series - 10 | DWS Alpha Equity Fund | 478.40 | - |
| | DWS Fixed Term Fund Series - 13 | DWS Floating Rate Fund | 205.61 | - |
| | DWS Money Plus Fund | DWS Short Maturity Fund | 822.42 | - |
| | DWS Fixed Term Fund Series - 28 | DWS Fixed Term Fund Series - 4 | 935.13 | - |
| | | DWS Tax Saving Fund | 120.94 | - |
| Hindustan Lever Limited | DWS Fixed Term Fund Series - 13 | DWS Alpha Equity Fund | 725.21 | - |
| | DWS Fixed Term Fund Series - 22 | DWS Investment Opportunity Fund | 12.22 | - |
| | DWS Fixed Term Fund Series - 27 | | | |
| Hindustan Zinc Limited | DWS Fixed Term Fund Series - 13 | DWS Alpha Equity Fund | 170.99 | - |
| | DWS Fixed Term Fund Series - 20 | DWS Tax Saving Fund | 77.25 | - |
| | DWS Fixed Term Fund Series - 21 | | | |
| | DWS Fixed Term Fund Series - 24 | | | |
| ICI India | DWS Fixed Term Fund Series - 21 | DWS Fixed Term Fund Series - 7 | 500.00 | - |
| Infosys Technologies Limited | DWS Insta Cash Plus Fund | DWS Alpha Equity Fund | 3,172.02 | 724.54 |
| | | DWS Investment Opportunity Fund | 79.80 | 17.71 |
| | | DWS MIP Fund - Plan A | 34.56 | 13.36 |
| | | DWS Tax Saving Fund | 403.93 | 230.34 |

Schedules

forming part of the Balance Sheet as at March 31, 2007 and the Revenue Account for the year ended March 31, 2007

| 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, 2007 At Market / Fair Value (Rupees In Lakhs) |
|--------------------------------|------------------------------------|--|--|---|
| ITC Limited | DWS Insta Cash Plus Fund | DWS Alpha Equity Fund | 1,840.20 | 488.80 |
| | | DWS Investment Opportunity Fund | 376.99 | 38.35 |
| | DWS Floating Rate Fund | DWS MIP Fund - Plan A | 7.73 | - |
| | DWS Fixed Term Fund Series - 14 | DWS Tax Saving Fund | 274.99 | 164.69 |
| | DWS Fixed Term Fund Series - 16 | | | |
| | DWS Fixed Term Fund Series - 23 | | | |
| Larsen and Toubro Limited | DWS Insta Cash Plus Fund | DWS Alpha Equity Fund | 1,938.29 | 582.89 |
| | | DWS Floating Rate Fund | 1,000.00 | - |
| | | DWS Insta Cash Plus Fund | 900.00 | - |
| | | DWS Short Maturity Fund | 100.00 | - |
| | | DWS Investment Opportunity Fund | 181.88 | 32.38 |
| | | DWS Tax Saving Fund | 318.52 | 153.82 |
| | | DWS Floating Rate Fund^^ | 6,100.00 | - |
| | | DWS Insta Cash Plus Fund^^ | 81,157.10 | 200.00 |
| | | DWS Money Plus Fund^^ | 67,472.40 | 10,400.00 |
| | | DWS Short Maturity Fund^^ | 7,229.74 | - |
| | | DWS Fixed Term Fund Series - 10^^ | 113.08 | 117.32 |
| | | DWS Fixed Term Fund Series - 13^^ | 6,214.57 | - |
| | | DWS Fixed Term Fund Series - 14^^ | 4,310.28 | 3,566.28 |
| | | DWS Fixed Term Fund Series - 15^^ | 37.59 | - |
| | | DWS Fixed Term Fund Series - 16^^ | 216.12 | 224.87 |
| | | DWS Fixed Term Fund Series - 19^^ | 4,604.21 | 4,722.73 |
| | | DWS Fixed Term Fund Series - 2^^ | 1,698.95 | - |
| | | DWS Fixed Term Fund Series - 20^^ | 999.82 | - |
| | | DWS Fixed Term Fund Series - 25^^ | 990.77 | 986.22 |
| | DWS Fixed Term Fund Series - 5^^ | 200.00 | - | |
| | DWS Fixed Term Fund Series - 7^^ | 3,700.00 | - | |
| | DWS Fixed Term Fund^^ | 1,799.21 | - | |
| | DWS Money Plus Fund^^^ | 500.00 | - | |
| Patni Computer Systems Limited | DWS Fixed Term Fund Series - 25 | DWS Alpha Equity Fund | 400.31 | - |
| | DWS Fixed Term Fund Series - 21 | DWS Investment Opportunity Fund | 186.56 | - |
| | DWS Fixed Term Fund Series - 12 | | | |
| Ranbaxy Holding Company | DWS Insta Cash Plus Fund | DWS Money Plus Fund | 45,000.00 | 500.00 |
| | | DWS Fixed Term Fund Series - 27 | 800.00 | 800.00 |
| | | DWS Fixed Term Fund Series - 28 | 3,700.00 | 3,700.00 |
| | | DWS Alpha Equity Fund | 108.81 | - |
| | | DWS Floating Rate Fund | 6,900.00 | - |
| | | DWS Insta Cash Plus Fund | 5,000.00 | - |
| | | DWS Short Maturity Fund | 3,500.00 | - |
| | | DWS Fixed Term Fund Series - 12 | 2,200.00 | - |
| | | DWS Tax Saving Fund | 99.27 | - |
| Reliance Petroleum Limited | DWS Insta Cash Plus Fund | DWS Alpha Equity Fund | 11.19 | - |
| | | DWS Fixed Term Fund Series - 9 | 34.38 | - |
| | | DWS Investment Opportunity Fund | 1.90 | - |
| | | DWS MIP Fund - Plan A | 1.76 | - |
| | | DWS MIP Fund - Plan B | 0.70 | - |
| | | DWS Tax Saving Fund | 7.53 | - |

Schedules

forming part of the Balance Sheet as at March 31, 2007 and the Revenue Account for the year ended March 31, 2007

| 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, 2007 At Market / Fair Value (Rupees In Lakhs) |
|-----------------------------------|---|---|--|---|
| Tata Chemicals Limited | DWS Fixed Term Fund Series - 27 | DWS Investment Opportunity Fund | 27.18 | – |
| Tata Consultancy Services Limited | DWS Money Plus Fund DWS Fixed Term Fund Series - 23 DWS Fixed Term Fund Series - 24 | DWS Alpha Equity Fund DWS Tax Saving Fund | 1,128.29 133.93 | 246.94 86.18 |
| Tata Steel Limited | DWS Insta Cash Plus Fund | DWS Alpha Equity Fund DWS Investment Opportunity Fund DWS Tax Saving Fund | 1,263.16 510.16 116.78 | – – – |
| Videsh Sanchar Nigam Limited | DWS Money Plus Fund DWS Fixed Term Fund Series - 12 DWS Fixed Term Fund Series 13 | DWS Investment Opportunity Fund | 94.30 | – |
| Wipro Limited | DWS Money Plus Fund | DWS Tax Saving Fund | 127.27 | – |

^ DTSF and DAEF have invested in HCL Technologies Limited which is a subsidiary of HCL Corporation Limited.

^^ DICPF, DFRF, DFTF-7, DSMF, DFTF, DFTF-2, DFTF-10, DFTF-13, DFTF-14, DFTF-15, DFTF-16, DFTF-19, DFTF-20, DFTF-25, DFTF-5 and DMPF have invested in L & T Finance Limited which is a subsidiary of Larsen & Toubro Limited.

^^^ DMPF have invested in Tractors Engineers 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.

(Note: The following abbreviations have been used above: DTSF - DWS Tax Saving Fund, DAEF - DWS Alpha Equity Fund, DICPF - DWS Insta Cash Plus Fund, DFRF - DWS Floating Rate Fund, DFTF-7 - DWS Fixed Term Fund - Series-7, DSMF - DWS Short Maturity Fund, DFTF - DWS Fixed Term Fund, DFTF-2 - DWS Fixed Term Fund - Series 2, DFTF-10 - DWS Fixed Term Fund - Series 10, DFTF-13 - DWS Fixed Term Fund - Series 13, DFTF-14 - DWS Fixed Term Fund - Series 14, DFTF-15 - DWS Fixed Term Fund - Series 15, DFTF-16 - DWS Fixed Term Fund - Series 16, DFTF-19 - DWS Fixed Term Fund - Series 19, DFTF-20 - DWS Fixed Term Fund - Series 20, DFTF-25 - DWS Fixed Term Fund - Series 25, DFTF-5 - DWS Fixed Term Fund - Series 5 and DMPF - DWS Money Plus Fund)

14. Perspective Historical Per Unit Statistics*

| | April 01, 2006 to March 31, 2007 Rupees | March 20, 2006 to March 31, 2006 Rupees |
|--|--|--|
| (a) Net asset value per unit at the end of the year/ period (Note 2.6) | | |
| Growth Plan | 9.8715 | 10.8080 |
| Dividend Plan | 9.8715 | 10.8080 |
| (b) Gross Income | | |
| (i) income other than profit on sale of investment | 0.1532 | 0.0242 |
| (ii) income from profit on inter-scheme sales / transfer of investment | – | – |
| (iii) income (net) from profit on sale of investments to third party | (0.0523) | 0.2545 |
| (iv) transfer of revenue account from past year's reserve | NA | NA |
| (c) Aggregate of expenses, writeoff, amortisation and charges | 0.4003 | 0.0148 |
| (d) Net income | (0.2994) | 0.2640 |
| (e) Net change in unrealised appreciation / (depreciation) in value of investments | (0.5145) | 0.5287 |

Schedules

forming part of the Balance Sheet as at March 31, 2007 and the Revenue Account for the year ended March 31, 2007

| | April 01, 2006 to March 31, 2007 Rupees | March 20, 2006 to March 31, 2006 Rupees |
|--|---|---|
| (f) Redemption price | | |
| – Highest | | |
| Growth Plan | 12.1657 | NA |
| Dividend Plan | 12.1657 | NA |
| – Lowest | | |
| Growth Plan | 7.9266 | NA |
| Dividend Plan | 7.9266 | NA |
| (g) Purchase price | | |
| – Highest | | |
| Growth Plan | 11.8980 | 10.8080 |
| Dividend Plan | 11.8980 | 10.8080 |
| – Lowest | | |
| Growth Plan | 7.7522 | 10.0000 |
| Dividend Plan | 7.7522 | 10.0000 |
| (h) Price earnings ratio | NA | NA |
| (i) Ratio of expenses (excluding initial issue expenses) to average daily net assets by percentage @ | 4.24% | 0.14% |
| (j) Ratio of gross income (including net loss on sale of investments and net unrealised appreciation / depreciation in value of investments) to average daily net assets by percentage @ | -4.38% | 7.83% |

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

Less than Rs. 0.01

15. Prior Period's Figures

Prior Period's figures which are for the period January 24, 2006 to March 31, 2006 have been regrouped / rearranged where appropriate.

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

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

Stephen Paul Harris
Director

Kersi M. Gherda
Director

Vijay P. Gokhale
Director

Suresh Soni
Portfolio Manager

Vijai Mantri
Director

Bhalchandra Bhide
Director

Place: Mumbai
Date : September 6, 2007



Deutsche Asset Management 
A Member of the Deutsche Bank Group

Statement of Portfolio Holding

as at March 31, 2007

(Referred to in Schedule 1 to the Balance Sheet as at March 31, 2007 and the Revenue Account for the year ended March 31, 2007)

| Description | Quantity | Market / Fair Value Rupees |
|--|----------|-------------------------------|
| Equity Shares (100%) | | |
| Auto (8.31%) | | |
| Tata Motors Limited | 20,000 | 14,555,000 |
| Mahindra and Mahindra Limited | 14,000 | 10,922,100 |
| | | 25,477,100 |
| Auto Ancillaries (4.81%) | | |
| Amtek Auto Limited | 40,000 | 14,746,000 |
| | | 14,746,000 |
| Banks (5.18%) | | |
| Bank of Baroda | 20,000 | 4,308,000 |
| State Bank of India | 5,800 | 5,758,820 |
| Industrial Development Bank of India Limited | 75,000 | 5,816,250 |
| | | 15,883,070 |
| Cement (3.91%) | | |
| ACC Limited | 16,300 | 11,974,795 |
| | | 11,974,795 |
| Construction (3.16%) | | |
| Jaiprakash Associates Limited | 18,000 | 9,696,600 |
| | | 9,696,600 |
| Consumer Non-Durables (8.09%) | | |
| ITC Limited@ | 109,500 | 16,468,800 |
| Radico Khaitan Limited | 62,985 | 8,326,617 |
| | | 24,795,417 |
| Diversified (5.02%) | | |
| Larsen and Toubro Limited@ | 9,500 | 15,381,925 |
| | | 15,381,925 |
| Finance (1.12%) | | |
| Infrastructure Development Finance Company Limited | 40,909 | 3,424,083 |
| | | 3,424,083 |
| Industrial Capital Goods (9.22%) | | |
| Bharat Heavy Electricals Limited | 12,500 | 28,259,375 |
| | | 28,259,375 |
| Industrial Products (1.85%) | | |
| M M Forgings Limited | 22,933 | 5,682,797 |
| | | 5,682,797 |
| Minerals / Mining (7.21%) | | |
| Sesa Goa Limited | 13,000 | 22,110,400 |
| | | 22,110,400 |
| Non - Ferrous Metals (1.10%) | | |
| Hindustan Zinc Limited@ | 6,000 | 3,380,100 |
| | | 3,380,100 |
| Pesticides (3.46%) | | |
| United Phosphorus Limited | 32,714 | 10,617,329 |
| | | 10,617,329 |
| Petroleum Products (8.04%) | | |
| Reliance Industries Limited | 18,000 | 24,630,300 |
| | | 24,630,300 |
| Pharmaceuticals (9.80%) | | |
| Sun Pharmaceutical Industries Limited | 28,500 | 30,039,000 |
| | | 30,039,000 |
| Software (14.93%) | | |
| Satyam Computer Services Limited | 30,000 | 14,103,000 |
| Tata Consultancy Services Limited@ | 7,000 | 8,618,400 |
| Infosys Technologies Limited@ | 11,445 | 23,034,207 |
| | | 45,755,607 |

Statement of Portfolio Holding

as at March 31, 2007

| Description | Quantity | Market / Fair Value Rupees |
|--|---------------------------------|-------------------------------|
| Telecom - Services (0.26%) Idea Cellular Limited | 8,406 | 794,787 |
| | | 794,787 |
| Textile Products (3.84%) Bombay Rayon Fashions Limited | 73,460 | 11,753,600 |
| | | 11,753,600 |
| Transportation (0.69%) Great Eastern Shipping Co. Limited | 10,420 | 2,113,698 |
| | | 2,113,698 |
| TOTAL INVESTMENTS | (Cost - Rs. 308,771,930) | 306,515,983 |

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

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

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.**

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Contacts

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BHUBANESHWAR : 624, Sahid Nagar, Bhubaneswar - 751 007. Tel.: 0674 - 2547533 / 2547532
CHANDIGARH : SCO-371-372, First Floor, Above HDFC Bank, Sector 35B, Chandigarh - 160 022. Tel.: 0172 - 5071726 / 5071727 / 5071728
CHENNAI : Flat No. F11, First Floor, Akshya Plaza, (Erstwhile Harris Road), Opp. Chief City Metropolitan Court, #108, Adhithanar Salai, Egmore, Chennai - 600 002. Tel.: 044 - 28277383 / 42028514
COCHIN : 39, Panampally Nagar, Ernakulam, Cochin - 682 036. Tel.: 0484 - 4011885 / 4010224
COIMBATORE : 29/1, 1st Floor, Chinthamani Nagar, Opp. to Indian Overseas Bank, NSR Road, Saibaba Colony, Coimbatore - 641 011. Tel.: 0422 - 4384770
GUWAHATI : 2nd Floor, Ram Kumar Plaza, Chatribari Road, Near Himatshinga Petrol Pump, Guwahati - 781 001. Tel.: 0361 - 2608122 / 2608016 / 2608102
HYDERABAD : Karvy Plaza, 8-2-596, Str. No. Banjara Hills, Hyderabad - 500 034. Tel.: 040 - 23312454 Extn. 124
INDORE : 105-106-107, DM Towers, Above Standard Chartered Bank, Near Jangeeswala Chowrah, Indore 452 001. Tel.: 0731 - 3014204 / 05
JAIPUR : S-16 A, 3rd Floor, Landmark, Opposite Jaipur Club, Mahavir Marg, C- Scheme, Jaipur - 302 001. Tel.: 0141 - 2363321 / 2375039
JAMSHEDPUR : Kanchan Tower, 11rd Floor, 3-S B Shop Area, (Near Traffic Signal), Main Road, Bistupur, Jamshedpur - 831 001. Tel.: 0657 - 2487045 / 2487048
KANPUR : 15/46, B, First Floor, Opp. Muir Mills, Civil Lines, Kanpur - 208 001. Tel.: 0512 - 3127111 / 3096000
KOLHAPUR : Omkar Plaza, 1st Floor, Unit - F2 & F4, Rajaram Road, Next to ICICI Bank Ltd., Kolhapur - 416 008. Tel.: 0231 - 2520650 / 55
KOLKATA : 16, Jatin II Bagchi Road, Kolkata 700 029. Tel.: 033 - 24659267 / 24659263 / 39518643
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VISAKHAPATNAM : 47-14-5/1 Eswar Paradise, Dwaraka Nagar, Main Road, Visakhapatnam - 530 016. Tel.: 0891 - 2752915 / 16 / 17 / 18



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