

Deutsche Mutual Fund

Annual Report 2003-2004



Sponsors

Deutsche Asset Management (Asia) Limited
Registered Office :
20 Raffles Place, #27-01 Ocean Towers,
Singapore 048620

Asset Management Company

Deutsche Asset Management (India) Private Limited
Registered & Corporate Office :
DB House, Hazarimal Somani Marg,
Fort, Mumbai 400 001

Trustee

Deutsche Trustee Services (India) Private Limited
Registered Office :
DB House, Hazarimal Somani Marg,
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

Advocates & Solicitors to the Fund

Little & Co.
Central Bank Building,
Mahatma Gandhi Road, Mumbai 400 023

Board of Directors of the Trustee Company

Mr. Gunit Chadha - Chairman

Mr. James Goulding

Mr. M. H. Kania

Mr. A. S. Mitra

Mr. Y. B. Desai

Mr. Debabrata Bhadury

Board of Directors of the Asset Management Company

Mr. Choy Peng-Wah - Chairman

Mr. Sandeep Dasgupta

Mr. K. M. Gherda

Mr. V. P. Gokhale

Mr. Dileep Choksi

Mr. Carl Saldanha

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Trustee Report

Dear Investor,

It gives us great pleasure to welcome you to the Deutsche Mutual Fund - India. You may recall, the fund was launched through an IPO in January 2003 and since then the performance of your schemes has been very satisfactory. In this report we have furnished audited financials of the various schemes as on 31st March 2004.

- **Constitution of the Fund**

Deutsche Mutual Fund ("the Mutual Fund" or "the Fund") had been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated May 29, 2002. The Fund has been registered with SEBI vide registration number MF/047/02/10 dated 28th October 2002. The Head Office of the Mutual Fund is at DB House, Hazarimal Somani Marg, Fort, Mumbai 400 001. Deutsche Trustee Services (India) Private Limited is the trustee to the fund and Deutsche Asset Management (India) Private Limited was appointed as Asset Management Company to the Mutual Fund vide Investment Management Agreement dated 29th May 2002.

- **Sponsor**

Deutsche Asset Management (Asia) Limited ("DeAM Asia") is the sponsor for the Deutsche Mutual Fund. Deutsche Asset Management (Asia) Limited ("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").

Deutsche Asset Management is one of the largest fund managers globally providing asset management services to a variety of clients worldwide, including foundations, non-profit organisations, public and private superannuation funds, high-net-worth individuals and retail investors. The global client base, totaling over US \$ 725.1 billion as on March 2004 in funds under management, ranges from relatively small investors in our unit and investment trusts, to large segregated portfolios.

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 2003 - 2004

The first three-quarters of the financial year were favorable to the investors in both equity and debt asset classes. While the year started with a weak undertone in the background of Iraq War and spread of SARS in the Far East, the sentiments turned largely positive later on resulting in handsome gains. Slowdown in the global economy coupled with global softer interest rate bias, lower inflation and crude oil prices helped accentuate the emergence of the India Growth & Valuation Story amongst the other emerging markets.

The Indian equity markets were characterised by positive and healthy growth numbers as GDP pointed towards an 8% Growth rate, supported by overall good monsoon. Low interest rate scenario and strong manufacturing and export figures further improved market sentiments. Improved fundamentals and sustained growth potential of the corporate sector gave much needed boost to the valuation story which led to the overall FII inflows into the equity markets. Government's commitment towards reforms which included the disinvestment program along with improved relations with bordering nations proved as a potent trigger for increased confidence and image among foreign investors.

Indian Bond markets started the year on a good note. However, 10yr bond yields touched a low of 4.95% against 6.15% at the beginning of the year. While the Reserve Bank of India (RBI) pursued a soft monetary policy bias in the first half of the year, bond markets became increasingly apprehensive about rising domestic inflation and fears of rise in overseas interest rates, in the second half. Bond yields rose in the second half, to close the year at 5.15% in March 04.

The last two quarters were characterised by a spate of initial public offerings of various government companies, which received encouraging response from investors. However the last quarter witnessed concerns on the continuance of the FII inflows, signs of hardening global interest rates and global economic revival. Announcement of elections which witnessed a change of guard at the centre also brought in reasonable concerns on continuation of reforms.

Market Outlook for 2004 - 2005

The start of the year 2004 witnessed corrections in the equity markets and volatility in debt markets. As we write this, we await future course of direction of the Indian economy from the Budget.

While the fundamentals of companies have not altered, investors are watching eagerly for the policy announcements of the new government commencing with the Union budget. If the government can reassure the investors that it is committed to reforms in the areas of duty rationalisation, infrastructure creation and opening up of new sectors for investments, the attractiveness of the Indian fundamentals will continue. At this juncture a large number of investors would require serious confirmation of the government's progressive policy intention.

On the interest rate front it appears that the era of the unabated fall in interest rates is behind us. With expectation of a rise in inflation and hardening overseas interest rates the Indian Interest Rates may witness upward pressure.

Performance Review

During the period under review, Deutsche Mutual Fund launched four new schemes namely Deutsche Dynamic Bond Fund (Oct 2003), Deutsche Floating Rate Fund (Oct 2003), Deutsche Investment Opportunity Fund (Jan 2004) and Deutsche MIP Fund (Jan 2004). The total Assets Under Management in all the schemes was Rs. 2,073 crores as at March 31, 2004.

Trustee Report

Performance Record

Particulars	Deutsche Alpha Equity Fund	Benchmark Returns NSE Nifty	Deutsche Investment Opportunity Fund	Benchmark Returns BSE 200 Index
Since Inception	110.30 %	64.38 %	-0.50%	-2.05%
Last One Year	127.35%	81.14%	NA	NA
Last Six Months	45.64%	24.71%	NA	NA
Last Three Months	-0.43%	-7.34%	NA	NA
Last One Month	-4.32%	-4.36%	-3.30%	-1.79%

Particulars	Deutsche Premier Bond Fund - Regular	Benchmark Returns Crisil Bond Fund Index	Deutsche Premier Bond Fund - Institutional	Benchmark Returns Crisil Bond Fund Index
Since Inception	11.02%	8.14%	12.01%	8.14%
Last One Year	12.43%	8.83%	13.28%	8.83%
Last Six Months	2.34%	1.89%	2.74%	1.89%
Last Three Months	1.08%	0.92%	1.29%	0.92%
Last One Month	1.55%	1.14%	1.62%	1.14%

Particulars	Deutsche MIP Fund - Plan A	Benchmark Returns Crisil MIP Blended Index	Deutsche MIP Fund - Plan B	Benchmark Returns Crisil MIP Blended Index
Since Inception	0.60%	0.98%	0.73%	0.98%
Last One Year	NA	NA	NA	NA
Last Six Months	NA	NA	NA	NA
Last Three Months	NA	NA	NA	NA
Last One Month	0.25%	0.32%	0.41%	0.32%

Particulars	Deutsche Dynamic Bond Fund - Regular	Benchmark Returns Crisil Bond Fund Index	Deutsche Dynamic Bond Fund - Institutional	Benchmark Returns Crisil Bond Fund Index
Since Inception	0.73%	1.09%	1.19%	1.09%
Last One Year	NA	NA	NA	NA
Last Six Months	NA	NA	NA	NA
Last Three Months	0.78%	0.92%	1.07%	0.92%
Last One Month	1.58%	1.14%	1.65%	1.14%

Particulars	Deutsche Short Maturity Fund	Benchmark Returns Crisil Short Term Bond Fund Index	Deutsche Insta Cash Plus Fund	Benchmark Returns Crisil Liquid Fund Index
Since Inception	7.78%	6.32%	6.23%	5.29%
Last One Year	7.09%	5.79%	5.08%	4.35%
Last Six Months	2.60%	2.06%	2.27%	1.99%
Last Three Months	1.32%	1.02%	1.08%	0.98%
Last One Month	0.79%	0.81%	0.36%	0.33%

Particulars	Deutsche Floating Rate Fund	Benchmark Returns Crisil Liquid Fund Index	Deutsche Fixed Maturity Plans	Benchmark Returns Crisil Liquid Fund Index
Since Inception	2.01%	1.78%	6.44%	4.43%
Last One Year	NA	NA	6.07%	4.35%
Last Six Months	NA	NA	2.87%	1.99%
Last Three Months	1.08%	0.98%	1.41%	0.98%
Last One Month	0.37%	0.33%	0.53%	0.33%

- 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 IPO closing for all schemes.

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

Equity Funds:

Deutsche 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. 16.61 Crores as at March 31, 2003 which increased to Rs. 120.75 Crores as at March 31, 2004.

Deutsche 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

Trustee Report

portfolio in equity market/equity related instruments at a given point of time however the equity allocation may fall to as low as 5% under certain circumstances, in which case, the fund shall be invested in debt and money market instruments at its discretion.

It is a dynamic allocation fund launched in January 2004 with Dividend and Growth options. The scheme had a corpus of Rs. 46.86 Crores as at March 31, 2004.

Debt Funds:

Deutsche 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 with Institutional and Regular Plans. The scheme had a corpus of Rs. 137.94 Crores as at March 31, 2003 which increased to Rs. 441.54 Crores as at March 31, 2004.

Deutsche 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. 71.96 Crores as at March 31, 2003 which increased to Rs. 370.10 Crores as at March 31, 2004.

Deutsche 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. 68.15 Crores as at March 31, 2003 which increased manifold to Rs. 920.86 Crores as at March 31, 2004.

Deutsche Fixed Maturity Plans

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 March 2003 and had a corpus of Rs. 15.13 Crores as at March 31, 2003 which increased marginally to Rs. 16.07 Crores as at March 31, 2004.

Deutsche Dynamic Bond Fund

The investment objective of the Scheme is to actively manage a portfolio of good quality debt as well as money market instruments so as to provide reasonable returns and liquidity to the Unitholders.

The scheme was launched in October 2003 with Institutional and Regular Plans and had a corpus of Rs. 64.47 Crores as at March 31, 2004.

Deutsche 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. 23.16 Crores as at March 31, 2004.

Deutsche 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. 69.43 Crores as at March 31, 2004.

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

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

Sd/-

Gunit Chadha
Chairman

Place : Mumbai
Date : May 27, 2004

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 May 27, 2004.

Auditors' Report

To the Trustee

DEUTSCHE MUTUAL FUND

1. We have audited the Balance Sheet of Deutsche Mutual Fund – Deutsche Alpha Equity Fund ("The Scheme") as at March 31, 2004 and the related Revenue Account for the year ended on that day, both of which we have signed under reference to this report. These financial statements are the responsibility of the Trustee of Deutsche Mutual Fund and the Management of Deutsche Asset Management (India) Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned at March 31, 2004 by correspondence with the custodian and others. An audit also includes assessing the accounting principles used and significant estimates made by the Management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us,
 - (i) The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable, and also give respectively, a true and fair view of the state of affairs of Deutsche Mutual Fund – Deutsche Alpha Equity Fund as at March 31, 2004 and its net surplus for the year ended on that date.
 - (ii) The Balance Sheet as at March 31, 2004 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, 2004 as determined in good faith by Deutsche Asset Management (India) Limited under procedures approved by the Trustee of Deutsche Mutual Fund is fair and reasonable.

K. H. Vachha
Partner

For and on behalf of
Price Waterhouse
Chartered Accountants
Membership No. F/30798

Place : Mumbai
Date : May 27, 2004

Balance Sheet

as at March 31, 2004

	Schedule	March 31, 2004 Rupees	March 31, 2003 Rupees
Assets			
Investments	1	1,123,598,875	162,136,781
Other Current Assets	2	191,052,395	8,900,088
TOTAL		1,314,651,270	171,036,869
Liabilities			
Unit Capital	3	706,766,472	179,686,600
Reserves and Surplus	4	500,764,904	(13,544,279)
Current Liabilities and Provisions	5	107,119,894	4,894,548
TOTAL		1,314,651,270	171,036,869

Reconciliation of Net Asset Value Per Unit

	March 31, 2004			March 31, 2003		
	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)	339,510,363	868,021,013	1,207,531,376	143,921,978	22,220,343	166,142,321
Number of Units in Issue	16,146,067.225	54,530,580.036		15,565,558.295	2,403,101.731	
Net Asset Value per Unit	21.03	15.92		9.25	9.25	

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 Trustees 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

Choy Peng-Wah
Director

Sandeep Dasgupta
Director

Y. B. Desai
Director

A. S. Mitra
Director

Kersi M. Gherda
Director

Dileep Choksi
Director

Debabrata Bhadury
Director

James Goulding
Director

Vijay P. Gokhale
Director

Carl Saldanha
Director

Place: Mumbai
Date : May 27, 2004

B. P. Singh
Head - Equities

Revenue Account

for the year ended March 31, 2004

Schedule	April 01, 2003 to March 31, 2004 Rupees	January 14, 2003 to March 31, 2003 Rupees
Income And Gains		
Dividends (Note 2.4)	7,701,111	–
Interest and Discount	938,885	1,263,996
Net Profit on Sale of Investments (Net of Net Loss on Interscheme Sale of Investments Rs.1000, 2003 - Rs.Nil) (Note 2.3)	198,023,934	–
Other Income	332,289	–
TOTAL	206,996,219	1,263,996

Expenses And Losses

Net Loss on Sale of Investments (Note 2.3)	–	3,860,379
Investment Management and Advisory Fees (Note 3)	6,467,868	513,446
Trustee Fees and Expenses (Note 4)	51,985	4,146
Transfer Agent Fees and Expenses	678,059	91,963
Custodian Fees and Expenses (Note 5)	1,291,460	327,699
Audit Fees	188,033	60,000
Selling and Distribution Expenses	3,319,995	286,816
Initial Issue Expenses (Note 2.5)	–	3,118,462
Other Operating Expenses	970,200	146,109
	12,967,600	8,409,020
Less: Expenses to be Reimbursed by the Investment Manager	–	403,286
TOTAL	12,967,600	8,005,734
Net Surplus for the Year / Period	194,028,619	(6,741,738)
Net Change in Unrealised Appreciation / (Depreciation) in Value of Investments	7	132,785,810
	132,785,810	(11,128,209)
Net Surplus / (Deficit) including Net Change in Unrealised Appreciation / (Depreciation) in Value of Investments	326,814,429	(17,869,947)

	April 01, 2003 to March 31, 2004			January 14, 2003 to March 31, 2003		
	Growth Plan Rupees	Dividend Plan Rupees	Total Rupees	Growth Plan Rupees	Dividend Plan Rupees	Total Rupees
Net Surplus / (Deficit) including Net Change in Unrealised Appreciation / (Depreciation) in Value of Investments by Plan	149,190,130	177,624,299	326,814,429	(15,842,562)	(2,027,385)	(17,869,947)
Transfer From Dividend Equalisation Reserve (Note 2.8)	22,713,461	73,547,210	96,260,671	4,088,832	214,279	4,303,111
Dividend Distributions	–	(124,505,446)	(124,505,446)	–	–	–
Balance Transferred to Reserve Fund	171,903,591	126,666,063	298,569,654	(11,753,730)	(1,813,106)	(13,566,836)

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 and on behalf of PRICE WATERHOUSE Chartered Accountants	For Deutsche Trustees Services (India) Private Limited Gunit Chadha Director Y. B. Desai Director Debabrata Bhadury Director	For Deutsche Asset Management (India) Private Limited M.H. Kania Director A. S. Mitra Director James Goulding Director	Choy Peng-Wah Director Kersi M. Gherda Director Vijay P. Gokhale Director B. P. Singh Head - Equities	Sandeep Dasgupta Director Dileep Choksi Director Carl Saldanha Director
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Place: Mumbai
Date : May 27, 2004

Schedules

forming part of Balance Sheet as at March 31, 2004 and
the Revenue Account for the year ended March 31, 2004

	March 31, 2004		March 31, 2003	
	Market / Fair Value Rupees	Cost Rupees	Market Value Rupees	Cost Rupees
Schedule 1				
Investments				
(Notes 2.2, 2.3, 7, 8, 9 and 12)				
(Refer to the attached Statement of Portfolio Holding as at March 31, 2004)				
Equity Shares	1,123,598,875	1,001,941,274	162,136,781	173,264,990
	1,123,598,875	1,001,941,274	162,136,781	173,264,990

	March 31, 2004 Rupees	March 31, 2003 Rupees
Schedule 2		
Other Current Assets		
Balance with Banks in Current Account	32,242,246	6,417,394
Sales Contracts Awaiting Completion - Equity Shares	11,330,984	1,900,900
Unit Subscription Receivable	229,000	-
Reverse Repos	147,190,806	-
Interest Receivable on Reverse Repos	57,518	-
Receivable from the Investment Manager	1,841	403,286
Inter Scheme Receivable for Cash Management Fees	-	102,294
Tax Deducted at Source	-	76,214
	191,052,395	8,900,088

	March 31, 2004		March 31, 2003	
	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 / period	155,655,583	15,565,558.295	-	-
Initial issue and subscription	-	-	273,771,925	27,377,192.500
Issued during the year / period	421,133,161	42,113,316.115	17,823,059	1,782,305.875
	576,788,744	57,678,874.410	291,594,984	29,159,498.375
Redeemed during the year / period	415,328,072	41,532,807.185	135,939,401	13,593,940.080
At the end of the year / period	161,460,672	16,146,067.225	155,655,583	15,565,558.295
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 / period	24,031,017	2,403,101.731	-	-
Initial issue and subscription	-	-	38,074,280	3,807,428.000
Issued during the year / period	927,640,129	92,764,012.910	4,306,737	430,673.731
	951,671,146	95,167,114.641	42,381,017	4,238,101.731
Redeemed during the year / period	406,365,346	40,636,534.605	18,350,000	1,835,000.000
At the end of the year / period	545,305,800	54,530,580.036	24,031,017	2,403,101.731
TOTAL	706,766,472	70,676,647.261	179,686,600	17,968,660.026

Schedules

forming part of Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004

	March 31, 2004			March 31, 2003		
	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 / period	20,125	2,432	22,557	–	–	–
Added during the year / period	17,879,705	197,859,824	215,739,529	20,125	2,432	22,557
At the end of the year / period	17,899,830	197,862,256	215,762,086	20,125	2,432	22,557
Dividend Equalisation Reserve (Note 2.8)						
Added during the year / period	22,713,461	73,547,210	96,260,671	4,088,832	214,279	4,303,111
Transferred to Revenue Account	(22,713,461)	(73,547,210)	(96,260,671)	(4,088,832)	(214,279)	(4,303,111)
At the end of the year / period	–	–	–	–	–	–
Reserve Fund						
At the beginning of the year / period	(11,753,730)	(1,813,106)	(13,566,836)	–	–	–
Balance Transferred from Revenue Account [including net unrealised appreciation in value of investments Rs.121,657,601- (2003 -net unrealised depreciation Rs.11,128,209)]	171,903,591	126,666,063	298,569,654	(11,753,730)	(1,813,106)	(13,566,836)
At the end of the year / period	160,149,861	124,852,957	285,002,818	(11,753,730)	(1,813,106)	(13,566,836)
TOTAL	178,049,691	322,715,213	500,764,904	(11,733,605)	(1,810,674)	(13,544,279)

	March 31, 2004 Rupees	March 31, 2003 Rupees
Schedule 5		
Current Liabilities and Provisions		
Current Liabilities		
Investment Management and Advisory Fees	1,163,896	245,607
Trustee Fees and Expenses	9,146	2,003
Transfer Agent Fees and Expenses	116,054	45,079
Custodian Fees and Expenses	145,230	200,520
Audit Fees	188,033	60,000
Purchase Contracts Awaiting Completion - Equity Shares	96,901,674	3,064,611
Redemption of Units	4,515,670	943,000
Selling and Distribution Expenses	3,420,583	47,659
Inter Scheme Payable for 'Switch Out'	111,444	–
Initial Issue Expenses Payable	–	177,300
Load Charges (Note 2.9)	299,419	–
Sundry Payables	248,745	108,769
	107,119,894	4,894,548



Schedules

forming part of Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004

	April 01, 2003 to March 31, 2004 Rupees	January 14, 2003 to March 31, 2003 Rupees
Schedule 6		
Interest and Discount		
(Note 2.4)		
Debentures/Bonds	195,195	1,153,257
Government of India Securities	–	38,333
Reverse Repos	640,792	4,279
Deposits	79,501	67,231
Commercial Paper	23,397	896
	938,885	1,263,996

Schedule 7

Unrealised Appreciation / (Depreciation) in Value of Investments

(Note 7)

Equity Shares		
At the beginning of the year / period	(11,128,209)	–
At the end of the year / period	121,657,601	(11,128,209)
"Net change in unrealised appreciation/ (depreciation) in value of investments during the year / period"	132,785,810	(11,128,209)

Schedules

forming part of Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004

Schedule 8

Notes to the Financial Statements

1. Organisation

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.

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. Securities listed on a recognized stock exchange are valued at the last quoted closing price on the principal exchange on which the security is traded. For equity securities if no sale is reported at that time such securities are valued at the last quoted closing price when the last quoted closing price 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. 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.
- v. Privately placed debt securities are valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under under procedures approved by the Trustee of Deutsche Mutual Fund.
- vi. Instruments bought on 'repo' basis are valued at the resale price after deduction of applicable interest up to the date of resale.
- vii. Government securities are valued at prices obtained from The Credit Rating Information Services of India Limited in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by SEBI.
- viii. Money market instruments are valued at cost plus accrued interest.

Following the issue of the guidance note on accounting for investments in the financial statements of mutual funds by the Institute of Chartered Accountants of India (pursuant to the Eleventh Schedule of the Regulations) net unrealized appreciation / depreciation in the value of investments is determined separately for each category of investments. Further the change in net unrealized appreciation / depreciation, if any, between two Balance Sheet dates / dates of determination is recognized in the Revenue Account. Unrealized appreciation is reduced from the distributable income at the time of income distribution. At the end of the financial year, the balance in the Revenue Account including change in the net unrealized appreciation or depreciation in the value of investments is transferred to Reserve Fund.

2.3 Securities Transaction

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

2.4 Investment Income

Dividend and interest income are recorded on an accrual basis.

Schedules

forming part of Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004

2.5 Initial Issue Expenses

Initial issue expenses of upto 1% of the amount mobilized during the initial offer period is being borne by the Scheme. Expenses over and above 1% are being 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.

2.9 Load Charges

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

3. Investment Management and Advisory Fees

The Scheme has paid or provided for investment management and advisory fees payable to Deutsche Asset Management (India) Private Limited for managing the Scheme at an annual rate of 1.25% of the average daily net asset values recorded by the Scheme up to Rs.100 crores 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 Fund has paid or provided for trustee fees payable to the Trustee at an annual rate of 0.01% of the average daily net asset values recorded by the Scheme subject to a maximum of Rs.500,000 per annum.

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 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. Aggregate Appreciation and Depreciation In Value of Investments

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

	March 31, 2004 Rupees	March 31, 2003 Rupees
Equity Shares		
– Appreciation	138,697,897	1,185,750
– Depreciation	17,040,296	12,313,959

8. Aggregate Fair Value of Non Traded Investments

Aggregate fair value of non traded investments as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee as at March 31, 2004 is Rs. 9,291,240.

9. Aggregate Value of Purchases and Sale of Investments

The aggregate value of investment securities purchased and sold (including matured) during the year is Rs 2,432,090,598 (excluding

Schedules

forming part of Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004

accretion of discount Rs.25,039) and Rs. 1,801,453,505 respectively being 465.30% and 344.65% of the average daily net assets.

10. Income and Expenses

The total income (including net profit on sale of investments and net change in unrealized appreciation in value of investments) and expenditure is Rs. 339,782,029 and Rs. 12,967,600 respectively being 65.01% and 2.48% of the average daily net assets.

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

Deutsche Bank AG, Mumbai Branch and Kotak Mahindra Bank Limited, associate entities of Deutsche Asset Management (India) Private Limited were paid commission amounting to Rs.4,543,717 and Rs.203,873 respectively for procuring unit subscriptions for the Scheme. Further, Deutsche Bank AG, Mumbai Branch, was paid brokerage of Rs.672,331 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.

12. 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	Scheme invested in by the Company	Investments made by Schemes of Deutsche Mutual Fund in the Company/Subsidiary	
		Aggregate for the period under Regulation 25(11)	Outstanding as at March 31, 2004
		At Cost (Rupees in lakhs)	At Market / Fair Value (Rupees in lakhs)
Bank of Baroda Ltd.	Deutsche Insta Cash Plus Fund	144.63	
Bharati Televentures Ltd.	Deutsche Floating Rate Fund	1,045.45	100.52
Export Import Bank of India Ltd.	Deutsche Short Maturity Fund	29,004.08	1,539.15
Finolex Cables Ltd.	Deutsche Short Maturity Fund	3,755.04	
Grasim Industries Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund	3,510.96	739.00
HCL Technologies Ltd.	Deutsche Short Maturity Fund	779.36	396.57
Hindalco Industries Ltd.	Deutsche Floating Rate Fund and Deutsche Short Maturity Fund	927.81	
Hindustan Lever Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund	5,179.33	347.79
Housing Development Finance Corporation Ltd.	Deutsche Insta Cash Plus Fund	40,259.92	8,181.97
Industrial Development Bank of India Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund	68,150.91	19,964.27
Infrastructure Development Finance Company Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund and Deutsche Premier Bond Fund	4,911.12	2,470.27
ITC Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund	1,215.31	494.67
Larsen & Toubro Ltd.	Deutsche Insta Cash Plus Fund, Deutsche Alpha Equity Fund and Deutsche Investment Opportunity Fund	6,557.12	2,898.16
Nestle India Ltd.	Deutsche Insta Cash Plus Fund	43.01	
Raymond Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund	987.48	
Tata Chemicals Ltd.	Deutsche Short Maturity Fund	16.34	
Tata Motors Ltd.	Deutsche Insta Cash Plus Fund	1,082.77	679.99
The Tata Iron And Steel Company Ltd.	Deutsche Insta Cash Plus Fund	1,652.64	741.43
TOTAL		169,223.28	38,553.79

The investments comprise equity, debt and money market instruments. Deutsche Asset Management (India) Private Limited is of the opinion that the said companies are fundamentally strong and possess a high potential for growth and are market leaders in their respective fields. Accordingly, investments were made in the said companies.

Schedules

forming part of Balance Sheet as at March 31, 2004 and
the Revenue Account for the year ended March 31, 2004

13. Perspective Historical Per Unit Statistics*

	April 01, 2003 to March 31, 2004 Rupees	January 14, 2003 to March 31, 2003 Rupees
(a) Net asset value per unit at the end of the year / period (Note 2.6)		
Growth Plan	21.03	9.25
Dividend Plan	15.92	9.25
(b) Gross income		
(i) income other than profit on sale of investment.	0.13	0.07
(ii) income from profit on inter scheme sales / transfer of investment.	(0.00) #	NA
(iii) income (net) from profit / (loss) on sale of investments to third party	2.80	(0.21)
(iv) transfer to revenue account from past year's reserve	0.00	0.00
(c) Aggregate of expenses, writeoff, amortisation and charges	0.18	0.23
(d) Net income	2.75	(0.37)
(e) Net change in unrealised appreciation / (depreciation) in value of investments	1.88	(0.62)
(f) Redemption price		
– Highest		
Growth Plan	22.72	9.86
Dividend Plan	18.83	9.86
– Lowest		
Growth Plan	9.25	9.34
Dividend Plan	9.39	9.44
(g) Purchase price		
– Highest		
Growth Plan	22.72	10.13
Dividend Plan	18.83	10.12
– Lowest		
Growth Plan	9.25	9.25
Dividend Plan	9.25	9.39
(h) Price earnings ratio	NA	NA
(i) Ratio of expenses (excluding initial issue expenses) to the average daily net assets by percentage	2.48%	2.50%@
(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	65.01%	(33.41)%@

* 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

@ The ratio of expenses and gross income to average daily net assets by percentage has been annualized for the period January 30, 2003 to March 31, 2003.

14. Prior Period's Figures

Prior period's figures which are for a period of approximately three months have been re-grouped/ re-arranged where appropriate and are not comparable with the current year's figures.

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

K. H. VACHHA
Partner

For Deutsche Trustees 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

Choy Peng-Wah
Director

Sandeep Dasgupta
Director

Y. B. Desai
Director

A. S. Mitra
Director

Kersi M. Gherda
Director

Dileep Choksi
Director

Debabrata Bhadury
Director

James Goulding
Director

Vijay P. Gokhale
Director

Carl Saldanha
Director

Place: Mumbai
Date : May 27, 2004

B. P. Singh
Head - Equities

Statement of Portfolio Holding

as at March 31, 2004

(Referred to in Schedule 1 to the Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004)

Description	Quantity	Market / Fair Value Rupees
Equity Shares (100%)		
Aluminium (1.65%)		
National Aluminum Company Limited	100,000	18,515,000
		18,515,000
Automobile Manufacturers (15.77%)		
Maruti Udyog Limited	105,000	52,179,750
Mahindra and Mahindra Limited	110,000	51,100,500
Tata Motors Limited@	100,000	48,570,000
Ashok Leyland Limited	100,000	25,360,000
		177,210,250
Banks (6.42%)		
State Bank of India	119,000	72,078,300
		72,078,300
Commodity Chemicals (9.37%)		
Reliance Industries Limited	145,000	78,017,250
Indian Petrochemicals Corporation Limited	150,055	27,310,010
		105,327,260
Construction and Engineering (5.47%)		
Larsen and Toubro Limited@	101,000	58,009,350
Jaiprakash Associates Limited *	30,000	3,466,500
		61,475,850
Construction Materials (5.42%)		
Gujarat Ambuja Cements Limited	120,000	35,436,000
Associated Cement Companies Limited	100,000	25,455,000
		60,891,000
Diversified Financials (0.93%)		
Industrial Development Bank of India Limited @	180,000	10,458,000
		10,458,000
Diversified Metals and Mining (0.74%)		
Gujarat Mineral Development Corporation Limited	45,000	8,295,750
		8,295,750
Electric Utilities (5.26%)		
Reliance Energy Limited	55,000	42,174,000
Tata Power Company Limited	45,000	16,962,750
		59,136,750
Electrical Component (0.30%)		
Sterlite Industries India Limited	6,500	3,315,650
		3,315,650
Gas Utilities (1.90%)		
Gas Authority of India Limited	100,000	21,310,000
		21,310,000
Heavy Electrical Equipments (4.36%)		
Bharat Heavy Electricals Limited	81,000	48,964,500
		48,964,500
Industrial Conglomerate (4.76%)		
Grasim Industries Limited @	50,000	53,472,500
		53,472,500
Integrated Telecommunication (0.62%)		
Bharti Tele Ventures Limited @	45,000	6,959,250
		6,959,250

Statement of Portfolio Holding

as at March 31, 2004

Description	Quantity	Market / Fair Value Rupees
IT Consulting and Services (9.61%)		
Hughes Software Systems Limited	55,000	28,435,000
Satyam Computer Services Limited	94,000	27,589,000
HCL Technologies Limited@	110,000	27,263,500
Infosys Technologies Limited	5,000	24,690,750
		107,978,250
Motorcycle Manufacturers (5.54%)		
Hero Honda Limited	115,000	56,401,750
		56,401,750
Oil and Gas Refining and Marketing (10.73%)		
Hindustan Petroleum Corporation Limited	90,300	45,836,280
Bharat Petroleum Corporation Limited	95,000	45,486,000
Indian Oil Corporation Limited	59,000	29,278,750
		120,601,030
Pharmaceuticals (1.92%)		
Ranbaxy Laboratories Limited	20,500	19,304,850
Strides Arcolabs Limited	39,984	5,885,645
Biocon Limited*	7,100	2,236,500
		27,426,995
Power Generation (0.32%)		
Power Trading Corporation of India Limited*	224,265	3,588,240
		3,588,240
Steel (5.67%)		
The Tata Iron and Steel Company Limited @	115,000	44,102,500
Sesa Goa Limited	41,000	19,641,050
		63,743,550
Tobacco (3.24%)		
I T C Limited @	35,000	36,449,000
		36,449,000
TOTAL INVESTMENTS	(Cost - Rs.1,001,941,274)	1,123,598,875

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

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

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

Auditors' Report

To the Trustee

DEUTSCHE MUTUAL FUND

1. We have audited the Balance Sheet of Deutsche Mutual Fund – Deutsche Premier Bond Fund ("The Scheme") as at March 31, 2004 and the related Revenue Account for the year ended on that day, both of which we have signed under reference to this report. These financial statements are the responsibility of the Trustee of Deutsche Mutual Fund and the Management of Deutsche Asset Management (India) Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned at March 31, 2004 by correspondence with the custodian and others. An audit also includes assessing the accounting principles used and significant estimates made by the Management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us,
 - (i) The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable, and also give respectively, a true and fair view of the state of affairs of Deutsche Mutual Fund – Deutsche Premier Bond Fund as at March 31, 2004 and its net surplus for the year ended on that date.
 - (ii) The Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended on that date, together with the notes thereon have been prepared in all material respects in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto as applicable.
 - (iii) The method used to value,
 - a) Privately placed securities in good faith and
 - b) Non traded / thinly traded debt securities in accordance with guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by the Securities and Exchange Board of India as at March 31, 2004 as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund are fair and reasonable.

K. H. Vachha
Partner

For and on behalf of
Price Waterhouse
Chartered Accountants
Membership No. F/30798

Place : Mumbai
Date : May 27, 2004

Balance Sheet

as at March 31, 2004

	Schedule	March 31, 2004 Rupees	March 31, 2003 Rupees
Assets			
Investments	1	4,378,539,720	1,416,537,580
Other Current Assets	2	155,992,321	32,488,092
TOTAL		4,534,532,041	1,449,025,672
Liabilities			
Unit Capital	3	4,005,554,637	1,395,402,382
Reserves and Surplus	4	409,827,184	(16,043,139)
Current Liabilities and Provisions	5	119,150,220	69,666,429
TOTAL		4,534,532,041	1,449,025,672

Reconciliation of Net Asset Value Per Unit

	Institutional Plan					Regular Plan					March 31, 2004
	March 31, 2004					March 31, 2004					
	Growth Option Rupees	Annual Dividend Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees	Total Rupees	Growth Option Rupees	Annual Dividend Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees	Total Rupees	Total Rupees
Net Assets as per Balance Sheet (Total Assets less Current Liabilities and Provisions) (Note 2.5)	2,661,337,904	190,209	288,454,681	417,833,807	3,367,816,601	642,564,162	83,162,530	248,103,902	73,734,626	1,047,565,220	4,415,381,821
Number of Units in Issue	237,609,512.713	18,270.457	27,029,922.866	39,573,575.692		57,878,170.503	8,020,480.268	23,428,536.981	6,996,993.989		
Net Asset Value per Unit	11.2005	10.4108	10.6717	10.5584		11.1020	10.3688	10.5898	10.5380		
	Institutional Plan					Regular Plan					March 31, 2003
	March 31, 2003					March 31, 2003					
	Growth Option Rupees	Annual Dividend Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees	Total Rupees	Growth Option Rupees	Annual Dividend Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees	Total Rupees	Total Rupees
Net Assets as per Balance Sheet (Total Assets less Current Liabilities and Provisions) (Note 2.5)	1,040,829,017	-	19,774,487	74,335,000	1,134,938,504	213,687,245	6,762,304	9,509,475	14,461,715	244,420,739	1,379,359,243
Number of Units in Issue	105,270,198.287	-	2,000,000.000	7,518,246.986		21,639,455.306	684,799.879	963,040.285	1,464,497.373		
Net Asset Value per Unit	9.8872	-	9.8872	9.8873		9.8749	9.8749	9.8744	9.8749		

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 <i>Partner</i>	For Deutsche Trustees Services (India) Private Limited		For Deutsche Asset Management (India) Private Limited	
For and on behalf of PRICE WATERHOUSE <i>Chartered Accountants</i>	Gunit Chadha <i>Director</i>	M.H. Kania <i>Director</i>	Choy Peng-Wah <i>Director</i>	Sandeep Dasgupta <i>Director</i>
	Y. B. Desai <i>Director</i>	A. S. Mitra <i>Director</i>	Kersi M. Gherda <i>Director</i>	Dileep Choksi <i>Director</i>
	Debabrata Bhadury <i>Director</i>	James Goulding <i>Director</i>	Vijay P. Gokhale <i>Director</i>	Carl Saldanha <i>Director</i>
Place: Mumbai Date : May 27, 2004			Suresh Soni <i>Head - Fixed Income</i>	

Revenue Account

for the year ended March 31, 2004

	Schedule	April 01, 2003 to March 31, 2004 Rupees	January 14, 2003 to March 31, 2003 Rupees
Income And Gains			
Interest and Discount	6	386,239,520	19,624,424
Net Profit on Sale of Investments (Including Net Profit on Inter - Scheme Sale of Investments Rs. 6,085,740) (Note 2.3)		151,882,798	–
TOTAL		538,122,318	19,624,424

Expenses And Losses

Net Loss on Sale of Investments [(Including Net Loss on Inter - Scheme Sale of Investments Rs. NIL) (Previous Year Rs.1,834)] (Note 2.3)		–	38,363,413
Investment Management and Advisory Fees (Note 3)		24,164,073	956,795
Trustee Fees and Expenses (Note 4)		500,000	23,265
Transfer Agents Fees and Expenses		4,680,739	282,114
Custodian Fees and Expenses (Note 5)		4,503,890	254,887
Audit Fees		188,023	60,000
Selling and Distribution Expenses		27,895,718	1,499,392
Other Operating Expenses		4,115,578	423,270
		66,048,021	41,863,136
Less: Expenses to be Reimbursed by the Investment Manager (Note 7)		376,518	867,997
TOTAL		65,671,503	40,995,139
Net Surplus/ (Deficit) for the year / period		472,450,815	(21,370,715)
Net change in Unrealised Appreciation in Value of Investments	7	36,938,082	1,739,952
Net Surplus / (Deficit) including Net change in Unrealised Appreciation in Value of Investments		509,388,897	(19,630,763)

	Institutional Plan					Regular Plan					April 01, 2003 to March 31, 2004
	April 01, 2003 to March 31, 2004					April 01, 2003 to March 31, 2004					
	Growth Option Rupees	Annual Dividend Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees	Total Rupees	Growth Option Rupees	Annual Dividend Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees	Total Rupees	Total Rupees
Net Surplus / (Deficit) including Net change in Unrealised Appreciation in the Value of Investments by Option	302,122,652	6,122,040	22,426,007	73,832,407	404,503,106	65,080,013	6,449,703	20,666,833	12,689,242	104,885,791	509,388,897
Transfer from Dividend Equalisation Reserve (Note 2.7)	(30,072,446)	(5,796,368)	4,953,094	(2,332,630)	(33,248,350)	(7,697,616)	1,315,526	4,068,759	(295,538)	(2,608,869)	(35,857,219)
Dividend Distributions	–	(12,789)	(12,469,589)	(48,033,176)	(60,515,554)	–	(5,213,312)	(11,938,962)	(8,278,014)	(25,430,288)	(85,945,842)
Dividend Tax Thereon	–	(1,639)	(1,597,666)	(6,154,251)	(7,753,556)	–	(667,956)	(1,529,679)	(1,060,621)	(3,258,256)	(11,011,812)
Balance Transferred to Reserve Fund	272,050,206	311,244	13,311,846	17,312,350	302,985,646	57,382,397	1,883,961	11,266,951	3,055,069	73,588,378	376,574,024

Revenue Account

for the year ended March 31, 2004

	Institutional Plan					Regular Plan					January 14, 2003 to March 31, 2003
	January 14, 2003 to March 31, 2003					January 14, 2003 to March 31, 2003					
	Growth Option Rupees	Annual Dividend Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees	Total Rupees	Growth Option Rupees	Annual Dividend Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees	Total Rupees	Total Rupees
Net Surplus / (Deficit) including Net change in Unrealised Appreciation in Value of Investments by Option	(15,459,208)	-	(225,513)	(665,000)	(16,349,721)	(2,780,299)	(83,794)	(238,664)	(178,285)	(3,281,042)	(19,630,763)
Transfer from Dividend Equalisation Reserve (Note 2.7)	3,595,175	-	-	(182,470)	3,412,705	71,053	(1,954)	117,264	(4,974)	181,389	3,594,094
Balance Transferred to Reserve Fund	(11,864,033)	-	(225,513)	(847,470)	(12,937,016)	(2,709,246)	(85,748)	(121,400)	(183,259)	(3,099,653)	(16,036,669)

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 Trustees 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

Choy Peng-Wah
Director

Sandeep Dasgupta
Director

Y. B. Desai
Director

A. S. Mitra
Director

Kersi M. Gherda
Director

Dileep Choksi
Director

Debabrata Bhadury
Director

James Goulding
Director

Vijay P. Gokhale
Director

Carl Saldanha
Director

Place: Mumbai
Date : May 27, 2004

Suresh Soni
Head - Fixed Income

Schedules

forming part of Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004

	March 31, 2004		March 31, 2003	
	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 15)				
(Refer to the attached Statement of Portfolio Holding as at March 31, 2004)				
Privately Placed Non Convertible Debentures / Bonds	231,534,260	231,984,006	681,079,437	684,969,097
Non Convertible Debentures / Bonds Listed / Awaiting Listing	2,128,985,755	2,116,246,272	103,382,500	102,669,050
Securitized Debt	463,260,721	442,381,317	–	–
Government of India Securities	1,554,758,984	1,549,250,091	622,729,900	617,813,738
Certificate of Deposit	–	–	9,345,743	9,345,743
	4,378,539,720	4,339,861,686	1,416,537,580	1,414,797,628

	March 31, 2004		March 31, 2003	
	Rupees	Rupees	Rupees	Rupees
Schedule 2				
Other Current Assets				
Balance with Banks				
– in Current Account			11,876,357	4,910,986
– in Dividend Account (Note 14)			24,255	–
Sales Contracts Awaiting Completion				
– Debentures / Bonds			21,894,503	–
Reverse Repos			10,825,742	–
Unit Subscription Receivable			5,000	–
– Interest Receivable on :				
– Debentures / Bonds			76,444,793	13,443,679
– Government of India Securities			34,525,374	13,265,430
– Reverse Repo			890	–
Receivable from Trustee			14,458	–
Receivable from Investment Manager			380,949	867,997
			155,992,321	32,488,092

	March 31, 2004		March 31, 2003	
	Rupees	Units	Rupees	Units

Schedule 3

Unit Capital

Institutional Plan Growth Option

Issued and Subscribed

Units of Rs.10 each fully paid up	1,150,000,000	115,000,000.000	1,150,000,000	115,000,000.000
Outstanding				
At the beginning of the year / Period	1,052,701,983	105,270,198.287	–	–
Initial Issue and Subscription	–	–	1,150,000,000	115,000,000.000
Issued during the year / period	10,848,019,202	1,084,801,920.217	418,063,711	41,806,371.079
	11,900,721,185	1,190,072,118.504	1,568,063,711	156,806,371.079
Redeemed during the year / period	9,524,626,058	952,462,605.791	515,361,728	51,536,172.792
At the end of the year / period	2,376,095,127	237,609,512.713	1,052,701,983	105,270,198.287

Schedules

forming part of Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004

	March 31, 2004		March 31, 2003	
	Rupees	Units	Rupees	Units
Annual Dividend Option				
Issued and Subscribed				
Initial Issue and Subscription	–	–	–	–
Units of Rs.10 each fully paid up	–	–	–	–
Outstanding				
At the beginning of the year / Period	–	–	–	–
Issued during the year / period	607,674,494	60,767,449.355	–	–
	607,674,494	60,767,449.355	–	–
Redeemed during the year / period	607,491,789	60,749,178.898	–	–
At the end of the year / period	182,705	18,270.457	–	–
Quarterly Dividend Option				
Issued and Subscribed				
Units of Rs.10 each fully paid up	20,000,000	2,000,000.000	20,000,000	2,000,000.000
Outstanding				
At the beginning of the year / period	20,000,000	2,000,000.000	–	–
Initial Issue and Subscription	–	–	20,000,000	2,000,000.000
Issued during the year / period	644,972,501	64,497,250.082	–	–
	664,972,501	66,497,250.082	20,000,000	2,000,000.000
Redeemed during the year / period	394,673,272	39,467,327.216	–	–
At the end of the year / period	270,299,229	27,029,922.866	20,000,000	2,000,000.000
Monthly Dividend Option				
Issued and Subscribed				
Units of Rs.10 each fully paid up	65,000,000	6,500,000.000	65,000,000	6,500,000.000
Outstanding				
At the beginning of the year / period	75,182,470	7,518,246.986	–	–
Initial Issue and Subscription	–	–	65,000,000	6,500,000.000
Issued during the year / period	1,783,938,761	178,393,876.115	10,182,470	1,018,246.986
	1,859,121,231	185,912,123.101	75,182,470	7,518,246.986
Redeemed during the year / period	1,463,385,474	146,338,547.409	–	–
At the end of the year / period	395,735,757	39,573,575.692	75,182,470	7,518,246.986
TOTAL	3,042,312,818	304,231,281.728	1,147,884,453	114,788,445.273
Regular Plan				
Growth Option				
Issued and Subscribed				
Units of Rs.10 each fully paid up	216,554,198	21,655,419.800	216,554,198	21,655,419.800
Outstanding				
At the beginning of the year / period	216,394,553	21,639,455.306	–	–
Initial Issue and Subscription	–	–	216,554,198	21,655,419.800
Issued during the year / period	1,640,257,108	164,025,710.764	20,504,442	2,050,444.194
	1,856,651,661	185,665,166.070	237,058,640	23,705,863.994
Redeemed during the year / period	1,277,869,956	127,786,995.567	20,664,087	2,066,408.688
At the end of the year / period	578,781,705	57,878,170.503	216,394,553	21,639,455.306
Annual Dividend Option				
Issued and Subscribed				
Units of Rs.10 each fully paid up	6,781,098	678,109.800	6,781,098	678,109.800
Outstanding				
At the beginning of the year / period	6,847,999	684,799.879	–	–
Initial Issue and Subscription	–	–	6,781,098	678,109.800
Issued during the year / period	109,349,427	10,934,942.706	66,901	6,690.079
	116,197,426	11,619,742.585	6,847,999	684,799.879
Redeemed during the year / period	35,992,623	3,599,262.317	–	–
At the end of the year / period	80,204,803	8,020,480.268	6,847,999	684,799.879

Schedules

forming part of Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004

	March 31, 2004		March 31, 2003	
	Rupees	Units	Rupees	Units
Quarterly Dividend Option				
Issued and Subscribed				
Units of Rs.10 each fully paid up	13,553,150	1,355,315.000	13,553,150	1,355,315.000
Outstanding				
At the beginning of the year / period	9,630,403	963,040.285	–	–
Initial Issue and Subscription	–	–	13,553,150	1,355,315.000
Issued during the year / period	593,970,749	59,397,074.937	1,639,253	163,925.285
Redeemed during the year / period	603,601,152	60,360,115.222	15,192,403	1,519,240.285
	369,315,782	36,931,578.241	5,562,000	556,200.000
At the end of the year / period	234,285,370	23,428,536.981	9,630,403	963,040.285
Monthly Dividend Option				
Issued and Subscribed				
Units of Rs.10 each fully paid up	14,533,000	1,453,300.000	14,533,000	1,453,300.000
Outstanding				
At the beginning of the year / period	14,644,974	1,464,497.373	–	–
Initial Issue and Subscription	–	–	14,533,000	1,453,300.000
Issued during the year / period	294,754,747	29,475,474.655	111,974	11,197.373
Redeemed during the year / period	309,399,721	30,939,972.028	14,644,974	1,464,497.373
	239,429,780	23,942,978.039	–	–
At the end of the year / period	69,969,941	6,996,993.989	14,644,974	1,464,497.373
TOTAL	963,241,819	96,324,181.741	247,517,929	24,751,792.843
TOTAL	4,005,554,637	400,555,463.469	1,395,402,382	139,540,238.116

	Institutional Plan					Regular Plan					March 31, 2004
	March 31, 2004					March 31, 2004					
	Growth Option Rupees	Annual Dividend Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees	Total Rupees	Growth Option Rupees	Annual Dividend Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees	Total Rupees	

Schedule 4

Reserves and Surplus

Unit Premium Reserve (Note 2.6)

At the beginning of the year	(8,933)	–	–	–	(8,933)	1,938	53	472	–	2,463	(6,470)
Added during the year	25,065,537	(303,740)	5,069,119	5,633,170	35,464,086	9,107,368	1,159,461	2,672,509	892,875	13,832,213	49,296,299
At the end of the year	25,056,604	(303,740)	5,069,119	5,633,170	35,455,153	9,109,306	1,159,514	2,672,981	892,875	13,834,676	49,289,829

Dividend Equalisation Reserve (Note 2.7)

Added during the year	(30,072,446)	(5,796,368)	4,953,094	(2,332,630)	(33,248,350)	(7,697,616)	1,315,526	4,068,759	(295,538)	(2,608,869)	(35,857,219)
Transfer to Revenue Account	30,072,446	5,796,368	(4,953,094)	2,332,630	33,248,350	7,697,616	(1,315,526)	(4,068,759)	295,538	2,608,869	35,857,219
At the end of the year	–	–	–	–	–	–	–	–	–	–	–

Reserve Fund

At the beginning of the year	(11,864,033)	–	(225,513)	(847,470)	(12,937,016)	(2,709,246)	(85,748)	(121,400)	(183,259)	(3,099,653)	(16,036,669)
Balance Transferred from Revenue Account [Including net unrealised appreciation in value of investments Rs.38,678,034]	272,050,206	311,244	13,311,846	17,312,350	302,985,646	57,382,397	1,883,961	11,266,951	3,055,069	73,588,378	376,574,024
At the end of the year	260,186,173	311,244	13,086,333	16,464,880	290,048,630	54,673,151	1,798,213	11,145,551	2,871,810	70,488,725	360,537,355
TOTAL	285,242,777	7,504	18,155,452	22,098,050	325,503,783	63,782,457	2,957,727	13,818,532	3,764,685	84,323,401	409,827,184



Schedules

forming part of Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004

	Institutional Plan					Regular Plan					March 31, 2003
	March 31, 2003					March 31, 2003					
	Growth Option Rupees	Annual Dividend Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees	Total Rupees	Growth Option Rupees	Annual Dividend Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees	Total Rupees	Total Rupees
Reserves and Surplus											
Unit Premium Reserve (Note 2.6)											
Premium / Discount on Issue / Redemption of units during the period	(8,933)	-	-	-	(8,933)	1,938	53	472	-	2,463	(6,470)
At the end of the period	(8,933)	-	-	-	(8,933)	1,938	53	472	-	2,463	(6,470)
Dividend Equalisation Reserve (Note 2.7)											
Added during the period	3,595,175	-	-	(182,470)	3,412,705	71,053	(1,954)	117,264	(4,974)	181,389	3,594,094
Transfer to Revenue Account	(3,595,175)	-	-	182,470	(3,412,705)	(71,053)	1,954	(117,264)	4,974	(181,389)	(3,594,094)
At the end of the period	-	-	-	-	-	-	-	-	-	-	-
Reserve Fund											
Balance Transferred from Revenue Account (Including net unrealised appreciation in value of investments Rs.1,739,952)	(11,864,033)	-	(225,513)	(847,470)	(12,937,016)	(2,709,246)	(85,748)	(121,400)	(183,259)	(3,099,653)	(16,036,669)
At the end of the period	(11,864,033)	-	(225,513)	(847,470)	(12,937,016)	(2,709,246)	(85,748)	(121,400)	(183,259)	(3,099,653)	(16,036,669)
TOTAL	(11,872,966)	-	(225,513)	(847,470)	(12,945,949)	(2,707,308)	(85,695)	(120,928)	(183,259)	(3,097,190)	(16,043,139)

March 31, 2004
Rupees

March 31, 2003
Rupees

Schedule 5

Current Liabilities and Provisions

Current Liabilities

Investment Management and Advisory Fees	1,821,047	476,911
Trustee Fees and Expenses	-	11,627
Transfer Agent Fees and Expenses	346,404	146,229
Custodian Fees and Expenses	787,640	126,526
Audit Fees	188,023	60,000
Selling and Distribution Expenses	1,976,058	884,897
Purchase Contracts Awaiting Completion - Government of India Securities	106,030,694	67,084,653
Redemption of Units	821,241	-
Inter Scheme Payable for Cash Management Fees	-	36,619
Dividend Payable	5,226,101	-
Unclaimed Dividend (Note 14)	24,255	-
Dividend Tax Payable	669,634	-
Sundry Payables	1,259,123	838,967
	119,150,220	69,666,429

Schedules

forming part of Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004

	April 01, 2003 to March 31, 2004 Rupees	January 14, 2003 to March 31, 2003 Rupees
Schedule 6		
Interest and Discount		
(Note 2.4)		
Debentures / Bonds	189,375,102	7,990,578
Government of India Securities	195,369,306	11,042,661
Reverse Repos	742,657	59,454
Deposits	111,299	298,987
Commercial Paper / Certificate of Deposit	641,156	232,744
	386,239,520	19,624,424

	April 01, 2003 to March 31, 2004 Rupees	January 14, 2003 to March 31, 2003 Rupees
--	---	---

Schedule 7

Unrealised Appreciation / (Depreciation) in Value of Investments

(Note 8)

(a) Privately Placed Non Convertible Debentures / Bonds			
At the beginning of the year / period		(3,889,660)	-
At the end of the year / period		(449,746)	(3,889,660)
Net change during the year / period	(I)	3,439,914	(3,889,660)
(b) Non Convertible Debentures / Bonds Listed / Awaiting Listing			
At the beginning of the year / period		713,450	-
At the end of the year / period		12,739,483	713,450
Net change during the year / period	(II)	12,026,033	713,450
(c) Securitised Debt			
At the beginning of the year / period		-	-
At the end of the year / period		20,879,404	-
Net change during the year / period	(III)	20,879,404	-
(d) Government of India Securities			
At the beginning of the year / period		4,916,162	-
At the end of the year / period		5,508,893	4,916,162
Net change during the year / period	(IV)	592,731	4,916,162
Net change in unrealised appreciation / (depreciation) in value of investments during the year	(I)+(II)+(III)+(IV)	36,938,082	1,739,952



Schedules

forming part of Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004

Schedule 8

Notes to the Financial Statements

1. Organisation

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

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

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

2. Significant Accounting Policies

2.1 Basis of Accounting

The Scheme maintains its books of account on an accrual basis. These financial statements have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 (the "Regulation") and amendments thereto, as applicable.

2.2 Portfolio Valuation

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

- i. Debt securities listed on a recognised stock exchange are valued at the last quoted closing price on the principal exchange on which the security is traded.
- ii. Non-traded and thinly traded debt securities are valued at fair value as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by the Securities and Exchange Board of India (SEBI).
- iii. Privately placed debt securities are valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- iv. Government securities are valued at prices obtained from The Credit Rating Information Services of India Limited in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by SEBI.
- v. Securitised debt securities are valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- vi. Instruments bought on 'repo' basis are valued at the resale price after deduction of applicable interest up to the date of resale.
- vii. Money market instruments are valued at cost plus accrued interest.

Following the issue of the guidance note on accounting for investments in the financial statements of mutual funds by the Institute of Chartered Accountants of India (pursuant to the Eleventh Schedule of the Regulations) net unrealized appreciation / depreciation in the value of investments is determined separately for each category of investments. Further the change in net unrealized appreciation / depreciation, if any, between two Balance Sheet dates / dates of determination is recognized in the Revenue Account. Unrealized appreciation is reduced from the distributable income at the time of income distribution. At the end of the financial year, the balance in the Revenue Account including change in the net unrealized appreciation or depreciation in the value of investments is transferred to Reserve Fund.

2.3 Securities Transaction

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

2.4 Investment Income

Interest income is recorded on an accrual basis.

2.5 Net Asset Value for Growth / Dividend Options

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

Schedules

forming part of Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004

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

2.6 Unit Premium Reserve

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

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

2.7 Dividend Equalization Reserve

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

2.8 Load Charges

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

3 Investment Management and Advisory Fees

The Scheme has paid or provided for investment management and advisory fees payable to Deutsche Asset Management (India) Private Limited for managing the Scheme at an annual rate of 0.36% and 0.71% of the average daily net asset values of the Institutional Plan and Regular Plan respectively recorded by the Scheme. All costs, charges and expenses incurred by Deutsche Asset Management (India) Private Limited in the administration and execution of the activities of the Scheme, except costs allowed to be charged to the Scheme under the Regulations, and amendments thereto as applicable, are on their own account for which they receive investment management and advisory fees.

4 Trustee Fees

In accordance with the Deed of Trust dated May 29, 2002 between Deutsche Asset Management (Asia) Limited (the "Settlor") and Deutsche Trustee Services (India) Private Limited (the "Trustee"), the Fund has paid or provided for trustee fees payable to the Trustee at an annual rate of 0.01% of the average daily net asset values recorded by the Scheme subject to a maximum of Rs. 500,000 per annum.

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, 1961 of India.

7 Limitation on Expenses

The total expenses chargeable to the Scheme is limited to 1.01% and 1.78% of the average daily net assets of the Institutional Plan and Regular Plan respectively. Deutsche Asset Management (India) Private Limited has borne Rs. 376,518 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, 2004 Rupees	March 31, 2003 Rupees
Privately Placed Non Convertible Debentures / Bonds		
– Appreciation	232,347	1,162,616
– Depreciation	682,093	5,052,276
Non Convertible Debentures / Bonds Listed / Awaiting Listing		
– Appreciation	17,975,038	713,450
– Depreciation	5,235,555	–
Securitized Debt		
– Appreciation	20,879,404	–
– Depreciation	–	–
Government of India Securities		
– Appreciation	5,511,393	5,543,662
– Depreciation	2,500	627,500

Schedules

forming part of Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004

9 Registered Securities

In accordance with Regulation 44(1) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, securities purchased should be held in the name of the Scheme. As at March 31, 2004 securities aggregating to Rs. 1,554,758,984 (market value) are held in the name of Deutsche Mutual Fund.

10 Aggregate Fair Value of Non Traded Investments

Aggregate fair value of non traded (including privately placed) investments as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee as at March 31, 2004 is Rs. 2,588,197,466.

11 Aggregate Value of Purchases and Sale of Investments

The aggregate value of investment securities purchased and sold (including matured) during the financial year are Rs. 53,828,439,537 (excluding accretion of discount Rs. 11,44,560) and Rs. 51,056,252,303 respectively being 971.66% and 921.62 % of the average daily net assets.

12 Income and Expenses

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

Plan	Total Income		Total Expenditure	
	Rupees	Percentage of Average Daily Net Assets	Rupees	Percentage of Average Daily Net Assets
Institutional Plan	447,635,241	10.48%	43,132,135	1.01%
Regular Plan	127,425,159	10.04%	22,539,368	1.78%

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

Deutsche Bank AG, Mumbai Branch, and Kotak Mahindra Bank Limited associate entities of Deutsche Asset Management (India) Private Limited were paid commission amounting to Rs.2,598,238 and Rs.119,778 respectively for procuring unit subscriptions for the Scheme. The commission was at rates similar to those offered to other distributors.

14 Unclaimed Dividend

As at March 31, 2004 unclaimed dividend aggregate Rs.24,255 being payable to five investors. These details are based on confirmations received from the Scheme's Registrar and Transfer Agent that maintain information of unclaimed dividend on behalf of the Scheme.

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

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

Company Name	Scheme invested in by the Company	Investments 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, 2004 At Market / Fair Value (Rupees in lakhs)
Bank of Baroda Ltd.	Deutsche Insta Cash Plus Fund	144.63	
Bharti Televentures Ltd.	Deutsche Floating Rate Fund	1,045.45	100.52
Export Import Bank of India Ltd.	Deutsche Short Maturity Fund	29,004.08	1,539.15
Finolex Cables Ltd.	Deutsche Short Maturity Fund	3,755.04	
Grasim Industries Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund	3,510.96	739.00
HCL Technologies Ltd.	Deutsche Short Maturity Fund	779.36	396.57
Hindalco Industries Ltd.	Deutsche Floating Rate Fund and Deutsche Short Maturity Fund	927.81	
Hindustan Lever Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund	5,179.33	347.79
Housing Development Finance Corporation Ltd.	Deutsche Insta Cash Plus Fund	40,259.92	8,181.97

Schedules

forming part of Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004

Company Name	Scheme invested in by the Company	Investments made by Schemes of Deutsche Mutual Fund in the Company/Subsidiary	
		Aggregate for the period under Regulation 25(11)	Outstanding as at March 31, 2004
		At Cost (Rupees in lakhs)	At Market / Fair Value (Rupees in lakhs)
Industrial Development Bank of India Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund	68,150.91	19,964.27
Infrastructure Development Finance Company Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund and Deutsche Premier Bond Fund	4,911.12	2,470.27
ITC Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund	1,215.31	494.67
Larsen & Toubro Ltd.	Deutsche Insta Cash Plus Fund, Deutsche Alpha Equity Fund and Deutsche Investment Opportunity Fund	6,557.12	2,898.16
Nestle India Ltd.	Deutsche Insta Cash Plus Fund	43.01	
Raymond Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund	987.48	
Tata Chemicals Ltd.	Deutsche Short Maturity Fund	16.34	
Tata Motors Ltd	Deutsche Insta Cash Plus Fund	1,082.77	679.99
The Tata Iron and Steel Company Ltd.	Deutsche Insta Cash Plus Fund	1,652.64	741.43
TOTAL		169,223.28	38,553.79

The investments comprise equity, debt and money market instruments. Deutsche Asset Management (India) Private Limited is of the opinion that the said companies are fundamentally strong and possess a high potential for growth and are market leaders in their respective fields. Accordingly, investments were made in the said companies.

16 Perspective Historical Per Unit Statistics*

	April 01, 2003 to March 31, 2004	January 14, 2003 to March 31, 2003
(a) Net asset value per unit at the end of the year / period (Note 2.6)		
Institutional Plan		
Growth Option	11.2005	9.8872
Annual Dividend Option	10.4108	–
Quarterly Dividend Option	10.6717	9.8872
Monthly Dividend Option	10.5584	9.8873
Regular Plan		
Growth Option	11.1020	9.8749
Annual Dividend Option	10.3688	9.8749
Quarterly Dividend Option	10.5898	9.8744
Monthly Dividend Option	10.5380	9.8749
(b) Gross income		
(i) income other than profit on sale of investment	0.9643	0.1406
(ii) income from profit on inter scheme sales / transfer of investment	0.0152	(0.0000)#
(iii) income (net) from profit / (loss) on sale of investment to third party	0.3640	(0.2749)
(iv) transfer of revenue account from past year's reserve	NA	NA
(c) Aggregate of expenses, writeoff, amortisation and charges	0.1640	0.0189
(d) Net income	1.1795	(0.1532)
(e) Net change in unrealised appreciation / (depreciation) in value of investments	0.0922	0.0125

Schedules

forming part of Balance Sheet as at March 31, 2004 and
the Revenue Account for the year ended March 31, 2004

	April 01, 2003 to March 31, 2004	January 14, 2003 to March 31, 2003
(f) Redemption price		
– Highest		
Institutional Plan		
Growth Option	11.1837	9.8872
Annual Dividend Option	11.0826	–
Quarterly Dividend Option	10.7044	–
Monthly Dividend Option	10.7014	–
Regular Plan		
Growth Option	11.1020	9.9875
Annual Dividend Option	11.0483	–
Quarterly Dividend Option	10.6910	9.7068
Monthly Dividend Option	10.7693	–
– Lowest		
Institutional Plan		
Growth Option	9.8872	9.6509
Annual Dividend Option	10.4571	–
Quarterly Dividend Option	10.5151	–
Monthly Dividend Option	10.3243	–
Regular Plan		
Growth Option	9.8749	9.9853
Annual Dividend Option	10.3894	–
Quarterly Dividend Option	10.0410	9.5016
Monthly Dividend Option	10.1265	–
(g) Purchase price		
– Highest		
Institutional Plan		
Growth Option	11.2005	10.0000
Annual Dividend Option	11.0379	–
Quarterly Dividend Option	10.6982	10.0000
Monthly Dividend Option	10.7021	10.0000
Regular Plan		
Growth Option	11.0868	10.0000
Annual Dividend Option	11.0965	10.0000
Quarterly Dividend Option	10.6910	10.0000
Monthly Dividend Option	10.7693	10.0000
– Lowest		
Institutional Plan		
Growth Option	10.1737	9.7411
Annual Dividend Option	10.4108	–
Quarterly Dividend Option	10.1347	10.0000
Monthly Dividend Option	9.8872	9.8208
Regular Plan		
Growth Option	9.8749	9.5493
Annual Dividend Option	9.9508	9.7072
Quarterly Dividend Option	9.9666	9.5493
Monthly Dividend Option	9.9508	9.5493

Schedules

forming part of Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004

	April 01, 2003 to March 31, 2004	January 14, 2003 to March 31, 2003
(h) Price earnings ratio	NA	NA
(i) Ratio of expenses to daily average net assets by percentage		
Institutional Plan	1.01%	1.00% @
Regular Plan	1.78%	1.75% @
(j) Ratio of gross income (including net profit / loss on sale of investments and net change in unrealised appreciation in value of investments) to daily average net assets by percentage		
Institutional Plan	10.48%	(7.52)% @
Regular Plan	10.04%	(6.29)% @

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

Below 0.0001 per unit

@ The ratio of expenses and gross income to average daily net assets by percentage has been annualised for a period January 30, 2003 to March 31, 2003

17 Prior Period's Figures

Prior period's figures which are for a period of approximately three months have been re-grouped/ re-arranged where appropriate and are not comparable with the current year's figures.

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

K. H. VACHHA
Partner

For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

For Deutsche Trustees Services (India)
Private Limited

Gunit Chadha
Director

Y. B. Desai
Director

Debabrata Bhadury
Director

M.H. Kania
Director

A. S. Mitra
Director

James Goulding
Director

For Deutsche Asset Management (India)
Private Limited

Choy Peng-Wah
Director

Kersi M. Gherda
Director

Vijay P. Gokhale
Director

Suresh Soni
Head - Fixed Income

Sandeep Dasgupta
Director

Dileep Choksi
Director

Carl Saldanha
Director

Place: Mumbai
Date : May 27, 2004



Statement of Portfolio Holding

as at March 31, 2004

(Referred to in Schedule 1 to the Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004)

Description	Market / Fair Value Rupees
Privately Placed Non-Convertible Debentures/Bonds (5.29%)	
Banks (16.84%)	
10% ICICI Bank Limited. 2008*	17,345,370*
14.25% ICICI Bank Limited. 2005*	11,004,020
11% ICICI Bank Limited. 2005*	10,648,280
	38,997,670
Diversified Financial Services (10.53%)	
10.9% Industrial Development Bank of India 2008 @*	24,387,951
	24,387,951
Finance (21.81%)	
6.25% Citi Financial Consumer Finance India Limited 2006*	50,491,100
	50,491,100
Finance and Investments (50.82%)	
9% Mahindra and Mahindra Financial Services Limited 2005*	51,864,467
8.8% Mahindra and Mahindra Financial Services Limited 2005*	41,504,520
6.1% Indian Railway Finance Corporation Limited 2006*	24,288,552
	117,657,539
TOTAL	(Cost - Rs. 231,984,006)
	231,534,260
Non Convertible Debentures/Bonds Listed/Awaiting Listing (48.62%)	
Banks (15.96%)	
6.70% Canara Bank Limited 2010 #	83,653,360
11.15% Standard Chartered Bank 2010 #	63,213,200
14.25% ICICI Bank Limited 2006 #	57,102,400
6.35% Export Import Bank of India Limited 2010 @ #	51,377,900
6.20% Export Import Bank of India Limited 2008 @ #	50,818,250
14.00% ICICI Bank Limited. 2006 #	22,818,900
7.30% Export Import Bank of India Limited 2012 @ #	10,799,450
	339,783,460
Consumer Finance (12.87%)	
5.85% Housing Development Finance Corporation 2009 @	181,461,420
9.50% LIC Housing Finance Limited 2012 #	11,935,360
9.50% LIC Housing Finance Limited 2011 #	11,768,140
9.50% LIC Housing Finance Limited 2010 #	11,612,500
9.50% LIC Housing Finance Limited 2009 #	11,434,910
9.50% LIC Housing Finance Limited 2008 #	11,199,020
12.00% Housing Development Finance Corporation 2007 @ #	34,614,750
	274,026,100
Diversified Financial Services (18.94%)	
6% Industrial Development Bank of India 2009 @ #	149,071,500
11% Industrial Development Bank of India 2008 @ #	58,535,600
12.3% Industrial Development Bank of India 2007 @ #	58,023,200
14% Industrial Development Bank of India 2005 @ #	55,789,650
14.25% Industrial Development Bank of India 2005 @ #	47,246,398
14% Industrial Development Bank of India 2006 @ #	34,470,900
	403,137,248

Statement of Portfolio Holding

as at March 31, 2004

Description	Quantity	Market / Fair Value Rupees
Finance-Housing (17.72%)		
6.7% Housing & Urban Development Corporation Limited 2013 #		325,208,631
7.6% Housing & Urban Development Corporation Limited 2013 #		52,059,100
		377,267,731
Finance and Investments (4.29%)		
9.25% Indian Railway Finance Corporation Limited 2006		54,121,850
6.98% Indian Railway Finance Corporation Limited 2011 #		37,205,065
		91,326,915
Hotel (2.58%)		
9.75% Indian Hotels Limited 2007 #		54,977,600
		54,977,600
Steel (2.36%)		
6.1% Electrosteel Castings Limited 2008 #		50,323,300
		50,323,300
Power Generation & Supply (25.28%)		
7.7% National Hydroelectric Power Corporation Limited 2010 #		130,724,017
6.68% Power Grid Corporation Limited 2010 #		52,274,200
6.68% Power Grid Corporation Limited 2009 #		52,043,250
6.1% Power Grid Corporation Limited 2010 #		51,147,200
6.1% Power Grid Corporation Limited 2009 #		50,996,150
7.7% National Hydroelectric Power Corporation Limited 2014 #		22,002,931
7.7% National Hydroelectric Power Corporation Limited 2009 #		21,583,016
5.95% National Thermal Power Corporation Limited 2009 #		20,180,460
5.95% National Thermal Power Corporation Limited 2010 #		20,093,040
5.95% National Thermal Power Corporation Limited 2011 #		20,046,740
5.95% National Thermal Power Corporation Limited 2012 #		19,961,520
5.95% National Thermal Power Corporation Limited 2013 #		19,886,520
9.7% Power Finance Corporation Limited 2011 #		9,078,758
9.7% Power Finance Corporation Limited 2010 #		8,381,660
9.7% Power Finance Corporation Limited 2009 #		8,207,094
9.7% Power Finance Corporation Limited 2008 #		8,050,658
9.7% Power Finance Corporation Limited 2005 #		7,953,292
9.7% Power Finance Corporation Limited 2007 #		7,871,661
9.7% Power Finance Corporation Limited 2006 #		7,661,234
		538,143,401
TOTAL	(Cost - Rs.2,116,246,272)	2,128,985,755
Securitised Debt (10.58%)		
Finance (100%)		
Witco ICICI Bank (MMFSL) II B 2013*		241,296,958
JUS Trust Jet Airways Ser 4 2013*		126,039,960
Indian Retail ABS Trust Ser XI A2 2005*		50,238,410
ICICI Bank Indian Retail ABS Trust Sr II 2005*		35,714,464
Indian Retail ABS Trust SeriesXI A1 2005*		9,970,929
TOTAL	(Cost - Rs.442,381,317)	463,260,721
Government of India Securities (35.51%)		
10.95% Government of India 2011		557,834,100
11.03% Government of India 2012		200,268,534
6.20% Government of India UTI Special Bond 2010		157,740,000

Statement of Portfolio Holding

as at March 31, 2004

Description	Quantity	Market / Fair Value Rupees
11.83% Government of India 2014		138,256,500
6.85% Government of India 2012		119,593,750
12.32% Government of India 2011		70,153,600
8.07% Government of India 2017		62,185,000
7.46% Government of India 2017		59,650,000
7.49% Government of India 2017		59,365,000
6.3% Government of India 2023		52,500,000
6.17% Government of India 2023		52,000,000
5.64% Government of India 2019		25,212,500
TOTAL	(Cost - Rs. 1,549,250,091)	1,554,758,984
TOTAL INVESTMENTS	(Cost Rs. 4,339,861,686)	4,378,539,720

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

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

Auditors' Report

To the Trustee

DEUTSCHE MUTUAL FUND

1. We have audited the Balance Sheet of Deutsche Mutual Fund – Deutsche Short Maturity Fund ("The Scheme") as at March 31, 2004 and the related Revenue Account for the year ended on that day, both of which we have signed under reference to this report. These financial statements are the responsibility of the Trustee of Deutsche Mutual Fund and the Management of Deutsche Asset Management (India) Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned at March 31, 2004 by correspondence with the custodian and others. An audit also includes assessing the accounting principles used and significant estimates made by the Management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us,
 - (i) The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable, and also give respectively, a true and fair view of the state of affairs of Deutsche Mutual Fund – Deutsche Short Maturity Fund as at March 31, 2004 and its net surplus for the year ended on that date.
 - (ii) The Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended on that date, together with the notes thereon have been prepared in all material respects in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto as applicable.
 - (iii) The method used to value,
 - a) Privately placed securities in good faith and
 - b) Non traded / thinly traded debt securities in accordance with guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by the Securities and Exchange Board of India as at March 31, 2004 as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund are fair and reasonable.

K. H. Vachha
Partner

For and on behalf of
Price Waterhouse
Chartered Accountants
Membership No. F/30798

Place : Mumbai
Date : May 27, 2004

Balance Sheet

as at March 31, 2004

	Schedule	March 31, 2004 Rupees	March 31, 2003 Rupees
Assets			
Investments	1	3,470,531,270	587,473,743
Deposits	2	50,000,000	120,000,000
Other Current Assets	3	184,240,984	13,395,533
TOTAL		3,704,772,254	720,869,276
Liabilities			
Unit Capital	4	3,516,540,653	715,005,558
Reserves and Surplus	5	184,414,574	4,621,730
Current Liabilities and Provisions	6	3,817,027	1,241,988
TOTAL		3,704,772,254	720,869,276

Reconciliation of Net Asset Value Per Unit

	March 31, 2004				March 31, 2003			
	Growth Plan Rupees	Weekly Dividend Plan Rupees	Monthly Dividend Plan Rupees	Total Rupees	Growth Plan Rupees	Monthly Dividend Plan Rupees	Total Rupees	
Net Assets as per Balance Sheet (Total Assets less Current Liabilities and Provisions) (Note 2.5)	1,899,253,393	758,844,892	1,042,856,942	3,700,955,227	709,793,627	9,833,661	719,627,288	
Number of Units in Issue	176,213,153.629	73,872,061.269	101,568,850.346		70,523,241.471	977,314.265		
Net Asset Value per Unit	10.7782	10.2724	10.2675		10.0647	10.0619		

Notes to the Financial Statements. 9

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

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

K. H. VACHHA
Partner

For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

For Deutsche Trustees Services (India)
Private Limited

Gunit Chadha
Director

Y. B. Desai
Director

Debabrata Bhadury
Director

M.H. Kania
Director

A. S. Mitra
Director

James Goulding
Director

For Deutsche Asset Management (India)
Private Limited

Choy Peng-Wah
Director

Kersi M. Gherda
Director

Vijay P. Gokhale
Director

Sandeep Dasgupta
Director

Dileep Choksi
Director

Carl Saldanha
Director

Place: Mumbai
Date : May 27, 2004

Suresh Soni
Head - Fixed Income

Revenue Account

for the year ended March 31, 2004

Schedule	April 01, 2003 to March 31, 2004 Rupees	January 14, 2003 to March 31, 2003 Rupees
Income And Gains		
Interest and Discount	7	324,956,867
TOTAL		17,991,072
	324,956,867	17,991,072

Expenses And Losses

Net Loss on Sale of Investments [Including Net Loss on Inter - Scheme Sale of Investments Rs. 42,05,427. (Previous Year - Rs. 1,589,459)] (Note 2.3)		5,053,832	9,319,578
Investment Management and Advisory Fees (Note 3)		18,179,197	785,975
Trustee Fees and Expenses (Note 4)		500,000	22,857
Transfer Agent Fees and Expenses		4,365,058	200,956
Custodian Fees and Expenses (Note 5)		2,842,838	149,308
Audit Fees		188,033	60,000
Selling and Distribution Expenses		21,034,113	1,226,606
Other Operating Expenses		3,376,911	265,050
		55,539,982	12,030,330
Less: Expenses to be Reimbursed by the Investment Manager (Note 7)		2,431,047	689,674
TOTAL		53,108,935	11,340,656
Net Surplus for the year / period		271,847,932	6,650,416
Net Change in Unrealised Appreciation / (Depreciation) in Value of Investments	8	38,675,429	(3,050,490)
Net Surplus including Net change in Unrealised Appreciation / (Depreciation) in Value of Investments		310,523,361	3,599,926

	April 01, 2003 to March 31, 2004	April 22, 2003 to March 31, 2004	April 01, 2003 to March 31, 2004	Total Rupees	January 14, 2003 to March 31, 2003		
	Growth Plan Rupees	Weekly Dividend Plan Rupees	Monthly Dividend Plan Rupees		Growth Plan Rupees	Monthly Dividend Plan Rupees	Total Rupees
Net Surplus including Net change in Unrealised Appreciation / (Depreciation) in Value of Investments by Plan	166,663,774	84,452,576	59,407,011	310,523,361	3,774,949	(175,023)	3,599,926
Transfer from Dividend Equalisation Reserve (Note 2.7)	(37,062,328)	13,938,737	11,690,129	(11,433,462)	(1,794,340)	5,641,156	3,846,816
Dividend Distributions	-	(71,357,916)	(45,077,310)	(116,435,226)	-	-	-
Dividend Tax Thereon	-	(9,142,733)	(5,775,530)	(14,918,263)	-	-	-
Balance Transferred to Reserve Fund	129,601,446	17,890,664	20,244,300	167,736,410	1,980,609	5,466,133	7,446,742

Notes to the Financial Statements 9

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

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

K. H. VACHHA
Partner

For Deutsche Trustees 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

Choy Peng-Wah
Director

Sandeep Dasgupta
Director

Y. B. Desai
Director

A. S. Mitra
Director

Kersi M. Gherda
Director

Dileep Choksi
Director

Debabrata Bhadury
Director

James Goulding
Director

Vijay P. Gokhale
Director

Carl Saldanha
Director

Place: Mumbai
Date : May 27, 2004

Suresh Soni
Head - Fixed Income

Schedules

forming part of Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004

	March 31, 2004		March 31, 2003	
	Market / Fair Value Rupees	Cost Rupees	Market / FairValue 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, 2004)				
Privately Placed Non Convertible Debentures / Bonds	1,102,750,997	1,103,041,259	458,534,508	461,586,241
Non Convertible Debentures / Bonds Listed / Awaiting Listing	986,496,294	992,575,400	89,948,089	89,946,846
Securitised Debt	1,296,687,679	1,254,881,761	–	–
Government of India Securities	76,657,000	76,468,611		
Commercial Paper	7,939,300	7,939,300	38,991,146	38,991,146
	3,470,531,270	3,434,906,331	587,473,743	590,524,233

	March 31, 2004 Rupees	March 31, 2003 Rupees
Schedule 2		
Deposits		
Deposits with Scheduled Banks	50,000,000	120,000,000
	50,000,000	120,000,000

	March 31, 2004 Rupees	March 31, 2003 Rupees
Schedule 3		
Other Current Assets		
Balances with Banks		
– in Current Account	18,088,870	2,954,967
– in Dividend Account (Note 15)	393	–
Sales Contracts Awaiting Completion		
– Debentures / Bonds	40,529,911	–
– Government of India Securities	58,352,083	–
Interest Receivable on :		
– Debentures / Bonds	62,731,139	8,219,494
– Government of India Securities	1,863,736	–
– Deposits	1,713,013	1,531,398
Receivable from Investment Manager	953,485	689,674
Receivable from Trustee	8,354	–
	184,240,984	13,395,533

Schedules

forming part of Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004

	March 31, 2004		March 31, 2003	
	Rupees	Units	Rupees	Units
Schedule 4				
Unit Capital				
Growth Plan				
Issued and Subscribed				
Units of Rs.10 each fully paid up	2,112,481,400	211,248,140.000	2,112,481,400	211,248,140.000
Outstanding :				
At the beginning of the year / period	705,232,415	70,523,241.471	-	-
Initial Issue and Subscription	-	-	2,112,481,400	211,248,140.000
Issued during the year / period	15,318,239,761	1,531,823,976.050	61,173,751	6,117,375.058
	16,023,472,176	1,602,347,217.521	2,173,655,151	217,365,515.058
Redeemed during the year / period	14,261,340,639	1,426,134,063.892	1,468,422,736	146,842,273.587
At the end of the year / period	1,762,131,537	176,213,153.629	705,232,415	70,523,241.471
Weekly Dividend Plan				
Units of Rs.10 each fully paid up				
Outstanding :				
Issued during the year / period	7,210,510,792	721,051,079.163	-	-
	7,210,510,792	721,051,079.163	-	-
Redeemed during the year / period	6,471,790,179	647,179,017.894	-	-
At the end of the year / period	738,720,613	73,872,061.269	-	-
Monthly Dividend Plan				
Issued and Subscribed:				
Units of Rs.10 each fully paid up	107,873,000	10,787,300.000	107,873,000	10,787,300.000
Outstanding :				
At the beginning of the year / period	9,773,143	977,314.265	-	-
Initial Issue and Subscription	-	-	107,873,000	10,787,300.000
Issued during the year / period	2,993,019,402	299,301,940.235	2,050,143	205,014.265
	3,002,792,545	300,279,254.500	109,923,143	10,992,314.265
Redeemed during the year / period	1,987,104,042	198,710,404.154	100,150,000	10,015,000.000
At the end of the year / period	1,015,688,503	101,568,850.346	9,773,143	977,314.265
TOTAL	3,516,540,653	351,654,065.244	715,005,558	71,500,555.736

	March 31, 2004				March 31, 2003		
	Growth Plan Rupees	Weekly Dividend Plan Rupees	Monthly Dividend Plan Rupees	Total Rupees	Growth Plan Rupees	Monthly Dividend Plan Rupees	Total Rupees

Schedule 5

Reserves and Surplus

Unit Premium Reserve (Note 2.6)

At the beginning of the year / period	2,580,603	-	(5,405,615)	(2,825,012)	-	-	-
Added during the year / period	2,959,198	2,233,615	6,863,621	12,056,434	2,580,603	(5,405,615)	(2,825,012)
At the end of the year / period	5,539,801	2,233,615	1,458,006	9,231,422	2,580,603	(5,405,615)	(2,825,012)

Dividend Equalisation Reserve (Note 2.7)

Added during the year / period	(37,062,328)	13,938,737	11,690,129	(11,433,462)	(1,794,340)	5,641,156	3,846,816
Transfer to Revenue Account	37,062,328	(13,938,737)	(11,690,129)	11,433,462	1,794,340	(5,641,156)	(3,846,816)
At the end of the year / period	-	-	-	-	-	-	-

Schedules

forming part of Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004

	March 31, 2004				March 31, 2003			
	Growth Plan Rupees	Weekly Dividend Plan Rupees	Monthly Dividend Plan Rupees	Total Rupees	Growth Plan Rupees	Monthly Dividend Plan Rupees	Total Rupees	
Reserve Fund								
At the beginning of the year / period	1,980,609	-	5,466,133	7,446,742	-	-	-	
Balance Transferred from Revenue Account [including net unrealised appreciation in value of investments Rs.35,624,939 (Previous Year - net unrealised depreciation Rs.(3,050,490))]	129,601,446	17,890,664	20,244,300	167,736,410	1,980,609	5,466,133	7,446,742	
At the end of the year / period	131,582,055	17,890,664	25,710,433	175,183,152	1,980,609	5,466,133	7,446,742	
TOTAL	137,121,856	20,124,279	27,168,439	184,414,574	4,561,212	60,518	4,621,730	

	March 31, 2004 Rupees	March 31, 2003 Rupees
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Schedule 6

Current Liabilities and Provisions

Current Liabilities

	March 31, 2004 Rupees	March 31, 2003 Rupees
Investment Management and Advisory Fees	745,666	258,075
Trustee Fees and Expenses	-	7,774
Transfer Agent Fees and Expenses	281,339	80,888
Custodian Fees and Expenses	441,469	48,572
Audit Fees	188,033	60,000
Selling and Distribution Expenses	1,525,672	495,721
Unclaimed Dividend (Note 15)	393	-
Dividend Tax Payable	85,252	-
Inter Scheme Payable for Cash Management Fees	-	53,202
Sundry Payables	549,203	237,756
	3,817,027	1,241,988

	April 01, 2003 to March 31, 2004 Rupees	January 14, 2003 to March 31, 2003 Rupees
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Schedule 7

Interest and Discount

(Note 2.4)

	April 01, 2003 to March 31, 2004 Rupees	January 14, 2003 to March 31, 2003 Rupees
Debentures / Bonds	213,840,244	14,514,686
Government of India Securities	34,942,968	1,408,630
Treasury Bills	6,822,723	-
Reverse Repos	1,807,594	62,492
Deposits	37,430,271	1,595,822
Commercial Paper	30,113,067	409,442
	324,956,867	17,991,072

Schedules

forming part of Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004

	April 01, 2003 to March 31, 2004 Rupees	January 14, 2003 to March 31, 2003 Rupees
Schedule 8		
Unrealised Appreciation / (Depreciation) in Value of Investments		
(Note 8)		
(a) Privately Placed Non Convertible Debentures / Bonds		
At the beginning of the year / period	(3,051,733)	-
At the end of the year / period	(290,262)	(3,051,733)
Net change during the year / period	(I) 2,761,471	(3,051,733)
(b) Non Convertible Debentures / Bonds Listed / Awaiting Listing		
At the beginning of the year / period	1,243	-
At the end of the year / period	(6,079,106)	1,243
Net change during the year / period	(II) (6,080,349)	1,243
(c) Securitised Debt		
At the beginning of the year / period	-	-
At the end of the year / period	41,805,918	-
Net change during the year / period	(III) 41,805,918	-
(d) Government of India Securities		
At the beginning of the year / period	-	-
At the end of the year / period	188,389	-
Net change during the year / period	(IV) 188,389	-
Net change in unrealised appreciation / (depreciation) in value of investments during the period	(I)+(II)+(III)+(IV) 38,675,429	(3,050,490)



Schedules

forming part of Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004

Schedule 9

Notes to the Financial Statements

1. Organisation

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

During the year, Weekly Dividend Plan has been launched effective from April 22, 2003. As at March 31, 2004 the Scheme has three plans - Growth Plan, Monthly Dividend Plan and Weekly 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.

2. Significant Accounting Policies

2.1 Basis of Accounting

The Scheme maintains its books of account on an accrual basis. These financial statements have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 (the "Regulations") and amendments thereto, as applicable.

2.2 Portfolio Valuation

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

- i. Debt securities listed on a recognised stock exchange are valued at the last quoted closing price on the principal exchange on which the security is traded.
- ii. Non-traded and thinly traded debt securities, are valued at fair value as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by the Securities and Exchange Board of India (SEBI).
- iii. Privately placed debt securities are valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- iv. Government securities are valued at prices obtained from The Credit Rating Information Services of India Limited in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by SEBI.
- v. Securitised debt securities are valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- vi. Instruments bought on 'repo' basis are valued at the resale price after deduction of applicable interest up to the date of resale.
- vii. 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. Unrealized appreciation is reduced from the distributable income at the time of income distribution. At the end of the financial year, the balance in the Revenue Account including change in the net unrealised appreciation or depreciation in the value of investments is transferred to Reserve Fund.

2.3 Securities Transaction

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

2.4 Investment Income

Interest income is recorded on an accrual basis.

2.5 Net Asset Value for Growth/Dividend Plans

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

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

Schedules

forming part of Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004

2.6 Unit Premium Reserve

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

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

2.7 Dividend Equalization Reserve

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

3. Investment Management and Advisory Fees

The Scheme has paid or provided for investment management and advisory fees payable to Deutsche Asset Management (India) Private Limited for managing the Scheme at an annual rate of 0.34% of the average daily net asset values recorded by the Scheme. All costs, charges and expenses incurred by Deutsche Asset Management (India) Private Limited in the administration and execution of the activities of the Scheme, except costs allowed to be charged to the Scheme under the Regulations, and amendments thereto as applicable, are on their own account for which they receive investment management and advisory fees.

4. Trusteeship Fees

In accordance with the Deed of Trust dated May 29, 2002 between Deutsche Asset Management (Asia) Limited (the "Settlor") and Deutsche Trustee Services (India) Private Limited (the "Trustee"), the Fund has paid or provided for trustee fees payable to the Trustee at an annual rate of 0.01% of the average daily net asset values recorded by the Scheme subject to a maximum of Rs.500,000 per annum.

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.

7. Limitation of Expenses

In accordance with the Offer Document dated November 11, 2002 the total expenses chargeable to the Scheme is limited to 0.90% of the average daily net assets recorded by the Scheme. Deutsche Asset Management (India) Private Limited has borne Rs.2,431,047 which is in excess of the above mentioned percentage of the average daily net assets allowable to be charged to the Scheme as total expenses for the year.

8. Aggregate Appreciation and Depreciation In Value of Investments

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

	March 31, 2004 Rupees	March 31, 2003 Rupees
Privately Placed Non Convertible Debentures/Bonds		
– Appreciation	2,604,242	496,468
– Depreciation	2,894,504	3,548,201
Non Convertible Debentures/Bonds Listed / Awaiting Listing		
– Appreciation	1,645,031	3,743
– Depreciation	7,724,137	2,500
Securitized Debt-		
– Appreciation	41,805,918	–
– Depreciation	–	–
Government of India Securities		
– Appreciation	188,389	–
– Depreciation	–	–

9. Registered Securities

In accordance with Regulation 44(1) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, securities purchased should be held in the name of the Scheme. As at March 31, 2004 securities aggregating to Rs. 76,657,000 (market value) are held in the name of Deutsche Mutual Fund.

10. Aggregate Fair Value of Non Traded Investments

Aggregate fair value of non-traded (including private placements) investments as determined by Deutsche Asset Management (India) Private Limited under the procedures approved by the Trustee as at March 31, 2004 is Rs. 3,352,955,069.

Schedules

forming part of Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004

11. Aggregate Value of Purchases and Sale of Investments

The aggregate value of investment securities purchased and sold (including matured) during the financial year are Rs. 30,951,961,358 (excluding accretion of discount Rs. 36,731,938) and Rs. 28,139,202,286 respectively being 578.81% and 526.21% of the average daily net assets.

12. Income and Expenses

The total income (including net loss on sale of investments and net change in unrealized appreciation in the value of investments) and expenditure is Rs. 358,578,464 and Rs. 48,055,103 respectively being 6.71% and 0.90% of average daily net assets.

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

Deutsche Bank AG, Mumbai Branch and Kotak Mahindra Bank Limited associate entities of Deutsche Asset Management (India) Private Limited were paid commission amounting to Rs.3,540,647 and Rs.231,294 respectively for procuring unit subscriptions for the Scheme. The commission paid was at rates similar to those offered to other distributors.

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

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

Company Name	Scheme invested in by the Company	Investments made by Schemes of Deutsche Mutual Fund in the Company/Subsidiary	
		Aggregate for the period under Regulation 25(11)	Outstanding as at March 31, 2004
		At Cost (Rupees in lakhs)	At Market / Fair Value (Rupees in lakhs)
Bank of Baroda Ltd.	Deutsche Insta Cash Plus Fund	144.63	
Bharti Televentures Ltd.	Deutsche Floating Rate Fund	1,045.45	100.52
Export Import Bank of India Ltd.	Deutsche Short Maturity Fund	29,004.08	1,539.15
Finolex Cables Ltd.	Deutsche Short Maturity Fund	3,755.04	
Grasim Industries Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund	3,510.96	739.00
HCL Technologies Ltd.	Deutsche Short Maturity Fund	779.36	396.57
Hindalco Industries Ltd.	Deutsche Floating Rate Fund and Deutsche Short Maturity Fund	927.81	
Hindustan Lever Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund	5,179.33	347.79
Housing Development Finance Corporation Ltd.	Deutsche Insta Cash Plus Fund	40,259.92	8,181.97
Industrial Development Bank of India Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund	68,150.91	19,964.27
Infrastructure Development Finance Company Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund and Deutsche Premier Bond Fund	4,911.12	2,470.27
ITC Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund	1,215.31	494.67
Larsen & Toubro Ltd.	Deutsche Insta Cash Plus Fund, Deutsche Alpha Equity Fund and Deutsche Investment Opportunity Fund	6,557.12	2,898.16
Nestle India Ltd.	Deutsche Insta Cash Plus Fund	43.01	
Raymond Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund	987.48	
Tata Chemicals Ltd.	Deutsche Short Maturity Fund	16.34	
Tata Motors Ltd.	Deutsche Insta Cash Plus Fund	1,082.77	679.99
The Tata Iron and Steel Company Ltd.	Deutsche Insta Cash Plus Fund	1,652.64	741.43
TOTAL		169,223.28	38,553.79

The investments comprise equity, debt and money market instruments. Deutsche Asset Management (India) Private Limited is of the opinion that the said companies are fundamentally strong and possess a high potential for growth and are market leaders in their respective fields. Accordingly, investments were made in the said companies.

15. Unclaimed Dividends

As at March 31, 2004 unclaimed dividends aggregate Rs.393 being payable to two investors. These details are based on confirmations as received from the Scheme's Registrar and Transfer Agent that maintains information of unclaimed dividends on behalf of the Scheme.

Schedules

forming part of Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004

16. Perspective Historical Per Unit Statistics*

	April 01, 2003 to March 31, 2004 Rupees	January 14, 2003 to March 31, 2003 Rupees
(a) Net asset value per unit at the end of the year / period (Note 2.5)		
Growth Plan	10.7782	10.0647
Weekly Dividend Plan	10.2724	-
Monthly Dividend Plan	10.2675	10.0619
(b) Gross income		
(i) income other than profit on sale of investment	0.9241	0.2516
(ii) income from profit on inter scheme sales/transfer of investment	(0.0120)	(0.0222)
(iii) income (net) from profit / (loss) on sale of investments to third party	(0.0024)	(0.1081)
(iv) transfer of revenue account from past year's reserve	NA	NA
(c) Aggregate of expenses, write off, amortisation and charges.	0.1367	0.0283
(d) Net income	0.7730	0.0930
(e) Net change in unrealised appreciation / (depreciation) in value of investments	0.1100	(0.0427)
(f) Redemption Price		
- Highest		
Growth Plan	10.7782	10.0686
Weekly Dividend Plan	10.2959	-
Monthly Dividend Plan	10.2836	10.0379
- Lowest		
Growth Plan	10.0686	9.9622
Weekly Dividend Plan	10.1775	-
Monthly Dividend Plan	10.1362	9.9763
(g) Purchase price		
- Highest		
Growth Plan	10.7782	10.0402
Weekly Dividend Plan	10.2959	-
Monthly Dividend Plan	10.2836	10.0266
- Lowest		
Growth Plan	10.0886	9.9677
Weekly Dividend Plan	10.1411	-
Monthly Dividend Plan	10.0792	9.9637
(h) Price earnings ratio	NA	NA
(i) Ratio of expenses to daily average net assets by percentage	0.90%	0.90%@
(j) Ratio of gross income (including net loss on sale of investments and net change in unrealised appreciation / depreciation in value of investments) to daily average net assets by percentage	6.71%	2.50%@

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

@ The ratio of expenses and gross income to average daily net assets by percentage has been annualized for the period January 27, 2003 to March 31, 2003.

17. Prior Period's Figures

Prior period's figures which are for a period of approximately three months have been re-grouped/ re-arranged where appropriate and are not comparable with the current year's figures.

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

K. H. VACHHA
Partner

For Deutsche Trustees 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

Choy Peng-Wah
Director

Sandeep Dasgupta
Director

Y. B. Desai
Director

A. S. Mitra
Director

Kersi M. Gherda
Director

Dileep Choksi
Director

Debabrata Bhadury
Director

James Goulding
Director

Vijay P. Gokhale
Director

Carl Saldanha
Director

Place: Mumbai
Date : May 27, 2004

Suresh Soni
Head - Fixed Income



Statement of Portfolio Holding

as at March 31, 2004

(Referred to in Schedule 1 to the Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004)

Description	Fair / Market Value Rupees
Privately Placed Non-Convertible Debentures/Bonds (31.77%)	
Banking (1.39%)	
11.15% ICICI Bank Limited 2008*	15,375,545
	15,375,545
Chemical (0.91%)	
Cargill India Pvt. Limited 2005*	10,000,000
	10,000,000
Consumer Electronics (2.72%)	
Mirc Electronics Limited 2004*	30,000,000
	30,000,000
Diversified Financial Services (43.86%)	
ICICI Securities Limited 2004*	30,000,000
14.50% Industrial Development Bank of India 2005* @	108,609,658
7.20% LeasePlan India Limited 2006*	102,262,100
6.00% IDBI Capital Market Services Limited 2006*	100,360,400
10.90% Industrial Development Bank of India 2008* @	55,163,223
6.10% Kotak Securities Limited 2004*	50,004,600
14.00% Industrial Development Bank of India 2005* @	10,978,590
6.10% Indian Railway Finance Corporation Limited 2006*	26,312,598
	483,691,169
Finance (42.05%)	
5.75% Citi Financial Consumer Finance India Limited 2006*	100,091,100
6.00% L&T Finance Limited 2007*	100,003,400
5.81% Citicorp Maruti Finance Limited 2006*	99,920,400
6.10% Citi Financial Consumer Finance India Limited 2005*	50,367,650
5.93% Citi Financial Consumer Finance India Limited 2005*	50,289,400
7.75% L&T Finance Limited 2005*	50,012,333
Citi Financial Consumer Finance India Limited 2005*	13,000,000
	463,684,283
Finance -Housing (9.07%)	
Housing and Urban Development Corporation Limited 2004*	100,000,000
	100,000,000
TOTAL	(Cost - Rs. 1,103,041,259) 1,102,750,997
Non-Convertible Debentures/Bonds Listed/Awaiting Listing (28.43%)	
Banks (15.69%)	
9.70% Canara Bank 2007 #	55,367,250
6.25% Export-Import Bank of India 2007 @	40,919,200
12.00% Punjab National Bank 2007 #	35,427,621
14.00% ICICI Bank Limited. 2006 #	23,069,800
	154,783,871
Commodity Chemicals (9.16%)	
9.90% Reliance Industries Limited 2006 #	54,614,650
13.35% Indian Petrochemical Corporation Limited 2005 #	35,774,700
	90,389,350
Consumer Finance (11.70%)	
12.00% Housing Development Finance Corporation Limited 2007 @ #	115,382,500
	115,382,500
Diversified Financial Services (22.74%)	
6.65% Industrial Development Bank of India 2006 @ #	101,286,800
6.00% Industrial Development Bank of India 2009 @ #	49,690,500
14.00% Industrial Development Bank of India 2006 @ #	17,076,300
12.30% Industrial Development Bank of India 2007 @ #	11,604,640
9.00% Industrial Development Bank of India 2005 @ #	10,376,600
12.10% Industrial Development Bank of India 2005 @ #	4,356,963

Statement of Portfolio Holding

as at March 31, 2004

Description	Fair / Market Value Rupees
9.50% Industrial Development Bank of India 2005 @ #	4,275,234
6.98% Indian Railway Finance Corporation Limited 2006 #	10,270,305
6.98% Indian Railway Finance Corporation Limited 2005 #	10,167,638
6.98% Indian Railway Finance Corporation Limited 2007 #	5,188,330
	224,293,310
Household Products (3.45%)	
9.00% Hindustan Lever Limited. 2005 @ #	34,063,808
	34,063,808
Marine (5.30%)	
10.65% The Great Eastern Shipping Company Limited 2005 #	52,289,100
	52,289,100
Power Generation and Supply (31.96%)	
7.85% Rural Electrification Corporation Limited 2007 #	262,729,305
10.85% Rural Electrification Corporation Limited 2007 #	52,565,050
	315,294,355
TOTAL	(Cost - Rs.992,575,400)
	986,496,294
Securitised Debt (37.36%)	
Finance (100%)	
Asset Security Trust 2004 I Chola. PTC SerA2 2006*	234,626,504
UBL Trust SR-A1 UTI-PTC TR 2 (ALFL) 2006*	158,370,304
ICICI Bank.Indian Retail ABS Trust Sr I PTC 2006*	140,257,587
GECSI Loan Trust Sr I Senior Cert Class B PTC 2006*	102,800,318
Indian Retail ABS Trust Sr A1 2005*	99,709,294
Witco ICICI Bank Ser II A PTC (MMFSL) 2008*	92,350,640
VE Trust 2 (MMFSL) 2005*	87,619,641
Jus Trust PTC Tranche 6 2014*	64,649,180
ICICI Bank.Indian Retail ABS Trust Sr II PTC 2005*	57,143,142
6.35% UBL Trust Ser 6 A2 Dec03 (Ash.Ley Fin) PTC 2006*	54,647,838
GECSI Loan Trust Class D Senior PTC (IRFC) 2008*	52,221,777
TVSFSL Securitisation Trust Feb2004 Sr A2 2007*	49,989,407
ICICI Bank NTPC Loan Secur Trust TR 12 PTC 2009*	48,606,962
TVSFSL Two Wheeler Sr A2 (Witeco)2005*	21,455,787
Jus Trust PTC Tranche 1 2013*	19,802,320
GE Cap Tran Fin Ser ABS Trust Class A PTC 2005*	12,436,978
TOTAL	(Cost - Rs.1,254,881,761)
	1,296,687,679
Government of India Securities (2.21%)	
6.85% Government of India 2012	55,625,000
6.20% Government of India UTI Special Bond 2010	21,032,000
TOTAL	(Cost - Rs.76,468,611)
	76,657,000
Commercial Paper (0.23%)	
Cement (100%)	
Skanska Cementation India Limited 2004*	7,939,300
TOTAL	(Cost - Rs.7,939,300)
	7,939,300
TOTAL INVESTMENTS	(Cost Rs. 3,434,906,331)
	3,470,531,270

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

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

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

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

Auditors' Report

To the Trustee

DEUTSCHE MUTUAL FUND

1. We have audited the Balance Sheet of Deutsche Mutual Fund – Deutsche Insta Cash Plus Fund ("The Scheme") as at March 31, 2004 and the related Revenue Account for the year ended on that day, both of which we have signed under reference to this report. These financial statements are the responsibility of the Trustee of Deutsche Mutual Fund and the Management of Deutsche Asset Management (India) Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned at March 31, 2004 by correspondence with the custodian and others. An audit also includes assessing the accounting principles used and significant estimates made by the Management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us,
 - (i) The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable, and also give respectively, a true and fair view of the state of affairs of Deutsche Mutual Fund – Deutsche Insta Cash Plus Fund as at March 31, 2004 and its net surplus for the year ended on that date.
 - (ii) The Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended on that date, together with the notes thereon have been prepared in all material respects in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto as applicable.
 - (iii) The method used to value,
 - a) Privately placed debt securities in good faith and
 - b) Non traded / thinly traded debt securities in accordance with guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by the Securities and Exchange Board of India as at March 31, 2004 as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund are fair and reasonable.

K. H. Vachha
Partner

For and on behalf of
Price Waterhouse
Chartered Accountants
Membership No. F/30798

Place : Mumbai
Date : May 27, 2004

Balance Sheet

as at March 31, 2004

	Schedule	March 31, 2004 Rupees	March 31, 2003 Rupees
Assets			
Investments	1	5,601,678,643	370,305,227
Deposits	2	2,429,000,000	47,500,000
Other Current Assets	3	1,184,448,629	264,252,682
TOTAL		9,215,127,272	682,057,909
Liabilities			
Unit Capital	4	8,874,123,418	674,124,309
Reserves and Surplus	5	334,436,110	7,381,225
Current Liabilities and Provisions	6	6,567,744	552,375
TOTAL		9,215,127,272	682,057,909

Reconciliation of Net Asset Value Per Unit

	March 31, 2004					March 31, 2003		
	Growth Plan Rupees	Daily Dividend Plan Rupees	Weekly Dividend Plan Rupees	Regular Dividend Plan Rupees	Total Rupees	Growth Plan Rupees	Regular Dividend Plan Rupees	Total Rupees
Net Assets as per Balance Sheet (Total Assets less Current Liabilities and Provisions) (Note 2.5)	4,441,986,915	892,446,858	2,547,806,328	1,326,319,427	9,208,559,528	657,968,159	23,537,375	681,505,534
Number of Units in Issue	418,160,221.443	86,698,347.753	252,163,303.037	130,390,469.575		65,084,160.749	2,328,270.222	
Net Asset Value per Unit	10.6227	10.2937	10.1038	10.1719		10.1095	10.1094	

Notes to the Financial Statements 9

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

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

K. H. VACHHA
Partner

For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

For Deutsche Trustees Services (India)
Private Limited

Gunit Chadha
Director

Y. B. Desai
Director

Debabrata Bhadury
Director

M.H. Kania
Director

A. S. Mitra
Director

James Goulding
Director

For Deutsche Asset Management (India)
Private Limited

Choy Peng-Wah
Director

Kersi M. Gherda
Director

Vijay P. Gokhale
Director

Suresh Soni
Head - Fixed Income

Sandeep Dasgupta
Director

Dileep Choksi
Director

Carl Saldanha
Director

Jignesh Barasara
Fund Manager

Place: Mumbai
Date : May 27, 2004



Revenue Account

for the year ended March 31, 2004

	Schedule	April 01, 2003 to March 31, 2004 Rupees	January 14, 2003 to March 31, 2003 Rupees
Income And Gains			
Interest and Discount	7	291,293,784	7,340,321
Net Profit on Sale of Investments [Including Net Profit on Inter Scheme Sale of Investments Rs.558,286 (Previous Year - Net Loss - Rs.13,688)](Note 2.3)		6,121,677	20,213
TOTAL		297,415,461	7,360,534

Expenses And Losses

Investment Management and Advisory Fees (Note 3)		18,017,092	273,700
Trustee Fees and Expenses (Note 4)		500,000	10,948
Transfer Agent Fees and Expenses		4,667,050	107,065
Custodian Fees and Expenses (Note 5)		3,127,761	69,343
Audit Fees		188,033	60,000
Selling and Distribution Expenses		11,786,253	245,450
Other Operating Expenses		3,261,116	119,045
		41,547,305	885,551
Less: Expenses to be Reimbursed by the Investment Manager (Note 7)		4,910,516	281,768
TOTAL		36,636,789	603,783
Net Surplus for the year / period		260,778,672	6,756,751
Net change in Unrealised Appreciation in Value of Investments	8	7,019,206	115,276
Net Surplus including Net change in unrealised Appreciation in Value of Investments		267,797,878	6,872,027

	April 01, 2003 to March 31, 2004					January 14, 2003 to March 31, 2003		
	Growth Plan Rupees	Daily Dividend Plan Rupees	Weekly Dividend Plan Rupees	Regular Dividend Plan Rupees	Total Rupees	Growth Plan Rupees	Regular Dividend Plan Rupees	Total Rupees
Net Surplus including Net Unrealised change in appreciation in Value of Investments by Plan	135,555,978	26,128,397	83,480,671	22,632,832	267,797,878	6,682,431	189,596	6,872,027
Transfer from Dividend Equalisation Reserve (Note 2.7)	113,698,314	24,271,240	29,020,433	16,204,064	183,194,051	507,813	26,805	534,618
Dividend Distributions	-	(23,160,839)	(78,642,523)	(18,198,028)	(120,001,390)	-	-	-
Dividend Tax Thereon	-	(2,967,482)	(10,076,073)	(2,331,622)	(15,375,177)	-	-	-
Balance Transferred to Reserve Fund	249,254,292	24,271,316	23,782,508	18,307,246	315,615,362	7,190,244	216,401	7,406,645

Notes to the Financial Statements

9

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

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

K. H. VACHHA
Partner

For Deutsche Trustees 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

Choy Peng-Wah
Director

Sandeep Dasgupta
Director

Y. B. Desai
Director

A. S. Mitra
Director

Kersi M. Gherda
Director

Dileep Choksi
Director

Debabrata Bhadury
Director

James Goulding
Director

Vijay P. Gokhale
Director

Carl Saldanha
Director

Place: Mumbai
Date : May 27, 2004

Suresh Soni
Head - Fixed Income

Jignesh Barasara
Fund Manager

Schedules

forming part of Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004

	March 31, 2004		March 31, 2003	
	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, 2004)				
Privately Placed Non Convertible Debentures / Bonds	2,636,827,722	2,638,160,732	100,170,977	100,170,977
Non Convertible Debentures / Bonds Listed / Awaiting Listing	517,769,659	521,309,356	30,046,966	29,931,690
Securitized Debt	1,309,791,488	1,297,784,299	-	-
Treasury Bill	19,863,429	19,863,429	-	-
Commercial Paper / Certificate of Deposit	1,117,426,345	1,117,426,345	240,087,284	240,087,284
	5,601,678,643	5,594,544,161	370,305,227	370,189,951

	March 31, 2004 Rupees	March 31, 2003 Rupees
Schedule 2		
Deposits		
Deposits with Scheduled Banks	2,429,000,000	47,500,000
	2,429,000,000	47,500,000

	March 31, 2004 Rupees	March 31, 2003 Rupees
Schedule 3		
Other Current Assets		
Balances with Banks in Current Account	9,486,113	1,474,705
Sales Contracts Awaiting Completion		
– Non convertible Debentures / Bonds	850,000,000	–
Reverse Repos	–	156,844,280
Interest Receivables on :		
– Debentures / Bonds	54,634,004	5,475,863
– Securitized Debt	2,552,609	–
– Deposits	16,325,687	151,782
– Application Money	95,548	–
– Reverse Repos	–	24,284
Application Money Pending Allotment	250,000,000	100,000,000
Receivable from Investment Manager	1,257,168	281,768
Miscellaneous Receivables	97,500	–
	1,184,448,629	264,252,682

Schedules

forming part of Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004

	March 31, 2004		March 31, 2003	
	Rupees	Units	Rupees	Units
Schedule 4				
Unit Capital				
Growth Plan				
Issued and Subscribed:				
Units of Rs.10 each fully paid up	597,290,000	59,729,000.000	597,290,000	59,729,000.000
Outstanding :				
At the beginning of the year / period	650,841,607	65,084,160.749	–	–
Initial Issue and Subscription	–	–	597,290,000	59,729,000.000
Issued during the year / period	41,940,607,031	4,194,060,703.061	2,502,014,016	250,201,401.606
	42,591,448,638	4,259,144,863.810	3,099,304,016	309,930,401.606
Redeemed during the year / period	38,409,846,424	3,840,984,642.367	2,448,462,409	244,846,240.857
At the end of the year / period	4,181,602,214	418,160,221.443	650,841,607	65,084,160.749
Daily Dividend Plan				
Issued and Subscribed:				
Units of Rs.10 each fully paid up	–	–	–	–
Outstanding :				
At the beginning of the year / period	–	–	–	–
Initial Issue and Subscription	–	–	–	–
Issued during the year / period	16,659,376,453	1,665,937,645.330	–	–
	16,659,376,453	1,665,937,645.330	–	–
Redeemed during the year / period	15,792,392,976	1,579,239,297.577	–	–
At the end of the year / period	866,983,477	86,698,347.753	–	–
Weekly Dividend Plan				
Issued and Subscribed:				
Units of Rs.10 each fully paid up	–	–	–	–
Outstanding :				
At the beginning of the year / period	–	–	–	–
Initial Issue and Subscription	–	–	–	–
Issued during the year / period	11,580,796,019	1,158,079,601.855	–	–
	11,580,796,019	1,158,079,601.855	–	–
Redeemed during the year / period	9,059,162,988	905,916,298.818	–	–
At the end of the year / period	2,521,633,031	252,163,303.037	–	–
Regular Dividend Plan				
Issued and Subscribed:				
Units of Rs.10 each fully paid up	50,100,000	5,010,000.000	50,100,000	5,010,000.000
Outstanding :				
At the beginning of the year / period	23,282,702	2,328,270.222	–	–
Initial Issue and Subscription	–	–	50,100,000	5,010,000.000
Issued during the year / period	4,181,453,254	418,145,325.394	23,182,702	2,318,270.222
	4,204,735,956	420,473,595.616	73,282,702	7,328,270.222
Redeemed during the year / period	2,900,831,260	290,083,126.041	50,000,000	5,000,000.000
At the end of the year / period	1,303,904,696	130,390,469.575	23,282,702	2,328,270.222
TOTAL	8,874,123,418	887,412,341.808	674,124,309	67,412,430.971

Schedules

forming part of Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004

	March 31, 2004					March 31, 2003		
	Growth Plan Rupees	Daily Dividend Plan Rupees	Weekly Dividend Plan Rupees	Regular Dividend Plan Rupees	Total Rupees	Growth Plan Rupees	Regular Dividend Plan Rupees	Total Rupees
Schedule 5								
Reserves and Surplus								
Unit Premium Reserve (Note 2.6)								
At the beginning of the year / period	(63,692)	-	-	38,272	(25,420)	-	-	-
Added during the year / period	4,003,857	1,192,065	2,390,789	3,852,812	11,439,523	(63,692)	38,272	(25,420)
At the end of the year / period	3,940,165	1,192,065	2,390,789	3,891,084	11,414,103	(63,692)	38,272	(25,420)
Dividend Equalisation Reserve (Note 2.7)								
Added during the year / period	113,698,314	24,271,240	29,020,433	16,204,064	183,194,051	507,813	26,805	534,618
Transferred to Revenue Account	(113,698,314)	(24,271,240)	(29,020,433)	(16,204,064)	(183,194,051)	(507,813)	(26,805)	(534,618)
At the end of the year / period	-	-	-	-	-	-	-	-
Reserve Fund								
At the beginning of the year / period	7,190,244	-	-	216,401	7,406,645	-	-	-
Balance Transferred from Revenue Account (including net unrealised Appreciation in value of investments Rs.7,134,482 (Previous Year Rs.115,276)]	249,254,292	24,271,316	23,782,508	18,307,246	315,615,362	7,190,244	216,401	7,406,645
At the end of the year / period	256,444,536	24,271,316	23,782,508	18,523,647	323,022,007	7,190,244	216,401	7,406,645
TOTAL	260,384,701	25,463,381	26,173,297	22,414,731	334,436,110	7,126,552	254,673	7,381,225

March 31, 2004
Rupees

March 31, 2003
Rupees

Schedule 6

Current Liabilities and Provisions

Current Liabilities

Investment Management and Advisory Fees	1,364,939	130,643
Trustee Fees and Expenses	28,859	5,226
Transfer Agent Fees and Expenses	716,555	56,107
Custodian Fees and Expenses	1,172,289	34,311
Audit Fees	188,033	60,000
Selling and Distribution Expenses	2,026,820	181,356
Dividend Payable	103,550	-
Dividend Tax Payable	328,409	-
Inter Scheme Payable for Cash Management Fees	-	12,473
Sundry Payables	638,290	72,259
	6,567,744	552,375

Schedules

forming part of Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004

	April 01, 2003 to March 31, 2004 Rupees	January 14, 2003 to March 31, 2003 Rupees
Schedule 7		
Interest and Discount		
(Note 2.4)		
Debentures / Bonds	126,504,950	4,568,489
Securitised Debt	7,001,838	-
Government of India Securities	-	2,084
Treasury Bills	12,299,533	296,091
Commercial Paper / Certificate of Deposit	65,687,740	1,552,793
Reverse Repos	7,262,461	439,250
Deposits	72,441,714	481,614
Application Money	95,548	-
	291,293,784	7,340,321

	April 01, 2003 to March 31, 2004 Rupees	January 14, 2003 to March 31, 2003 Rupees
Schedule 8		
Unrealised Appreciation / (Depreciation) in Value of Investments		
(Note 8)		
(a) Privately Placed Non Convertible Debentures / Bonds		
At the beginning of the year / period	-	-
At the end of the year / period	(1,333,010)	-
Net change during the year / period	(I) (1,333,010)	-
(b) Non Convertible Debentures / Bonds Listed / Awaiting Listing		
At the beginning of the year / period	115,276	-
At the end of the year / period	(3,539,697)	115,276
Net change during the year / period	(II) (3,654,973)	115,276
(c) Securitized Debt		
At the beginning of the year / period	-	-
At the end of the year / period	12,007,189	-
Net change during the year / period	(III) 12,007,189	-
Net change in unrealised appreciation in value of investments during the year / period	(I)+(II)+(III) 7,019,206	115,276

Schedules

forming part of Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004

Schedule 9

Notes to the Financial Statements

1. Organisation

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

During the year, Weekly Dividend and Daily Dividend Plans were launched effective from April 3, 2003 and July 29, 2003 respectively. As at March 31, 2004 the Scheme has four plans - Growth Plan, Regular Dividend Plan, Weekly Dividend Plan and Daily 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.

2. Significant Accounting Policies

2.1 Basis of Accounting

The Scheme maintains its books of account on an accrual basis. These financial statements have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 (the "Regulations") and amendments thereto, as applicable.

2.2 Portfolio Valuation

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

- i. Debt securities listed on a recognised stock exchange are valued at the last quoted closing price on the principal exchange on which the security is traded.
- ii. Non-traded and thinly traded debt securities are valued at fair value as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by the Securities and Exchange Board of India (SEBI).
- iii. Privately placed debt securities are valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- iv. Securitised debt securities are valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- v. Instruments bought on 'repo' basis are valued at the resale price after deduction of applicable interest up to the date of resale.
- vi. Money market instruments are valued at cost plus accrued interest.

Following the issue of the guidance note on accounting for investments in the financial statements of mutual funds by the Institute of Chartered Accountants of India (pursuant to the Eleventh Schedule of the Regulations) net unrealized appreciation / depreciation in the value of investments is determined separately for each category of investments. Further the change in net unrealized appreciation / depreciation, if any, between two Balance Sheet dates / dates of determination is recognized in the Revenue Account. Unrealized appreciation is reduced from the distributable income at the time of income distribution. At the end of the financial year, the balance in the Revenue Account including change in the net unrealized appreciation or depreciation in the value of investments is transferred to Reserve Fund.

2.3 Securities Transaction

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

2.4 Investment Income

Interest income is recorded on an accrual basis.

2.5 Net Asset Value for Growth/Dividend Plans

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

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

Schedules

forming part of Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004

2.6 Unit Premium Reserve

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

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

2.7 Dividend Equalization Reserve

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

3. Investment Management and Advisory Fees

The Scheme has paid or provided for investment management and advisory fees payable to Deutsche Asset Management (India) Private Limited for managing the Scheme at an annual rate of 0.32% of the average daily net asset values recorded by the Scheme. All costs, charges and expenses incurred by Deutsche Asset Management (India) Private Limited in the administration and execution of the activities of the Scheme, except costs allowed to be charged to the Scheme under the Regulations, and amendments thereto as applicable, are on their own account for which they receive investment management and advisory fees.

4. Trustee Fees

In accordance with the Deed of Trust dated May 29, 2002 between Deutsche Asset Management (Asia) Limited (the "Settlor") and Deutsche Trustee Services (India) Private Limited (the "Trustee"), the Fund has paid or provided for trustee fees payable to the Trustee at an annual rate of 0.01% of the average daily net asset values recorded by the Scheme subject to a maximum of Rs.500,000 per annum.

5. Custodian Fees

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

6. Income Taxes

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

7. Limitation on Expenses

The total expenses chargeable to the Scheme is limited to 0.65% of the average daily net assets recorded by the Scheme. Deutsche Asset Management (India) Private Limited has borne Rs.4,910,516 in excess of the above mentioned percentage of the average daily net assets to be charged to the Scheme as total expenses for the year.

8. Aggregate Appreciation and Depreciation in Value of Investments

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

	March 31, 2004 Rupees	March 31, 2003 Rupees
Privately Placed Non Convertible Debentures/Bonds		
– Appreciation	9,200	–
– Depreciation	1,342,210	–
Non Convertible Debentures / Bonds Listed / Awaiting Listing		
– Appreciation	–	115,276
– Depreciation	3,539,697	–
Securitized Debt		
– Appreciation	12,007,189	–
– Depreciation	–	–

9. Registered Securities

In accordance with Regulation 44(1) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, securities purchased should be held in the name of the Scheme. As at March 31, 2004 securities aggregating to Rs. 19,863,429 (market value) are held in the name of Deutsche Mutual Fund.

10. Aggregate Fair Value of Non-Traded Investments

Aggregate fair value of non-traded (including private placement) investments as determined by Deutsche Asset Management (India) Private Limited under the procedures approved by the Trustee as at March 31, 2004 is Rs. 5,585,432,293.

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. 41,057,106,451 (excluding accretion of discount Rs. 77,249,419) and Rs. 35,916,058,598 respectively being 725.01% and 634.22% of the average daily net assets.

12. Income and Expenses

The total income (including net profit on sale of investments and net change in unrealized appreciation in the value of investments) and expenditure is Rs. 304,434,667 and Rs 36, 636,789 respectively being 5.38% and 0.65% of average daily net assets.

Schedules

forming part of Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004

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.2,041,682 and Rs.275,102 respectively for procuring unit subscriptions for the Scheme. The commission was at rates similar to those offered to other distributors.

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

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

Company Name	Scheme invested in by the Company	Investments 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, 2004 At Market / Fair Value (Rupees in lakhs)
Bank of Baroda Ltd.	Deutsche Insta Cash Plus Fund	144.63	
Bharti Televentures Ltd.	Deutsche Floating Rate Fund	1,045.45	100.52
Export Import Bank of India Ltd.	Deutsche Short Maturity Fund	29,004.08	1,539.15
Finolex Cables Ltd.	Deutsche Short Maturity Fund	3,755.04	
Grasim Industries Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund	3,510.96	739.00
HCL Technologies Ltd.	Deutsche Short Maturity Fund	779.36	396.57
Hindalco Industries Ltd.	Deutsche Floating Rate Fund and Deutsche Short Maturity Fund	927.81	
Hindustan Lever Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund	5,179.33	347.79
Housing Development Finance Corporation Ltd.	Deutsche Insta Cash Plus Fund	40,259.92	8,181.97
Industrial Development Bank of India Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund	68,150.91	19,964.27
Infrastructure Development Finance Company Ltd.	Deutsche Insta Cash Plus Fund, Deutsche Short Maturity Fund and Deutsche Premier Bond Fund	4,911.12	2,470.27
ITC Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund	1,215.31	494.67
Larsen and Toubro Ltd.	Deutsche Insta Cash Plus Fund, Deutsche Alpha Equity Fund and Deutsche Investment Opportunity Fund	6,557.12	2,898.16
Nestle India Ltd.	Deutsche Insta Cash Plus Fund	43.01	
Raymond Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund	987.48	
Tata Chemicals Ltd.	Deutsche Short Maturity Fund	16.34	
Tata Motors Ltd.	Deutsche Insta Cash Plus Fund	1,082.77	679.99
The Tata Iron and Steel Company Ltd.	Deutsche Insta Cash Plus Fund	1,652.64	741.43
TOTAL		169,223.28	38,553.79

The investments comprise equity, debt and money market instruments. Deutsche Asset Management (India) Private Limited is of the opinion that the said companies are fundamentally strong and possess a high potential for growth and are market leaders in their respective fields. Accordingly, investments were made in the said companies.

15. Perspective Historical Per Unit Statistics *

	April 01, 2003 to March 31, 2004 Rupees	January 14, 2003 to March 31, 2003 Rupees
(a) Net asset value per unit at the end of the year / period (Note 2.5)		
Growth Plan	10.6227	10.1095
Daily Dividend Plan	10.2937	-
Weekly Dividend Plan	10.1038	-
Regular Dividend Plan	10.1719	10.1094

Schedules

forming part of Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004

	April 01, 2003 to March 31, 2004 Rupees	January 14, 2003 to March 31, 2003 Rupees
(b) Gross income		
(i) income other than profit on sale of investment	0.3283	0.1089
(ii) income from profit on inter scheme sales/transfer of investment	0.0006	(0.0002)
(iii) income (net) from profit / (loss) on sale of investments to third party	0.0063	0.0005
(iv) transfer of revenue account from past year's reserve	NA	NA
(c) Aggregate of expenses, writeoff, amortisation and charges	0.0413	0.0090
(d) Net income	0.2939	0.1002
(e) Net change in unrealised appreciation in value of investments	0.0079	0.0017
(f) Redemption Price		
– Highest		
Growth Plan	10.6227	10.1128
Daily Dividend Plan	10.2937	-
Weekly Dividend Plan	10.1354	-
Regular Dividend Plan	10.1823	10.0313
– Lowest		
Growth Plan	10.1128	10.0200
Daily Dividend Plan	10.2937	-
Weekly Dividend Plan	10.0922	-
Regular Dividend Plan	10.1253	10.0313
(g) Purchase price		
– Highest		
Growth Plan	10.6227	10.1077
Daily Dividend Plan	10.2937	-
Weekly Dividend Plan	10.1354	-
Regular Dividend Plan	10.1823	10.1077
– Lowest		
Growth Plan	10.1128	10.0000
Daily Dividend Plan	10.2937	-
Weekly Dividend Plan	10.0922	-
Regular Dividend Plan	10.1191	10.0000
(h) Price earnings ratio	NA	NA
(i) Ratio of expenses to daily average net assets by percentage	0.65%	0.55% [@]
(j) Ratio of gross income (including net profit / loss on sale of investments and net change in unrealised appreciation in value of investments) to daily average net assets by percentage	5.38%	6.81% [@]

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

@ The ratios of expenses and gross income to average daily net assets by percentage has been annualised for the period January 27, 2003 to March 31, 2003

16. Prior Period's Figures

Prior period's figures which are for a period of approximately three months and have been re-grouped/ re-arranged where appropriate are not comparable with the current year's figures.

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

<p>K. H. VACHHA <i>Partner</i></p> <p>For and on behalf of PRICE WATERHOUSE <i>Chartered Accountants</i></p>	<p>For Deutsche Trustees Services (India) Private Limited</p> <p>Gunit Chadha <i>Director</i></p> <p>Y. B. Desai <i>Director</i></p> <p>Debabrata Bhadury <i>Director</i></p>	<p>For Deutsche Asset Management (India) Private Limited</p> <p>M.H. Kania <i>Director</i></p> <p>A. S. Mitra <i>Director</i></p> <p>James Goulding <i>Director</i></p>	<p>Choy Peng-Wah <i>Director</i></p> <p>Kersi M. Gherda <i>Director</i></p> <p>Vijay P. Gokhale <i>Director</i></p> <p>Suresh Soni <i>Head - Fixed Income</i></p>	<p>Sandeep Dasgupta <i>Director</i></p> <p>Dileep Choksi <i>Director</i></p> <p>Carl Saldanha <i>Director</i></p> <p>Jignesh Barasara <i>Fund Manager</i></p>
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Place: Mumbai
Date : May 27, 2004

Statement of Portfolio Holding

as at March 31, 2004

(Referred to in Schedule 1 to the Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004)

Description	Market / Fair Value Rupees
Privately Placed Non-Convertible Debentures/Bonds (47.08%)	
Chemicals (25.41%)	
Cargill India Pvt. Limited 2005*	670,000,000
	670,000,000
Construction And Engineering (1.90%)	
Larsen and Toubro Finance Limited 2004* @	50,000,000
	50,000,000
Diversified Finance (13.27%)	
Industrial Development Bank of India Limited 2006* @	184,989,689
14.00% Industrial Development Bank of India Limited 2005* @	10,978,590
6.10% Kotak Securities Limited 2004*	100,009,200
15.00% Industrial Development Bank of India Limited 2005 * @	53,908,700
	349,886,179
Electrical Equipments (0.76%)	
5.35% Tractor Engineers Limited 2004*	20,000,000
	20,000,000
Finance (18.99%)	
Citi Financial Consumer Finance India Limited 2005*	55,800,000
Citi Financial Consumer Finance India Limited 2006*	194,904,393
Rabo India Finance Private Limited 2005*	250,000,000
	500,704,393
Finance And Investment (7.63%)	
3 Year Gsec + 70bps Citicorp Financial Services Limited 2007*	100,000,000
7.25% Mahindra & Mahindra Finance Limited 2005*	50,510,100
8.25% Mahindra & Mahindra Finance Limited 2005*	50,727,050
	201,237,150
Finance - Housing (8.34%)	
Housing and Urban Development Corporation Limited 2004*	220,000,000
	220,000,000
Finance And Term Lending (18.39%)	
1 year Gsec + 130 bps Industrial Development Bank of India 2009* @	235,000,000
Kotak Mahindra Primus Limited 2005*	250,000,000
	485,000,000
Steel (3.79%)	
Electrosteel Castings Limited 2004*	100,000,000
	100,000,000
Textiles (1.52%)	
Nahar Spinning Mills Limited 2004*	40,000,000
	40,000,000
TOTAL	(Cost Rs.2,638,160,732) 2,636,827,722
Non Convertible Debentures/Bonds Listed/Awaiting Listing (9.24%)	
Diversified Finance (70.63%)	
14.75% Industrial Development Bank of India Growing Int Flexi Bond 2004 @ #	103,967,500
Ashok Leyland Finance Limited 2004 #	99,327,150
12.75% Industrial Development Bank of India 2004 @ #	52,300,300
12.75% Industrial Development Bank of India 2004 @ #	52,290,550
10.5% Industrial Development Bank of India 2004 @ #	34,386,807
15.5% Industrial Development Bank of India 2005 @	16,246,350
12.5% Industrial Development Bank of India 2004 @ #	7,210,945
	365,729,602

Statement of Portfolio Holding

as at March 31, 2004

Description	Market / Fair Value Rupees
Banks (10.04%)	
12.75% ICICI Bank Limited 2004 #	51,975,000
	51,975,000
Consumer Finance (19.33%)	
5.4% Housing Development & Finance Corporation Limited 2004 @ #	100,065,057
	100,065,057
TOTAL	(Cost - Rs. 521,309,356)
	517,769,659
Securitised Debt (23.38%)	
Finance (100%)	
Asset Sec Trust 2004 I Cholamandalam PTC SerA1 2005*	260,091,382
Corp Loan Secu Ser III Trust (Sundaram Finance) 2005*	252,589,451
Fleet Trust Dec I 2003 NSE Mibor +125 2005*	102,234,666
Fleet Trust Nov 2003 A1 2005*	92,188,901
GE Cap Tran Fin Ser GECTFSL ABS TR Class A 2005*	62,184,891
ICICI Bank Oct 2002 LoanSecTr IOCL 10 Sr A 2008*	101,300,228
Indian Retail ABS Trust Ser 8 A2 2005*	200,812,192
UBL Trust SR-A1 UTI-PTC TR 2 (ALFL) 2006*	68,856,654
VE TRUST 5 SERIES A6 (MMFSL) 2006*	98,539,274
Witeco TVS Finance Two Wheeler SerA1 2004*	70,993,849
TOTAL	(Cost - Rs.1,297,784,299)
	1,309,791,488
Treasury Bill (0.35%)	
91 Days Treasury Bill 21-May-2004*	18,592,603
91 Days Treasury Bill 9-Apr-2004*	1,270,826
TOTAL	(Cost Rs. 19,863,429)
	19,863,429
Commercial Paper /Certificate of Deposit (19.95%)	
Commercial Paper (91.40%)	
Infrastructure Development Finance Corporation 2004* @	247,026,539
Housing Development & Finance Corporation Limited 2004* @	194,209,329
Industrial Development Bank of India Limited 2005* @	144,393,487
Skanska Cementation India Limited 2004*	99,146,906
LIC Housing Finance Limited 2004*	98,665,833
Ashok Leyland Finance Limited 2004*	98,554,811
Hathway Cable and Datacom Limited 2004*	49,703,394
Housing Development & Finance Corporation Limited 2004* @	48,412,783
Skanska Cementation India Limited 2004*	41,185,098
	1,021,298,180
Certificate of Deposit (8.60%)	
ICICI Bank Limited 2005*	96,128,165
	96,128,165
TOTAL	(Cost - Rs.1,117,426,345)
	1,117,426,345
TOTAL INVESTMENTS	(Cost Rs. 5,594,544,161)
	5,601,678,643

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

* Fair value of non-traded (privately placed) securities 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 schemes of Deutsche Mutual Fund.

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

Auditors' Report

To the Trustee

DEUTSCHE MUTUAL FUND

1. We have audited the Balance Sheet of Deutsche Mutual Fund – Deutsche Fixed Maturity Plans ("The Scheme") as at March 31, 2004 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, 2004 by correspondence with the custodian and others. An audit also includes assessing the accounting principles used and significant estimates made by the Management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us,
 - (i) The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable, and also give respectively, a true and fair view of the state of affairs of Deutsche Mutual Fund – Deutsche Fixed Maturity Plans as at March 31, 2004 and its net surplus for the year ended on that date.
 - (ii) The Balance Sheet as at March 31, 2004 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 privately placed securities as at March 31, 2004 as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund are fair and reasonable.

K. H. Vachha
Partner

For and on behalf of
Price Waterhouse
Chartered Accountants
Membership No. F/30798

Place : Mumbai
Date : May 27, 2004

Balance Sheet

as at March 31, 2004

385 Days Series

	Schedule	385 Days Series	
		March 31, 2004 Rupees	March 31, 2003 Rupees
Assets			
Investments	1	113,687,991	109,601,895
Deposits	2	41,614,497	41,614,497
Other Current Assets	3	5,888,103	103,521
TOTAL		161,190,591	151,319,913
Liabilities			
Unit Capital	4	151,000,000	151,000,000
Reserves and Surplus	5	9,726,217	304,095
Current Liabilities and Provisions	6	464,374	15,818
TOTAL		161,190,591	151,319,913

Reconciliation of Net Asset Value Per Unit

	March 31, 2004 Rupees	March 31, 2003 Rupees
Net Assets as per Balance Sheet (Total Assets less Current Liabilities and Provisions) - Growth Option (Note 2.5)	160,726,217	151,304,095
Number of Units in Issue	15,100,000.000	15,100,000.000
Net Asset Value per Unit	10.6441	10.0201

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 Trustees 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

Choy Peng-Wah
Director

Sandeep Dasgupta
Director

Y. B. Desai
Director

A. S. Mitra
Director

Kersi M. Gherda
Director

Dileep Choksi
Director

Debabrata Bhadury
Director

James Goulding
Director

Vijay P. Gokhale
Director

Carl Saldanha
Director

Place: Mumbai
Date : May 27, 2004

Suresh Soni
Head - Fixed Income

Revenue Account

for the year ended March 31, 2004

	Schedule	385 Days Series	
		April 01, 2003 to March 31, 2004 Rupees	March 26, 2003 to March 31, 2003 Rupees
Income And Gains			
Interest and Discount	7	10,026,437	164,447
TOTAL		10,026,437	164,447
Expenses And Losses			
Investment Management and Advisory Fees (Note 3)		396,193	4,145
Trustee Fees and Expenses (Note 4)		15,605	207
Transfer Agent Fees and Expenses		9,870	130
Audit Fees		10,000	10,000
Selling and Distribution Expenses		853	416
Other Operating Expenses		35,642	920
		468,163	15,818
Less: Expenses to be Reimbursed by the Investment Manager		–	9,600
TOTAL		468,163	6,218
Net Surplus for the year /period		9,558,274	158,229
Net change in Unrealised Appreciation / (Depreciation) in Value of Investments	8	(136,152)	145,866
Net Surplus including Net change in Unrealised Appreciation/ Depreciation in Value of Investments		9,422,122	304,095
Balance Transferred to Reserve Fund		9,422,122	304,095
Notes to the Financial Statements	9		
The schedules form an integral part of the Financial Statements			

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

K. H. VACHHA
Partner

For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

For Deutsche Trustees Services (India)
Private Limited

Gunit Chadha
Director

Y. B. Desai
Director

Debabrata Bhadury
Director

M.H. Kania
Director

A. S. Mitra
Director

James Goulding
Director

For Deutsche Asset Management (India)
Private Limited

Choy Peng-Wah
Director

Kersi M. Gherda
Director

Vijay P. Gokhale
Director

Sandeep Dasgupta
Director

Dileep Choksi
Director

Carl Saldanha
Director

Suresh Soni
Head - Fixed Income

Place: Mumbai
Date : May 27, 2004

Schedules

forming part of Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004

	385 Days Series			
	March 31, 2004		March 31, 2003	
	Fair Value Rupees	Cost Rupees	Market / Fair Value Rupees	Cost Rupees
Schedule 1				
Investments				
(Notes 2.2, 2.3, 7, 8, 9, 10 and 12) (Refer to the attached Statement of Portfolio Holding as at March 31, 2004)				
Privately Placed Non Convertible				
Debentures / Bonds	60,009,714	60,000,000	40,064,012	40,000,000
Treasury Bills	53,678,277	53,678,277	47,419,900	47,338,046
Commercial Paper	–	–	22,117,983	22,117,983
	113,687,991	113,678,277	109,601,895	109,456,029

	385 Days Series	
	March 31, 2004	March 31, 2003
	Rupees	Rupees
Schedule 2		
Deposits		
Deposits with Scheduled Banks	41,614,497	41,614,497
	41,614,497	41,614,497

	385 Days Series	
	March 31, 2004	March 31, 2003
	Rupees	Rupees
Schedule 3		
Other Current Assets		
Balance with Bank in Current Account	974	1
Interest Receivables on :		
– Debentures / Bonds	2,818,494	45,534
– Deposits with Scheduled Banks	3,068,619	48,386
Receivable from Investment Manager	16	9,600
	5,888,103	103,521

	385 Days Series			
	March 31, 2004		March 31, 2003	
	Rupees	Units	Rupees	Units
Schedule 4				
Unit Capital				
Growth Option				
Issued and subscribed:				
Units of Rs.10 each fully paid up	151,000,000	15,100,000.000	151,000,000	15,100,000.000
Outstanding				
At the beginning of the year / period	151,000,000	15,100,000.000	–	–
Initial issue and subscription	–	–	151,000,000	15,100,000.000
Issued during the year / period	–	–	–	–
	151,000,000	15,100,000.000	151,000,000	15,100,000.000
Redeemed during the year / period	–	–	–	–
At the end of the year / period	151,000,000	15,100,000.000	151,000,000	15,100,000.000

Schedules

forming part of Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004

	385 Days Series	
	March 31, 2004 Rupees	March 31, 2003 Rupees
Schedule 5		
Reserves and Surplus		
Growth Option		
Reserve Fund		
At the beginning of the year / period	304,095	–
Balance Transferred from Revenue Account [including net unrealised depreciation in value of investments Rs.9714 (Previous Year - unrealised appreciation Rs.145,866)]	9,422,122	304,095
At the end of the year / period	9,726,217	304,095

	385 Days Series	
	March 31, 2004 Rupees	March 31, 2003 Rupees
Schedule 6		
Current Liabilities and Provisions		
Current Liabilities		
Investment Management and Advisory Fees	396,193	4,145
Trustee Fees and Expenses	15,048	207
Transfer Agent Fees and Expenses	9,379	130
Audit Fees	10,000	10,000
Selling and Distribution Expenses	–	416
Sundry Payables	33,754	920
	464,374	15,818

	385 Days Series	
	April 01, 2003 to March 31, 2004 Rupees	March 26, 2003 to March 31, 2003 Rupees
Schedule 7		
Interest and Discount		
(Note 2.4)		
Debentures / Bonds	2,811,042	45,534
Deposits	3,107,054	48,386
Treasury Bills	2,726,324	45,246
Commercial Paper	1,382,017	25,281
	10,026,437	164,447

Schedules

forming part of Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004

385 Days Series

April 01, 2003 to March 31, 2004 Rupees	March 26, 2003 to March 31, 2003 Rupees
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Schedule 8

Unrealised Appreciation / (Depreciation) in Value of Investments

(Note 7)

(a) Privately Placed Non-Convertible Debentures / Bonds			
At the beginning of the year / period		64,012	–
At the end of the year / period		9,714	64,012
Net movement during the year / period	(I)	(54,298)	64,012
(b) Treasury Bills			
At the beginning of the year / period		81,854	–
At the end of the year / period		–	81,854
Net movement during the year / period	(II)	(81,854)	81,854
Net movement in unrealised (depreciation) / appreciation in value of investments during the year / period	(I)+(II)	(136,152)	145,866

Schedules

forming part of Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004

Schedule 9

Notes to the Financial Statements

1. Organisation

Deutsche Fixed Maturity Plans (the "Scheme") is an umbrella scheme of Deutsche Mutual Fund (the "Fund") offering a series of plans with fixed maturities and was launched on March 26, 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 Scheme has a series of closed-ended plans (the "Plans") having fixed maturities of 98 days, 189 days and 385 days with a new plan being offered weekly on every Wednesday. The first 385 days Series Plan of the Scheme was launched on March 26, 2003. The investment objective of the Scheme and the Series / Plan therein is to generate income and capital appreciation by investing in a portfolio of fixed income securities usually maturing in line with the time profile of the respective Series / Plans.

The Series / Plans have two options - (i) Growth Option and (ii) Dividend Option. The Scheme will not declare dividend under the Growth Option. The income earned on such units would remain invested within the Scheme and will be reflected in the net asset value.

During the previous period, the Scheme launched one Plan of the 385 days Series which received subscription only for the Growth Option.

2. Significant Accounting Policies

2.1 Basis of Accounting

The Scheme maintains its books of account on an accrual basis. These financial statements have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 (the "Regulations") and amendments thereto, as applicable.

2.2 Portfolio Valuation

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

- i. Debt securities listed on a recognized stock exchange are valued at the last quoted closing price on the principal exchange on which the security is traded.
- ii. Non-traded and thinly traded debt securities are valued at fair value as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by the Securities and Exchange Board of India ("SEBI").
- iii. Privately placed debt securities are valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- iv. Money market instruments are valued at cost plus accrued interest.

Following the issue of the guidance note on accounting for investments in the financial statements of mutual funds by the Institute of Chartered Accountants of India (pursuant to the Eleventh Schedule of the Regulations) net unrealized appreciation / depreciation in the value of investments is determined separately for each category of investments. Further the change in net unrealised appreciation / depreciation, if any, between two Balance Sheet dates / dates of determination is recognized in the Revenue Account. Unrealized appreciation is reduced from the distributable income at the time of income distribution. At the end of the financial year, the balance in the Revenue Account including change in the net unrealised appreciation or depreciation in the value of investments is transferred to Reserve Fund.

2.3 Securities Transaction

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

2.4 Investment Income

Interest income is recorded on an accrual basis.

2.5 Net Asset Value for Growth/Dividend Options

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

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

2.6 Unit Premium Reserve

Upon redemption of units, the net premium or discount to the face value of units is adjusted against the unit premium reserve of the Scheme.

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

Schedules

forming part of Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004

3. Investment Management and Advisory Fees

The Scheme has paid or provided for investment management and advisory fees payable to Deutsche Asset Management (India) Private Limited for managing the Scheme at an annual rate of 0.25% of the average daily net asset values recorded by the Scheme. All costs, charges and expenses incurred by Deutsche Asset Management (India) Private Limited in the administration and execution of the activities of the Scheme, except costs allowed to be charged to the Scheme under the Regulations and amendments thereto as applicable, are on their own account for which they receive investment management and advisory fees.

4. Trustee Fees

In accordance with the Deed of Trust dated May 29, 2002 between Deutsche Asset Management (Asia) Limited (the "Settlor") and Deutsche Trustee Services (India) Private Limited (the "Trustee"), the Fund has paid or provided for trustee fees payable to the Trustee at an annual rate of 0.01% of the average daily net asset values recorded by the Scheme subject to a maximum of Rs.500,000 per annum.

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.

7. Aggregate Appreciation and Depreciation In Value of Investments

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

	March 31, 2004 Rupees	March 31, 2003 Rupees
Privately Placed Non Convertible Debentures / Bonds		
– Appreciation	9,714	64,012
– Depreciation	–	–
Treasury Bills		
– Appreciation	–	81,854
– Depreciation	–	–

8. Registered Securities

In accordance with Regulation 44(1) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, securities purchased should be held in the name of the Scheme. As at March 31, 2004 securities aggregating to Rs. 53,678,277 (market value) are held in the name of Deutsche Mutual Fund.

9. Aggregate Fair Value of Non-Traded Investments

Aggregate fair value of privately placed investments as determined in good faith by Deutsche Asset Management (India) Private Limited under the procedures approved by the Trustee as at March 31, 2004 is Rs. 113,687,991.

10. Aggregate Value of Purchases and Sale of Investments

The aggregate value of investment securities purchased and sold (including matured) during the year are Rs.73,613,907 (excluding accretion of discount Rs. 41,08,341) and Rs. 73,500,000 respectively being 47.16% and 47.09% of the average daily net assets.

11. Income and Expenses

The total income (including net change in unrealized depreciation in value of investments) and expenditure is Rs. 9,890,285 and Rs.468,163 respectively being 6.34% and 0.30% of the average daily net assets.

12. 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	Scheme invested in by the Company	Investments 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, 2004 At Market / Fair Value (Rupees in lakhs)
Bank of Baroda Ltd.	Deutsche Insta Cash Plus Fund	144.63	
Bharti Televentures Ltd.	Deutsche Floating Rate Fund	1,045.45	100.52
Export Import Bank of India Ltd.	Deutsche Short Maturity Fund	29,004.08	1,539.15
Finolex Cables Ltd.	Deutsche Short Maturity Fund	3,755.04	
Grasim Industries Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund	3,510.96	739.00

Schedules

forming part of Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004

Company Name	Scheme invested in by the Company	Investments made by Schemes of Deutsche Mutual Fund in the Company/Subsidiary	
		Aggregate for the period under Regulation 25(11)	Outstanding as at March 31, 2004
		At Cost (Rupees in lakhs)	At Market / Fair Value (Rupees in lakhs)
HCL Technologies Ltd.	Deutsche Short Maturity Fund	779.36	396.57
Hindalco Industries Ltd.	Deutsche Floating Rate Fund and Deutsche Short Maturity Fund	927.81	
Hindustan Lever Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund	5,179.33	347.79
Housing Development Finance Corporation Ltd.	Deutsche Insta Cash Plus Fund	40,259.92	8,181.97
Industrial Development Bank of India Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund	68,150.91	19,964.27
Infrastructure Development Finance Company Ltd.	Deutsche Insta Cash Plus Fund, Deutsche Short Maturity Fund and Deutsche Premier Bond Fund	4,911.12	2,470.27
ITC Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund	1,215.31	494.67
Larsen & Toubro Ltd.	Deutsche Insta Cash Plus Fund, Deutsche Alpha Equity Fund and Deutsche Investment Opportunity Fund	6,557.12	2,898.16
Nestle India Ltd.	Deutsche Insta Cash Plus Fund	43.01	
Raymond Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund	987.48	
Tata Chemicals Ltd.	Deutsche Short Maturity Fund	16.34	
Tata Motors Ltd.	Deutsche Insta Cash Plus Fund	1,082.77	679.99
The Tata Iron and Steel Company Ltd.	Deutsche Insta Cash Plus Fund	1,652.64	741.43
TOTAL		169,223.28	38,553.79

The investments comprise equity, debt and money market instruments. Deutsche Asset Management (India) Private Limited is of the opinion that the said companies are fundamentally strong and possess a high potential for growth and are market leaders in their respective fields. Accordingly, investments were made in the said companies.

13. Unit Holdings (in Excess of 25% of the Net Assets of the Scheme) as at March 31, 2004 :

385 Day Series

Number of Investors : 1

Percentage Holding : 99.34%

14. Perspective Historical Per Unit Statistics*

	April 01, 2003 to March 31, 2004 Rupees	March 26, 2003 to March 31, 2003 Rupees
(a) Net asset value per unit at the end of the year / period (Note 2.5)	10.6441	10.0201
(b) Gross income		
(i) income other than profit on sale of investment	0.6640	0.0109
(ii) income from profit on inter scheme sales/transfer of investment	–	–
(iii) income (net) from profit on sale of investments to third party	–	–
(iv) transfer of revenue account from past year's reserve	NA	NA
(c) Aggregate of expenses, writeoff, amortisation and charges	0.0310	0.0004
(d) Net income	0.6330	0.0105

Schedules

forming part of Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004

	April 01, 2003 to March 31, 2004 Rupees	March 26, 2003 to March 31, 2003 Rupees
(e) Net change in unrealised appreciation / (depreciation) in value of investments	(0.0090)	0.0097
(f) Redemption Price		
– Highest	NA	NA
– Lowest	NA	NA
(g) Purchase price		
– Highest	NA	10.00
– Lowest	NA	10.00
(h) Price earnings ratio	NA	NA
(i) Ratio of expenses to average daily net assets by percentage	0.30%	0.30% [@]
(j) Ratio of gross income (including net change in unrealised appreciation / depreciation in value of investments) to the average daily net assets by percentage	6.34%	14.97% [@]

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

[@] The ratio of expenses and gross income to average daily net assets by percentage has been annualised for the period March 27, 2003 to March 31, 2003.

15. Prior Period's Figures

Prior period's figures which are for a period of five days have been re-grouped/ re-arranged where appropriate and are not comparable with the current year's figures.

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

K. H. VACHHA
Partner

For Deutsche Trustees 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

Choy Peng-Wah
Director

Sandeep Dasgupta
Director

Y. B. Desai
Director

A. S. Mitra
Director

Kersi M. Gherda
Director

Dileep Choksi
Director

Debabrata Bhadury
Director

James Goulding
Director

Vijay P. Gokhale
Director

Carl Saldanha
Director

Place: Mumbai
Date : May 27, 2004

Suresh Soni
Head - Fixed Income

Statement of Portfolio Holding

as at March 31, 2004

(Referred to in Schedule 1 to the Balance Sheet as at March 31, 2004 and the Revenue Account for the year ended March 31, 2004)

Description		Fair Value Rupees
Privately Placed Non-Convertible Debentures/Bonds (52.78%)		
Diversified Financial Services (66.67%)		
6.90% GE Capital Services Limited 2004 *		20,007,574
ICICI Securities Limited 2004 *		20,000,000
		40,007,574
Finance & Investments (33.33%)		
6.90% Rabo India Finance Private Limited 2004 *		20,002,140
		20,002,140
TOTAL	(Cost - Rs.60,000,000)	60,009,714
Treasury Bill (47.22%)		
91 Days Treasury Bill 9-Apr-2004 *		53,678,277
Total	(Cost Rs. 53,678,277)	53,678,277
TOTAL INVESTMENTS	(Cost Rs. 113,678,277)	113,687,991

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

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

Auditors' Report

To the Trustee

DEUTSCHE MUTUAL FUND

1. We have audited the Balance Sheet of Deutsche Mutual Fund – Deutsche Dynamic Bond Fund ("The Scheme") as at March 31, 2004 and the related Revenue Account for the period October 16, 2003 to March 31, 2004, 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, 2004 by correspondence with the custodian and others. An audit also includes assessing the accounting principles used and significant estimates made by the Management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us,
 - (i) The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable, and also give respectively, a true and fair view of the state of affairs of Deutsche Mutual Fund – Deutsche Dynamic Bond Fund as at March 31, 2004 and its net surplus for the period ended on that date.
 - (ii) The Balance Sheet as at March 31, 2004 and the Revenue Account for the period October 16, 2003 to March 31, 2004, together with the notes thereon have been prepared in all material respects in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto as applicable.
 - (iii) The method used to value,
 - a) Privately placed securities in good faith and
 - b) Non traded / thinly traded debt securities in accordance with guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by the Securities and Exchange Board of India as at March 31, 2004 as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund are fair and reasonable.

K. H. Vachha
Partner

For and on behalf of
Price Waterhouse
Chartered Accountants
Membership No. F/30798

Place : Mumbai
Date : May 27, 2004

Balance Sheet

as at March 31, 2004

	Schedule	March 31, 2004 Rupees
Assets		
Investments	1	594,455,812
Other Current Assets	2	51,667,659
TOTAL		646,123,471
Liabilities		
Unit Capital	3	637,255,555
Reserves and Surplus	4	7,411,432
Current Liabilities and Provisions	5	1,456,484
TOTAL		646,123,471

Reconciliation of Net Asset Value Per Unit

	Institutional Plan				Regular Plan				March 31, 2004 Total Rupees	
	March 31, 2004				March 31, 2004					
	Growth Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees	Total Rupees	Growth Option Rupees	Annual Dividend Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees	Total Rupees	
Net Assets as per Balance Sheet (Total Assets less Current Liabilities and Provisions) (Note 2.5)	592,848,794	-	10,119,285	602,968,079	15,592,767	162,092	18,420,598	7,523,451	41,698,908	644,666,987
Number of Units in Issue	58,586,036.679	-	1,000,000.000	1,547,919.592	16,091.076	1,828,642.785	746,865.296			
Net Asset Value per Unit	10.1193	-	10.1193	10.0734	10.0734	10.0734	10.0734	10.0734		

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

Place: Mumbai
Date : May 27, 2004

For Deutsche Trustees Services (India)
Private Limited

Gunit Chadha
Director

Y. B. Desai
Director

Debabrata Bhadury
Director

M.H. Kania
Director

A. S. Mitra
Director

James Goulding
Director

For Deutsche Asset Management (India)
Private Limited

Choy Peng-Wah
Director

Kersi M. Gherda
Director

Vijay P. Gokhale
Director

Suresh Soni
Head - Fixed Income

Sandeep Dasgupta
Director

Dileep Choksi
Director

Carl Saldanha
Director



Revenue Account

for the period October 16, 2003 to March 31, 2004

October 16, 2003 to
March 31, 2004
Rupees

	Schedule	
Income And Gains		
Interest and Discount	6	25,213,416
TOTAL		25,213,416
Expenses And Losses		
Net Loss on Sale of Investments (Net of Net Profit on Inter - Scheme Sale of Investments Rs. 17) (Note 2.3)		12,394,777
Investment Management and Advisory Fees (Note 3)		2,210,111
Trustee Fees and Expenses (Note 4)		37,997
Transfer Agents Fees and Expenses		527,031
Custodian Fees and Expenses (Note 5)		494,125
Audit Fees		81,173
Selling and Distribution Expenses		1,678,402
Other Operating Expenses		280,470
		17,704,086
Less: Expenses to be Reimbursed by the Investment Manager (Note 7)		711,329
TOTAL		16,992,757
Net Surplus for the Period		8,220,659
Net Unrealised Appreciation in Value of Investments	7	2,015,094
Net Surplus including Net Unrealised Appreciation in Value of Investments		10,235,753

	Institutional Plan				Regular Plan				October 16, 2003 to March 31, 2004	Total Rupees
	October 16, 2003 to March 31, 2004				October 16, 2003 to March 31, 2004					
	Growth Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees	Total Rupees	Growth Option Rupees	Annual Dividend Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees		
Net Surplus including Net Unrealised Appreciation in Value of Investments by Option	8,305,043	15,585	1,556,727	9,877,355	98,195	395	223,742	36,066	358,398	10,235,753
Transfer from Dividend Equalisation Reserve (Note 2.7)	468,872	56,490	(1,203,812)	(678,450)	56,831	529	(91,580)	16,237	(17,983)	(696,433)
Balance Transferred to Reserve Fund	8,773,915	72,075	352,915	9,198,905	155,026	924	132,162	52,303	340,415	9,539,320

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 Trustees 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

Choy Peng-Wah
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Debabrata Bhadury
Director

James Goulding
Director

Vijay P. Gokhale
Director

Carl Saldanha
Director

Place: Mumbai
Date : May 27, 2004

Suresh Soni
Head - Fixed Income

Schedules

forming part of Balance Sheet as at March 31, 2004
and the Revenue Account for the period October 16, 2003 to March 31, 2004

	March 31, 2004	
	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, 2004)		
Privately Placed Non Convertible Debentures / Bonds	59,053,826	58,798,326
Non Convertible Debentures / Bonds-Listed / Awaiting Listing	237,710,420	237,391,210
Government of India Securities	297,691,566	296,251,182
	594,455,812	592,440,718

	March 31, 2004 Rupees
Schedule 2	
Other Current Assets	
Balance with Banks in Current Account	40,170,965
Interest Receivable on :	
– Debentures / Bonds	6,102,751
– Government of India Securities	5,006,012
Receivable from Investment Manager	387,931
	51,667,659

	March 31, 2004	
	Rupees	Units

Schedule 3		
Unit Capital		
Institutional Plan		
Growth Option		
Issued and Subscribed		
Units of Rs.10 each fully paid up	505,023,000	50,502,300.000
Outstanding:		
Initial Issue and Subscription	505,023,000	50,502,300.000
Issued during the period	380,326,968	38,032,696.761
	885,349,968	88,534,996.761
Redeemed during the period	299,489,601	29,948,960.082
At the end of the period	585,860,367	58,586,036.679
Quarterly Dividend Option		
Issued and Subscribed		
Units of Rs.10 each fully paid up	–	–
Outstanding:		
Initial Issue and Subscription	–	–
Issued during the period	10,019,638	1,001,963.849
	10,019,638	1,001,963.849
Redeemed during the period	10,019,638	1,001,963.849
At the end of the period	–	–

Schedules

forming part of Balance Sheet as at March 31, 2004
and the Revenue Account for the period October 16, 2003 to March 31, 2004

	March 31, 2004	
	Rupees	Units
Monthly Dividend Option		
Issued and Subscribed		
Units of Rs.10 each fully paid up	330,000,000	33,000,000.000
Outstanding:		
Initial Issue and Subscription	330,000,000	33,000,000.000
Issued during the period	-	-
	330,000,000	33,000,000.000
Redeemed during the period	320,000,000	32,000,000.000
At the end of the period	10,000,000	1,000,000.000
TOTAL	595,860,367	59,586,036.679
Regular Plan		
Growth Option		
Issued and Subscribed		
Units of Rs.10 each fully paid up	30,105,000	3,010,500.000
Outstanding:		
Initial Issue and Subscription	30,105,000	3,010,500.000
Issued during the period	18,265,271	1,826,527.130
	48,370,271	4,837,027.130
Redeemed during the period	32,891,075	3,289,107.538
At the end of the period	15,479,196	1,547,919.592
Annual Dividend Option		
Issued and Subscribed		
Units of Rs.10 each fully paid up	805,000	80,500.000
Outstanding:		
Initial Issue and Subscription	805,000	80,500.000
Issued during the period	165,942	16,594.155
	970,942	97,094.155
Redeemed during the period	810,031	81,003.079
At the end of the period	160,911	16,091.076
Quarterly Dividend Option		
Issued and Subscribed		
Units of Rs.10 each fully paid up	3,302,000	330,200.000
Outstanding:		
Initial Issue and Subscription	3,302,000	330,200.000
Issued during the period	30,161,855	3,016,185.450
	33,463,855	3,346,385.450
Redeemed during the period	15,177,427	1,517,742.665
At the end of the period	18,286,428	1,828,642.785
Monthly Dividend Option		
Issued and Subscribed		
Units of Rs.10 each fully paid up	3,105,000	310,500.000

Schedules

forming part of Balance Sheet as at March 31, 2004
and the Revenue Account for the period October 16, 2003 to March 31, 2004

	March 31, 2004	
	Rupees	Units
Outstanding:		
Initial Issue and Subscription	3,105,000	310,500.000
Issued during the period	13,635,106	1,363,510.559
	16,740,106	1,674,010.559
Redeemed during the period	9,271,453	927,145.263
At the end of the period	7,468,653	746,865.296
TOTAL	41,395,188	4,139,518.749
TOTAL	637,255,555	63,725,555.428

	Institutional Plan				Regular Plan				March 31, 2004
	March 31, 2004				March 31, 2004				
	Growth Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees	Total Rupees	Growth Option Rupees	Annual Dividend Option Rupees	Quarterly Dividend Option Rupees	Monthly Dividend Option Rupees	

Schedule 4

Reserves and Surplus

Unit Premium Reserve (Note 2.6)

Premium / Discount on Issue / Redemption of units during the period

	(1,785,488)	(72,075)	(233,630)	(2,091,193)	(41,455)	257	2,008	2,495	(36,695)	(2,127,888)
At the end of the period	(1,785,488)	(72,075)	(233,630)	(2,091,193)	(41,455)	257	2,008	2,495	(36,695)	(2,127,888)

Dividend Equalisation Reserve (Note 2.7)

Added during the period	468,872	56,490	(1,203,812)	(678,450)	56,831	529	(91,580)	16,237	(17,983)	(696,433)
Transfer to Revenue Account	(468,872)	(56,490)	1,203,812	678,450	(56,831)	(529)	91,580	(16,237)	17,983	696,433
At the end of the period	-	-	-	-	-	-	-	-	-	-

Reserve Fund

Balance Transferred from Revenue Account [Including net unrealised appreciation in value of investments Rs.2,015,094]

	8,773,915	72,075	352,915	9,198,905	155,026	924	132,162	52,303	340,415	9,539,320
TOTAL	6,988,427	-	119,285	7,107,712	113,571	1,181	134,170	54,798	303,720	7,411,432

March 31, 2004
Rupees

Schedule 5

Current Liabilities and Provisions

Current Liabilities

Investment Management and Advisory Fees	488,119
Trustee Fees and Expenses	6,854
Transfer Agent Fees and Expenses	97,131
Custodian Fees and Expenses	201,896
Audit Fees	81,173
Selling and Distribution Expenses	307,601
Sundry Payables	273,710
	1,456,484

Schedules

forming part of Balance Sheet as at March 31, 2004
and the Revenue Account for the period October 16, 2003 to March 31, 2004

October 16, 2003 to
March 31, 2004
Rupees

Schedule 6

Interest and Discount

(Note 2.4)

Debentures/Bonds		2,456,353
Government of India Securities		21,908,935
Reverse Repos		211,692
Treasury Bills		472,886
Commercial Paper / Certificate of Deposit		163,550
		25,213,416

October 16, 2003 to
March 31, 2004
Rupees

Schedule 7

Unrealised Appreciation in Value of Investments

(Note 8)

(a) Privately Placed Non Convertible Debentures / Bonds		
At the beginning of the period		–
Net movement during the period	(I)	255,500
At the end of the period		255,500
(b) Non Convertible Debentures / Bonds Listed / Awaiting Listing		
At the beginning of the period		–
Net movement during the period		319,210
At the end of the period	(II)	319,210
(c) Government of India Securities		
At the beginning of the period		–
Net movement during the period		1,440,384
At the end of the period	(III)	1,440,384
Net movement in unrealised appreciation in value of investments during the period	(I)+(II)+(III)	2,015,094

Schedules

forming part of Balance Sheet as at March 31, 2004
and the Revenue Account for the period October 16, 2003 to March 31, 2004

Schedule 8

Notes to the Financial Statements

1. Organisation

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

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

No subscription has been received in the Institutional Plan-Annual Dividend Option both during the initial public offer and subsequently.

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

2. Significant Accounting Policies

2.1 Basis of Accounting

The Scheme maintains its books of account on an accrual basis. These financial statements have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 (the "Regulations") and amendments thereto, as applicable.

2.2 Portfolio Valuation

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

- i. Debt securities listed on a recognised stock exchange are valued at the last quoted closing price on the principal exchange on which the security is traded.
- ii. Non-traded and thinly traded debt securities are valued at fair value as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by the Securities and Exchange Board of India (SEBI).
- iii. Privately placed debt securities are valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- iv. Government securities are valued at prices obtained from The Credit Rating Information Services of India Limited in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by SEBI.
- v. Instruments bought on 'repo' basis are valued at the resale price after deduction of applicable interest up to the date of resale.
- vi. Money market instruments are valued at cost plus accrued interest.

Following the issue of the guidance note on accounting for investments in the financial statements of mutual funds by the Institute of Chartered Accountants of India (pursuant to the Eleventh Schedule of the Regulations) net unrealized appreciation / depreciation in the value of investments is determined separately for each category of investments. Further the change in net unrealised appreciation / depreciation, if any, between two Balance Sheet dates / dates of determination is recognized in the Revenue Account. Unrealized appreciation is reduced from the distributable income at the time of income distribution. At the end of the financial year, the balance in the Revenue Account including change in the net unrealised appreciation or depreciation in the value of investments is transferred to Reserve Fund.

2.3 Securities Transaction

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

2.4 Investment Income

Interest income is recorded on an accrual basis.

2.5 Net Asset Value for Growth/Dividend Option

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

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

Schedules

forming part of Balance Sheet as at March 31, 2004
and the Revenue Account for the period October 16, 2003 to March 31, 2004

2.6 Unit Premium Reserve

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

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

2.7 Dividend Equalization Reserve

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

2.8 Load Charges

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

3. Investment Management and Advisory Fees

The Scheme has paid or provided for investment management and advisory fees payable to Deutsche Asset Management (India) Private Limited for managing the Scheme at an annual rate of 0.55% and 0.99% of the average daily net asset values of the Institutional Plan and Regular Plan respectively recorded by the Scheme. All costs, charges and expenses incurred by Deutsche Asset Management (India) Private Limited in the administration and execution of the activities of the Scheme, except costs allowed to be charged to the Scheme under the Regulations, and amendments thereto as applicable, are on their own account for which they receive investment management and advisory fees.

4. Trustee Fees

In accordance with the Deed of Trust dated May 29, 2002 between Deutsche Asset Management (Asia) Limited (the "Settlor") and Deutsche Trustee Services (India) Private Limited (the "Trustee"), the Fund has paid or provided for trustee fees payable to the Trustee at an annual rate of 0.01% of the average daily net asset values recorded by the Scheme subject to a maximum of Rs.500,000 per annum.

5. Custodian Fees

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

6. Income Taxes

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

7. Limitation on Expenses

The total expenses chargeable to the Scheme is limited to 1.15% and 1.99% of the average daily net assets of the Institutional Plan and Regular Plan respectively recorded by the Scheme. Deutsche Asset Management (India) Private Limited has borne Rs. 711,329 in excess of the above mentioned percentage of the average daily net assets allowable to be charged to the Scheme as total expenses for the period.

8. Aggregate Appreciation and Depreciation In Value of Investments

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

	March 31, 2004 Rupees
Privately Placed Non Convertible Debentures/Bonds	
– Appreciation	255,500
– Depreciation	-
Non Convertible Debentures / Bonds-Listed / Awaiting Listing	
– Appreciation	675,360
– Depreciation	356,150
Government of India Securities	
– Appreciation	1,440,384
– Depreciation	-

9. Registered Securities

In accordance with Regulation 44(1) of the Securities and Exchange Board of India (Mutual Fund) Regulations, 1996, securities purchased should be held in the name of the Scheme. As at March 31, 2004 securities aggregating to Rs. 297,691,566 (market value) are held in the name of Deutsche Mutual Fund.

10. Aggregate Fair Value of Non Traded Investments

Aggregate fair value of non-traded (including privately placements) investments as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee as at March 31, 2004 is Rs. 226,195,916.

Schedules

forming part of Balance Sheet as at March 31, 2004
and the Revenue Account for the period October 16, 2003 to March 31, 2004

11. Aggregate Value of Purchases and Sale of Investments

The aggregate value of investment securities purchased and sold (including matured) during the financial period is Rs.6,405,835,763 (excluding amortisation of premium Rs. 636,437) and Rs. 5,801,636,704 respectively being 738.21% and 668.58% of the average daily net assets.

12. Income and Expenses

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

Plan	Total Income		Total Expenditure	
	Rupees	Percentage of Average Daily Net Assets*	Rupees	Percentage of Average Daily Net Assets*
Institutional Plan	13,940,713	3.93%	4,063,358	1.15%
Regular Plan	893,020	3.33%	534,622	1.99%

* Annualised

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.165,571 and Rs.33 respectively for procuring unit subscriptions for the Scheme. The commission paid was at rates similar to those offered to other distributors.

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

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

Company Name	Scheme invested in by the Company	Investments 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, 2004 At Market / Fair Value (Rupees in lakhs)
Bank of Baroda Ltd.	Deutsche Insta Cash Plus Fund	144.63	
Bharti Televentures Ltd.	Deutsche Floating Rate Fund	1,045.45	100.52
Export Import Bank of India Ltd.	Deutsche Short Maturity Fund	29,004.08	1,539.15
Finolex Cables Ltd.	Deutsche Short Maturity Fund	3,755.04	
Grasim Industries Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund	35,10.96	739.00
HCL Technologies Ltd.	Deutsche Short Maturity Fund	779.36	396.57
Hindalco Industries Ltd.	Deutsche Floating Rate Fund and Deutsche Short Maturity Fund	927.81	
Hindustan Lever Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund	5,179.33	347.79
Housing Development Finance Corporation Ltd.	Deutsche Insta Cash Plus Fund	40,259.92	8,181.97
Industrial Development Bank of India Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund	68,150.91	19,964.27
Infrastructure Development Finance Company Ltd.	Deutsche Insta Cash Plus Fund, Deutsche Short Maturity Fund and Deutsche Premier Bond Fund	4,911.12	2,470.27
ITC Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund	1,215.31	494.67
Larsen & Toubro Ltd.	Deutsche Insta Cash Plus Fund, Deutsche Alpha Equity Fund and Deutsche Investment Opportunity Fund	6,557.12	2,898.16
Nestle India Ltd.	Deutsche Insta Cash Plus Fund	43.01	

Schedules

forming part of Balance Sheet as at March 31, 2004
and the Revenue Account for the period October 16, 2003 to March 31, 2004

Company Name	Scheme invested in by the Company	Investments 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, 2004 At Market / Fair Value (Rupees in lakhs)
Raymond Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund	987.48	
Tata Chemicals Ltd.	Deutsche Short Maturity Fund	16.34	
Tata Motors Ltd.	Deutsche Insta Cash Plus Fund	1,082.77	679.99
The Tata Iron and Steel Company Ltd.	Deutsche Insta Cash Plus Fund	1,652.64	741.43
TOTAL		169,223.28	38,553.79

The investments comprise equity, debt and money market instruments. Deutsche Asset Management (India) Private Limited is of the opinion that the said companies are fundamentally strong and possess a high potential for growth and are market leaders in their respective fields. Accordingly, investments were made in the said companies.

15. Unit Holdings (in excess of 25% of the Net Assets of the Scheme) as at March 31, 2004:

Number of Investors : 1
Percentage Holding : 30.34%

16. Perspective Historical Per Unit Statistics*

October 16, 2003
to March 31, 2004
Rupees

(a) Net asset value per unit at the end of the period (Note 2.5)	
Institutional Plan	
Growth Option	10.1193
Quarterly Dividend Option	NA
Monthly Dividend Option	10.1193
Regular Plan	
Growth Option	10.0734
Annual Dividend Option	10.0734
Quarterly Dividend Option	10.0734
Monthly Dividend Option	10.0734
(b) Gross income	
(i) income other than profit on sale of investment	0.3957
(ii) income from profit on inter scheme sales / transfer of investment	0.0000#
(iii) income (net) from profit / (loss) on sale of investment to third party	(0.1945)
(iv) transfer of revenue account from past year's reserve	NA
(c) Aggregate of expenses, writeoff, amortisation and charges	0.0722
(d) Net income	0.1290
(e) Net unrealised appreciation / (depreciation) in value of investments	0.0316
(f) Redemption price	
– Highest	
Institutional Plan	
Growth Option	10.0992
Quarterly Dividend Option	10.0325
Monthly Dividend Option	10.0992
Regular Plan	
Growth Option	10.0544
Annual Dividend Option	9.9955
Quarterly Dividend Option	10.0215
Monthly Dividend Option	10.0195
– Lowest	
Institutional Plan	
Growth Option	9.8535
Quarterly Dividend Option	9.9597
Monthly Dividend Option	9.9339

Schedules

forming part of Balance Sheet as at March 31, 2004
and the Revenue Account for the period October 16, 2003 to March 31, 2004

	October 16, 2003 to March 31, 2004 Rupees
Regular Plan	
Growth Option	9.8443
Annual Dividend Option	9.8788
Quarterly Dividend Option	9.8731
Monthly Dividend Option	9.8690
(g) Purchase price	
– Highest	
Institutional Plan	
Growth Option	10.1193
Quarterly Dividend Option	9.9804
Monthly Dividend Option	10.0000
Regular Plan	
Growth Option	10.0734
Annual Dividend Option	10.0000
Quarterly Dividend Option	10.0290
Monthly Dividend Option	10.0249
– Lowest	
Institutional Plan	
Growth Option	9.9519
Quarterly Dividend Option	9.9804
Monthly Dividend Option	10.0000
Regular Plan	
Growth Option	9.8503
Annual Dividend Option	9.9388
Quarterly Dividend Option	9.8443
Monthly Dividend Option	9.8850
(h) Price earnings ratio	NA
(i) Ratio of expenses to daily average net assets by percentage @	
Institutional Plan	1.15%
Regular Plan	1.99%
(j) Ratio of gross income (including net loss on sale of investments and net unrealised appreciation in value of investments) to daily average net assets by percentage @	3.89%

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

Below 0.0001 per unit

@ The ratio of expenses and gross income to average daily net assets by percentage has been annualised for the period October 24, 2003 to March 31, 2004.

17. Prior Year's Figures

As these are the first financial statements of the Scheme since the date of its commencement, there are no comparative figures.

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

K. H. VACHHA
Partner

For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

For Deutsche Trustees Services (India)
Private Limited

Gunit Chadha
Director

Y. B. Desai
Director

Debabrata Bhadury
Director

M.H. Kania
Director

A. S. Mitra
Director

James Goulding
Director

For Deutsche Asset Management (India)
Private Limited

Choy Peng-Wah
Director

Kersi M. Gherda
Director

Vijay P. Gokhale
Director

Sandeep Dasgupta
Director

Dileep Choksi
Director

Carl Saldanha
Director

Suresh Soni
Head - Fixed Income

Place: Mumbai
Date : May 27, 2004

Statement of Portfolio Holding

as at March 31, 2004

(Referred to in Schedule 1 to the Balance Sheet as at March 31, 2004 and the Revenue Account for the period October 16, 2003 to March 31, 2004)

Description	Market / Fair Value Rupees
Privately Placed Non-Convertible Debentures/Bonds (9.93%)	
Banks (68.53%)	
10% ICICI Bank Limited 2008*	40,472,530
	40,472,530
Diversified Financial Services (31.47%)	
10.9% Industrial Development Bank of India Limited 2008* @	18,581,296
	18,581,296
TOTAL	(Cost Rs. 58,798,326)
	59,053,826
Non Convertible Debentures/Bonds Listed/Awaiting Listing (39.99%)	
Consumer Finance (29.69%)	
5.85% Housing Development and Finance Corporation Limited 2009@	70,568,330
	70,568,330
Commodity Chemicals (26.56%)	
12.75% Reliance Industries Limited 2009 #	63,134,900
	63,134,900
Diversified Financial Services (20.84%)	
6.2% Industrial Development Bank of India Limited 2011 #	49,538,850
	49,538,850
Power Generation and Supply (22.91%)	
7.7% National Hydroelectric Power Corporation Limited 2010 #	54,468,340
	54,468,340
TOTAL	(Cost Rs. 237,391,210)
	237,710,420
Government of India Securities (50.08%)	
6.20% Government of India UTI Special Bond 2010	63,096,000
6.35% Government of India 2020	53,425,000
6.17% Government of India 2023	52,000,000
8.07% Government of India 2017	37,311,000
6.85% Government of India 2012	33,375,000
5.64% Government of India 2019	25,212,500
10.95% Government of India 2011	20,859,900
11.03% Government of India 2012	8,634,666
11.83% Government of India 2014	3,777,500
TOTAL	(Cost Rs. 296,251,182)
	297,691,566
TOTAL INVESTMENTS	(Cost Rs. 592,440,718)
	594,455,812

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

* Fair value of non-traded (privately placed) securities 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 schemes of Deutsche Mutual Fund.

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

Auditors' Report

To the Trustee

DEUTSCHE MUTUAL FUND

1. We have audited the Balance Sheet of Deutsche Mutual Fund – Deutsche Floating Rate Fund ("The Scheme") as at March 31, 2004 and the related Revenue Account for the period October 16, 2003 to March 31, 2004, 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, 2004 by correspondence with the custodian and others. An audit also includes assessing the accounting principles used and significant estimates made by the Management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us,
 - (i) The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable, and also give respectively, a true and fair view of the state of affairs of Deutsche Mutual Fund – Deutsche Floating Rate Fund as at March 31, 2004 and its net surplus for the period ended on that date.
 - (ii) The Balance Sheet as at March 31, 2004 and the Revenue Account for the period October 16, 2003 to March 31, 2004, together with the notes thereon have been prepared in all material respects in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto as applicable.
 - (iii) The method used to value,
 - a) Privately placed debt securities in good faith and
 - b) Thinly traded debt securities in accordance with guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by the Securities and Exchange Board of India as at March 31, 2004 as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund are fair and reasonable.

K. H. Vachha
Partner

For and on behalf of
Price Waterhouse
Chartered Accountants
Membership No. F/30798

Place : Mumbai
Date : May 27, 2004

Balance Sheet

as at March 31, 2004

	Schedule	March 31, 2004 Rupees
Assets		
Investments	1	217,350,938
Deposits	2	11,000,000
Other Current Assets	3	3,564,798
TOTAL		231,915,736
Liabilities		
Unit Capital	4	227,673,269
Reserves and Surplus	5	3,924,346
Current Liabilities and Provisions	6	318,121
TOTAL		231,915,736

Reconciliation of Net Asset Value Per Unit

	March 31, 2004			Total Rupees
	Growth Plan Rupees	Weekly Dividend Reinvestment Plan Rupees	Monthly Dividend Reinvestment Plan Rupees	
	Net Assets as per Balance Sheet (Total Assets less Current Liabilities and Provisions) (Note 2.5)	38,491,932	94,257,490	
Number of Units in Issue	3,773,206.245	9,285,290.376	9,708,830.160	
Net Asset Value per Unit	10.2014	10.1513	10.1813	

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 Trustees 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

Choy Peng-Wah
Director

Sandeep Dasgupta
Director

Y. B. Desai
Director

A. S. Mitra
Director

Kersi M. Gherda
Director

Dileep Choksi
Director

Debabrata Bhadury
Director

James Goulding
Director

Vijay P. Gokhale
Director

Carl Saldanha
Director

Place: Mumbai
Date : May 27, 2004

Suresh Soni
Head - Fixed Income

Jignesh Barasara
Fund Manager

Revenue Account

for the period October 16, 2003 to March 31, 2004

	Schedule	October 16, 2003 to March 31, 2004 Rupees
Income And Gains		
Interest and Discount	7	5,780,208
TOTAL		5,780,208
Expenses And Losses		
Net Loss on Sale of Investments (Including Net Loss on Inter - Scheme Sale of Investments Rs. 11,887) (Note 2.3)		49,119
Investment Management and Advisory Fees (Note 3)		378,640
Trustee Fees and Expenses (Note 4)		11,471
Transfer Agent Fees and Expenses		239,842
Custodian Fees and Expenses (Note 5)		74,859
Audit Fees		81,173
Selling and Distribution Expenses		195,695
Other Operating Expenses		68,659
		1,099,458
Less: Expenses to be Reimbursed by the Investment Manager (Note 7)		305,775
TOTAL		793,683
Net Surplus for the Period		4,986,525
Net Unrealised Appreciation in Value of Investments	8	90,866
Net Surplus including Net Unrealised Appreciation in Value of Investments		5,077,391

	October 16, 2003 to March 31, 2004			Total
	Growth Plan Rupees	Weekly Dividend Reinvestment Plan Rupees	Monthly Dividend Reinvestment Plan Rupees	Rupees
Net Surplus including Net Unrealised Appreciation in Value of Investments by Plan	2,591,695	1,707,270	778,426	5,077,391
Transfer from Dividend Equalisation Reserve (Note 2.7)	(1,831,711)	177,507	1,181,037	(473,167)
Dividend Distributions	-	(425,625)	(181,386)	(607,011)
Dividend Tax Thereon	-	(54,533)	(23,240)	(77,773)
Balance Transferred to Reserve Fund	759,984	1,404,619	1,754,837	3,919,440

Notes to the Financial Statements 9

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

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

K. H. VACHHA
Partner

For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

For Deutsche Trustees Services (India)
Private Limited

Gunit Chadha
Director

Y. B. Desai
Director

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Director

Suresh Soni
Head - Fixed Income

Sandeep Dasgupta
Director

Dileep Choksi
Director

Carl Saldanha
Director

Jignesh Barasara
Fund Manager

Place: Mumbai
Date : May 27, 2004

Schedules

forming part of Balance Sheet as at March 31, 2004
and the Revenue Account for the period October 16, 2003 to March 31, 2004

	March 31, 2004	
	Market/Fair Value Rupees	Cost Rupees
Schedule 1		
Investments		
(Notes 2.2, 2.3, 8, 9, 10 and 13)		
(Refer to the attached Statement of Portfolio Holding as at March 31, 2004)		
Privately Placed Non Convertible Debentures / Bonds	121,195,732	121,195,732
Non Convertible Debentures / Bonds Listed / Awaiting Listing	714,529	705,014
Securitised Debt	94,944,471	94,863,120
Commercial Paper	496,206	496,206
	217,350,938	217,260,072

	March 31, 2004 Rupees
Schedule 2	
Deposits	
Deposits with Scheduled Bank	11,000,000
	11,000,000

	March 31, 2004 Rupees
Schedule 3	
Other Current Assets	
Balances with Banks in Current Account	1,237,728
Interest Receivables on :	
– Debentures / Bonds	1,908,500
– Securitised Debt	182,167
– Deposits	15,189
Receivable from Investment Manager	218,714
Miscellaneous Receivables	2,500
	3,564,798

	March 31, 2004	
	Rupees	Units
Schedule 4		
Unit Capital		
Growth Plan		
Issued and Subscribed		
Units of Rs.10 each fully paid up	92,500,000	9,250,000.000
Outstanding :		
Initial Issue and Subscription	92,500,000	9,250,000.000
Issued during the period	683,840,413	68,384,041.278
	776,340,413	77,634,041.278
Redeemed during the period	738,608,350	73,860,835.033
At the end of the period	37,732,063	3,773,206.245

Schedules

forming part of Balance Sheet as at March 31, 2004
and the Revenue Account for the period October 16, 2003 to March 31, 2004

	March 31, 2004	
	Rupees	Units
Weekly Dividend Reinvestment Plan		
Issued and Subscribed		
Units of Rs.10 each fully paid up	10,000,000	1,000,000.000
Outstanding :		
Initial Issue and Subscription	10,000,000	1,000,000.000
Issued during the period	179,999,455	17,999,945.515
	189,999,455	18,999,945.515
Redeemed during the period	97,146,551	9,714,655.139
At the end of the period	92,852,904	9,285,290.376
Monthly Dividend Reinvestment Plan		
Issued and Subscribed:		
Units of Rs.10 each fully paid up	250,000	25,000.000
Outstanding :		
Initial Issue and Subscription	250,000	25,000.000
Issued during the period	141,228,510	14,122,850.961
	141,478,510	14,147,850.961
Redeemed during the period	44,390,208	4,439,020.801
At the end of the period	97,088,302	9,708,830.160
TOTAL	227,673,269	22,767,326.781

	March 31, 2004			
	Growth Plan Rupees	Weekly Dividend Reinvestment Plan Rupees	Monthly Dividend Reinvestment Plan Rupees	Total Rupees
Schedule 5				
Reserves and Surplus				
Unit Premium Reserve (Note 2.6)				
Premium / Discount on Issue / Redemption of units during the period	(115)	(33)	5,054	4,906
At the end of the period	(115)	(33)	5,054	4,906
Dividend Equalisation Reserve (Note 2.7)				
Added during the period	(1,831,711)	177,507	1,181,037	(473,167)
Transfer to Revenue Account	1,831,711	(177,507)	(1,181,037)	473,167
At the end of the period	-	-	-	-
Reserve Fund				
Balance Transferred from Revenue Account [including net unrealised appreciation in value of investments Rs.90,866]	759,984	1,404,619	1,754,837	3,919,440
	759,984	1,404,619	1,754,837	3,919,440
TOTAL	759,869	1,404,586	1,759,891	3,924,346

Schedules

forming part of Balance Sheet as at March 31, 2004
and the Revenue Account for the period October 16, 2003 to March 31, 2004

March 31, 2004
Rupees

Schedule 6

Current Liabilities and Provisions

Current Liabilities

Investment Management and Advisory Fees	62,110
Trustee Fees and Expenses	2,280
Transfer Agent Fees and Expenses	44,987
Custodian Fees and Expenses	35,306
Audit Fees	81,173
Selling and Distribution Expenses	58,272
Purchase Contracts Awaiting Completion- Non Convertible Debentures	3,240
Dividend Tax Payable	5,788
Sundry Payables	24,965
	318,121

October 16, 2003 to
March 31, 2004
Rupees

Schedule 7

Interest and Discount

(Note 2.4)

Debentures / Bonds	3,809,695
Securitised Debt	210,514
Commercial Paper	754,648
Reverse Repos	229,736
Deposits	775,615
	5,780,208

October 16, 2003 to
March 31, 2004
Rupees

Schedule 8

Unrealised Appreciation in Value of Investments

(Note 8)

(a) Non Convertible Debentures / Bonds Listed / Awaiting Listing		
At the beginning of the period		–
Net movement during the period		9,515
At the end of the period	(I)	9,515
(b) Securitised Debt		
At the beginning of the period		–
Net movement during the period		81,351
At the end of the period	(II)	81,351
Net movement in unrealised appreciation in value of investments during the period	(I)+(II)	90,866

Schedules

forming part of Balance Sheet as at March 31, 2004
and the Revenue Account for the period October 16, 2003 to March 31, 2004

Schedule 9

Notes to the Financial Statements

1. Organisation

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

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

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

2. Significant Accounting Policies

2.1 Basis of Accounting

The Scheme maintains its books of account on an accrual basis. These financial statements have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 (the "Regulations") and amendments thereto, as applicable.

2.2 Portfolio Valuation

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

- i. Debt securities listed on a recognised stock exchange are valued at the last quoted closing price on the principal exchange on which the security is traded.
- ii. Non-traded and thinly traded debt securities are valued at fair value as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by the Securities and Exchange Board of India (SEBI).
- iii. Privately placed debt securities are valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- iv. Securitised debt securities are valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- v. Instruments bought on 'repo' basis are valued at the resale price after deduction of applicable interest up to the date of resale.
- vi. Money market instruments are valued at cost plus accrued interest.

Following the issue of the guidance note on accounting for investments in the financial statements of mutual funds by the Institute of Chartered Accountants of India (pursuant to the Eleventh Schedule of the Regulations) net unrealized appreciation / depreciation in the value of investments is determined separately for each category of investments. Further the change in net unrealized appreciation / depreciation, if any, between two Balance Sheet dates / dates of determination is recognized in the Revenue Account. Unrealized appreciation is reduced from the distributable income at the time of income distribution. At the end of the financial year, the balance in the Revenue Account including change in the net unrealized appreciation or depreciation in the value of investments is transferred to Reserve Fund.

2.3 Securities Transaction

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

2.4 Investment Income

Interest income is recorded on an accrual basis.

2.5 Net Asset Value for Growth/Dividend Plans

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

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

2.6 Unit Premium Reserve

Upon issue and redemption of units, the net premium or discount to the face value of units is adjusted against the unit

Schedules

forming part of Balance Sheet as at March 31, 2004
and the Revenue Account for the period October 16, 2003 to March 31, 2004

premium reserve of the Scheme after an appropriate portion of the issue proceeds and redemption payout is credited or debited respectively to the dividend equalization reserve.

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

2.7 Dividend Equalization Reserve

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

3. Investment Management and Advisory Fees

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

4. Trustee Fees

In accordance with the Deed of Trust dated May 29, 2002 between Deutsche Asset Management (Asia) Limited (the "Settlor") and Deutsche Trustee Services (India) Private Limited (the "Trustee"), the Fund has paid or provided for trustee fees payable to the Trustee at an annual rate of 0.01% of the average daily net asset values recorded by the Scheme subject to a maximum of Rs.500,000 per annum.

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.

7. Limitation on Expenses

The total expenses chargeable to the Scheme is limited to 0.65% of the average daily net assets recorded by the Scheme. Deutsche Asset Management (India) Private Limited has borne Rs.305,775 in excess of the above mentioned percentage of the average daily net assets to be charged to the Scheme as total expenses for the period.

8. Aggregate Appreciation and Depreciation in Value of Investments

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

March 31, 2004
Rupees

Non Convertible Debentures/ Bonds Listed / Awaiting Listing	
– Appreciation	9,515
– Depreciation	–
Securitized Debt	
– Appreciation	81,351
– Depreciation	–

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 procedures approved by the Trustee as at March 31, 2004 is Rs. 217,350,938.

10. Aggregate Value of Purchases and Sale of Investments

The aggregate value of investment securities purchased and sold (including matured) during the financial period is Rs. 1,203,716,670 (excluding amortisation of premium Rs. 784,217) and Rs. 987,191,695 respectively being 459.02% and 376.45% of the average daily net assets.

11. Income and Expenses

The total income (including net loss on sale of investments and net unrealized appreciation in the value of investments) and expenditure is Rs. 5,821,955 and Rs 744,564 respectively being 5.05% and 0.65% (annualized) of the average daily net assets.

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

Deutsche Bank AG, Mumbai Branch and Kotak Mahindra Bank Limited, associate entities of Deutsche Asset Management (India) Private Limited were paid commission amounting to Rs.44, 877 and Rs. 150 respectively for procuring unit subscriptions for the Scheme. The commission paid was at rate similar to those offered to other distributors.

Schedules

forming part of Balance Sheet as at March 31, 2004
and the Revenue Account for the period October 16, 2003 to March 31, 2004

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	Scheme invested in by the Company	Investments 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, 2004 At Market / Fair Value (Rupees in lakhs)
Bank of Baroda Ltd.	Deutsche Insta Cash Plus Fund	144.63	
Bharti Televentures Ltd.	Deutsche Floating Rate Fund	1,045.45	100.52
Export Import Bank of India Ltd.	Deutsche Short Maturity Fund	29,004.08	1,539.15
Finolex Cables Ltd.	Deutsche Short Maturity Fund	3,755.04	
Grasim Industries Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund	35,10.96	739.00
HCL Technologies Ltd.	Deutsche Short Maturity Fund	779.36	396.57
Hindalco Industries Ltd.	Deutsche Floating Rate Fund and Deutsche Short Maturity Fund	927.81	
Hindustan Lever Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund	5,179.33	347.79
Housing Development Finance Corporation Ltd.	Deutsche Insta Cash Plus Fund	40,259.92	8,181.97
Industrial Development Bank of India Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund	68,150.91	19,964.27
Infrastructure Development Finance Company Ltd.	Deutsche Insta Cash Plus Fund, Deutsche Short Maturity Fund and Deutsche Premier Bond Fund	4,911.12	2,470.27
ITC Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund	1,215.31	494.67
Larsen & Toubro Ltd.	Deutsche Insta Cash Plus Fund, Deutsche Alpha Equity Fund and Deutsche Investment Opportunity Fund	6,557.12	2,898.16
Nestle India Ltd.	Deutsche Insta Cash Plus Fund	43.01	
Raymond Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund	987.48	
Tata Chemicals Ltd.	Deutsche Short Maturity Fund	16.34	
Tata Motors Ltd.	Deutsche Insta Cash Plus Fund	1,082.77	679.99
The Tata Iron and Steel Company Ltd.	Deutsche Insta Cash Plus Fund	1,652.64	741.43
TOTAL		169,223.28	38,553.79

The investments comprise equity, debt and money market instruments. Deutsche Asset Management (India) Private Limited is of the opinion that the said companies are fundamentally strong and possess a high potential for growth and are market leaders in their respective fields. Accordingly, investments were made in the said companies.

14. Perspective Historical Per Unit Statistics*

	October 16, 2003 to March 31, 2004 Rupees
(a) Net asset value per unit at the end of the period (Note 2.5)	
Growth Plan	10.2014
Weekly Dividend Reinvestment Plan	10.1513
Monthly Dividend Reinvestment Plan	10.1813
(b) Gross income	
(i) income other than profit on sale of investment.	0.2539
(ii) income from profit on inter scheme sales/transfer of investment	(0.0005)

Schedules

forming part of Balance Sheet as at March 31, 2004
and the Revenue Account for the period October 16, 2003 to March 31, 2004

	October 16, 2003 to March 31, 2004 Rupees
(iii) income (net) from profit / (loss) on sale of investments to third party	(0.0016)
(iv) transfer of revenue account from past year's reserve	NA
Gross income and gains	0.2518
(c) Aggregate of expenses, writeoff, amortisation and charges	0.0328
(d) Net income	0.2190
(e) Net unrealised appreciation / (depreciation) in value of investments	0.0040
(f) Redemption Price	
– Highest	
Growth Plan	10.1984
Weekly Dividend Reinvestment Plan	10.1513
Monthly Dividend Reinvestment Plan	10.1783
– Lowest	
Growth Plan	10.0173
Weekly Dividend Reinvestment Plan	10.0780
Monthly Dividend Reinvestment Plan	10.0277
(g) Purchase price	
– Highest	
Growth Plan	10.1933
Weekly Dividend Reinvestment Plan	10.1513
Monthly Dividend Reinvestment Plan	10.1707
– Lowest	
Growth Plan	10.0000
Weekly Dividend Reinvestment Plan	10.0000
Monthly Dividend Reinvestment Plan	10.0000
(h) Price earnings ratio	NA
(i) Ratio of expenses to daily average net assets by percentage @	0.65%
(j) Ratio of gross income (including net loss on sale of investments and net unrealised appreciation in value of investments) to daily average net assets by percentage @	5.05%

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

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

15. Prior Year's Figures

As these are the first financial statements of the Scheme since the date of its commencement, there are no comparative figures.

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

K. H. VACHHA
Partner

For Deutsche Trustees 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

Choy Peng-Wah
Director

Sandeep Dasgupta
Director

Y. B. Desai
Director

A. S. Mitra
Director

Kersi M. Gherda
Director

Dileep Choksi
Director

Debabrata Bhadury
Director

James Goulding
Director

Vijay P. Gokhale
Director

Carl Saldanha
Director

Place: Mumbai
Date : May 27, 2004

Suresh Soni
Head - Fixed Income

Jignesh Barasara
Fund Manager

Statement of Portfolio Holding

as at March 31, 2004

(Referred to in Schedule 1 to the Balance Sheet as at March 31, 2004 and the Revenue Account for the period October 16, 2003 to March 31, 2004)

Description		Fair Value Rupees
Privately Placed Non-Convertible Debentures/Bonds (55.76%)		
Finance (25.75%)		
Citi Financial Consumer Finance India Limited 2005*		13,200,000
Citi Financial Consumer Finance India Limited 2005*		13,000,000
Citi Financial Consumer Finance India Limited 2006*		4,997,549
		31,197,549
Finance-Housing (24.75%)		
Housing and Urban Development Corporation Limited 2004*		30,000,000
		30,000,000
Chemical (16.50%)		
Cargill India Private Limited 2005*		20,000,000
		20,000,000
Diversified Financial Services (24.75%)		
1Year Gsec + 130 bps Industrial Development Bank of India 2009* @		15,000,000
Industrial Development Bank of India 2006* @		14,998,183
		29,998,183
Textiles (8.25%)		
Nahar Spinning Mills Limited 2004*		10,000,000
		10,000,000
TOTAL	(Cost Rs. 121,195,732)	121,195,732
Non Convertible Debentures/Bonds Listed/Awaiting Listing (0.33%)		
Household Products (100%)		
9% Hindustan Lever Limited 2005# @		714,529
TOTAL	(Cost Rs. 705,014)	714,529
Securitized Debt (43.68%)		
Finance (100%)		
Indian Retail ABS Trust Sr XI A1 PTC 2005*		39,883,718
Witeco TVS Finance Two Wheeler SerA1 PTCs 2004*		30,425,935
NM + 150bpsVE Trust 5 SerA6 PTC (MMFSL) 2006*		24,634,818
TOTAL	(Cost - Rs.94,863,120)	94,944,471
Commercial Paper (0.23%)		
Skanska Cementation India Limited 2004*		496,206
TOTAL	(Cost Rs. 496,206)	496,206
TOTAL INVESTMENTS	(Cost Rs. 217,260,072)	217,350,938
Confirmation has been received from J P Morgan Chase Bank, Mumbai Branch at the end of the financial period of the investments held by them.		
* Fair value of non-traded (privately placed) securities as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee.		
# Fair value of thinly traded debt securities in accordance with the guidelines for valuation of securities for Mutual Funds dated September 18, 2000 and amendments thereto as applicable issued by the Securities and Exchange Board of India as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee.		
@ Investment in companies which have invested more than five percent of the net asset value of any schemes of Deutsche Mutual Fund		

Auditors' Report

To the Trustee

DEUTSCHE MUTUAL FUND

1. We have audited the Balance Sheet of Deutsche Mutual Fund – Deutsche Investment Opportunity Fund ("The Scheme") as at March 31, 2004 and the related Revenue Account for the period January 15, 2004 to March 31, 2004, 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, 2004 by correspondence with the custodian and others. An audit also includes assessing the accounting principles used and significant estimates made by the Management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us,
 - (i) The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable, and also give respectively, a true and fair view of the state of affairs of Deutsche Mutual Fund – Deutsche Investment Opportunity Fund as at March 31, 2004 and its net deficit for the period ended on that date.
 - (ii) The Balance Sheet as at March 31, 2004 and the Revenue Account for the period January 15, 2004 to March 31, 2004, 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, 2004 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

For and on behalf of

Price Waterhouse

Chartered Accountants

Membership No. F/30798

Place : Mumbai

Date : May 27, 2004

Balance Sheet

as at March 31, 2004

	Schedule	March 31, 2004 Rupees
Assets		
Investments	1	447,481,516
Other Current Assets	2	58,223,519
TOTAL		505,705,035
Liabilities		
Unit Capital	3	471,032,481
Reserves and Surplus	4	(2,392,987)
Current Liabilities and Provisions	5	37,065,541
TOTAL		505,705,035

Reconciliation of Net Asset Value Per Unit

	March 31, 2004		
	Growth Plan Rupees	Dividend Plan Rupees	Total Rupees
Net Assets as per Balance Sheet (Total Assets less Current Liabilities and Provisions)(Note 2.6)	177,238,770	291,400,724	468,639,494
Number of Units in Issue	17,814,379.424	29,288,868.716	
Net Asset Value per Unit	9.95	9.95	

Notes to the Financial Statements 6

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 Trustees Services (India)
Private Limited

Gunit Chadha
Director

Y. B. Desai
Director

Debabrata Bhadury
Director

M.H. Kania
Director

A. S. Mitra
Director

James Goulding
Director

For Deutsche Asset Management (India)
Private Limited

Choy Peng-Wah
Director

Kersi M. Gherda
Director

Vijay P. Gokhale
Director

Sandeep Dasgupta
Director

Dileep Choksi
Director

Carl Saldanha
Director

B. P. Singh
Head - Equities

Place: Mumbai
Date : May 27, 2004



Revenue Account

for the period January 15, 2004 to March 31, 2004

January 15, 2004
to March 31, 2004
Rupees

Schedule

Income And Gains

Dividends (Note 2.4)	152,016
Interest on Reverse Repos (Note 2.4)	510,480
Net Profit on Sale of Investments (Note 2.3)	2,691,166
TOTAL	3,353,662

Expenses And Losses

Investment Management and Advisory Fees (Note 3)	736,728
Trustee Fees and Expenses (Note 4)	5,894
Transfer Agent Fees and Expenses	91,533
Custodian Fees and Expenses (Note 5)	110,238
Audit Fees	25,174
Selling and Distribution Expenses	222,713
Initial Issue Expenses (Note 2.5)	5,640,588
Other Operating Expenses	169,568

	7,002,436
Less: Expenses to be Reimbursed by the Investment Manager (Note 7)	35,284

TOTAL	6,967,152
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Net Deficit for the Period	(3,613,490)
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Net Unrealised Depreciation in Value of Investments - Equity Shares	(227,777)
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Net Deficit including Net Unrealised Depreciation in Value of Investments	(3,841,267)
--	--------------------

January 15, 2004 to March 31, 2004

	Growth Plan Rupees	Dividend Plan Rupees	Total Rupees
Net Deficit including Net Unrealised Depreciation in Value of Investments by Plan	(1,715,301)	(2,125,966)	(3,841,267)
Transfer From Dividend Equalisation Reserve (Note 2.8)	596,445	118,243	714,688
Balance Transferred to Reserve Fund	(1,118,856)	(2,007,723)	(3,126,579)

Notes to the Financial Statements 6

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 <i>Partner</i>	For Deutsche Trustees Services (India) Private Limited		For Deutsche Asset Management (India) Private Limited	
For and on behalf of PRICE WATERHOUSE <i>Chartered Accountants</i>	Gunit Chadha <i>Director</i>	M.H. Kania <i>Director</i>	Choy Peng-Wah <i>Director</i>	Sandeep Dasgupta <i>Director</i>
	Y. B. Desai <i>Director</i>	A. S. Mitra <i>Director</i>	Kersi M. Gherda <i>Director</i>	Dileep Choksi <i>Director</i>
	Debabrata Bhadury <i>Director</i>	James Goulding <i>Director</i>	Vijay P. Gokhale <i>Director</i>	Carl Saldanha <i>Director</i>

Place: Mumbai
Date : May 27, 2004

B. P. Singh
Head - Equities

Schedules

forming part of Balance Sheet as at March 31, 2004
and the Revenue Account for the period January 15, 2004 to March 31, 2004

	March 31, 2004	
	Market/Fair Value Rupees	Cost Rupees
Schedule 1		
Investments		
(Notes 2.2, 2.3, 8, 9, 10 and 13)		
(Refer to the attached Statement of Portfolio Holding as at March 31, 2004)		
Equity Shares	447,481,516	447,709,293
	447,481,516	447,709,293

	March 31, 2004 Rupees
Schedule 2	
Other Current Assets	
Balance with Banks in Current Account	6,158,110
Sales Contracts Awaiting Completion - Equity Shares	3,938,824
Reverse Repos	47,760,625
Unit Subscription Receivable	326,000
Interest Receivable on Reverse Repos	3,926
Receivable from the Investment Manager	36,034
	58,223,519

	March 31, 2004	
	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
Outstanding:		
Initial issue and subscription	75,311,027	7,531,102.700
Issued during the period	114,435,497	11,443,549.709
	189,746,524	18,974,652.409
Redeemed during the period	11,602,730	1,160,272.985
At the end of the period	178,143,794	17,814,379.424
Dividend Plan		
Issued and Subscribed:		
Units of Rs.10 each fully paid up	206,718,379	20,671,837.890
Outstanding:		
Initial issue and subscription	206,718,379	20,671,837.890
Issued during the period	91,778,831	9,177,883.080
	298,497,210	29,849,720.970
Redeemed during the period	5,608,523	560,852.254
At the end of the period	292,888,687	29,288,868.716
TOTAL	471,032,481	47,103,248.140

Schedules

forming part of Balance Sheet as at March 31, 2004
and the Revenue Account for the period January 15, 2004 to March 31, 2004

	March 31, 2004		
	Growth Plan Rupees	Dividend Plan Rupees	Total Rupees
Schedule 4			
Reserves and Surplus			
Unit Premium Reserve (Note 2.7)			
Premium / Discount on Issue / Redemption of units during the period	213,832	519,760	733,592
At the end of the year	213,832	519,760	733,592
Dividend Equalisation Reserve (Note 2.8)			
Added during the period	596,445	118,243	714,688
Transferred to Revenue Account	(596,445)	(118,243)	(714,688)
At the end of the period	-	-	-
Reserve Fund			
Balance Transferred from Revenue Account [including net unrealised depreciation in value of investments Rs. 227,777]	(1,118,856)	(2,007,723)	(3,126,579)
TOTAL	(905,024)	(1,487,963)	(2,392,987)

	March 31, 2004 Rupees
Schedule 5	
Current Liabilities and Provisions	
Current Liabilities	
Investment Management and Advisory Fees	465,630
Trustee Fees and Expenses	3,725
Transfer Agent Fees and Expenses	47,560
Custodian Fees and Expenses	110,238
Audit Fees	25,174
Purchase Contracts Awaiting Completion - Equity Shares	34,305,144
Redemption of Units	63,900
Selling and Distribution Expenses	1,807,948
Initial Issue Expenses Payable to Investment Manager	88,601
Sundry Payables	147,621
	37,065,541

Schedules

forming part of Balance Sheet as at March 31, 2004
and the Revenue Account for the period January 15, 2004 to March 31, 2004

Schedule 6

Notes to the Financial Statements

1. Organisation

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.

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 principal exchange on which the security is traded. If no sale is reported at that time equity securities are valued at the last quoted closing price when the last quoted closing price 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. 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.

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 is being borne by the Scheme and charged to the Revenue Account in the year of incurrence. Expenses over and above 2% are being 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.

Schedules

forming part of Balance Sheet as at March 31, 2004
and the Revenue Account for the period January 15, 2004 to March 31, 2004

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 Charges

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 1.24% 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 Fund has paid or provided for trustee fees payable to the Trustee at an annual rate of 0.01% of the average daily net asset values recorded by the Scheme subject to a maximum of Rs.500,000 per annum.

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 recognised mutual fund under Section 10 (23D) of the Income Tax Act, 1961 of India.

7. Limitation on Expenses

In accordance with Regulation 52(6) of the Regulations, Deutsche Asset Management (India) Private Limited has borne Rs. 35,284 which is in excess of 2.23% of the average daily net assets allowable to be charged to the Scheme as total expenses for the period.

8. Aggregate Appreciation and Depreciation In Value of Investments

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

March 31, 2004
Rupees

Equity Shares	
– Appreciation	12,664,327
– Depreciation	12,892,104

9. Aggregate Fair Value of Non Traded Investments

Aggregate fair value of non traded investments as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee as at March 31, 2004 is Rs.2,352,592.

10. Aggregate Value of Purchases and Sale of Investments

The aggregate value of investment securities purchased and sold (including matured) during the financial period is Rs. 512,687,595 and Rs. 67,669,468 respectively being 132.13% and 17.44% of the average daily net assets.

11. Income and Expenses

The total income (including net profit on sale of investments and net unrealized depreciation in the value of investments) and expenditure (excluding initial issue expenses) is Rs 3,125,885 and Rs. 1,326,564 respectively being 5.27% and 2.23% (annualized) of the average daily net assets.

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

Deutsche Bank AG, Mumbai Branch and Kotak Mahindra Bank Limited, associate entities of Deutsche Asset Management (India) Private Limited were paid commission amounting to Rs.2,450,605 and Rs.8,695 respectively for procuring unit subscriptions for the Scheme. Further Deutsche Bank AG, Mumbai Branch, was paid brokerage of Rs.111,423 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 Balance Sheet as at March 31, 2004
and the Revenue Account for the period January 15, 2004 to March 31, 2004

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	Scheme invested in by the Company	Investments 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, 2004 At Market / Fair Value (Rupees in lakhs)
Bank of Baroda Ltd.	Deutsche Insta Cash Plus Fund	144.63	
Bharati Televentures Ltd.	Deutsche Floating Rate Fund	1,045.45	100.52
Export Import Bank of India Ltd.	Deutsche Short Maturity Fund	29,004.08	1,539.15
Finolex Cables Ltd.	Deutsche Short Maturity Fund	3,755.04	-
Grasim Industries Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund	3,510.96	739.00
HCL Technologies Ltd.	Deutsche Short Maturity Fund	779.36	396.57
Hindalco Industries Ltd.	Deutsche Floating Rate Fund and Deutsche Short Maturity Fund	927.81	-
Hindustan Lever Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund	5,179.33	347.79
Housing Development Finance Corporation Ltd.	Deutsche Insta Cash Plus Fund	40,259.92	8,181.97
Industrial Development Bank of India Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund	68,150.91	19,964.27
Infrastructure Development Finance Company Ltd.	Deutsche Insta Cash Plus Fund, Deutsche Short Maturity Fund and Deutsche Premier Bond Fund	4,911.12	2,470.27
ITC Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund	1,215.31	494.67
Larsen and Toubro Ltd.	Deutsche Insta Cash Plus Fund, Deutsche Alpha Equity Fund and Deutsche Investment Opportunity Fund	6,557.12	2,898.16
Nestle India Ltd.	Deutsche Insta Cash Plus Fund	43.01	-
Raymond Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund	987.48	-
Tata Chemicals Ltd.	Deutsche Short Maturity Fund	16.34	-
Tata Motors Ltd.	Deutsche Insta Cash Plus Fund	1,082.77	679.99
The Tata Iron and Steel Company Ltd.	Deutsche Insta Cash Plus Fund	1,652.64	741.43
TOTAL		169,223.28	38,553.79

The investments comprise equity, debt and money market instruments. Deutsche Asset Management (India) Private Limited is of the opinion that the said companies are fundamentally strong and possess a high potential for growth and are market leaders in their respective fields. Accordingly, investments were made in the said companies.

14. Perspective Historical Per Unit Statistics*

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

Schedules

forming part of Balance Sheet as at March 31, 2004
and the Revenue Account for the period January 15, 2004 to March 31, 2004

	January 15, 2004 to March 31, 2004 Rupees
(c) Aggregate of expenses, writeoff, amortisation and charges (including initial issue expenses)	0.15
(d) Net income	(0.08)
(e) Net unrealised appreciation / (depreciation) in value of investments	(0.00)#
(f) Redemption price	
– Highest	
Growth Plan	10.64
Dividend Plan	10.64
– Lowest	
Growth Plan	9.42
Dividend Plan	9.42
(g) Purchase price	
– Highest	
Growth Plan	10.64
Dividend Plan	10.64
– Lowest	
Growth Plan	9.42
Dividend Plan	9.42
(h) Price earnings ratio	NA
(i) Ratio of expenses (excluding initial issue expenses) to average daily net assets by percentage @	2.23%
(j) Ratio of gross income (including net profit on sale of investments and net unrealised depreciation in value of investments) to average daily net assets by percentage @	5.27%

* The above per unit calculations are based on the number of units outstanding 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 Year's Figures

As these are the first financial statements of the Scheme since the date of its commencement, there are no comparative figures.

Signatures to the Schedules 1 to 6 forming part of the Balance Sheet and the Revenue Account

K. H. VACHHA
Partner

For Deutsche Trustees 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

Choy Peng-Wah
Director

Sandeep Dasgupta
Director

Y. B. Desai
Director

A. S. Mitra
Director

Kersi M. Gherda
Director

Dileep Choksi
Director

Debabrata Bhadury
Director

James Goulding
Director

Vijay P. Gokhale
Director

Carl Saldanha
Director

Place: Mumbai
Date : May 27, 2004

B. P. Singh
Head - Equities

Statement of Portfolio Holding

as at March 31, 2004

(Referred to in Schedule 1 to the Balance Sheet as at March 31, 2004 and the Revenue Account for the period January 15, 2004 to March 31, 2004)

Description	Quantity	Market /Fair Value Rupees
Equity Shares (100%)		
Aluminium (2.07%)		
National Aluminium Company Limited	50,000	9,257,500
		9,257,500
Automobile Manufacturers (15.39%)		
Mahindra and Mahindra Limited	49,680	23,078,844
Maruti Udyog Limited	40,000	19,878,000
Tata Motors Limited @	35,000	16,999,500
Ashok Leyland Limited	35,000	8,876,000
		68,832,344
Banks (4.06%)		
State Bank of India	30,000	18,171,000
		18,171,000
Commodity Chemicals (7.64%)		
Reliance Industries Limited	50,000	26,902,500
Indian Petrochemicals Corporation Limited	40,000	7,280,000
		34,182,500
Construction and Engineering (5.13%)		
Larsen and Toubro Limited @	40,000	22,974,000
		22,974,000
Construction Materials (4.92%)		
Gujarat Ambuja Cement Limited	40,000	11,812,000
Associated Cement Companies Limited	40,000	10,182,000
		21,994,000
Electric Utilities (6.71%)		
Reliance Energy Limited	23,500	18,019,800
Tata Power Company Limited	28,000	10,554,600
Power Trading Corporation Limited*	91,912	1,470,592
		30,044,992
Gas Utilities (2.92%)		
Indraprastha Gas Limited	80,000	6,656,000
Gas Authority of India Limited	30,000	6,393,000
		13,049,000
Heavy Electrical Equipments (4.05%)		
Bharat Heavy Electricals Limited	30,000	18,135,000
		18,135,000
Industrial Conglomerates (4.06%)		
Grasim Industries Limited @	17,000	18,180,650
		18,180,650
Integrated Telecommunication Services (0.69%)		
Bharti Tele-Ventures Limited @	20,000	3,093,000
		3,093,000
IT Consulting and Services (12.07%)		
Infosys Technologies Limited	4,000	19,752,600
Hughes Software Limited	20,000	10,340,000
HCL Technologies Limited @	40,000	9,914,000
Wipro Limited	6,000	8,156,100
Satyam Computer Services Limited	20,000	5,870,000
		54,032,700

Statement of Portfolio Holding

as at March 31, 2004

Description	Quantity	Market /Fair Value Rupees
Motorcycle Manufacturers (5.48%)		
Hero Honda Motors Limited	50,000	24,522,500
		24,522,500
Oil and Gas Refining and Marketing (12.50%)		
Hindustan Petroleum Corporation Limited	47,650	24,187,140
Indian Oil Corporation Limited	35,000	17,368,750
Bharat Petroleum Corporation Limited	30,000	14,364,000
		55,919,890
Pharmaceuticals (1.29%)		
Strides Arcolabs Limited	33,323	4,905,145
Biocon Limited*	2,800	882,000
		5,787,145
Steel (7.00%)		
Tata Iron and Steel Company Limited @	56,667	21,731,795
Sesa Goa Limited	20,000	9,581,000
		31,312,795
Tyres and Rubber (1.11%)		
Apollo Tyres Limited	20,000	4,975,000
		4,975,000
Tobacco (2.91%)		
ITC Limited @	12,500	13,017,500
		13,017,500
TOTAL INVESTMENTS	(Cost - Rs. 447,709,293)	447,481,516

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

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

Auditors' Report

To the Trustee

DEUTSCHE MUTUAL FUND

1. We have audited the Balance Sheet of Deutsche Mutual Fund – Deutsche MIP Fund ("The Scheme") as at March 31, 2004 and the related Revenue Account for the period January 15, 2004 to March 31, 2004, 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, 2004 by correspondence with the custodian and others. An audit also includes assessing the accounting principles used and significant estimates made by the Management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us,
 - (i) The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable, and also give respectively, a true and fair view of the state of affairs of Deutsche Mutual Fund – Deutsche MIP Fund as at March 31, 2004 and its net surplus for the period ended on that date.
 - (ii) The Balance Sheet as at March 31, 2004 and the Revenue Account for the period January 15, 2004 to March 31, 2004, together with the notes thereon have been prepared in all material respects in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto as applicable.
 - (iii) The method used to value,
 - a) Privately placed debt securities and equity shares awaiting listing in good faith and
 - b) Non traded / thinly traded debt securities in accordance with guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by the Securities and Exchange Board of India as at March 31, 2004 as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund are fair and reasonable.

K. H. Vachha
Partner

For and on behalf of
Price Waterhouse
Chartered Accountants
Membership No. F/30798

Place : Mumbai
Date : May 27, 2004

Balance Sheet

as at March 31, 2004

	Schedule	PLAN A	PLAN B
		March 31, 2004 Rupees	March 31, 2004 Rupees
Assets			
Investments	1	459,111,363	218,148,382
Other Current Assets	2	21,025,436	7,751,488
TOTAL		480,136,799	225,899,870
Liabilities			
Unit Capital	3	466,287,871	223,512,724
Reserves and Surplus	4	2,813,501	1,641,456
Current Liabilities and Provisions	5	11,035,427	745,690
TOTAL		480,136,799	225,899,870

Reconciliation of Net Asset Value Per Unit

	PLAN A					PLAN B				
	March 31, 2004					March 31, 2004				
	Growth Option Rupees	Monthly Dividend Option Rupees	Quarterly Dividend Option Rupees	Annual Dividend Option Rupees	Total Rupees	Growth Option Rupees	Monthly Dividend Option Rupees	Quarterly Dividend Option Rupees	Annual Dividend Option Rupees	Total Rupees
Net Assets as per Balance Sheet (Total Assets less Current Liabilities and Provisions) (Note 2.5)	245,821,724	50,901,724	115,590,737	56,787,187	469,101,372	39,943,330	90,359,767	88,829,002	6,022,081	225,154,180
Number of Units in Issue	24,434,737.301	5,059,643.373	11,489,746.483	5,644,659.794		3,965,212.765	8,970,101.238	8,818,140.601	597,817.785	
Net Asset Value per Unit	10.0603	10.0603	10.0603	10.0603		10.0734	10.0734	10.0734	10.0734	

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 Trustees 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
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Debabrata Bhadury
Director

James Goulding
Director

Vijay P. Gokhale
Director

Carl Saldanha
Director

Place: Mumbai
Date : May 27, 2004

Suresh Soni
Head - Fixed Income

B. P. Singh
Head - Equities

Revenue Account

for the period January 15, 2004 to March 31, 2004

	Schedule	PLAN A	PLAN B
		January 15, 2004 to March 31, 2004 Rupees	January 15, 2004 to March 31, 2004 Rupees
Income And Gains			
Interest and Discount	6	3,922,641	2,455,576
TOTAL		3,922,641	2,455,576

Expenses And Losses

Net Loss on Sale of Investments (Net of Net Profit on Inter - Scheme Sale of Investments Rs. NIL under Plan A and Rs.1,480 under Plan B) (Note 2.3)		695,712	249,979
Investment Management and Advisory Fees (Note 3)		955,089	554,654
Trustee Fees and Expenses (Note 4)		7,641	4,437
Transfer Agent Fees and Expenses		91,513	88,893
Custodian Fees and Expenses (Note 5)		184,868	101,588
Audit Fees		25,174	25,174
Selling and Distribution Expenses		511,790	282,228
Other Operating Expenses		169,140	79,397
		2,640,927	1,386,350
Less: Expenses to be Reimbursed by the Investment Manager (Note 7)		229,001	142,989
TOTAL		2,411,926	1,243,361
Net Surplus for the Period		1,510,715	1,212,215
Net Unrealised Appreciation / (Depreciation) in Value of Investments	7	1,622,649	782,016
Net Surplus including Net Unrealised Appreciation in Value of Investments		3,133,364	1,994,231

	PLAN A					PLAN B				
	January 15, 2004 to March 31, 2004					January 15, 2004 to March 31, 2004				
	Growth Option Rupees	Monthly Dividend Option Rupees	Quarterly Dividend Option Rupees	Annual Dividend Option Rupees	Total Rupees	Growth Option Rupees	Monthly Dividend Option Rupees	Quarterly Dividend Option Rupees	Annual Dividend Option Rupees	Total Rupees
Net Surplus including Net Unrealised Appreciation in Value of Investments by Option	2,217,680	350,190	697,583	(132,089)	3,133,364	666,728	647,200	637,670	42,633	1,994,231
Transfer from Income Equalisation Reserve (Note 2.7)	(180,878)	(8,575)	(32,446)	9,864	(212,035)	(280,986)	11,511	7,021	559	(261,895)
Balance Transferred to Reserve Fund	2,036,802	341,615	665,137	(122,225)	2,921,329	385,742	658,711	644,691	43,192	1,732,336

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 Trustees Services (India)
Private Limited

For Deutsche Asset Management (India)
Private Limited

For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

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Debabrata Bhadury
Director

James Goulding
Director

Vijay P. Gokhale
Director

Carl Saldanha
Director

Place: Mumbai
Date : May 27, 2004

Suresh Soni
Head - Fixed Income

B. P. Singh
Head - Equities



Schedules

forming part of Balance Sheet as at March 31, 2004
and the Revenue Account for the period January 15, 2004 to March 31, 2004

	PLAN A		PLAN B	
	March 31, 2004		March 31, 2004	
	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, 2004)				
Equity Shares	89,910,466	90,181,573	22,042,172	21,781,788
Privately Placed Non Convertible Debentures / Bonds	56,987,501	56,903,248	–	–
Non Convertible Debentures / Bonds Listed / Awaiting Listing	164,353,525	163,903,970	69,634,377	69,736,718
Government of India Securities	44,004,250	43,784,425	51,790,000	51,778,000
Securitised Debt	103,855,621	102,715,498	74,681,833	74,069,860
	459,111,363	457,488,714	218,148,382	217,366,366

	PLAN A	PLAN B
	March 31, 2004 Rupees	March 31, 2004 Rupees
Schedule 2		
Other Current Assets		
Balances with Banks in Current Account	3,488,661	2,985,793
Sales Contracts Awaiting Completion - Equity Shares	5,494,043	–
Unit Subscription Receivable	231,000	15,000
Interest Receivables on :		
– Debentures / Bonds	10,733,573	3,557,255
– Government of India Securities	892,451	1,076,817
Receivable from Investment Manager	185,708	116,623
	21,025,436	7,751,488

	PLAN A		PLAN B	
	March 31, 2004		March 31, 2004	
	Rupees	Units	Rupees	Units

Schedule 3

Unit Capital

Growth Option

Issued and Subscribed

Units of Rs.10 each fully paid up	328,029,370	32,802,937.000	130,757,769	13,075,776.900
Outstanding :				
Initial Issue and Subscription	328,029,370	32,802,937.000	130,757,769	13,075,776.900
Issued during the period	19,324,810	1,932,480.973	16,284,500	1,628,449.965
	347,354,180	34,735,417.973	147,042,269	14,704,226.865
Redeemed during the period	103,006,806	10,300,680.672	107,390,141	10,739,014.100
At the end of the period	244,347,374	24,434,737.301	39,652,128	3,965,212.765

Schedules

forming part of Balance Sheet as at March 31, 2004
and the Revenue Account for the period January 15, 2004 to March 31, 2004

	PLAN A		PLAN B	
	March 31, 2004		March 31, 2004	
	Rupees	Units	Rupees	Units
Monthly Dividend Option				
Issued and Subscribed				
Units of Rs.10 each fully paid up	57,651,822	5,765,182.200	80,412,599	8,041,259.900
Outstanding :				
Initial Issue and Subscription	57,651,822	5,765,182.200	80,412,599	8,041,259.900
Issued during the period	12,324,654	1,232,465.373	10,088,413	1,008,841.338
	69,976,476	6,997,647.573	90,501,012	9,050,101.238
Redeemed during the period	19,380,042	1,938,004.200	800,000	80,000.000
At the end of the period	50,596,434	5,059,643.373	89,701,012	8,970,101.238
Quarterly Dividend Option				
Issued and Subscribed				
Units of Rs.10 each fully paid up	83,356,958	8,335,695.800	88,979,052	8,897,905.200
Outstanding :				
Initial Issue and Subscription	83,356,958	8,335,695.800	88,979,052	8,897,905.200
Issued during the period	32,414,498	3,241,449.845	4,252,354	425,235.401
	115,771,456	11,577,145.645	93,231,406	9,323,140.601
Redeemed during the period	873,991	87,399.162	5,050,000	505,000.000
At the end of the period	114,897,465	11,489,746.483	88,181,406	8,818,140.601
Annual Dividend Option				
Issued and Subscribed:				
Units of Rs.10 each fully paid up	9,172,225	917,222.480	5,675,376	567,537.600
Outstanding :				
Initial Issue and Subscription	9,172,225	917,222.480	5,675,376	567,537.600
Issued during the period	47,329,398	4,732,939.793	302,802	30,280.185
	56,501,623	5,650,162.273	5,978,178	597,817.785
Redeemed during the period	55,025	5,502.479	–	–
At the end of the period	56,446,598	5,644,659.794	5,978,178	597,817.785
TOTAL	466,287,871	46,628,786.951	223,512,724	22,351,272.389

	PLAN A					PLAN B				
	March 31, 2004					March 31, 2004				
	Growth Option Rupees	Monthly Dividend Option Rupees	Quarterly Dividend Option Rupees	Annual Dividend Option Rupees	Total Rupees	Growth Option Rupees	Monthly Dividend Option Rupees	Quarterly Dividend Option Rupees	Annual Dividend Option Rupees	Total Rupees

Schedule 4

Reserves and Surplus

Unit Premium Reserve
(Note 2.6)

Premium / Discount on
Issue / Redemption of
units during the period

At the end of the period

(562,452)	(36,325)	28,135	462,814	(107,828)	(94,540)	44	2,905	711	(90,880)
(562,452)	(36,325)	28,135	462,814	(107,828)	(94,540)	44	2,905	711	(90,880)



Schedules

forming part of Balance Sheet as at March 31, 2004
and the Revenue Account for the period January 15, 2004 to March 31, 2004

	PLAN A					PLAN B				
	March 31, 2004					March 31, 2004				
	Growth Option Rupees	Monthly Dividend Option Rupees	Quarterly Dividend Option Rupees	Annual Dividend Option Rupees	Total Rupees	Growth Option Rupees	Monthly Dividend Option Rupees	Quarterly Dividend Option Rupees	Annual Dividend Option Rupees	Total Rupees
Dividend Equalisation Reserve (Note 2.7)										
Added during the period	(180,878)	(8,575)	(32,446)	9,864	(212,035)	(280,986)	11,511	7,021	559	(261,895)
Transfer to Revenue Account	180,878	8,575	32,446	(9,864)	212,035	280,986	(11,511)	(7,021)	(559)	261,895
At the end of the period	-	-	-	-	-	-	-	-	-	-
Reserve Fund										
Balance Transferred from Revenue Account (including net unrealised appreciation in value of investments Rs.1,622,649 for Plan A and Rs.782,016 for Plan B)										
	2,036,802	341,615	665,137	(122,225)	2,921,329	385,742	658,711	644,691	43,192	1,732,336
TOTAL	1,474,350	305,290	693,272	340,589	2,813,501	291,202	658,755	647,596	43,903	1,641,456

	PLAN A	PLAN B
	March 31, 2004	March 31, 2004
	Rupees	Rupees

Schedule 5

Current Liabilities and Provisions

Current Liabilities

Investment Management and Advisory Fees	537,122	291,841
Trustee Fees and Expenses	4,297	2,335
Transfer Agent Fees and Expenses	46,694	45,029
Custodian Fees and Expenses	184,868	101,588
Audit Fees	25,174	25,174
Selling and Distribution Expenses	303,210	172,354
Purchase Contracts Awaiting Completion - Equity Shares	9,717,171	-
Redemption of Units	-	10,008
Sundry Payables	216,891	97,361
	11,035,427	745,690

	PLAN A	PLAN B
	January 15, 2004 to March 31, 2004	January 15, 2004 to March 31, 2004
	Rupees	Rupees

Schedule 6

Interest and Discount

(Note 2.4)

Debentures / Bonds	2,133,121	1,505,104
Government of India Securities	1,234,435	610,703
Reverse Repos	555,085	339,769
	3,922,641	2,455,576

Schedules

forming part of Balance Sheet as at March 31, 2004
and the Revenue Account for the period January 15, 2004 to March 31, 2004

		PLAN A	PLAN B
		January 15, 2004 to March 31, 2004 Rupees	January 15, 2004 to March 31, 2004 Rupees
Schedule 7			
Unrealised Appreciation / (Depreciation) in Value of Investments			
(Note 8)			
(a) Equity Shares			
At the beginning of the period		–	–
Net movement during the period	(I)	(271,107)	260,384
At the end of the period		(271,107)	260,384
(b) Privately Placed Non Convertible Debentures / Bonds			
At the beginning of the period		–	–
Net movement during the period	(II)	84,253	–
At the end of the period		84,253	–
(c) Non Convertible Debentures / Bonds Listed / Awaiting Listing			
At the beginning of the period		–	–
Net movement during the period	(III)	449,555	(102,341)
At the end of the period		449,555	(102,341)
(d) Government of India Securities			
At the beginning of the period		–	–
Net movement during the period	(IV)	219,825	12,000
At the end of the period		219,825	12,000
(e) Securitised Debt			
At the beginning of the period		–	–
Net movement during the period	(V)	1,140,123	611,973
At the end of the period		1,140,123	611,973
Net movement in unrealised appreciation in value of investments during the period	(I)+(II)+(III)+(IV)+(V)	1,622,649	782,016



Schedules

forming part of Balance Sheet as at March 31, 2004
and the Revenue Account for the period January 15, 2004 to March 31, 2004

Schedule 8

Notes to the Financial Statements

1. Organisation

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

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

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

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. Securities listed on a recognized stock exchange are valued at the last quoted closing price on the principal exchange on which the security is traded. For equity securities if no sale is reported at that time such equity securities are valued at the last quoted closing price when the last quoted closing price 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. 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.
- v. 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.
- vi. Instruments bought on 'repo' basis are valued at the resale price after deduction of applicable interest up to the date of resale.
- vii. Government securities are valued at prices obtained from The Credit Rating Information Services of India Limited in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by SEBI.
- viii. Securitised debt securities are valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.

Following the issue of the guidance note on accounting for investments in the financial statements of mutual funds by the Institute of Chartered Accountants of India (pursuant to the Eleventh Schedule of the Regulations) net unrealized appreciation / depreciation in the value of investments is determined separately for each category of investments. Further the change in net unrealised appreciation / depreciation, if any, between two Balance Sheet dates / dates of determination is recognized in the Revenue Account. Unrealized appreciation is reduced from the distributable income at the time of income distribution. At the end of the financial year, the balance in the Revenue Account including change in the net unrealised appreciation or depreciation in the value of investments is transferred to Reserve Fund.

2.3 Securities Transaction

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

Schedules

forming part of Balance Sheet as at March 31, 2004
and the Revenue Account for the period January 15, 2004 to March 31, 2004

2.4 Investment Income

Dividend and interest income is recorded on an accrual basis.

2.5 Net Asset Value for Growth/Dividend Options

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

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

2.6 Unit Premium Reserve

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

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

2.7 Dividend Equalization Reserve

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

2.8 Load Charges

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

3. Investment Management and Advisory Fees

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

4. Trustee Fees

In accordance with the Deed of Trust dated May 29, 2002 between Deutsche Asset Management (Asia) Limited (the "Settlor") and Deutsche Trustee Services (India) Private Limited (the "Trustee"), the Fund has paid or provided for trustee fees payable to the Trustee at an annual rate of 0.01% of the average daily net asset values recorded by the Scheme subject to a maximum of Rs.500,000 per annum.

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.

7. Limitation on Expenses

In accordance with the Offer Document dated January 6, 2004, the total expenses chargeable to the Scheme is limited to 2.25% of the average daily net assets of each of Plan A and Plan B. Deutsche Asset Management (India) Private Limited has borne Rs. 229,001 under Plan A and Rs.1,42,989 under Plan B in excess of the above mentioned percentage of the average daily net assets to be charged to the Scheme as total expenses for the period.

8. Aggregate Appreciation and Depreciation In Value of Investments

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

	PLAN A	PLAN B
	March 31, 2004	March 31, 2004
	Rupees	Rupees
Equity Shares		
– Appreciation	1,972,708	859,294
– Depreciation	2,243,815	598,910
Privately Placed Non Convertible Debentures/Bonds		
– Appreciation	84,253	–
– Depreciation	–	–



Schedules

forming part of Balance Sheet as at March 31, 2004
and the Revenue Account for the period January 15, 2004 to March 31, 2004

	PLAN A	PLAN B
	March 31, 2004 Rupees	March 31, 2004 Rupees
Non Convertible Debentures / Bonds Listed / Awaiting Listing		
– Appreciation	453,815	264,750
– Depreciation	4,260	367,091
Government of India Securities		
– Appreciation	219,825	25,000
– Depreciation	–	13,000
Securitized Debt		
– Appreciation	1,140,123	611,973
– Depreciation	–	–

9. Registered Securities

In accordance with Regulation 44(1) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, securities purchased should be held in the name of the Scheme. As at March 31, 2004 securities aggregating to Rs.44,004,250 (market value) under Plan A and Rs.51,790,000 (market value) under Plan B, are held in the name of Deutsche Mutual Fund.

10. Aggregate Fair Value of Non Traded Investments

Aggregate fair value of non traded (including private placements) investments as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee as at March 31, 2004 is Rs.297,800,347 and Rs.125,854,228 for Plan A and Plan B respectively.

11. Aggregate Value of Purchases and Sale of Investments

The aggregate value of investment securities purchased (excluding amortisation of premium) and sold (including matured) during the financial period is:

Plan	Aggregate Purchases		Aggregate Sales	
	Rupees	Percentage of Average Daily Net Assets	Rupees	Percentage of Average Daily Net Assets
Plan A	1,108,339,193	222.03%	650,154,767	130.24%
Plan B	529,639,834	183.55%	312,023,489	108.13%

12. Income and Expenses

The total income (including net loss on sale of investments and net unrealized appreciation in the value of investments) and expenditure during the financial period is:

Plan	Total Income		Total Expenditure	
	Rupees	Percentage of Average Daily Net Assets (Annualised)	Rupees	Percentage of Average Daily Net Assets (Annualised)
Plan A	4,849,578	6.35%	1,716,214	2.25%
Plan B	2,987,613	6.77%	993,382	2.25%

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. 102,060 and Rs.23,478 respectively under Plan A and Rs 103,600 and Rs.8,471 respectively under Plan B for procuring unit subscriptions for the Scheme. Further Deutsche Bank AG, Mumbai Branch, was paid brokerage of Rs.31,914 under Plan A and Rs.11,670 under Plan B on purchase and sale of investments by the scheme. The commission and brokerage paid were at rates similar to those offered to other distributors / brokers.

Schedules

forming part of Balance Sheet as at March 31, 2004
and the Revenue Account for the period January 15, 2004 to March 31, 2004

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	Scheme invested in by the Company	Investments 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, 2004 At Market / Fair Value (Rupees in lakhs)
Bank of Baroda Ltd.	Deutsche Insta Cash Plus Fund	144.63	
Bharti Televentures Ltd.	Deutsche Floating Rate Fund	1,045.45	100.52
Export Import Bank of India Ltd.	Deutsche Short Maturity Fund	29,004.08	1,539.15
Finolex Cables Ltd.	Deutsche Short Maturity Fund	3,755.04	
Grasim Industries Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund	3,510.96	739.00
HCL Technologies Ltd.	Deutsche Short Maturity Fund	779.36	396.57
Hindalco Industries Ltd.	Deutsche Floating Rate Fund and Deutsche Short Maturity Fund	927.81	
Hindustan Lever Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund	5,179.33	347.79
Housing Development Finance Corporation Ltd.	Deutsche Insta Cash Plus Fund	40,259.92	8,181.97
Industrial Development Bank of India Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund	68,150.91	19,964.27
Infrastructure Development Finance Company Ltd.	Deutsche Insta Cash Plus Fund, Deutsche Short Maturity Fund and Deutsche Premier Bond Fund	4,911.12	2,470.27
ITC Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund	1,215.31	494.67
Larsen & Toubro Ltd.	Deutsche Insta Cash Plus Fund, Deutsche Alpha Equity Fund and Deutsche Investment Opportunity Fund	6,557.12	2,898.16
Nestle India Ltd.	Deutsche Insta Cash Plus Fund	43.01	
Raymond Ltd.	Deutsche Insta Cash Plus Fund and Deutsche Short Maturity Fund	987.48	
Tata Chemicals Ltd.	Deutsche Short Maturity Fund	16.34	
Tata Motors Ltd.	Deutsche Insta Cash Plus Fund	1,082.77	679.99
The Tata Iron and Steel Company Ltd.	Deutsche Insta Cash Plus Fund	1,652.64	741.43
TOTAL		169,223.28	38,553.79

The investments comprise equity, debt and money market instruments. Deutsche Asset Management (India) Private Limited is of the opinion that the said companies are fundamentally strong and possess a high potential for growth and are market leaders in their respective fields. Accordingly, investments were made in the said companies.

15. Perspective Historical Per Unit Statistics*

	PLAN A	PLAN B
	January 15, 2004 to March 31, 2004 Rupees	January 15, 2004 to March 31, 2004 Rupees
(a) Net asset value per unit at the end of the period (Note 2.5)		
Growth Option	10.0603	10.0734
Monthly Dividend Option	10.0603	10.0734
Quarterly Dividend Option	10.0603	10.0734
Annual Dividend Option	10.0603	10.0734
(b) Gross income		
(i) income other than profit on sale of investment	0.0841	0.1099

Schedules

forming part of Balance Sheet as at March 31, 2004
and the Revenue Account for the period January 15, 2004 to March 31, 2004

	PLAN A	PLAN B
	January 15, 2004 to March 31,2004 Rupees	January 15, 2004 to March 31,2004 Rupees
(ii) income from profit on inter scheme sales/transfer of investment	0.0000	0.0001
(iii) income (net) from profit / (loss) on sale of investments to third party	(0.0149)	(0.0113)
(iv) transfer of revenue account from past year's reserve	NA	NA
(c) Aggregate of expenses, writeoff, amortisation and charges	0.0368	0.0444
(d) Net income	0.0324	0.0542
(e) Net unrealised appreciation / (depreciation) in value of investments	0.0348	0.0350
(f) Redemption Price		
– Highest		
Growth Option	10.1066	10.0908
Monthly Dividend Option	10.0825	10.0518
Quarterly Dividend Option	10.0749	10.0732
Annual Dividend Option	10.0825	10.0000
– Lowest		
Growth Options	9.9620	9.9859
Monthly Dividend Option	9.9835	10.0000
Quarterly Dividend Option	9.9676	9.9830
Annual Dividend Option	9.9620	10.0000
(g) Purchase price		
– Highest		
Growth Option	10.1066	10.1075
Monthly Dividend Option	10.1066	10.0758
Quarterly Dividend Option	10.1066	10.0818
Annual Dividend Option	10.1066	10.1075
– Lowest		
Growth Option	9.9620	9.9793
Monthly Dividend Option	9.9717	9.9877
Quarterly Dividend Option	9.9620	9.9793
Annual Dividend Option	9.9793	9.9830
(h) Price earnings ratio	NA	NA
(i) Ratio of expenses to daily average net assets by percentage @	2.25%	2.25%
(j) Ratio of gross income (including net loss on sale of investments and net unrealised appreciation in value of investments) to daily average net assets by percentage @	6.35%	6.77%

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

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

16. Prior Year's Figures

As these are the first financial statements of the Scheme since the date of its commencement, there are no comparative figures.

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

K. H. VACHHA
Partner

For Deutsche Trustees 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

Choy Peng-Wah
Director

Sandeep Dasgupta
Director

Y. B. Desai
Director

A. S. Mitra
Director

Kersi M. Gherda
Director

Dileep Choksi
Director

Debabrata Bhadury
Director

James Goulding
Director

Vijay P. Gokhale
Director

Carl Saldanha
Director

Place: Mumbai
Date : May 27, 2004

Suresh Soni
Head - Fixed Income

B. P. Singh
Head - Equities

Statement of Portfolio Holding

as at March 31, 2004

(Referred to in Schedule 1 to the Balance Sheet as at March 31, 2004 and the Revenue Account for the period January 15, 2004 to March 31, 2004)

PLAN A

Description	Quantity	Market /Fair Value Rupees
Equity Shares (19.59%)		
Automobile Manufacturers (17.46%)		
Mahindra and Mahindra Limited	13000	6,039,150
Maruti Udyog Limited	12000	5,963,400
Tata Motors Limited @	5000	2,428,500
Ashok Leyland Limited	5000	1,268,000
		15,699,050
Banks (6.74%)		
State Bank of India	10000	6,057,000
		6,057,000
Commodity Chemicals (12.29%)		
Indian Petrochemicals Corporation Limited	31145	5,668,390
Reliance Industries Limited	10000	5,380,500
		11,048,890
Construction and Engineering (6.39%)		
Larsen and Toubro Limited @	10000	5,743,500
		5,743,500
Construction Materials (6.12%)		
Gujarat Ambuja Cements Limited	10000	2,953,000
Associated Cement Company Limited	10000	2,545,500
		5,498,500
Electric Utilities (1.68%)		
Tata Power Company Limited	4000	1,507,800
		1,507,800
Gas Utilities (6.59%)		
Gas Authority of India Limited	19992	4,260,295
Indraprastha Gas Limited	20000	1,664,000
		5,924,295
Industrial Conglomerates (1.78%)		
Grasim Industries Limited @	1500	1,604,175
		1,604,175
IT Consulting and Services (11.51%)		
Infosys Technologies Limited	1000	4,938,150
Satyam Computers Services Limited	10000	2,935,000
HCL Technologies Limited @	10000	2,478,500
		10,351,650
Motorcycle Manufacturers (8.18%)		
Hero Honda Motors Limited	15000	7,356,750
		7,356,750
Oil and Gas Refining and Marketing (12.41%)		
Hindustan Petroleum Corporation Limited	12550	6,370,380
Bharat Petroleum Corporation Limited	10000	4,788,000
		11,158,380
Pharmaceuticals (1.14%)		
Biocon India Limited #	3250	1,023,750
		1,023,750
Power Generation and Supply (2.03%)		
Power Trading Corporation of India Limited #	113970	1,823,520
		1,823,520
Steel (5.68%)		
Tata Iron and Steel Co. Limited @	13333	5,113,206
		5,113,206
TOTAL	(Cost - Rs.90,181,572)	89,910,466

Statement of Portfolio Holding

as at March 31, 2004

Description	Quantity	Market /Fair Value Rupees
Privately Placed Non-Convertible Debentures/Bonds (12.41%)		
Consumer Finance (40.49%)		
12% Housing Development Finance Corporation Limited 2007* @		23,076,500
		23,076,500
Diversified Financial Services (50.73%)		
10.9% Industrial Development Bank of India 2008* @		18,000,631
9.75% Industrial Development Bank of India 2007* @		10,910,370
		28,911,001
Finance (8.78%)		
Citi Financial Consumer Finance India Limited 2005*		5,000,000
		5,000,000
TOTAL	(Cost - Rs.56,903,248)	56,987,501
Non Convertible Debentures/Bonds Listed/Awaiting Listing (35.80%)		
Banks (6.36%)		
6.7% Canara Bank Limited 2010 \$		10,456,670
		10,456,670
Commodity Chemicals (33.06%)		
8.65% Reliance Industries Limited 2007 \$		54,341,550
		54,341,550
Consumer Finance (18.40%)		
5.85% Housing Development Finance Corporation Limited 2009* @		30,243,570
		30,243,570
Diversified Financial Services (13.96%)		
9.75% Industrial Development Bank of India Limited 2009 \$ @		22,947,740
		22,947,740
Power Generation and Supply (28.22%)		
7.85% Rural Electrification Corporation Limited 2007 \$		46,363,995
		46,363,995
TOTAL	(Cost - Rs.163,903,970)	164,353,525
Government of India Securities (9.58%)		
6.2% Government of India UTI Special Bond 2010		21,032,000
11.83% Government of India 2014		9,066,000
6.85% Government of India 2012		13,906,250
TOTAL	(Cost - Rs.43,784,425)	44,004,250
Securitized Debt (22.62%)		
Finance (100%)		
Indian Retail ABS Trust Ser 8 A2 2005*		47,812,427
Jus Trust Jet Airways Sr 4 PTC 2013*		10,503,330
UBL Trust Ser 6 A2 Dec03 (Ash.LeyFin) 2006*		45,539,864
TOTAL	(Cost - Rs.102,715,498)	103,855,621
TOTAL	(COST - Rs.457,488,714)	459,111,363

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

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

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

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

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

Statement of Portfolio Holding

as at March 31, 2004

PLAN B

Description	Quantity	Market /Fair Value Rupees
Equity Shares (10.10%)		
Automobile Manufacturers (8.72%)		
Mahindra and Mahindra Limited	2500	1,161,375
Ashok Leyland Limited	3000	760,800
		1,922,175
Commodity Chemicals (16.65%)		
Indian Petrochemicals Corporation Limited	20165	3,670,030
		3,670,030
Construction and Engineering (13.94%)		
Larsen and Toubro Limited @	5350	3,072,773
		3,072,773
Construction Materials (6.70%)		
Gujarat Ambuja Cements Limited	5000	1,476,500
		1,476,500
Gas Utilities (11.60%)		
Gas Authority of India Limited	11994	2,555,921
		2,555,921
Industrial Conglomerates (2.91%)		
Grasim Industries Limited @	600	641,670
		641,670
Oil and Gas Refining and Marketing (17.27%)		
Hindustan Petroleum Corporation Limited	7500	3,807,000
		3,807,000
Power Generation and Supply (5.07%)		
Power Trading Corporation of India Limited #	69853	1,117,648
		1,117,648
Pharmaceuticals (2.64%)		
Biocon India Limited #	1850	582,750
		582,750
Steel (14.50%)		
Tata Iron and Steel Co. Limited @	8333	3,195,705
		3,195,705
TOTAL	(Cost - Rs.21,781,788)	22,042,172
Non Convertible Debentures/Bonds Listed/Awaiting Listing (31.92%)		
Banks (15.02%)		
6.7% Canara Bank Limited 2010 \$		10,456,670
		10,456,670
Consumer Finance (28.95%)		
5.85% Housing Development and Finance Corporation Limited 2009 @		20,162,380
		20,162,380
Diversified Financial Services (56.03%)		
14% Industrial Development Bank of India Limited 2005 \$ @		39,015,327
		39,015,327
TOTAL	(Cost - Rs.69,736,718)	69,634,377
Government of India Securities (23.74%)		
10.95% Government of India 2011		26,916,000
8.07% Government of India 2017		24,874,000
TOTAL	(Cost - Rs.51,778,000)	51,790,000

Statement of Portfolio Holding

as at March 31, 2004

Description	Quantity	Market /Fair Value Rupees
Securitised Debt (34.24%)		
Finance (100%)		
Indian Retail ABS Trust Ser 8 A2 2005*		38,249,941
UBL Trust Ser 6 A2 Dec03 (ALFL) 2006*		36,431,892
TOTAL	(Cost - Rs.74,069,860)	74,681,833
TOTAL	(Cost - Rs.217,366,366)	218,148,382

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

- * Fair value of non-traded (privately placed) securities as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee.
- # Equity Shares awaiting listing at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee.
- @ Investment in companies which have invested more than five percent of the net asset value of any schemes of Deutsche Mutual Fund.
- \$ Fair Value of non traded and thinly traded debt securities as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee in accordance with guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by the Securities and Exchange Board of India.

Deutsche Asset Management (India) Private Limited

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Bangalore - 560 001.
Tel : +91 (80) 559 4488

KOLKATA

Brooke House, 9 Shakespeare Sarani,
Kolkata - 700 071.
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Karvy Investor Service Centres

AHMEDABAD

201-203, Shail Building, Opp. Madhusudan House,
Near Navrangpura Tel. Exchange,
Off C. G. Road, Ahmedabad 380 006.
Tel. : 079-26420422 / 26402967

BANGALORE

1st Floor, Surya Building, Rathna Avenue,
51 / 25, Richmond Road, Bangalore 560 025
Tel. : 080-25320085 / 86

BARODA

31-34, Payal Complex,
Beside Vadodara Stock Exchange,
Sayajiguj, Baroda 390 005.
Tel. : 0265-2225210 / 2225168 / 69

CHENNAI

Flat 2 - B, First Floor, Wellington Estate No. 24,
Ethiraj Salai, Commander-in-Chief Road,
Chennai 600 105.
Tel. : 044-52028858 (D) / 52028512

COCHIN

G 39, Panampally Nagar, Cochin 682 036.
Tel. : 0484-310884 / 322152

HYDERABAD

21, Road No. 4, Street No.1,
Banjara Hills, Hyderabad 500 034.
Tel. : 040-23312454 Extn. 488 / 119

KOLKATA

49, Jatindas Road, Kolkata 700 029.
Tel. : 033-24659267 (D) / 24659263

LUCKNOW

94, Mahatma Gandhi Marg,
(Opp. Governor House) Hazratganj,
Lucknow 226 001.
Tel. : 0522-2236828 /19

MUMBAI

16-22 , Bake House, Ground Floor,
Maharashtra Chamber of Commerce Lane,
Opp. MSC Bank, Fort, Mumbai 400 023.
Tel. : 022-56346513 (D) / 56381746 to 50

NEW DELHI

105-108, Arunachal Building, 19, Barakhamba Road,
Connuaght Place, New Delhi 110 001.
Tel. : 011-51511627 (D)

PUNE

202, Mahadkar Chambers, Opp. Karishma Heights,
Karve Road, Pune 411 029.
Tel. : 020-25456890 / 870 / 4028431



Statutory Details :

Deutsche Mutual Fund has been set up as a trust sponsored by Deutsche Asset Management (Asia) Limited (liability restricted to Rs 1 lakh). The Trustee of the mutual fund is Deutsche Trustee Services (India) Private Limited and the Investment Manager is Deutsche Asset Management (India) Private Limited.

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 mutual funds managed by the Sponsors and their affiliates / associates, nor the past performance of the Sponsors or AMC or the Fund is necessarily indicative of future performance of the schemes. The names of the schemes do not in any manner indicate the quality of the Scheme(s), their future prospects or returns. 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. 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.

Load Structure :

Deutsche Alpha Equity Fund & Deutsche Investment Opportunity Fund : Entry Load: for subscription less than Rs. 2 crores – 2%, Above Rs. 2 crores – Nil; Exit Load: Nil. Deutsche Premier Bond Fund & Deutsche Dynamic Bond Fund: Entry Load: Nil; Exit Load: Regular Plan – for less than Rs. 10 lakh if exit within 3 months – 0.5%, Other Cases – Nil. Deutsche MIP Fund – Plan A & Deutsche MIP Fund – Plan B: Entry Load: Nil; Exit Load: for less than Rs. 10 lakh if redeemed before 12 months – 0.5%, Rs. 10 lakh to less than 25 lakh if redeemed before 6 months – 0.25%, Rs. 25 lakh and above – Nil. Deutsche Short Maturity Fund, Deutsche Floating Rate Fund & Deutsche Insta Cash Plus Fund: Entry Load: Nil; Exit Load: Nil.

**Deutsche Asset Management (India)
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Deutsche Asset Management

Deutsche Bank Group

